

NORTHRIM BANCORP INC  
Form 10-Q  
May 07, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM 10-Q  
(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2018

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-33501

NORTHRIM BANCORP, INC.

(Exact name of registrant as specified in its charter)

Alaska

92-0175752

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3111 C Street

Anchorage, Alaska 99503

(Address of principal executive offices) (Zip Code)

(907) 562-0062

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer

Smaller Reporting Company  Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of the issuer's Common Stock, par value \$1 per share, outstanding at May 7, 2018 was 6,871,963.



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**PART I. FINANCIAL INFORMATION**

These consolidated financial statements should be read in conjunction with the financial statements, accompanying notes and other relevant information included in Northrim BanCorp, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017.

**ITEM 1. FINANCIAL STATEMENTS**

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## CONSOLIDATED FINANCIAL STATEMENTS

## NORTHRIM BANCORP, INC.

## Consolidated Balance Sheets

(Unaudited)

(In Thousands, Except Share Data)	March 31, 2018	December 31, 2017
<b>ASSETS</b>		
Cash and due from banks	\$15,170	\$25,016
Interest bearing deposits in other banks	68,792	52,825
Investment securities available for sale, at fair value	297,573	307,019
Marketable securities	5,527	5,731
Investment in Federal Home Loan Bank stock	2,105	2,115
Loans held for sale	41,216	43,979
Loans	967,575	954,953
Allowance for loan losses	(20,449 )	(21,461 )
Net loans	947,126	933,492
Purchased receivables, net	19,412	22,231
Other real estate owned, net	8,815	8,651
Premises and equipment, net	37,331	37,867
Mortgage servicing rights, at fair value	8,039	7,305
Goodwill	15,017	15,017
Other intangible assets, net	1,190	1,207
Other assets	57,428	56,141
Total assets	\$1,524,741	\$1,518,596
<b>LIABILITIES</b>		
Deposits:		
Demand	\$433,046	\$414,686
Interest-bearing demand	244,601	252,009
Savings	246,981	247,458
Money market	239,242	243,603
Certificates of deposit less than \$250,000	67,684	69,283
Certificates of deposit \$250,000 and greater	29,236	31,244
Total deposits	1,260,790	1,258,283
Securities sold under repurchase agreements	31,018	27,746
Borrowings	7,338	7,362
Junior subordinated debentures	10,310	10,310
Other liabilities	20,312	22,093
Total liabilities	1,329,768	1,325,794
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, \$1 par value, 2,500,000 shares authorized, none issued or outstanding	—	—
Common stock, \$1 par value, 10,000,000 shares authorized, 6,871,963 issued and outstanding at March 31, 2018 and December 31, 2017	6,872	6,872
Additional paid-in capital	62,046	61,793
Retained earnings	126,934	124,407
Accumulated other comprehensive loss	(879 )	(270 )
Total shareholders' equity	194,973	192,802
Total liabilities and shareholders' equity	\$1,524,741	\$1,518,596
See notes to consolidated financial statements		



NORTHRIM BANCORP, INC.  
Consolidated Statements of Income  
(Unaudited)

(In Thousands, Except Per Share Data)	Three Months Ended March 31,	
	2018	2017
Interest Income		
Interest and fees on loans and loans held for sale	\$13,263	\$13,238
Interest on investment securities available for sale	1,254	1,078
Dividends on marketable securities	82	86
Interest on investment securities held to maturity	12	15
Interest on deposits in other banks	184	48
Total Interest Income	14,795	14,465
Interest Expense		
Interest expense on deposits	372	445
Interest expense on securities sold under agreements to repurchase	9	8
Interest expense on borrowings	58	38
Interest expense on junior subordinated debentures	93	141
Total Interest Expense	532	632
Net Interest Income	14,263	13,833
Provision for loan losses	—	400
Net Interest Income After Provision for Loan Losses	14,263	13,433
Other Operating Income		
Mortgage banking income	4,944	5,450
Employee benefit plan income	—	936
Purchased receivable income	840	689
Bankcard fees	625	581
Service charges on deposit accounts	354	439
Gain on sale of securities, net	—	14
Other income	699	796
Total Other Operating Income	7,462	8,905
Other Operating Expense		
Salaries and other personnel expense	10,585	10,842
Occupancy expense	1,700	