

# KBW Winter Financial Services Symposium

## Boca Raton, Florida

February 2020

---

**Richard P. Smith – President & Chief Executive Officer**  
**John S. Fleshood – EVP & Chief Operating Officer**

# SAFE HARBOR STATEMENT

The statements contained herein that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond our control. There can be no assurance that future developments affecting us will be the same as those anticipated by management. We caution readers that a number of important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the strength of the United States economy in general and the strength of the local economies in which we conduct operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation, interest rate, market and monetary fluctuations; the impact of changes in financial services policies, laws and regulations; technological changes; weather, natural disasters and other catastrophic events that may or may not be caused by climate change; the costs or effects of mergers, acquisitions or dispositions we may make; the future operating or financial performance of the company, including our outlook for future growth, changes in the level of our nonperforming assets and charge-offs; the appropriateness of the allowance for credit losses including the timing and effects of the implementation of the current expected credit losses model; any deterioration in values of California real estate, both residential and commercial; the effect of changes in accounting standards and practices; possible other-than-temporary impairment of securities held by us; changes in consumer spending, borrowing and savings habits; our ability to attract deposits and other sources of liquidity; changes in the financial performance and/or condition of our borrowers; our noninterest expense and the efficiency ratio; competition and innovation with respect to financial products and services by banks, financial institutions and non-traditional providers including retail businesses and technology companies; the challenges of integrating and retaining key employees; unanticipated regulatory or judicial proceedings; cybersecurity threats and the cost of defending against them, unanticipated regulatory or legal proceedings; and our ability to manage the risks involved in the foregoing. Additional factors that could cause results to differ materially from those described above can be found in our Annual Report on Form 10-K for the year ended December 31, 2018, which is on file with the Securities and Exchange Commission (the "SEC") and available in the "Investor Relations" section of our website, <https://www.tcbk.com/investor-relations> and in other documents we file with the SEC. Annualized, pro forma, projections and estimates are not forecasts and may not reflect actual results.

# AGENDA

- Most Recent Quarter Recap
- Company Overview
- Lending Overview
- Deposit Overview
- Financials



# MOST RECENT QUARTER HIGHLIGHTS

<b>Earnings Consistency</b>	<ul style="list-style-type: none"> <li>• Q4 2019 return on average assets of 1.40% versus 1.46% in Q4 2018 and 1.44% in the linked quarter.</li> <li>• Average yield on earning assets of 4.65% in Q4 2019 compared to 4.78% in Q4 2018 and 4.72% in the linked quarter.</li> </ul>
<b>Industry Leading Net Interest Margin</b>	<ul style="list-style-type: none"> <li>• Net interest margin of 4.39% for Q4 2019 versus 4.49% in Q4 2018 and 4.44% in the linked quarter.</li> <li>• Loan to deposit ratio increased to 80% at Q4 2019 compared to 79% in the linked quarter and improved from 75% at Q4 2018.</li> </ul>
<b>Superior Credit Quality</b>	<ul style="list-style-type: none"> <li>• Nonperforming loans to total loans of 0.39% and 0.44% at Q4 2019 and Q3 2019, respectively is considered low and continues to improve as compared to 0.68% at Q4 2019.</li> <li>• Loan repayments and charge-offs of various long duration impaired loans facilitated the Q4 2019 improvements.</li> </ul>
<b>Non-interest Income Diversity and Expansion</b>	<ul style="list-style-type: none"> <li>• Total non-interest income increased 12.6% from the same quarter in the prior year.</li> <li>• Gain on sale of mortgage loans nearly doubled as compared to the same quarter in the prior year as a result of the declining rate environment.</li> </ul>
<b>Diverse Deposit Base</b>	<ul style="list-style-type: none"> <li>• Costs of interest bearing liabilities decreased to 0.41% in Q4 2019 as compared to Q4 2018 of 0.44%, and 0.45% from the linked quarter; however, opportunity for reductions in Q4 2019 and beyond are likely.</li> </ul>
<b>Capital Strength</b>	<ul style="list-style-type: none"> <li>• Current capital levels all for opportunistic acquisitive growth while continuing our organic growth and expansion.</li> <li>• Consistent payment of quarterly cash dividend with a history of periodic increases.</li> </ul>

# COMPANY OVERVIEW

# COMPANY OVERVIEW

**Asset Size:** \$6.5 Billion

**Founded:** 1975

**Deposits:** \$5.4 Billion

**Loans (net):** \$4.3 Billion

**Bank Branches:** 76

**ATMs:** 99

**Market Area:** TriCo currently serves 29 counties throughout Northern and Central California. These counties represent over 30% of California's population.



# COMPANY OVERVIEW

<b>Nasdaq:</b>	<b>TCBK</b>
<b>Stock Price*:</b>	<b>\$37.79</b>
<b>Market Capitalization:</b>	<b>\$1.15 billion</b>
<b>Price to Book stated:</b>	<b>1.3x</b>
<b>Price to TBVPS</b>	<b>1.7x</b>
<b>Rank (Total Assets) among CA Publicly Traded Banks:</b>	<b>12</b>
<small>(Source: SNL Financial)</small>	



*\*as of 1/24/2020 COB*

# EXECUTIVE TEAM



**Rick Smith**  
President & CEO  
*TriCo since 1993*



**John Fleshood**  
EVP Chief Operating Officer  
*TriCo since 2016*



**Peter Wiese**  
EVP Chief Financial Officer  
*TriCo since 2018*

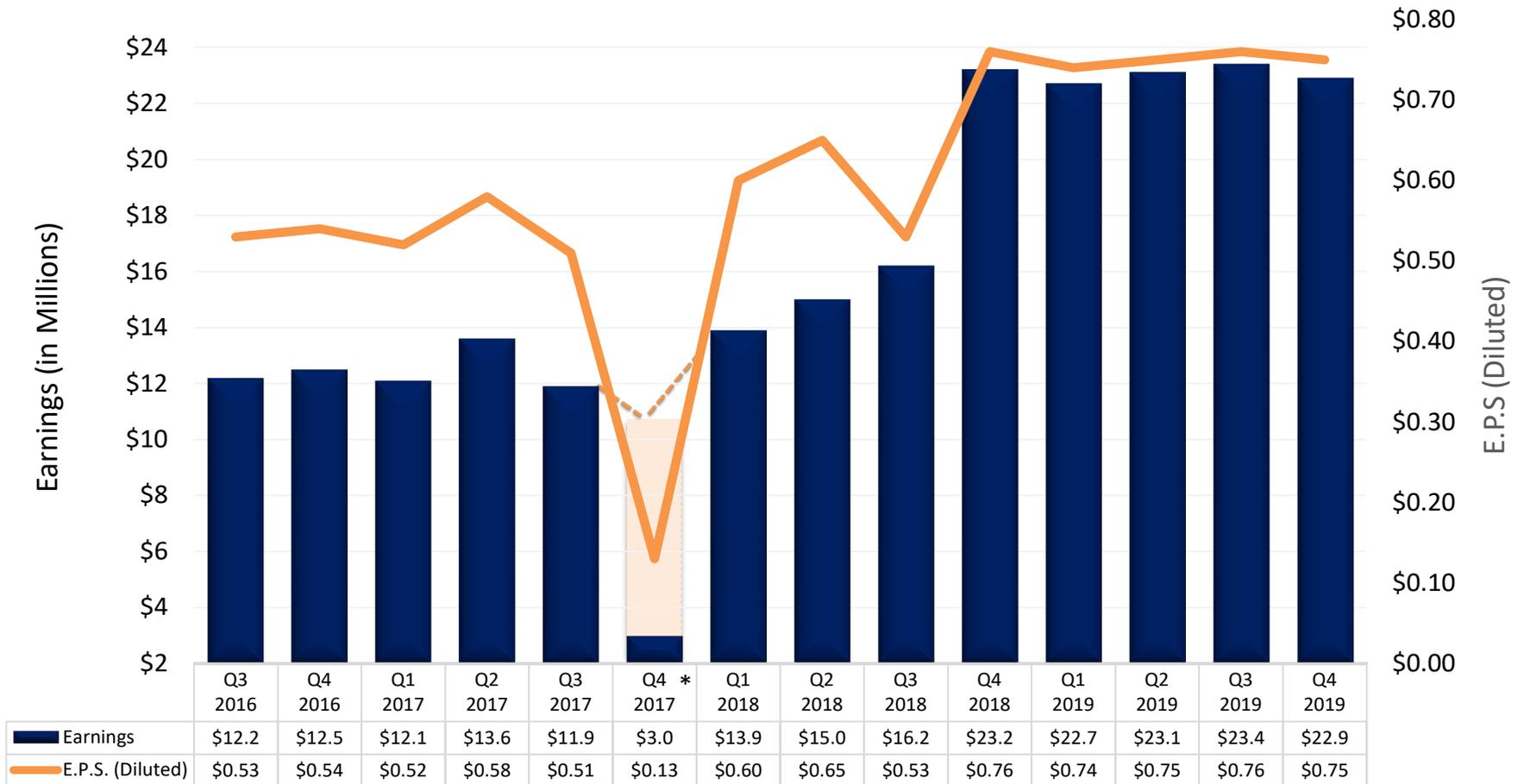


**Craig Carney**  
EVP Chief Credit Officer  
*TriCo since 1996*



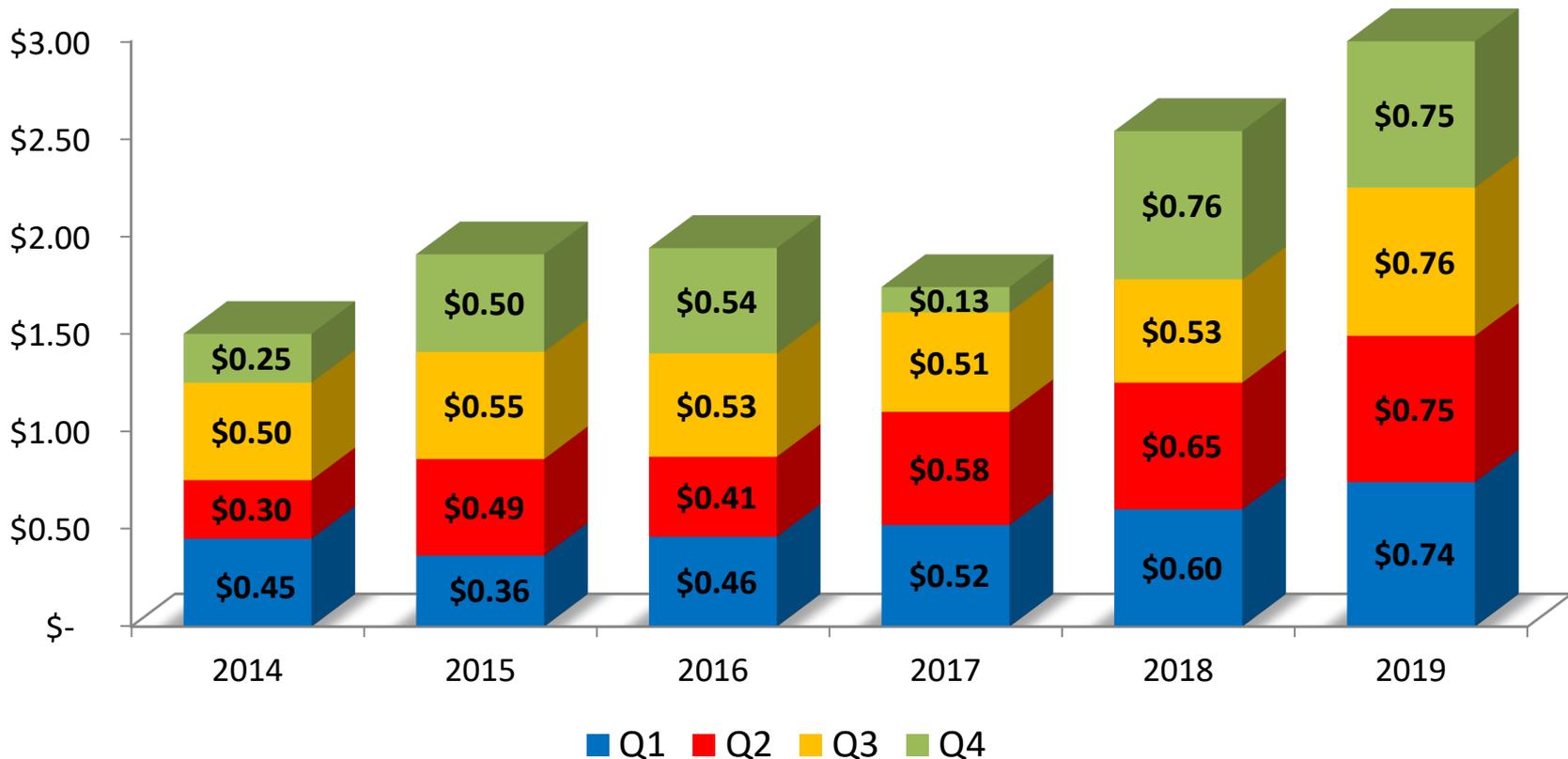
**Dan Bailey**  
EVP Chief Retail Banking Officer  
*TriCo since 2007*

# CONSISTENT EARNINGS TRACK RECORD

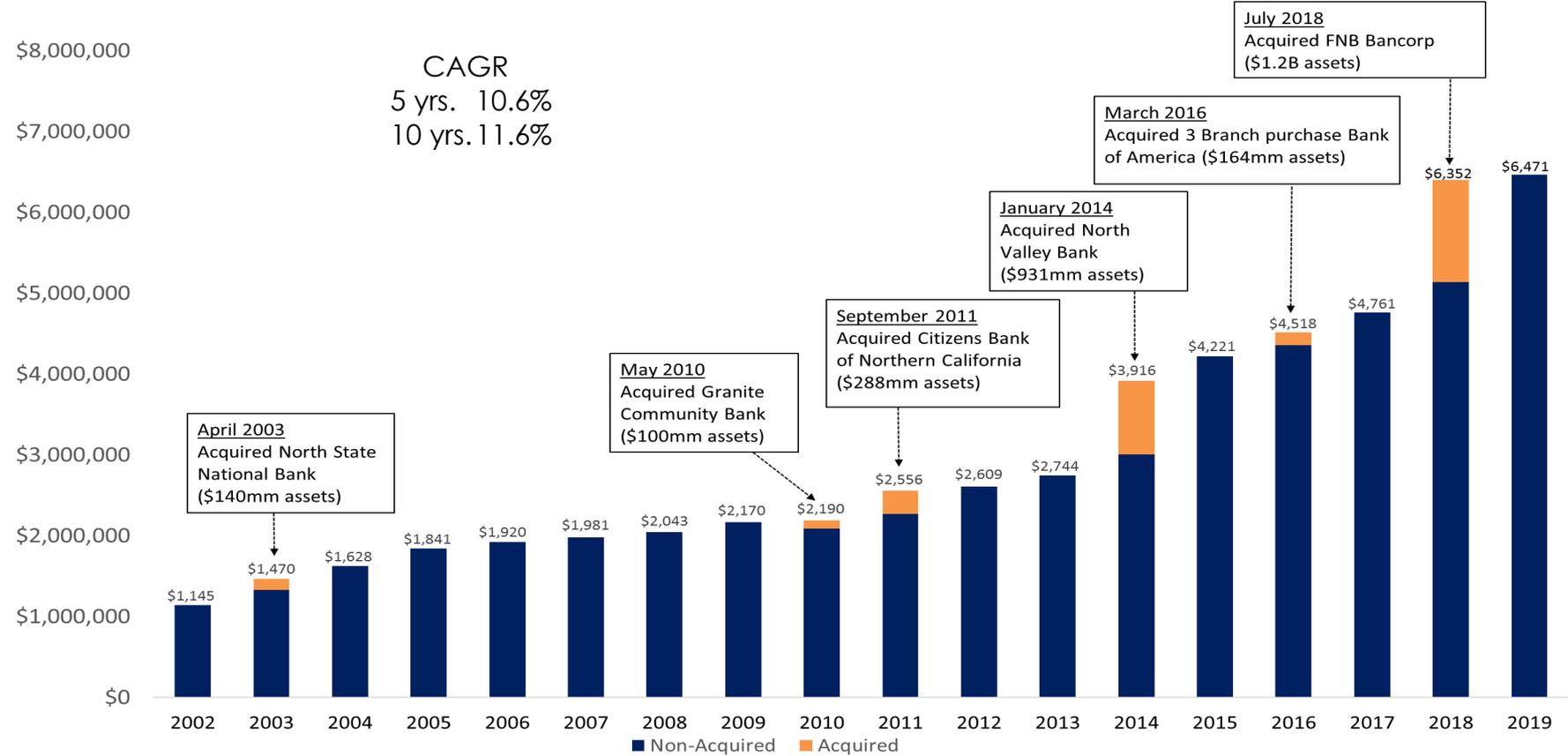


\* Impact of the Tax Cut and Jobs Act.

# DILUTED EARNINGS PER SHARE



# CONSISTENT ORGANIC GROWTH AND DISCIPLINED ACQUIRER



\*Total Assets for years ending 2002-2019.

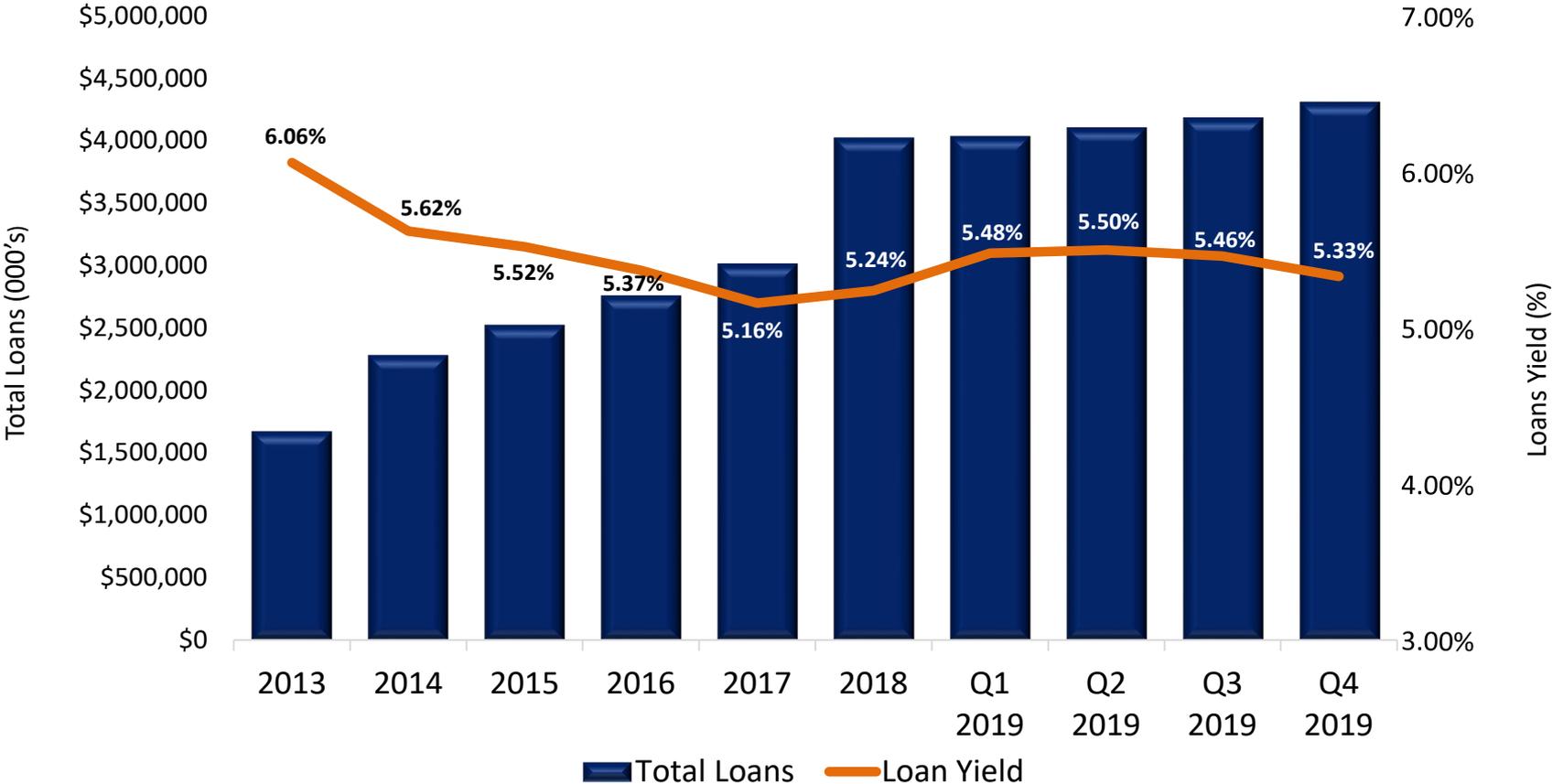


## WHAT KEEPS US UP AT NIGHT?

- Aggressive and Irrational Competitors
- Duration of Lower Rate Environment
- The Cost of Regulatory Compliance
- Technology Costs and Limited Vendor Competition
- Domestic Policy and International Relationships

# LOANS

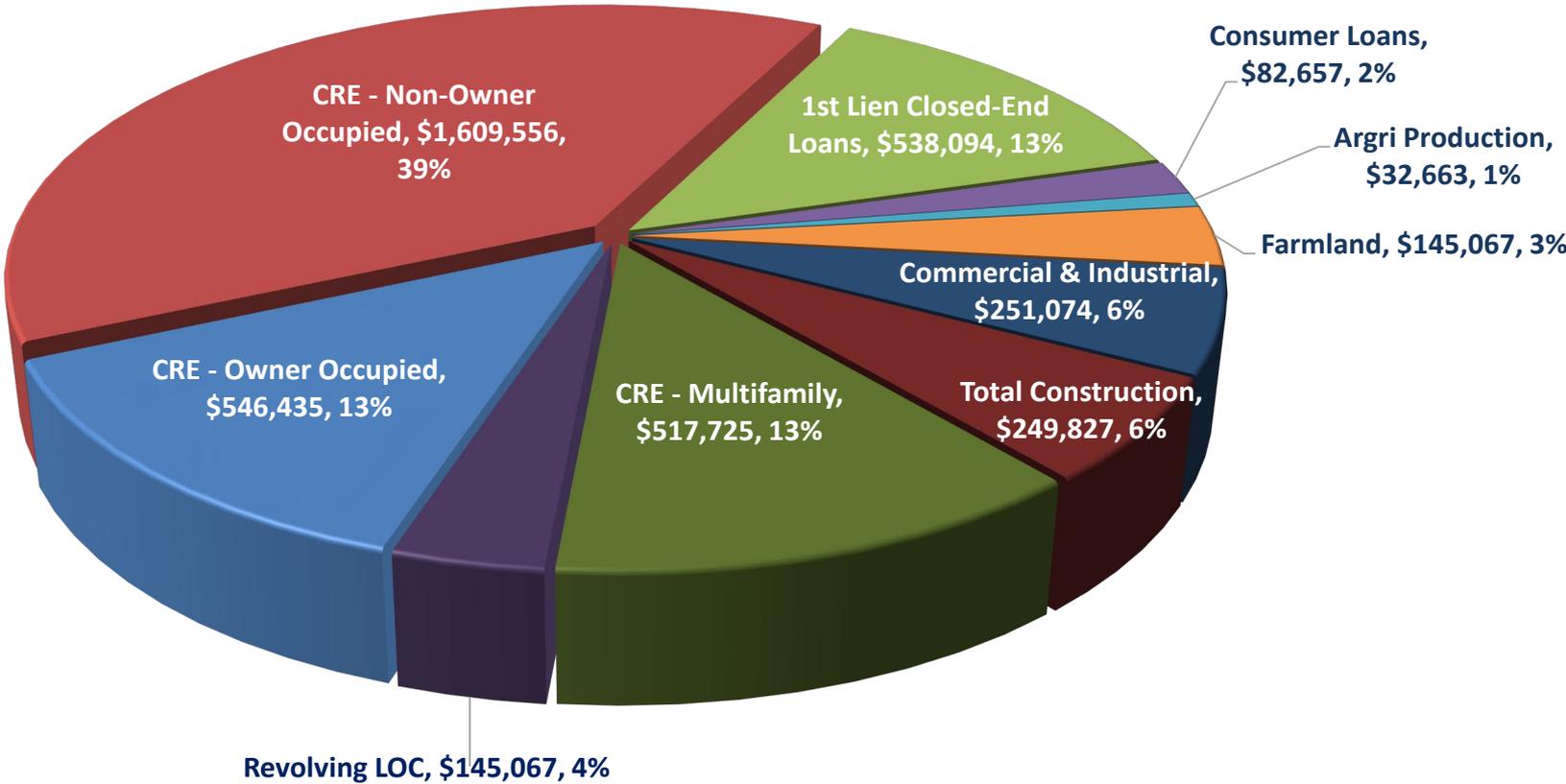
# CONSISTENT LOAN GROWTH



\*Note: Q3 2018 includes acquisition of FNB Bancorp (Loan Yield was 5.04%)

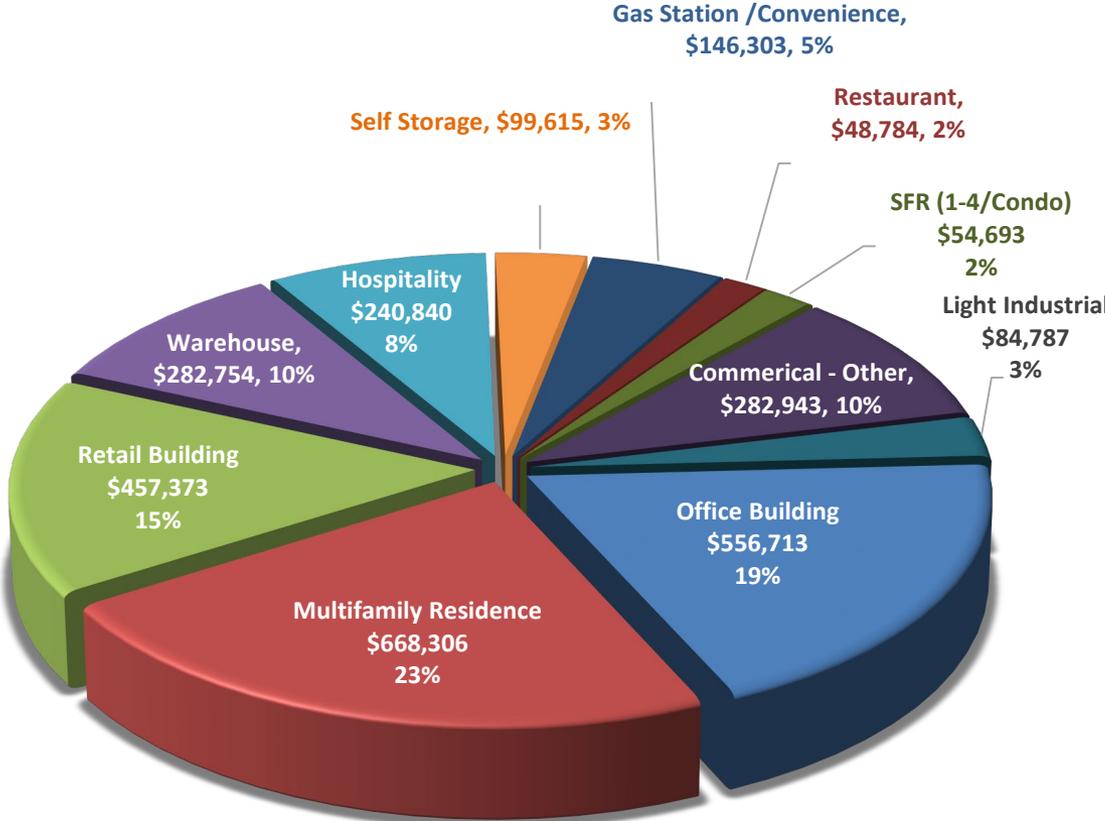


# LOAN PORTFOLIO MIX:



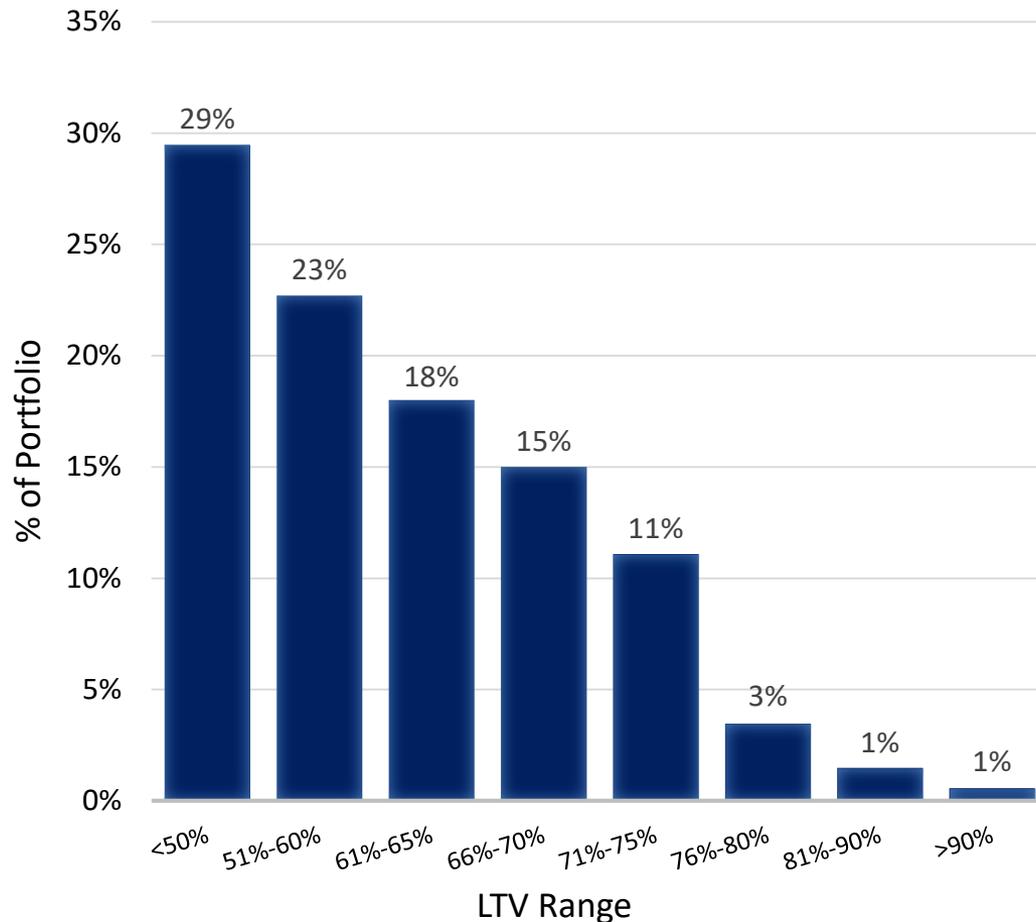
\*Excluding loans held-for-sale

# DIVERSIFIED CRE & CONSTRUCTION PORTFOLIO



Property Type	Loan Size Avg. Loan Amount
Hospitality	\$2,679,000
Self Storage	\$2,034,000
Multifamily Residence	\$1,595,000
Gas Station/Convenience	\$1,391,000
Retail Building	\$940,000
Office Building	\$871,000
Warehouse	\$761,000
Light Industrial	\$639,000
Commercial - Other	\$661,000
Restaurant	\$507,000
SFR (1-4)	\$732,000

# CONSERVATIVE CONSTRUCTION AND CRE UNDERWRITING CULTURE – LTV DISTRIBUTION

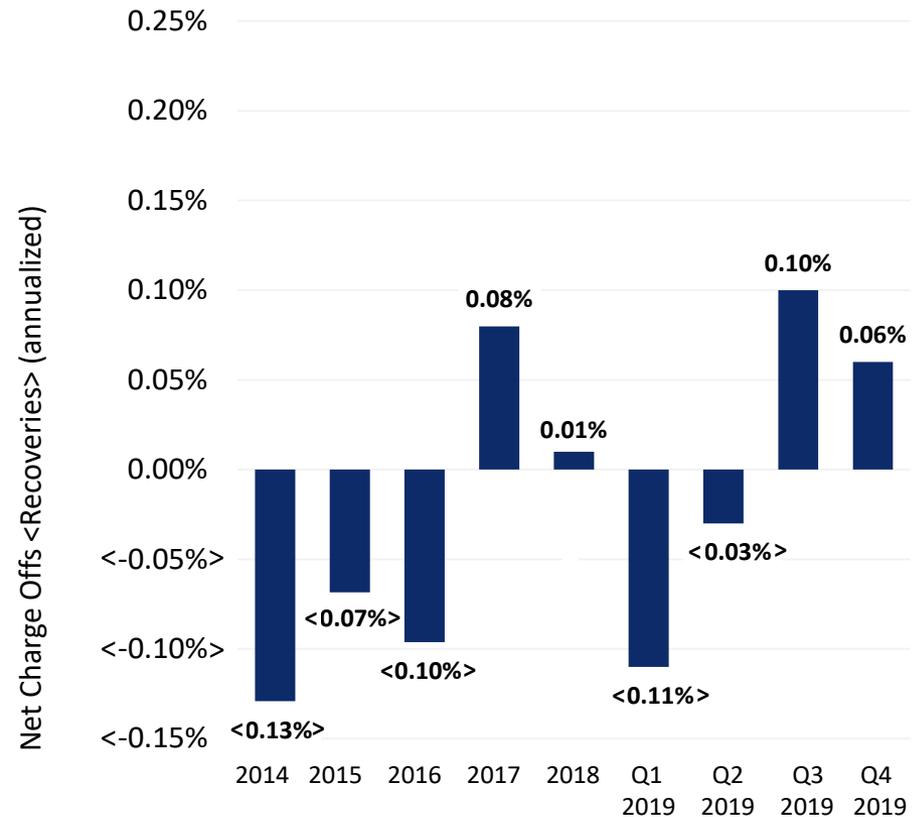
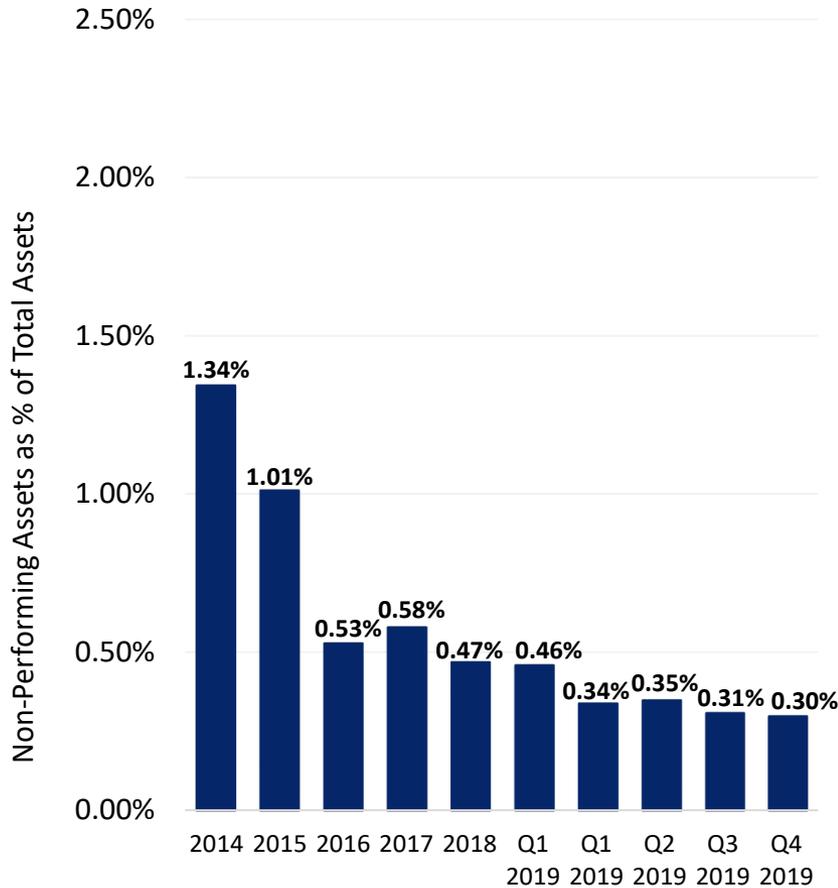


Loan to Value	Avg. Loan Amount
<50%	\$852,631
51%-60%	\$660,145
61%-65%	\$516,384
66%-70%	\$431,068
71%-75%	\$321,485
76%-80%	\$86,103
81%-90%	\$39,606
>90%	\$15,691

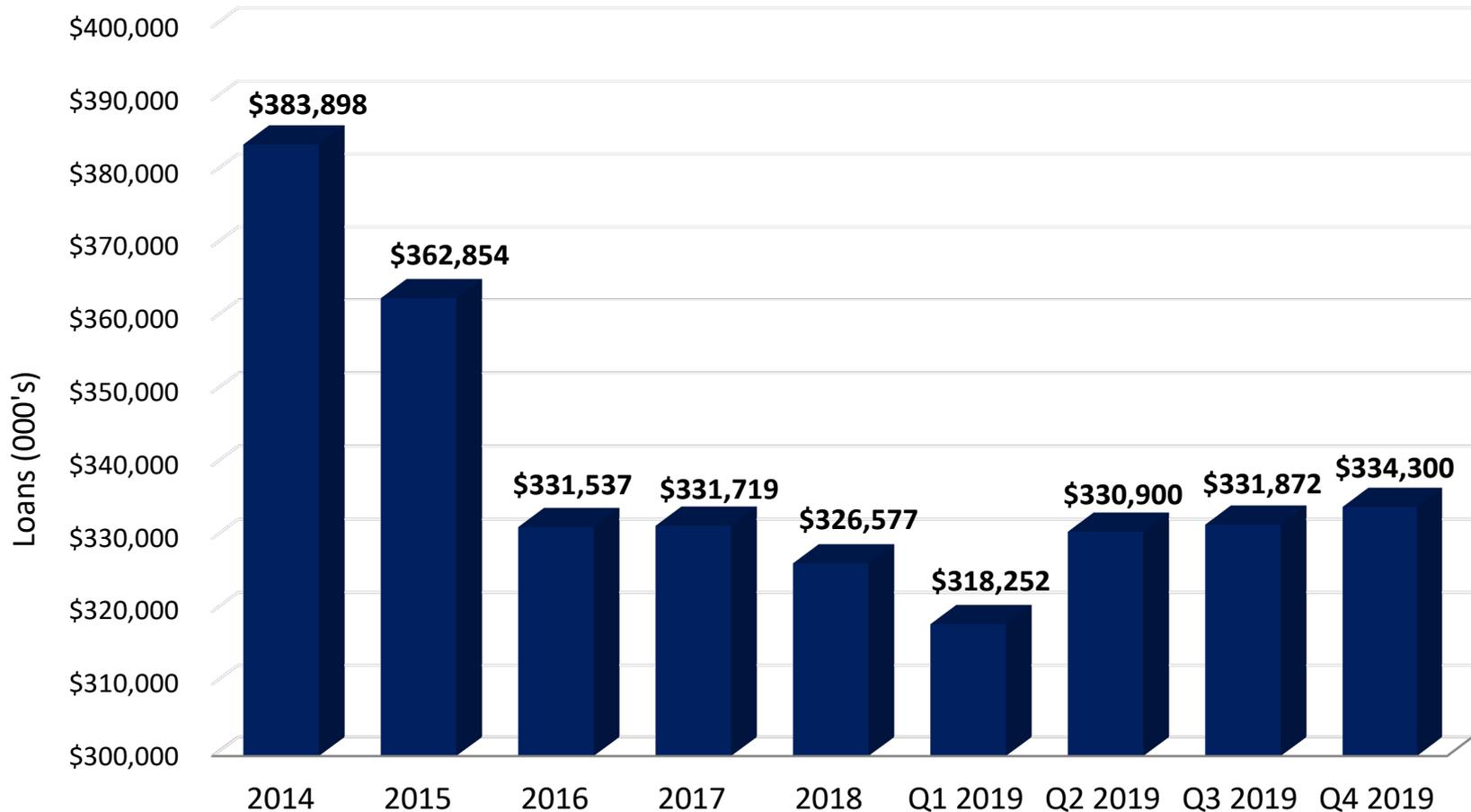
## DIVERSIFIED GEOGRAPHY – CRE & CONSTRUCTION

County	Principal City	Outstanding Balance (Millions)	Commitments (Millions)	% of CRE-Related	Average Loan Outstanding (Millions)
SACRAMENTO	Sacramento	\$296,604	\$349,552	10%	\$1,241
SAN FRANCISCO	San Francisco	\$251,611	\$283,524	9%	\$1,176
KERN	Bakersfield	\$231,885	\$278,179	8%	\$1,506
SAN MATEO	Daly City	\$199,516	\$237,188	7%	\$1,073
BUTTE	Chico	\$167,572	\$224,488	6%	\$555
FRESNO	Fresno	\$128,942	\$167,482	4%	\$955
PLACER	Roseville	\$145,879	\$149,979	5%	\$1,020
SHASTA	Redding	\$138,387	\$149,903	5%	\$558
STANISLAUS	Modesto	\$133,058	\$136,754	5%	\$930
NEVADA	Grass Valley	\$90,271	\$106,545	3%	\$575
ALL OTHER COUNTIES	N/A	\$1,133,069	\$1,223,847	39%	\$836
TOTAL		\$2,916,794	\$3,307,441	AVG.	\$890

# NON-PERFORMING ASSETS & NET CHARGE OFFS

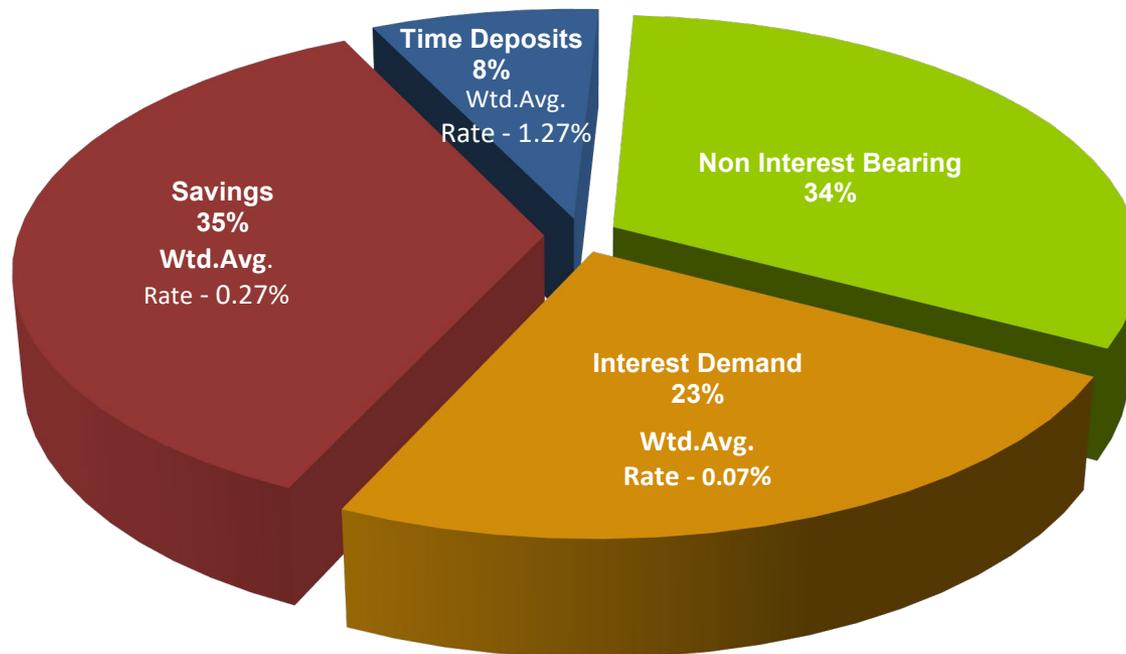


# HOME EQUITY LOANS OUTSTANDING



# DEPOSITS

# CONSISTENT AND BALANCED CORE DEPOSIT FUNDING\*



\*Weighted average costs of deposits for the quarter ended 12/31/2019

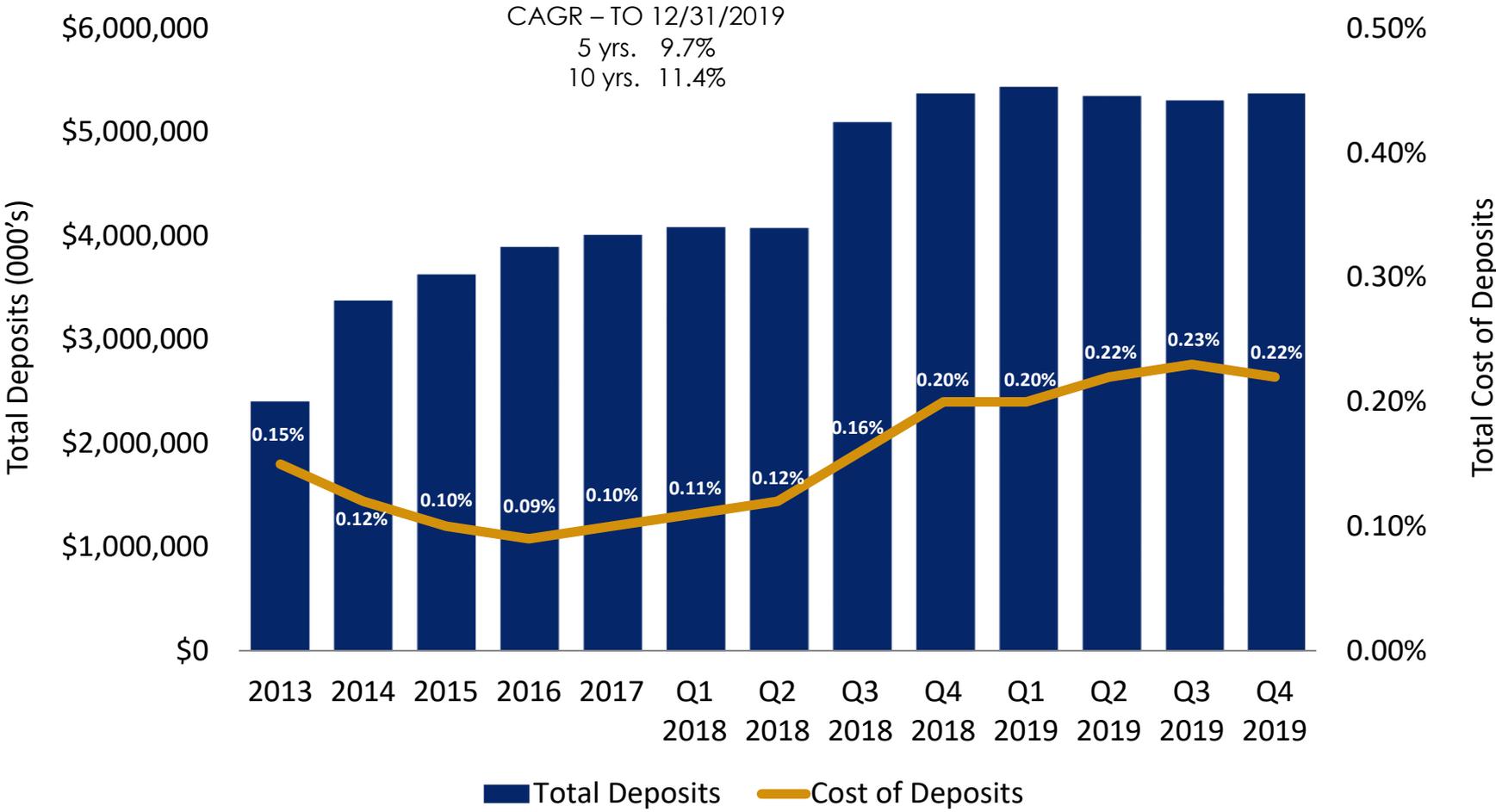
# MARKET SHARE OF ALL BRANCHES

## SORTED BY ZIP CODE

Rank	Institution Name	State (Hdqtrd)	Charter	Deposits (\$000)	Market Share
1	Wells Fargo Bank, N.A.	SD	Federal	\$ 35,520,322	27.7%
2	Bank of America	NC	Federal	\$ 11,585,002	9.0%
3	U.S. Bank, N.A.	OH	Federal	\$ 10,947,425	8.6%
4	JP Morgan Chase Bank, N.A.	OH	Federal	\$ 6,062,088	4.7%
5	Tri Counties Bank	CA	State	\$ 5,347,670	4.2%
6	MUFG Union Bank, N.A.	CA	Federal	\$ 3,539,533	2.8%
7	Bank of the West	CA	State	\$ 3,213,296	2.5%
8	HSBC Bank USA, N.A.	VA	Federal	\$ 3,042,096	2.4%
9	Umpqua Bank	OR	State	\$ 2,531,953	2.0%
10	Citibank, N.A.	SD	Federal	\$ 2,317,000	1.8%

Source: FDIC Summary of Deposits, June 2019

# CONSISTENT DEPOSIT GROWTH – ATTRACTIVE COST

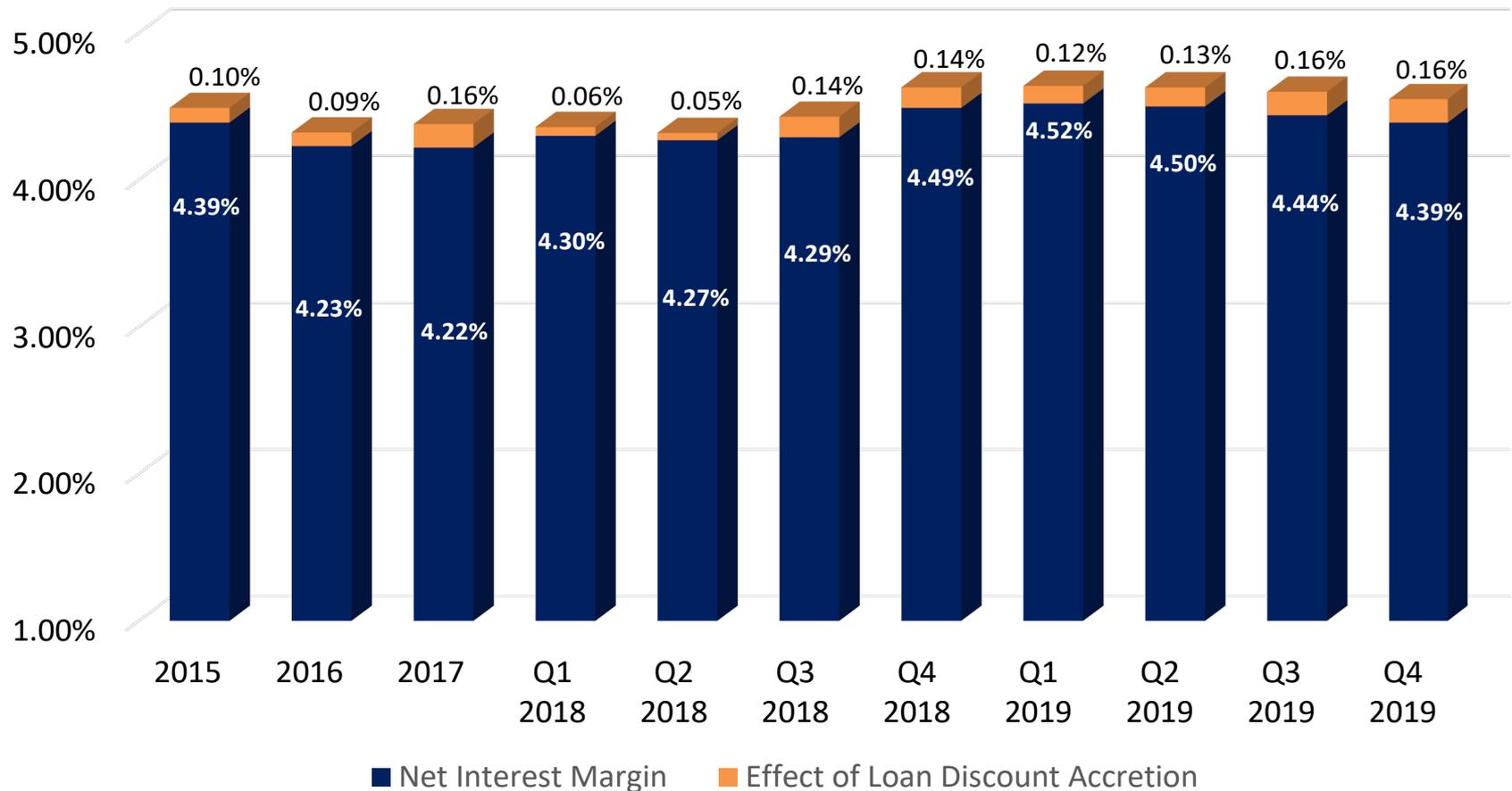


\*Note: Q3 2018 includes acquisition of FNB Bancorp (Deposit cost of 0.28%)

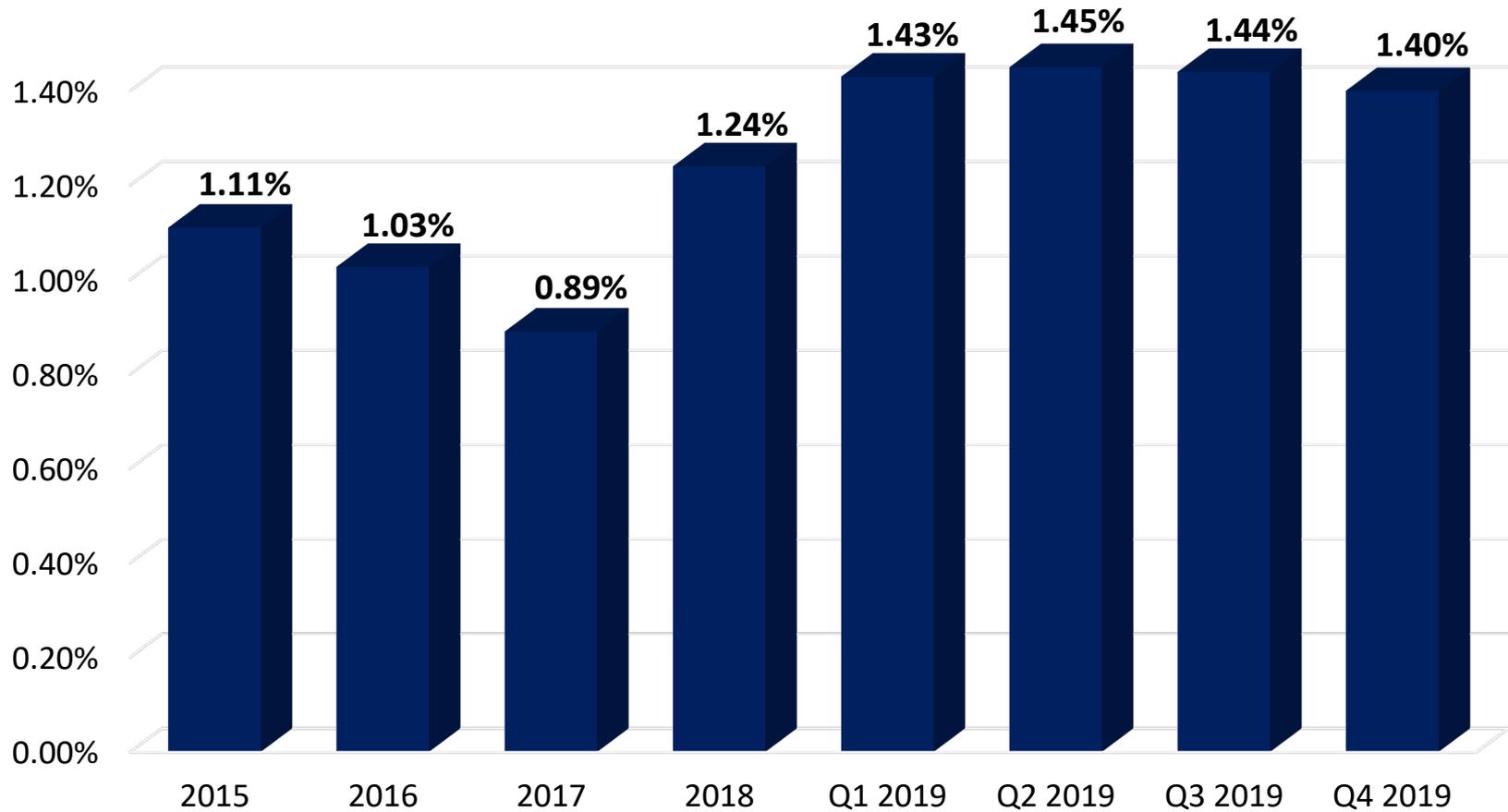


# FINANCIALS

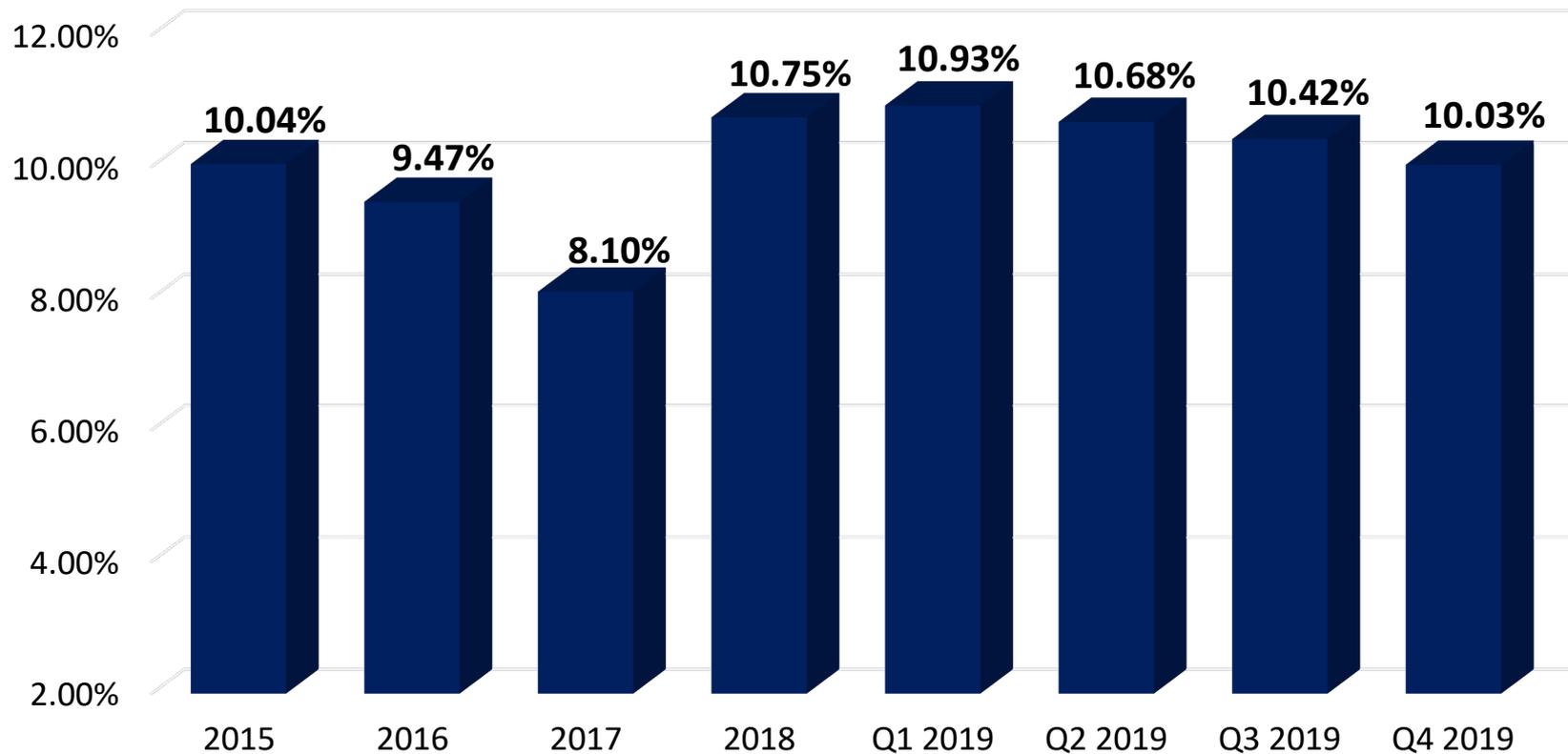
# NET INTEREST MARGIN – CONTRIBUTION FROM DISCOUNT ACCRETION



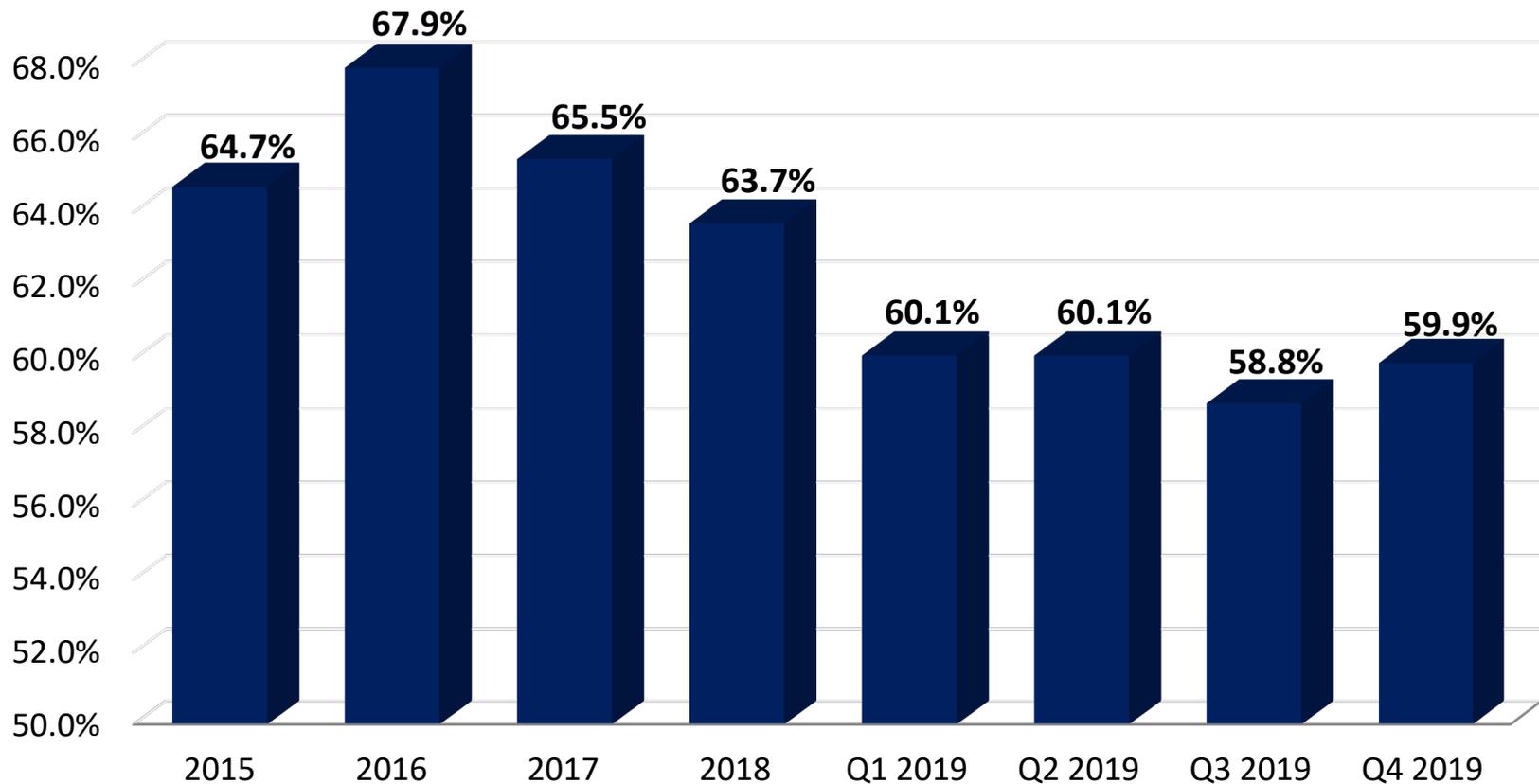
# RETURN ON AVERAGE ASSETS



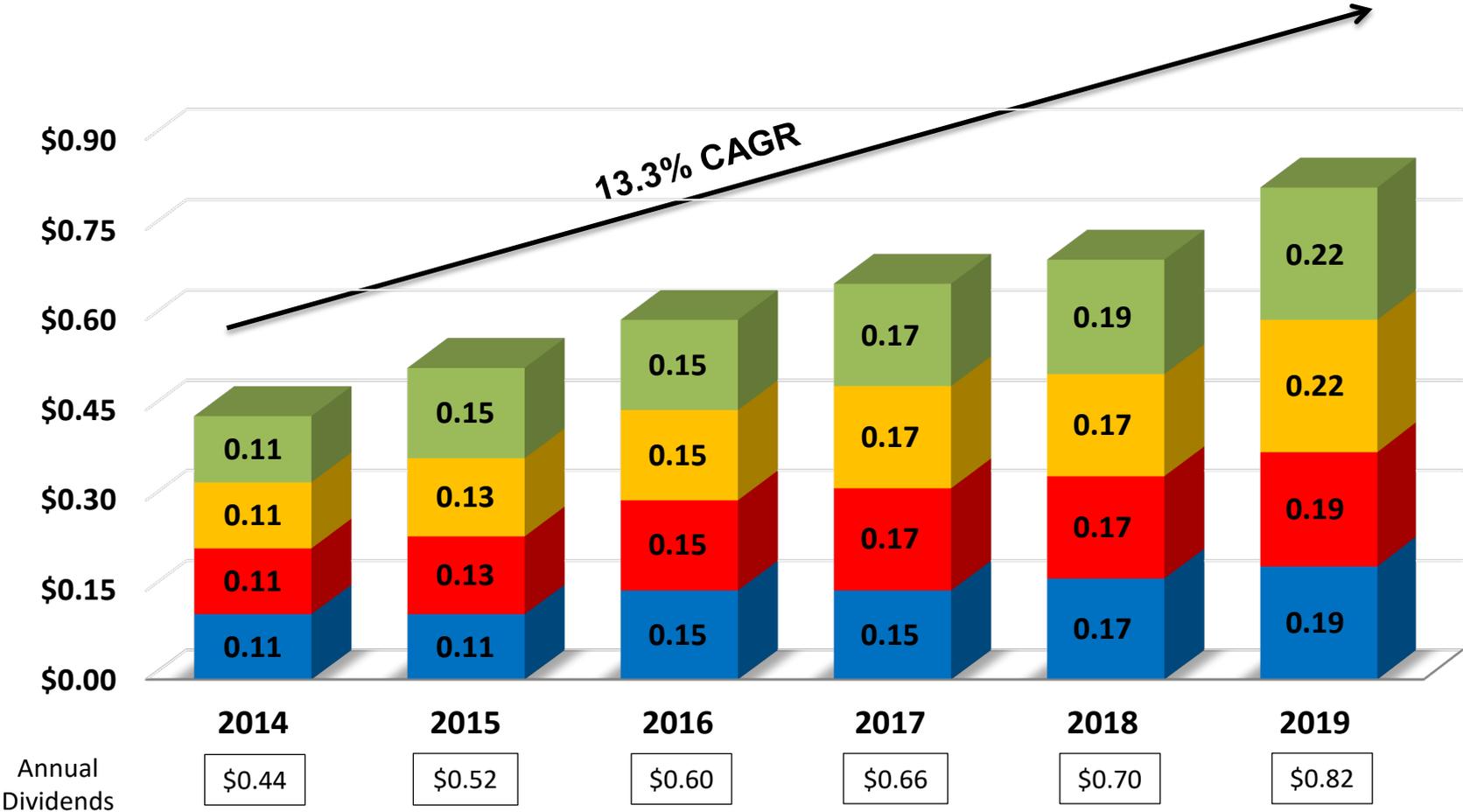
# RETURN ON AVERAGE SHAREHOLDER'S EQUITY



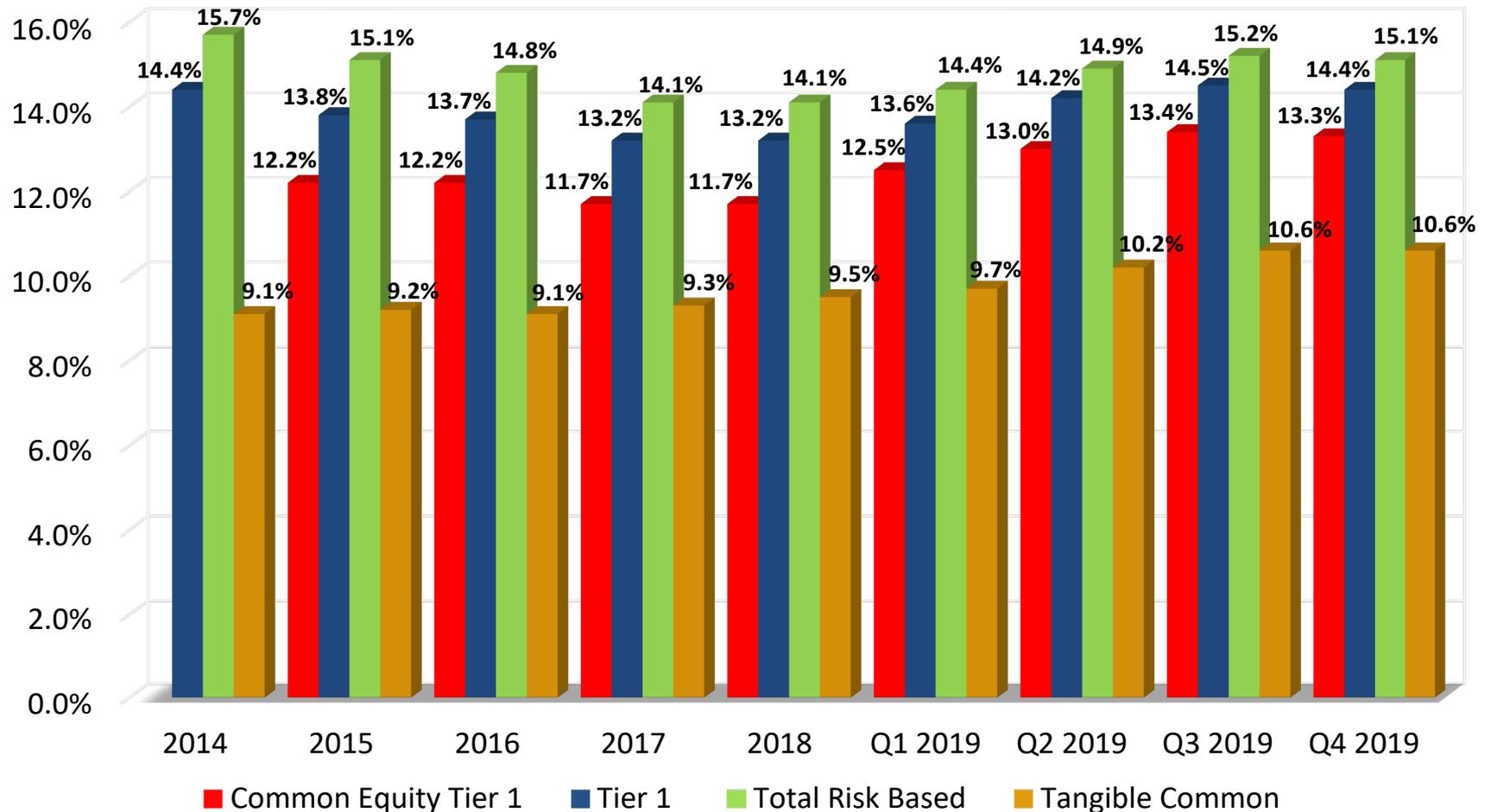
# EFFICIENCY RATIO (FULLY TAXABLE EQUIVALENT)



# DIVIDENDS PAID



# CAPITAL RATIOS (\$000'S)





# TRICO BANCSHARES IS COMMITTED TO:

Improving the financial success and well-being of our shareholders, customers, communities and employees.