Northrim BanCorp, Inc. (NRIM)

Updated May 22nd, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$88	**5 Year CAGR Estimate:**	12.0%	**Market Cap:**	$489 M
Fair Value Price:	$85	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	06/06/2025[1]
% Fair Value:	104%	**5 Year Valuation Multiple Estimate:**	-0.7%	**Dividend Payment Date:**	06/13/2025[2]
Dividend Yield:	2.9%	**5 Year Price Target**	$137	**Years Of Dividend Growth:**	16
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Northrim BanCorp, Inc. (NRIM) is a financial services company headquartered in Anchorage, Alaska, that operates in two segments: Community Banking and Home Mortgage Lending. Founded in 1990 by a group of Alaskans who wanted to establish a strong, independent, local bank that prioritized community and customer service, Northrim BanCorp has grown to employ 451 individuals and generated $125.3 million or revenue last year. Northrim Bank has a significant presence in Alaska, serving individuals, small businesses, and corporations, and its strong competitive position in the industry is driven by its focus on delivering high-quality customer service and its local presence, which allows it to have a deep understanding of the unique financial needs of Alaskans. While the company has faced challenges due to Alaska's economic volatility, its revenue segments have remained strong, with its Community Banking segment being the primary source of income.

On April 23rd, 2025, the company announced results for the first quarter of 2025. NRIM reported Q1 non-GAAP EPS of $1.93, beating analysts' estimates by $0.25 and revenue of $30.85 million up 10.1% year-over-year.

Northrim BanCorp reported record Q1 2025 net income of $13.3 million up from $1.95 in Q4 2024 and $1.48 in Q1 2024, driven by margin expansion, strong mortgage and receivables income, and a benefit from the credit loss provision. Net interest income rose to $31.3 million, with net interest margin (NIMTE) climbing to 4.61%, reflecting favorable asset mix and easing deposit costs. Other operating income surged to $14.2 million (31% of revenue), fueled by the acquisition of Sallyport Commercial Finance, which bolstered purchased receivables income and introduced new revenue streams in asset-based lending.

The company's return on average equity jumped to 19.70%, while return on assets reached 1.76%. Deposits rose 4% sequentially to $2.78 billion, and non-interest-bearing deposits made up 27% of the mix. Despite a $100 million mortgage loan reclassification impacting portfolio loan balances, management expects enhanced liquidity to support future commercial loan growth. Expenses were well-managed, with operating costs flat at $29.3 million. Northrim also declared a quarterly dividend increase to $0.64 per share. With strong credit reserves, disciplined underwriting, and above-peer margins, the company remains well-positioned for further growth, especially as its specialty finance segment scales up post-acquisition.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.56	$2.06	$1.88	$2.86	$3.04	$5.11	$6.00	$5.27	$4.49	$6.62	***$9.44***	***$15.20***
DPS	$0.74	$0.78	$0.86	$1.02	$1.26	$1.38	$1.50	$1.82	$2.40	$2.46	***$2.56***	***$4.51***
Shares[3]	6.9	6.9	6.9	6.9	6.7	6.4	6.2	5.8	5.6	5.5	***5.2***	***5.2***

Looking ahead, Northrim expects continued momentum in 2025, supported by stable net interest margins, disciplined expense management, and contributions from the recently acquired Sallyport platform. Management anticipates steady

[1] The ex-dividend date is estimated based on historical data.
[2] The dividend payment date is estimated based on historical data.
[3] In millions of shares

loan demand, particularly in commercial and construction segments, as the reallocation of residential loans enhances balance sheet flexibility. With easing deposit costs and strong capital levels, the bank is well-positioned to navigate macroeconomic uncertainties. Additionally, the Company remains focused on scaling specialty finance and wealth management operations, which are expected to drive noninterest income growth. Barring unforeseen economic disruptions, Northrim anticipates maintaining strong profitability and sustainable dividend growth through the remainder of 2025. Considering the expected declining interest rate environment, we revised upwards our EPS estimate for 2025 to $9.44, which matches the midpoint of analysts' estimates. We have maintained the annual EPS growth of 10.0% for the following years, lower than the company's 5-year CAGR of 47.6%, in anticipation of a lower net interest margin, leading to NRIM's EPS of $15.20 by 2030. In addition, the bank's DPS had a 10-year and 5-year CAGR of 14.3% and 13.2%, respectively, and has consistently increased the dividend payments over the last 15 years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	10.1	12.7	16.7	13.1	12.0	5.6	6.9	8.5	10.3	9.5	***9.3***	***9.0***
Avg. Yld.	2.9%	3.0%	2.7%	2.7%	3.4%	4.9%	3.6%	4.1%	5.2%	3.9%	***2.9%***	***3.3%***

Northrim BanCorp trades at a forward P/E of 9.3, in line with its 10-year and five-year average P/E of 10.5 and 8.1, respectively. Considering the bank's resiliency, we have assumed a stable P/E of 9.0 to value the company in 2030, which is just above its medium-term average, suggesting a target price of $137.

Safety, Quality, Competitive Advantage, & Recession Resiliency

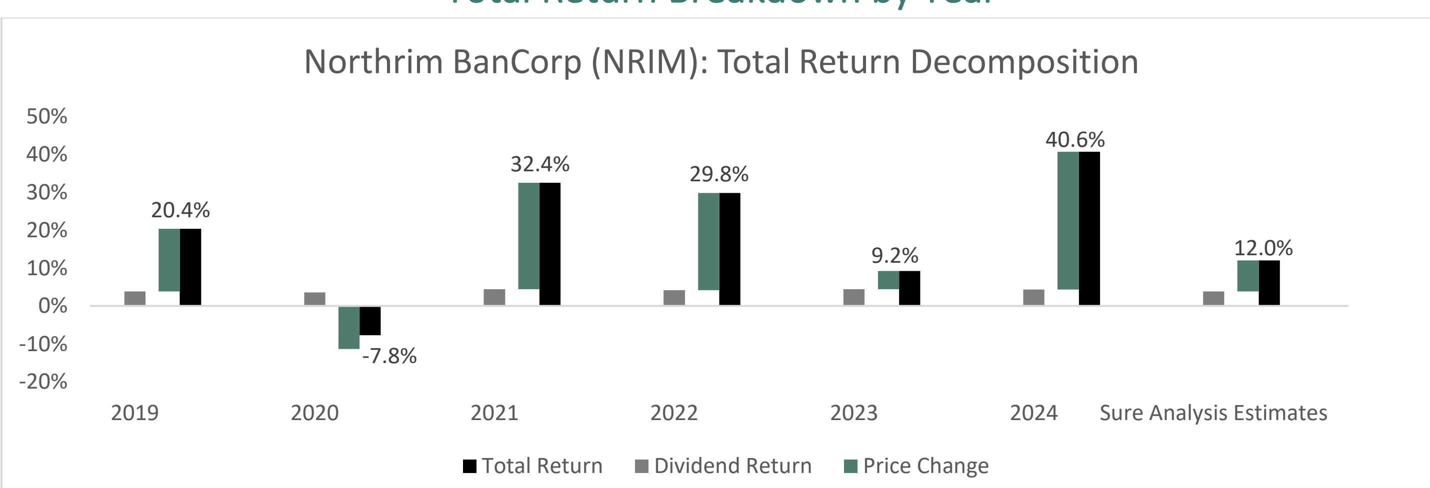
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	29%	38%	46%	36%	41%	27%	25%	35%	53%	37%	***27%***	***30%***

Northrim BanCorp, has a competitive advantage through its strong local presence, which enables it to deliver high-quality customer service tailored to Alaskans' unique financial needs. Northrim BanCorp's financial performance during recessions has varied, as it was founded from the ashes of the recession in 1990.

Final Thoughts & Recommendation

The bank is well-positioned to benefit from the declining interest rate environment. Shares are expected to produce 12.0% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 10.0%, 2.9% dividend yield, and the valuation headwind. We maintain our hold rating on the stock as it trades ahead of our fair value target.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	102	100	94	93	102	134	133	129	130	155
SG&A Exp.	52	55	54	54	61	65	65	63	67	74
D&A Exp.	3	3	4	3	4	4	4	4	4.5	3.6
Net Profit	18	14	13	20	21	33	38	31	25	37
Net Margin	17.5%	14.5%	14.0%	21.4%	20.3%	24.5%	28.2%	23.8%	19.2%	23.9%
Free Cash Flow	3	17	12	21	(4)	(40)	109	74	33	(9.35)
Income Tax	9	6	10	4	5	10	10	8	6.2	10

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,499	1,527	1,519	1,503	1,644	2,122	2,725	2,674	2,807	3,042
Cash & Equivalents	59	51	78	78	95	116	646	259	119	63
Acc. Receivable	4		4	5	5	8	7	10	12	12
Goodwill & Int.	25	20	29	33	34	32	34	38	38	80
Total Liabilities	1,322	1,340	1,326	1,297	1,437	1,900	2,487	2,456	2,573	2,775
Long-Term Debt	21	23	18	18	19	25	25	24	24	33
Total Equity	177	187	193	206	207	222	238	219	235	267
LTD/E Ratio	0.12	0.12	0.09	0.09	0.09	0.11	0.10	0.11	0.10	0.12

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.2%	1.0%	0.9%	1.3%	1.3%	1.7%	1.5%	1.1%	0.9%	1.3%
Return on Equity	10.4%	7.9%	6.9%	10.0%	10.0%	15.3%	16.3%	13.5%	11.2%	14.7%
ROIC	8.7%	7.1%	6.3%	9.2%	9.2%	13.9%	14.7%	12.2%	10.1%	13.2%
Shares Out.	6.9	6.9	6.9	6.9	6.7	6.4	6.2	5.8	5.7	5.6
Revenue/Share	14.61	14.28	13.43	13.37	14.95	20.83	21.30	22.16	22.90	27.80
FCF/Share	0.50	2.41	1.73	3.03	(0.57)	(6.18)	17.52	12.74	5.76	(1.67)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.