



BEYOND BANKING



2017 ANNUAL REPORT




Northrim BanCorp, Inc.

Message to SHAREHOLDERS

At Northrim Bank (the “Bank”), we think beyond today and plan for the future. We strive to go beyond what other banks offer in terms of knowledge, engagement and customer service. We go beyond loans and deposits to provide a full suite of financial services. We support our community in ways that extend beyond the walls of the Bank. We do all of this to help our customers and community reach their full potential.

In the past year, we invested in systems, facilities and people to enable us to grow and provide the highest level of customer service. Our new core banking system, new team members, and new data analytics team are examples you will read about in this year’s annual report. We believe these investments position us well to capitalize on opportunities for growth in both challenging and prosperous times.

Total revenue and net income for Northrim BanCorp, Inc. (“Northrim” or the “Company”), the parent company of the Bank, were down slightly in 2017 at \$98.2 million and \$13.2 million, respectively, compared to \$99.6 million and \$14.4 million in 2016. A decline in mortgage lending revenue during 2017 compared to the prior year was partially offset by an increase in net interest income due to increasing interest rates, as well as the sale of Northrim Benefits Group, which resulted in a pre-tax gain of \$4.4 million. While the mortgage industry is down overall, the Company’s wholly-owned subsidiary, Residential Mortgage, remained one of the top mortgage originators in Alaska during 2017.

Operating expenses in 2017 decreased 7% compared to the prior year, despite the fact that the conversion to our new core banking system added conversion-related costs of \$943,000 in 2017. This 7% decrease was due primarily to a reduction in mortgage lending expenses in 2017 compared to the prior year. In addition, 2016 also included a \$2.3 million non-cash, one-time accounting correction that was associated with our 2014 acquisition of Residential Mortgage. The Company also recorded an additional tax expense of \$2.7 million in 2017 as a result of the recently enacted Tax Cuts and Jobs Act. We expect we will recoup this expense in approximately one year, due to the lower tax rates effective in 2018 resulting from the new legislation.

Portfolio loans were down slightly in 2017 compared to the end of the preceding year, although average portfolio loans were up slightly. Meanwhile, total deposits were nearly flat at \$1.26 billion.

Total assets ended the year at \$1.52 billion, virtually unchanged from the previous year. Nonperforming assets increased this year to \$28.7 million, primarily due to several borrower-specific issues.

Net interest income increased 2% and shareholders’ equity increased 3% in 2017 compared to 2016, and the Bank continues to maintain capital levels in excess of the regulatory requirements for a “well-capitalized” financial institution.





To increase returns to our shareholders, we repurchased 58,341 shares of common stock, and increased our cash dividend twice this year.

As we look to the coming year, we are optimistic that Alaska will benefit from the changes in the federal government's approach to resource development. We are encouraged by the recent announcements of winter exploration drilling, which will be the largest conducted on the North Slope of Alaska in a number of years. We believe the increase in drilling activity is a positive sign for the long-term health of the Alaska economy, as we expect it will bring high-paying jobs and new tax revenues to the state and local communities.

As part of our "going beyond" campaign, we continue to provide economic expertise for our customers and community on how to not only survive; but also thrive in today's economic environment. We also continue to advocate for a long-term and balanced approach to solving Alaska's fiscal issues.

Leading by example in this area is our outgoing Chairman and President, Joe Beedle, who retired this year as part of a long-term succession plan. In my current position as Chairman, President & CEO, I look forward to continuing Northrim's tradition of advocating for a strong, vibrant economy supported and augmented by a balanced, long-term fiscal plan.

It has been an honor to work with our co-founders, Arne Espe and Marc Langland, since the inception of the Bank in December of 1990. During this time, we have built upon our legacy of providing Superior Customer First Service to our customers and attracted a strong, talented group of executive and senior leaders to help us continue to grow and serve our customers and community in the coming year and beyond.



Joe Schierhorn

*Chairman, President, CEO and COO, Northrim BanCorp, Inc.
Chairman, President and CEO, Northrim Bank*



2017 FINANCIAL SNAPSHOT⁽¹⁾

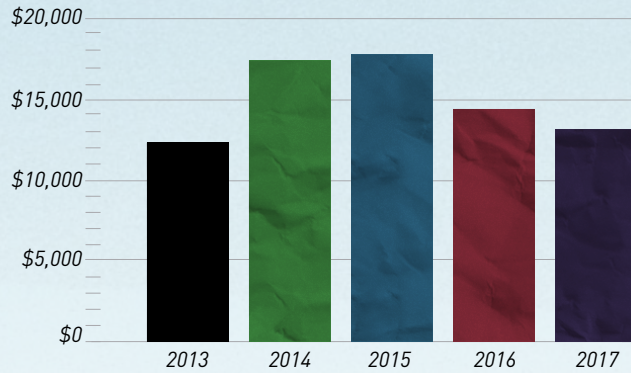
(In thousands, except Share Data)	2017	2016	2015	2014	2013	2012	Five Year Compound Growth Rate
Net interest income	\$57,678	\$56,357	\$56,909	\$52,293	\$44,034	\$42,223	6 %
Provision (benefit) for loan losses	3,200	2,298	1,754	(636)	(635)	(1,559)	NM
Other operating income	40,474	43,263	44,608	20,034	12,886	15,432	21 %
Compensation expense, RML acquisition payments	130	4,775	4,094	—	—	—	NM
Other operating expense	71,023	71,505	68,551	46,923	38,897	38,679	13 %
Income before provision for income taxes	\$23,799	\$21,042	\$27,118	\$26,040	\$18,658	\$20,535	3 %
Provision for income taxes	10,321	6,052	8,784	8,173	6,246	7,077	8 %
Net income	13,478	14,990	18,334	17,867	12,412	13,458	0 %
Less: Net income attributable to noncontrolling interest	327	579	551	459	87	512	(9)%
Net income attributable to Northrim Bancorp, Inc.	\$13,151	\$14,411	\$17,783	\$17,408	\$12,325	\$12,946	0 %
Year End Balance Sheet							
Assets	\$1,519,109	\$1,526,540	\$1,499,492	\$1,449,349	\$1,215,006	\$1,160,107	6 %
Portfolio loans	955,667	975,015	980,787	924,504	770,016	704,213	6 %
Deposits	1,258,283	1,267,653	1,240,792	1,179,747	1,003,723	970,129	5 %
Shareholders' equity	192,802	186,712	177,214	164,441	144,318	136,353	7 %
Common shares outstanding	6,871,963	6,897,890	6,877,140	6,854,189	6,537,652	6,511,649	1 %
Average Balance Sheet							
Assets	\$1,511,052	\$1,506,522	\$1,480,913	\$1,335,929	\$1,156,500	\$1,088,419	7 %
Earning assets	1,367,203	1,361,913	1,334,102	1,212,291	1,041,268	973,741	7 %
Portfolio loans	981,001	976,613	968,752	893,031	734,427	668,014	8 %
Deposits	1,248,333	1,250,243	1,219,445	1,111,594	953,925	909,129	7 %
Diluted common shares outstanding	6,977,910	6,974,864	6,948,474	6,852,267	6,609,950	6,574,993	1 %
Per Common Share Data							
Basic earnings	\$1.91	\$2.09	\$2.59	\$2.57	\$1.89	\$2.00	(1)%
Diluted earnings	\$1.88	\$2.06	\$2.56	\$2.54	\$1.87	\$1.97	(1)%
Book value per share	\$28.06	\$27.07	\$25.77	\$23.99	\$22.07	\$20.94	6 %
Tangible book value per share ^{(2)*}	\$25.70	\$24.70	\$22.31	\$20.48	\$20.86	\$19.69	5 %
Cash dividends per share	\$0.86	\$0.78	\$0.74	\$0.70	\$0.64	\$0.56	9 %
Performance Ratios							
Return on average assets	0.87 %	0.96 %	1.20 %	1.30 %	1.07 %	1.19 %	(6)%
Return on average equity	6.81 %	7.93 %	10.47 %	11.19 %	8.75 %	9.85 %	(7)%
Equity/assets	12.69 %	12.23 %	11.82 %	11.35 %	11.88 %	11.75 %	2 %
Tangible common equity/tangible assets ^{(3)*}	11.75 %	11.28 %	10.40 %	9.85 %	11.30 %	11.12 %	1 %
Net interest margin	4.22 %	4.14 %	4.27 %	4.31 %	4.23 %	4.34 %	(1)%
Net interest margin (tax equivalent) ^{(4)*}	4.28 %	4.20 %	4.32 %	4.36 %	4.29 %	4.40 %	(1)%
Non-interest income/total revenue	41.24 %	43.43 %	43.94 %	27.70 %	22.64 %	26.77 %	9 %
Efficiency ratio ^{(5)*}	72.39 %	76.44 %	71.31 %	64.48 %	67.94 %	66.65 %	2 %
Dividend payout ratio	45.44 %	37.59 %	28.81 %	27.40 %	34.18 %	28.39 %	10 %
Asset Quality							
Nonperforming assets, net of government guarantees	\$28,729	\$19,315	\$5,178	\$7,231	\$4,216	\$9,072	26 %
Nonperforming assets/assets, net of government guarantees	1.89 %	1.27 %	0.35 %	0.50 %	0.35 %	0.78 %	19 %
Nonperforming loans/portfolio loans, net of government guarantees	2.24 %	1.33 %	0.22 %	0.38 %	0.24 %	0.64 %	28 %
Net charge-offs (recoveries)/average loans	0.15 %	0.08 %	0.03 %	(0.12)%	(0.07)%	(0.21)%	NM
Allowance for loan losses/portfolio loans	2.25 %	2.02 %	1.85 %	1.81 %	2.11 %	2.33 %	(1)%
Other Data							
Number of banking offices ⁽⁶⁾	14	14	14	14	10	10	7 %
Number of employees (FTE) ⁽⁷⁾	429	451	441	426	269	252	11 %

Financial Snapshot endnotes on page 22.



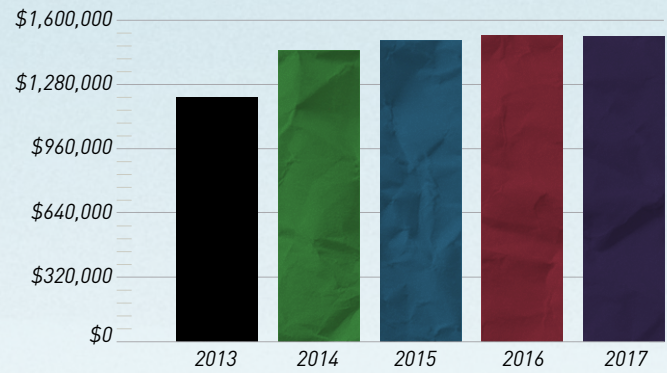
Net Income Attributable to Northrim BanCorp, Inc.

(in thousands)



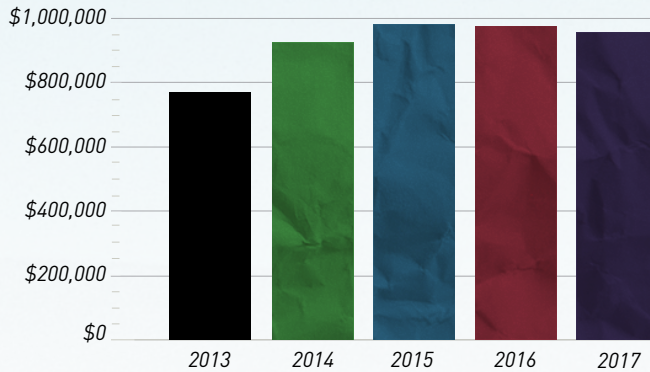
Total Assets

(in thousands)

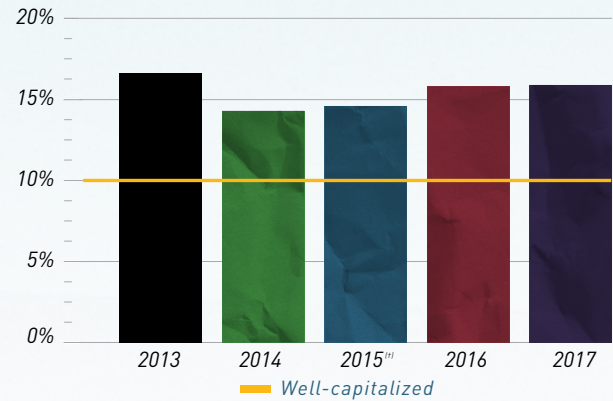


Portfolio Loans

(in thousands)



Total Capital Ratio





THINKING BEYOND TODAY

Planning for the future

Remaining a strong, independent, community bank requires us to think beyond today and plan for the future – ensuring we have the technology and expertise in place to grow efficiently, compete effectively, and respond to our customers' current and future needs.

In 2017, we made a significant investment in the future of the Bank – and our customers – with the successful completion of a bank-wide core system upgrade involving over 50 unique business systems.

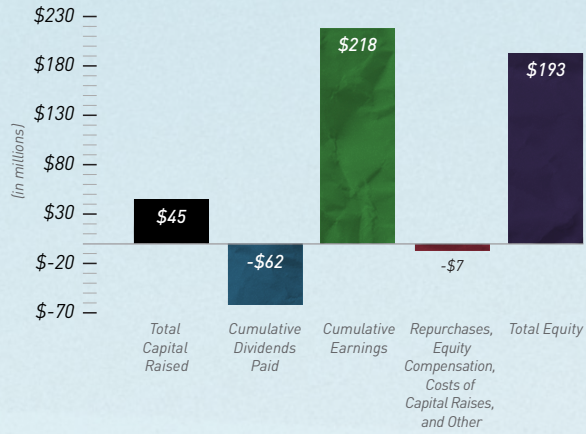
This strategic technology investment allows us to offer next-generation services including enhanced business online banking and business mobile banking, so our customers have the best tools and resources to grow their business. The new system will also offer

improved account reconciliation to help our customers reduce their fraud and risk exposure; secure chip and PIN debit cards; and real-time online support, enabling us to quickly respond to our customers' questions. We also created a new data analytics team that will allow us to learn more about our customers' needs, and make informed decisions to meet those needs.

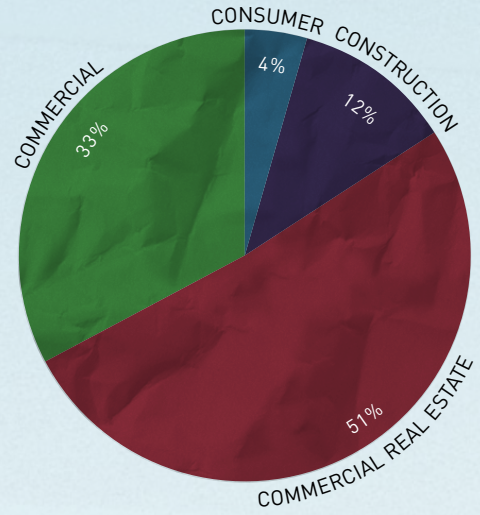
We are already realizing the benefits of these investments, such as a significant reduction in the time it takes to open new accounts for customers. The scalability of these new systems provides for ongoing growth, and in the coming year we will continue to invest in technologies that make it easier for our customers to operate efficiently.



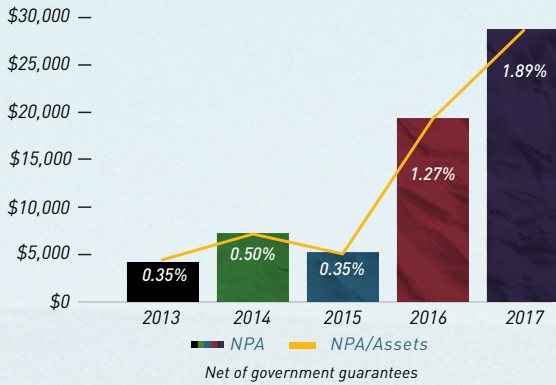
Composition of Northrim BanCorp Capital as of December 31, 2017



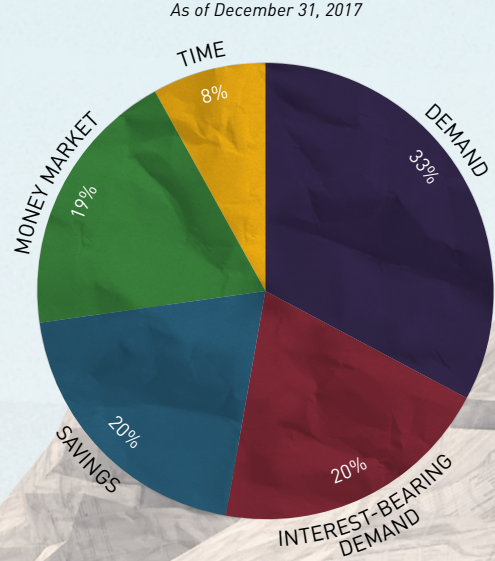
Loan Portfolio As of December 31, 2017



Nonperforming Assets (NPA) (in thousands)



Deposits As of December 31, 2017





LOOKING BEYOND THE FIGURES

To better grow our state





At Northrim, we see our customers as more than numbers on a piece of paper. We see individuals with ideas and plans, who need the trust and guidance of a financial expert to help them achieve their goals.

As a community bank, our bankers have the local insights to assess community needs and opportunities. They are empowered to make decisions that are in the best interests of our customers, community and the Bank – while remaining disciplined in adhering to sound, prudent lending practices throughout the ups and downs of the business cycle.

The result: As we help our customers grow, the community grows. And as the community grows, the Bank grows.

In addition to the financial benefits, we receive a deep sense of personal satisfaction from our role in this growth. For example, in the past year, we helped a family-owned day care provider build a new facility, expanding their capacity to serve more Alaska families and help address the shortage of child care in Alaska. We assisted a contractor with years of experience build his business, and watched as he completed several significant projects and provided jobs for workers facing a slowed economy. And we participated in a low-income housing tax credit project that resulted in 25 new affordable housing units for Alaska families while helping to rebuild a neighborhood. Projects like these demonstrate that our returns are enhanced by the impact we can have in improving the quality of life in our community.



BEYOND THE TRANSACTION

Expertise and engagement

At Northrim, expertise and engagement are as equally important as accepting deposits and making loans. We demonstrate that in a variety of ways, from sharing our knowledge in the community to playing a leadership role in economic policy setting for Alaska.

This past year, we continued to increase our depth of expertise in areas such as technology, financial management and lending by adding several new experts to the Northrim team. We also created lender teams to offer our loan customers enhanced expertise, collaboration and responsiveness.

We place significant emphasis on outreach to keep our customers and community informed on the issues that affect them. Northrim frequently hosts seminars featuring subject matter experts discussing topics ranging from legal and compliance considerations to risk management and information security.

Our SurThrival education series continues to help Alaska businesses understand how they can plan for and manage their business to not only survive, but to thrive in Alaska's economy. Our Alaskanomics blog remains a trusted resource, and our in-house economist offers valuable insights on the local, national and global economy. As a local community bank, our customers have access to leaders at the highest level of the Bank – and see them in the community as well.

We also continue to advocate for what we believe are balanced and reasonable solutions to the state's budget challenges. We bring this message to policy makers on a regular basis through leadership and engagement locally and statewide.



GOING BEYOND FOR OUR CUSTOMERS

Superior Customer First Service

Northrim's growth and success has been built upon the foundation of Superior Customer First Service. The commitment and passion our employees have for this core value can be seen every day, whether they are interacting with customers on the phone or in a branch, assisting other employees in departments throughout the Bank, or engaging in our communities.

Just like our products and services, the concept of Superior Customer First Service is individualized.

It's about listening and responding in the best way to meet the needs of that specific person or situation – and we strive to empower our employees to do just that.

Our Customer First Service Awards recognize Northrim employees who have “gone beyond” in demonstrating their commitment to customer service during the past year. We thank them and the many other employees who bring this value to life every day.



From left to right:

Shane Proctor
Systems Technician

Joohee Ok
Call Center Specialist

Bryann Hanks
AVP, Consumer Lender

Michael O'Brien
Systems Engineer

Erika Bills
Business Banker,
Wasilla Financial Center

Caprice Carter
Universal Banker,
Wasilla Financial Center

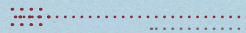
Cait Ward
Staff Accountant

Tammi Whistler
AVP, Loan Administrative Officer,
Juneau Financial Center



CARING BEYOND THE BANK

Supporting our communities





Northrim continues to invest in the communities we serve. We work in these communities, we live in these communities, and we invest in these communities to make them a better place for all.

Our support of a strong community extends beyond the Bank's walls to the schools, where we have active school/business partnerships, and the university system, where our employees serve on boards and advisory committees, provide mentoring, and share ideas at speaking engagements. Believing that a robust university system is vitally important to an educated workforce, we made a substantial matching gift to benefit students at the University of Alaska Fairbanks School of Management in honor of our outgoing Chairman and President, Joe Beedle.

We continue our financial support of the university's Institute of Social and Economic Research, believing that all Alaskans benefit from the in-depth study of the state's economy and that our policymakers need reliable data to make the best long-term decisions for Alaska.

In partnership with several major technology vendors, we launched the nonprofit, community-led Anchorage Technology Forum this year to help address the state's technology challenges, such as developing and retaining technologists.

Meanwhile, our decision to become a top-tier sponsor of the Iditarod Trail Sled Dog Race illustrates our deep connection with our unique Alaska culture and also supports an important event with statewide benefits.

But perhaps our strongest show of community support is through our employees. Our employees are active throughout the year – giving of both their time and their resources to various events, organizations and issues. Some of the best examples of the year were seen during our holiday-time Achieve More Kindness campaign, which encouraged employees to find no-cost or low-cost ways to surprise both customers and strangers with random acts of kindness. From donating pet food to a local shelter, and collecting gloves for elementary school students, to making homemade chocolates with families at an emergency homeless shelter, our employees were an inspiring example of giving back to our communities statewide.

BEYOND BANKING SERVICES

Our affiliates, divisions and subsidiaries

Our affiliates, divisions and subsidiaries help Northrim go beyond what many traditional financial institutions offer. We have invested in some of the best resources in industries ranging from cash management to mortgage lending and wealth management, so we can provide a well-rounded suite of financial services to our customers.



A wholly-owned Northrim subsidiary since December 2014, and an affiliate since 1998, Residential Mortgage is a market leader in Alaska's mortgage origination industry, with offices in Anchorage, Juneau, Kodiak, Soldotna, Eagle River, Fairbanks and the Mat-Su Valley.

Mortgage originations in Alaska were down industry-wide in 2017 primarily due to less economic activity, but Residential Mortgage remained profitable and retained its status as a strong market leader in Alaska.

Despite the decline in mortgage originations, Alaska's housing market remains stable due to balanced supply and demand for homes in most price ranges, and we expect home mortgage lending to remain profitable.

As the next step in Residential Mortgage's succession plan, the company's co-founder, Roger Aldrich, retired in 2017. In a seamless transition, Steve Aldrich assumed

the role of President and COO, carrying on Residential Mortgage's reputation for service and expertise.

Mortgage banking operations contributed \$23.3 million to Northrim's other operating income in 2017, compared to \$29.5 million in 2016.



PACIFIC PORTFOLIO

Northrim holds a 24% interest in Pacific Wealth Advisors, LLC, the holding company for Pacific Portfolio Consulting, LLC and Pacific Portfolio Trust Company ("Pacific Portfolio"). Part of the Northrim family since 2006, Pacific Portfolio provides advice to companies with 401(k) plans, as well as individuals and nonprofits seeking long-term wealth management.

During the past year, Pacific Portfolio grew its assets under advisement and added investment advisors. With approximately one-third of its assets under advisement now in Alaska, Pacific Portfolio continues to grow both in Alaska and throughout the Pacific Northwest.

Pacific Portfolio, which offers more than 100 years of combined experience, is led by Larry Hood, who has served as the firm's President and CEO since founding the company in 1992. Larry is currently No.57 on Barron's Top

100 Independent Financial Advisors list, moving up from No.67 in 2016.

Pacific Portfolio, which saw its assets under advisement reach \$3.7 billion in 2017, contributed \$197,000 to Northrim's other operating income in 2017, compared to \$162,000 in 2016.



Northrim

Investment Services

Northrim Investment Services, which provides investment services through Elliott Cove Capital Management and Elliott Cove Insurance Agency, remained profitable in 2017. The division grew its assets under management and increased its number of registered investment advisors, who are specially licensed and trained to sell investment products to serve the growing demand for investment services from businesses and individuals.



Northrim

Funding Services

With a reputation for excellence in this specialized area, Northrim Funding Services provides asset-based lending and factoring (purchasing) of accounts receivable to capital-constrained small to mid-size businesses, as well as businesses experiencing rapid growth or change.

This wholly-owned division of the Bank exceeded its performance goals and experienced strong growth in 2017, by expanding its footprint and increasing its customer base, which spans throughout the western U.S. and Alaska.

Northrim Funding Services' purchased receivables business contributed \$3.0 million to other operating income in 2017, an increase of 27% from 2016.



NORTHTRIM BenefitsGroup

In August, we sold the assets of Northrim Benefits Group, LLC ("Northrim Benefits Group") to a leading national insurance brokerage company, resulting in a pre-tax gain of \$4.4 million.

Northrim purchased ownership in Northrim Benefits Group in 2005 to provide additional financial services to our growing customer base. Now, as the health insurance industry continues to evolve, we believe that being part of a nationwide network gives Northrim Benefits Group's customers access to a larger array of insurance products, expertise and resources, while still providing personalized, local service.

Northrim Benefits Group, now called RISQ Consulting, retains an office in the Northrim headquarters building and, through our ongoing referral agreement, both the Bank and our customers continue to benefit from its valuable services.



BEYOND EXPERIENCED

Executives and senior management

With 260 combined years at Northrim and 423 in the banking industry, our executive and senior management teams have accumulated significant experience throughout their careers. Joe Schierhorn and Audrey Amundson are charter employees of the Bank and Lynn Wolfe joined the team within the first year. This year, Michael Huston and Jed Ballard joined the team as the Chief Lending Officer and Chief Financial Officer, respectively. Michael brings over 25 years of lending management experience to the Bank

and Jed has 16 years of experience at a senior level in public accounting for an international accounting firm working both in Alaska and outside of the U.S. Their experience has brought increased strength to the leadership of the Bank and they are great additions to the executive team. Michael Martin is an attorney, a banking school instructor and a former commercial loan manager, all of which have helped expand his experience in his 23 years in the banking industry. Benjamin Craig has over 20 years of experience in the IT



Jed Ballard

EVP, Chief Financial Officer

Benjamin Craig

EVP, Chief Information Officer

Lynn Wolfe

*EVP, Chief Administration
Officer*

Michael Huston

EVP, Chief Lending Officer

Audrey Amundson

*EVP, Director of Accounting,
Treasury, & Financial Planning*

Michael Martin

*EVP, Chief Operating Officer,
General Counsel &
Corporate Secretary*

Joe Schierhorn

*Chairman, President &
Chief Executive Officer*



industry, with 17 of that in banking. This dynamic group has seen the ebb and flow of the economy, the changes that have taken place in Alaska, and the growth of the organization - experience that they can draw upon to lead the Bank, and develop unique solutions to best serve our customers. The considerable experience of the executive and senior management team gives Northrim the ability to lead by example and go beyond for our customers.

These leaders have a long history of being engaged – within the Bank, in the industry, with policymakers, with the university system, and in the community at large – leading the rest of the organization by example. We believe this depth of experience, committed engagement, and dedicated focus on Alaska are major contributors to Northrim’s positive reputation and success as a community bank.



Senior Management **TEAM**

Katie Bates

SVP, Director of Electronic Channels

Catherine Claxton

SVP, Real Estate Lending Manager

Daniel Lowell

SVP, Northrim Funding Services Manager

Barb Ervin

SVP, Director of Business Applications

Latosha Frye

SVP, Corporate Accounting Manager

Heidi Moes

SVP, Operations Manager Item Processing and Loan Support Services

Linda Uttech

SVP, Facilities Manager

Cindy Fields

VP, Internal Audit Manager

Mark Edwards

SVP, Senior Credit Officer, Bank Economist

Suzanne Whittle

SVP, Compliance Manager

Amber Zins

SVP, Human Resources Director

Carolyn Jennings

SVP, Retail Banking Manager

Kari Skinner

VP, Marketing and Communications Director

Board of DIRECTORS



Joe Schierhorn
Director since 2016



Larry Cash
Director since 1995



Anthony Drabek
Director since 1991



Karl Hanneman
Director since 2014



David Karp
Director since 2015



David McCambridge
Director since 2011
Chairman,
Audit Committee



Krystal Nelson
Director since 2015
Chairman,
Compensation Committee



John Swalling
Director since 2002
Lead Director
Chairman, Governance &
Nominating Committee



Linda Thomas
Director since 2014



David Wight
Director since 2006

Joe Schierhorn
Chairman, President, CEO and COO,
Northrim BanCorp, Inc.
Chairman, President and CEO,
Northrim Bank

Larry Cash
CEO RIM Architects, LLC since 2017
(President from 1986-2016), Executive
Committee/Director Anchorage
Economic Development Corporation,
Member/Manager of RIM Investments,
LLC, Board Trustee of Alaska Pacific
University

Anthony Drabek
President and CEO, Natives of Kodiak,
Inc., an Alaska Native corporation,
from 1989 to 2010
Chairman and President, Koncor Forest
Products Company, from 1986 to 2011

Karl Hanneman
CEO, International Tower Hill Mines Ltd.
(COO from 2015-2016, Alaska General
Manager from 2010-2015)
Director, Fairbanks Chamber of
Commerce since 2011
Director, Usibelli Coal Mine, Inc.
since 2011

David Karp
President and CEO, Northern Aviation
Services, Inc. since 2011
Director, Alaska Communications
Systems, Inc. since 2011
Member, National Air Carriers Association

David McCambridge
Audit Partner, KPMG LLP, from
1991 to 2010
Director and Treasurer of the Tanaka
Foundation from 1985-2015
Director, Great Alaska Council Boy
Scouts of America, from 1993-2012
Director Alaska Kidney Foundation
(since 1999) and President

Krystal Nelson
COO, Bering Straits Native Corporation
since 2014
Trustee, Pacific Northern Academy
since 2014
SVP & COO, Ahtna Engineering Services
from 2006 to 2014
Recipient of Alaska Top 40 under
40 Award in 2004

John Swalling
President and Director, Swalling &
Associates, PC, an accounting firm,
since 1991
Director, Swalling Construction Co. Inc.
since 1975

Linda Thomas
CEO, Alaskan Brewing Company
since 2016 (CFO from 1994 to 1996,
COO from 1996 to 2016)
Director and Past President, Bartlett
Regional Hospital
Director and Past President Juneau
Chamber of Commerce

David Wight
President and CEO, Alyeska Pipeline
Service Company from 2000 - 2005,
following a 40-year career with the
Amoco Corporation, which became
BP in 1998
Director, Storm Cat Energy,
2006 - 2011
Director, Alaska Gasline Development
Corporation

BEYOND THANKFUL

Honoring Joe Beedle



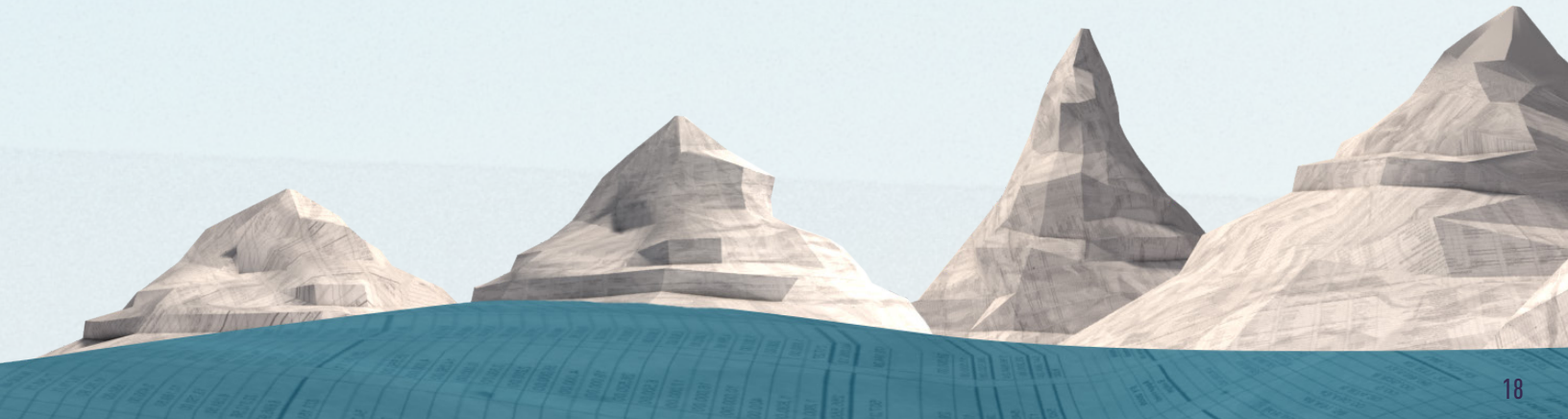
In continuation of Northrim's succession plan, our former President and Chairman of the Board, Joe Beedle, retired as of January 2, 2018, handing the reins to Joe Schierhorn as Chairman of the Board of the Bank and the Company.

A longtime Alaskan, Joe Beedle came to Northrim Bank over 11 years ago. Starting as our Chief Lending Officer, he quickly became President, then Chief Executive Officer, and finally Chairman of the Board of the Company.

Joe had a long and influential career before joining the Northrim family. He started his career at National Bank of Alaska, then moved into management positions with First Bank of Ketchikan and Key Bank, before becoming President and CEO at Goldbelt, Incorporated. Joe then served as CFO for the University of Alaska, driven by his passion for education and belief that a strong, stable university system is key to the development of Alaska's future.

Throughout his 40-plus-year career, Joe has been a tireless advocate for Alaskans and a robust, diverse Alaska economy. He has also been a strong voice for the development of a long-term fiscal plan for Alaska. With a readiness to engage on important topics, he has been a steady, reassuring presence on many boards and commissions, including the Alaska Bankers Association, Commonwealth North, the Fairbanks and Ketchikan Chambers of Commerce, Junior Achievement of Alaska, and the University of Alaska Fairbanks Chancellor's Advisory Board, among many others. The Alaska State Chamber recognized Joe's contributions in 2017, presenting him with the prestigious William A. Egan Outstanding Alaskan of the Year award.

Joe has great passion for the Bank, our employees, our customers, and Alaska as a whole. He continues to be an inspirational leader who brings energy to everything he does, both in and outside of the Bank. Alaska and Northrim Bank are stronger because of Joe's leadership, and we are beyond thankful for his contributions.



Northrim Bank OFFICERS

Executive Vice Presidents

Audrey Amundson, *Director of Accounting, Treasury, & Financial Planning******
Ben Craig, *Chief Information Officer**
Jed Ballard, *Chief Financial Officer*
Joe Schierhorn, *Chairman, President and Chief Executive Officer******
Lynn Wolfe, *Chief Administrative Officer******
Mike Huston, *Chief Lending Officer*
Mike Martin, *Chief Operating Officer, General Counsel, & Corporate Secretary**

Senior Vice Presidents

Amber Zins, *Human Resources Director**
Barb Ervin, *Director of Business Applications****
Carolyn Jennings, *Retail Banking Manager*****
Catherine Claxton, *Real Estate Lending Manager*****
Dan Lowell, *Division Manager***
Heidi Moes, *Operations Manager, Item Processing & Loan Support Services****
Katie Bates, *Director of Electronic Channels****
Latosha Frye, *Corporate Accounting Manager***
Linda Uttech, *Facilities Manager**
Mark Edwards, *Senior Credit Officer & Bank Economist***
Suzanne Whittle, *Compliance Manager****

Vice Presidents

Allen Hippler, *Commercial Loan Officer V*
Anne Sakumoto, *Human Resources Talent Manager*
Annette DeLong, *Construction Loan Unit Manager*
Bill Staley, *Commercial Loan Officer V**
Bruce Tretzen, *Relationship Manager*
Cheryl Fellman, *Regional Sales & Service Operations Manager*
Cindy El-Khoury Hanna, *Loan Documentation Manager*
Cindy Fields, *Internal Audit Manager*
Darci Ornellas, *Regional Sales & Consumer Lending Manager*****
Doug Frey, *Security & Business Continuity Manager*
Erick Stoeckle, *Architecture & Cybersecurity Manager**
James Beasley, *Electronic Banking Manager*

James Richards, *Business Development Officer, Relationship Manager II*
Jamey Young, *Commercial Loan Officer IV*
Jason Criqui, *Commercial Loan Unit Manager*
Jeanine Lillo, *Controller****
Jim Culley, *Commercial Loan Unit Manager**
Joe Gelione, *Commercial Loan Unit Manager*
John Damjanovich, *Commercial Real Estate Loan Officer V*
Josh King, *Assistant Division Manager**
Jyah Gitomer, *Call Center Manager*
Kari Skinner, *Marketing & Communications Director*
Kathy Martin, *Construction Loan Officer V*****
Kelly Lykins-Longlet, *Risk Manager***
Kelly McCormack, *Commercial Loan Officer IV***
Kim Farrell Brewington, *Commercial Cash Management Officer****
Lisa Adams, *Operations Manager**
Mhay Sy, *Credit Officer***
Nate Olmstead, *Data Analytics Manager*
Phil Reid, *Commercial Loan Officer V*
Ryan Caldwell, *Systems & Network Manager*
Sean Christian, *Strategic & Planning Manager***
Sue Wolfe, *Commercial Real Estate Loan Officer V**
Tammy Kosa, *Regional Sales & Development Manager***

Assistant Vice Presidents

Adam Baxter, *Commercial Loan Officer IV*
Aili Peyton-Jalbert, *Commercial Cash Management Officer*
Angela Bradford, *Loan Compliance Assistant Manager*
Anita DeVore, *Regional Sales and Service Manager***
Annie Her, *Branch Manager*
Aracelis Bell, *Relationship Manager***
Ben Schulman, *Small Business Loan Officer III**
Bessie Paraoan, *Special Credits Officer II***
Bill Simpson, *Special Credits Officer II***
Brigitte Lampert, *Branch Manager***
Bryann Hanks, *Consumer Lender II**
Chris Chambos, *Branch Manager**



Dawn Hoxie, *Branch Manager******
Delores Siah, *Branch Manager*
Diana Soliday, *Branch Manager***
Donna Fountain, *Call Center Assistant Manager***
Erin Gage, *Retail Banking Operations Manager****
Esther Fouts, *Accounting Supervisor*****
Gerlie Monta-Guevarra, *Branch Manager II*
Jared Shary, *Marketing & Sales Manager**
Jenn Ludden, *Business Electronic Banking Manager*
Jill Milham, *Retail Banking Operations Assistant Manager**
Joe Moran, *Construction Loan Officer III*
Josie Thayer, *Commercial Cash Management Officer***
Judy Schnese, *Audit Supervisor**
Kathy Stilwell, *Card Services Manager*
Kelly Reynolds, *Security Manager***
Larry Gluck, *Loan Quality Assurance Officer*
Leary David, *Branch Manager***
Marc Guevarra, *Commercial Loan Officer IV*
Marsha Fry, *Commercial Real Estate Loan Officer III*****
Micah Scott, *BSA & Deposit Compliance Manager***
Oziel Villasenor, *Branch Manager**
Reynold Udarbe, *Branch Manager**
Rick Pinkerton, *Loan Review Officer****
Sarah Gaines, *Human Resources Operations Manager****
Sarah Newhouse, *Branch Manager*
Seane English, *Credit Administrator**
Susan Matson, *Branch Manager*
Tammi Whistler, *Loan Administrative Officer*
Teresa Saaiman, *Branch Manager*
Terry Lee, *Item Processing Assistant Manager*****
Tina Hohnstein, *Special Credits Officer II*****
Trevor Bradford, *Commercial Loan Officer III*
Yana Milette, *Consumer Electronic Banking Manager*

Officers

Brian Leonard, *Assistant Branch Manager**
Caroline Huntley, *Marketing Officer***
Christy Lawrence, *Assistant Branch Manager****
Cris Parrocha, *Business Banker****
Dagmar Sanchez, *Training & Development Officer*****
Deatrice Swazer, *Real Estate Valuation Management Officer***
Debbie Bolton, *Training & Development Officer**
Erika Bills, *Business Banker II*****
Fejie Monta-Carandang, *Assistant Branch Manager*
Jacob Calkins, *Assistant Branch Manager*
Julie Bailey, *Senior Compliance Officer****
Katie Bender, *Community & Public Relations Officer*
Katreana Little, *Assistant Branch Manager**
Lindsay Atkins, *Assistant Branch Manager*
Lynn Tanner, *Assistant Branch Manager***
Maia Hernandez, *Assistant Branch Manager*
Maricel Bratcher, *Assistant Branch Manager****
Marie Robancho, *Assistant Branch Manager****
Mary Fox, *Special Credits Associates Officer***
Mary Castro, *Electronic Business Services Specialist****
Mila Castiglione, *Business Banker***
Neddie Manabat, *Assistant Branch Manager*
Nicole Pintsch, *Senior Accountant***
Rose Yadao, *Assistant Branch Manager*
Sandy Brice, *Assistant Branch Manager*
Shauna Thornton, *Assistant Branch Manager*
Sunshine Mitchell, *Loan Support Service Assistant Manager***
Susan Peach, *Real Estate Valuation Management Officer**
Teresa Moore, *Assistant Branch Manager*
Terre Lefebvre, *Electronic Business Services Officer***
Tiana Allen, *Special Credits Associates Officer*

AVP and above as of 1/19/2018: * ≥Five-year employee, ** ≥Ten-year employee, *** ≥Fifteen-year employee, **** ≥Twenty-year employee, ***** ≥Twenty-five-year employee



MISSION

TO BE ALASKA'S MOST TRUSTED FINANCIAL INSTITUTION

We are committed to adding value for our customers, communities, and shareholders.

VISION

TO BE ALASKA'S PREMIER BANK AND EMPLOYER OF CHOICE

We will be a leader in financial expertise, products and services, focused on continuous improvement and market growth.

VALUES

PROUD TO BE ALASKAN

We are Alaskan managed. We embody Alaska's frontier spirit and values, and strongly support our communities.

SUPERIOR CUSTOMER FIRST SERVICE

We have a sincere appreciation for our customers. We want to build lasting customer relationships through professional, prompt, and caring service.

GROWTH

We look for growth opportunities for our customers, our institution and our employees. We strive to be better, personally and professionally.

INTEGRITY

We are trustworthy, reliable, and ethical, and provide our customers with secure, confidential services. We do what is right.

WE ARE

ENGAGED

We achieve more because we are dynamic, proactive, and innovative.

ACCOUNTABLE

We take personal responsibility. We do what we say we will do.

ALIGNED

We value alignment within teams and across departments. Together we are stronger.

Information & ADDRESSES

Annual Meeting:

May 24, 2018, 9:00 am
Hilton Anchorage Hotel, 500 W. 3rd Avenue
Anchorage, AK

Stock Symbol:

Northrim BanCorp, Inc. (NASDAQ: NRRM)

Auditor:

Moss Adams LLP

Transfer Agent & Registrar:

American Stock Transfer & Trust Company LLC
(800) 937-5449, info@amstock.com

Legal Counsel:

Davis Wright Tremaine LLP

Investor Information:

For stock information and SEC filings, copies of earnings and dividend releases, click on "Investor Relations" section at northrim.com

Investor Requests:

Call our Corporate Secretary at (907) 562-0062 or write Corporate Secretary, Northrim Bank
PO Box 241489, Anchorage, AK 99524-1489

This report has not been approved or disapproved for accuracy or adequacy by the Federal Deposit Insurance Corporation, Federal Reserve Bank, Securities and Exchange Commission, or any other regulatory authority.

An Equal Opportunity and Affirmative Action Employer. Qualified applicants and employees receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, age, national origin, physical or mental disability, protected veteran status, pregnancy, parenthood, marital status, changes in marital status, genetic information or any other status protected by federal, state or local law.



Financial Snapshot Endnotes:

(*) Refer to the Company's Form 10-K at northrim.com for further discussion of non-GAAP ratios.

- (1) These unaudited schedules provide selected financial information concerning the Company's Form 10-K.
- (2) Tangible book value per share is a non-GAAP ratio defined as shareholders' equity, less intangible assets, divided by common shares outstanding.
- (3) Tangible common equity to tangible assets is a non-GAAP ratio that represents total equity less goodwill and intangible assets divided by total assets less goodwill and intangible assets.
- (4) Tax-equivalent net interest margin is a non-GAAP performance measurement in which interest income on non-taxable investments and loans is presented on a tax-equivalent basis using a combined federal and state statutory rate of 41.11% in all years presented.
- (5) In managing our business, we review the efficiency ratio exclusive of intangible asset amortization, which is a non-GAAP performance measurement. The efficiency ratio is calculated by dividing other operating expense, exclusive of intangible asset amortization, by the sum of net interest income and other operating income.
- (6) Number of banking offices does not include Residential Mortgage Lending locations.
- (7) Full-time equivalent employees (FTE): 2017 includes 314 Northrim Bank ("Bank") employees and 115 Residential Mortgage ("RML") employees; 2016 includes 304 Bank, 130 RML, and 17 Northrim Benefits Group ("NBG"); 2015 includes 303 Bank, 124 RML, and 14 NBG; 2014 includes 294 Bank, 117 RML, and 15 NBG; 2013 includes 256 Bank and 13 NBG; 2012 includes 245 Bank and 7 NBG.

Cautionary note regarding forward-looking statements

This report contains forward-looking statements which are, in effect, management's attempt to predict future events, and thus are subject to various risks and uncertainties. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. When used herein, the words "anticipate," "believe," "estimate," "expect," and "intend" and words or phrases of similar meaning, are intended to help identify forward-looking statements. Although we believe that management's expectations as reflected in forward-looking statements are reasonable, we cannot assure readers that those expectations will prove to be correct as forward looking statements are subject to various risks and uncertainties that may cause our actual results to differ materially and adversely from our expectations as indicated in the forward-looking statements. Many of these risks, as well as other risks that may have a material adverse impact on our operations and business, are identified in our filings with the Securities and Exchange Commission. Forward-looking statements contained herein are made only as of the date of this report, and Northrim does not undertake any obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this report.

**ACHIEVE
MORE**

ANCHORAGE

Northrim Headquarters

PO Box 241489
Anchorage, AK 99524
(907) 562-0062
(800) 478-2265 outside Anchorage
northrim.com

Huffman Branch

1501 E. Huffman Road

Jewel Lake Branch

9170 Jewel Lake Road

Lake Otis Community Branch

2270 E. 37th Avenue

Midtown Financial Center

3111 C Street

Seventh Avenue Branch

517 W. 7th Avenue, Suite 300

SouthSide Financial Center

8730 Old Seward Highway

West Anchorage Branch

2709 Spenard Road

EAGLE RIVER

Eagle River Branch

12812 Old Glenn Highway, Suite C03

WASILLA

Wasilla Financial Center

850 E. USA Circle, Suite A
(907) 376-0357

FAIRBANKS

Fairbanks Financial Center

360 Merhar Avenue
(907) 455-1111

JUNEAU

Juneau Financial Center

2094 Jordan Avenue
(907) 789-4844

Juneau Downtown Branch

301 North Franklin
(907) 789-4844

SITKA

Sitka Financial Center

315 Lincoln Street, Suite 206
(907) 747-8688

KETCHIKAN

Ketchikan Financial Center

2491 Tongass Avenue
(907) 225-4545

BELLEVUE, WASHINGTON

Northrim Funding Services

170 120th Avenue N.E., Suite 202
PO Box 50245
Bellevue, WA 98015
(425) 453-1105

HOME MORTGAGE LENDING

Residential Mortgage, LLC

Headquarters
100 Calais Drive
Anchorage, AK 99503
(907) 222-8800
residentialmtg.com
15 locations statewide

AFFILIATED COMPANIES

Northrim Investment Services

3111 C Street
Anchorage, AK 99503
(907) 562-0062

Pacific Portfolio Consulting, LLC and Pacific Portfolio Trust Company

Columbia Center
701 5th Avenue, Suite 6850
Seattle, WA 98104
(206) 623-6641

3111 C Street, Suite 505
Anchorage, AK 99503
pacific-portfolio.com



Northrim BanCorp, Inc.

