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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

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**FORM 8-K**

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**Current report pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):  
January 25, 2022**

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(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction of  
incorporation or organization)

**0-10661**  
(Commission File No.)

**94-2792841**  
(I.R.S. Employer  
Identification No.)

**63 Constitution Drive      Chico,      California**  
(Address of principal executive offices)

**95973**  
(Zip Code)

**Registrant's telephone number, including area code: (530) 898-0300**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class               | Trading<br>Symbol(s) | Name of each exchange<br>on which registered |
|-----------------------------------|----------------------|--|
| <b>Common Stock, no par value</b> | <b>TCBK</b>          | <b>Nasdaq</b>                                |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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. ☐

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**Item 2.02       Results of Operations and Financial Condition**

On January 25, 2022, TriCo Bancshares (the "Company") announced its unaudited financial results for the three and twelve month periods ended December 31, 2021. A copy of the press release is attached as Exhibit 99.1 to this to this Form 8-K and is incorporated herein by reference.

**Item 7.01       Regulation FD Disclosure**

The executive officers of the Company intend to use the materials filed herewith, in whole or in part, in one or more presentations, discussions or meetings with investors. A copy of the investor presentation is attached hereto as Exhibit 99.2.

**Item 9.01       Financial Statements and Exhibits**

(d) Exhibits

[99.1](#)      Press release dated January 25, 2022

[99.2](#)      Investor Presentation

The information furnished under Item 2.02, Item 7.01 and Item 9.01 of this Current Period on Form 8-K, including the exhibit, shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section, nor shall it be deemed incorporated by reference in any registration statement or other filings of TriCo Bancshares under the Securities Act of 1933, as amended, except as shall be set forth by specific reference in such filing.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: January 25, 2022

TRICO BANCSHARES

/s/ Peter G. Wiese

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Peter G. Wiese, Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

PRESS RELEASE  
For Immediate Release

Contact: Peter G. Wiese  
EVP & Chief Financial Officer (530) 898-0300

### TRICO BANCSHARES ANNOUNCES ANNUAL AND QUARTERLY RESULTS

CHICO, CA – (January 25, 2022) – TriCo Bancshares (NASDAQ: TCBK) (the “Company”), parent company of Tri Counties Bank, today announced net income of \$28,222,000 for the quarter ended December 31, 2021, compared to \$27,422,000 during the trailing quarter ended September 30, 2021 and \$23,657,000 during the quarter ended December 31, 2020. Diluted earnings per share were \$0.94 for the fourth quarter of 2021, compared to \$0.92 for the third quarter of 2021 and \$0.79 for the fourth quarter of 2020.

#### **Financial Highlights**

Performance highlights and other developments for the Company as of or for the three and twelve months ended December 31, 2021 included the following:

- For the three and twelve months ended December 31, 2021, the Company’s return on average assets was 1.31% and 1.43%, respectively, and the return on average equity was 11.20% and 12.10%, respectively.
- Loan growth, excluding PPP, totaled \$119.4 million (10.1% annualized) for the current quarter and \$419.1 million (9.4% annualized) for the trailing twelve-month period.
- For the current quarter, net interest margin on a tax equivalent basis was 3.50%, which was consistent with the 3.50% in the trailing quarter and 3.79% for the quarter ended December 31, 2020.
- The efficiency ratio improved to 53.18% for the twelve months ended December 31, 2021, as compared to 58.40% for the same period of the prior year.
- As of December 31, 2021, the Company reported total loans, total assets and total deposits of \$4.92 billion, \$8.61 billion and \$7.37 billion, respectively. As a direct result of significant deposit growth in the last year, the loan to deposit ratio has declined to 66.74% as of December 31, 2021, as compared to 73.21% at December 31, 2020.
- The average rate of interest paid on deposits, including non-interest-bearing deposits, equaled 0.04% during the fourth quarter of 2021, comparing favorably with 0.05% during the trailing quarter, and representing a decrease of 3 basis points from the average rate paid of 0.07% during the same quarter of the prior year.
- The balance of PPP loans outstanding at December 31, 2021 totaled \$63.3 million and the balance of SBA fees remaining to be accreted totaled \$2.2 million. Over 90% of all PPP loans originated have been forgiven and repaid by the SBA.
- Noninterest income related to service charges and fees was \$11.3 million and \$43.9 million for the three and twelve month periods ended December 31, 2021, an increase of 10.4% and 15.7% when compared to the same periods in 2020.
- The provision for credit losses for loans and debt securities was approximately \$1.0 million during the quarter ended December 31, 2021, as compared to a reversal of provision expense of \$1.4 million during the trailing quarter ended September 30, 2021, and a provision expense totaling \$4.9 million for the three month period ended December 31, 2020.
- The allowance for credit losses to total loans was 1.74% as of December 31, 2021, compared to 1.72% as of the trailing quarter end, and 1.93% as of December 31, 2020. Non-performing assets to total assets were 0.38% at December 31, 2021, as compared to 0.37% as of September 30, 2021, and 0.39% at December 31, 2020.

“Fourth Quarter operating results remained strong as net loan growth, excluding PPP, exceeded 10 percent during the quarter. In addition, the performance of our Southern California commercial banking centers that opened in the Summer of 2021 are exceeding our internal forecasts”, commented Rick Smith, President and Chief Executive Officer. Smith added, “We also expect our acquisition of Valley Republic Bank to close in the first quarter of 2022. The Valley Team continues to build loan pipelines and their loan growth remains strong.”

Peter Wiese, EVP and Chief Financial Officer also commented, “2021 represented the first year in our history where annual net income exceeded \$100 million and total shareholders’ equity grew to over \$1.0 billion. We thank our pandemic-weary Team for all of their hard work and efforts over the past year.”

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*Financial results reported in this document are preliminary. Final financial results and other disclosures will be reported in our Annual Report on Form 10-K for the period ended December 31, 2021, and may differ materially from the results and disclosures in this document due to, among other things, the completion of final review procedures, the occurrence of subsequent events, or the discovery of additional information.*

## Summary Results

For the three and twelve months ended December 31, 2021, the Company's return on average assets was 1.31% and 1.43%, respectively, while the return on average equity was 11.20% and 12.10%, respectively. For the three and twelve months ended December 31, 2020, the Company's return on average assets was 1.24% and 0.91%, respectively, while the return on average equity was 10.37% and 7.18%, respectively.

The following is a summary of the components of the Company's operating results and performance ratios for the periods indicated:

| (dollars and shares in thousands)         | Three months ended |                    | \$ Change | % Change |
|---|--------------------|--------------------|-----------|----------|
|   | December 31, 2021  | September 30, 2021 |           |          |
| Net interest income                       | \$ 69,783          | \$ 68,233          | \$ 1,550  | 2.3 %    |
| (Provision for) reversal of credit losses | (980)              | 1,435              | (2,415)   | (168.3)% |
| Noninterest income                        | 16,502             | 15,095             | 1,407     | 9.3 %    |
| Noninterest expense                       | (46,679)           | (45,807)           | (872)     | 1.9 %    |
| Provision for income taxes                | (10,404)           | (11,534)           | 1,130     | (9.8)%   |
| Net income                                | \$ 28,222          | \$ 27,422          | \$ 800    | 2.9 %    |
| Diluted earnings per share                | \$ 0.94            | \$ 0.92            | \$ 0.02   | 2.2 %    |
| Dividends per share                       | \$ 0.25            | \$ 0.25            | \$ —      | — %      |
| Average common shares                     | 29,724             | 29,714             | 10        | — %      |
| Average diluted common shares             | 29,870             | 29,851             | 19        | 0.1 %    |
| Return on average total assets            | 1.31 %             | 1.30 %             |           |          |
| Return on average equity                  | 11.20 %            | 11.02 %            |           |          |
| Efficiency ratio                          | 54.10 %            | 54.97 %            |           |          |

| (dollars and shares in thousands) | Three months ended |                   | \$ Change | % Change |
|-----------------------------------|--------------------|-------------------|-----------|----------|
|                                   | December 31, 2021  | December 31, 2020 |           |          |
| Net interest income               | \$ 69,783          | \$ 66,422         | \$ 3,361  | 5.1 %    |
| Reversal of credit losses         | (980)              | (4,850)           | 3,870     | (79.8)%  |
| Noninterest income                | 16,502             | 16,580            | (78)      | (0.5)%   |
| Noninterest expense               | (46,679)           | (45,745)          | (934)     | 2.0 %    |
| Provision for income taxes        | (10,404)           | (8,750)           | (1,654)   | 18.9 %   |
| Net income                        | \$ 28,222          | \$ 23,657         | \$ 4,565  | 19.3 %   |
| Diluted earnings per share        | \$ 0.94            | \$ 0.79           | \$ 0.15   | 19.0 %   |
| Dividends per share               | \$ 0.25            | \$ 0.22           | \$ 0.03   | 13.6 %   |
| Average common shares             | 29,724             | 29,757            | (33)      | (0.1)%   |
| Average diluted common shares     | 29,870             | 29,863            | 7         | — %      |
| Return on average total assets    | 1.31 %             | 1.24 %            |           |          |
| Return on average equity          | 11.20 %            | 10.37 %           |           |          |
| Efficiency ratio                  | 54.10 %            | 55.11 %           |           |          |

| (dollars and shares in thousands)         | Twelve months ended |                   | \$ Change | % Change |
|---|---------------------|-------------------|-----------|----------|
|   | December 31, 2021   | December 31, 2020 |           |          |
| Net interest income                       | \$ 271,539          | \$ 257,727        | \$ 13,812 | 5.4 %    |
| Reversal of (provision for) credit losses | 6,775               | (42,813)          | 49,588    | (115.8)% |
| Noninterest income                        | 63,664              | 55,194            | 8,470     | 15.3 %   |
| Noninterest expense                       | (178,275)           | (182,758)         | 4,483     | (2.5)%   |
| Provision for income taxes                | (46,048)            | (22,536)          | (23,512)  | 104.3 %  |
| Net income                                | \$ 117,655          | \$ 64,814         | \$ 52,841 | 81.5 %   |
| Diluted earnings per share                | \$ 3.94             | \$ 2.16           | \$ 1.78   | 82.4 %   |
| Dividends per share                       | \$ 1.00             | \$ 0.88           | \$ 0.12   | 13.6 %   |
| Average common shares                     | 29,721              | 29,917            | (196)     | (0.7)%   |
| Average diluted common shares             | 29,882              | 30,028            | (146)     | (0.5)%   |
| Return on average total assets            | 1.43 %              | 0.91 %            |           |          |
| Return on average equity                  | 12.10 %             | 7.18 %            |           |          |
| Efficiency ratio                          | 53.18 %             | 58.40 %           |           |          |

## **SBA Paycheck Protection Program**

In March 2020 (Round 1) and subsequently in December 2020 (Round 2), the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") was created to help small businesses keep workers employed during the COVID-19 crisis. Tri Counties Bank, through its online portal, facilitated the ability for borrowers to open a new deposit account and submit PPP applications during the entirety of the Programs. The SBA ended PPP and did not accept new borrowing applications, effective May 31, 2021.

The following is a summary of PPP loan related information as of the periods indicated:

| (dollars in thousands)                        | December 31, 2021 | September 30, 2021 | June 30, 2021     | March 31, 2021    | December 31, 2020 |
|---|-------------------|--------------------|-------------------|-------------------|-------------------|
| Total number of PPP loans outstanding         | 450               | 1,449              | 2,209             | 2,484             | 2,310             |
| PPP loan balance (Round 1 origination), gross | \$ 2,544          | \$ 9,302           | \$ 51,547         | \$ 193,958        | \$ 333,982        |
| PPP loan balance (Round 2 origination), gross | 60,767            | 148,159            | 197,035           | 176,316           | n/a               |
| Total PPP loans, gross outstanding            | <u>\$ 63,311</u>  | <u>\$ 157,461</u>  | <u>\$ 248,582</u> | <u>\$ 370,274</u> | <u>\$ 333,982</u> |
| PPP deferred loan fees (Round 1 origination)  | \$ 1              | \$ 40              | \$ 477            | \$ 2,358          | \$ 7,212          |
| PPP deferred loan fees (Round 2 origination)  | 2,163             | 5,973              | 8,513             | 7,072             | n/a               |
| Total PPP deferred loan fees outstanding      | <u>\$ 2,164</u>   | <u>\$ 6,013</u>    | <u>\$ 8,990</u>   | <u>\$ 9,430</u>   | <u>\$ 7,212</u>   |

As of December 31, 2021, the total gross balance outstanding of PPP loans was \$63,311,000 as compared to total PPP originations of \$640,410,000. In connection with the origination of these loans, the Company earned approximately \$25,299,000 in loan fees, offset by deferred loan costs of approximately \$1,245,000, the net of which will be recognized over the earlier of loan maturity (between 24-60 months), repayment or receipt of forgiveness confirmation. As of December 31, 2021, there was approximately \$2,164,000 in net deferred fee income remaining to be recognized. During the three and twelve months ended December 31, 2021, the Company recognized \$3,842,000 and \$14,148,000, respectively in fees on PPP loans as compared with \$4,643,000 and \$7,760,000 for the three and twelve months ended December 31, 2020, respectively.

## **COVID Deferrals**

Following the passage of the CARES Act legislation, the "Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus" was issued by federal bank regulators, which offers temporary relief from troubled debt restructuring accounting for loan payment deferrals for certain customers whose businesses are experiencing economic hardship due to Coronavirus. The applicable period for this relief, originally expected to expire on December 31, 2020, was extended through 2021 by way of the Consolidated Appropriations Act.

The following is a summary of COVID related loan customer modifications with outstanding balances as of December 31, 2021:

| (dollars in thousands)             | Modified Loan Balances Outstanding | % of Total Category of Loans | Modification Type      |                                 | Deferral Term |               |               |
|------------------------------------|------------------------------------|------------------------------|------------------------|---------------------------------|---------------|---------------|---------------|
|                                    |                                    |                              | Interest Only Deferral | Principal and Interest Deferral | 90 Days       | 180 Days      | Other         |
| Commercial real estate:            |                                    |                              |                        |                                 |               |               |               |
| CRE non-owner occupied             | \$ 18,437                          | 1.2 %                        | 100.0 %                | — %                             | — %           | 79.5 %        | 20.5 %        |
| CRE owner occupied                 | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Multifamily                        | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Farmland                           | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Total commercial real estate loans | <u>18,437</u>                      | <u>0.6</u>                   | <u>—</u>               | <u>—</u>                        | <u>—</u>      | <u>79.5</u>   | <u>20.5</u>   |
| Consumer loans                     | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Commercial and industrial          | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Construction                       | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Agriculture production             | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Leases                             | —                                  | —                            | —                      | —                               | —             | —             | —             |
| Total modifications                | <u>\$ 18,437</u>                   | <u>0.4 %</u>                 | <u>100.0 %</u>         | <u>— %</u>                      | <u>— %</u>    | <u>79.5 %</u> | <u>20.5 %</u> |

The remaining balance outstanding as of December 31, 2021 are expected to conclude their modification period during the first half of 2022. The COVID deferral relief period under the CARES act legislation ended effective January 1, 2022, as such, any further requests for modification from borrowers will be evaluated in accordance with loan modification accounting guidance.

## Balance Sheet

Total loans outstanding, excluding PPP, grew to \$4.86 billion as of December 31, 2021, an increase of 9.4% over the prior year, and an annualized increase of 10.1% over the trailing quarter. Investments increased to \$2.43 billion as of December 31, 2021, an increase of 16.3% annualized over the trailing quarter. Average earning assets to total average assets continued to increase to 93.0% at December 31, 2021, as compared to 92.9% and 92.4% at September 30, 2021, and December 31, 2020, respectively. The loan to deposit ratio was 66.7% at December 31, 2021, as compared to 67.5% and 73.2% at September 30, 2021, and December 31, 2020, respectively.

Total shareholders' equity increased by \$18,170,000 during the quarter ended December 31, 2021, primarily as a result of net income of \$28,222,000, offset by a decrease in accumulated other comprehensive income of \$2,746,000, and \$7,433,000 in cash dividends paid on common stock. As a result, the Company's book value increased to \$33.64 per share at December 31, 2021 as compared to \$33.05 and \$31.12 at September 30, 2021, and December 31, 2020, respectively. The Company's tangible book value per share, a non-GAAP measure, calculated by subtracting goodwill and other intangible assets from total shareholders' equity and dividing that sum by total shares outstanding, was \$25.80 per share at December 31, 2021, as compared to \$25.16 and \$23.09 at September 30, 2021, and December 31, 2020, respectively.

### Trailing Quarter Balance Sheet Change

| Ending balances<br>(dollars in thousands) | As of December 31,<br>2021 | September 30,<br>2021 | \$ Change  | Annualized<br>% Change |
|---|----------------------------|-----------------------|------------|------------------------|
| Total assets                              | \$ 8,614,787               | \$ 8,458,030          | \$ 156,757 | 7.4 %                  |
| Total loans                               | 4,916,624                  | 4,887,496             | 29,128     | 2.4 %                  |
| Total loans, excluding PPP                | 4,855,477                  | 4,736,048             | 119,429    | 10.1 %                 |
| Total investments                         | 2,427,885                  | 2,333,015             | 94,870     | 16.3 %                 |
| Total deposits                            | \$ 7,367,159               | \$ 7,236,822          | \$ 130,337 | 7.2 %                  |

Organic loan growth, excluding PPP, of \$119,429,000 or 10.1% on an annualized basis was realized during the quarter ended December 31, 2021, primarily within commercial real estate. In addition, investment security growth was \$94,870,000 or 16.3% on an annualized basis as excess liquidity, driven by continued strong deposit growth, was put to use in higher yielding earning assets. Deposit balances increased during the fourth quarter of 2021 by \$130,337,000 or 7.2% annualized.

### Average Trailing Quarter Balance Sheet Change

| Qtrly avg balances for the period ended<br>(dollars in thousands) | December 31,<br>2021 | September 30,<br>2021 | \$ Change  | Annualized<br>% Change |
|---|----------------------|-----------------------|------------|------------------------|
| Total assets  | \$ 8,546,004         | \$ 8,348,111          | \$ 197,893 | 9.5 %                  |
| Total loans   | 4,862,457            | 4,897,922             | (35,465)   | (2.9)%                 |
| Total loans, excluding PPP  | 4,759,294            | 4,684,492             | 74,802     | 6.4 %                  |
| Total investments   | 2,402,582            | 2,149,311             | 253,271    | 47.1 %                 |
| Total deposits  | \$ 7,304,659         | \$ 7,137,263          | \$ 167,396 | 9.4 %                  |

The decrease in average total loans of \$35,465,000, or 2.9% on an annualized basis, during the fourth quarter of 2021, was led by the quarter over quarter decline in net PPP loan balances outstanding totaling \$90,301,000. As noted above, the significant growth in both ending and average balances of investment securities was a direct result of management's focus on the deployment of excess cash balances which remained elevated due to continued deposit growth during the quarter.

### Year Over Year Balance Sheet Change

| Ending balances<br>(dollars in thousands) | As of December 31, |              | \$ Change  | % Change |
|---|--------------------|--------------|------------|----------|
|   | 2021               | 2020         |            |          |
| Total assets                              | \$ 8,614,787       | \$ 7,639,529 | \$ 975,258 | 12.8 %   |
| Total loans                               | 4,916,624          | 4,763,127    | 153,497    | 3.2 %    |
| Total loans, excluding PPP                | 4,855,477          | 4,436,357    | 419,120    | 9.4 %    |
| Total investments                         | 2,427,885          | 1,719,102    | 708,783    | 41.2 %   |
| Total deposits                            | \$ 7,367,159       | \$ 6,505,934 | \$ 861,225 | 13.2 %   |

Net PPP loan balances outstanding have declined by \$265,623,000 during the twelve months ended December 31, 2021, meanwhile, non-PPP loan balances (both organic and purchased) have increased by \$419,120,000 during the same period. This has led to a beneficial and meaningful shift in the makeup of the loan portfolio, despite total loan balances increasing modestly during the year ended December 31, 2021, by \$153,497,000 or 3.2%. The Company's non-PPP loan originations have increased significantly over the past year but have also been challenged by an acceleration in payoffs. Specifically, during the years ended December 31, 2021 and 2020, loan originations totaled approximately \$1.46 billion and \$0.79 billion, respectively; while payoffs of loans totaled \$1.04 billion and \$0.66 billion, respectively. Loan originations are inclusive of those related to the Company's recently opened Southern California loan production offices which contributed \$34,742,000 and \$38,828,000 during the three and twelve months ended December 31, 2021, respectively. Investment securities increased to \$2,427,885,000 at December 31, 2021, a change of \$708,783,000 or 41.2% from the prior year.

## Net Interest Income and Net Interest Margin

The following is a summary of the components of net interest income for the periods indicated:

| (dollars in thousands)                               | Three months ended   |                       | \$ Change       | % Change     |
|--|----------------------|-----------------------|-----------------|--------------|
|  | December 31,<br>2021 | September 30,<br>2021 |                 |              |
| Interest income                                      | \$ 71,024            | \$ 69,628             | \$ 1,396        | 2.0 %        |
| Interest expense                                     | (1,241)              | (1,395)               | 154             | (11.0)%      |
| Fully tax-equivalent adjustment (FTE) <sup>(1)</sup> | 274                  | 265                   | 9               | 3.4 %        |
| Net interest income (FTE)                            | <u>\$ 70,057</u>     | <u>\$ 68,498</u>      | <u>\$ 1,559</u> | <u>2.3 %</u> |
| Net interest margin (FTE)                            | <u>3.50 %</u>        | <u>3.50 %</u>         |                 |              |

|   |          |          |          |         |
|---|----------|----------|----------|---------|
| Acquired loans discount accretion, net:   |          |          |          |         |
| Amount (included in interest income)  | \$ 1,780 | \$ 2,034 | \$ (254) |         |
| Net interest margin less effect of acquired loan discount accretion <sup>(1)</sup>                    | 3.41 %   | 3.40 %   |          | 0.01 %  |
| PPP loans yield, net:   |          |          |          |         |
| Amount (included in interest income)  | \$ 4,094 | \$ 3,507 | \$ 587   |         |
| Net interest margin less effect of PPP loan yield <sup>(1)</sup>                                      | 3.34 %   | 3.42 %   |          | (0.08)% |
| Acquired loans discount accretion and PPP loan yield, net:  |          |          |          |         |
| Amount (included in interest income)  | \$ 5,874 | \$ 5,541 | \$ 333   |         |
| Net interest margin less effect of acquired loan discount accretion and PPP loan yield <sup>(1)</sup> | 3.25 %   | 3.31 %   |          | (0.06)% |

| (dollars in thousands)                               | Three months ended<br>December 31, |                  | \$ Change       | % Change     |
|--|------------------------------------|------------------|-----------------|--------------|
|  | 2021                               | 2020             |                 |              |
| Interest income                                      | \$ 71,024                          | \$ 68,081        | \$ 2,943        | 4.3 %        |
| Interest expense                                     | (1,241)                            | (1,659)          | 418             | (25.2)%      |
| Fully tax-equivalent adjustment (FTE) <sup>(1)</sup> | 274                                | 258              | 16              | 6.2 %        |
| Net interest income (FTE)                            | <u>\$ 70,057</u>                   | <u>\$ 66,680</u> | <u>\$ 3,377</u> | <u>5.1 %</u> |
| Net interest margin (FTE)                            | <u>3.50 %</u>                      | <u>3.79 %</u>    |                 |              |

|   |          |          |            |         |
|---|----------|----------|------------|---------|
| Acquired loans discount accretion, net:   |          |          |            |         |
| Amount (included in interest income)  | \$ 1,780 | \$ 1,960 | \$ (180)   |         |
| Net interest margin less effect of acquired loan discount accretion <sup>(1)</sup>                    | 3.41 %   | 3.68 %   |            | (0.27)% |
| PPP loans yield, net:   |          |          |            |         |
| Amount (included in interest income)  | \$ 4,094 | \$ 5,676 | \$ (1,582) |         |
| Net interest margin less effect of PPP loan yield <sup>(1)</sup>                                      | 3.34 %   | 3.68 %   |            | (0.34)% |
| Acquired loans discount accretion and PPP loan yield, net:  |          |          |            |         |
| Amount (included in interest income)  | \$ 5,874 | \$ 7,636 | \$ (1,762) |         |
| Net interest margin less effect of acquired loan discount accretion and PPP loan yield <sup>(1)</sup> | 3.25 %   | 3.57 %   |            | (0.32)% |

| (dollars in thousands)                               | Twelve months ended<br>December 31, |                   | \$ Change        | % Change     |
|--|-------------------------------------|-------------------|------------------|--------------|
|  | 2021                                | 2020              |                  |              |
| Interest income                                      | \$ 277,047                          | \$ 267,184        | \$ 9,863         | 3.7 %        |
| Interest expense                                     | (5,508)                             | (9,457)           | 3,949            | (41.8)%      |
| Fully tax-equivalent adjustment (FTE) <sup>(1)</sup> | 1,071                               | 1,069             | 2                | 0.2 %        |
| Net interest income (FTE)                            | <u>\$ 272,610</u>                   | <u>\$ 258,796</u> | <u>\$ 13,814</u> | <u>5.3 %</u> |
| Net interest margin (FTE)                            | <u>3.58 %</u>                       | <u>3.96 %</u>     |                  |              |

|  |           |           |          |         |
|--|-----------|-----------|----------|---------|
| Acquired loans discount accretion, net:  |           |           |          |         |
| Amount (included in interest income)   | \$ 8,091  | \$ 8,171  | \$ (80)  |         |
| Net interest margin less effect of acquired loan discount accretion <sup>(1)</sup>           | 3.47 %    | 3.85 %    |          | (0.38)% |
| PPP loans yield, net:  |           |           |          |         |
| Amount (included in interest income)   | \$ 16,643 | \$ 10,635 | \$ 6,008 |         |
| Net interest margin less effect of PPP loan yield <sup>(1)</sup>                             | 3.48 %    | 3.97 %    |          | (0.49)% |
| Acquired loans discount accretion and PPP loan yield, net:                                   |           |           |          |         |
| Amount (included in interest income)   | \$ 24,734 | \$ 18,806 | \$ 5,928 |         |
| Net interest margin less effect of acquired loans discount and PPP loan yield <sup>(1)</sup> | 3.37 %    | 3.84 %    |          | (0.47)% |

- (1) Certain information included herein is presented on a fully tax-equivalent (FTE) basis and / or to present additional financial details which may be desired by users of this financial information. The Company believes the use of these non-generally accepted accounting principles (non-GAAP) measures provide additional clarity in assessing its results, and the presentation of these measures are common practice within the banking industry. See additional information related to non-GAAP measures at the back of this document.

Loans may be acquired at a premium or discount to par value, in which case, the premium is amortized (subtracted from) or accreted (added to) interest income over the remaining life of the loan. Generally, as time goes on, the dollar impact of loan discount accretion and loan premium amortization decrease as the purchased loans mature or pay off early. Upon the early pay off of a loan, any remaining unaccreted discount or unamortized premium is immediately taken into interest income; and as loan payoffs may vary significantly from quarter to quarter, so may the impact of discount accretion and premium amortization on interest income. As a result of the increase in interest rates, the prepayment rate of portfolio loans, inclusive of those acquired at a premium or discount, declined during the fourth quarter of 2021. During the three months ended December 31, 2021, September 30, 2021, and December 31, 2020, purchased loan discount accretion was \$1,780,000, \$2,034,000, and \$1,960,000, respectively.

The following table shows the components of net interest income and net interest margin on a fully tax-equivalent (FTE) basis for the quarterly periods indicated:

#### ANALYSIS OF CHANGE IN NET INTEREST MARGIN ON EARNING ASSETS

(unaudited, dollars in thousands)

|  | Three months ended<br>December 31, 2021 |                    |                | Three months ended<br>September 30, 2021 |                    |                | Three months ended<br>December 31, 2020 |                    |                |
|--|---|--------------------|----------------|--|--------------------|----------------|---|--------------------|----------------|
|  | Average<br>Balance                      | Income/<br>Expense | Yield/<br>Rate | Average<br>Balance                       | Income/<br>Expense | Yield/<br>Rate | Average<br>Balance                      | Income/<br>Expense | Yield/<br>Rate |
| <b>Assets</b>                                    |   |                    |                |  |                    |                |   |                    |                |
| Loans, excluding PPP                             | \$ 4,759,294                            | \$ 56,710          | 4.73 %         | \$ 4,684,492                             | \$ 57,218          | 4.85 %         | \$ 4,363,873                            | \$ 55,339          | 5.04 %         |
| PPP loans  | 103,163                                 | 4,094              | 15.74 %        | 213,430                                  | 3,507              | 6.52 %         | 403,842                                 | 5,676              | 5.59 %         |
| Investments-taxable                              | 2,261,161                               | 9,028              | 1.58 %         | 2,019,283                                | 7,741              | 1.52 %         | 1,458,856                               | 6,022              | 1.64 %         |
| Investments-nontaxable <sup>(1)</sup>            | 141,421                                 | 1,186              | 3.33 %         | 130,028                                  | 1,147              | 3.50 %         | 113,656                                 | 1,121              | 3.92 %         |
| Total investments                                | 2,402,582                               | 10,214             | 1.69 %         | 2,149,311                                | 8,888              | 1.64 %         | 1,572,512                               | 7,143              | 1.81 %         |
| Cash at Federal Reserve and other banks          | 682,759                                 | 280                | 0.16 %         | 710,936                                  | 280                | 0.16 %         | 658,355                                 | 181                | 0.11 %         |
| Total earning assets                             | 7,947,798                               | 71,298             | 3.56 %         | 7,758,169                                | 69,893             | 3.57 %         | 6,998,582                               | 68,339             | 3.88 %         |
| Other assets, net                                | 598,206                                 |                    |                | 589,942                                  |                    |                | 572,370                                 |                    |                |
| Total assets                                     | <u>\$ 8,546,004</u>                     |                    |                | <u>\$ 8,348,111</u>                      |                    |                | <u>\$ 7,570,952</u>                     |                    |                |
| <b>Liabilities and shareholders' equity</b>      |   |                    |                |  |                    |                |   |                    |                |
| Interest-bearing demand deposits                 | \$ 1,544,176                            | \$ 58              | 0.01 %         | \$ 1,507,697                             | \$ 116             | 0.03 %         | \$ 1,275,550                            | \$ 43              | 0.01 %         |
| Savings deposits                                 | 2,486,532                               | 291                | 0.05 %         | 2,407,368                                | 328                | 0.05 %         | 2,145,543                               | 405                | 0.08 %         |
| Time deposits                                    | 315,953                                 | 349                | 0.44 %         | 321,381                                  | 411                | 0.51 %         | 362,104                                 | 661                | 0.73 %         |
| Total interest-bearing deposits                  | 4,346,661                               | 698                | 0.06 %         | 4,236,446                                | 855                | 0.08 %         | 3,783,197                               | 1,109              | 0.12 %         |
| Other borrowings                                 | 50,667                                  | 7                  | 0.05 %         | 48,330                                   | 6                  | 0.05 %         | 32,504                                  | 4                  | 0.05 %         |
| Junior subordinated debt                         | 58,004                                  | 536                | 3.67 %         | 57,891                                   | 534                | 3.66 %         | 57,581                                  | 546                | 3.77 %         |
| Total interest-bearing liabilities               | 4,455,332                               | 1,241              | 0.11 %         | 4,342,667                                | 1,395              | 0.13 %         | 3,873,282                               | 1,659              | 0.17 %         |
| Noninterest-bearing deposits                     | 2,957,998                               |                    |                | 2,900,817                                |                    |                | 2,557,978                               |                    |                |
| Other liabilities                                | 132,910                                 |                    |                | 117,601                                  |                    |                | 232,224                                 |                    |                |
| Shareholders' equity                             | 999,764                                 |                    |                | 987,026                                  |                    |                | 907,468                                 |                    |                |
| Total liabilities and shareholders' equity       | <u>\$ 8,546,004</u>                     |                    |                | <u>\$ 8,348,111</u>                      |                    |                | <u>\$ 7,570,952</u>                     |                    |                |
| Net interest rate spread <sup>(1)(2)</sup>       |   |                    | 3.45 %         |  |                    | 3.45 %         |   |                    | 3.71 %         |
| Net interest income and margin <sup>(1)(3)</sup> |   | <u>\$ 70,057</u>   | 3.50 %         |  | <u>\$ 68,498</u>   | 3.50 %         |   | <u>\$ 66,680</u>   | 3.79 %         |

- (1) Fully taxable equivalent (FTE). All yields and rates are calculated using specific day counts for the period and year as applicable.  
(2) Net interest spread is the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.  
(3) Net interest margin is computed by calculating the difference between interest income and interest expense, divided by the average balance of interest-earning assets.

Net interest income (FTE) during the three months ended December 31, 2021 increased \$1,559,000 or 2.3% to \$70,057,000 compared to \$68,498,000 during the three months ended September 30, 2021. Over the same period, net interest margin remained unchanged at 3.50%, as compared to the trailing quarter. This is attributed to an elevated yield earned from PPP loans during the quarter as a result of fee income accretion following Round 2 PPP loans being forgiven by the SBA and repaid, which was offset by a decline in yield of non-PPP loans totaling 12 basis points.

As compared to the same quarter in the prior year, average loan yields, excluding PPP, decreased 31 basis points from 5.04% during the three months ended December 31, 2020, to 4.73% during the three months ended December 31, 2021. The accretion of discounts from acquired loans added 15 and 17 basis points to loan yields during the quarters ended December 31, 2021 and December 31, 2020, respectively. Therefore, of the 31 basis point decrease in yields on loans during the comparable three month periods ended December 31, 2021 and 2020, 29 basis points was attributable to decreases in market rates, while 2 basis points resulted from less accretion of discounts. The index utilized in a significant portion of the Company's variable rate loans, Wall Street Journal Prime, has remained unchanged at 3.25% since March 15, 2020, when it was reduced from 4.25%.

The rates paid on interest bearing liabilities generally remained flat during the quarter ended December 31, 2021 compared to the trailing quarter. The decline in interest expense when compared to the same quarter from the prior year, however, was primarily attributed to reductions in the rates offered on deposit products. As a result, the cost of interest-bearing deposits decreased by 6 basis points during the quarter ended December 31, 2021, to 0.06% from 0.12% during the same quarter of the prior year. In addition, the level of noninterest-bearing deposits continues to benefit the average cost of total deposits which decreased to 0.04% in the current quarter compared to 0.7% in the fourth quarter of the prior year. Specifically, the ratio of average total noninterest-bearing deposits to total average deposits was 40.5% and 40.6% as of December 31, 2021 and September 30, 2021, respectively, as compared to 40.3% in the quarter ended December 31, 2020.

#### ANALYSIS OF CHANGE IN NET INTEREST MARGIN ON EARNING ASSETS

(unaudited, dollars in thousands)

|  | Twelve months ended December 31, 2021 |                   |            | Twelve months ended December 31, 2020 |                   |            |
|--|---------------------------------------|-------------------|------------|---------------------------------------|-------------------|------------|
|  | Average Balance                       | Income/Expense    | Yield/Rate | Average Balance                       | Income/Expense    | Yield/Rate |
| <b>Assets</b>                                    |                                       |                   |            |                                       |                   |            |
| Loans, excluding PPP                             | \$ 4,625,410                          | \$ 225,626        | 4.88 %     | \$ 4,361,679                          | \$ 223,086        | 5.11 %     |
| PPP loans  | 250,391                               | 16,643            | 6.65 %     | 284,326                               | 10,635            | 3.74 %     |
| Investments-taxable                              | 1,914,788                             | 30,352            | 1.59 %     | 1,302,367                             | 28,659            | 2.20 %     |
| Investments-nontaxable <sup>(1)</sup>            | 160,863                               | 4,639             | 2.88 %     | 116,717                               | 4,636             | 3.97 %     |
| Total investments                                | 2,075,651                             | 34,991            | 1.69 %     | 1,419,084                             | 33,295            | 2.35 %     |
| Cash at Federal Reserve and other banks          | 663,801                               | 858               | 0.13 %     | 467,376                               | 1,237             | 0.26 %     |
| Total earning assets                             | 7,615,253                             | 278,118           | 3.65 %     | 6,532,465                             | 268,253           | 4.11 %     |
| Other assets, net                                | 594,420                               |                   |            | 590,966                               |                   |            |
| Total assets                                     | <u>\$ 8,209,673</u>                   |                   |            | <u>\$ 7,123,431</u>                   |                   |            |
| <b>Liabilities and shareholders' equity</b>      |                                       |                   |            |                                       |                   |            |
| Interest-bearing demand deposits                 | \$ 1,493,922                          | \$ 327            | 0.02 %     | \$ 1,313,804                          | \$ 332            | 0.03 %     |
| Savings deposits                                 | 2,360,605                             | 1,256             | 0.05 %     | 2,015,134                             | 2,595             | 0.13 %     |
| Time deposits                                    | 324,636                               | 1,735             | 0.53 %     | 397,216                               | 3,958             | 1.00 %     |
| Total interest-bearing deposits                  | 4,179,163                             | 3,318             | 0.08 %     | 3,726,154                             | 6,885             | 0.18 %     |
| Other borrowings                                 | 43,236                                | 22                | 0.05 %     | 28,863                                | 17                | 0.06 %     |
| Junior subordinated debt                         | 57,844                                | 2,168             | 3.75 %     | 57,426                                | 2,555             | 4.45 %     |
| Total interest-bearing liabilities               | 4,280,243                             | 5,508             | 0.13 %     | 3,812,443                             | 9,457             | 0.25 %     |
| Noninterest-bearing deposits                     | 2,837,745                             |                   |            | 2,289,168                             |                   |            |
| Other liabilities                                | 119,471                               |                   |            | 119,710                               |                   |            |
| Shareholders' equity                             | 972,214                               |                   |            | 902,110                               |                   |            |
| Total liabilities and shareholders' equity       | <u>\$ 8,209,673</u>                   |                   |            | <u>\$ 7,123,431</u>                   |                   |            |
| Net interest rate spread <sup>(1)(2)</sup>       |                                       |                   | 3.52 %     |                                       |                   | 3.86 %     |
| Net interest income and margin <sup>(1)(3)</sup> |                                       | <u>\$ 272,610</u> | 3.58 %     |                                       | <u>\$ 258,796</u> | 3.96 %     |

(1) Fully taxable equivalent (FTE). All yields and rates are calculated using specific day counts for the period and year as applicable.

(2) Net interest spread is the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

(3) Net interest margin is computed by calculating the difference between interest income and interest expense, divided by the average balance of interest-earning assets.

## Interest Rates and Loan Portfolio Composition

During the quarter ended December 31, 2021, market interest rates, including many rates that serve as reference indices for variable rate loans, increased modestly. However, the loan portfolio yield continues to have a downward bias due to the repricing of loans at lower rates and increased market competition stemming from loan to deposit ratios at historic lows. As of December 31, 2021, the Company's loan portfolio consisted of approximately \$4.9 billion in outstanding principal with a weighted average coupon rate of 4.28%, inclusive of the PPP program loans. Excluding PPP loans, the Company's loan portfolio has approximately \$4.8 billion outstanding with a weighted average coupon rate of 4.32% as of December 31, 2021. Included in the December 31, 2021 loan total, exclusive of PPP loans, are variable rate loans totaling \$3.0 billion of which 87.8% or \$2.6 billion were at their floor rate. The remaining variable rate loans totaling \$365.0 million, which carried a weighted average coupon rate of 4.76% as of December 31, 2021, are subject to further rate adjustment. If those remaining variable rate loans were to collectively, through future rate adjustments, be reduced to their respective floors, they would have a weighted average coupon rate of approximately 4.23% which would result in the reduction of the weighted average coupon rate of the total loan portfolio, exclusive of PPP loans, from 4.32% to approximately 4.29%.

As of December 31, 2020, the Company's loan portfolio consisted of approximately \$4.80 billion in outstanding principal with a weighted average coupon rate of 4.35%, inclusive of the PPP program loans. Excluding PPP loans, the Company's loan portfolio has approximately \$4.47 billion outstanding with a weighted average coupon rate of 4.60% as of December 31, 2020. Included in the December 31, 2020 loan total, exclusive of PPP loans, are variable rate loans totaling \$3.02 billion of which 88.2% or \$2.66 billion were at their floor rate. The remaining variable rate loans totaling \$357.0 million, which carried a weighted average coupon rate of 5.03% as of December 31, 2020, are subject to further rate adjustment. If those remaining variable rate loans were to collectively, through future rate adjustments, be reduced to their respective floors, they would have a weighted average coupon rate of approximately 4.36% which would result in the reduction of the weighted average coupon rate of the total loan portfolio, exclusive of PPP loans, from 4.60% to approximately 4.55%.

## Asset Quality and Credit Loss Provisioning

During the three months ended December 31, 2021, the Company recorded a provision for credit losses of \$980,000, as compared to a reversal of provision for credit losses of \$1,435,000 during the trailing quarter, and a provision expense of \$4,850,000 during the last quarter of 2020.

The following table presents details of the provision for credit losses for the periods indicated:

| (dollars in thousands)  | Three months ended |                    |                 |                   |                   |
|---|--------------------|--------------------|-----------------|-------------------|-------------------|
|   | December 31, 2021  | September 30, 2021 | June 30, 2021   | March 31, 2021    | December 31, 2020 |
| Addition to (reversal of) allowance for credit losses           | \$ 715             | \$ (1,495)         | \$ (145)        | \$ (6,240)        | \$ 4,450          |
| Addition to (reversal of) reserve for unfunded loan commitments | 265                | 60                 | (115)           | 180               | 400               |
| Total provision for credit losses                               | <u>\$ 980</u>      | <u>\$ (1,435)</u>  | <u>\$ (260)</u> | <u>\$ (6,060)</u> | <u>\$ 4,850</u>   |

The following table presents the activity in the allowance for credit losses on loans for the periods indicated:

| (dollars in thousands)                     | Three months ended |                   | Twelve months ended |                   |
|--|--------------------|-------------------|---------------------|-------------------|
|  | December 31, 2021  | December 31, 2020 | December 31, 2021   | December 31, 2020 |
| Balance, beginning of period               | \$ 84,306          | \$ 87,575         | \$ 91,847           | \$ 30,616         |
| Impact from adoption of ASU 2016-13        | —                  | —                 | —                   | 18,913            |
| Provision for (reversal of) credit losses  | 715                | 4,450             | (7,165)             | 42,188            |
| Loans charged-off                          | (197)              | (560)             | (2,392)             | (1,755)           |
| Recoveries of previously charged-off loans | 552                | 382               | 3,086               | 1,885             |
| Balance, end of period                     | <u>\$ 85,376</u>   | <u>\$ 91,847</u>  | <u>\$ 85,376</u>    | <u>\$ 91,847</u>  |

The allowance for credit losses (ACL) was \$85,376,000 as of December 31, 2021, a net increase of \$1,070,000 over the immediately preceding quarter. The provision of allowance for credit losses of \$715,000 was necessary as net recoveries totaling \$355,000 during the quarter were less than the required increases in quantitative and qualitative reserve components. More specifically, the qualitative reserves required under the cohort model increased required reserves by \$857,000, while quantitative factors added approximately \$213,000.

The Company utilizes a forecast period of approximately eight quarters and obtains the forecast data from publicly available sources as of the balance sheet date. This forecast data continues to evolve and included improving shifts in the magnitude of changes for both the unemployment and GDP factors leading up to the balance sheet date. However, management notes that the majority of economic forecasts utilized in the ACL calculation have remained directionally consistent with preceding quarters, as general economic conditions continue to improve, albeit at a pace slower than expected due to unforeseen disruptions in the supply chain and increasing energy prices. In addition, management notes that the level of governmental assistance provided through PPP as well as other programs during the last several quarters has been unprecedented. As a result, management continues to believe that certain credit weakness are likely present in the overall economy and that it is appropriate to maintain a reserve level that incorporates such risk factors.

Loans past due 30 days or more decreased by \$6,207,000 during the quarter ended December 31, 2021 to \$4,332,000, as compared to \$10,539,000 at September 30, 2021. Non-performing loans were \$30,350,000 at December 31, 2021, an increase of \$1,560,000 and \$3,486,000, respectively, from \$28,790,000 and \$26,864,000 as of September 30, 2021, and December 31, 2020, respectively.

The following table illustrates the total loans by risk rating and their respective percentage of total loans for the periods presented.

| (dollars in thousands)                 | December 31,<br>2021 | % of Total<br>Loans | September 30,<br>2021 | % of Total<br>Loans | December 31,<br>2020 | % of Total<br>Loans |
|--|----------------------|---------------------|-----------------------|---------------------|----------------------|---------------------|
| <b>Risk Rating:</b>                    |                      |                     |                       |                     |                      |                     |
| Pass                                   | \$ 4,787,077         | 97.4 %              | \$ 4,698,475          | 96.1 %              | \$ 4,555,154         | 95.6 %              |
| Special Mention                        | 77,461               | 1.5 %               | 138,699               | 2.9 %               | 158,241              | 3.4 %               |
| Substandard                            | 52,086               | 1.1 %               | 50,322                | 1.0 %               | 49,732               | 1.0 %               |
| Total                                  | \$ 4,916,624         |                     | \$ 4,887,496          |                     | \$ 4,763,127         |                     |
| Classified loans to total loans        | 1.06 %               |                     | 1.03 %                |                     | 1.04 %               |                     |
| Loans past due 30+ days to total loans | 0.09 %               |                     | 0.22 %                |                     | 0.14 %               |                     |

The Company's loan portfolio for non-classified loans (loans graded special mention or better) remains consistent for the quarter ended December 31, 2021, as compared to the trailing quarter September 30, 2021, representing 98.9% and 99.0% of total loans outstanding, respectively. Loans risk graded special mention decreased notably, by approximately \$61,238,000 during the current quarter as compared to the trailing quarter, while loans risk graded substandard increased by \$1,764,000 over the same period. The improvement in special mention risk graded loans was primarily attributed to a single relationship totaling approximately \$56,200,000 being paid off during the quarter.

There was one addition to other real estate owned totaling \$503,000 during the quarter ended December 31, 2021, and there was one sale for approximately \$582,000, which generated a net gain of \$22,000 for the quarter. As of December 31, 2021, other real estate owned consisted of six properties with a carrying value of approximately \$2,594,000.

#### **Allocation of Credit Loss Reserves by Loan Type**

| (dollars in thousands)                | As of December 31, 2021 |                           | As of December 31, 2020 |                           |
|---------------------------------------|-------------------------|---------------------------|-------------------------|---------------------------|
|                                       | Amount                  | % of Loans<br>Outstanding | Amount                  | % of Loans<br>Outstanding |
| <b>Commercial real estate:</b>        |                         |                           |                         |                           |
| CRE - Non Owner Occupied              | \$ 25,739               | 1.61 %                    | \$ 29,380               | 1.91 %                    |
| CRE - Owner Occupied                  | 10,691                  | 1.51 %                    | 10,861                  | 1.74 %                    |
| Multifamily                           | 12,395                  | 1.51 %                    | 11,472                  | 1.79 %                    |
| Farmland                              | 2,315                   | 1.34 %                    | 1,980                   | 1.30 %                    |
| Total commercial real estate loans    | 51,140                  | 1.55 %                    | 53,693                  | 1.82 %                    |
| <b>Consumer:</b>                      |                         |                           |                         |                           |
| SFR 1-4 1st Liens                     | 10,723                  | 1.60 %                    | 10,117                  | 1.83 %                    |
| SFR HELOCs and Junior Liens           | 10,510                  | 3.11 %                    | 11,771                  | 3.59 %                    |
| Other                                 | 2,241                   | 3.34 %                    | 3,260                   | 4.20 %                    |
| Total consumer loans                  | 23,474                  | 2.19 %                    | 25,148                  | 2.62 %                    |
| Commercial and Industrial             | 3,862                   | 1.49 %                    | 4,252                   | 0.81 %                    |
| Construction                          | 5,667                   | 2.55 %                    | 7,540                   | 2.65 %                    |
| Agricultural Production               | 1,215                   | 2.39 %                    | 1,209                   | 2.74 %                    |
| Leases                                | 18                      | 0.27 %                    | 5                       | 0.13 %                    |
| Allowance for credit losses           | 85,376                  | 1.74 %                    | 91,847                  | 1.93 %                    |
| Reserve for unfunded loan commitments | 3,790                   |                           | 3,400                   |                           |
| Total allowance for credit losses     | \$ 89,166               | 1.81 %                    | \$ 95,247               | 2.00 %                    |

For the periods presented in the table above and for purposes of calculating the "% of Loans Outstanding", PPP loans are included in the segment "Commercial and Industrial." PPP loans are fully guaranteed and therefore would not require any loss reserve allocation. Excluding the net outstanding balances of PPP loans from the ratio of the ACL to total loans results in a reserve ratio of approximately 1.76% as of December 31, 2021. In addition to the allowance for credit losses above, the Company has acquired various performing loans whose fair value as of the acquisition date was determined to be less than the principal balance owed on those loans. This difference represents the collective discount of credit, interest rate and liquidity measurements which is expected to be amortized over the life of the loans. As of December 31, 2021, the unamortized discount associated with acquired loans totaled \$16,107,000 and, if aggregated with the ACL, would collectively represent 2.06% of total gross loans and 2.09% of total loans less PPP loans.

### **Non-interest Income**

The following table presents the key components of non-interest income for the current and trailing quarterly periods indicated:

| (dollars in thousands)                       | Three months ended |                    | \$ Change | % Change  |
|--|--------------------|--------------------|-----------|-----------|
|  | December 31, 2021  | September 30, 2021 |           |           |
| ATM and interchange fees                     | \$ 6,421           | \$ 6,516           | \$ (95)   | (1.5)%    |
| Service charges on deposit accounts          | 3,674              | 3,608              | 66        | 1.8 %     |
| Other service fees                           | 888                | 897                | (9)       | (1.0)%    |
| Mortgage banking service fees                | 475                | 476                | (1)       | (0.2)%    |
| Change in value of mortgage servicing rights | (181)              | (232)              | 51        | (22.0)%   |
| Total service charges and fees               | 11,277             | 11,265             | 12        | 0.1 %     |
| Increase in cash value of life insurance     | 713                | 644                | 69        | 10.7 %    |
| Asset management and commission income       | 930                | 957                | (27)      | (2.8)%    |
| Gain on sale of loans                        | 1,672              | 1,814              | (142)     | (7.8)%    |
| Lease brokerage income                       | 204                | 183                | 21        | 11.5 %    |
| Sale of customer checks                      | 117                | 107                | 10        | 9.3 %     |
| Gain on sale of investment securities        | —                  | —                  | —         | n/m       |
| Loss on marketable equity securities         | (27)               | (14)               | (13)      | 92.9 %    |
| Other  | 1,616              | 139                | 1,477     | 1,062.6 % |
| Total other non-interest income              | 5,225              | 3,830              | 1,395     | 36.4 %    |
| Total non-interest income                    | \$ 16,502          | \$ 15,095          | \$ 1,407  | 9.3 %     |

Non-interest income increased \$1,407,000 or 9.3% to \$16,502,000 during the three months ended December 31, 2021, compared to \$15,095,000 during the trailing quarter September 30, 2021. This was largely the result of death benefits totaling \$702,000 being realized and an increase in the fair value of certain equity investments totaling approximately \$804,000, both recorded within other non-interest income. As a partial offset, gain on sale of mortgage loans declined by \$142,000 or 7.8% during the quarter ended December 31, 2021, as interest rates continued to trend higher, contributing to a decline in total mortgage origination and refinance activity.

The following table presents the key components of non-interest income for the current and prior year periods indicated:

| (dollars in thousands)                       | Three months ended December 31, |           | \$ Change | % Change |
|--|---------------------------------|-----------|-----------|----------|
|  | 2021                            | 2020      |           |          |
| ATM and interchange fees                     | \$ 6,421                        | \$ 5,747  | \$ 674    | 11.7 %   |
| Service charges on deposit accounts          | 3,674                           | 3,518     | 156       | 4.4 %    |
| Other service fees                           | 888                             | 860       | 28        | 3.3 %    |
| Mortgage banking service fees                | 475                             | 469       | 6         | 1.3 %    |
| Change in value of mortgage servicing rights | (181)                           | (376)     | 195       | (51.9)%  |
| Total service charges and fees               | 11,277                          | 10,218    | 1,059     | 10.4 %   |
| Increase in cash value of life insurance     | 713                             | 746       | (33)      | (4.4)%   |
| Asset management and commission income       | 930                             | 745       | 185       | 24.8 %   |
| Gain on sale of loans                        | 1,672                           | 3,460     | (1,788)   | (51.7)%  |
| Lease brokerage income                       | 204                             | 173       | 31        | 17.9 %   |
| Sale of customer checks                      | 117                             | 111       | 6         | 5.4 %    |
| Gain on sale of investment securities        | —                               | —         | —         | n/m      |
| Loss on marketable equity securities         | (27)                            | (8)       | (19)      | 237.5 %  |
| Other  | 1,616                           | 1,135     | 481       | 42.4 %   |
| Total other non-interest income              | 5,225                           | 6,362     | (1,137)   | (17.9)%  |
| Total non-interest income                    | \$ 16,502                       | \$ 16,580 | \$ (78)   | (0.5)%   |

In addition to the discussion above within the non-interest income for the three months ended December 31, 2021, ATM and interchange fees improved \$674,000 or 11.7% as a result of increased usage due to relaxed social distancing guidelines during the quarter December 31, 2021 when compared to the same period in the prior year. During the quarters ended December 31, 2021 and 2020, death benefits totaling \$702,000 and \$498,000, respectively, were realized.

The following table presents the key components of non-interest income for the current and prior year periods indicated:

| (dollars in thousands)                       | Twelve months ended December 31, |           | \$ Change | % Change |
|--|----------------------------------|-----------|-----------|----------|
|  | 2021                             | 2020      |           |          |
| ATM and interchange fees                     | \$ 25,356                        | \$ 21,660 | \$ 3,696  | 17.1 %   |
| Service charges on deposit accounts          | 14,013                           | 13,944    | 69        | 0.5 %    |
| Other service fees                           | 3,570                            | 3,156     | 414       | 13.1 %   |
| Mortgage banking service fees                | 1,881                            | 1,855     | 26        | 1.4 %    |
| Change in value of mortgage servicing rights | (872)                            | (2,634)   | 1,762     | (66.9)%  |
| Total service charges and fees               | 43,948                           | 37,981    | 5,967     | 15.7 %   |
| Increase in cash value of life insurance     | 2,775                            | 2,949     | (174)     | (5.9)%   |
| Asset management and commission income       | 3,668                            | 2,989     | 679       | 22.7 %   |
| Gain on sale of loans                        | 9,580                            | 9,122     | 458       | 5.0 %    |
| Lease brokerage income                       | 746                              | 668       | 78        | 11.7 %   |
| Sale of customer checks                      | 459                              | 414       | 45        | 10.9 %   |
| Gain on sale of investment securities        | —                                | 7         | (7)       | n/m      |
| Gain (loss) on marketable equity securities  | (86)                             | 64        | (150)     | (234.4)% |
| Other  | 2,574                            | 1,000     | 1,574     | 157.4 %  |
| Total other non-interest income              | 19,716                           | 17,213    | 2,503     | 14.5 %   |
| Total non-interest income                    | \$ 63,664                        | \$ 55,194 | \$ 8,470  | 15.3 %   |

Total non-interest income increased by \$8,470,000 or 15.3% to \$63,664,000 during the twelve months ended December 31, 2021, compared to \$55,194,000 during the same period ended December 31, 2020. Generally, the changes in non-interest income for the year ended December 31, 2021 and 2020 are consistent with the changes already discussed. Additionally, during the year ended 2020, there was substantial downward pressure on interest rates following the COVID-19 pandemic, resulting in a decline in the fair value of mortgage servicing rights totaling \$2,634,000 during the period.

### **Non-interest Expense**

The following table presents the key components of non-interest expense for the current and trailing quarterly periods indicated:

| (dollars in thousands)                                | Three months ended |                    | \$ Change | % Change |
|---|--------------------|--------------------|-----------|----------|
|   | December 31, 2021  | September 30, 2021 |           |          |
| Base salaries, net of deferred loan origination costs | \$ 19,123          | \$ 17,673          | \$ 1,450  | 8.2 %    |
| Incentive compensation                                | 3,932              | 3,123              | 809       | 25.9 %   |
| Benefits and other compensation costs                 | 4,611              | 5,478              | (867)     | (15.8)%  |
| Total salaries and benefits expense                   | 27,666             | 26,274             | 1,392     | 5.3 %    |
| Occupancy   | 3,713              | 3,771              | (58)      | (1.5)%   |
| Data processing and software                          | 3,893              | 3,689              | 204       | 5.5 %    |
| Equipment   | 1,298              | 1,336              | (38)      | (2.8)%   |
| Intangible amortization                               | 1,193              | 1,409              | (216)     | (15.3)%  |
| Advertising   | 819                | 966                | (147)     | (15.2)%  |
| ATM and POS network charges                           | 1,551              | 1,692              | (141)     | (8.3)%   |
| Professional fees                                     | 927                | 1,090              | (163)     | (15.0)%  |
| Telecommunications                                    | 534                | 574                | (40)      | (7.0)%   |
| Regulatory assessments and insurance                  | 678                | 673                | 5         | 0.7 %    |
| Merger and acquisition expenses                       | 872                | 651                | 221       | 33.9 %   |
| Postage   | 232                | 156                | 76        | 48.7 %   |
| Operational losses                                    | 299                | 244                | 55        | 22.5 %   |
| Courier service                                       | 346                | 286                | 60        | 21.0 %   |
| Gain on sale or acquisition of foreclosed assets      | (23)               | (144)              | 121       | (84.0)%  |
| (Gain) loss on disposal of fixed assets               | 6                  | (19)               | 25        | (131.6)% |
| Other miscellaneous expense                           | 2,675              | 3,159              | (484)     | (15.3)%  |
| Total other non-interest expense                      | 19,013             | 19,533             | (520)     | (2.7)%   |
| Total non-interest expense                            | \$ 46,679          | \$ 45,807          | \$ 872    | 1.9 %    |
| Average full-time equivalent staff                    | 1,074              | 1,049              | 25        | 2.4 %    |

Non-interest expense for the quarter ended December 31, 2021 increased \$872,000 or 1.9% to \$46,679,000 as compared to \$45,807,000 during the trailing quarter ended September 30, 2021. Total salaries and benefits expense increased by \$1,392,000 or 5.3%, led by wage related increases of \$1,450,000 or 8.2% to \$19,123,000. More specifically, the wage related change in the quarter was substantially due to growth in average full-time equivalent staff and additionally by transitory items caused by the COVID-19 pandemic, overtime and non-incentive stipends associated with special projects. Incentive compensation increased by \$809,000 or 25.9%, while benefits and other compensation costs decreased by \$867,000 or 15.8%, respectively, during the quarter ended December 31, 2021, both due to metrics that were impacted by the results of individual employee and Company-wide performance benchmarks for growth and profitability. Merger and acquisition expenses associated with the proposed merger with Valley Republic

Bancorp, which is pending regulatory approval, totaled \$872,000 during the current quarter. In addition, during the three months ended December 31, 2021, and September 30, 2021 expenses totaling approximately \$800,000 and \$710,000, respectively are attributable to the Company's recently opened loan production offices, of which approximately \$606,000 and \$598,00, respectively relates to salaries and benefits.

The following table presents the key components of non-interest expense for the current and prior year quarterly periods indicated:

| (dollars in thousands)                                | Three months ended December 31, |           | \$ Change | % Change |
|---|---------------------------------|-----------|-----------|----------|
|   | 2021                            | 2020      |           |          |
| Base salaries, net of deferred loan origination costs | \$ 19,123                       | \$ 16,510 | \$ 2,613  | 15.8 %   |
| Incentive compensation                                | 3,932                           | 2,342     | 1,590     | 67.9 %   |
| Benefits and other compensation costs                 | 4,611                           | 9,621     | (5,010)   | (52.1)%  |
| Total salaries and benefits expense                   | 27,666                          | 28,473    | (807)     | (2.8)%   |
| Occupancy   | 3,713                           | 3,815     | (102)     | (2.7)%   |
| Data processing and software                          | 3,893                           | 2,919     | 974       | 33.4 %   |
| Equipment   | 1,298                           | 1,293     | 5         | 0.4 %    |
| Intangible amortization                               | 1,193                           | 1,430     | (237)     | (16.6)%  |
| Advertising   | 819                             | 762       | 57        | 7.5 %    |
| ATM and POS network charges                           | 1,551                           | 1,536     | 15        | 1.0 %    |
| Professional fees                                     | 927                             | 823       | 104       | 12.6 %   |
| Telecommunications                                    | 534                             | 618       | (84)      | (13.6)%  |
| Regulatory assessments and insurance                  | 678                             | 601       | 77        | 12.8 %   |
| Merger and acquisition expenses                       | 872                             | —         | 872       | n/m      |
| Postage   | 232                             | 377       | (145)     | (38.5)%  |
| Operational losses                                    | 299                             | 609       | (310)     | (50.9)%  |
| Courier service                                       | 346                             | 401       | (55)      | (13.7)%  |
| Gain on sale or acquisition of foreclosed assets      | (23)                            | (177)     | 154       | (87.0)%  |
| Loss on disposal of fixed assets                      | 6                               | 30        | (24)      | (80.0)%  |
| Other miscellaneous expense                           | 2,675                           | 2,235     | 440       | 19.7 %   |
| Total other non-interest expense                      | 19,013                          | 17,272    | 1,741     | 10.1 %   |
| Total non-interest expense                            | \$ 46,679                       | \$ 45,745 | \$ 934    | 2.0 %    |
| Average full-time equivalent staff                    | 1,074                           | 1,030     | 44        | 4.3 %    |

Non-interest expense increased by \$934,000 or 2.0% to \$46,679,000 during the three months ended December 31, 2021 as compared to \$45,745,000 for the three months ended December 31, 2020. The change in total salaries and benefits expense was modest with a decrease of \$807,000 or 2.8%, however, the individual components did experience significant volatility that was largely offset. The increases in salary and wage related matters of \$2,613,000 or 15.8% and incentive compensation of \$1,590,000 or 67.9% during the three months ended December 31, 2021 are attributed to the factors discussed above. The significant decline in benefits and compensation costs equaling \$5,010,000 or 52.1% reflects a normalization of retirement obligations and insurance costs that were elevated during the comparative period during 2020. Other miscellaneous expenses increased by \$440,000 or 19.7% during the quarter due to increasing volume of routine business related activities, such as credit appraisal fees and business travel.

The following table presents the key components of non-interest expense for the current and prior year periods indicated:

| (dollars in thousands)                                | Twelve months ended December 31, |            | \$ Change  | % Change |
|---|----------------------------------|------------|------------|----------|
|   | 2021                             | 2020       |            |          |
| Base salaries, net of deferred loan origination costs | \$ 69,844                        | \$ 70,164  | \$ (320)   | (0.5)%   |
| Incentive compensation                                | 14,957                           | 10,022     | 4,935      | 49.2 %   |
| Benefits and other compensation costs                 | 21,550                           | 31,935     | (10,385)   | (32.5)%  |
| Total salaries and benefits expense                   | 106,351                          | 112,121    | (5,770)    | (5.1)%   |
| Occupancy   | 14,910                           | 14,528     | 382        | 2.6 %    |
| Data processing and software                          | 13,985                           | 13,504     | 481        | 3.6 %    |
| Equipment   | 5,358                            | 5,704      | (346)      | (6.1)%   |
| Intangible amortization                               | 5,464                            | 5,723      | (259)      | (4.5)%   |
| Advertising   | 2,899                            | 2,827      | 72         | 2.5 %    |
| ATM and POS network charges                           | 6,040                            | 5,433      | 607        | 11.2 %   |
| Professional fees                                     | 3,657                            | 3,222      | 435        | 13.5 %   |
| Telecommunications                                    | 2,253                            | 2,601      | (348)      | (13.4)%  |
| Regulatory assessments and insurance                  | 2,581                            | 1,594      | 987        | 61.9 %   |
| Merger and acquisition expenses                       | 1,523                            | —          | 1,523      | n/m      |
| Postage   | 710                              | 1,068      | (358)      | (33.5)%  |
| Operational losses                                    | 964                              | 1,168      | (204)      | (17.5)%  |
| Courier service                                       | 1,214                            | 1,414      | (200)      | (14.1)%  |
| Gain on sale or acquisition of foreclosed assets      | (233)                            | (234)      | 1          | (0.4)%   |
| (Gain) loss on disposal of fixed assets               | (439)                            | 67         | (506)      | (755.2)% |
| Other miscellaneous expense                           | 11,038                           | 12,018     | (980)      | (8.2)%   |
| Total other non-interest expense                      | 71,924                           | 70,637     | 1,287      | 1.8 %    |
| Total non-interest expense                            | \$ 178,275                       | \$ 182,758 | \$ (4,483) | (2.5)%   |
| Average full-time equivalent staff                    | 1,039                            | 1,093      | (54)       | (4.9)%   |

The changes in non-interest expense for the twelve months ended December 31, 2021 and 2020 are generally consistent with the changes in the comparable three month periods discussed above. During the twelve months ended December 31, 2021, expenses totaling approximately \$1,745,000 are attributable to the Company's recently opened loan production offices, of which approximately \$1,430,000 relates to salaries and benefits. Regulatory assessment and insurance expense increased in the current year to date period primarily due to the expiration of credits during the 2020 year and to a lesser extent, the overall balance sheet growth of the bank. Additionally, the aforementioned merger agreement with Valley Republic Bancorp has contributed \$1,523,000 in additional costs during the year ended 2021.

### **Provision for Income Taxes**

The Company's effective tax rate was 28.1% for the twelve months ended December 31, 2021, as compared to 25.8% for the year ended December 31, 2020. The reduced effective tax rate in the prior year was made possible through the provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which provided the Company with an opportunity to file amended tax returns and generate proposed refunds of approximately \$805,000. While the Company has initiated several tax strategies in anticipation of future tax rate increases, it is not anticipated that any will directly impact the Company's effective tax rate until such rate changes have been legislatively approved. Other differences between the Company's effective tax rate and applicable federal and state statutory rates are due to the proportion of non-taxable revenue and low income housing tax credits as compared to the levels of pre-tax earnings.

### **About TriCo Bancshares**

Established in 1975, Tri Counties Bank is a wholly-owned subsidiary of TriCo Bancshares (NASDAQ: TCBK) headquartered in Chico, California, providing a unique brand of customer Service with Solutions available in traditional stand-alone and in-store bank branches in communities throughout Northern and Central California. Tri Counties Bank provides an extensive and competitive breadth of consumer, small business and commercial banking financial services, along with convenient around-the-clock ATMs, online and mobile banking access. Brokerage services are provided by Tri Counties Advisors through affiliation with Raymond James Financial Services, Inc. Visit [www.TriCountiesBank.com](http://www.TriCountiesBank.com) to learn more.

## **Forward-Looking 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 on the Company's business condition and financial operating results; 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 and their effects on economic and business environments in which the Company operates; the continuing adverse impact on the U.S. economy, including the markets in which we operate due to the COVID-19 global pandemic, and the impact of a slowing U.S. economy and increased unemployment on the performance of our loan portfolio, the market value of our investment securities, the availability of sources of funding and the demand for our products; adverse developments with respect to U.S. or global economic conditions and other uncertainties, including the impact of supply chain disruptions, inflationary pressures and labor shortages on the economic recovery and our business; the costs or effects of mergers, acquisitions or dispositions we may make, whether we are able to obtain any required governmental approvals in connection with any such mergers, acquisitions or dispositions, and/or our ability to realize the contemplated financial business benefits associated with any such activities; the ability to execute our business plan in new lending markets; the future operating or financial performance of the Company, including our outlook for future growth and 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 and maintain 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; the costs and effects of litigation and of unexpected or adverse outcomes in such litigation; a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber-attacks and the cost to defend against such attacks; change to U.S. tax policies, including our effective income tax rate; the effect of a fall in stock market prices on our brokerage and wealth management businesses; the discontinuation of the London Interbank Offered Rate and other reference rates; 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, 2020, which has been filed with the Securities and Exchange Commission (the "SEC") and are 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. We undertake no obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

**TRICO BANCSHARES—CONDENSED CONSOLIDATED FINANCIAL DATA**

(Unaudited. Dollars in thousands, except share data)

|  | Three months ended   |                       |                  |                   |                      |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
|  | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December 31,<br>2020 |
| <b>Revenue and Expense Data</b>                    |                      |                       |                  |                   |                      |
| Interest income                                    | \$ 71,024            | \$ 69,628             | \$ 68,479        | \$ 67,916         | \$ 68,081            |
| Interest expense                                   | 1,241                | 1,395                 | 1,396            | 1,476             | 1,659                |
| Net interest income                                | 69,783               | 68,233                | 67,083           | 66,440            | 66,422               |
| Provision for (benefit from) credit losses         | 980                  | (1,435)               | (260)            | (6,060)           | 4,850                |
| Noninterest income:                                |                      |                       |                  |                   |                      |
| Service charges and fees                           | 11,277               | 11,265                | 10,930           | 10,476            | 10,218               |
| Gain on sale of investment securities              | —                    | —                     | —                | —                 | —                    |
| Other income                                       | 5,225                | 3,830                 | 5,027            | 5,634             | 6,362                |
| Total noninterest income                           | 16,502               | 15,095                | 15,957           | 16,110            | 16,580               |
| Noninterest expense:                               |                      |                       |                  |                   |                      |
| Salaries and benefits                              | 27,666               | 26,274                | 27,081           | 25,330            | 28,473               |
| Occupancy and equipment                            | 5,011                | 5,107                 | 4,907            | 5,243             | 5,108                |
| Data processing and network                        | 5,444                | 5,381                 | 4,752            | 4,448             | 4,455                |
| Other noninterest expense                          | 8,558                | 9,045                 | 7,431            | 6,597             | 7,709                |
| Total noninterest expense                          | 46,679               | 45,807                | 44,171           | 41,618            | 45,745               |
| Total income before taxes                          | 38,626               | 38,956                | 39,129           | 46,992            | 32,407               |
| Provision for income taxes                         | 10,404               | 11,534                | 10,767           | 13,343            | 8,750                |
| Net income   | \$ 28,222            | \$ 27,422             | \$ 28,362        | \$ 33,649         | \$ 23,657            |
| <b>Share Data</b>                                  |                      |                       |                  |                   |                      |
| Basic earnings per share                           | \$ 0.95              | \$ 0.92               | \$ 0.95          | \$ 1.13           | \$ 0.80              |
| Diluted earnings per share                         | \$ 0.94              | \$ 0.92               | \$ 0.95          | \$ 1.13           | \$ 0.79              |
| Dividends per share                                | \$ 0.25              | \$ 0.25               | \$ 0.25          | \$ 0.25           | \$ 0.22              |
| Book value per common share                        | \$ 33.64             | \$ 33.05              | \$ 32.53         | \$ 31.71          | \$ 31.12             |
| Tangible book value per common share (1)           | \$ 25.80             | \$ 25.16              | \$ 24.60         | \$ 23.72          | \$ 23.09             |
| Shares outstanding                                 | 29,730,424           | 29,714,609            | 29,716,294       | 29,727,122        | 29,727,214           |
| Weighted average shares                            | 29,723,791           | 29,713,558            | 29,718,603       | 29,727,182        | 29,756,831           |
| Weighted average diluted shares                    | 29,870,059           | 29,850,530            | 29,903,560       | 29,904,974        | 29,863,478           |
| <b>Credit Quality</b>                              |                      |                       |                  |                   |                      |
| Allowance for credit losses to gross loans         | 1.74 %               | 1.72 %                | 1.74 %           | 1.73 %            | 1.93 %               |
| Loans past due 30 days or more                     | \$ 4,332             | \$ 10,539             | \$ 9,292         | \$ 10,550         | \$ 6,767             |
| Total nonperforming loans                          | \$ 30,350            | \$ 28,790             | \$ 32,705        | \$ 28,941         | \$ 26,864            |
| Total nonperforming assets                         | \$ 32,944            | \$ 31,440             | \$ 24,952        | \$ 31,250         | \$ 29,708            |
| Loans charged-off                                  | \$ 197               | \$ 1,582              | \$ 387           | \$ 226            | \$ 560               |
| Loans recovered                                    | \$ 552               | \$ 1,321              | \$ 653           | \$ 560            | \$ 382               |
| <b>Selected Financial Ratios</b>                   |                      |                       |                  |                   |                      |
| Return on average total assets                     | 1.31 %               | 1.30 %                | 1.40 %           | 1.75 %            | 1.24 %               |
| Return on average equity                           | 11.20 %              | 11.02 %               | 11.85 %          | 14.51 %           | 10.37 %              |
| Average yield on loans, excluding PPP              | 4.73 %               | 4.85 %                | 4.93 %           | 5.02 %            | 5.04 %               |
| Average yield on interest-earning assets           | 3.56 %               | 3.57 %                | 3.65 %           | 3.82 %            | 3.88 %               |
| Average rate on interest-bearing deposits          | 0.06 %               | 0.08 %                | 0.08 %           | 0.10 %            | 0.12 %               |
| Average cost of total deposits                     | 0.04 %               | 0.05 %                | 0.05 %           | 0.06 %            | 0.07 %               |
| Average rate on borrowings & subordinated debt     | 1.98 %               | 2.02 %                | 2.31 %           | 2.42 %            | 2.43 %               |
| Average rate on interest-bearing liabilities       | 0.11 %               | 0.13 %                | 0.13 %           | 0.15 %            | 0.17 %               |
| Net interest margin (fully tax-equivalent) (1)     | 3.50 %               | 3.50 %                | 3.58 %           | 3.74 %            | 3.79 %               |
| Loans to deposits                                  | 66.74 %              | 67.54 %               | 70.72 %          | 72.37 %           | 73.21 %              |
| Efficiency ratio                                   | 54.10 %              | 54.97 %               | 53.19 %          | 50.42 %           | 55.11 %              |
| <b>Supplemental Loan Interest Income Data</b>      |                      |                       |                  |                   |                      |
| Discount accretion on acquired loans               | \$ 1,780             | \$ 2,034              | \$ 2,566         | \$ 1,712          | \$ 1,960             |
| All other loan interest income (excluding PPP) (1) | \$ 54,930            | \$ 55,184             | \$ 54,559        | \$ 52,861         | \$ 53,379            |
| Total loan interest income (excluding PPP) (1)     | \$ 56,710            | \$ 57,218             | \$ 57,125        | \$ 54,573         | \$ 55,339            |

(1) Non-GAAP measure.

**TRICO BANCSHARES—CONDENSED CONSOLIDATED FINANCIAL DATA**

(Unaudited. Dollars in thousands)

|  | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December 31,<br>2020 |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>Balance Sheet Data</b>                |                      |                       |                  |                   |                      |
| Cash and due from banks                  | \$ 768,421           | \$ 740,236            | \$ 639,740       | \$ 609,522        | \$ 669,551           |
| Securities, available for sale, net      | 2,210,876            | 2,098,786             | 1,850,547        | 1,685,076         | 1,417,289            |
| Securities, held to maturity, net        | 199,759              | 216,979               | 235,778          | 260,454           | 284,563              |
| Restricted equity securities             | 17,250               | 17,250                | 17,250           | 17,250            | 17,250               |
| Loans held for sale                      | 3,466                | 3,072                 | 5,723            | 3,995             | 6,268                |
| Loans:                                   |                      |                       |                  |                   |                      |
| Commercial real estate                   | 3,306,054            | 3,222,737             | 3,194,336        | 3,108,624         | 2,951,902            |
| Consumer                                 | 1,071,551            | 1,053,653             | 1,050,609        | 1,041,213         | 952,108              |
| Commercial and industrial                | 259,355              | 345,027               | 452,069          | 551,077           | 526,327              |
| Construction                             | 222,281              | 216,680               | 200,714          | 221,613           | 284,842              |
| Agriculture production                   | 50,811               | 44,410                | 41,967           | 39,753            | 44,164               |
| Leases                                   | 6,572                | 4,989                 | 5,199            | 4,697             | 3,784                |
| Total loans, gross                       | 4,916,624            | 4,887,496             | 4,944,894        | 4,966,977         | 4,763,127            |
| Allowance for credit losses              | (85,376)             | (84,306)              | (86,062)         | (85,941)          | (91,847)             |
| Total loans, net                         | 4,831,248            | 4,803,190             | 4,858,832        | 4,881,036         | 4,671,280            |
| Premises and equipment                   | 78,687               | 78,968                | 79,178           | 82,338            | 83,731               |
| Cash value of life insurance             | 117,857              | 120,932               | 120,287          | 119,543           | 118,870              |
| Accrued interest receivable              | 19,292               | 18,425                | 18,923           | 19,442            | 20,004               |
| Goodwill                                 | 220,872              | 220,872               | 220,872          | 220,872           | 220,872              |
| Other intangible assets                  | 12,369               | 13,562                | 14,971           | 16,402            | 17,833               |
| Operating leases, right-of-use           | 25,665               | 26,815                | 26,365           | 27,540            | 27,846               |
| Other assets                             | 109,025              | 98,943                | 81,899           | 88,142            | 84,172               |
| Total assets                             | \$ 8,614,787         | \$ 8,458,030          | \$ 8,170,365     | \$ 8,031,612      | \$ 7,639,529         |
| Deposits:                                |                      |                       |                  |                   |                      |
| Noninterest-bearing demand deposits      | \$ 2,979,882         | \$ 2,943,016          | \$ 2,843,783     | \$ 2,766,510      | \$ 2,581,517         |
| Interest-bearing demand deposits         | 1,568,682            | 1,519,426             | 1,486,321        | 1,465,915         | 1,414,908            |
| Savings deposits                         | 2,521,011            | 2,447,706             | 2,337,557        | 2,302,927         | 2,164,942            |
| Time certificates                        | 297,584              | 326,674               | 324,392          | 328,048           | 344,567              |
| Total deposits                           | 7,367,159            | 7,236,822             | 6,992,053        | 6,863,400         | 6,505,934            |
| Accrued interest payable                 | 928                  | 1,056                 | 1,026            | 970               | 1,362                |
| Operating lease liability                | 26,280               | 27,290                | 26,707           | 27,780            | 27,973               |
| Other liabilities                        | 112,070              | 107,282               | 85,388           | 102,955           | 94,597               |
| Other borrowings                         | 50,087               | 45,601                | 40,559           | 36,226            | 26,914               |
| Junior subordinated debt                 | 58,079               | 57,965                | 57,852           | 57,742            | 57,635               |
| Total liabilities                        | 7,614,603            | 7,476,016             | 7,203,585        | 7,089,073         | 6,714,415            |
| Common stock                             | 532,244              | 531,339               | 531,038          | 531,367           | 530,835              |
| Retained earnings                        | 466,959              | 446,948               | 427,575          | 408,211           | 381,999              |
| Accum. other comprehensive income (loss) | 981                  | 3,727                 | 8,167            | 2,961             | 12,280               |
| Total shareholders' equity               | \$ 1,000,184         | \$ 982,014            | \$ 966,780       | \$ 942,539        | \$ 925,114           |
| <b>Quarterly Average Balance Data</b>    |                      |                       |                  |                   |                      |
| Average loans, excluding PPP             | \$ 4,759,294         | \$ 4,684,492          | \$ 4,646,188     | \$ 4,407,150      | \$ 4,363,873         |
| Average interest-earning assets          | \$ 7,947,798         | \$ 7,758,169          | \$ 7,544,581     | \$ 7,239,726      | \$ 6,998,582         |
| Average total assets                     | \$ 8,546,004         | \$ 8,348,111          | \$ 8,128,674     | \$ 7,808,912      | \$ 7,570,952         |
| Average deposits                         | \$ 7,304,659         | \$ 7,137,263          | \$ 6,943,081     | \$ 6,653,754      | \$ 6,341,175         |
| Average borrowings and subordinated debt | \$ 108,671           | \$ 106,221            | \$ 98,774        | \$ 90,397         | \$ 90,085            |
| Average total equity                     | \$ 999,764           | \$ 987,026            | \$ 960,145       | \$ 940,775        | \$ 907,468           |
| <b>Capital Ratio Data</b>                |                      |                       |                  |                   |                      |
| Total risk based capital ratio           | 15.4 %               | 15.4 %                | 15.3 %           | 15.1 %            | 15.2 %               |
| Tier 1 capital ratio                     | 14.2 %               | 14.2 %                | 14.1 %           | 13.9 %            | 14.0 %               |
| Tier 1 common equity ratio               | 13.2 %               | 13.2 %                | 13.0 %           | 12.9 %            | 12.9 %               |
| Tier 1 leverage ratio                    | 9.9 %                | 9.9 %                 | 9.9 %            | 10.0 %            | 9.9 %                |
| Tangible capital ratio (1)               | 9.2 %                | 9.1 %                 | 9.2 %            | 9.1 %             | 9.3 %                |

(1) Non-GAAP measure.

# TRICO BANCSHARES—NON-GAAP FINANCIAL MEASURES

(Unaudited. Dollars in thousands)

In addition to results presented in accordance with generally accepted accounting principles in the United States of America (GAAP), this press release contains certain non-GAAP financial measures. Management has presented these non-GAAP financial measures in this press release because it believes that they provide useful and comparative information to assess trends in the Company's core operations reflected in the current quarter's results, and facilitate the comparison of our performance with the performance of our peers. However, these non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP. Where applicable, comparable earnings information using GAAP financial measures is also presented. Because not all companies use the same calculations, our presentation may not be comparable to other similarly titled measures as calculated by other companies. For a reconciliation of these non-GAAP financial measures, see the tables below:

| (dollars in thousands)   | Three months ended   |                       |                      | Twelve months ended  |                      |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2021 | September 30,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
| <b>Net interest margin</b>   |                      |                       |                      |                      |                      |
| <i>Acquired loans discount accretion, net:</i>   |                      |                       |                      |                      |                      |
| Amount (included in interest income)   | \$ 1,780             | \$ 2,034              | \$ 1,960             | \$ 8,091             | \$ 8,171             |
| Effect on average loan yield   | 0.15 %               | 0.17 %                | 0.18 %               | 0.17 %               | 0.19 %               |
| Effect on net interest margin (FTE)  | 0.09 %               | 0.10 %                | 0.11 %               | 0.11 %               | 0.13 %               |
| Net interest margin (FTE)  | 3.50 %               | 3.50 %                | 3.79 %               | 3.58 %               | 3.96 %               |
| Net interest margin less effect of acquired loan discount accretion (Non-GAAP)                     | 3.41 %               | 3.40 %                | 3.68 %               | 3.47 %               | 3.85 %               |
| <i>PPP loans yield, net:</i>   |                      |                       |                      |                      |                      |
| Amount (included in interest income)   | \$ 4,094             | \$ 3,507              | \$ 5,676             | \$ 16,643            | \$ 10,635            |
| Effect on net interest margin (FTE)  | 0.16 %               | 0.09 %                | 0.11 %               | 0.10 %               | (0.01)%              |
| Net interest margin less effect of PPP loan yield (Non-GAAP)                                       | 3.34 %               | 3.41 %                | 3.68 %               | 3.48 %               | 3.97 %               |
| <i>Acquired loan discount accretion and PPP loan yield, net:</i>                                   |                      |                       |                      |                      |                      |
| Amount (included in interest income)   | \$ 5,874             | \$ 5,541              | \$ 7,636             | \$ 24,734            | \$ 18,806            |
| Effect on net interest margin (FTE)  | 0.25 %               | 0.19 %                | 0.22 %               | 0.21 %               | 0.12 %               |
| Net interest margin less effect of acquired loan discount accretion and PPP yields, net (Non-GAAP) | 3.25 %               | 3.31 %                | 3.57 %               | 3.37 %               | 3.84 %               |
| (dollars in thousands)   | Three months ended   |                       |                      | Twelve months ended  |                      |
|  | December 31,<br>2021 | September 30,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
| <b>Pre-tax pre-provision return on average assets or equity</b>                                    |                      |                       |                      |                      |                      |
| Net income (GAAP)  | \$ 28,222            | 27,422                | \$ 23,657            | \$ 117,655           | \$ 64,814            |
| Exclude income tax expense   | 10,404               | 11,534                | 8,750                | 46,048               | 22,536               |
| Exclude provision (benefit) for credit losses  | 980                  | (1,435)               | 4,850                | (6,775)              | 42,813               |
| Net income before income tax and provision expense (Non-GAAP)                                      | \$ 39,606            | \$ 37,521             | \$ 37,257            | \$ 156,928           | \$ 130,163           |
| Average assets (GAAP)  | \$ 8,546,004         | \$ 8,348,111          | \$ 7,570,952         | \$ 8,209,673         | \$ 7,123,431         |
| Average equity (GAAP)  | 999,764              | 987,026               | 907,468              | 972,214              | 902,110              |
| Return on average assets (GAAP) (annualized)   | 1.31 %               | 1.30 %                | 1.24 %               | 1.43 %               | 0.91 %               |
| Pre-tax pre-provision return on average assets (Non-GAAP) (annualized)                             | 1.84 %               | 1.78 %                | 1.96 %               | 1.91 %               | 1.83 %               |
| Return on average equity (GAAP) (annualized)   | 11.20 %              | 11.02 %               | 10.37 %              | 12.10 %              | 7.18 %               |
| Pre-tax pre-provision return on average equity (Non-GAAP) (annualized)                             | 15.72 %              | 15.08 %               | 16.33 %              | 16.14 %              | 14.43 %              |

| (dollars in thousands)  | Three months ended   |                       |                      | Twelve months ended  |                      |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2021 | September 30,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
| <b>Return on tangible common equity</b>                         |                      |                       |                      |                      |                      |
| Average total shareholders' equity                              | \$ 999,764           | \$ 987,026            | \$ 907,468           | \$ 972,214           | \$ 902,110           |
| Exclude average goodwill  | 220,872              | 220,872               | 220,872              | 220,872              | 220,872              |
| Exclude average other intangibles                               | 12,966               | 14,267                | 18,549               | 15,131               | 20,695               |
| Average tangible common equity (Non-GAAP)                       | \$ 765,926           | \$ 751,887            | \$ 668,047           | \$ 736,211           | \$ 660,543           |
| Net income (GAAP)   | \$ 28,222            | \$ 27,422             | \$ 23,657            | \$ 117,655           | \$ 64,814            |
| Exclude amortization of intangible assets, net of tax effect    | 840                  | 992                   | 1,007                | 3,849                | 4,031                |
| Tangible net income available to common shareholders (Non-GAAP) | \$ 29,062            | 28,414                | \$ 24,664            | \$ 121,504           | \$ 68,845            |
| Return on average equity  | 11.20 %              | 11.02 %               | 10.37 %              | 12.10 %              | 7.18 %               |
| Return on average tangible common equity (Non-GAAP)             | 15.05 %              | 14.99 %               | 14.69 %              | 16.50 %              | 10.42 %              |

| (dollars in thousands)   | Three months ended   |                       |                  |                   |                      |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
|  | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December 31,<br>2020 |
| <b>Tangible common shareholders' equity to tangible assets</b>     |                      |                       |                  |                   |                      |
| Shareholders' equity (GAAP)  | \$ 1,000,184         | \$ 982,014            | \$ 966,780       | \$ 942,539        | \$ 925,114           |
| Exclude goodwill and other intangible assets, net                  | 233,241              | 234,434               | 235,843          | 237,274           | 238,705              |
| Tangible shareholders' equity (Non-GAAP)                           | \$ 766,943           | \$ 747,580            | \$ 730,937       | \$ 705,265        | \$ 686,409           |
| Total assets (GAAP)  | \$ 8,614,787         | \$ 8,458,030          | \$ 8,170,365     | \$ 8,031,612      | \$ 7,639,529         |
| Exclude goodwill and other intangible assets, net                  | 233,241              | 234,434               | 235,843          | 237,274           | 238,705              |
| Total tangible assets (Non-GAAP)                                   | \$ 8,381,546         | \$ 8,223,596          | \$ 7,934,522     | \$ 7,794,338      | \$ 7,400,824         |
| Common s/h equity to total assets (GAAP)                           | 11.61 %              | 11.61 %               | 11.83 %          | 11.74 %           | 12.11 %              |
| Tangible common shareholders' equity to tangible assets (Non-GAAP) | 9.15 %               | 9.09 %                | 9.21 %           | 9.05 %            | 9.27 %               |

| (dollars in thousands)  | Three months ended   |                       |                  |                   |                      |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
|   | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December 31,<br>2020 |
| <b>Tangible common shareholders' equity per share</b>                           |                      |                       |                  |                   |                      |
| Tangible s/h equity (Non-GAAP)  | \$ 766,943           | \$ 747,580            | \$ 730,937       | \$ 705,265        | \$ 686,409           |
| Tangible assets (Non-GAAP)  | 8,381,546            | 8,223,596             | 7,934,522        | 7,794,338         | 7,400,824            |
| Common shares outstanding at end of period                                      | 29,730,424           | 29,714,609            | 29,716,294       | 29,727,122        | 29,727,214           |
| Common s/h equity (book value) per share (GAAP)                                 | \$ 33.64             | \$ 33.05              | \$ 32.53         | \$ 31.71          | \$ 31.12             |
| Tangible common shareholders' equity (tangible book value) per share (Non-GAAP) | \$ 25.80             | \$ 25.16              | \$ 24.60         | \$ 23.72          | \$ 23.09             |

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