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## Banks &amp; Thrifts

Price:	\$34.72
Fair Value Estimate:	\$36.00
52-Week Range:	\$29.66 - \$45.40
Market Cap (MM):	\$233
Shr.O/S-Diluted (mm):	6.7
Average Daily Volume:	14,508
Dividend:	\$1.20
Yield:	3.5%
Tang Book Value:	\$28.27
Tang Comn Equity Ratio:	12.4%
Price/Tangible Book:	1.23x

FYE: Dec	2018A	2019E	2020E
EPS - non-GAAP	\$2.80A	\$2.70E	\$2.25E
Adjusted: Prior EPS - non-GAAP		\$2.75	\$2.95
Adjusted: P/E non-GAAP Ratio:	12.4x	12.9x	15.4x

## Quarterly EPS - non-GAAP Adjusted:

	2019 Q1	2019 Q2	2019 Q3
Q1	\$0.28A	\$0.56A	\$0.45E
Q2	\$0.76A	\$0.71A	\$0.58E
Q3	\$0.83A	\$0.76E	\$0.63E
Q4	\$0.63A	\$0.59E	\$0.59E



August 6, 2019

## Northrim BanCorp, Inc. (NRIM) - NEUTRAL

### Solid Loan Growth & Increase in Mortgage Expected to Help Offset NIM Pressure

## PORTFOLIO MANAGER BRIEF

- Reiterate Neutral w/ \$36 FV Est. or ~13x 2020 EPS plus excess capital or 123% of Fwd. TBV.
- Our rating is primarily valuation driven as we remain encouraged by gradual signs of improvement in the AK economy and the company's solid profitability which is supported by its above peer NIM and solid credit quality.
- Lower 2019 & 2020 EPS to \$2.70 and \$2.25, respectively, to reflect a lower NIM outlook.
- Solid loan growth, healthy mortgage earnings, lower expenses (2Q elevated), and low credit costs should help temper near term NIM pressure. Capital flexibility exists (TCE 12.4%) and offers upside to EPS. We expect NRIM to complete its 5% share buyback by 4Q19.

## ANALYST NOTES

Loan pipelines are solid heading into 2H19 as the AK economy continues to improve leading us to maintain our ~5% growth forecast for 2019 (YTD growth = 3%). AK has registered YOY job gains for 8 consecutive months after losing jobs for the prior 36 months. We continue to monitor uncertainty surrounding the State budget, which could negatively impact economy/loan growth.

NIM has a downward bias in a declining rate environment given NRIM's asset sensitivity. ~65% of the loan book is variable rate with 25% indexed. The investment portfolio (\$250M) is largely variable rate and should continue reprice higher providing some offset to NIM pressure. Deposit pricing has remained rational in AK with NRIM unlikely to lower its deposit rates after the July rate cut. We expect NRIM will get more assertive in lowering rates after another rate cut.

Expenses are expected to normalize from 2Q19's elevated level (medical costs), while mortgage income is expected to increase benefiting from lower rate environment. Our EPS forecast calls for the community bank unit to earn \$0.55 in 3Q19 with the mortgage unit adding \$0.21. For FY 2020, we forecast ~\$1.99 from bank unit with ~\$0.26 from mortgage unit.

## *Fair Value Estimate*

**Janney Research Rating: "Neutral"**

**Fair Value: \$36.00**

**Implied Gain/Loss versus Current Price: 3.7%**

<b>2020 Outlook</b>			
2020 EPS	\$2.25	13.3x	\$29.83
Cash Dividends	\$1.32	1.0x	\$1.32
Excess TCE	\$4.85	1.0x	<u>\$4.85</u>
			\$36.00
<b>Tangible Book 12/20</b>	<b>\$29.80</b>	<b>1.21x</b>	<b>\$36.00</b>

Source: Research by Janney (FIG Group) & Forward Estimates

### *Deposit Premium Analysis*

	<u>Current</u>	<u>Dec-19</u>	<u>Dec-20</u>
Market-Cap	233.6	240.7	247.9
TCE in \$\$	190.2	188.4	194.9
Total Deposits	1,288.2	1,307.6	1,340.5
CORE Deposits	1,185.1	1,203.0	1,246.7
Premium - Total	3.4%	4.0%	4.0%
<b>Premium - CORE</b>	<b>3.7%</b>	<b>4.3%</b>	<b>4.3%</b>

***Reiterate Neutral w/ \$36 FV Est. or ~13x 2020 EPS plus excess capital or 123% of Fwd. TBV.***

### **Background and Risks**

NRIM, a one-bank holding company and the parent of Anchorage, Alaska-based Northrim Bank, operates with \$1.52 Billion in Assets and 15 branches. Founded in 1990 after a period of dramatic consolidation in the Alaska banking industry, NRIM has grown into the second largest bank based in Alaska, accessible to nearly 90% of the state's population.

We see primary risks to include: (1) Slow or negative deposit growth and lack of increase in core deposit base; (2) Mergers and/or acquisitions which are not integrated properly such that key personnel are not retained and earnings are not expanded from the original base; (3) Adverse earnings impact from poor credit quality; (4) Recent trends have been excellent but may change.

## NRIM Quarterly EPS Comparison

EPS Segment Breakdown	1Q17			2Q17			3Q17			4Q17			2017Y		
	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings
Net Interest Income	13,549	284	13,833	13,952	291	14,243	14,566	352	14,918	14,381	303	14,684	56,448	1,230	57,678
Loan Loss Provision	400	0	400	300	0	300	2,500	0	2,500	0	0	0	3,200	0	3,200
Fee Income	3,446	5,450	8,896	3,368	6,351	9,719	7,574	6,219	13,793	2,685	5,267	7,952	17,073	23,287	40,360
Earn Out Expense	0	174	174	0	0	0	0	149	149	0	(193)	(193)	0	130	130
Operating Expense	11,613	4,819	16,432	13,240	5,226	18,466	12,191	5,290	17,481	13,113	5,417	18,530	50,157	20,752	70,909
Pre Tax Income	4,982	741	5,723	3,780	1,416	5,196	7,449	1,132	8,581	3,953	346	4,299	43,330	29,994	23,799
Taxes	1,497	304	1,801	871	584	1,455	2,513	467	2,980	4,754	(669)	4,085	16,502	9,230	25,732
Net Income	3,485	437	3,922	2,909	832	3,741	4,936	665	5,601	(801)	1,015	214	10,529	2,949	13,478
Noncontrolling Interest	97	0	97	152	0	152	78	0	78	0	0	0	327	0	327
<b>Net Income</b>	<b>3,388</b>	<b>437</b>	<b>3,825</b>	<b>2,757</b>	<b>832</b>	<b>3,589</b>	<b>4,858</b>	<b>665</b>	<b>5,523</b>	<b>(801)</b>	<b>1,015</b>	<b>214</b>	<b>10,202</b>	<b>2,949</b>	<b>13,151</b>
Shares Outstanding	6.994	6.994	6.994	6.998	6.998	6.998	6.959	6.959	6.959	6.963	6.963	6.963	6.978	6.978	6.978
Earnings Per Share	0.48	0.06	0.55	0.39	0.12	0.51	0.70	0.10	0.79	-0.12	0.15	0.03	1.46	0.42	1.88
Core Earnings Per Share	0.48	0.06	0.55	0.45	0.12	0.57	0.33	0.10	0.43	0.38	0.10	0.48	1.65	0.38	2.03

EPS Segment Breakdown	1Q18			2Q18			3Q18			4Q18			2018Y			1Q19			2Q19		
	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings
Net Interest Income	14,036	227	14,263	14,614	375	14,989	15,358	461	15,819	15,719	418	16,137	59,727	1,481	61,208	15,488	281	15,769	15,633	324	15,957
Loan Loss Provision	0	0	0	(300)	0	(300)	0	0	0	(200)	0	(200)	(500)	0	(500)	750	0	750	300	0	300
Fee Income	2,518	4,944	7,462	2,836	5,478	8,314	2,770	5,903	8,673	3,199	4,519	7,718	11,323	20,844	32,167	3,235	4,298	7,533	3,619	5,950	9,569
Earn Out Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Expense	12,367	4,428	16,795	11,748	4,858	16,606	12,204	5,895	18,099	13,637	4,663	18,300	49,956	19,844	69,800	12,518	4,562	17,080	14,111	5,708	19,819
Pre Tax Income	4,187	743	4,930	6,002	995	6,997	5,924	469	6,393	5,481	274	5,755	21,594	2,481	24,075	5,455	17	5,472	4,841	566	5,407
Taxes	659	201	860	882	285	1,167	996	131	1,127	824	83	907	3,361	700	4,061	1,155	5	1,160	984	162	1,146
Net Income	3,528	542	4,070	5,120	710	5,830	4,928	338	5,266	4,657	191	4,848	18,233	1,781	20,014	4,300	12	4,312	3,857	404	4,261
Noncontrolling Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income</b>	<b>3,528</b>	<b>542</b>	<b>4,070</b>	<b>5,120</b>	<b>710</b>	<b>5,830</b>	<b>4,928</b>	<b>338</b>	<b>5,266</b>	<b>4,657</b>	<b>191</b>	<b>4,848</b>	<b>18,233</b>	<b>1,781</b>	<b>20,014</b>	<b>4,300</b>	<b>12</b>	<b>4,312</b>	<b>3,857</b>	<b>404</b>	<b>4,261</b>
Shares Outstanding	6.968	6.968	6.968	6.977	6.977	6.977	6.991	6.991	6.991	6.990	6.990	6.990	6.982	6.982	6.982	6.982	6.982	6.982	6.897	6.897	6.897
Earnings Per Share	0.51	0.08	0.58	0.73	0.10	0.84	0.70	0.05	0.75	0.67	0.03	0.69	2.61	0.26	2.87	0.62	0.00	0.62	0.56	0.06	0.62
Core Earnings Per Share	0.51	0.08	0.58	0.65	0.10	0.76	0.70	0.13	0.84	0.60	0.03	0.63	2.47	0.34	2.80	0.56	0.07	0.63	0.55	0.16	0.71

Source: Research by Janney (FIG Group), S&P Global Market Intelligence

**NRIM Snapshot**

									<b>% Change</b>		
	<b>2Q17A</b>	<b>3Q17A</b>	<b>4Q17A</b>	<b>1Q18A</b>	<b>2Q18A</b>	<b>3Q18A</b>	<b>4Q18A</b>	<b>1Q19A</b>	<b>2Q19A</b>	<b>Y/Y</b>	<b>LQ</b>
Earnings Per Share (EPS)	\$0.51	\$0.79	\$0.03	\$0.58	\$0.84	\$0.75	\$0.69	\$0.62	\$0.63	-24.0%	2.8%
Tangible Book Value	\$25.40	\$26.00	\$25.70	\$26.01	\$26.66	\$27.17	\$27.57	\$28.01	\$28.27	6.0%	0.9%
Shares Outstanding EOP	6.91	6.85	6.87	6.87	6.87	6.88	6.88	6.88	6.73	-2.1%	-2.2%
Net Interest Income	\$14.24	\$14.92	\$14.68	\$14.26	\$14.99	\$15.82	\$16.14	\$15.77	\$15.96	6.5%	1.2%
Loan Loss Provision	\$0.30	\$2.50	\$0.00	\$0.00	(\$0.30)	\$0.00	(\$0.20)	\$0.75	\$0.30	-200.0%	-60.0%
Total Fee Income	\$9.72	\$13.86	\$7.95	\$7.46	\$8.31	\$8.67	\$7.72	\$7.53	\$9.57	15.1%	27.0%
Gain/Loss on Securities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Non-Interest Expense	\$18.47	\$17.69	\$18.34	\$16.80	\$16.61	\$18.10	\$18.30	\$17.08	\$19.82	19.3%	16.0%
Pre-Tax Income	\$5.20	\$8.58	\$4.30	\$4.93	\$7.00	\$6.39	\$5.76	\$5.47	\$5.53	-21.0%	1.0%
Taxes	\$1.46	\$2.98	\$4.09	\$0.87	\$1.17	\$1.13	\$0.91	\$1.16	\$1.15	-1.8%	-1.2%
Tax Rate	28%	35%	95%	18%	17%	18%	16%	21%	21%	24.4%	-2.2%
Net Income	\$3.74	\$5.60	\$0.21	\$4.06	\$5.83	\$5.26	\$4.85	\$4.31	\$4.38	-24.9%	1.6%
Total Core Revenue	\$23.96	\$24.33	\$22.64	\$21.73	\$23.30	\$24.46	\$22.72	\$23.16	\$25.53	9.5%	10.2%
Total Core Fee Income	\$9.72	\$9.42	\$7.95	\$7.46	\$8.31	\$8.64	\$6.58	\$7.39	\$9.57	15.1%	29.5%
Core Expenses	\$17.75	\$17.74	\$17.72	\$16.69	\$16.60	\$18.06	\$18.20	\$17.40	\$19.65	18.4%	13.0%
ROAA	0.99%	1.47%	0.06%	1.09%	1.57%	1.41%	1.28%	1.16%	1.15%	-27.1%	-1.0%
ROAE	7.73%	11.51%	0.43%	8.31%	11.76%	10.36%	9.38%	8.24%	8.33%	-29.2%	1.0%
Net Interest Margin	4.26%	4.34%	4.31%	4.33%	4.56%	4.74%	4.76%	4.89%	4.77%	4.6%	-2.5%
Core Efficiency Ratio	73.3%	72.1%	77.5%	76.1%	70.6%	73.2%	79.3%	74.5%	76.4%	8.2%	2.5%
Core Exp. / Avg. Assets	4.71%	4.65%	4.66%	4.47%	4.48%	4.85%	4.82%	4.68%	5.15%	14.9%	10.1%
Gross Loans	\$991	\$989	\$956	\$968	\$968	\$982	\$984	\$982	\$1,016	5.0%	3.4%
Intangibles	\$16.3	\$16.2	\$16.2	\$16.2	\$16.2	\$16.2	\$16.2	\$16.1	\$16.1	-0.4%	-0.1%
Total Deposits	\$1,234	\$1,258	\$1,258	\$1,261	\$1,206	\$1,233	\$1,228	\$1,228	\$1,288	6.9%	4.9%
Total Common Equity	\$192	\$194	\$193	\$195	\$199	\$203	\$206	\$209	\$206	3.5%	-1.2%
Avg Assets	\$1,507	\$1,525	\$1,520	\$1,494	\$1,481	\$1,489	\$1,510	\$1,487	\$1,526	3.1%	2.6%
Avg Loans	\$969	\$1,004	\$980	\$956	\$964	\$985	\$981	\$989	\$1,003	4.1%	1.4%
Avg Earning Assets	\$1,361	\$1,383	\$1,372	\$1,352	\$1,335	\$1,338	\$1,360	\$1,325	\$1,359	1.8%	2.6%
Avg Deposits	\$1,245	\$1,263	\$1,255	\$1,234	\$1,218	\$1,224	\$1,233	\$1,195	\$1,239	1.8%	3.8%
Loan / Deposit	80.3%	78.6%	76.0%	76.7%	80.3%	79.6%	80.2%	80.0%	78.8%	-1.8%	-1.4%
TCE Ratio	11.88%	11.82%	11.75%	11.85%	12.60%	12.58%	12.76%	12.81%	12.38%	-1.8%	-3.4%
Net Charge-offs	\$132	\$1,097	\$2	\$1,012	\$41	(\$52)	\$441	\$60	(\$9)	-122.0%	-115.0%
NPL's + 90 Days Past	\$29,513	\$32,432	\$29,798	\$28,225	\$25,731	\$20,284	\$18,623	\$22,884	\$19,725	-23.3%	-13.8%
OREO	\$4,315	\$3,505	\$8,651	\$8,815	\$8,959	\$8,707	\$7,962	\$7,043	\$7,043	-21.4%	0.0%
Total NPA'S	\$31,511	\$33,877	\$36,397	\$35,264	\$33,083	\$27,310	\$26,032	\$28,852	\$25,532	-22.8%	-11.5%
NPA / (Loans + OREO)	3.17%	3.41%	3.77%	3.61%	3.39%	2.76%	2.62%	2.92%	2.50%	-26.3%	-14.4%
NCOs / Avg Loans	0.05%	0.44%	0.00%	0.42%	0.02%	-0.02%	0.18%	0.02%	0.00%	-121.1%	-114.8%

Source: Research by Janney (FIG Group), S&amp;P Global Market Intelligence

## Earnings Model

	Annual			2018 Quarterly				2019 Quarterly				2020 Quarterly			
	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
<b><u>Income Data: (\$ in Millions)</u></b>															
Net Interest Income	\$61.2	\$64.2	\$64.6	\$14.3	\$15.0	\$15.8	\$16.1	\$15.8	\$16.0	\$16.3	\$16.1	\$15.5	\$15.9	\$16.5	\$16.7
Loan Loss Provision	(\$0.5)	\$1.775	\$2.2	\$0.0	(\$0.3)	\$0.0	(\$0.2)	\$0.8	\$0.3	\$0.4	\$0.4	\$0.3	\$0.5	\$0.7	\$0.7
Non-Interest Income	\$31.6	\$35.4	\$31.8	\$7.5	\$8.3	\$8.7	\$7.2	\$7.9	\$10.2	\$9.8	\$7.4	\$7.2	\$8.4	\$8.7	\$7.6
Gain/Loss on Loan Sales	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain/Loss on Securities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
One-Time Items	\$0.4	(\$1.0)	\$0.0	\$0.0	\$0.7	(\$0.8)	\$0.5	(\$0.4)	(\$0.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Interest Expense	\$69.7	\$74.1	\$75.1	\$16.8	\$17.3	\$17.3	\$18.3	\$17.1	\$19.8	\$19.1	\$18.1	\$18.5	\$18.8	\$19.1	\$18.6
Pre-Tax Income	\$24.1	\$22.7	\$19.2	\$4.9	\$7.0	\$6.4	\$5.8	\$5.5	\$5.5	\$6.7	\$5.0	\$3.8	\$5.0	\$5.4	\$5.0
Taxes	\$4.1	\$4.844	\$4.2	\$0.9	\$1.2	\$1.1	\$0.9	\$1.2	\$1.1	\$1.5	\$1.1	\$0.8	\$1.1	\$1.2	\$1.1
Extraordinary Items	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	\$20.0	\$17.9	\$15.1	\$4.1	\$5.8	\$5.3	\$4.8	\$4.3	\$4.4	\$5.2	\$4.0	\$3.0	\$3.9	\$4.2	\$3.9
Noncontrolling segment income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Income Avail. To Common</b>	<b>\$20.0</b>	<b>\$17.9</b>	<b>\$15.1</b>	<b>\$4.1</b>	<b>\$5.8</b>	<b>\$5.3</b>	<b>\$4.8</b>	<b>\$4.3</b>	<b>\$4.4</b>	<b>\$5.2</b>	<b>\$4.0</b>	<b>\$3.0</b>	<b>\$3.9</b>	<b>\$4.2</b>	<b>\$3.9</b>
Avg. Shares O/S	7.0	6.8	6.7	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$6.9	\$6.8	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7
<b>Earnings Per Share (EPS)</b>	<b>\$2.87</b>	<b>\$2.61</b>	<b>\$2.25</b>	<b>\$0.58</b>	<b>\$0.84</b>	<b>\$0.75</b>	<b>\$0.69</b>	<b>\$0.62</b>	<b>\$0.63</b>	<b>\$0.76</b>	<b>\$0.59</b>	<b>\$0.45</b>	<b>\$0.58</b>	<b>\$0.63</b>	<b>\$0.59</b>
<b><u>Per Share Data:</u></b>															
Reported Book Value	\$29.92	\$31.28	\$32.26	\$28.372	\$29.020	\$29.524	\$29.921	\$30.359	\$30.664	\$31.05	\$31.28	\$31.41	\$31.68	\$31.99	\$32.26
<b>Tangible Book Value</b>	<b>\$27.57</b>	<b>\$28.81</b>	<b>\$29.80</b>	<b>\$26.01</b>	<b>\$26.66</b>	<b>\$27.17</b>	<b>\$27.57</b>	<b>\$28.01</b>	<b>\$28.27</b>	<b>\$28.62</b>	<b>\$28.81</b>	<b>\$28.94</b>	<b>\$29.21</b>	<b>\$29.53</b>	<b>\$29.80</b>
Dividends	\$1.02	\$1.20	\$1.32	\$0.24	\$0.24	\$0.27	\$0.27	\$0.30	\$0.30	\$0.30	\$0.30	\$0.33	\$0.33	\$0.33	\$0.33
<b>Pre-Tax, Pre-Provision EPS</b>	<b>\$3.32</b>	<b>\$3.71</b>	<b>\$3.19</b>	<b>\$0.722</b>	<b>\$0.961</b>	<b>\$0.921</b>	<b>\$0.809</b>	<b>\$0.845</b>	<b>\$0.869</b>	<b>\$1.04</b>	<b>\$0.82</b>	<b>\$0.62</b>	<b>\$0.85</b>	<b>\$0.91</b>	<b>\$0.86</b>
<b>CORE GAAP EPS</b>	<b>\$2.80</b>	<b>\$2.70</b>	<b>\$2.25</b>	<b>\$0.58</b>	<b>\$0.76</b>	<b>\$0.83</b>	<b>\$0.63</b>	<b>\$0.63</b>	<b>\$0.71</b>	<b>\$0.76</b>	<b>\$0.59</b>	<b>\$0.45</b>	<b>\$0.58</b>	<b>\$0.63</b>	<b>\$0.59</b>
<b><u>KEY Ratios:</u></b>															
Net Interest Margin	4.60%	4.76%	4.64%	4.33%	4.56%	4.74%	4.76%	4.89%	4.77%	4.72%	4.64%	4.64%	4.64%	4.64%	4.64%
Return on Avg Assets	1.34%	1.17%	0.95%	1.09%	1.57%	1.41%	1.28%	1.16%	1.15%	1.35%	1.02%	0.78%	1.00%	1.06%	0.97%
Return on Avg Equity	9.95%	8.60%	7.26%	8.31%	11.76%	10.36%	9.38%	8.24%	8.33%	10.09%	7.75%	5.88%	7.57%	8.11%	7.47%
Return on Tang. Common Eq.	10.56%	9.50%	7.75%	9.12%	12.75%	11.28%	10.24%	8.97%	9.23%	10.98%	4.00%	6.39%	8.20%	8.76%	4.00%
<b>Pre-Tax Pre-Provision ROA</b>	<b>1.55%</b>	<b>1.66%</b>	<b>1.35%</b>	<b>1.35%</b>	<b>1.81%</b>	<b>1.73%</b>	<b>1.50%</b>	<b>1.59%</b>	<b>1.57%</b>	<b>1.83%</b>	<b>1.42%</b>	<b>1.07%</b>	<b>1.45%</b>	<b>1.54%</b>	<b>1.43%</b>
Efficiency Ratio	74.97%	74.39%	77.78%	76.62%	73.51%	70.02%	77.76%	71.45%	75.04%	72.55%	76.27%	81.05%	76.75%	75.27%	75.93%
Overhead Ratio	4.67%	4.84%	4.75%	4.50%	4.67%	4.65%	4.85%	4.59%	5.19%	4.95%	4.64%	4.80%	4.83%	4.81%	4.58%
TCE/TA	12.76%	12.02%	12.03%	11.85%	12.60%	12.58%	12.76%	12.81%	12.38%	12.22%	12.02%	12.04%	12.03%	12.04%	12.03%
<b><u>Period-End Balances: (\$ in Millions)</u></b>															
Earning Assets	\$1,349	\$1,413	\$1,469	\$1,396	\$1,328	\$1,341	\$1,349	\$1,343	\$1,381	\$1,396	\$1,413	\$1,398	\$1,412	\$1,441	\$1,469
Total Assets	\$1,503	\$1,584	\$1,636	\$1,525	\$1,470	\$1,503	\$1,503	\$1,520	\$1,553	\$1,568	\$1,584	\$1,588	\$1,604	\$1,620	\$1,636
Risk-Weighted Assets	\$1,285	\$1,355	\$1,424	\$1,280	\$1,290	\$1,288	\$1,285	\$1,288	\$1,322	\$1,342	\$1,355	\$1,369	\$1,389	\$1,410	\$1,424
Gross Loans HFI	\$984	\$1,039	\$1,086	\$968	\$968	\$982	\$984	\$982	\$1,016	\$1,028	\$1,039	\$1,028	\$1,044	\$1,070	\$1,086
Total Deposits	\$1,228	\$1,308	\$1,341	\$1,261	\$1,206	\$1,233	\$1,228	\$1,228	\$1,288	\$1,298	\$1,308	\$1,308	\$1,314	\$1,327	\$1,341
Intangibles	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16
Total Common Equity	\$206	\$205	\$211	\$195	\$199	\$203	\$206	\$209	\$206	\$206	\$205	\$205	\$207	\$209	\$211

Source: FIG Partners Research, S&amp;P Global Market Intelligence

## IMPORTANT DISCLOSURES

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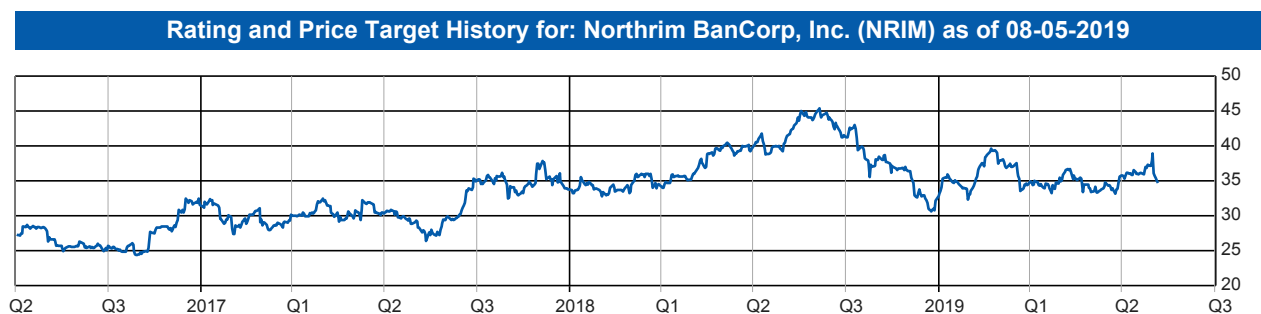
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**BUY:** Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

**NEUTRAL:** Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

**SELL:** Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

### Price Charts



Created by: BlueMatrix

### Janney Montgomery Scott Ratings Distribution as of 06/30/2019

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
<b>BUY [B]</b>	179	55.59	40	22.35
<b>NEUTRAL [N]</b>	142	44.10	14	9.86
<b>SELL [S]</b>	1	0.31	0	0.00

\*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

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