

 **trico bancshares**
 **tri counties bank**

“Chico Born and Bred”

for

The Chico Rotary Club

Presented by: Richard P. Smith
December 12, 2017



Overview

| | |
|-----------------------|----------------------|
| Asset Size: | \$4.7 Billion |
| Location: | Chico, CA |
| Founded: | 1975 |
| Deposits: | \$3.9 Billion |
| Loans (net): | \$2.9 Billion |
| Customers: | 190,000 |
| Bank Branches: | 67* |
| ATMs: | 84 |

**includes our telephone banking center*





Overview

Nasdaq: TCBK

***Stock Price:** \$42.21

Market

Capitalization: \$975 million

Cash Dividends: 100+ consecutive quarters

****Asset Size Rank of CA**

Publicly Traded Banks: 14

Premier Northern California Community Bank

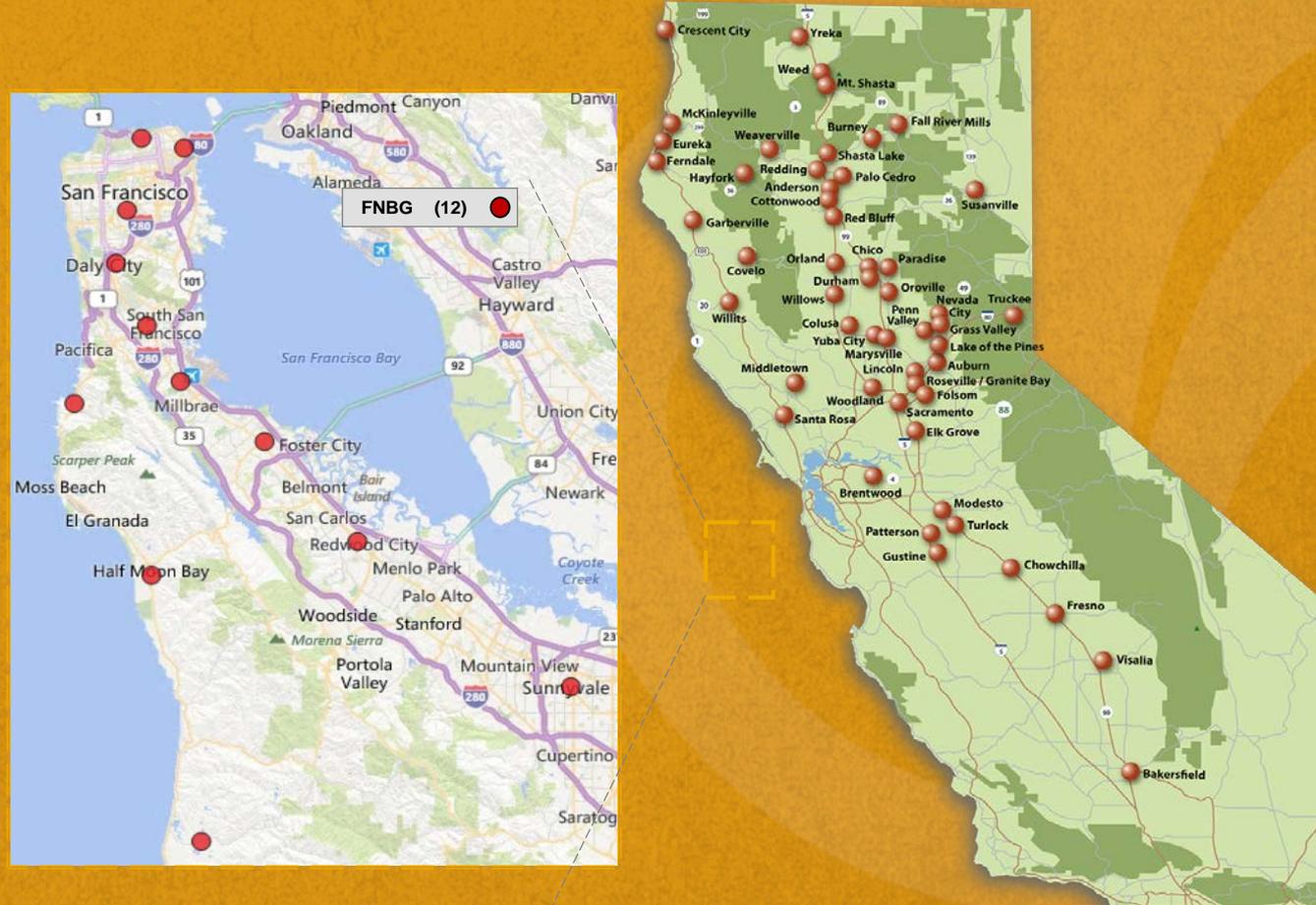
TCBK has an extensive presence throughout Northern California and the Central Valley with 66 branches

FNBG's twelve branches across the SF Peninsula provide scale in a key Northern California market

FNBG adds an established presence with a 50+ year history serving the SF Peninsula

San Francisco is the economic hub of Northern California, located ~150 miles from TriCo headquarters in Chico, CA

Significant business activity exists between San Francisco and other Northern California markets within TriCo's footprint



Bay Area Opportunity

Economy

- The Bay Area's \$780 billion economy would rank 5th among all US states and 18th globally among all countries
- The Bay Area economy grew 5.2% in 2016, ~3x faster than the US rate
- At 3.3% unemployment the area is significantly below national averages
- The Bay Area is the #1 region in the U.S. for venture capital investment
- Tourism attracts ~25 million visitors annually accounting for ~\$9.7B in spending
- More than 52% of the population holds a Bachelor's degree or higher
- 25 Colleges and Universities are present in San Francisco
- Although led by tech, the Bay Area economy is supported by a diverse set of industries

Major Employers

The Bay Area is home to 36 Fortune 500 companies, more than any other US region except New York

Major employers include:



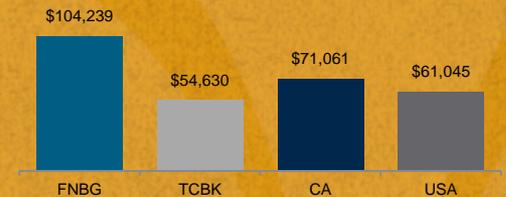
Demographics

With a population of ~7.6 million in the nine county region, the Bay Area represents ~20% of California's residents

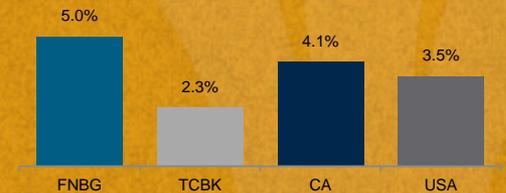
Attractive demographic trends driven by strong population growth on a large, affluent population base

Strong Demographics⁽¹⁾

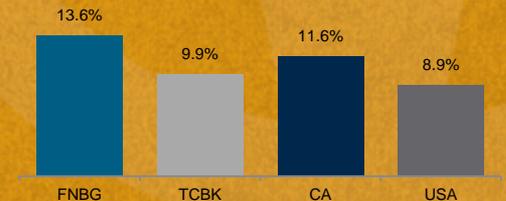
2017 Median HHI



Projected 5-Year Population Growth



Projected 5-Year Median HHI Growth



Sources: The San Francisco Center for Economic Development, Center for Continuing Study of the California Economy and U.S. Bureau of Labor Statistics.

(1) Median for zip codes in FNBG's and TCBK's footprint.

Market position in Northern California

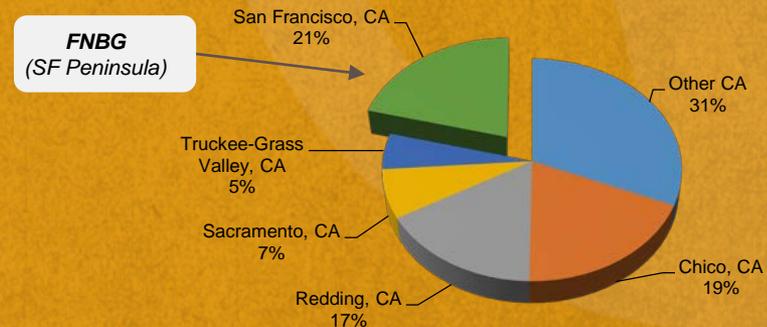
- FNBG and TriCo will create the largest Northern California-based community bank at over \$6bn in assets
- TriCo currently has a dominant market share in several Northern California markets
 - #1 ranked deposit market share in Chico and Redding MSAs (~25% of total market)
 - Represent stable markets with long term core depositors
 - Top 5 market share position in 42% of TCBK's counties
- FNBG's San Francisco presence provides increased growth prospects with strong demographic trends
 - Larger and thriving markets with affluent population base and significant business opportunities
 - Ample scale with capacity to improve market penetration
 - One of the largest, best-positioned community banks serving San Francisco
- TriCo's recent expansion into Sacramento, CA complements San Francisco as a metro growth opportunity

Largest Northern California Based Banks

| Rank | Community Bank Rank | Institution | MRQ Total Assets (\$mm) |
|------|---------------------|------------------------------------|-------------------------|
| 1 | | Wells Fargo & Company | 1,934,939 |
| 2 | | First Republic Bank | 84,320 |
| 3 | | SVB Financial Group | 50,754 |
| 4 | 1 | TriCo (Pro Forma) | 6,119 |
| 5 | 2 | Mechanics Bank | 5,702 |
| 6 | 3 | Westamerica Bancorporation | 5,446 |
| 7 | 4 | Luther Burbank Corporation | 5,320 |
| 8 | 5 | Fremont Bancorporation | 3,870 |
| 9 | 6 | Farmers & Merchants Bancorp | 3,072 |
| 10 | 7 | 1867 Western Financial Corporation | 2,907 |

TCBK 2017 Deposits by MSA (pro forma)

FNBG enables TCBK to enter the attractive Bay Area market with scale



Merger Summary

Deal Terms

- 100% stock consideration to common shareholders; option holders to be cashed out
- Fixed exchange ratio, 0.980x shares of TCBK common stock for each share of FNBG stock
- Aggregate transaction value of \$315mm or \$40.81 per share ⁽¹⁾

Price Collars

- Fixed exchange ratio of 0.980x when TCBK's stock price is between \$49.78 and \$33.18
 - Outside the range, price adjusts if TCBK outperforms (above the range) / underperforms (below the range) the KBW Regional Bank Index by 20% or more
 - TCBK and FNBG each have termination rights if the double-trigger collar is met

Ownership

- 76.0% TCBK / 24.0% FNBG
- Two FNBG directors to join the TriCo board of directors

Process and Other Information

- Extensive due diligence process completed; including loan review
- Termination fee of \$12.0mm
- Requires customary regulatory and shareholder approvals
- Expected close in the first half of 2018

¹⁾ Assumes TCBK stock price of \$41.64 closing price on December 8, 2017

Key Statistics

| | <u>2017</u> | <u>1975</u> |
|-----------------------|--------------------|--------------------|
| • Number of Employees | 1,025 | 21 |
| • Local employees | 450 | 21 |
| • Bank Directors | 11 | 15 |
| • Payroll | \$84 million | \$137,000 |
| • Average Salary | \$76,364 | \$6,524 |
| • Branches | 67 | 1 |
| • Offices | 5 | 1 |
| • Cities | 53 | 1 |
| • Counties | 26 | 1 |
| • Number of Customers | 180,000 | 3,200 |
| • Number of Accounts | 400,000 | 4,400 |

Our Story

Tri Counties Bank opened for business in June of 1975. We opened in a portable trailer on where our Pillsbury branch is located today.

The bank was formed by local area businesspeople and area farmers to provide the community with a strong local community focused bank. The name provided for the strategic vision of someday serving the businesses and citizens of Butte, Glenn and Tehama counties.



Our Story

The bank was started with only \$1,000,000 of capital. The shareholders were widely distributed and the original board felt strongly that the stock should remain widely held. Again, there was a strong need for a local bank to help customers during difficult economic times during the mid 1970's. Tri Counties reason to exist was driven by it's strong belief of meeting the financial needs of our community.

Our founding principles remain today as they were in 1975. Tri Counties Bank exists for just one purpose: to improve the financial well-being for our shareholders, customers, communities and employees.

TRICO Bancshares (TCBK)

- Stock Price from 1994-2017



TRICO Bancshares (TCBK)

- Stock Price 2016-2017



Largest Shareholders

- 74% Institutional Shareholders
 - Blackrock
 - Dimension Funds
 - Fidelity
 - Manulife (John Hancock)
 - Goldman Sachs
 - JP Morgan Chase
 - Vanguard

Largest Shareholders

- Management & Board - 12%
- Employees through our ESOP program are the second largest shareholder in the company at approximately 5%.
- In addition, we have thousands of individuals who own shares in TCBK.

Shareholders by Geography

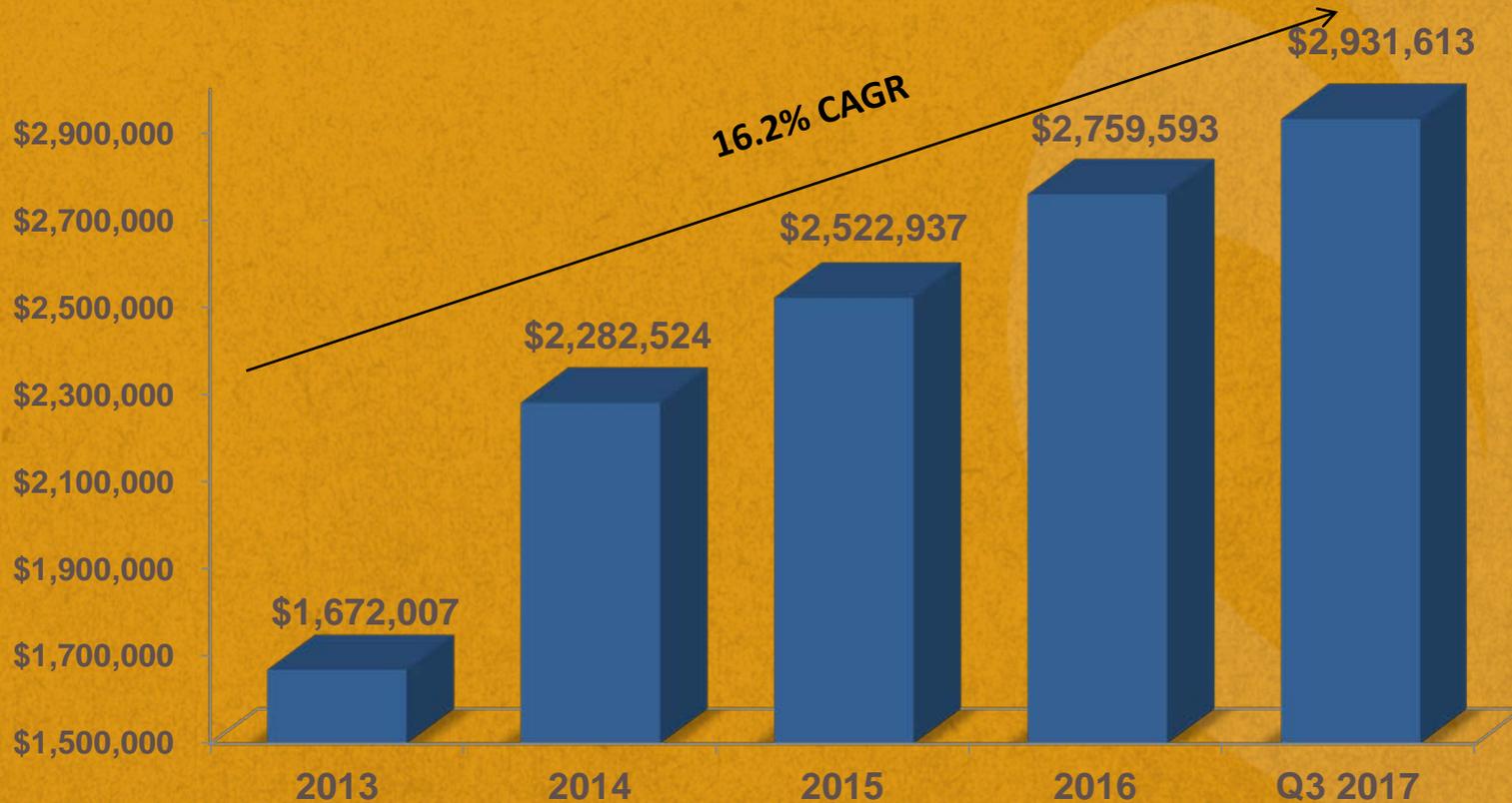
- United States 82.09%
- Luxembourg
- Britain
- Switzerland
- Japan
- Canada
- Germany
- Ireland

Bank Mergers & Acquisitions

- 3 Branch purchase Bank of America 2016
- North Valley Bancorp 2014
- Citizens Bank of Northern California 2011
- Granite Community Bank 2010
- North State National Bank 2003
- 9 Branch purchase Wells Fargo 1997
- Sutter Butte Savings 1996
- Country National Bank 1993
- Branch purchase from Wells Fargo 1987
- Shasta County Bank 1981

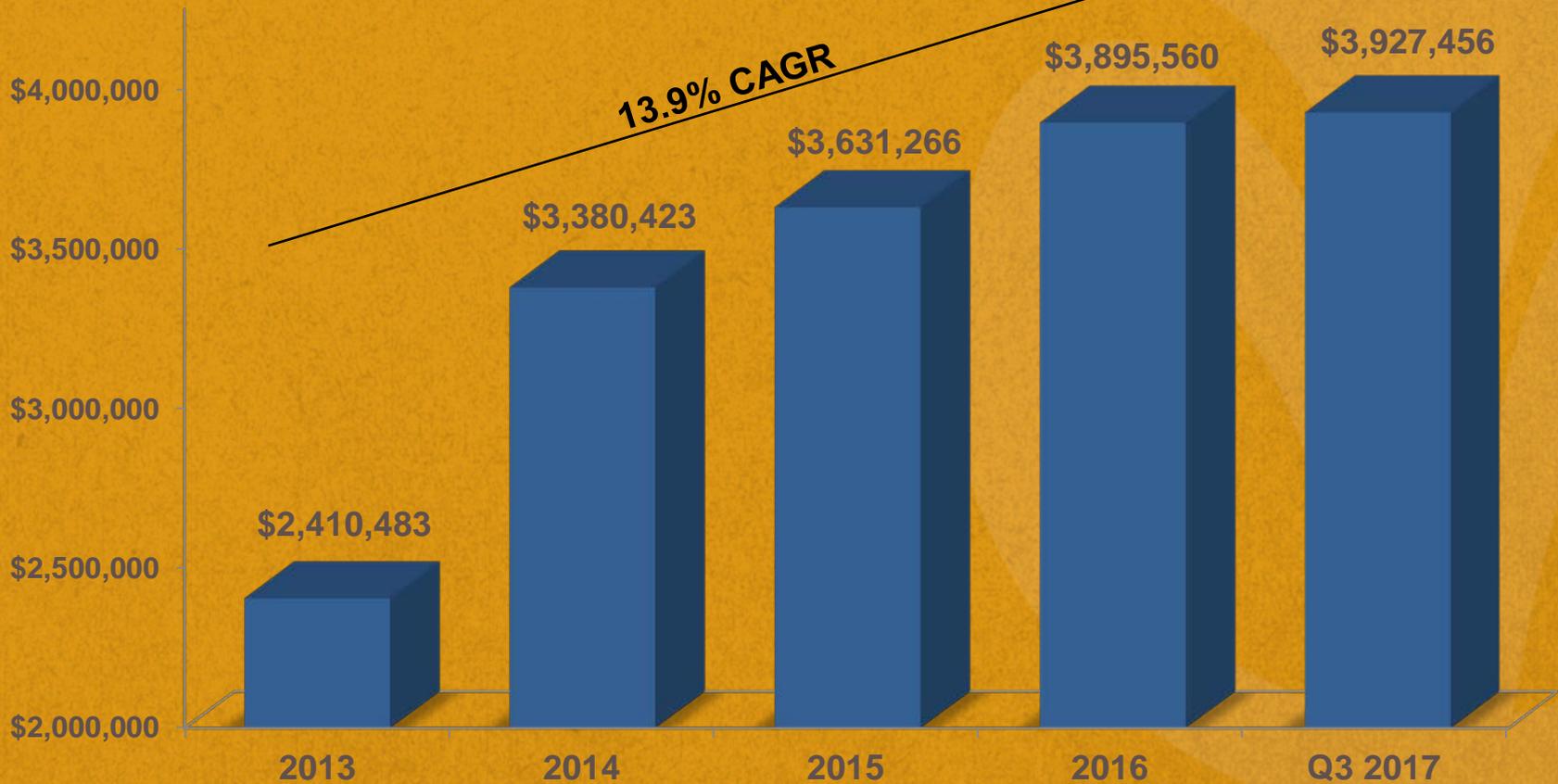
Total Loans

Net of unamortized deferred loan fees and discounts (\$'000's)



Data as of 09.30.2017

Total Ending Deposits



Data as of 09.30.2017

Economic Impacts

- Over 3,000 hours of volunteer community service per year
- Team members volunteers in leadership positions in many community programs that provided needed services to low in moderate income families and communities
- By being headquartered in Chico, we receive numerous grants that bring needed monies for affordable housing programs, senior living support and economic assistance (i.e. Fire funds for those most in need).
- We currently have invested over \$40 million in community development programs. Programs designed to create jobs, provide affordable housing and/or drive economic development.
- We donate over \$1 million a year into non profit organizations.
- Help raise community funds in several communities designated as Federal Disaster areas due to the wild fires over the past few years.
- This year we have made \$100,000,000 in loans to small businesses throughout our market area.

tri counties bank



Downtown Sacramento
July 2017