

Dear Fellow Shareholders:

Last year at this time, I wrote about the group of local farmers and business people who – more than 50 years ago - channeled their frustration with big banks into a new venture that would become Tri Counties Bank. We remember the enthusiasm and determination of those who formed Tri Counties Bank and now, upon the occasion of our 50th anniversary, I'm reminded that we continue to stand on the shoulders of leaders such as Alex Vereschagin, Dewayne Caviness, the Casey family, Donald Murphy, Sankey M. Hall, Jr., Everett Beich, Bob Steveson, Carroll Taresh and Joan Jones. As we gathered over the course of 2024 to celebrate this milestone in our Company's history, I was – and continue to be - filled with immense pride and gratitude. In March 2024, we kicked off our anniversary celebration with a contribution to support the Foundation for California Community Colleges' Student Ambassadors. This incredible program helps students access food, housing, and other basic needs and resources, providing crucial support and easing their pathway to success. Throughout 2024 and into early 2025, anniversary events not only marked a momentous occasion but reflected our rich history and underscored our unwavering commitment to the communities we serve across California.

Over the years, we have witnessed significant changes in the banking landscape, including the rise of digital banking and the evolution of customer expectations. However, one thing has remained constant: our dedication to local businesses, consumers and communities. This anniversary is not just a celebration of our past; it's a reaffirmation of our mission to support the financial well-being of our customers and to continue to be an integral part of the economic engine that drives the neighborhoods we serve.

Much ink has been spilled before, during, and after the recent presidential election – the thirteenth such election to have occurred during the history of your Company – and many predictions have been offered regarding the future course of regulation in the financial services industry. To be clear, we believe that much of the foundation of regulation in our industry is both essential and a stabilizing force that makes the United States economy and financial system the envy of the world. This framework was born out of a severe economic depression and tested over subsequent decades and inspires the confidence and trust of the many businesses and consumers we serve. We remain hopeful that regulation that would be cumbersome or detrimental to businesses and consumers will be reconsidered. We look forward to positive and better-balanced proposals that continue to support broad economic growth and the banking industry.

Financial Highlights

For the full year 2024, TriCo Bancshares reported earnings of \$114.9 million, or \$3.46 per diluted share. This compares with earnings of \$117.4 million, or \$3.52 per diluted share in 2023. The dramatic rise in short-term interest rates that began in 2022 and concluded in mid-2023 continues to depress net interest income, our largest revenue source, and ultimately our net income, as our loan portfolio continues to reprice and as the cost for deposits, our primary source of funding, adjusts to current market conditions and evolving customer behavior.

Data from TriCo Bancshares 10K:

	2024	Chg.	2023	Chg.	2022
Yield on Loans	5.79%	+0.35%	5.44%	+0.60%	4.84%
Cost of Total Interest-Bearing Deposits	2.09%	+0.99%	1.10%	+1.00%	0.10%
Net Interest Margin	3.71%	(0.25%)	3.96%	+0.08%	3.88%
Net Interest Income (\$ millions)	\$331.4	(7.1%)	\$356.7	+3.1%	\$346.0

As illustrated in the table above, the cost of interest-bearing deposits, the critical raw material that supports lending, has increased by a total of 199 basis points since 2022 while the yield on loans – our primary revenue source – has increased by just 95 basis points. I noted in last year’s letter that *“. . . as we contemplate the Federal Reserve maintaining interest rates at a level that is ‘higher for longer’, we will likely continue to see pressure on our funding costs and ultimately, on our net interest income”*. To further illustrate this point, consider that more than 80% of the residential mortgages in the United States have an interest rate at or below 5.00%, and 61% have rates below 4.00%, even as current mortgage rates are approximately 6.75%. There’s no rush to pay down a loan when current rates are much higher!

The unusually low rates (essentially 0.00%) we saw during the COVID pandemic created both dislocations and disinterest on the part of depositors. Dramatic swings in the value of any commodity (oil, grains, etc.) can create short-term dislocations and the same is true for money. When money has no earning power, depositors become indifferent between a checking account, a savings account, or a CD, for example. With interest rates now seemingly settling into a narrower range in late 2024 and early 2025, we’re now seeing depositor behavior that is more consistent with long term trends, and this is a very healthy sign for banks.

In short, the repricing of loans and deposits as interest rates adjust is simply part of our business and we manage the Bank for success across a broad range of interest rate scenarios.

Our company continues to be consistently profitable and has built strong reserves and capital that will allow us to weather economic challenges and remain the partner of choice for smaller community banks that are looking for a better strategic path. We believe that shareholder value – and our long-term success – is built through our continued focus on building a strong and diverse deposit base and through disciplined credit underwriting. Although non-performing assets increased by approximately \$12 million from the end of 2023, our net charge-offs, or loan losses, declined by \$6.6 million in 2024 to just \$2.6 million. We believe these results are more reflective of a normal economic cycle and indicative that borrowers are adjusting to the post-COVID economy.

Just as importantly, our consistent earnings and strong capital will allow us to continue to support the growth of households and businesses throughout our California footprint.

Our Impact In Our Communities

The measure of our success includes not just financial performance but also our positive impact on the people and communities we serve. We have always believed that a bank should be more than just a financial institution; instead, it should be a partner in the growth and development of its community. Over the years, we have invested significantly in local initiatives, supporting education, small businesses and farms, home ownership, and a wide range of deserving community organizations.

In the past year alone, we contributed \$1.7 million to more than 340 nonprofit organizations across California. Our commitment to community engagement has fostered strong relationships with local organizations, schools, and hospitals, and has played a crucial role in supporting the growth of home ownership among minority and low-income households and communities around the state. Further, we have worked closely with our partners in local communities to develop flexible and innovative lending and down payment assistance programs that have helped low income and minority families realize the dream of home ownership.

As California's local bank, we are also proud to have provided more than \$1.18 *billion* of new loans in 2024 to businesses and households across the state, helping to create jobs, sustain communities and drive economic growth in the areas we serve. While larger banks withdraw to major urban areas and abandon their responsibilities to serve small towns and communities, we take great pride in our roots and those we serve.

Collectively, our community-focused efforts resulted in Tri Counties Bank receiving the highest performance rating of "Outstanding" from the FDIC in its most recent Community Reinvestment Act Performance Evaluation.

Adapting To Change

As we celebrate our 50th anniversary, we face a rapidly evolving financial landscape. Technology has transformed the way our customers interact – and expect to interact – with us. While we must continue to adapt, we also strive to combine advanced digital capabilities with the personal, local service that is our competitive advantage. This year, we continued to make significant investments in our digital banking platforms, enhancing the user experience, streamlining processes, and providing customers with greater digital access to accounts and services.

We understand that our customers lead busy lives, and we are committed to enhancing the tools they need to manage their finances conveniently and securely. Our online and mobile banking systems for both consumers and businesses of all sizes, combined with our traditional branches and relationship managers, ensure that we continue to deliver the exceptional service our customers expect.

As we reflect on our past and celebrate our achievements, we are excited about the future. The next chapter of Tri Counties Bank will be defined by innovation, community engagement, and a steadfast commitment to our customers. We are continually exploring new opportunities to expand our services. In short, we've accomplished much but we still have work to do.

In Memoriam

In September 2024, we were saddened to learn of the passing of our director emeritus Virginia Walker. Virginia served on the board of directors of our Company for more than twelve years and her guidance and counsel was of immeasurable value to our leadership. Beyond her professional accomplishments, Virginia was known for her profound kindness, her sharp wit, and her strong devotion and connection to our community.

We also mourn the passing of both Carroll Taresh and Joan Jones in January 2025. Each played an integral role in the formation, growth and success of Tri Counties Bank and we'll miss their encouragement, partnership and strong character.

Recognizing Our Employees

Our dedicated employees continue to drive the success of Tri Counties Bank, and we are grateful for their dedication and hard work. Over the past 50 years, they have consistently gone above and beyond to serve our customers and uphold our values. We have cultivated a culture of teamwork and professional growth, ensuring our team is equipped with the skills and knowledge necessary to navigate the evolving financial landscape.

Gratitude To Our Shareholders

As we celebrate our 50th anniversary, we want to take this opportunity to express our heartfelt gratitude to you, our shareholders. Your unwavering support and trust in TriCo Bancshares have been instrumental to our growth and success. We are proud to have you as partners in this journey and we are committed to continuing to deliver strong financial performance and sustainable growth in the years to come.

As always, and on behalf of our more than 1,200 employees and our board of directors, thank you for your continued confidence in, and ongoing support of, TriCo Bancshares – California's Local Bank.

A handwritten signature in black ink, appearing to read "Richard P. Smith", with a stylized flourish at the end.

Richard P. Smith
Chairman, President, and Chief Executive Officer