

ALASKA PACIFIC BANCSHARES INC
Form 425
October 23, 2013

Filed by Northrim BanCorp, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12 of the

Securities Exchange Act of 1934

Subject Company: Alaska Pacific Bancshares, Inc.

Commission File No.: 000-26003

The following document is filed herewith pursuant to Rule 425 under the Securities Act of 1933:

Investor presentation made by Northrim BanCorp, Inc. on October 23, 2013.

This communication contains forward-looking statements that are subject to risks and uncertainties. All statements, other than statements of historical fact, regarding the financial position, business strategy and respective management's plans and objectives for future operations of each of Northrim BanCorp, Inc. (Northrim) and Alaska Pacific Bancshares, Inc. (Alaska Pacific) are forward-looking statements. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. When used in this communication, the words anticipate, believe, estimate, expect, and intend and words or phrases of similar meaning as they relate to Northrim, Northrim's management, Alaska Pacific, or Alaska Pacific's management are intended to help identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that management's respective expectations as reflected in forward-looking statements are reasonable, we cannot assure readers that those expectations will prove to be correct. Forward-looking statements are subject to various risks and uncertainties that may cause actual results to differ materially and adversely from expectations as indicated in the forward-looking statements. These risks and uncertainties include: expected cost savings, synergies and other financial benefits from the proposed merger might not be realized within the expected time frames and costs or difficulties relating to integration matters might be greater than expected; the requisite shareholder and regulatory approvals for the proposed merger might not be obtained; and the ability of Northrim and Alaska Pacific to execute their respective business plans (including the proposed merger). Further, actual results may be affected by the ability to compete on price and other factors with other financial institutions; customer acceptance of new products and services; the regulatory environment in which we operate; and general trends in the local, regional and national banking industry and economy as those factors relate to the cost of funds and return on assets. In addition, there are risks inherent in the banking industry relating to collectibility of loans and changes in interest rates. Many of these risks, as well as other risks that may have a material adverse impact on our operations and business, are identified in other filings of Northrim and Alaska Pacific made with the SEC. However, you should be aware that these factors are not an exhaustive list, and you should not assume these are the only factors that may cause our actual results to differ from our

expectations. These forward-looking statements are made only as of the date of this current report, and neither Northrim nor Alaska Pacific undertakes an obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this current communication.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This communication relates to a transaction which may become the subject of a registration statement filed with the Securities and Exchange Commission (the SEC). In connection with the proposed merger transaction, Northrim intends to file with the SEC a registration statement on Form S-4 that will include a proxy statement of Alaska Pacific, and a prospectus of Northrim, as well as other relevant documents concerning the proposed merger transaction. This communication is not a substitute for the registration statement Northrim would file with the SEC regarding the proposed merger transaction or for any other document Northrim may file with the SEC. **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ ANY SUCH DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER TRANSACTION.** Such documents would be available free of charge through the website maintained by the SEC at www.sec.gov or by calling the SEC at telephone number 800-SEC-0330. The proxy statement/prospectus and other material documents related to the proposed merger transaction may also be obtained for free, as soon as reasonably practicable after filing with the SEC on Northrim's website at www.northrim.com.

Northrim and Alaska Pacific and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Alaska Pacific in connection with the proposed merger. Information about the directors and executive officers of Northrim is set forth in the proxy statement for Northrim's 2013 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 15, 2013. Information about the directors and executive officers of Alaska Pacific is set forth in the proxy statement for Alaska Pacific's 2013 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on April 9, 2013. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the proxy statement/prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

NORTHRIM BANCORP, INC.
Acquisition of Alaska Pacific Bancshares, Inc.
Investor Presentation
October 23, 2013

JOE BEEDLE
EVP NORTHRIM BANCORP, INC
PRESIDENT & CEO, NORTHRIM BANK
JOE SCHIERHORN
EVP CFO, COO AND CORPORATE SECRETARY
NORTHRIM BANCORP, INC AND NORTHRIM BANK

This presentation may contain forward-looking statements as that term is defined for purposes of Section 21D of the Securities and Exchange Act. These statements are, in effect, management's attempt to predict future events, and thus are subject to various risks and uncertainties. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. All statements, other than statements of historical fact, regarding our financial position, business strategy and management's plans and objectives for future operations are forward-looking statements.

When used in this presentation, the words anticipate,
believe,
estimate,
expect,
and
intend

and words or phrases of similar meaning, as they relate to Northrim, its management, or the proposed merger with Alaska Pacific Bancshares (Alaska Pacific) are intended to help identify forward-looking statements.

Although we

believe that management's expectations as reflected in forward-looking statements are reasonable, we cannot assure readers that those expectations will prove to be correct.

Our actual results may differ materially and adversely from our expectations as indicated in the forward-looking statements.

These risks and uncertainties include our ability to maintain

strong asset quality and to maintain or expand our market share or net interest margins, to implement our marketing and growth strategies, expected cost savings, synergies and other financial benefits from the proposed merger might not be realized within the expected time frames and costs or difficulties relating to integration matters might be greater than expected; the requisite shareholder and regulatory approvals for

the proposed merger might not be obtained; and the

ability of Northrim and Alaska Pacific to execute their respective business plans (including the proposed merger).

Further,

actual results may be affected by our ability to compete on price and other factors with other financial institutions;

customer acceptance of new products and services; the regulatory

environment in which we operate; and general trends

in

the

local,

regional

and

national

banking

industry

and

economy

as

those

factors

relate

to

our

cost

of

funds

and

return

on

assets.

In addition, there are risks inherent in the banking industry relating to collectability of loans and changes in interest rates.

Many of these risks, as well as other risks that may have a material adverse impact on our operations and

business, are identified in the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and from time to time are disclosed in our other filings with the SEC. However, you should be aware that these factors are not an exhaustive list, and you should not assume these are the only factors that may cause our actual results to differ from our expectations.

FORWARD LOOKING STATEMENTS

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FORWARD LOOKING STATEMENTS (CONT)

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Important Notice

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of Alaska Pacific, and a prospectus of Northrim, as well as other relevant documents concerning the proposed merger transaction. This presentation is not a substitute for the registration statement Northrim would file with the SEC regarding the proposed merger transaction or for any other document Northrim may file with the SEC. **INVESTORS AND SECURITY HOLDERS OF NORTHRIM AND ALASKA PACIFIC ARE URGED TO READ ANY SUCH DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER TRANSACTION.** Such documents would be available free of charge through the website maintained by the SEC at www.sec.gov or by calling the SEC at telephone number 800-SEC-0330. The proxy statement/prospectus and other material documents related to the proposed merger transaction may also be obtained for free, as soon as reasonably practicable after filing with the SEC on Northrim's website at www.northrim.com.

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Value-Add Transaction

Expands and diversifies Northrim's branch network by adding five branches in Juneau (2 locations), Sitka (1 location), and Ketchikan (2 locations).

Attractive core deposit base

Provides new commercial client base to cross-sell additional services
Attractive Financial Returns

Incremental Earnings Method

(2)

: less than 1 year

(1)

Year 1 is defined as 2014, year 2 is 2015; excludes impact of transaction costs as they are factored into tangible book value dilution

(2)

Number of years it takes to eliminate the initial tangible book value per share dilution with the estimated incremental after-tax share provided by Alaska Pacific divided by pro forma fully diluted Northrim shares outstanding

TRANSACTION HIGHLIGHTS

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Combination expands Northrim's market to the Southeast region of Alaska

Diversifies deposit and loan portfolios

Opportunity for significant operational efficiencies and cost synergies

Year 1 EPS Accretion of 1%

(1)

Year 2 EPS Accretion of 5%

(1)

>12% IRR

Tangible Book Value Dilution Payback

Transaction Detail
(1)
Aggregate Value
Per Diluted Share Value
Price/ ABVPS
Market Premium
Core Deposit Premium

\$14.3 million

\$17.28

87%

44%

1%

Consideration Mix

\$7.1 million cash

(2)

304,631

fixed

shares

of

Northrim

stock

(3)

Price collars

A 10% collar above and below Northrim's stock price of

\$22.24

Walk-Away Provision

If Northrim's stock price drops below \$18.90, Northrim has the option to fill with cash or stock, or walk-away

Northrim Ownership

Northrim BanCorp, Inc. acquires 100% of Alaska Pacific

Bancshares, Inc. and Alaska Pacific Bank merged into

Northrim Bank

Due Diligence

Completed, including extensive loan review

Required Approvals

Regulatory and Alaska Pacific shareholder approvals

Targeted closing

Q1 2014

TRANSACTION OVERVIEW

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(1)

Based on Northrim's 15-day weighted average close price of \$23.67 as of October 18, 2013. Assumes full exercise of Alaska warrants at the current transaction price.

(2)

Includes \$6.4 million in cash paid by Northrim and \$717,000 in cash paid by TARP warrant holders

(3)

The actual number of shares of Northrim stock expected to be issued to Alaska Pacific shareholders will be based on an exchange rate that depends on the value of Northrim stock as measured by the 15-day weighted average for the period ending five days prior to the transaction.

TRANSACTION ASSUMPTIONS

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Cost Savings

(1)

Year 1 cost savings of approximately 23%, pre-tax

Year 2 cost savings of approximately 30%, pre-tax
Deal
Related
Expenses
(2)

Approximately \$2.5 million, pre-tax
Assumed Credit Mark

4.6% of Alaska Pacific's gross loans and 13% of OREO
Revenue Enhancements

Significant opportunities, but not included in transaction
estimates
Core Deposit Intangible

1.0% of Alaska Pacific's core deposits (\$125.4 million at
June 30, 2013)

Amortized over 10 years using sum-of-the-years digits
method

(1)
Primarily consists of decreased projected salaries and benefits costs, professional fees, and FDIC insurance expense
(2)

Includes \$1.2 million in transaction costs and \$1.3 million in restructuring/transitional costs

PRO FORMA FINANCIAL IMPACT

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Year 1 EPS Accretion

(1)

1%

Year 2 EPS Accretion

5%
IRR

> 12%
Tangible Book Value Dilution Payback

Incremental Earnings Method

(2)

: less than 1

year

(1)

Year 1 is defined as 2014, year 2 is 2015; excludes impact of transaction costs as they are factored into tangible book value dilution

(2)

Number of years it takes to eliminate the initial tangible book value per share dilution with the estimated incremental after-tax share provided by Alaska Pacific divided by pro forma fully diluted Northrim shares outstanding

Capital Ratios (6/30/13)

Northrim

BanCorp, Inc.

Alaska Pacific

Bancshares, Inc.

Pro Forma

Leverage Ratio

13.28%

11.65%

13.20%

Tier 1 Ratio

15.65%

14.70%

14.10%

Total Risk-Based Capital Ratio

16.91%

15.96%

15.40%

SOUTHEAST ALASKA

Photo courtesy of Joe Beedle: Juneau, Alaska Marine Highway

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Southeast Alaska-
Based Banking
Company
Founded in 1935
Photo courtesy of Joe Beedle:
John O Connell Bridge and Mount
Edgecumbe, Sitka Alaska

Creates a significant community banking presence for Northrim in Southeast Alaska

Population in Southeast Alaska reached a new record of 74,423 in 2012 and between 2010 and 2012 was the fastest-growing region of the state with a population gain of 2,800.

The regional labor force increased by 1,800 and total labor force reached 46,000.

The 2013 salmon season has turned out to be the best ever for Southeast Alaska in terms of harvests.

Tourism has increased after recession-caused dips in 2010-2011.

And while there were some job losses in government and retail in Juneau, total wages remained up.

Mining is doing well, with the Kensington gold mine on Berners Bay producing at expected levels and output up sharply at the Greens Creek multi-metals mine on northern Admiralty Island, both near Juneau.

SOUTHEAST ALASKA

10

Financially
Attractive

Opportunity for significant operational efficiencies and cost synergies

Accretive to earnings within one year with cost save assumptions
(1)

Attractive tangible book value payback period

Strong IRR (>12%)

SOUTHEAST ALASKA

11

(1)

Excludes impact of transaction costs as they are factored into tangible book value dilution

Photo courtesy of Joe Beedle

Opportunities for

Additional Growth

Penetration into a
diverse market

New product
offerings and
higher lending
limits to existing
Alaska Pacific
customers

Affiliates
opportunities

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NORTHRIM S
ALASKA
FOOTPRINT,
POST
ACQUISITION

OVERVIEW OF ALASKA PACIFIC BANCSHARES, INC.

(OTCQB: AKPB)

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Overview

Headquarters:

Juneau, Alaska

Branches:

5

Date Established:

1935

Balance Sheet (June 30, 2013)

Assets

Total Deposits

\$153,982,000

Loans held for sale

\$

1,585,000

Portfolio loans

Preferred Equity/TARP

\$ 4,743,000

(1)

Allowance

for

loan

losses

\$

1,999,000

Common Equity

\$

16,096,000

Net Loans

\$149,312,000

Total Equity

\$ 20,839,000

YTD

June

30,

2013

LTM

June

30,

2013

ROAA

0.28%

0.39%

ROAE

2.31%

3.32%

Efficiency

ratio

89.37%

87.86%

(1)

TARP will be repaid prior to closing the transaction.

\$176,908,000

\$149,726,000

Net interest margin

4.53%

4.63%

MARKET DATA (DEPOSIT DATA AS OF JUNE 30, 2013 FROM FDIC DEPOSIT MARKET SHARE REPORT)

14

(1)

Exclusive of any acquisition adjustments.

Institution: Alaska Banks

Total

Assets

(\$

millions)

June 30, 2013

Wells Fargo Bank, NA

AK data not available

First National Bank Alaska

2,940,495

Proforma

(1)

1,334,575

Northrim Bank

1,158,281

KeyBank, NA

AK data not available

First Bank of Ketchikan

447,636

Mt. McKinley Bank

325,878

Denali State Bank

254,387

Alaska Pacific Bank

176,294

Deposits

Institution

Branches

(\$ millions)

Share

Wells Fargo Bank, NA

51

5,301,829

52.35%

First National Bank Alaska

30

1,981,250

19.56%

Proforma

(1)

15

1,124,983

11.10%

Northrim Bank

10

969,611

9.57%

KeyBank, NA

17

836,089

8.26%

First Bank of Ketchikan

9
398,004
3.93%
Mt. McKinley Bank
5
256,494
2.53%
Denali State Bank
5
228,177
2.25%
Alaska Pacific Bank
5
155,372
1.53%

PRO FORMA LOAN COMPOSITION

As of 6/30/13

15

Northrim BanCorp, Inc.

Alaska Pacific Bancshares, Inc.

Pro Forma

41%

2%
11%
36%
7%
3%
37%
4%
14%
34%
7%
4%
18%
12%
27%
27%
5%
11%
Commercial
1-4 Family
Owner occupied CRE
Non-owner occupied CRE
Construction
Consumer

PRO FORMA DEPOSIT COMPOSITION

As of 6/30/13

16

Northrim BanCorp, Inc.

Alaska Pacific Bancshares, Inc.

Pro Forma

36%

14%

10%

19%

11%

10%

34%

15%

11%

20%

9%

11%

22%

22%

15%

22%

19%

Demand

Interest-bearing DDA

Savings

Money Market

Alaska CD

CDs

TRANSACTION HIGHLIGHTS

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Value-Add Transaction

Combination strengthens an Alaska franchise

2

nd
largest Alaska-headquartered bank by assets

Expands and diversifies franchise

Loan and deposit portfolio presence in Southeast market

5 branches

Attractive core deposit base

New commercial client base to cross-sell additional services

Photo courtesy of Joe Beedle: Juneau, Alaska

Opportunity

for
significant
operational
efficiencies

and
cost

synergies

Attractive Financial Returns

Year

1

EPS

Accretion

of

1%

(2)

Year

2

EPS

Accretion

of

5%

(2)

>12% IRR

Tangible Book Value Dilution Payback

Incremental Earnings Method

(3)

: less than 1 year

(1) (2)

Year 1 is defined as 2014, year 2 is 2015; excludes impact of transaction costs as they are factored into tangible book value dil

(3)

Number of years it takes to eliminate the initial tangible book value per share dilution with the estimated incremental after-tax share provided by Alaska Pacific divided by pro forma fully diluted Northrim shares outstanding

Diluted EPS was \$0.53 in 3Q13 compared to \$0.62 in 3Q12.

Net interest income was \$11.0 million in 3Q13 compared to \$10.6 million in the 3Q12.

Average portfolio loans increased 11% to \$735.1 million in 3Q13 from 3Q12.

Asset quality is improving with NPAs at 0.56% of total assets.

Complimentary business services contribute significantly to other operating income.

Quarterly cash dividend increased 13% to \$0.17 per share in September of 2013.

Tangible

book

value

(1)

was

\$20.66.

(1)

Tangible

book

value

per

share

is

a

non-GAAP

measure

defined

as

shareholders

equity,

less

intangible

assets,

divided

by

shares

outstanding.

See our quarterly report on Form 10-Q for the period ended June 30, 2013 for a reconciliation with book value per share, the non-GAAP measure.

NORTHRIM BANCORP, INC. FINANCIAL HIGHLIGHTS

THIRD QUARTER 2013

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QUESTIONS?

Photo courtesy of Joe Beedle: Juneau