

Service With Solutions™

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

# Piper Jaffray West Coast Bank Symposium

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**Newport, CA**

November 9, 2017



## SAFE HARBOR STATEMENT

Certain comments included in this presentation may involve forward-looking statements, for which TriCo claims the protection of the “safe harbor” provisions credited by Federal securities laws. Such forward-looking statements are subject to risks and uncertainties which may cause TriCo’s actual results to differ materially from those contemplated by such statements. Additional information concerning certain of these risks and uncertainties are described in TriCo’s Annual Report of Form 10-K for the fiscal year ended December 31, 2016 and TriCo’s Quarterly Reports on Form 10-Q as filed with the SEC in fiscal 2017.

# AGENDA

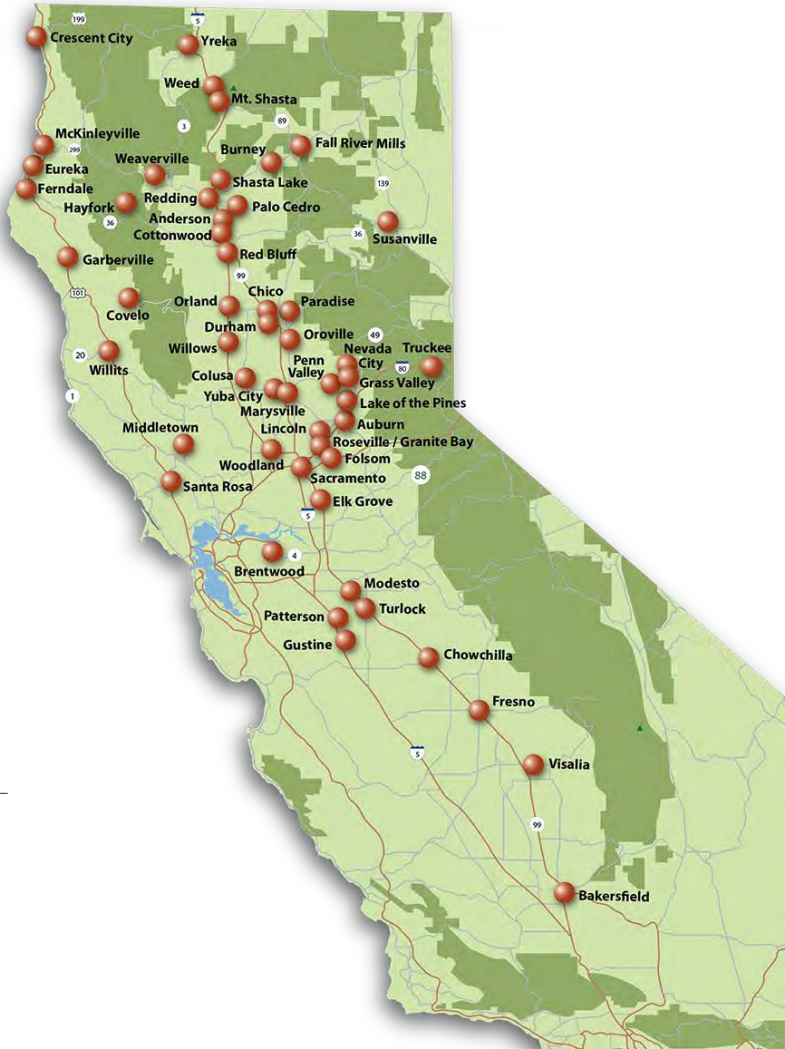
- Company Overview
- Recent Activities & Focus
- Key Revenue Drivers
- Challenges & Opportunities
- Financials
- Questions



# OVERVIEW

<b>Asset Size:</b>	<b>\$4.7 Billion</b>
<b>Location:</b>	<b>Chico, CA</b>
<b>Founded:</b>	<b>1975</b>
<b>Deposits:</b>	<b>\$3.9 Billion</b>
<b>Loans (net):</b>	<b>\$2.9 Billion</b>
<b>Customers:</b>	<b>190,000</b>
<b>Bank Branches:</b>	<b>68*</b>
<b>ATMs:</b>	<b>84</b>

*\*includes our telephone banking center*



# OVERVIEW

Nasdaq:	TCBK
*Stock Price:	\$41.16
Market Capitalization:	\$944 million
*Price to Book stated:	1.9x
*Price to TBVPS	2.2x
**Asset Size Rank of CA Publicly Traded Banks:	14



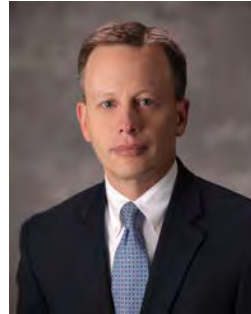
\*Valuation Information as of Market Close 11/03/2017

\*\*Ranking as of 01/25/2015 – Source: SNL Financial

# EXECUTIVE TEAM



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



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



**Tom Reddish**  
EVP Chief Financial Officer  
*TriCo since 1994*



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



**Richard O'Sullivan**  
EVP Commercial Banking  
*TriCo since 1984*



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

## 2017 ACCOMPLISHMENTS

- New deposit product line-up implemented in Q1
- Strong fee revenue growth
  - Q3 year-over-year deposit fee income growth of 18%
- Several new technology projects for 2017:
  - Implementing new consumer and mortgage loan origination technologies
  - Loan and operational imaging projects
  - Leveraging 2016 core conversion investment into greater operating efficiencies
- Continued deposit market share expansion

## POSITIONED FOR TODAY, PREPARED FOR THE FUTURE

- Strong and growing bank capital
- Competitive product set to compete with banks both large and small
- Superior reputation versus large bank competitors
- Continue to see strong organic growth in current environment
  - Loan growth of 6.2%\*
  - Deposit growth of 1.0%\*

\*09/30/2017 vs. 09/30/2016



## POSITIONED FOR TODAY, PREPARED FOR THE FUTURE *continued*

- Strong focus on risk management and new regulatory realities
  - Enterprise Risk
  - Strong focus on CRA
  - HMDA Reporting
  - Fair Lending
- Experienced project teams, well prepared for continued growth through acquisition

# WHAT IS LONG TERM SUCCESS?

- Rewarding our shareholders
  - A winning culture with a motivated and talented work force (good people)
  - Significant and growing market share
  - Low cost core deposit base
  - Strong credit culture
  - Diversified revenue sources
  - Efficient operations
  - Strong risk management practices

# KEY DRIVERS OF BANK REVENUES

- **Deposits & Margin**
  - Average Cost of Deposits of .11% as of 09/30/2017
  - Net Interest Margin in Q3 2017 was 4.24%
- **Commercial Loans**
  - Commercial Real Estate
    - Diverse portfolio of property types and geographies
  - Commercial & Industry Lines and Loans & Leases
  - Agricultural Loans
  - Asset-Based Loans
- **Non-Interest Income**
  - Service Charge & Fee Income
  - Mortgage Finance
  - Bank Wealth Management Program

# KEY DRIVERS OF BANK REVENUES *continued*

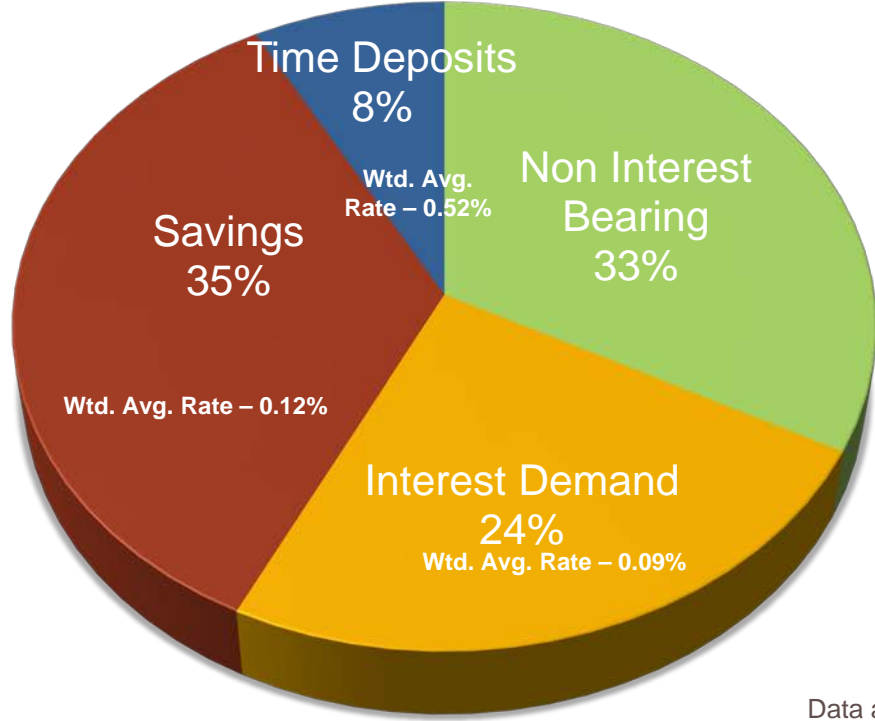
- **Consumer Loans**

- Home Equity Lines/Loans
  - Rising rates a positive for growth
- Small Business

- **Growth Opportunities**

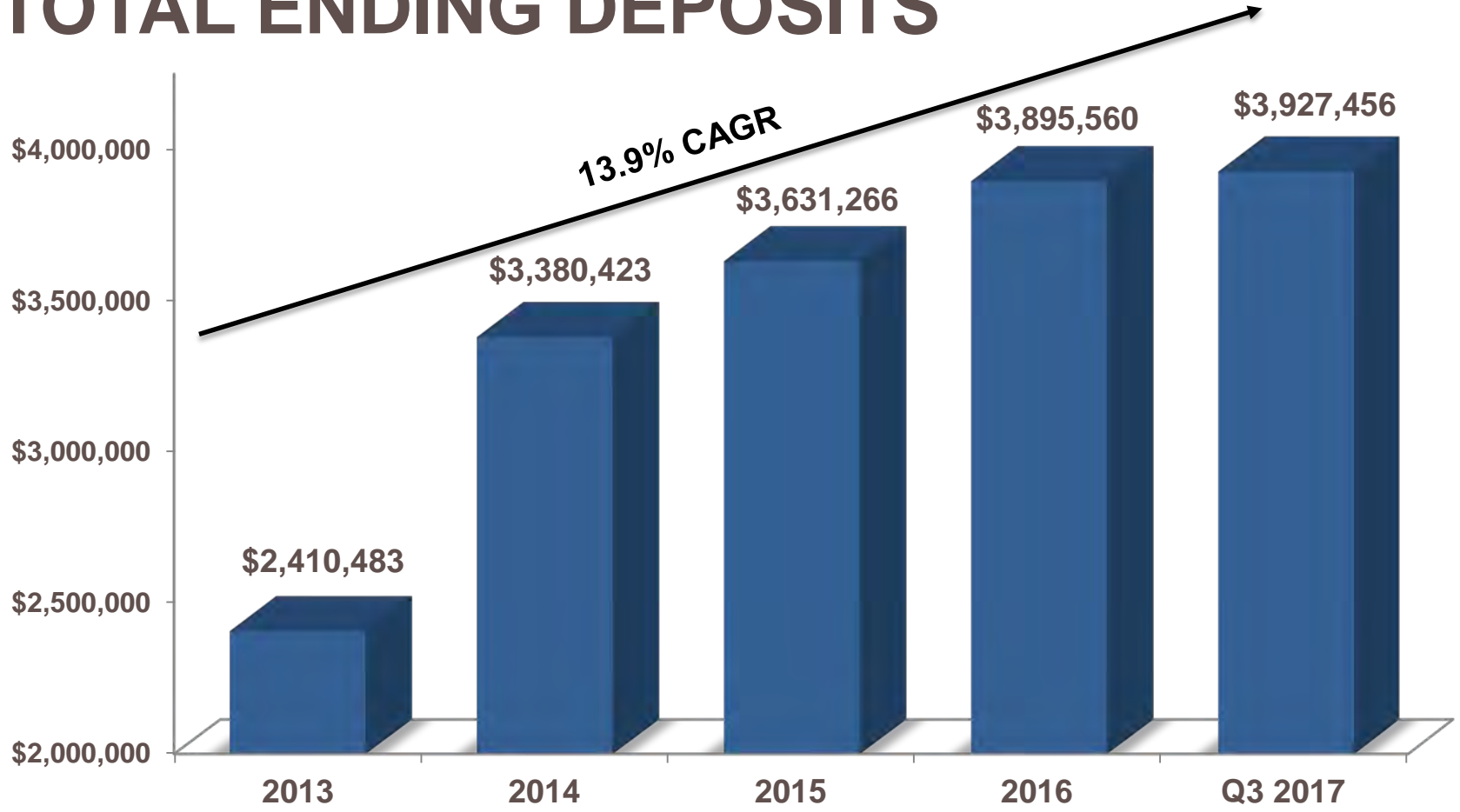
- Wealth Management – Bank Managed Program
  - Raymond James as Broker-Dealer
- Mortgage Banking
- Merchant Fee Opportunities
- Higher stock valuations a plus for M&A activity

# DEPOSIT STRUCTURE



Data as of 09.30.2017

# TOTAL ENDING DEPOSITS



Data as of 09.30.2017

# MARKET SHARE OF ALL BRANCHES

## SORTED BY ZIP CODE

Rank	Institution Name	State (Hdqtrd)	Charter	Deposit (\$000)	Market Share
1	Wells Fargo Bank, National Association	SD	Federal	8,700,167	24.56%
2	Bank of America, National Association	NC	Federal	4,135,930	11.68%
3	Rabobank, National Association	CA	Federal	3,785,681	10.69%
<b>4</b>	<b>Tri Counties Bank</b>	<b>CA</b>	<b>State</b>	<b>3,376,219</b>	<b>9.53%</b>
5	JP Morgan Chase Bank, National Association	OH	Federal	2,487,052	7.02%
6	U.S. Bank National Association	OH	Federal	1,610,128	4.55%
7	Umpqua Bank	OR	State	1,476,048	4.17%
8	Bank of the West	CA	State	1,100,271	3.11%

Source: FDIC Summary of Deposits, June 2016

## NON-INTEREST INCOME

- Consistently Represents Approximately 25% of Total Bank Revenues
- Residential Home Mortgage Lending
  - Refinances remain consistent
  - Increasing numbers of purchase transactions and increasing overall activity for home loans
  - Higher rates will slow refinance market in 2017



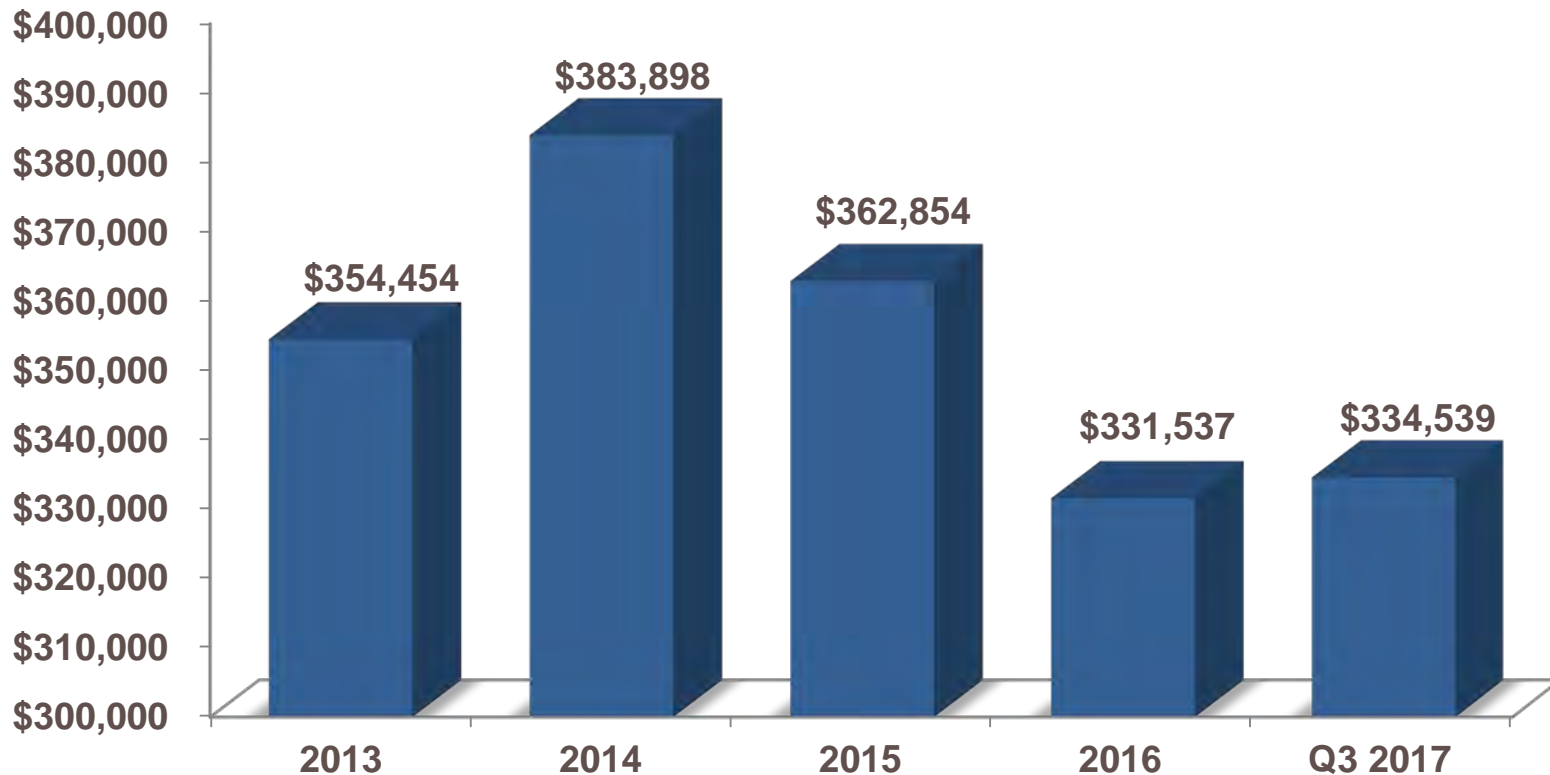
## **NON-INTEREST INCOME** *continued*

- Wealth Management revenues
- Higher revenues from service charges and interchange income
- Cash Management fees continue to increase
- Merchant Card Services
  - \$939 thousand YTD 2017

## CONSUMER LOANS

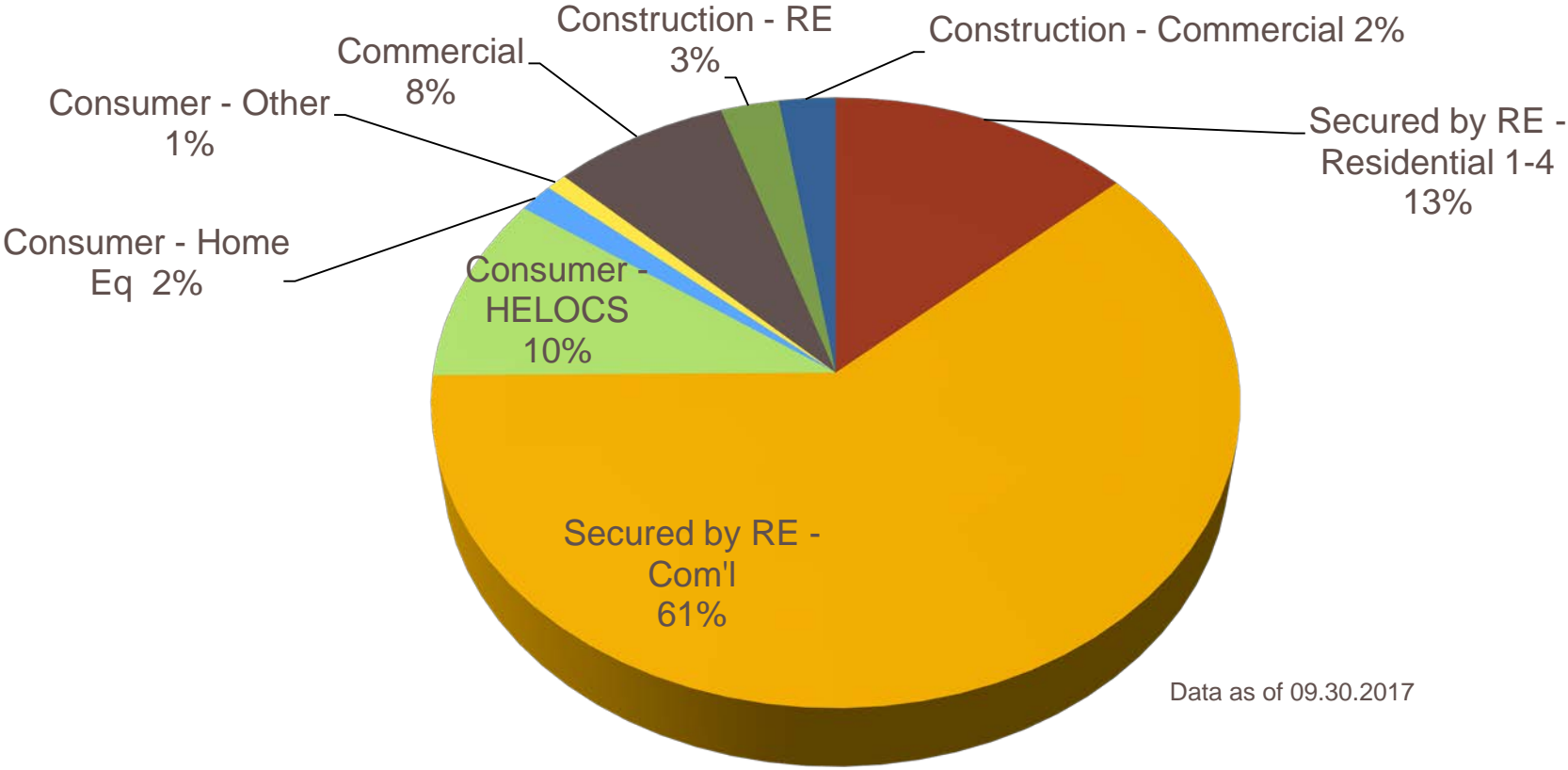
- Increased demand for consumer loans
  - Home equity values have increased
  - Borrowers in 2016 used refinance of 1<sup>st</sup> mortgage to pay down debt
- Low rate environment led to historically high refi activity
  - \$51MM in Q3 2017 HELOC volume resulted in \$7.1MM increase in outstandings
  - This is compared to \$53MM in Q2 2017 volume resulting in \$3.6MM in contraction
  - Home equity lines/loans increasing in demand and may begin outpacing 1<sup>st</sup> lien refi volume soon

# HOME EQUITY LOANS OUTSTANDING



Data as of 09.30.2017

# LOAN PORTFOLIO BY TYPE



Data as of 09.30.2017

## COMMERCIAL BANKING

- Target loans of \$2,000,000 to \$15,000,000
- Personalized banking
  - Assigned Relationship Managers
  - Assigned Cash Management Officers
- In-market lending
- Competition is as fierce and diverse as it has ever been
  - \$294 million in CRE & C&I production in Q3 resulted in \$10 million in net growth
    - This growth is net of approximately \$66MM in commercial purpose loans secured by SFR 1-4 collateral reclassified from CRE to Residential RE mortgages
  - This is compared to \$171 million in production in Q2 and \$48 million in net growth

## COMMERCIAL BANKING *continued*

- Agricultural lending
  - Drought risk has subsided
  - Commodity prices have stabilized
- Loans <\$1,000,000 served through alternate channel
  - Business Relationship Managers
  - Credit scoring combined with traditional underwriting
- SBA 7A program now offered

# COMMERCIAL REAL ESTATE PORTFOLIO

AS OF 09.30.2017

Real Estate Loan Type	# of Loans	Outstandings*	% to Total Loans	Avg. Commitment Amount
Office	589	376,307,000	13%	650,000
Retail	421	326,629,000	12%	815,000
Multi-Family	378	308,130,000	11%	841,000
Special Purpose Gas Station, Mini Storage, Hotel/Motel, Restaurant	220	257,676,000	9%	1,222,000
Other Warehouse, Manufacturing, Bare Land, Agricultural Land + Structures	718	428,659,000	15%	636,000
<b>Totals</b>	2,326	1,697,401,000	58%	-
<b>Averages</b>	-	-	-	761,000

\* RE Loan Type segment totals do not include all purchase discount adjustments

## AG PORTFOLIO AS OF 09.30.2017

- Agricultural Loans (excluding RE secured) total \$46 million in total commitments with \$26 million outstanding
- The highest crop concentrations by commitments are:

Rice	\$12.0 million	44 loans	\$274,000 Avg. Commitment
Multiple Crop	\$8.8 million	11 loans	\$801,000 Avg. Commitment
Almonds	\$6.9 million	10 loans	\$685,000 Avg. Commitment
Walnuts	\$4.6 million	6 loans	\$767,000 Avg. Commitment
Misc. Row Crop	\$1.0 million	4 loans	\$261,000 Avg. Commitment
Beef	\$893 thousand	8 loan	\$112,000 Avg. Commitment



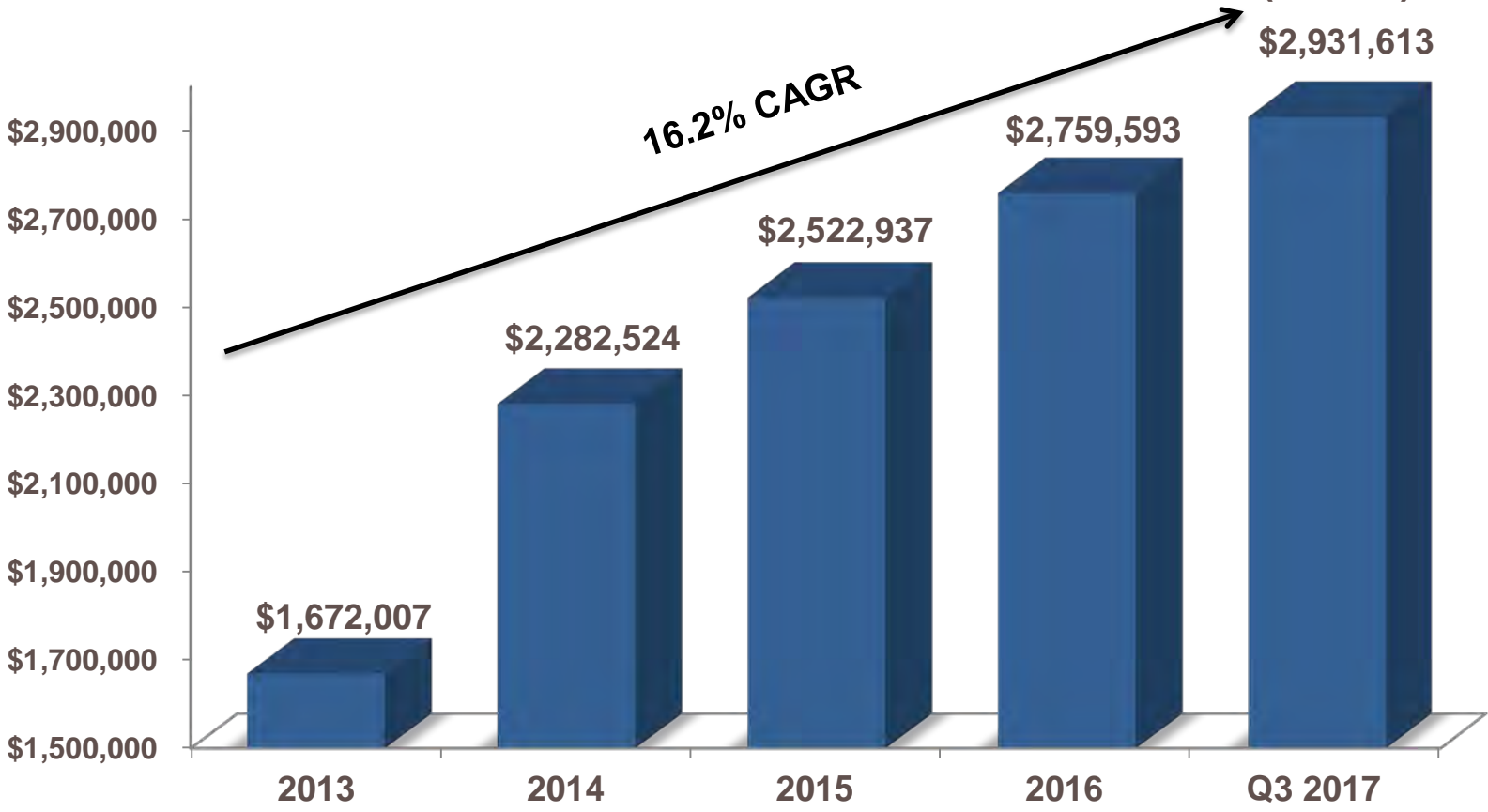
## CONSTRUCTION AND A&D

- Construction lending totals approx. \$147,939,000 outstanding with \$314,605,000 in commitments
- Residential construction approx. \$75,120,000
- Commercial construction approx. \$72,820,000
- Total construction, land development and land acquisition loans represent 5.1% of total loans outstanding

Data as of 09.30.2017

# TOTAL LOANS

NET OF UNAMORTIZED DEFERRED LOAN FEES AND DISCOUNTS (\$000'S)



Data as of 09.30.2017

# GROWTH OPPORTUNITIES

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

## WHAT KEEPS US UP AT NIGHT?

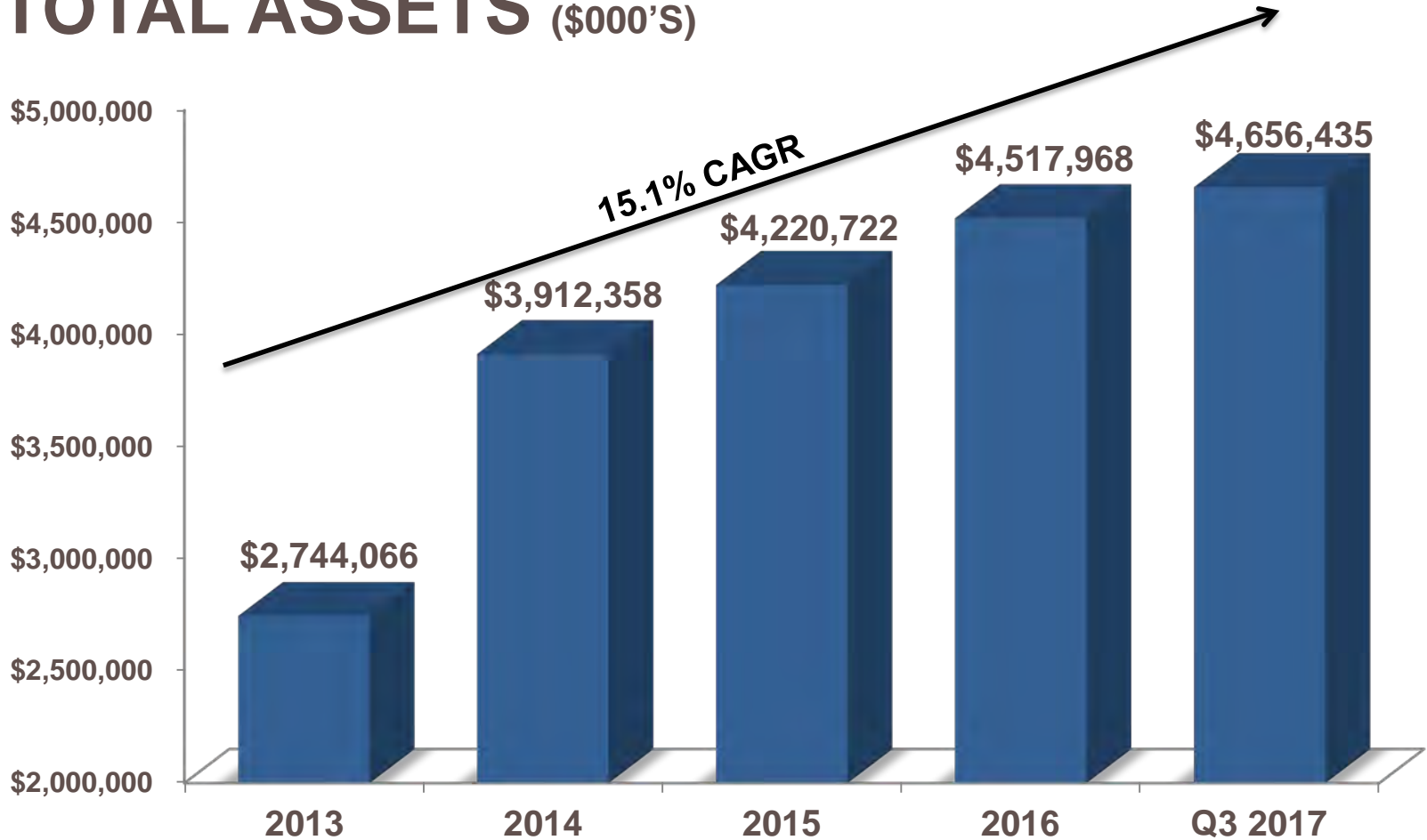
- Deposit Betas
- Ability to Increase Loan Yields
- Interest Rate Risk
- Aggressive Competitors
- Compliance Regulations
- The Cost of Compliance with New Regulations
- Dysfunction in Washington

# CHALLENGES WITHIN BANK STRATEGIES

- **Big Banks**
  - Aggressive banking in community bank space
  - Bad reputations
  - Large banks cost saving a new opportunity in rural markets
- **Technology and Banking**
  - New technology is expensive
  - New technology will streamline banking ultimately lowering costs
- **Bank Operations and Efficiency**
  - Managing multiple delivery channels
- **Enterprise Risk Management**
  - Many threats, so little time

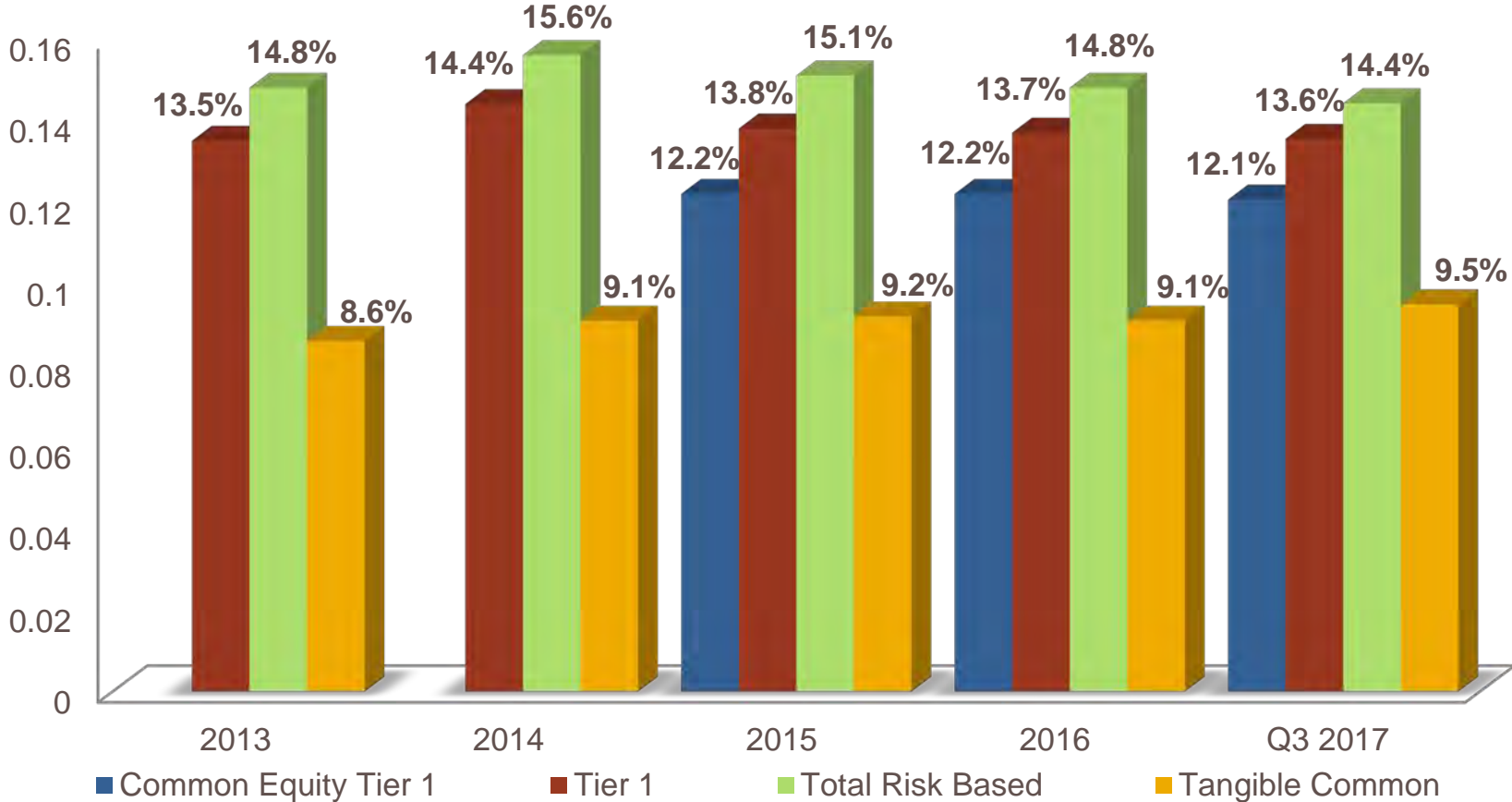
# FINANCIALS

# TOTAL ASSETS (\$000'S)



Data as of 09.30.2017

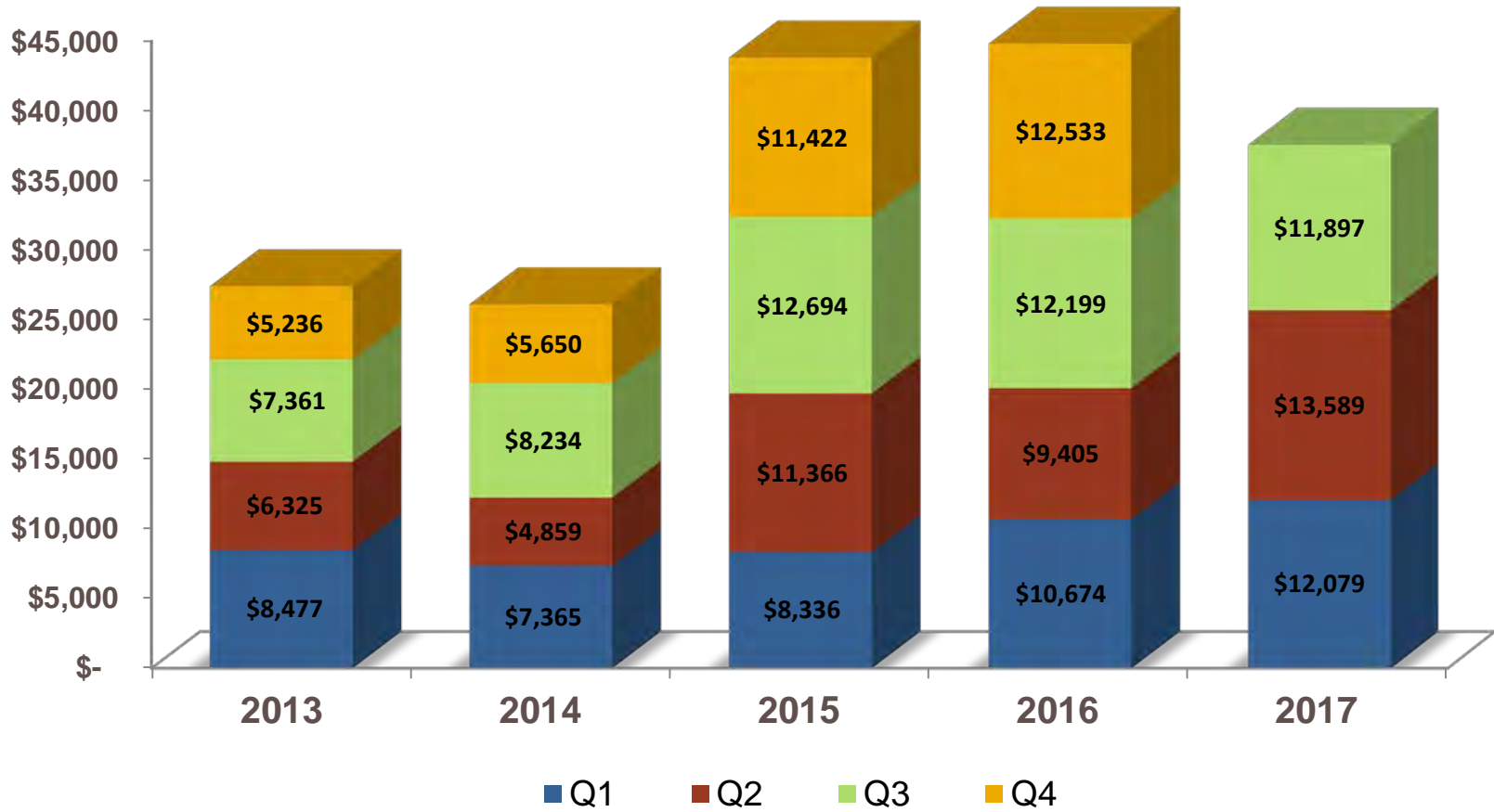
# CAPITAL RATIOS (\$000'S)



Data as of 09.30.2017

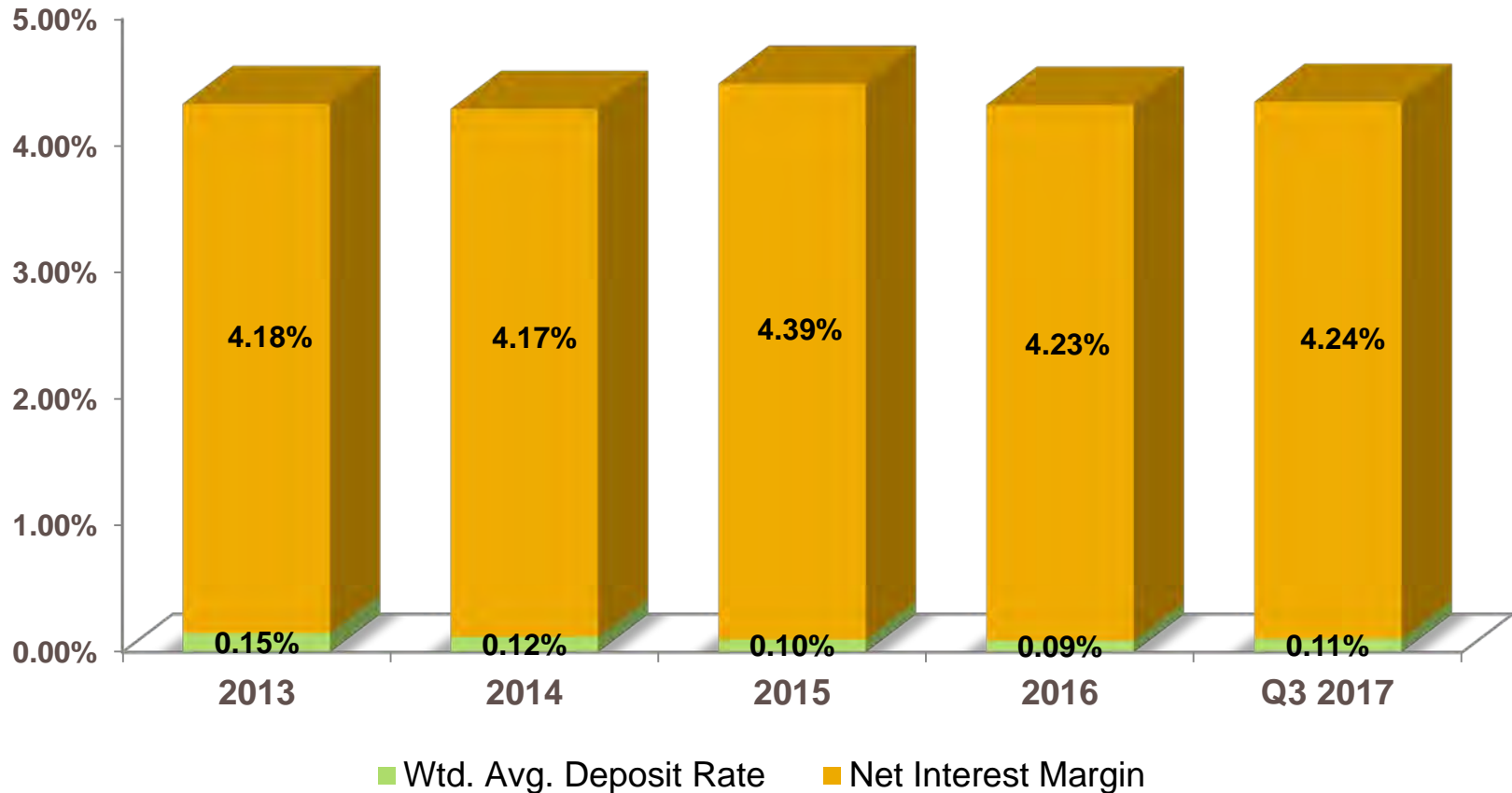


# NET INCOME (\$'000'S)



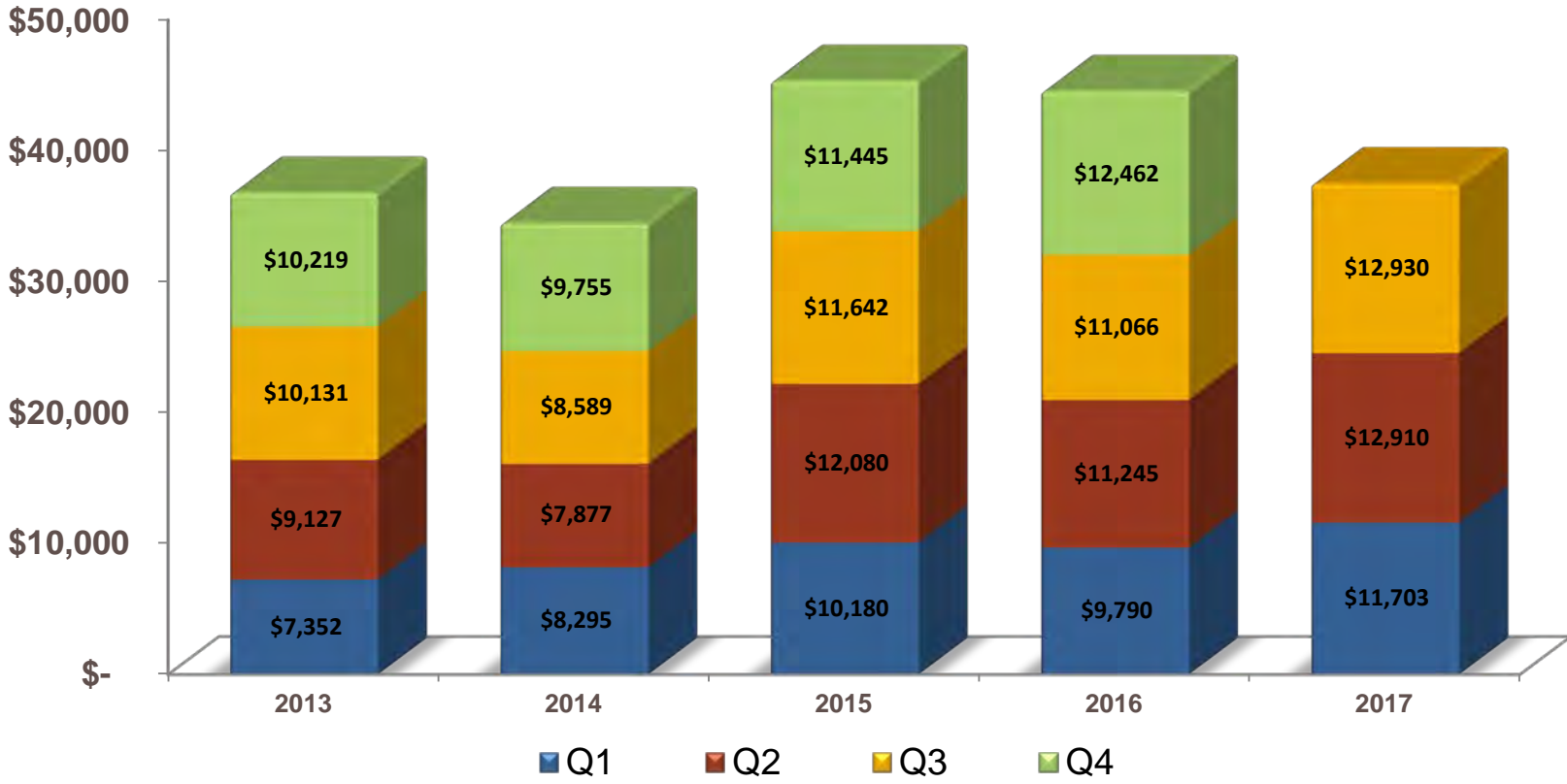
Data as of 09.30.2017

# NET INTEREST MARGIN



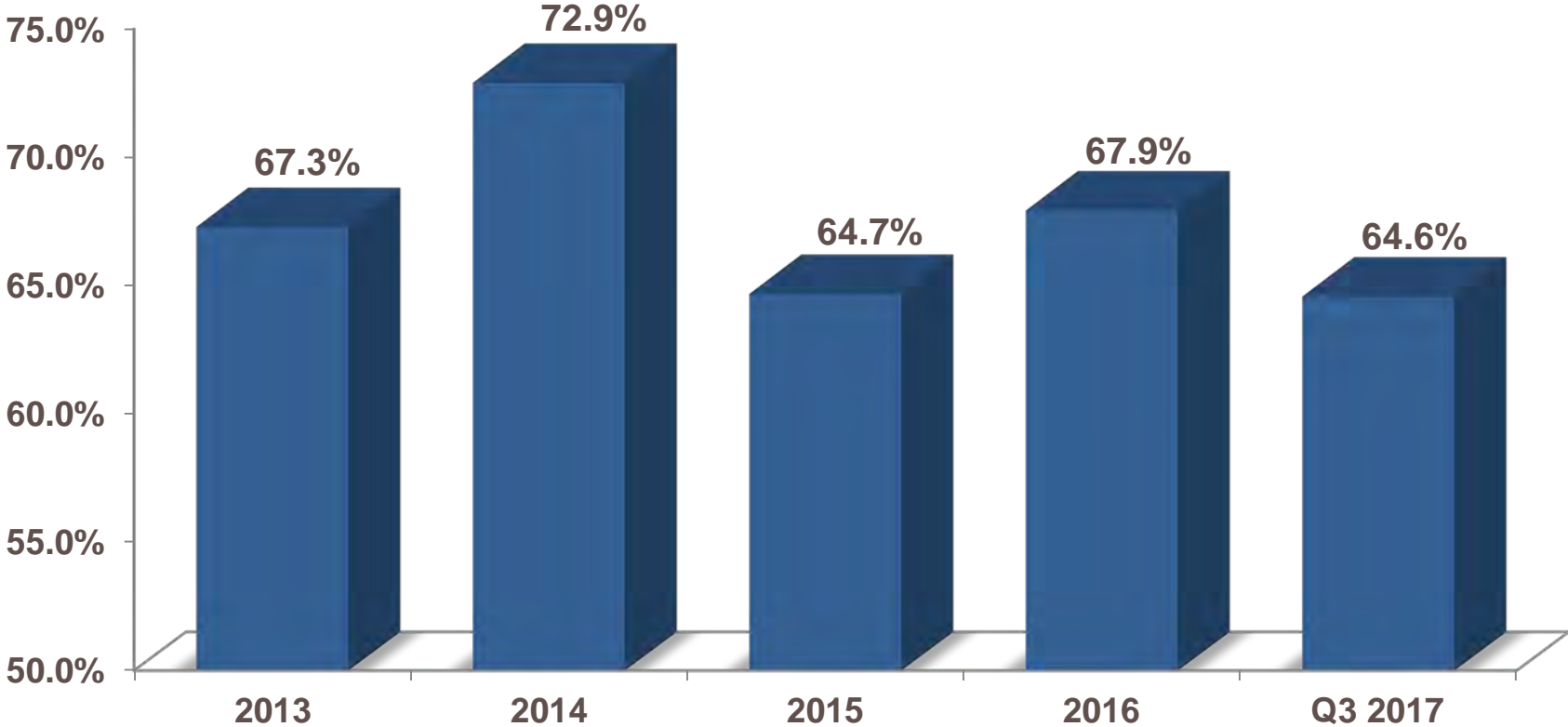
Data as of 09.30.2017

# NON-INTEREST INCOME (\$000'S)



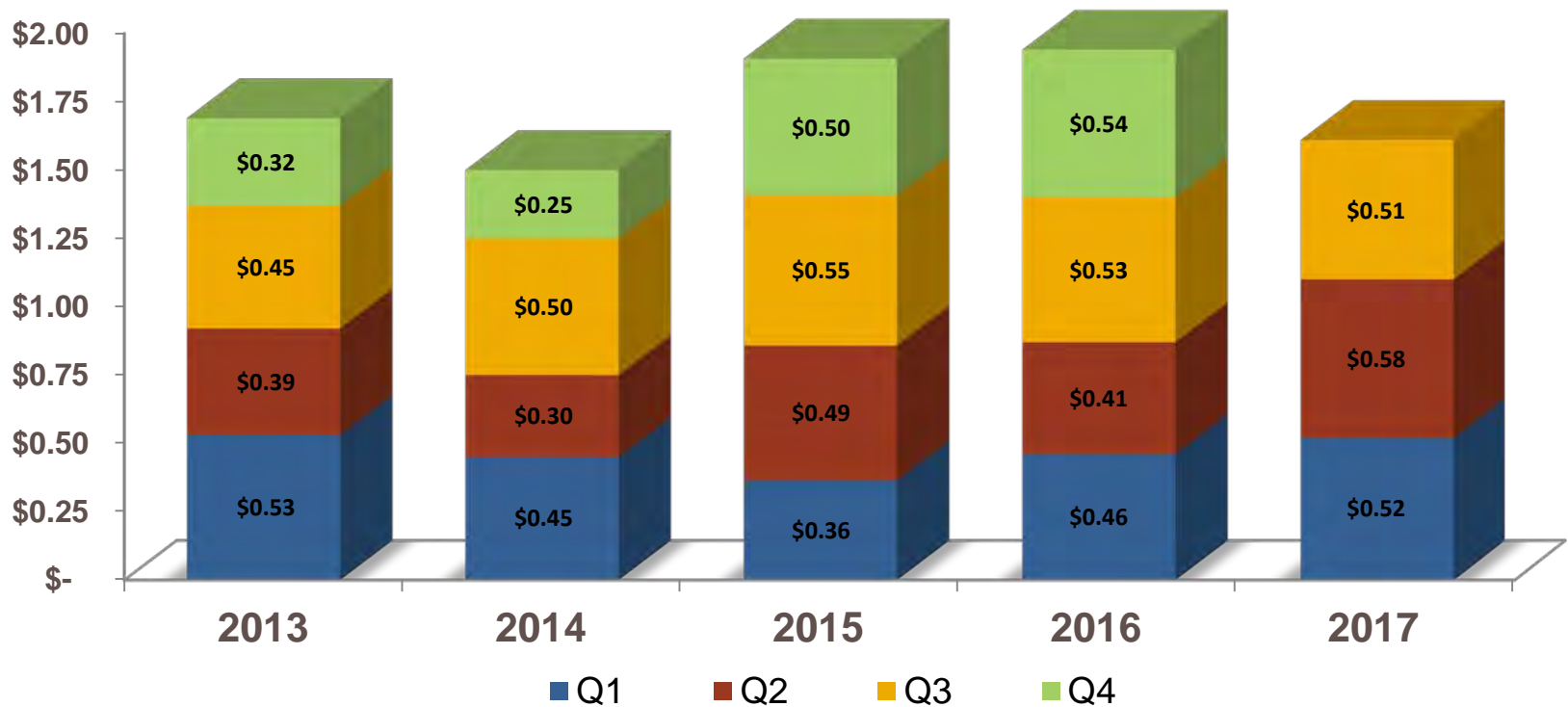
Data as of 09.30.2017

# EFFICIENCY RATIO (FULLY TAXABLE EQUIVALENT)



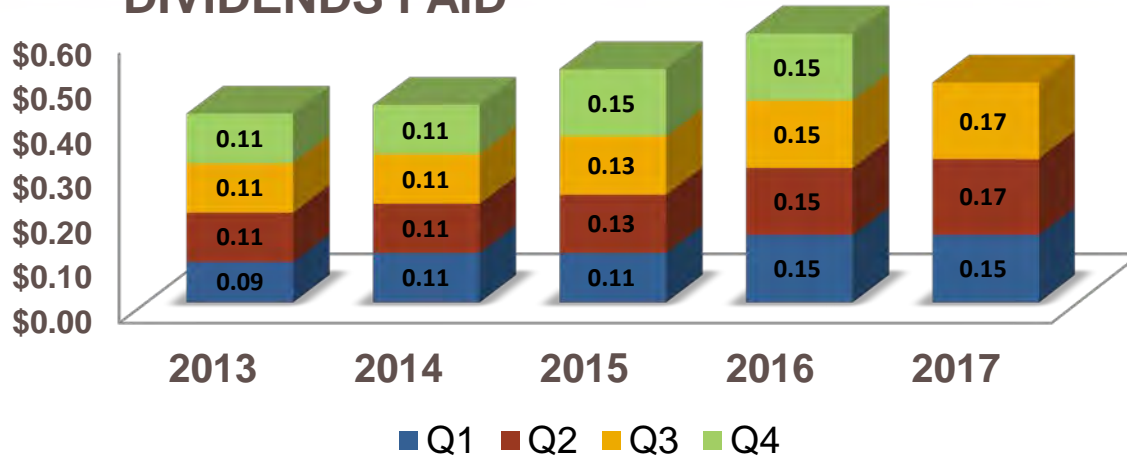
Data as of 09.30.2017

# DILUTED EARNINGS PER SHARE

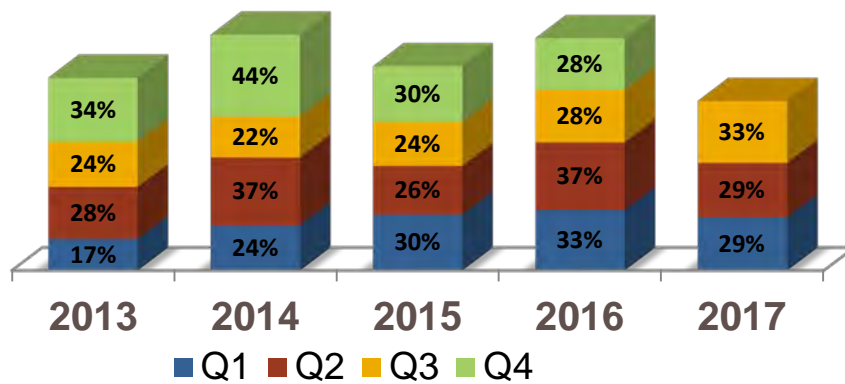


Data as of 09.30.2017

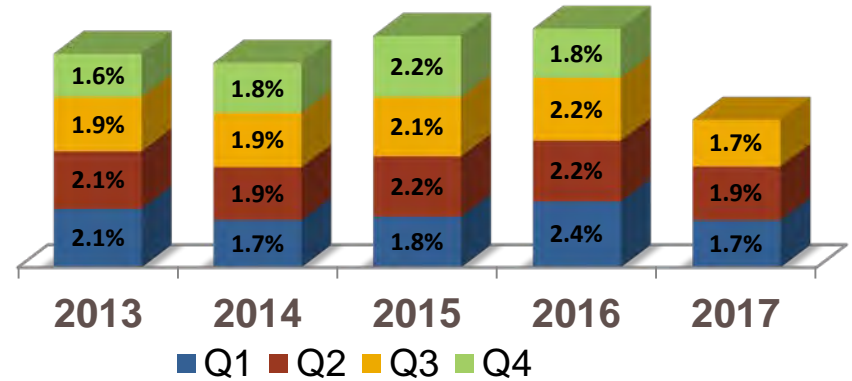
### DIVIDENDS PAID



### PAYOUT RATIO

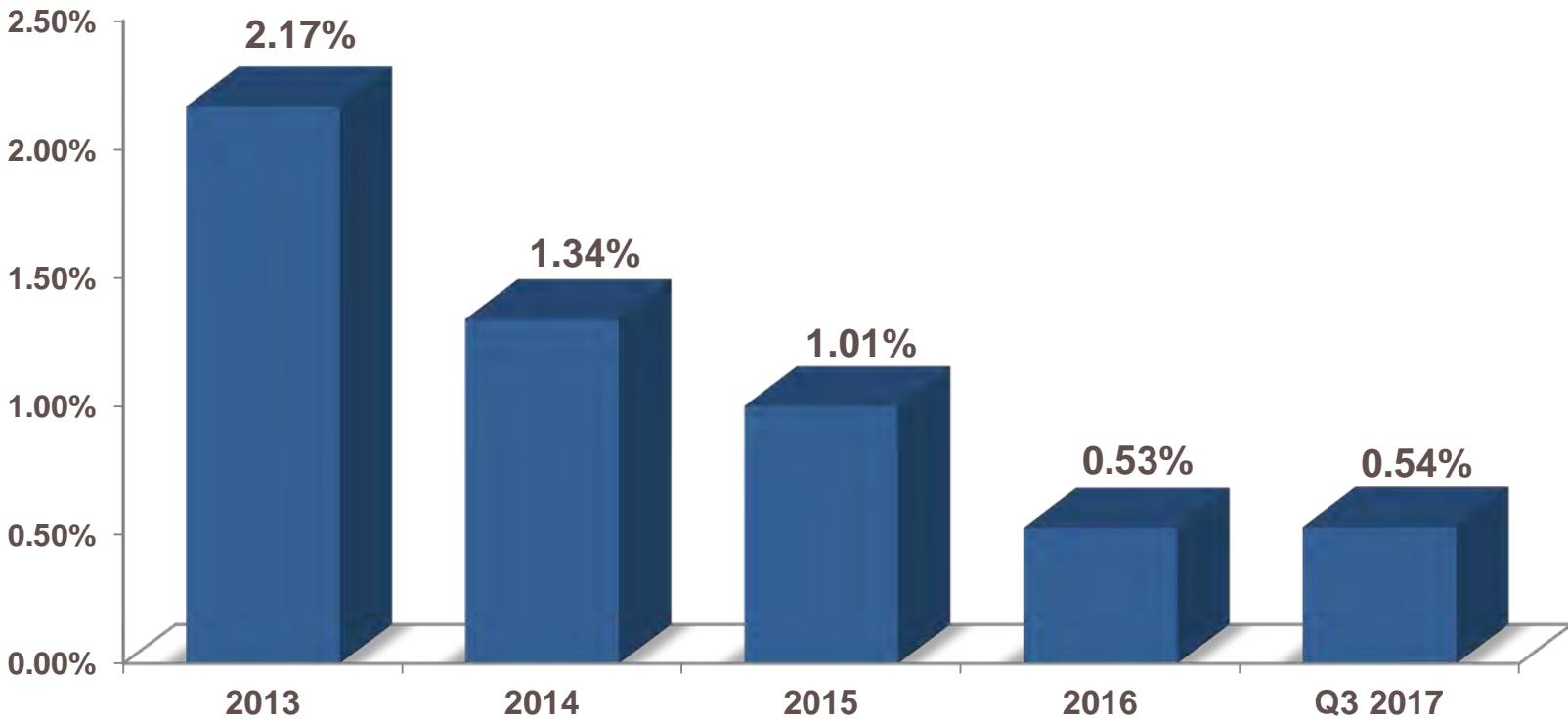


### DIVIDEND YIELD



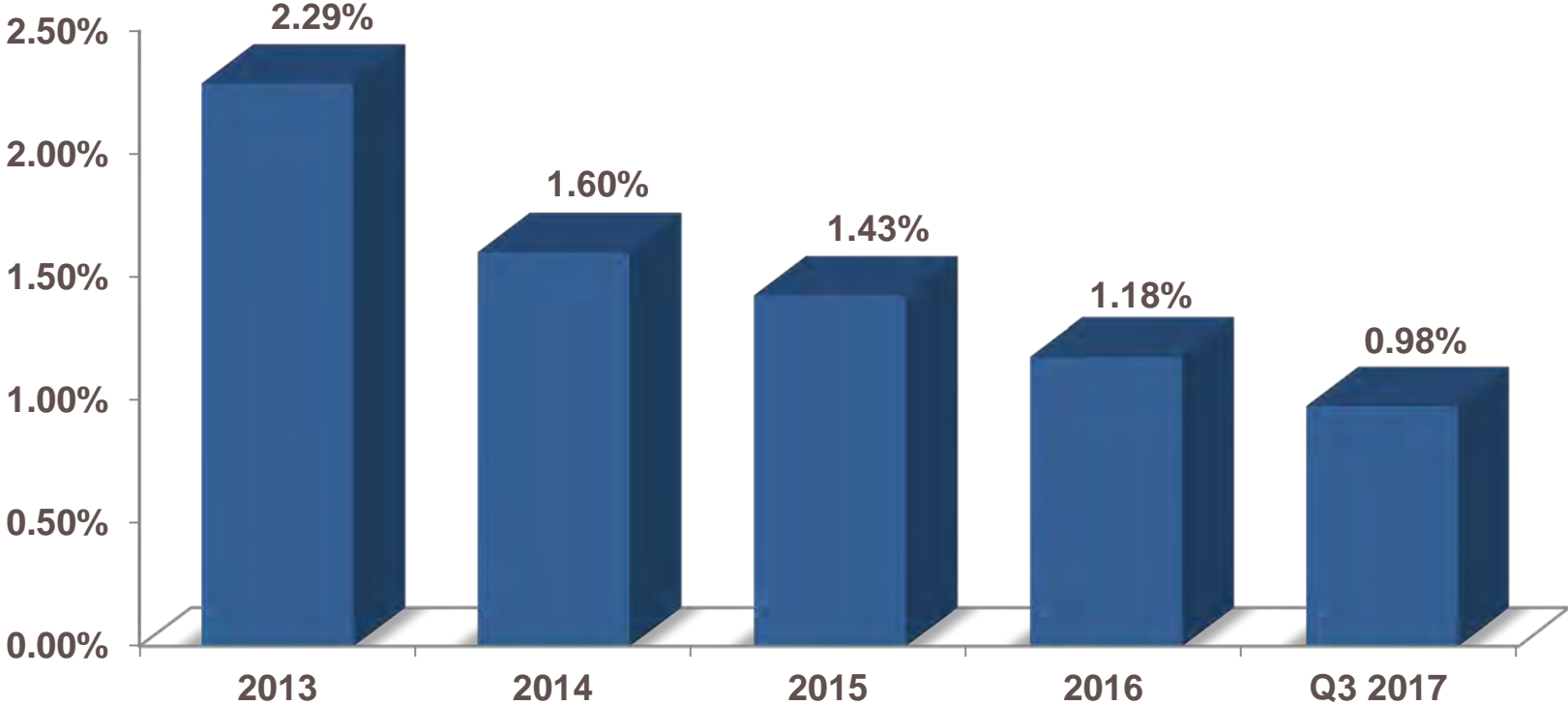
Data as of 09.30.2017

# NON-PERFORMING ASSETS TO TOTAL ASSETS



Data as of 09.30.2017

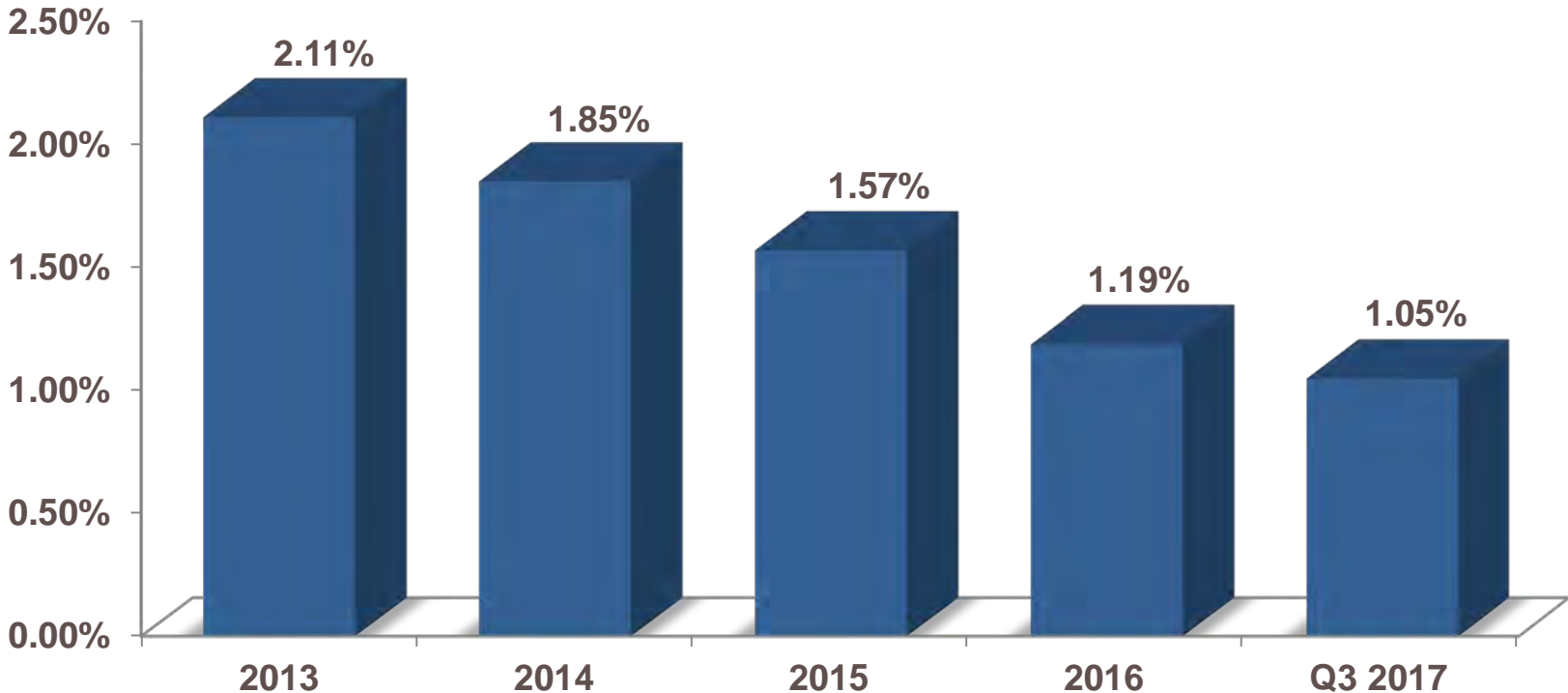
# ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS



Data as of 09.30.2017

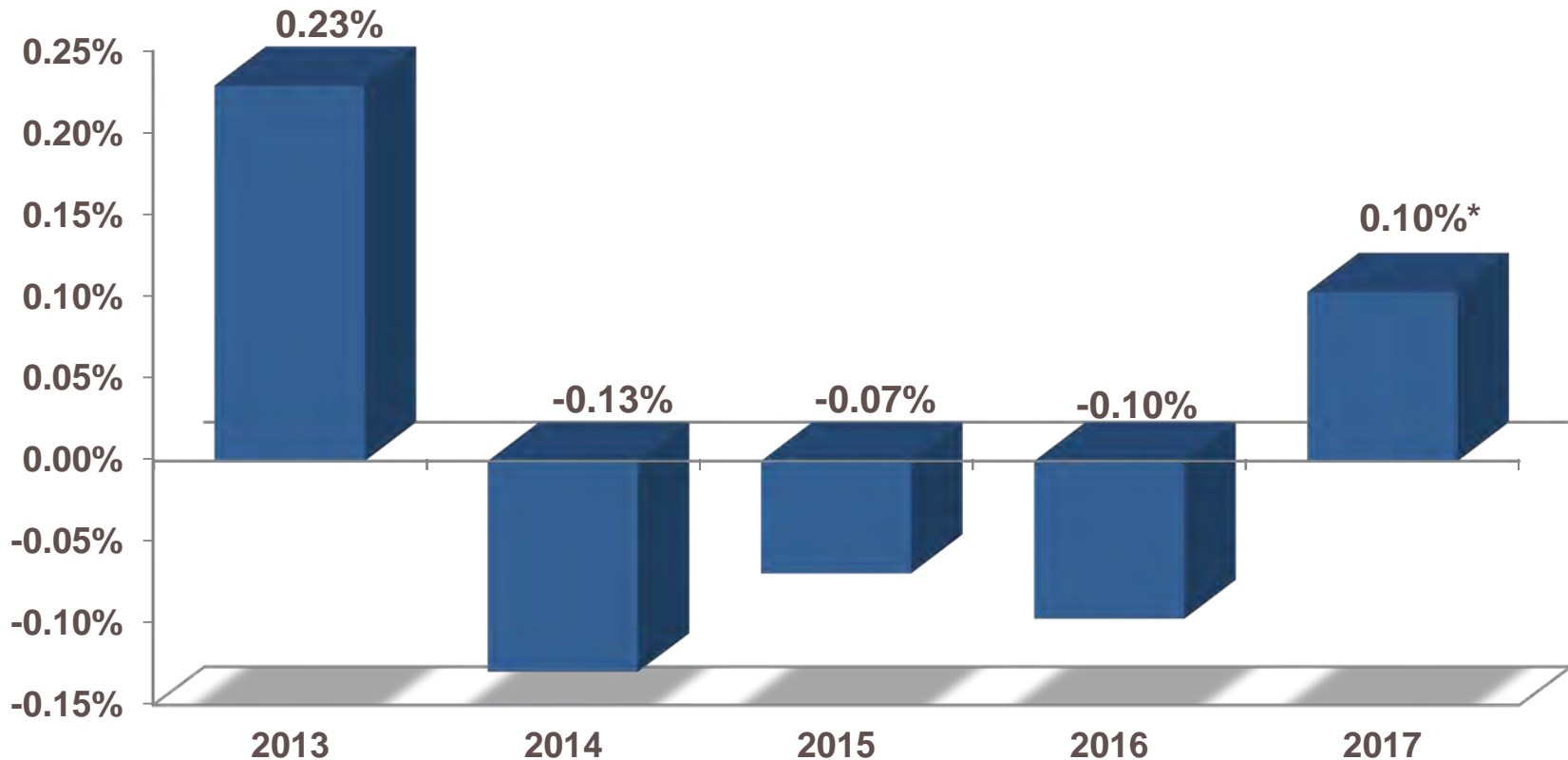


# ORIGINATED ALL TO TOTAL ORIGINATED LOANS



Data as of 09.30.2017

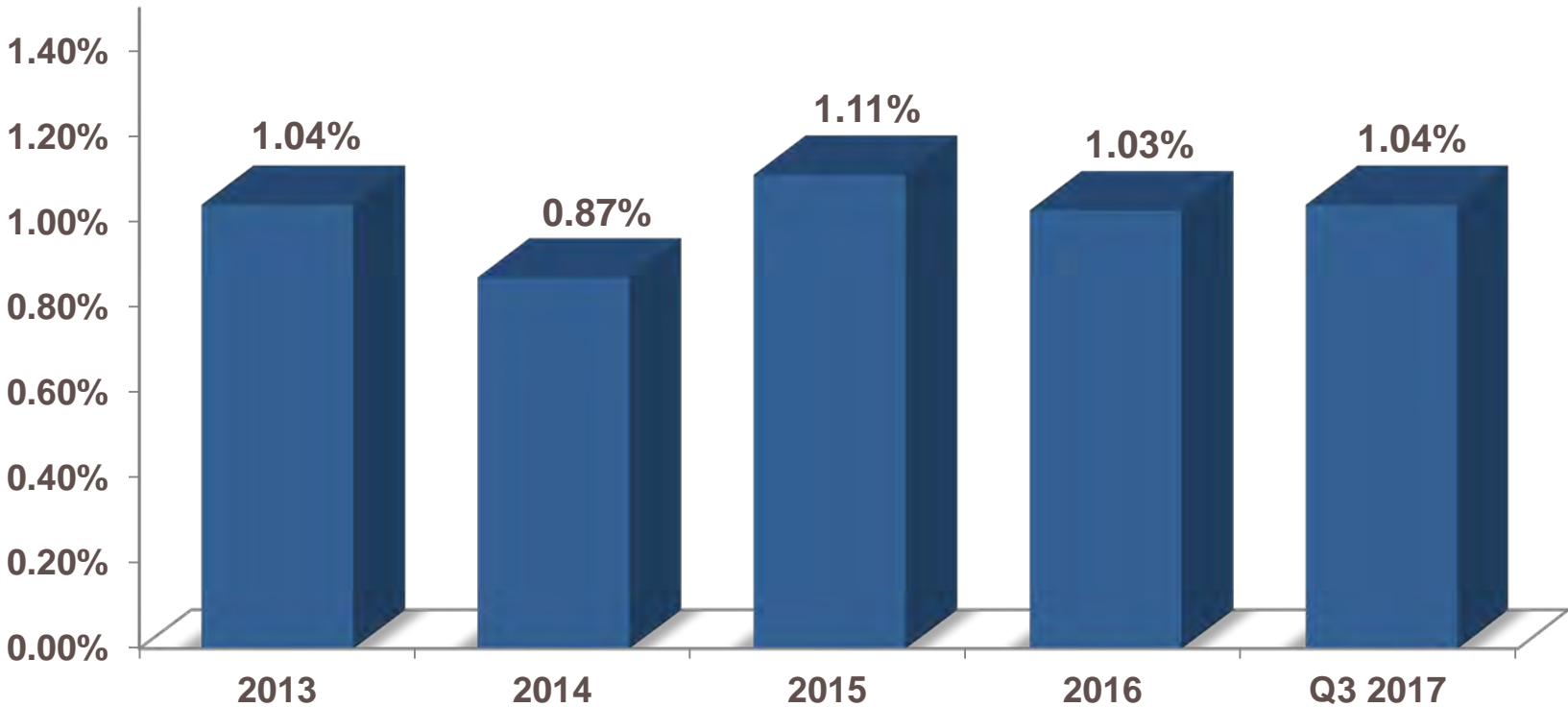
# ANNUALIZED NET CHARGE-OFFS TO AVERAGE LOANS



Data as of 09.30.2017

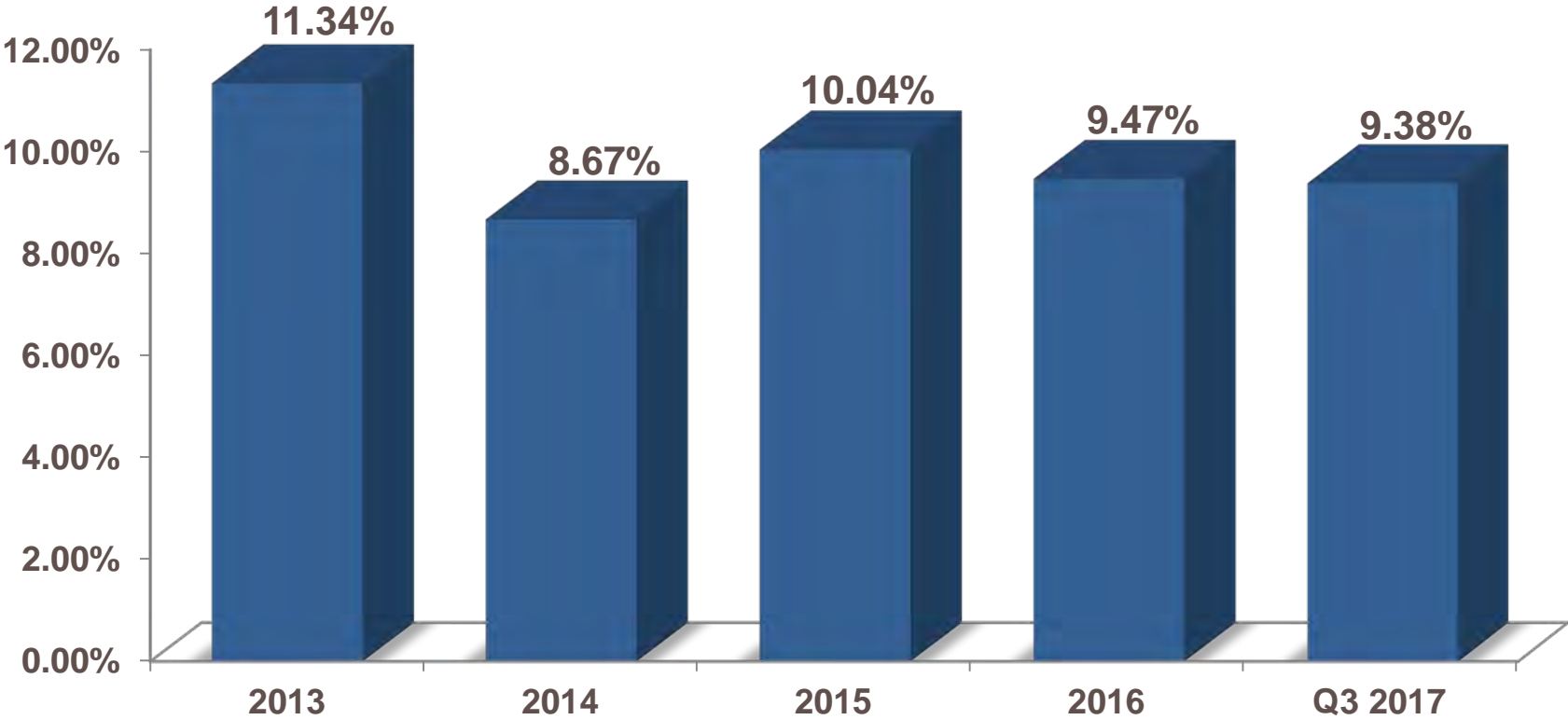
\*0.08% related to ASC 310-30 PCI loan adjustment

# RETURN ON AVERAGE ASSETS



Data as of 09.30.2017

# RETURN ON AVERAGE SHAREHOLDER'S EQUITY



Data as of 09.30.2017



**TRICO BANCSHARES IS COMMITTED TO:**

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