



Northrim BanCorp, Inc.

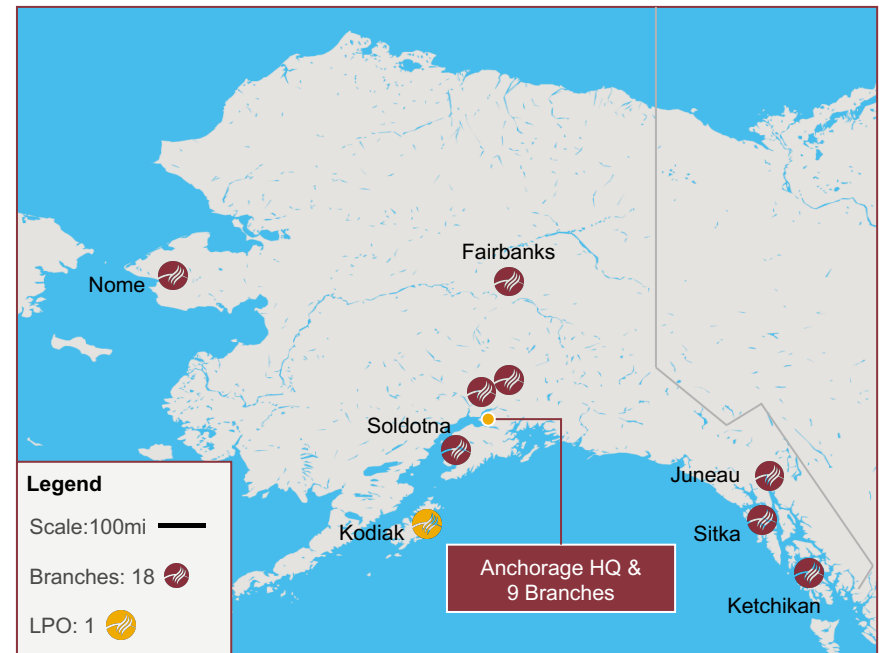
Investor Presentation

Fourth Quarter 2022
Nasdaq: NRIM

Northrim Overview

**\$2.7 billion community bank
founded in 1990 to provide financial
services to Alaskan residents and
businesses**

- Superior customer first service
- Strong balance sheet
- Solid net interest margin; pricing reflects quality service
- Focus on asset quality
- Diversified revenue sources
- Leadership to build Alaska's economy



1990

Founded

1999

Acquired Bank of
America Branches

2000

Wells Fargo acquisition
of National Bank
of Alaska

2007

Acquired Alaska
First Bank & Trust

2008

Assets exceed
\$1 Billion

2014

Acquired Alaska
Pacific Bankshares

2020

Assets exceed
\$2 Billion

2021

Originated \$613 PPP
loans to 2,300
new clients

2022

Opened temp. branch in
Nome, permanent
branch expected in
2023

4th Quarter 2022 | Financial Highlights

Earnings & Profitability		Q4-22	Q3-22	Q4-21	Net Income \$8.60	EPS \$1.48
Earnings per Share		\$1.48	\$1.76	\$1.31		
Net Income		\$8.60	\$10.13	\$8.11		
Net Interest Margin		4.31%	4.22%	3.52%		
ROAA		1.26%	1.52%	1.23%	ROAA 1.26%	ROAE 15.71%
ROAE		15.71%	18.18%	13.14%		
Dividends per Share		\$0.50	\$0.50	\$0.38		
Balance Sheet & Capital						
Total Loans		\$1,502	\$1,407	\$1,414	Core Loan Growth 15.4% YoY	NIM 4.31%
Core Loans (Total Loans excluding PPP)		\$1,495	\$1,396	\$1,296		
Total Deposits		\$2,387	\$2,439	\$2,422		
Total Capital / Risk Adjusted Assets		13.64%	13.75%	14.79%		
Shareholders' equity / Total assets		8.18%	7.75%	8.73%	Portfolio Loan Yield 5.98%	Cost of IB Deposits 0.56%
TCE		7.63%	7.21%	8.19%		
Tangible Book Value per Share		\$35.55	\$34.27	\$36.88		
Asset Quality						
NPAs / Total Assets, net govt guarantees		0.24%	0.40%	0.55%		
Total Loan ACL/Portfolio Loans		0.92%	0.85%	0.83%		

Dollars in millions, except per share amounts

Investment Opportunity



Unique Banking Environment Provides Opportunities to Gain Market Share

- Northrim deposit market share has increased by 36% since 2017
- "Land and Expand" strategy leveraging state-leading success in PPP program to add customers



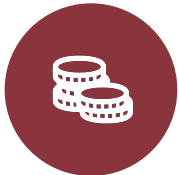
Alaska Banking Environment Drives Higher Yields on Loans and Lower Deposit Costs

- Northrim loan yields averaged 5.61% over last 10 years vs 4.93% in the U.S.
- Northrim interest-bearing deposits costs averaged 30 bps over last 10 years vs 57 bps in the U.S.
- Increasingly diverse economy



Experienced Management Team Delivering Asset and Profitability Growth

- Branch expansion strategy benefiting from competitor pull back
- Adding additional team members has enhanced loan and deposit originations
- Credit culture has positioned bank for potential economic downturn



Asset Sensitivity Expected to Drive Increasing Profitability

- 72% of loans are variable
- 18% of earning assets reprice immediately when prime or other rate indices change
- 34% of deposits are non-interest bearing



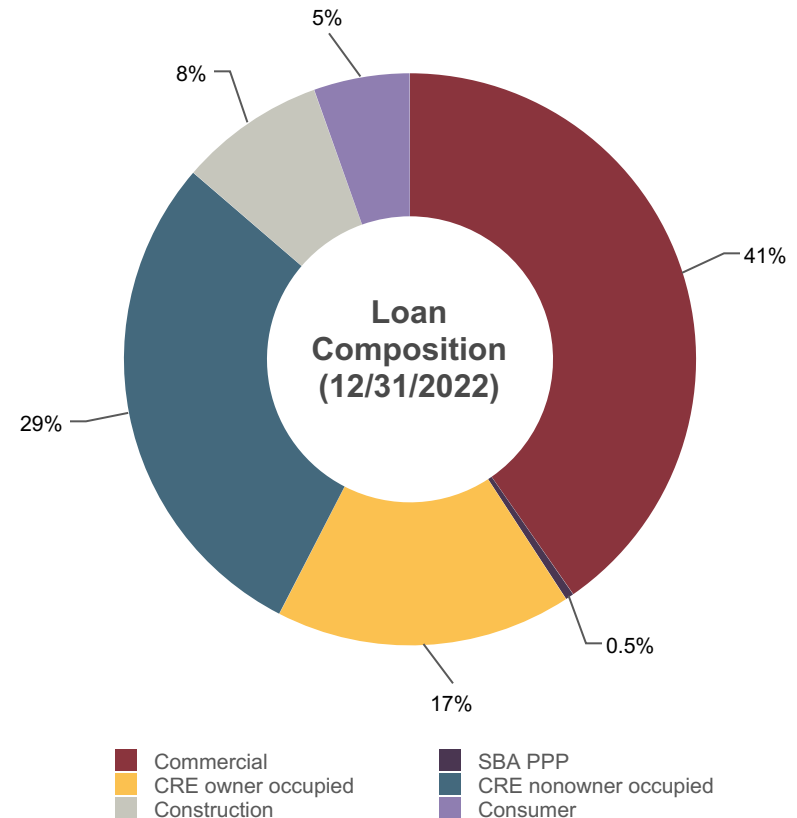
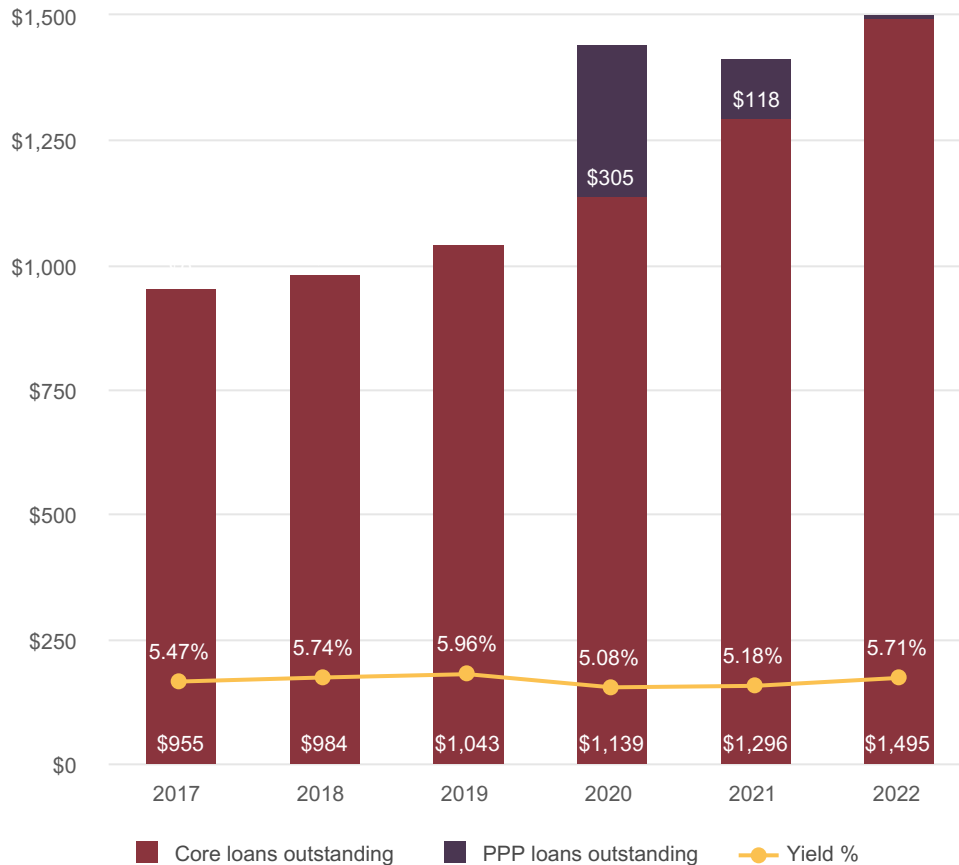
Capital Management

- Repurchased ~20% of outstanding shares in last 4 years
- Increased dividend by 67% in last 4 years, currently at \$0.50 / share / quarter

Steady Loan Growth Supported by Increasing Market Share

“Land and Expand” strategy building on success of PPP efforts

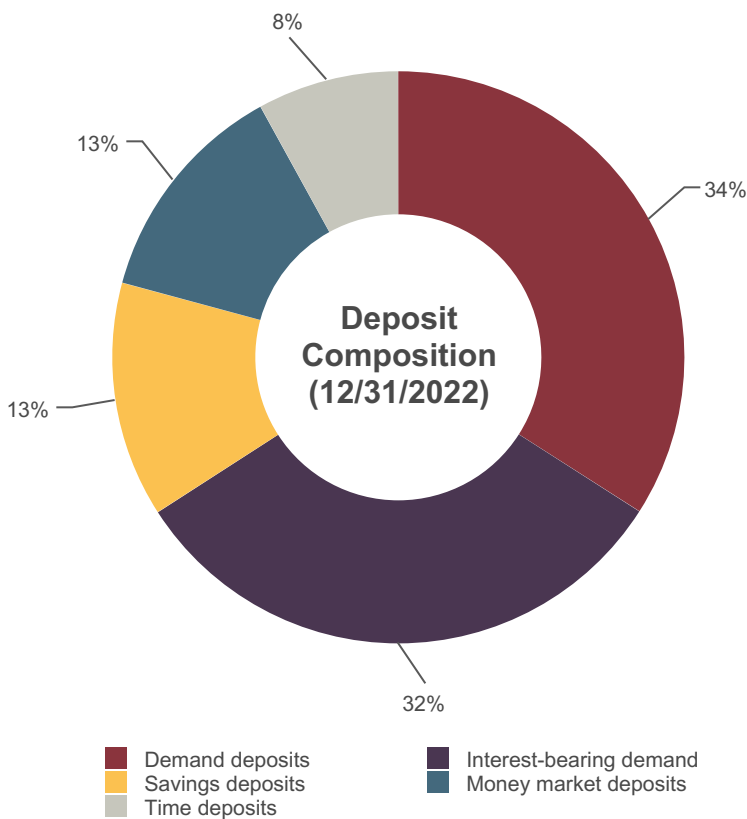
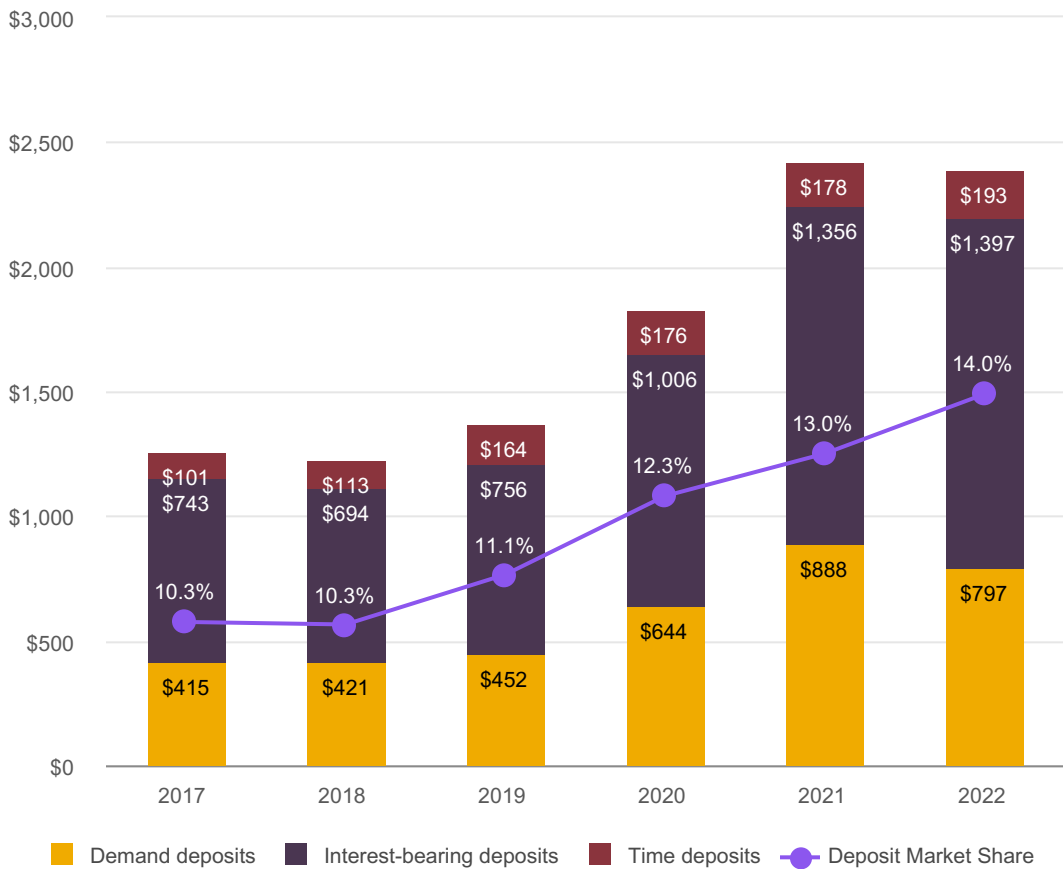
Portfolio Loans Outstanding (\$1.50 billion)



YTD Portfolio Loan Yield:
5.71%

Deposit Franchise also Benefiting from Increasing Market Share

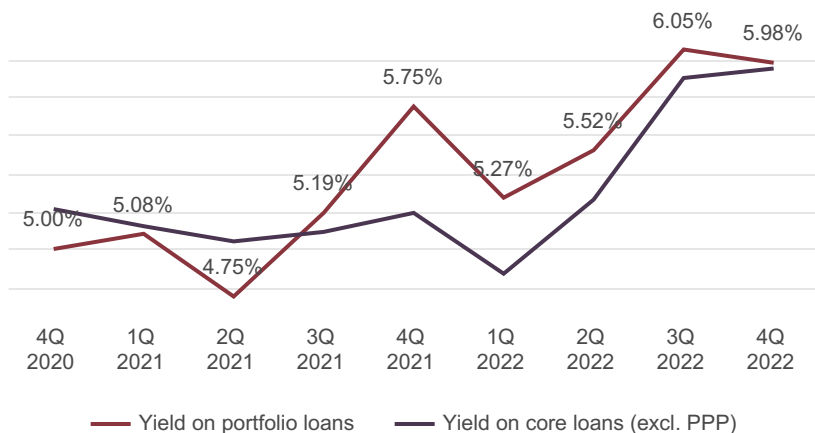
Steady Market Share Growth Driving Deposits



YTD Cost IB Deposits:
0.29%

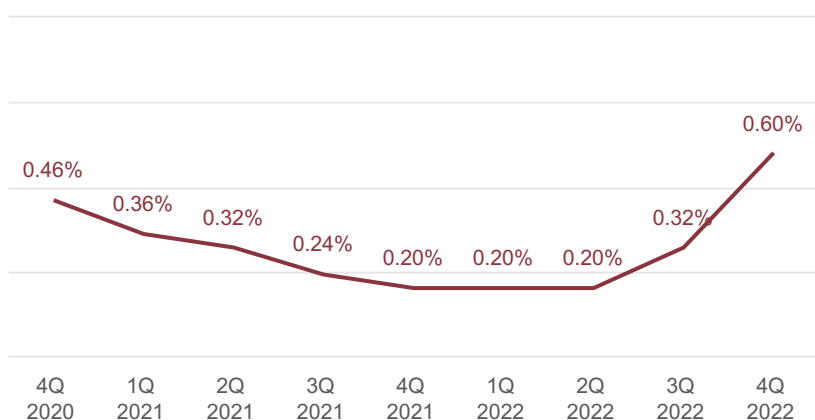
Net Interest Margin Driven by Asset Yields and Low Cost Liabilities

Yield on Portfolio Loans

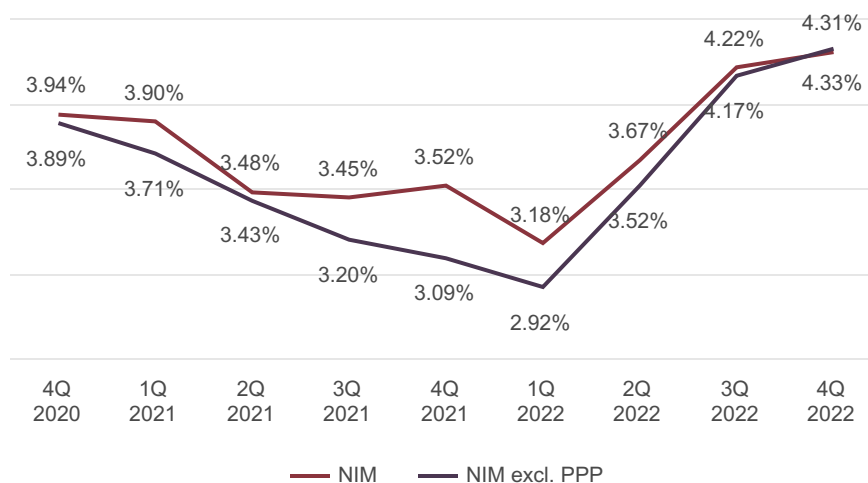


- Increasing loan and portfolio investment yields support increasing asset yields
 - 107 bps increase since Q4 2021
- Deposit franchise provides low cost financing
 - 33% non-interest bearing deposits in Q4 2022
- Increasing NIM helps drive profitability
 - 79 bps NIM increase since Q4 2021

Cost of Interest-Bearing Liabilities

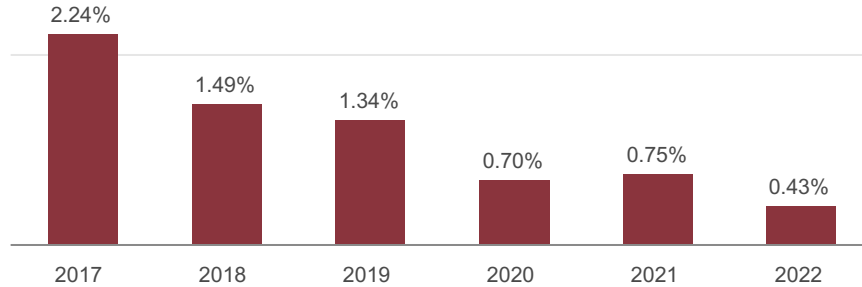


NIM



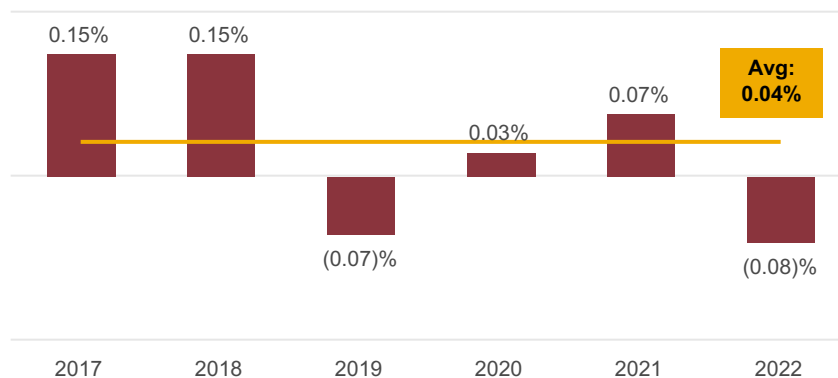
Improving Credit and a History of Low Charge-Offs

Nonperforming loans, net govt. guarantees /
Portfolio loans

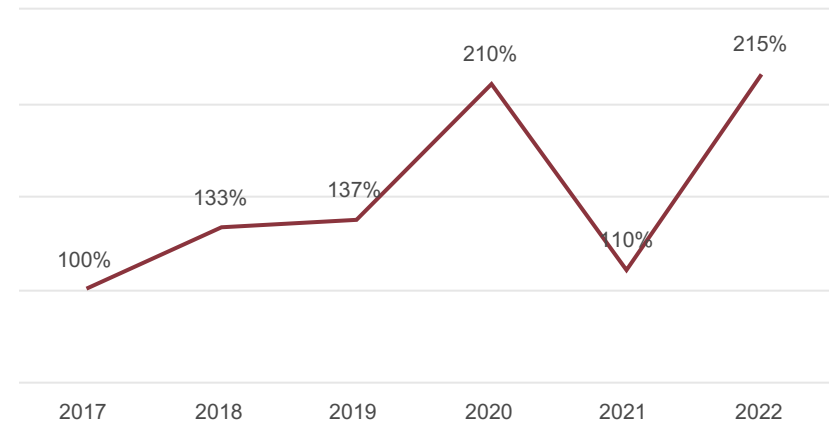


- Nonperforming loans have steadily decreased for past 5 years
- Historically low charge-offs
 - 0.04% Net Charge-offs / Loans 6-year average
- ACL / Nonperforming loans has normalized
 - 0.01% loans currently 30-89 days past due

Net Charge-offs/YTD Average Loans



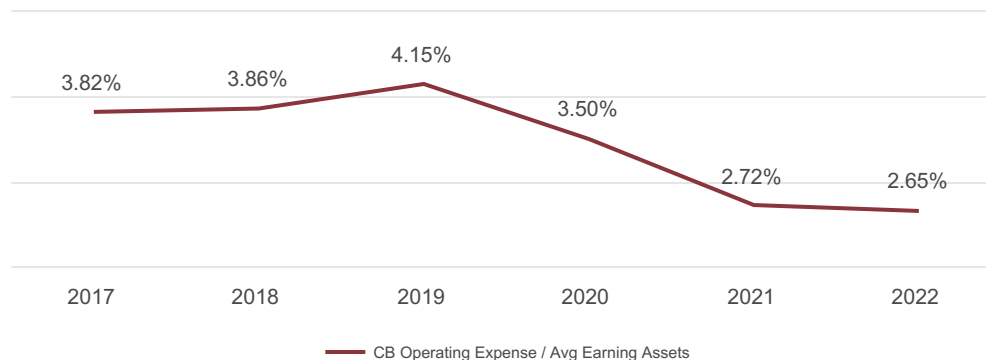
ACL/Nonperforming loans, net govt.
guarantees



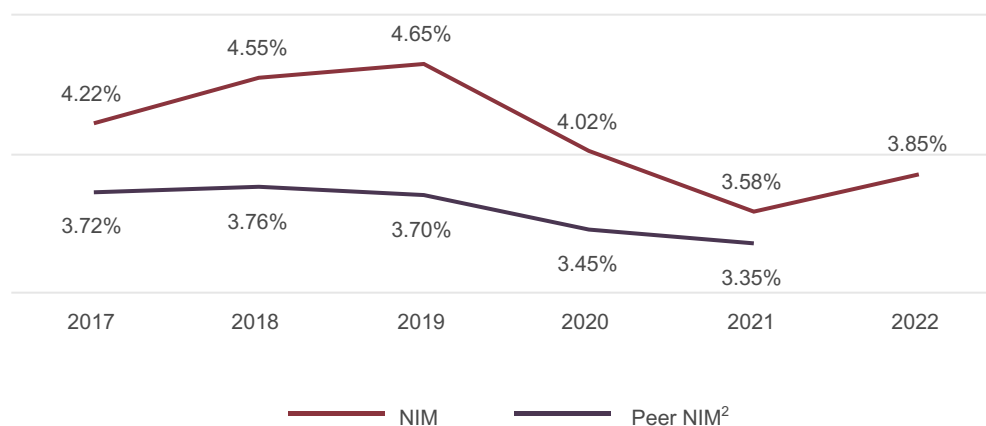
Operating Expenses Mitigated by Attractive Market Dynamics

- Alaskan operating expenses are higher than mainland banks
 - 1,300 miles from Nome to Ketchikan (1,400 miles from New York to Dallas)
 - 6 branches and LPOs only accessible by boat or plane
- Alaskan loan yields are higher and deposit costs are lower
 - Top 4 banks have 90% deposit market share
 - Last new market entrant was in 2000 when Wells Fargo acquired National Bank of Alaska

Higher Operating Expenses...



...Are Balanced by Higher Loan Yields and Lower Deposit Costs which Drive Attractive NIM



¹ Community Banking Net Operating Expense ratio is a non-GAAP financial measure - see Non-GAAP reconciliations in Appendix

² Peer consists of SNL US Banks with assets between \$1B and \$5B.

Noninterest Income Supported by Multiple Business Lines

Business Line

Description

Operating Income 2022 (\$34.1M)

Treasury Management Solutions



- Includes bankcard fees and service charges on deposit accounts
- Payables Automation
- Fraud Mitigation
- Account Reconciliation Tools
- Receivables Automation
- Treasury Tools

2021	2022	Q4-21	Q4-22
\$4.7M	\$5.3M	\$1.2M	\$1.4M

Northrim Funding Services



- Purchased receivable income
- Seattle-based factoring business founded in 2004
- Higher risk-adjusted returns
- Ability to reduce credit exposure to troubled Northrim borrowers

2021	2022	Q4-21	Q4-22
\$2.3M	\$2.0M	\$0.6M	\$0.5M

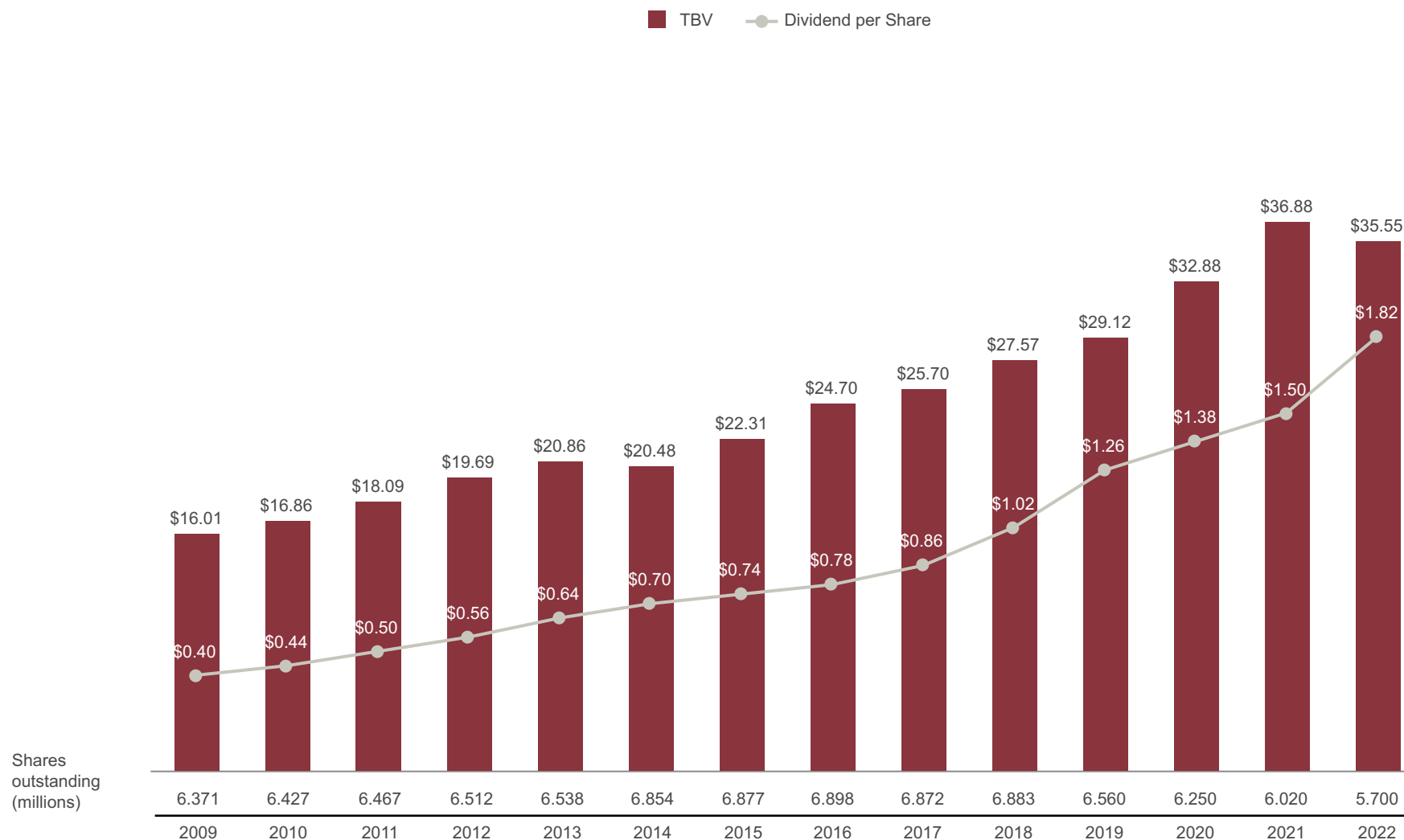
Residential Mortgage, LLC



- Includes mortgage servicing
- Largest mortgage originator in AK
- Majority of loans are Alaska Housing Finance Corporation (AHFC) mortgages
- \$900M servicing portfolio acts as hedge against origination volume
- Expanding into lower 48 states

2021	2022	Q4-21	Q4-22
\$42.1M	\$21.6M	\$7.3M	\$3.0M

Shareholder Value Creation Through TBV¹ Accretion, Dividends and Buy Backs



¹ Tangible book value per share is a non-GAAP financial measure - see Non-GAAP reconciliations in Appendix



Northrim BanCorp, Inc.



Appendix

Financial Highlights¹

Balance Sheet	2019	2020	2021	2022	2021 Q4	2022 Q4
Total Assets	\$1,643,996	\$2,121,798	\$2,724,719	\$2,672,041	\$2,724,719	\$2,672,041
Portfolio Loans	1,043,371	1,444,050	1,413,886	1,501,785	1,413,886	1,501,785
Deposits	1,372,351	1,824,981	2,421,631	2,387,211	2,421,631	2,387,211
Shareholders' Equity	207,117	221,575	237,817	218,629	237,817	218,629
Common Shares Outstanding (millions)	6.559	6.251	6.015	5.701	6.015	5.701
Consolidated Capital (%)						
Equity / Assets	12.60 %	10.44 %	8.73 %	8.18 %	8.73 %	8 %
Tangible Common Equity / Tang. Assets ²	11.73%	9.76%	8.19%	7.63%	8.19%	7.63%
Book Value per Share	\$31.58	\$35.45	\$39.54	\$38.35	\$39.54	\$38.35
TBV Per Share ²	\$29.12	\$32.88	\$36.88	\$35.55	\$36.88	\$35.55
Asset Quality						
Nonperforming loans, net govt. guarantees	\$13,951	\$10,048	\$10,672	\$6,430	\$10,672	\$6,430
Nonperforming assets, net govt. guarantees	19,946	16,289	15,031	6,430	15,031	6,430
Net charge-offs (recoveries) / average loans	(0.07)%	0.03%	0.07%	(0.08)%	0.08%	(0.01)%
ACL / Portfolio loans	1.83%	1.46%	0.83%	0.92%	0.83%	0.92%
Profitability						
Net Income	\$20,691	\$32,888	\$37,517	\$30,741	\$8,114	\$8,595
ROAA	1.33%	1.70%	1.54%	1.16%	1.23%	1.26%
ROAE	9.92%	15.53%	15.68%	13.68%	13.14%	15.71%
Net Interest Margin	4.65%	4.02%	3.58%	3.85%	3.52%	4.31%
Community Bank Net Operating Expenses / Avg Assets ²	4.15 %	3.50 %	2.72 %	2.65 %		
Diluted EPS	\$3.04	\$5.11	\$6.00	\$5.27	\$1.31	\$1.48

1. In thousands, except per share data and shares outstanding.

2. Non-GAAP financial measures. Refer to Appendix to this presentation for a reconciliation.

Non-GAAP Reconciliation¹

	2019	2020	2021	2022	2021 Q4	2022 Q4
Shareholders' Equity	\$207,117	\$221,575	\$237,817	\$218,629	\$237,817	\$218,629
Total Assets	1,643,996	2,121,798	2,724,719	2,672,041	2,724,719	2,672,041
Total Shareholders' Equity to Total Assets Ratio	12.60 %	10.44 %	8.73 %	8.18 %	8.73 %	8.18 %
Shareholders' Equity	\$207,117	\$221,575	\$237,817	\$218,629	\$237,817	\$218,629
Less: Goodwill and Other Intangible Assets	16,094	16,046	16,009	15,984	16,009	15,984
Tangible Common Shareholders' Equity	\$191,023	\$205,529	\$221,808	\$202,645	\$221,808	\$202,645
Total Assets	\$1,643,996	\$2,121,798	\$2,724,719	\$2,672,041	\$2,724,719	\$2,672,041
Less: Goodwill and Other Intangible Assets	16,094	16,046	16,009	15,984	16,009	15,984
Tangible assets	\$1,627,902	\$2,105,752	\$2,708,710	\$2,656,057	\$2,708,710	\$2,656,057
Tangible Common Equity to Tangible Assets Ratio	11.73 %	9.76 %	8.19 %	7.63 %	8.19 %	7.63 %

	2019	2020	2021	2022	2021 Q4	2022 Q4
Shareholders' Equity	\$207,117	\$221,575	\$237,817	\$218,629	\$237,817	\$218,629
Divided by Common Shares Outstanding	6,558,809	6,251,004	6,014,813	5,700,728	6,014,813	5,700,728
Book Value per Share	\$31.58	\$35.45	\$39.54	\$38.35	\$39.54	\$38.35
Shareholders' Equity	\$207,117	\$221,575	\$237,817	\$218,629	\$237,817	\$218,629
Less: Goodwill and Other Intangible Assets	16,094	16,046	16,009	15,984	16,009	15,984
Tangible Common Shareholders' Equity	\$191,023	\$205,529	\$221,808	\$202,645	\$221,808	\$202,645
Divided by Common Shares Outstanding	6,558,809	6,251,004	6,014,813	5,700,728	6,014,813	5,700,728
Tangible Book Value per Share	\$29.12	\$32.88	\$36.88	\$35.55	\$36.88	\$35.55

	2017	2018	2019	2020	2021	2022
Operating Expense, Community Banking Segment	\$50,401	\$49,956	\$54,988	\$57,614	\$58,647	\$63,902
Avg Earning Assets, Consolidated	\$1,367,203	\$1,346,449	\$1,386,557	\$1,758,839	\$2,260,778	\$2,469,383
Less: Avg Loans Held for Sale	44,047	46,089	56,344	105,287	101,752	51,566
Less: Avg Interest-bearing Cash, RML	4,453	4,600	5,803	5,325	5,435	7,726
Avg Earning Assets, Community Banking Segment	\$1,318,703	\$1,295,760	\$1,324,410	\$1,648,227	\$2,153,591	\$2,410,091
Community Banking Operating Exp / Avg Earning Assets	3.82 %	3.86 %	4.15 %	3.50 %	2.72 %	2.65 %

1. In thousands, except per share data and shares outstanding.