

NORTHRIM BANCORP INC
Form 10-Q
August 08, 2017

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 June 30, 2017

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 August 8, 2017 was 6,910,679.

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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, 2016.

ITEM 1. FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

NORTHRIM BANCORP, INC.

Consolidated Balance Sheets

(Unaudited)

(In Thousands, Except Share Data)	June 30, 2017	December 31, 2016
ASSETS		
Cash and due from banks	\$25,187	\$34,485
Interest bearing deposits in other banks	606	16,066
Investment securities available for sale, at fair value	297,222	331,219
Investment securities held to maturity, at amortized cost	898	899
Total portfolio investments	298,120	332,118
Investment in Federal Home Loan Bank stock	1,993	1,965
Loans held for sale	53,863	43,596
Loans	991,209	975,015
Allowance for loan losses	(20,061) (19,697
Net loans	971,148	955,318
Purchased receivables, net	19,835	20,491
Other real estate owned, net	4,315	6,574
Premises and equipment, net	39,997	39,318
Mortgage servicing rights, at fair value	5,828	4,157
Goodwill	15,017	15,017
Other intangible assets, net	1,254	1,307
Other assets	56,042	56,128
Total assets	\$1,493,205	\$1,526,540
LIABILITIES		
Deposits:		
Demand	\$395,310	\$449,206
Interest-bearing demand	231,073	201,349
Savings	249,275	241,088
Money market	231,780	244,295
Certificates of deposit less than \$250,000	82,880	86,053
Certificates of deposit \$250,000 and greater	43,992	45,662
Total deposits	1,234,310	1,267,653
Securities sold under repurchase agreements	24,392	27,607
Borrowings	4,314	4,338
Junior subordinated debentures	18,558	18,558
Other liabilities	19,854	21,672
Total liabilities	1,301,428	1,339,828
SHAREHOLDERS' EQUITY		
Preferred stock, \$1 par value, 2,500,000 shares authorized, none issued or outstanding	—	—
Common stock, \$1 par value, 10,000,000 shares authorized, 6,910,679 and 6,897,890 shares issued and outstanding at June 30, 2017 and December 31, 2016	6,911	6,898
Additional paid-in capital	63,074	62,952
Retained earnings	121,631	117,141

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Accumulated other comprehensive income (loss)	28	(397)
Total Northrim BanCorp shareholders' equity	191,644	186,594
Noncontrolling interest	133	118
Total shareholders' equity	191,777	186,712
Total liabilities and shareholders' equity	\$1,493,205	\$1,526,540
See notes to consolidated financial statements		

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

(In Thousands, Except Per Share Data)	Three Months		Six Months	
	Ended June 30, 2017	2016	Ended June 30, 2017	2016
Interest Income				
Interest and fees on loans and loans held for sale	\$13,601	\$13,710	\$26,839	\$27,488
Interest on investment securities available for sale	1,210	953	2,374	1,933
Interest on investment securities held to maturity	17	14	32	27
Interest on deposits in other banks	64	41	112	88
Total Interest Income	14,892	14,718	29,357	29,536
Interest Expense				
Interest expense on deposits	451	479	896	950
Interest expense on securities sold under agreements to repurchase	8	7	16	15
Interest expense on borrowings	39	28	77	71
Interest expense on junior subordinated debentures	150	125	291	247
Total Interest Expense	648			