



NORTHRIM BANK

PROUD TO BE  
ALASKAN

100% 907

2018 ANNUAL REPORT



Northrim BanCorp, Inc.



# MESSAGE TO SHAREHOLDERS

It was a year of investment and growth at Northrim Bank in our products and services, infrastructure, people and community. As a result, we are proud to report growth in our net income and footprint across Alaska.

We continued upgrades to our electronic banking products, with a goal to maximize convenience and financial control for our customers. Responding to needs expressed by customers and the community, we expanded our statewide presence with the opening of a new branch in East Anchorage and a loan production office in Soldotna. We also completed an extensive renovation of our Juneau Financial Center, and we continue to actively explore opportunities for growth in other areas of the state.

With our vision to be Alaska's employer of choice, we enhanced our employee benefits package and introduced a wellness program. New hires, such as a new Chief Financial Officer and Southeast regional manager, and promotions throughout the company added breadth and depth to our team.

Although the Bank continues to operate in Alaska's slower economic environment, we achieved an

increase in net income, at \$20.0 million in 2018, compared to \$13.2 million in 2017. This is an all-time high for the company.

This increase led to continuing strong capital ratios for the Bank. We also made material improvement to our credit quality as evidenced by a decrease in nonperforming assets, and we recorded a \$500,000 reversal of the provision for loan losses in 2018.

New tax legislation in 2018 was very positive for the Bank, dropping our effective tax rate from 33% to 17%. Rising interest rates also had a positive effect on our net interest income. These significant factors allowed us to invest in our business and people and offer increased returns to shareholders in the form of higher dividends.

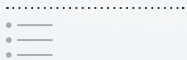
During 2018, we saw 3.1% growth in portfolio loans, which ended the year at \$984.3 million. Although total deposits were down by 2.4%, we attracted new deposit customers, recording a positive ratio of opened versus closed accounts.

Noninterest income and purchased receivable income were positively affected by the performance of our



ACHIEVE  MORE





factoring division, Northrim Funding Services. Our wholly-owned subsidiary, Residential Mortgage, experienced lower revenues due to a variety of factors including fewer loan originations in an overall slower housing market. Despite these challenges, Residential Mortgage continues to be a market leader in Alaska mortgage originations.

The November 30 earthquake that struck Southcentral Alaska was a significant event for the Bank and all of Alaska, but our disaster contingency plan and skills tested during annual live trainings highlighted our emergency preparedness. Our employees were safe, our systems functioned throughout, and we were able to keep key branches open to assist customers. The way our employees and the community at large came together to respond underscores our pride in being Alaskan.

“Proud to be Alaskan” is one of Northrim’s core values and it means many different things to us. We are proud to serve the businesses and people that call Alaska home, and we recognize that their growth and success is tied to our own. We are proud of our people – their longevity in the industry and at the Bank, the growth of their skills, and their commitment to Customer

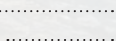
First Service. Additionally, we are proud to support Alaska’s communities through contributions of dollars, expertise and time.

Northrim was created in Alaska, by long-time Alaskans, to serve Alaskans, and that focus guides our decisions and actions on a daily basis. We are Proud to be Alaskan.



**Joe Schierhorn**

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

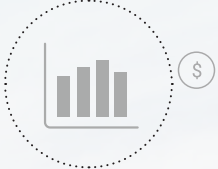


# 2018 FINANCIAL SNAPSHOT<sup>(1)</sup>

(In thousands, except Share Data)	2018	2017	2016	2015	2014	2013	Five Year Compound Growth Rate
Net interest income	\$61,208	\$57,678	\$56,357	\$56,909	\$52,293	\$44,034	7 %
Provision (benefit) for loan losses	(500)	3,200	2,298	1,754	(636)	(635)	NM
Other operating income	32,167	40,474	43,263	44,608	20,034	12,886	20 %
Compensation expense, RML acquisition payments	—	130	4,775	4,094	—	—	NM
Other operating expense	69,800	71,023	71,505	68,551	46,923	38,897	12 %
Income before provision for income taxes	\$24,075	\$23,799	\$21,042	\$27,118	\$26,040	\$18,658	5 %
Provision for income taxes	4,071	10,321	6,052	8,784	8,173	6,246	(8)%
Net income	20,004	13,478	14,990	18,334	17,867	12,412	10 %
Less: Net income attributable to noncontrolling interest	—	327	579	551	459	87	NM
Net income attributable to Northrim Bancorp, Inc.	\$20,004	\$13,151	\$14,411	\$17,783	\$17,408	\$12,325	10 %
<b>Year End Balance Sheet</b>							
Assets	\$1,502,988	\$1,518,596	\$1,525,851	\$1,498,691	\$1,448,327	\$1,213,740	4 %
Portfolio loans	984,346	954,953	974,074	979,682	923,122	768,750	5 %
Deposits	1,228,088	1,258,283	1,267,653	1,240,792	1,179,747	1,003,723	4 %
Shareholders' equity	205,947	192,802	186,712	177,214	164,441	144,318	7 %
Common shares outstanding	6,883,216	6,871,963	6,897,890	6,877,140	6,854,189	6,537,652	1 %
<b>Average Balance Sheet</b>							
Assets	\$1,493,385	\$1,511,052	\$1,506,522	\$1,480,913	\$1,335,929	\$1,156,500	5 %
Earning assets	1,346,449	1,367,203	1,361,913	1,334,102	1,212,291	1,041,268	5 %
Portfolio loans	971,548	981,001	976,613	968,752	893,031	734,427	6 %
Deposits	1,227,272	1,248,333	1,250,243	1,219,445	1,111,594	953,925	5 %
Diluted common shares outstanding	6,981,557	6,977,910	6,974,864	6,948,474	6,852,267	6,609,950	1 %
<b>Per Common Share Data</b>							
Basic earnings	\$2.91	\$1.91	\$2.09	\$2.59	\$2.57	\$1.89	9 %
Diluted earnings	\$2.86	\$1.88	\$2.06	\$2.56	\$2.54	\$1.87	9 %
Book value per share	\$29.92	\$28.06	\$27.07	\$25.77	\$23.99	\$22.07	6 %
Tangible book value per share <sup>(2)</sup> *	\$27.57	\$25.70	\$24.70	\$22.31	\$20.48	\$20.86	6 %
Cash dividends per share	\$1.02	\$0.86	\$0.78	\$0.74	\$0.70	\$0.64	10 %
<b>Performance Ratios</b>							
Return on average assets	1.34 %	0.87 %	0.96 %	1.20 %	1.30 %	1.07 %	5 %
Return on average equity	9.95 %	6.81 %	7.93 %	10.47 %	11.19 %	8.75 %	3 %
Equity/assets	13.70 %	12.70 %	12.24 %	11.82 %	11.35 %	11.89 %	3 %
Tangible common equity/tangible assets <sup>(3)</sup> *	12.76 %	11.75 %	11.29 %	10.40 %	9.86 %	11.31 %	2 %
Total capital/risk adjusted assets	16.73 %	15.90 %	15.80 %	14.60 %	14.31 %	16.61 %	NM
Net interest margin	4.55 %	4.22 %	4.14 %	4.27 %	4.31 %	4.23 %	1 %
Net interest margin (tax equivalent) <sup>(4)</sup> *	4.60 %	4.28 %	4.20 %	4.32 %	4.36 %	4.29 %	1 %
Non-interest income/total revenue	34.45 %	41.24 %	43.43 %	43.94 %	27.70 %	22.64 %	9 %
Efficiency ratio <sup>(5)</sup> *	74.68 %	72.39 %	76.44 %	71.31 %	64.48 %	67.94 %	2 %
Dividend payout ratio	35.08 %	45.44 %	37.59 %	28.81 %	27.40 %	34.18 %	1 %
<b>Asset Quality</b>							
Nonperforming assets, net of government guarantees	\$22,619	\$28,729	\$19,315	\$5,178	\$7,231	\$4,216	40 %
Nonperforming assets/assets, net of government guarantees	1.50 %	1.89 %	1.27 %	0.35 %	0.50 %	0.35 %	34 %
Nonperforming loans/portfolio loans, net of government guarantees	1.49 %	2.24 %	1.33 %	0.22 %	0.38 %	0.24 %	44 %
Net charge-offs (recoveries)/average loans	0.15 %	0.15 %	0.08 %	0.03 %	(0.12)%	(0.07)%	NM
Allowance for loan losses/portfolio loans	1.98 %	2.25 %	2.02 %	1.85 %	1.81 %	2.11 %	(1)%
<b>Other Data</b>							
Number of banking offices <sup>(6)</sup>	16	14	14	14	14	10	8 %
Number of employees (FTE) <sup>(7)</sup>	430	429	451	441	426	269	10 %

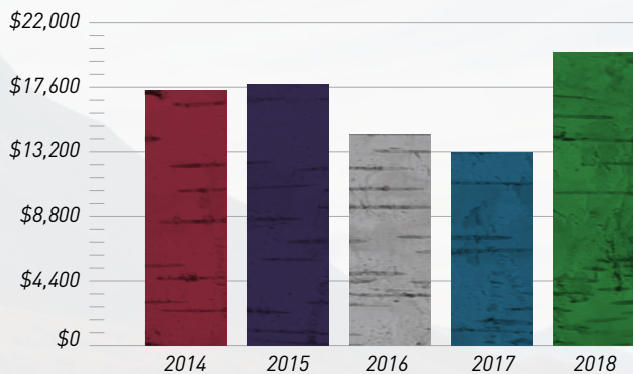
Financial Snapshot endnotes on page 22.





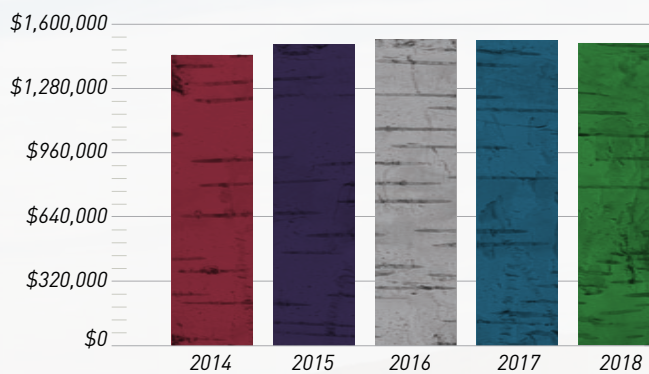
## Net Income Attributable to Northrim BanCorp, Inc.

(in thousands)



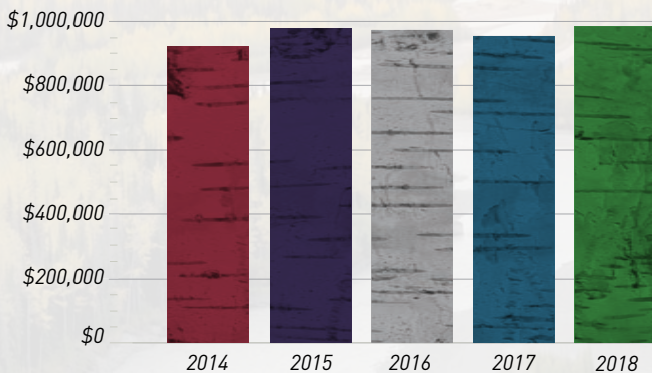
## Total Assets

(in thousands)

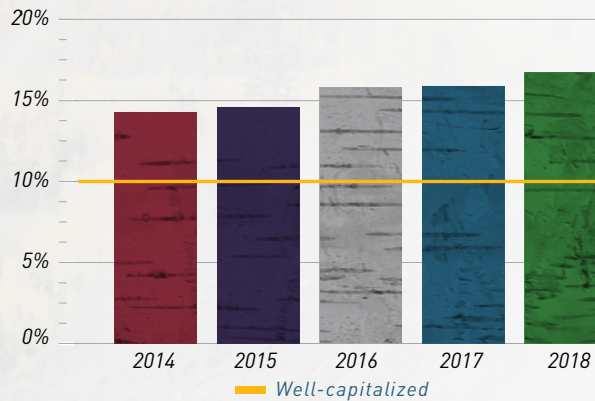


## Portfolio Loans

(in thousands)



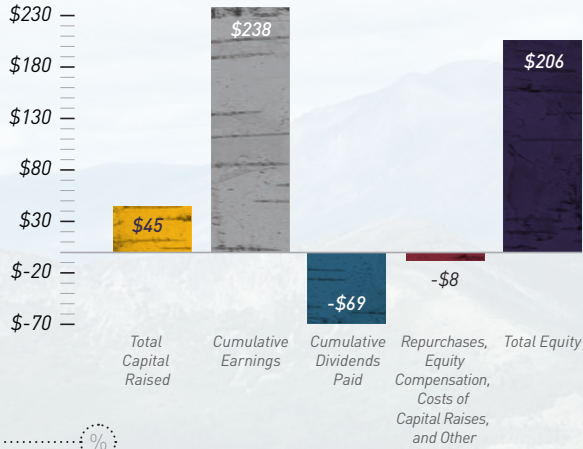
## Total Capital Ratio





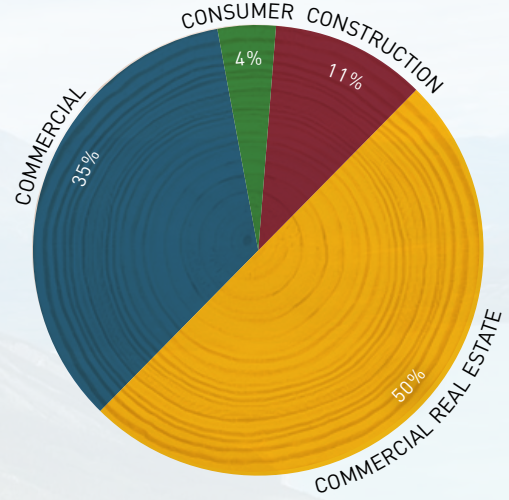
## Composition of Northrim BanCorp

(in millions)  
Capital as of December 31, 2018



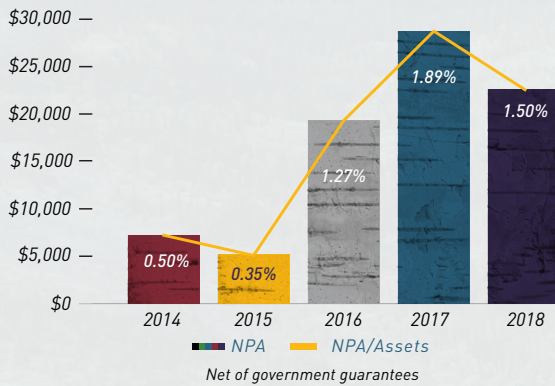
## Loan Portfolio

As of December 31, 2018



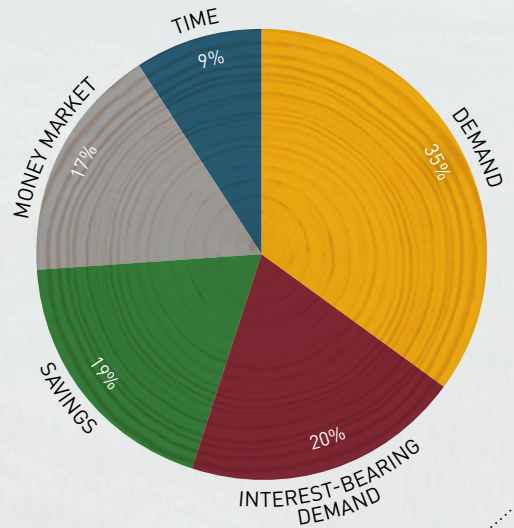
## Nonperforming Assets (NPA)

(in thousands)



## Deposits

As of December 31, 2018





# SUBSIDIARIES, AFFILIATES AND DIVISIONS

Northrim's subsidiaries, affiliates and divisions enable the Bank to offer a well-rounded spectrum of financial services to our customers, while also contributing to our noninterest income.



## Northrim Funding Services

Northrim Funding Services, a division of the Bank, purchases the accounts receivable of capital-constrained small to mid-size businesses, as well as businesses experiencing rapid growth or change. Serving customers in Alaska and the Western United States, the division also offers financial solutions to transition customers back to conventional bank lending programs. Northrim Funding Services contributed \$3.3 million to other operating income in 2018, compared to \$3.0 million 2017.



## RESIDENTIAL MORTGAGE, LLC NMLS #167729

Residential Mortgage has been a Northrim affiliate since 1998, and became a wholly-owned subsidiary in 2014. The company has a significant footprint across Alaska, with offices in Anchorage, Juneau, Kodiak, Soldotna, Eagle River, Fairbanks and the Mat-Su Valley. Residential Mortgage, like its industry in general, experienced a challenging year. Rising interest rates, limited housing inventory and the aftereffects of Alaska's 7.0 earthquake delayed mortgage origination production. However, Residential Mortgage retains its status as a strong market leader in Alaska. Mortgage banking operations contributed \$20.8 million to Northrim's other operating income in 2018, compared to \$23.3 million in 2017.



## PACIFIC PORTFOLIO

Northrim continues to hold a 24% interest in Pacific Wealth Advisors, LLC, the holding company for Pacific Portfolio Consulting, LLC and Pacific Portfolio Trust Company (collectively, "Pacific Portfolio"). Founded in 1992 and part of the Northrim family since 2006, Pacific Portfolio provides comprehensive financial guidance to individuals, families, and institutions. Pacific Portfolio is led by founder, president and CEO Larry Hood, who once again was included in Barron's prestigious annual ranking of Top 100 Independent Financial Advisors in 2018. Pacific Portfolio continues to add new talent to its team of investment advisors and ended the year with \$3.4 billion in assets under advisement. The company contributed \$231,000 to Northrim's other operating income in 2018, compared to \$197,000 in 2017.



## Northrim Investment Services

Northrim Investment Services provides investment services through Elliott Cove Capital Management and insurance products via Elliott Cove Insurance Agency. Northrim Investment Services continues to help the Bank offer a range of relevant financial products and services to meet the needs of business and individual customers.



# PROUD TO BE ALASKAN

Northrim was founded during one of the most challenging periods of Alaska's history with a goal to be a strong, independent, local bank with community and customer service at its heart. Since then, the Bank has grown, and Alaska's economy has ebbed and flowed, while our core purpose and passionate commitment remains constant.

As one of our core values, "Proud to be Alaskan" means we take the time to understand the unique challenges and opportunities living and working in Alaska presents. It means we are flexible in developing personalized solutions that fit the needs of our customers.

Proud to be Alaskan means we closely monitor Alaska's economy, advocate for policies and decisions that strengthen it, and educate Alaskans on economic issues through efforts such as our Alaskanomics blog. While Alaska remains in a slower economic environment, we are seeing improvements, including investments by major oil producers on the North Slope, robust tourism and mining activity in Southeast Alaska, the expansion of Eielson Air Force Base in Interior Alaska,

and the strength of the Alaska Native corporations across the state and nation. We stay actively engaged in conversations to help create a long-term, sustainable fiscal plan for Alaska, and we are encouraged by steps taken by the Alaska Legislature to develop elements of a plan during the 2018 session.

Our pride extends to our employees. We recognize that, to our customers, Northrim is the teller who greets them at the branch or the loan officer who reviews their application. By investing in our employees through training, recognition, wellness programs, and competitive pay and benefits, we are investing in the strength of the Bank and our customers.

Being Proud to be Alaskan also means that we have a responsibility to invest in the well-being of our communities, which we demonstrate through financial contributions, service on boards and committees, and employee volunteerism.



THE LAST  FRONTIER







## PROUD TO SERVE ★ BONANZA FUEL

Bonanza Fuel was born from the answer to a very simple – yet profound – question. “What need in the community can we fill?”

Fuel is a primary need – especially for the small, isolated communities of Western Alaska, reachable only by air or water. Additionally, Nome, known as the gateway to the Arctic, is an important crossroads for vessels transiting the Northwest Passage.

Bonanza, a subsidiary of Sitnasuak Native Corporation, the village corporation of Nome, started out small, with one truck and one driver delivering heating fuel. Today, more than 25 years later, Bonanza has a fleet of trucks, a 5.9-million-gallon tank farm, and a product line-up including heating fuel, propane, diesel and gasoline serving commercial, marine and residential customers throughout the Nome area.



“The support of Northrim has played a big role in our growth,” says Scot Henderson, Bonanza Fuel CEO. When Bonanza outgrew its original fuel storage facility, the company turned to Northrim. In participation with the Alaska Industrial Development and Export Authority, Northrim financed the construction of a 2.3-million-gallon tank expansion, which is expected to meet the needs of the community for the next 10 – 15 years.

Like Northrim, Bonanza emphasizes the importance of providing a return to its shareholders and supporting the community. Bonanza employs many Sitnasuak shareholders, offering good-paying jobs and benefits. “A successful private business in rural Alaska means a great deal to the community to provide dependable jobs so families can stay here,” says Ukallaysaaq Okleasik, Sitnasuak’s vice president of corporate affairs.

Bonanza also reinvests in the community in a variety of ways, including donations to nonprofits, scholarships and shareholder discounts – all while remaining profitable. “In an industry dominated by larger companies, we believe we are a unique example of a small, independent, community-oriented company that serves the needs and provides benefits to the community. We are vested in the success of the local community, and we are very proud of that,” Scot says.

“As an Alaska Native Corporation, we believe it is important to work with Alaska companies, like Northrim, who share the same vision of a strong and growing economy,” Ukallaysaaq says. “Northrim represents an independent, local bank; they embody the spirit of independence, supporting community investment and business growth.”



As a community bank, our growth is connected to the growth of our customers. It is a reciprocal relationship; when our customers do well, so does the Bank.

In spite of a slower economy, uncertainty concerning the state budget, and rising interest rates, we were proud to grow our loan portfolio in 2018. This is a testament to the leadership of our senior lenders, as well as the creation of loan teams comprised of experts from our loan and cash management departments. By bringing together expertise from different areas, these teams are able to assess our customers' entire financial situation, while ensuring that customers are always able to connect with someone who knows their business and can respond to their needs.

In 2018, Northrim became the largest lender (in total dollars) in the Alaska Industrial Development and Export Authority (AIDEA) loan participation program, which provides competitive fixed-rate loans for the purpose of developing, acquiring or enhancing Alaska businesses. We are proud to be involved in this important program, as it demonstrates our commitment to finding the best solution for each customer.

We are also proud of our continued involvement in affordable housing projects, an area where we have developed a deep level of expertise. Last year, this included financing the renovation and rehabilitation of a 17-unit senior apartment complex in Nome, which is the community's only Low Income Housing Tax Credit project.

We continue to seek opportunities to develop and deepen lending relationships, and invest in technology, such as new loan origination software, which will result in more responsive decisions, a more efficient process, and – most importantly – more time spent consulting with current and prospective customers.

Our growth is directly related to our customers' needs: We grow to best respond to the ever-evolving demands of our customers. The opening of our new Eastside Community Branch and Soldotna loan production office in 2018 are two examples of this responsive growth.

With close proximity to the joint Army/Air Force base, East Anchorage is an important area of growth and revitalization for the city. In a time when banks are consolidating branches, we listened to community voices requesting banking services in their neighborhoods. We carefully designed the branch with a smaller footprint, strategic technology and unique features, like teller pods, with a goal to facilitate more collaborative interactions with customers. A particular point of pride is our branch team, comprised of energetic, homegrown talent, including several who grew up in close proximity to the new location.

We were also excited to open a new loan production office in Soldotna and recruit a local leader with extensive experience and roots in the area. Located adjacent to Residential Mortgage, this new office increases our statewide coverage and responds to the demand for services on the Kenai Peninsula. We look forward to continuing to increase our presence in the area.

The expansion and remodel of our Juneau Financial Center was another reflection of our commitment of capital and human resources in the past year. In addition to the facility upgrades, we created a Southeast regional manager position, and filled it with an experienced banker who oversees operations in this region.







## PROUD TO SERVE ★ LAND'S END RESORT

The spectacular scenery, thriving arts scene, proximity to productive fishing grounds, and abundant hiking, camping and other recreational activities makes Homer one of Southcentral Alaska's most popular destinations for Alaskans and out-of-state visitors alike. Every summer, the community's population triples from about 5,000 year-round residents to 15,000 as seasonal workers and visitors make their way to Homer.

With a history stretching back to 1958, Land's End Resort is Homer's premier hospitality service company. Situated at the tip of the Homer Spit in pristine Kachemak Bay, overlooking the Chugach Mountains, Land's End provides lodging, conference, restaurant and special event services to individuals and businesses. Land's End also serves local needs by offering an entertainment venue and low-cost space for nonprofits, and is one of the largest private employers in Homer.

Growing to support the community has been important to the resort's success. "The biggest leap we took was transitioning to a year-round operation in 1991. The decision was based on our commitment to offering year-



round work to our staff, and on our belief that Homer has a lot to offer in all four seasons. It was sort of a 'build it and they will come' vision," says Land's End Vice President Sara Faulkner.

To succeed, Land's End worked hard to promote Homer as a year-round destination, recruiting off-season conferences and collaborating with the local community to support activities such as winter king salmon fishing, the Kachemak Bay Shorebird Festival, Homer Hockey, and Nordic skiing. "Eventually we had several hotel expansions as we promoted Land's End as a year-round destination for independent travelers, conferences and corporate retreats," Sara says.

To support this growth, Land's End wanted a banking partner that understood the unique aspects of operating a business in Alaska.

"Northrim specializes in small and midsize Alaskan-owned businesses," Sara says. "Northrim has served Land's End's needs for over 20 years as we have grown across the Kenai Peninsula by supporting sound expansion and the seasonal aspects of our business."





# INVESTING IN PRODUCTS, PEOPLE AND THE PLACES WE SERVE



## COMMUNITY ★

In 2018, we were proud to sign on as a Lead Dog sponsor of the Iditarod Trail Sled Dog Race, an iconic Alaska event and a point of pride for many Alaskans.





In addition to the investments we made in the Eastside Community Branch, Soldotna loan production office and Juneau Financial Center, 2018 was a year of continued investments in our products and services, our people, and the communities we serve.

Providing relevant services and maximizing convenience for our customers is an ongoing focus at Northrim. As an example, in 2018, we upgraded our Positive Pay electronic banking product, which gives our business customers more security, convenience and control of their finances.

In an ongoing effort to be Alaska's employer of choice, we continued to make investments in our people during the past year, allowing us to recruit and retain the best in the industry. Enhancements to employee benefits included changes to our 401(k) match, expansion of our profit-sharing plan, and increased amounts for education assistance. We also launched a wellness program encouraging employees to lead active and healthy lifestyles.

Investing in the communities where we live and work has been foundational to Northrim from the beginning. Northrim's founders raised \$8 million to start the Bank, and at the end of 2018, we had returned \$9.8 million back to the community through charitable contributions. In 2018, we continued our financial support of the University of Alaska and also made a significant contribution to the Providence Alaska Foundation Alaska CARES capital campaign to help children who have experienced trauma from abuse and neglect.

Investing in the community is not just about writing checks. Believing we all have gifts to give, we encourage our employees to get involved in organizations and

issues they care about. Every year, our employees answer the call. In 2018, 300 Northrim employees gave more than 3,200 hours of their time and talents.

Our employees engage through involvement in diverse organizations, such as boards and committees across the University of Alaska system, state and local Chambers of Commerce, the Alaska Bankers Association, the Resource Development Council, Rotary, Alaska General Contractors, United Way, economic development organizations and community nonprofits.

They share their expertise with customers and the community through our SurThrival seminars, and at our annual economic luncheons in Fairbanks, Juneau and Anchorage. They plant the seeds for financial success for the next generation through our statewide school-business partnerships. Their volunteerism also helps break the cycle for homeless families and at-risk youth by teaching monthly financial literacy workshops at local shelters.

In 2018, we were particularly proud to sign on as a Lead Dog sponsor of the Iditarod Trail Sled Dog Race, an iconic Alaska event and a point of pride for many Alaskans. The sponsorship offers many opportunities to engage with customers and communities throughout the state, and we look forward to continuing our support of the race.

In recognition of our financial contributions and volunteer efforts, Northrim was honored to be named an Outstanding Business in Philanthropy by the Alaska Chapter of the Association of Fundraising Professionals at their annual National Philanthropy Day conference.





## PRIDE IN OUR PEOPLE

We are deeply proud of our employees, who have increased their skills and grown in their careers as the Bank and our customers have grown. We are pleased to support their ongoing development through investments in training as well as with our education assistance allowance.

We are particularly proud of the skills, teamwork and longevity of our senior management and executive teams. The average tenure for our executives and

senior managers is 13 years at Northrim and 23 years in the banking industry. In total, this team has 285 years of combined experience at Northrim, and 502 years of industry experience.

We are also grateful for the diverse and dedicated individuals who comprise our board of directors. As a local community bank, we believe it is important to have a wide range of knowledgeable, local perspectives on our board to help guide the future of the Bank.





9

PROUD TO SERVE

# PEAK TRUST COMPANY

Peak Trust Company (formerly Alaska Trust Company) has served individuals, families, and their advisors by offering tax-favored trust situs and customizable trust administration solutions since 1997.

With more than 250 years of combined experience serving clients and protecting billions of dollars in trust, Peak's highly credentialed team has built a reputation for handling sophisticated trust administration for multigenerational families, trusts holding unique investments, and trusts

created for estate planning goals. In addition to traditional trust services, the company offers a variety of wealth management solutions, including family legacy planning.

Like Northrim, Peak is proud of its status as an independent, Alaska company, and places a high priority on unparalleled customer service and individualized solutions.

"We believe that our independent, unbundled, flexible, and cost-efficient business model has contributed to our success. In building on this commitment, we offer tailor-made administrative services for all varieties of trusts," says Matthew Blattmachr, Peak's President and CEO.

Peak values the same qualities when it comes to its relationship with Northrim, which provides the company with business banking services, including wire, electronic banking and cash management.

"Northrim has been an excellent ally and our relationship has flourished over the years," Matthew says. "They consistently provide excellent service, communication, and outreach that exceeds our expectations. We also appreciate the consistency and longevity of their staff. If there is ever a problem, Northrim always responds with positive solutions. As we grow, Northrim does too by adding services that meet our ever-changing needs."



SOUTH CENTRAL





## CELEBRATING SUPERIOR CUSTOMER SERVICE

Building long-term relationships with customers and Alaska communities has been at Northrim's core since day one. We pride ourselves on taking a relationship-based approach, listening and learning, offering custom solutions and providing Superior Customer First Service. We believe that by serving the needs of our customers, success follows.

We emphasize this philosophy with our employees from their first day on the job, and continue to reinforce it through training, policies and procedures, and recognition. Each quarter, we recognize employees who embody the spirit of service with our coveted Customer First Service Awards. We thank this year's group of awardees for their inspiring examples of Superior Customer First Service.



**Kelly McCormack**  
*VP, Commercial Loan Officer*

**Chris Moore**  
*Core Applications Specialist*

**Delores Siah**  
*AVP, Branch Manager,  
Fairbanks Financial Center*

**Nikki Spellman**  
*Branch Supervisor,  
Wasilla Financial Center*

**Catherine Hsieh**  
*Staff Accountant*

**Gerlie Monta-Guevarra**  
*AVP, Branch Manager,  
Juneau Financial Center*





# EXECUTIVE TEAM



**Mike Huston**

*EVP, Chief Lending Officer*

**Benjamin Craig**

*EVP, Chief Information Officer*

**Lynn Wolfe**

*EVP, Chief Administration Officer*

**Mike Martin**

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

**Audrey Amundson**

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

**Joe Schierhorn**

*Chairman, President &  
Chief Executive Officer*

**Jed Ballard**

*EVP, Chief Financial Officer*





# SENIOR MANAGEMENT TEAM



**Linda Uttech**  
*SVP, Facilities Manager*

**Todd Greimann**  
*SVP, Regional Market Manager*

**Suzanne Whittle**  
*SVP, Compliance Manager*

**Heidi Moes**  
*SVP, Operations Manager*

**Mark Edwards**  
*SVP, Senior Credit Officer  
& Bank Economist*

**Catherine Claxton**  
*SVP, Real Estate Lending Manager*

**Kari Skinner**  
*VP, Marketing &  
Communications Director*

**Daniel Lowell**  
*SVP, Northrim Funding  
Services Manager*

**Carolyn Jennings**  
*SVP, Retail Banking Manager*

**Amber Zins**  
*SVP, Human Resources Director*

**Katie Bates**  
*SVP, Director of Electronic  
Channels*

**Jason Criqui**  
*SVP, Commercial Lending  
Manager*

**Barb Ervin**  
*SVP, Director of Business  
Applications*

**Cindy Fields**  
*VP, Internal Audit Manager*





# 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*



**Aaron Schutt**  
*Director since 2018*



**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**  
*Director, Koniag, an Alaska Native*  
*Corporation, beginning 2019*  
*President and CEO, Natives of Kodiak,*  
*Inc., an Alaska Native Corporation,*  
*from 1989-2010*  
*Chairman and President, Koncor Forest*  
*Products Company, from 1986-2011*

**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**  
*SVP, Managing Director, Alaska Saltchuk,*  
*beginning 2019*  
*President and CEO, Northern Aviation*  
*Services, Inc. from 2011-2018*  
*Director, Alaska Communications*  
*Systems, Inc. since 2011*  
*Member, National Air Carriers Association*

**David McCambridge**  
*Audit Partner, KPMG LLP, from*  
*1991-2010*  
*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 and SVP, Bering Straits Native*  
*Corporation since 2014*  
*SVP & COO, Ahtna Engineering Services*  
*from 2006-2014*  
*Recipient of Alaska Top 40 under*  
*40 Award in 2004*

**Aaron Schutt**  
*President and CEO, Doyon Limited,*  
*an Alaska Native Corporation*  
*since 2011 (COO from 2008-2011*  
*and SVP from 2006-2011)*  
*Director, Akeela, Inc. since 2001*  
*Director, Alaska Native Heritage Center*  
*since 2012*  
*Director, ANCSA Regional Association*  
*since 2011*  
*Board of Managers for Doyon Utilities,*  
*LLC since 2007*

**John Swalling**  
*President and Director, Swalling &*  
*Associates, PC, an accounting firm,*  
*since 1991*  
*President and Director, Alaska Pacific*  
*University Foundation, Inc.*

**Linda Thomas**  
*CEO, VP and Director, Alaskan Brewing &*  
*Bottling Co. and its subsidiaries*  
*since 2016 (CFO from 1994-1996,*  
*COO from 1996-2016)*  
*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*





# 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 & CEO*\*\*\*\*\*  
 Lynn Wolfe, *Chief Administration 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*\*\*  
 Jason Criqui, *Commercial Lending Manager*  
 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*\*\*\*  
 Todd Greimann, *Regional Market Manager*

## Vice Presidents

Adam Baxter, *Commercial Loan Officer V*\*  
 Allen Hippler, *Commercial Loan Officer V*  
 Anita DeVore, *Regional Sales & Service Manager*\*\*  
 Annette DeLong, *Construction Loan Unit Manager*  
 Bill Staley, *Commercial Loan Officer V*\*  
 Bruce Tretzen, *Relationship Manager*  
 Cindy El-Khoury Hanna, *Loan Documentation Manager*  
 Cindy Fields, *Internal Audit Manager*  
 Darci Ornellas, *Regional Sales & Consumer Lending Manager*\*\*\*\*  
 Doug Frey, *Security & Continuity Manager*

Erick Stoeckle, *Enterprise Architecture Manager*\*  
 Gary Finch, *Commercial Loan Officer V*  
 James Beasley, *Electronic Banking Manager*  
 James Richards, *Business Development Officer, Relationship Manager II*  
 Jamey Young, *Commercial Loan Officer V*  
 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 McCormack, *Commercial Loan Officer V*\*\*  
 Kelly Lykins-Longlet, *Risk Manager*\*\*\*  
 Kim Farrell Brewington, *Commercial Cash Management Officer*\*\*\*  
 Lisa Adams, *Operations Manager*\*\*  
 Mhay Sy, *Credit Officer*\*\*  
 Michael Dye, *Lending Branch Manager II*  
 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

Aili Peyton-Jalbert, *Commercial Cash Management Officer*  
 Angela Bradford, *Community Development & Loan Compliance Manager*  
 Annie Her, *Branch Manager I*\*  
 Aracelis Bell, *NIS Relationship Manager*\*\*\*  
 Ben Schulman, *Loan Officer III*\*  
 Bessie Paraoan, *Special Credits Officer II*\*\*  
 Bill Kurtz, *Branch Manager II*  
 Bill Simpson, *Special Credits Officer II*\*\*  
 Brigitte Lampert, *Branch Manager I*\*\*  
 Chris Chambos, *Branch Manager I*\*







Danicia Shirayayev, *Loan Officer III*  
Dawn Hoxie, *Branch Manager I\*\*\*\**  
Delores Siah, *Branch Manager I\**  
Diana Soliday, *Branch Manager I\*\**  
Donna Fountain, *Call Center Assistant Manager\*\**  
Erika Bills, *Business Banker III\*\*\*\**  
Erin Gage, *Retail Banking Operations Manager\*\*\**  
Esther Fouts, *Accounting Supervisor\*\*\*\*\**  
Gerlie Monta-Guevarra, *Branch Manager II*  
Glenn Schmitz, *Cybersecurity Program Manager*  
Jason Gentry, *Lending Branch 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\*\**  
Kristi Dent, *Consumer Lender II*  
Larry Gluck, *Loan Quality Assurance Officer*  
Leary David, *Branch Manager I\*\**  
Maia Hernandez, *Branch Manager I*  
Marc Guevarra, *Commercial Loan Officer IV*  
Maria Kirksey, *BSA & Deposit Compliance Manager\*\**  
Marsha Fry, *Commercial Real Estate Loan Officer III\*\*\*\**  
Maureen Swartwood, *Branch Manager I*  
Micah Scott, *BSA & Deposit Compliance Manager\*\**  
Nicole Pintsch, *Assistant Controller\*\**  
Reynold Udarbe, *Branch Manager I\**  
Rick Pinkerton, *Loan Review Officer\*\*\**  
Rodlynn Smallwood, *Operations Support Manager\*\**  
Sarah Gaines, *Human Resources Operations Manager\*\*\**  
Seane English, *Credit Administrator\**  
Shauna Thornton, *Branch Manager I*  
Susan Matson, *Branch Manager I*  
Susan Stenstrom, *Assistant Corporate Secretary\*\**  
Tammi Whistler, *Loan Administrative Officer*  
Teresa Saaiman, *Branch Manager I*  
Terry Lee, *Item Processing Assistant Manager\*\*\*\**  
Tina Hohnstein, *Special Credits Officer II\*\*\*\**  
Yana Milette, *Electronic Banking Operations Manager*

## Officers

Blake Rod, *Assistant Branch Manager*  
Brian Leonard, *Assistant Branch Manager\**  
Carmen Mojica, *Loan Administrative Coordinator\*\*\**  
Christina Clayton, *Assistant Branch Manager*  
Christy Lawrence, *Assistant Branch Manager\*\*\**  
Cindy Cheely, *Business Banker II\**  
Cris Parrocha, *Business Banker I\*\*\**  
Dagmar Sanchez, *Training & Development Officer\*\*\*\**  
Daisy Arce, *Assistant Branch Manager*  
Deatrice Swazer, *Senior Real Estate Valuation Management Officer\*\**  
Debbie Bolton, *Training & Development Officer\**  
Fejie Monta-Carandang, *Assistant Branch Manager*  
Heidi Hurben, *Assistant Branch Manager*  
Jacob Calkins, *Assistant Branch Manager*  
Jay Gilling, *Security Officer*  
Julie Bailey, *Lending Program Administrator\*\*\**  
Katie Bender, *Community & Public Relations Manager\**  
Katreena Little, *Assistant Branch Manager\**  
Lindsay Atkins, *Assistant Branch Manager*  
Maricel Bratcher, *Assistant Branch Manager\*\*\**  
Mary Fox, *Special Credits Associate Officer\*\*\**  
Mila Castiglione, *Business Banker I\*\**  
Neddie Manabat, *Assistant Branch Manager*  
Rose Yadao, *Assistant Branch Manager*  
Sandy Brice, *Assistant Branch Manager*  
Sarah Maycock, *Electronic Banking Support Manager*  
Sunshine Mitchell, *Loan Support Services Assistant Manager\*\**  
Susan Peach, *Real Estate Valuation Management Officer\**  
Terre Lefebvre, *Merchant Relationship Manager\*\*\**  
Tiana Allen, *Special Credits Associate Officer*

AVP and above as of 1/29/2019: \* ≥ Five-year employee, \*\* ≥ Ten-year employee, \*\*\* ≥ Fifteen-year employee, \*\*\*\* ≥ Twenty-year employee, \*\*\*\*\* ≥ Twenty-five-year employee

# MISSION • VISION • VALUES

## MISSION

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To be Alaska's most trusted financial institution

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

## VISION

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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

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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

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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 23, 2019, 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 28.43% in 2018 and 41.11% in all other 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 includes Northrim Lending offices, but does not include Residential Mortgage Lending locations.
- (7) Full-time equivalent employees (FTE): 2018 includes includes 320 Northrim Bank ("Bank") employees and 110 Residential Mortgage ("RML") employees; 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.

## *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.

## ANCHORAGE

### **Northrim Headquarters**

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

### **Eastside Community Branch**

7905 Creekside Center Drive,  
Suite 100

### **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

## SOLDONTA

### **Soldotna Loan Production Office**

44296 Sterling Highway, Suite 1  
(907) 261-6228

## JUNEAU

### **Juneau Financial Center**

2094 Jordan Avenue  
(907) 789-4844

### **Juneau Downtown Branch**

301 North Franklin Street  
(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  
pacific-portfolio.com

