

Service With Solutions™

Investor Presentation

Second Quarter 2020

August 2020

Richard P. Smith – President & Chief Executive Officer
John S. Fleshood – EVP & Chief Operating Officer
Peter G. Wiese – EVP & Chief Financial Officer

 **trico bancshares**

SAFE HARBOR STATEMENT

The statements contained herein that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond our control. There can be no assurance that future developments affecting us will be the same as those anticipated by management. We caution readers that a number of important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the strength of the United States economy in general and the strength of the local economies in which we conduct operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation, interest rate, market and monetary fluctuations; the impact of changes in financial services policies, laws and regulations; technological changes; weather, natural disasters and other catastrophic events that may or may not be caused by climate change and their effects on economic and business environments in which the Company operates; the adverse impact on the U.S. economy, including the markets in which we operate, of the novel coronavirus, which caused the Coronavirus disease 2019 ("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; the costs or effects of mergers, acquisitions or dispositions we may make; the future operating or financial performance of the Company, including our outlook for future growth, changes in the level of our nonperforming assets and charge-offs; the appropriateness of the allowance for credit losses including the timing and effects of the implementation of the current expected credit losses model; any deterioration in values of California real estate, both residential and commercial; the effect of changes in accounting standards and practices; possible other-than-temporary impairment of securities held by us; changes in consumer spending, borrowing and savings habits; our ability to attract deposits and other sources of liquidity; changes in the financial performance and/or condition of our borrowers; our noninterest expense and the efficiency ratio; competition and innovation with respect to financial products and services by banks, financial institutions and non-traditional providers including retail businesses and technology companies; the challenges of integrating and retaining key employees; 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; the effect of a fall in stock market prices on our brokerage and wealth management businesses; 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, 2019, which is on file with the Securities and Exchange Commission (the "SEC") and available in the "Investor Relations" section of our website, <https://www.tcbk.com/investor-relations> and in other documents we file with the SEC. Annualized, pro forma, projections and estimates are not forecasts and may not reflect actual results.

AGENDA

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



MOST RECENT QUARTER HIGHLIGHTS

Consistent Profitability	<ul style="list-style-type: none"> • Inclusive of loan provisioning of \$22.1 million, Q2 2020 return on average assets was 0.43%, as compared to Q1 2020 of 1.00% including a provision of \$8.3 million. • The Company's efficiency ratio remained stable at 59.89% and 59.75% for the current and trailing quarters.
Industry Leading Net Interest Margin	<ul style="list-style-type: none"> • Net interest margin was 4.10% for Q2 2020 versus 4.34% for Q1 2020 and 4.50% in Q2 2019. • Average loans as a percentage of average earnings assets were 73.1% in Q2 2020 as compared to 73.6% and 70.1% in Q1 2020 and Q2 2019, respectively • Non-interest bearing deposits were 39.8% of total deposits.
Credit Quality	<ul style="list-style-type: none"> • Nonperforming assets to total assets of 0.31%, 0.31%, and 0.35% at Q2 2020, Q1 2020, and Q2 2019, respectively is considered low and consistently outperforms peer rates. • The ratio of loan loss reserves to total loans continued to build from 1.32% at Q1 2020 to 1.66% at Q2 2020. • Net charge-offs of \$261,000 during the quarter were negligible compared to slight net recoveries of \$382,000 and \$267,000 in the trailing quarter and same quarter of the prior year, respectively.
Experienced and Proven Team	<ul style="list-style-type: none"> • Well managed through past credit cycles. • Prudent and proactive risk management focus is complementary to strong asset quality. • Track record of well executed and accretive acquisitions.
Diverse Deposit Base	<ul style="list-style-type: none"> • Cost of total deposits was 0.12% in Q2 2020 versus 0.19% in Q1 2020 and 0.22% in Q2 2019.
Capital and Liquidity Strength	<ul style="list-style-type: none"> • We remain well capitalized across all regulatory capital ratios. • Recent stress tests performed by management do not support the need to access capital markets. • Quarterly dividends have been sustained while the share repurchase program has been paused.

COMPANY OVERVIEW



EXECUTIVE TEAM



Rick Smith
President & CEO
TriCo since 1993



John Fleshood
EVP Chief Operating Officer
TriCo since 2016



Peter Wiese
EVP Chief Financial Officer
TriCo since 2018



Greg Gehlmann
SVP General Counsel
TriCo since 2017



Craig Carney
EVP Chief Credit Officer
TriCo since 1996

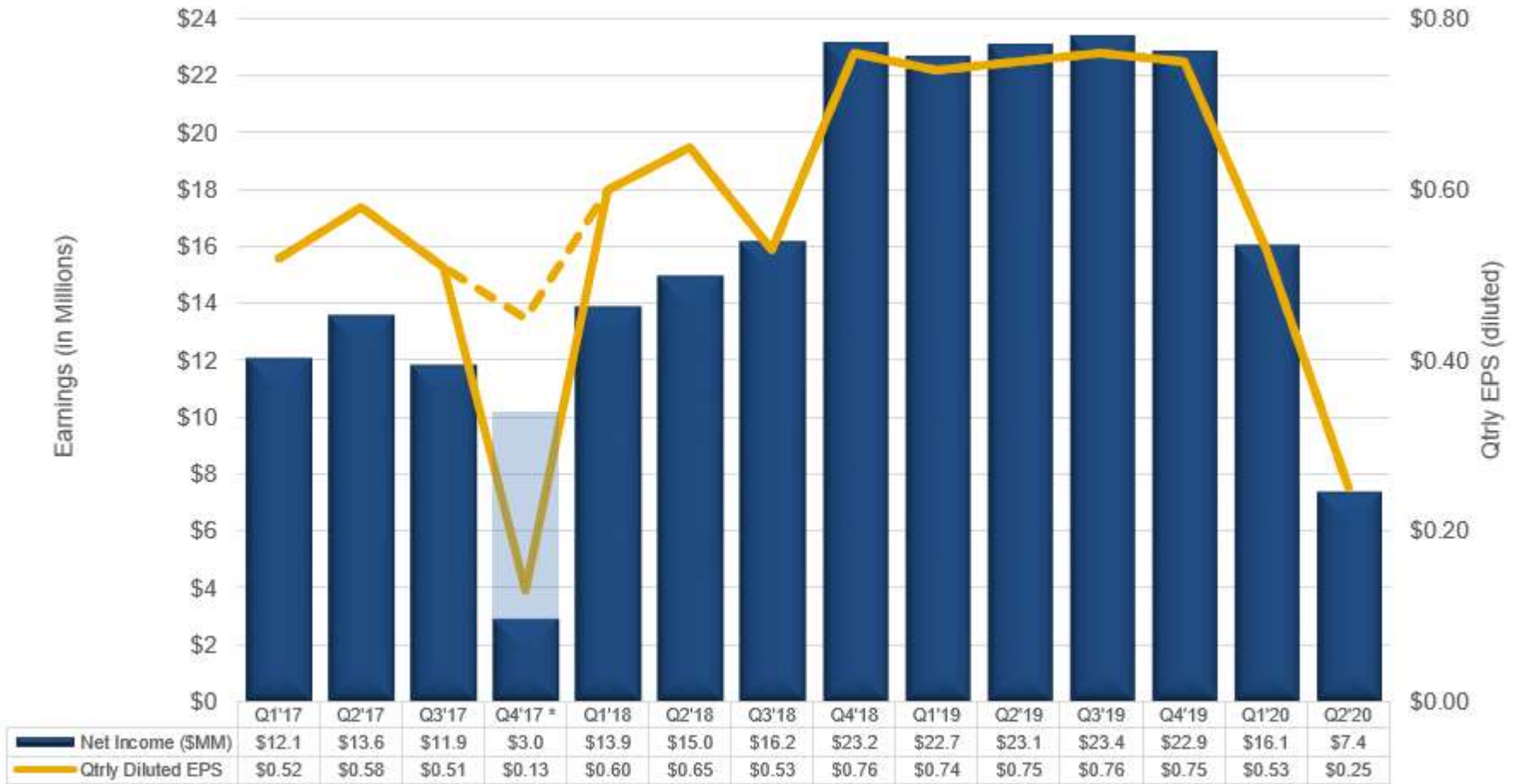


Dan Bailey
EVP Chief Banking Officer
TriCo since 2007



Judi Giem
SVP Chief HR Officer
TriCo since 2020

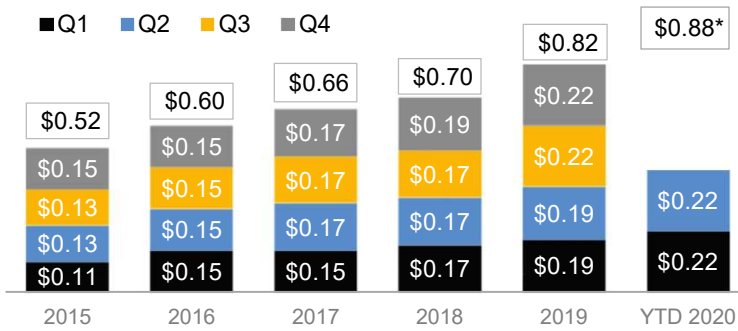
POSITIVE EARNINGS TRACK RECORD



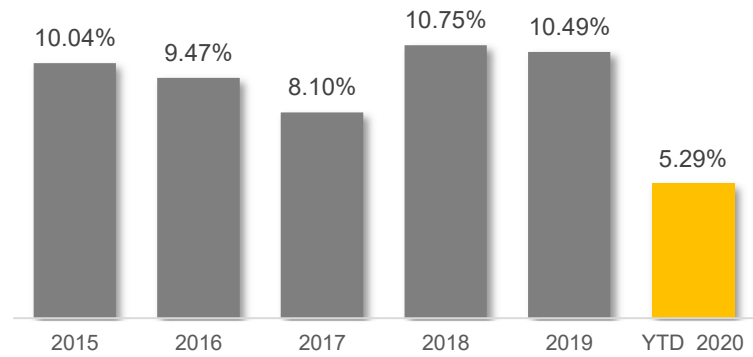
* Impact of the Tax Cut and Jobs Act results in adjusted quarterly diluted EPS of \$0.45.

SHAREHOLDER RETURNS

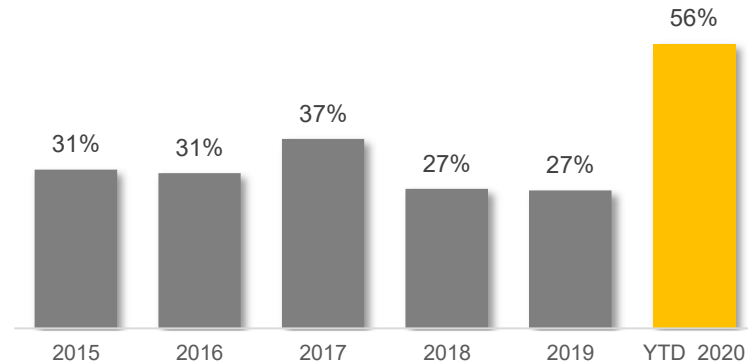
Dividends per Share: 11.1% CAGR



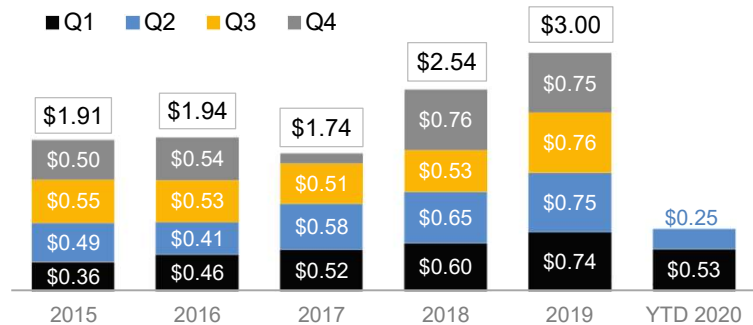
Return on Avg. Shareholder Equity



Dividends as % of Earnings



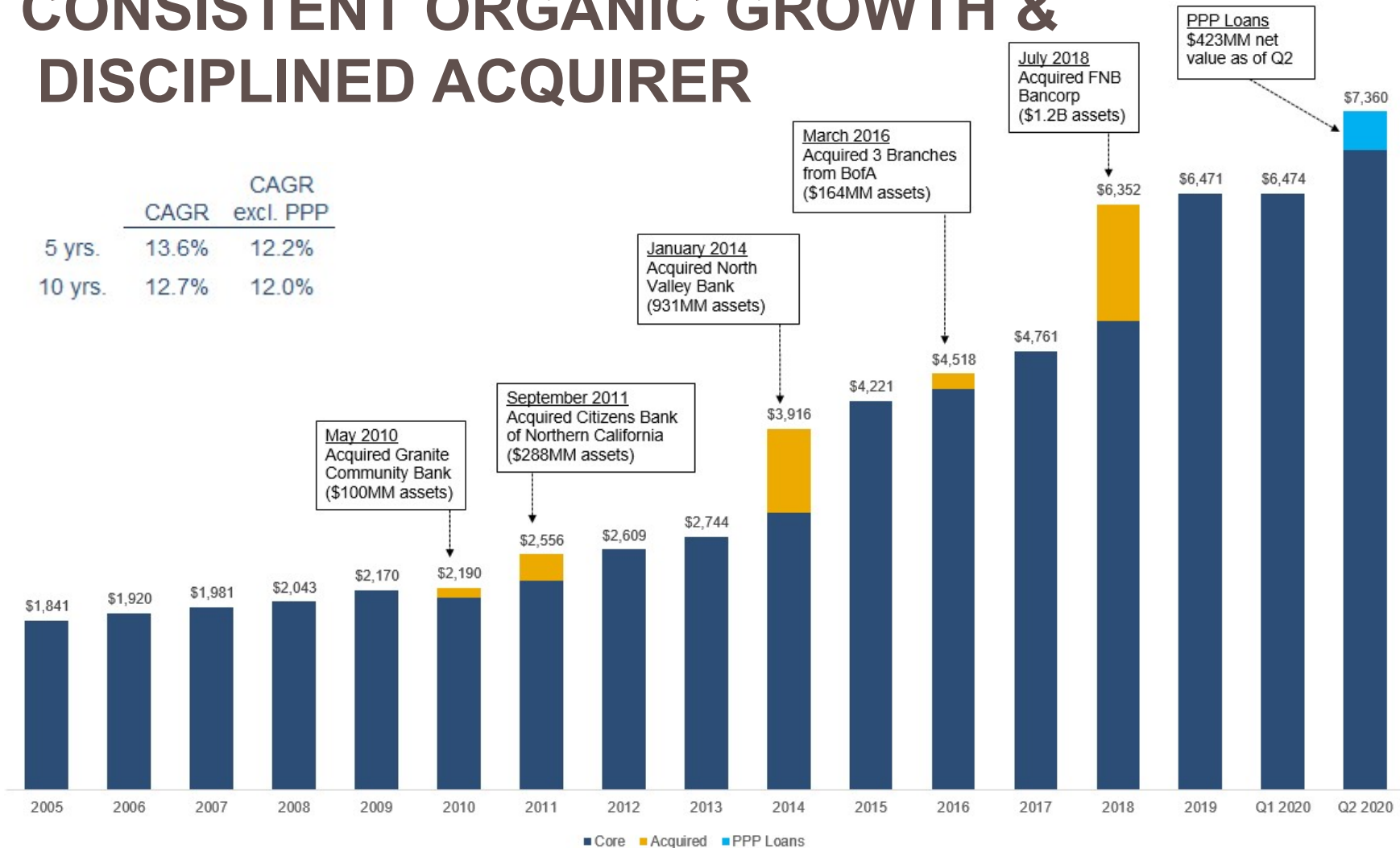
Diluted EPS



* 2020 annual Dividends per Share are based on annualized results through the second quarter.

CONSISTENT ORGANIC GROWTH & DISCIPLINED ACQUIRER

	CAGR	CAGR excl. PPP
5 yrs.	13.6%	12.2%
10 yrs.	12.7%	12.0%

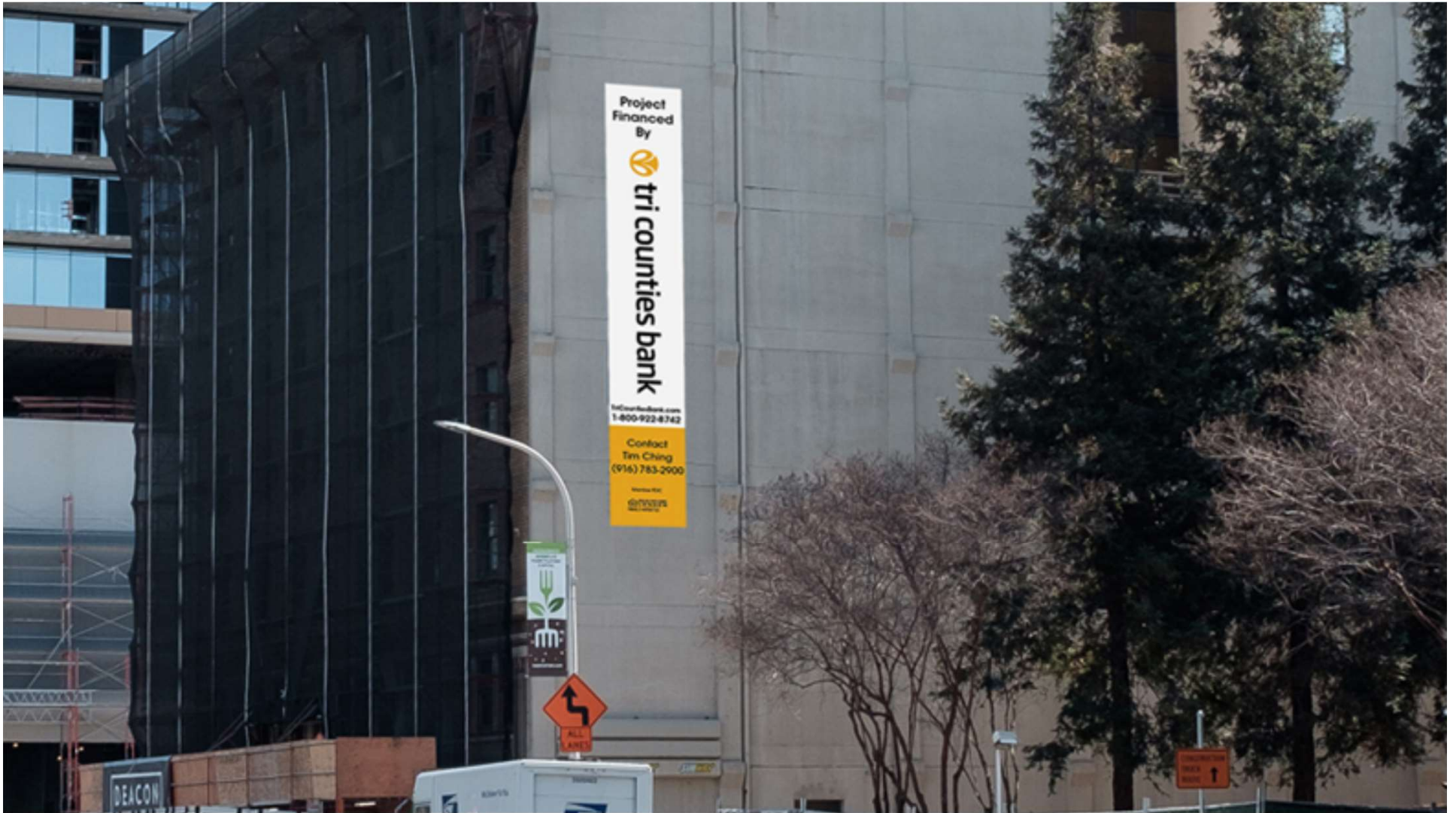


Dollars in millions. Total Assets for periods ending 2005 – Q2 2020.

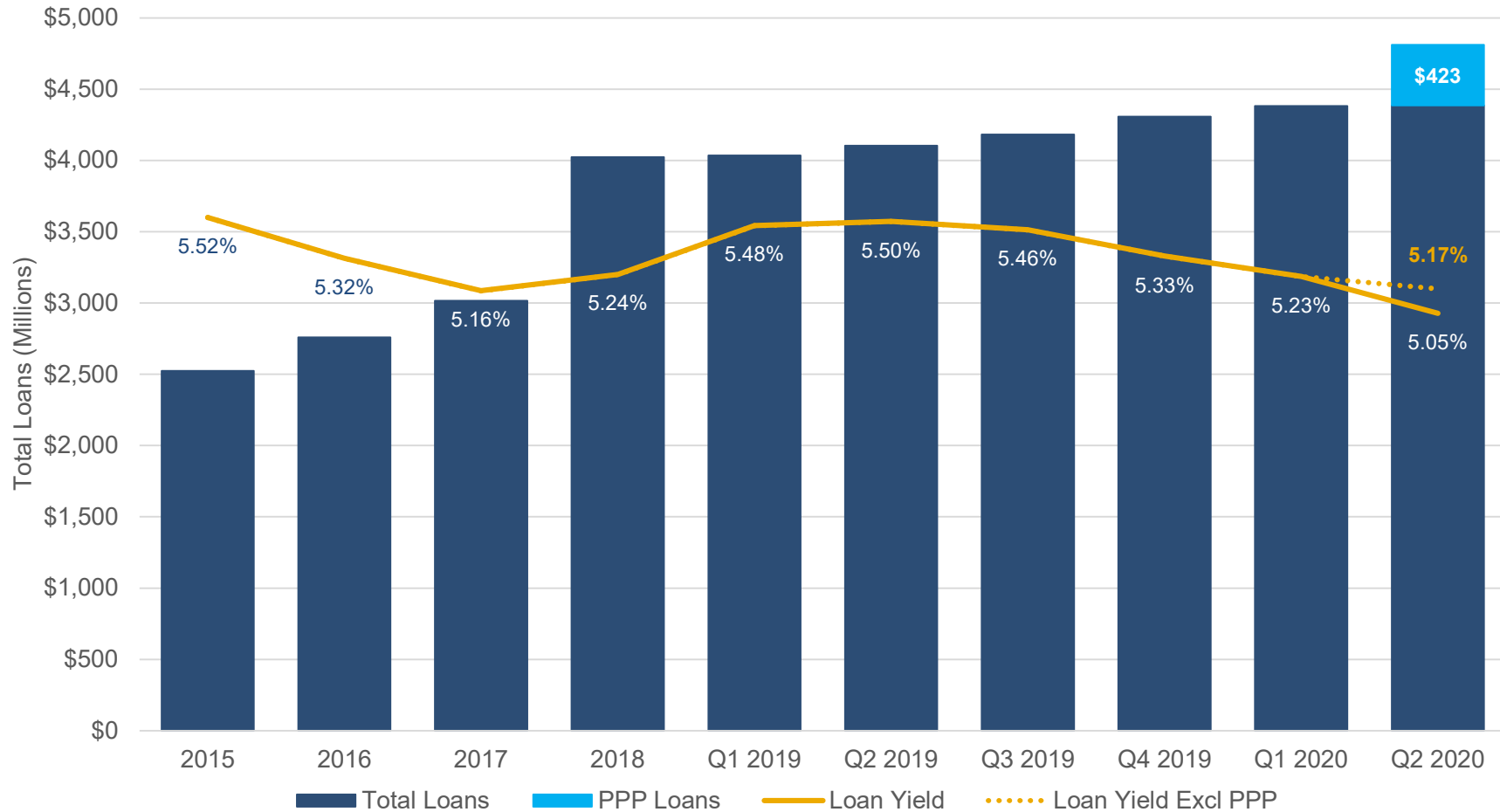
“MONDAY MORNING EXECUTIVE TOPICS”

- Monitoring the Needs of Our Borrowers
- Continuation & Effectiveness of Government Economic Stimulus and Economic Mitigation Efforts
- Opportunities - Identification of New Markets and Customers
- Leveraging Current Technologies for Greater Efficiency and Cost Reductions
- Duration of Lower Rate Environment – Sustaining Margin
- Impacts of a Mobile Workforce on Culture
- Digital Banking - Service and the Customer Experience
- Building and Growing the Bank of the Future Using the Lessons from COVID-19 Pandemic

LOANS & CREDIT QUALITY

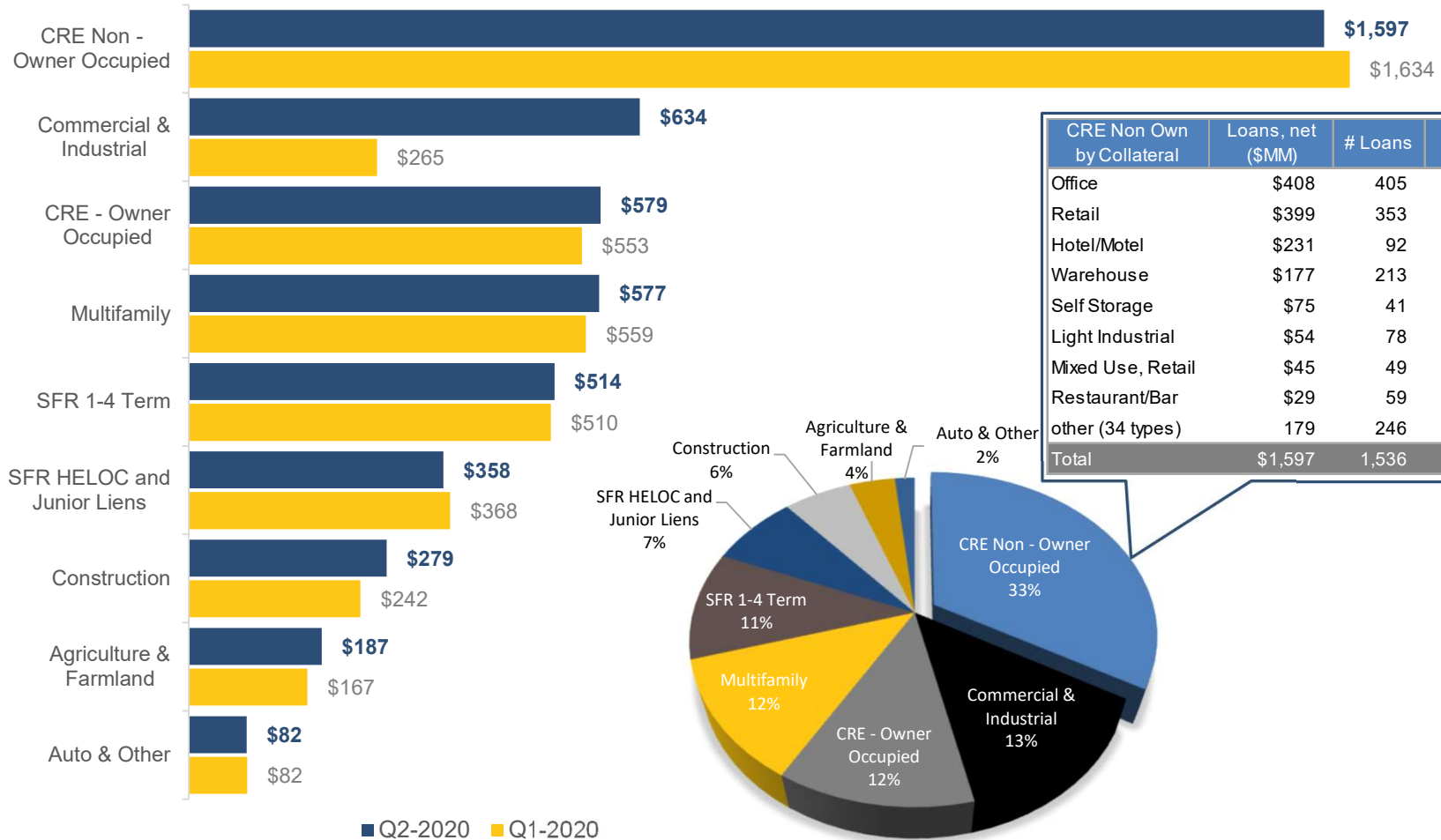


CONSISTENT LOAN GROWTH



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

DIVERSIFIED LOAN PORTFOLIO



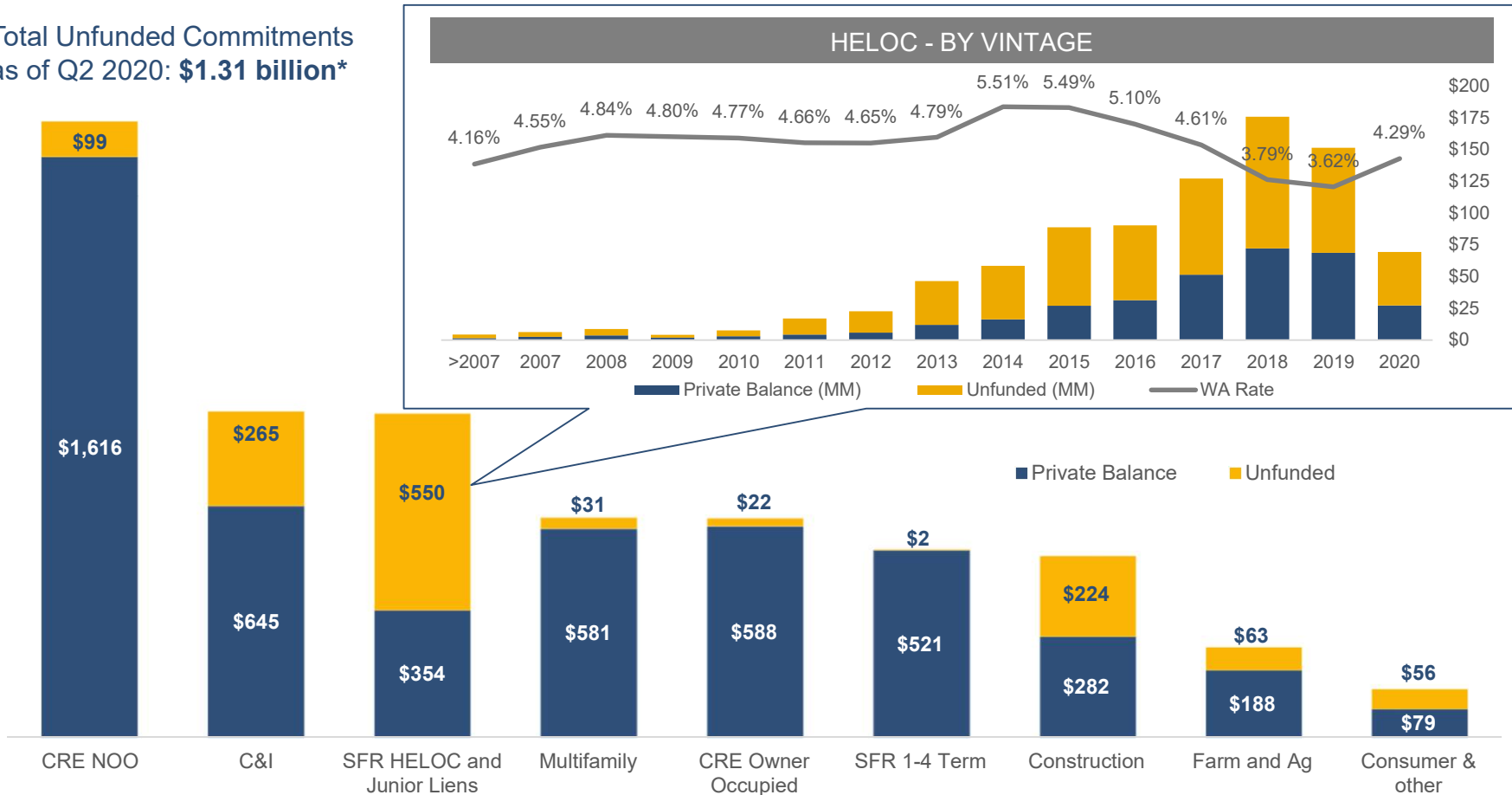
■ Dollars in millions, Net Book Value, excludes LHFS; Auto & other includes Leases

CRE COLLATERAL VALUES



UNFUNDED LOAN COMMITMENTS

Total Unfunded Commitments as of Q2 2020: **\$1.31 billion***



- Principal Outstanding excludes unearned fees and discounts/premiums (\$ in millions)
- Excludes Leases, DDA Overdraft, and Credit Card commitments

LOAN YIELD COMPOSITION

- Over 86% of the variable rate loans are already at floors as of Q2 2020
- The most prominent index for the variable portfolio is 5 Year Treasury CMT

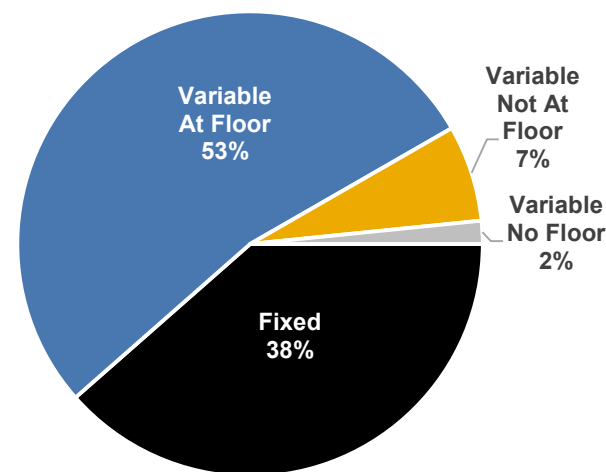
Variable Rate Loan Floors			
Index Rate Decline Required to Reach Floor	Balance 6/30/2020	% of Variable Loans	Cumulative % of Variable Loans
Floor Reached	\$ 2,582	86.5%	86.5%
0-25 bps to Reach Floor	100	3.4%	89.9%
26-50 bps to Reach Floor	49	1.6%	91.5%
51-75 bps to Reach Floor	33	1.1%	92.6%
76-100 bps to Reach Floor	38	1.3%	93.9%
101-125 bps to Reach Floor	35	1.2%	95.1%
126-150 bps to Reach Floor	11	0.4%	95.4%
>150 bps to Reach Floor	58	2.0%	97.4%
No Floor	78	2.6%	100%
	\$ 2,984	100%	

▪ Dollars in millions, Wtd Avg Rate (weighted average rate) is as of 6/30/2020 and based upon outstanding principal and does not include impact of unearned fees nor accretion/amortization therein

Loans, Fixed vs. Variable	Outstanding (\$MM)	Wtd Avg Rate
Fixed excl PPP	\$1,433	4.75%
Variable	\$2,984	4.68%
Variable At Floor	2,582	4.60%
Variable Above Floor	324	5.20%
Variable No Floor	78	4.86%
Total excl PPP	\$4,417	4.70%

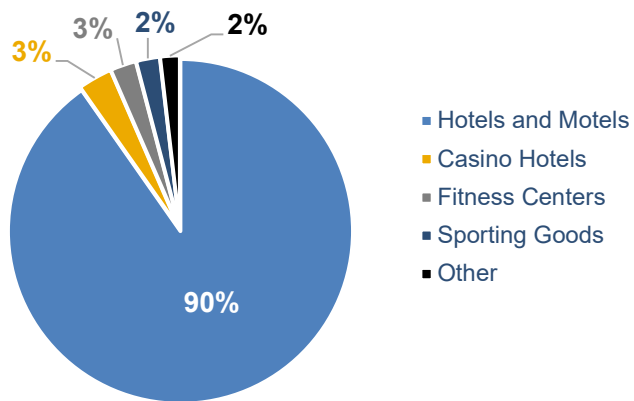
PPP Loans	437	1.00%
Total TCBK	\$4,854	4.37%

Fixed vs. Variable, Total Loans

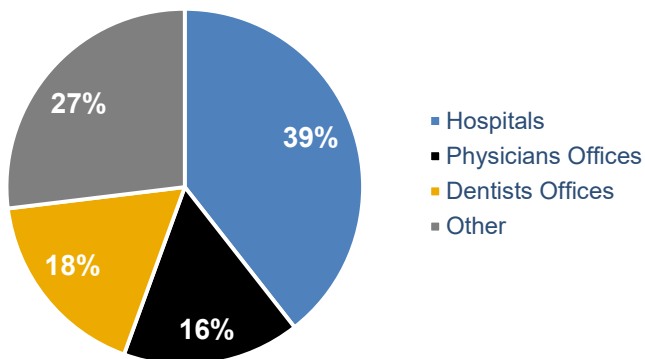


AT-RISK INDUSTRIES

Hotel, Recreation and Leisure Composition

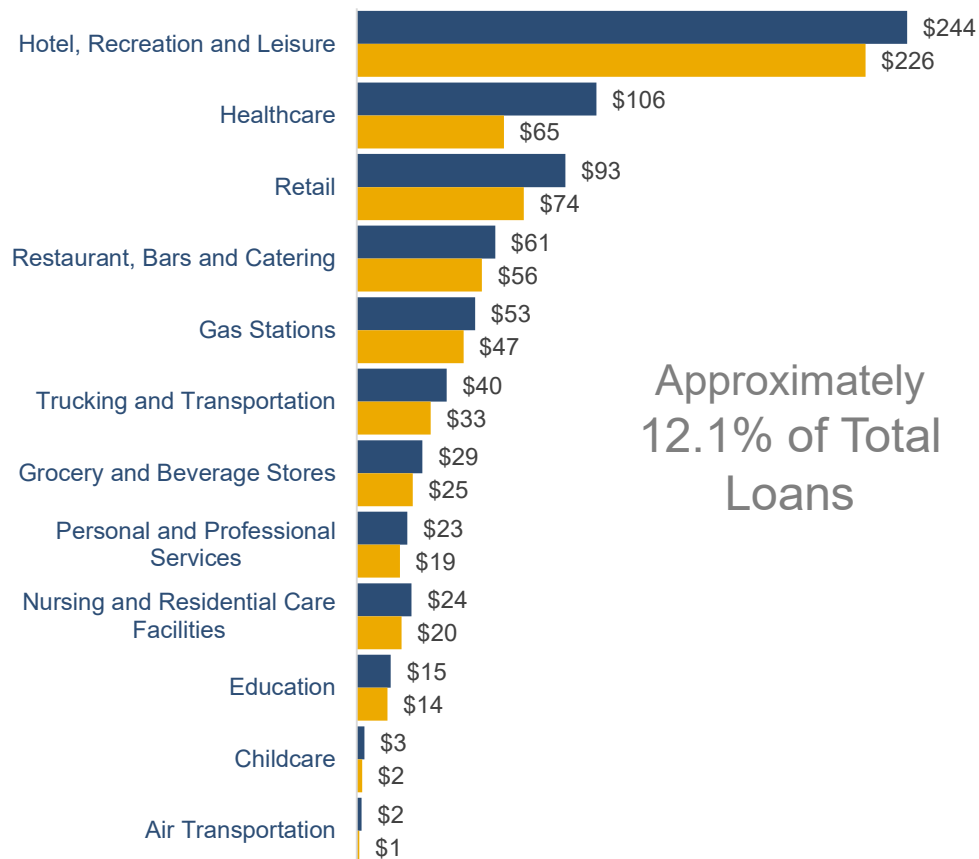


Healthcare Composition



• Dollars in millions, composition charts based upon Total Commitment

Credit Exposure in At-Risk Industries



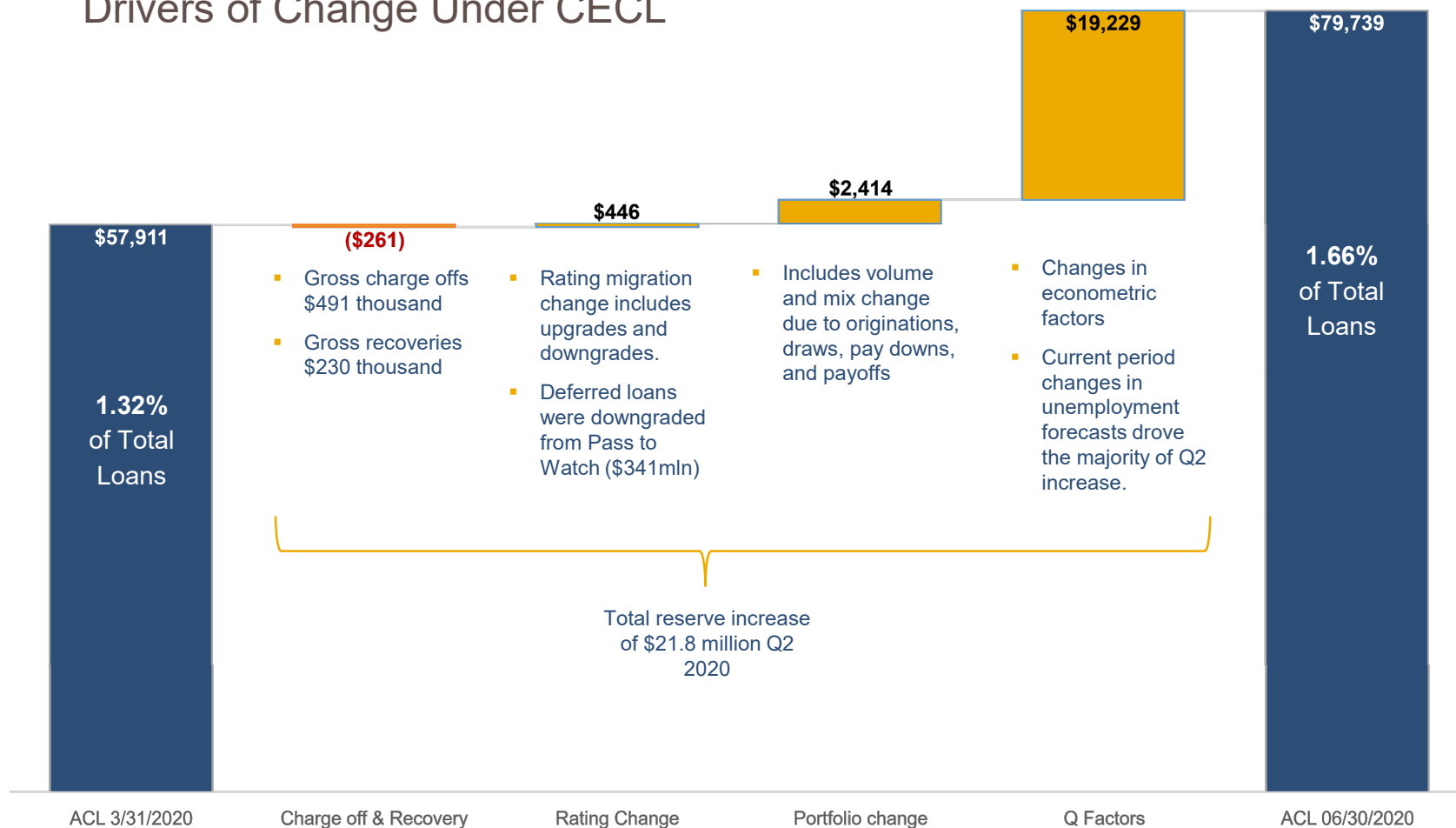
Approximately
12.1% of Total
Loans

■ Commitment ■ Net Book Value



ALLOWANCE FOR CREDIT LOSSES

Drivers of Change Under CECL



▪ Dollars in thousands

ALLOWANCE FOR CREDIT LOSSES

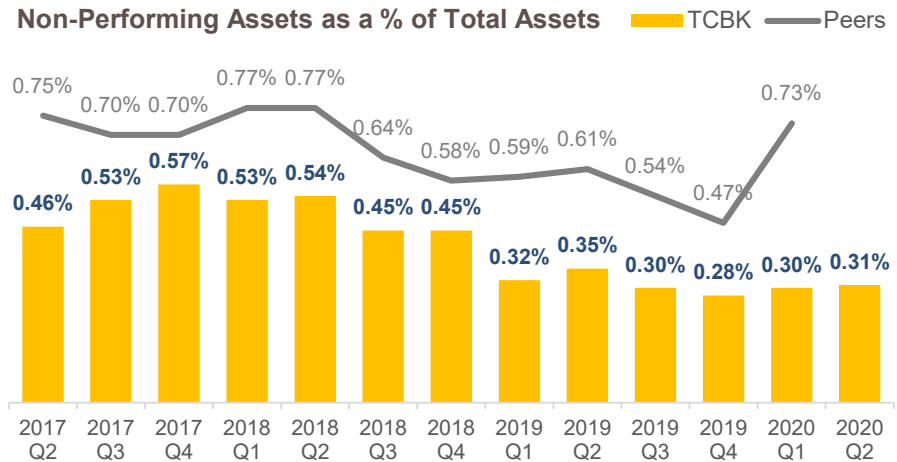
Allocation of Allowance by Segment

(\$ Thousands)	January 1, 2020 CECL Adoption		March 31, 2020		June 30, 2020		
	Amount	% of Credit Outstanding	Amount	% of Credit Outstanding	Amount	% of Credit Outstanding	% of Credit excluding PPP Loans
Allowance for Credit Losses							
Commercial real estate:							
CRE non-owner occupied	\$ 12,649	0.79%	\$ 18,034	1.10%	\$ 26,091	1.63%	1.63%
CRE owner occupied	4,308	0.79%	5,366	0.97%	8,710	1.50%	1.50%
Multifamily	5,633	1.09%	5,140	0.92%	8,581	1.49%	1.49%
Farmland	1,253	0.86%	713	0.50%	1,468	0.97%	0.97%
Total commercial real estate loans	\$ 23,843	0.85%	\$ 29,253	1.01%	\$ 44,850	1.54%	1.54%
Consumer:							
SFR 1-4 1st DT	\$ 4,981	0.97%	\$ 5,650	1.11%	\$ 8,015	1.56%	1.56%
SFR HELOCs and junior liens	10,821	2.98%	11,196	3.04%	12,108	3.38%	3.38%
Other	2,566	3.15%	2,746	3.39%	3,042	3.77%	3.77%
Total consumer loans	\$ 18,368	1.92%	\$ 19,592	2.04%	\$ 23,165	2.43%	2.43%
Commercial and industrial	\$ 2,906	1.16%	\$ 3,867	1.46%	\$ 4,018	0.63%	1.90%
Construction	4,321	1.73%	4,595	1.90%	6,775	2.43%	2.43%
Agriculture production	82	0.25%	593	2.51%	919	2.59%	2.59%
Leases	9	0.70%	11	0.65%	12	0.68%	0.68%
Allowance for Loan and Lease Losses	\$ 49,529	1.15%	\$ 57,911	1.32%	\$ 79,739	1.66%	1.82%
Reserve for Unfunded Loan Commitments	2,775		2,845		3,071		
Allowance for Credit Losses	\$ 52,304	1.21%	\$ 60,756	1.39%	\$ 82,810	1.72%	1.89%
Discounts on Acquired Loans	33,033		33,033		30,446		
Total ACL Plus Discounts	\$ 85,337	1.98%	\$ 93,789	2.14%	\$ 113,256	2.35%	2.58%

▪ Dollars in thousands

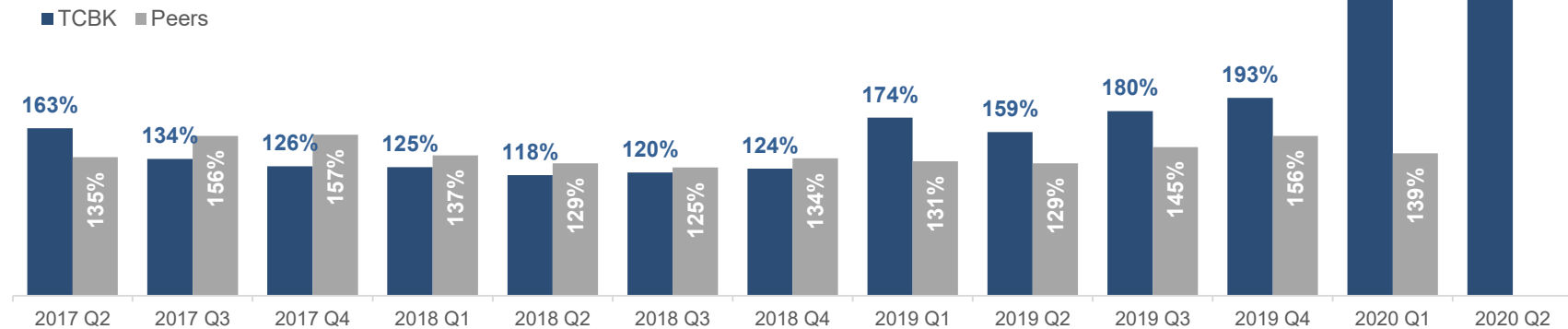
ASSET QUALITY

NPAs have remained below peers while loss coverage has expanded, with CECL transition and allowance build up resulting in a coverage ratio nearly 3X that of peers.



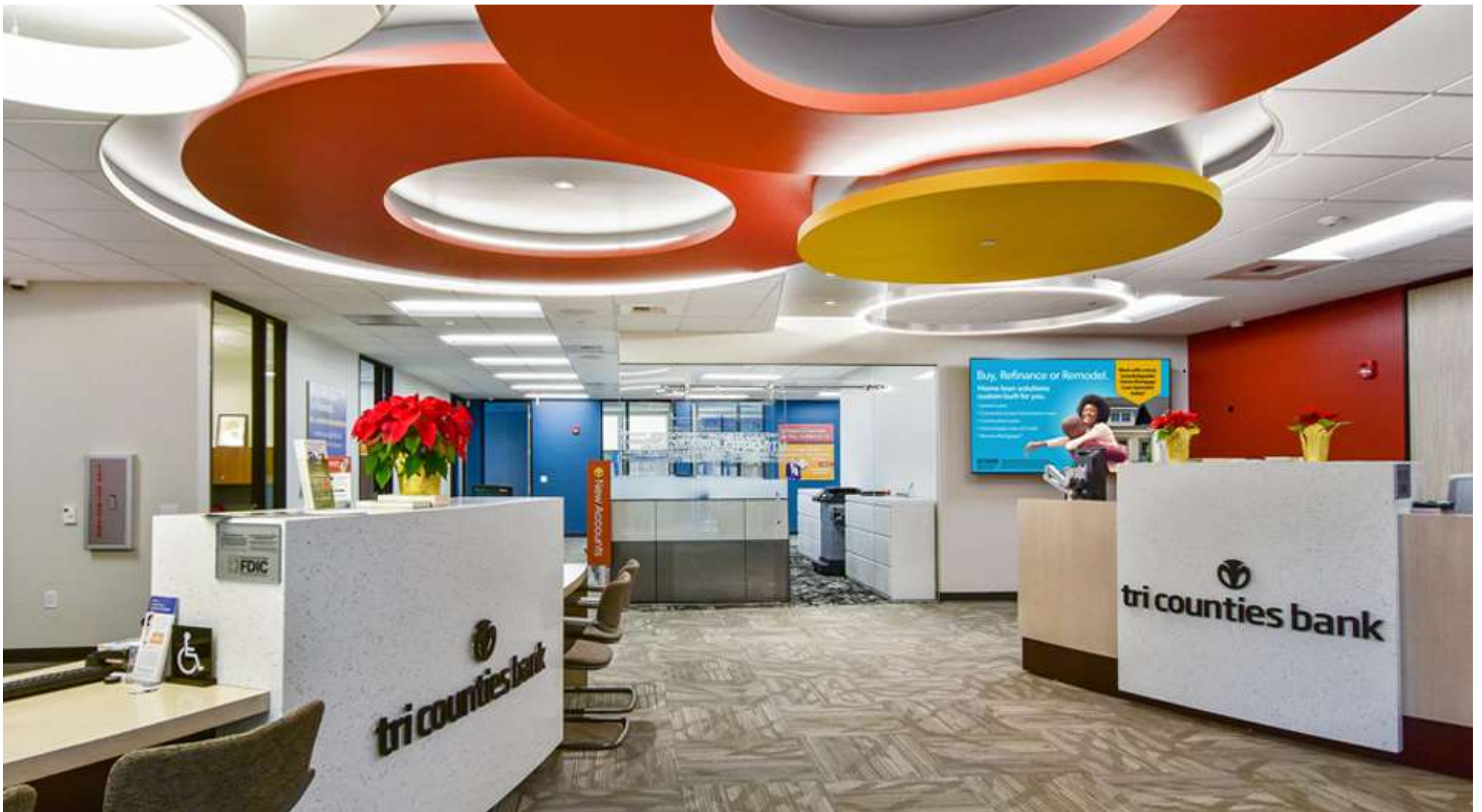
COVERAGE RATIO

Allowance as a % of Non-Performing Loans



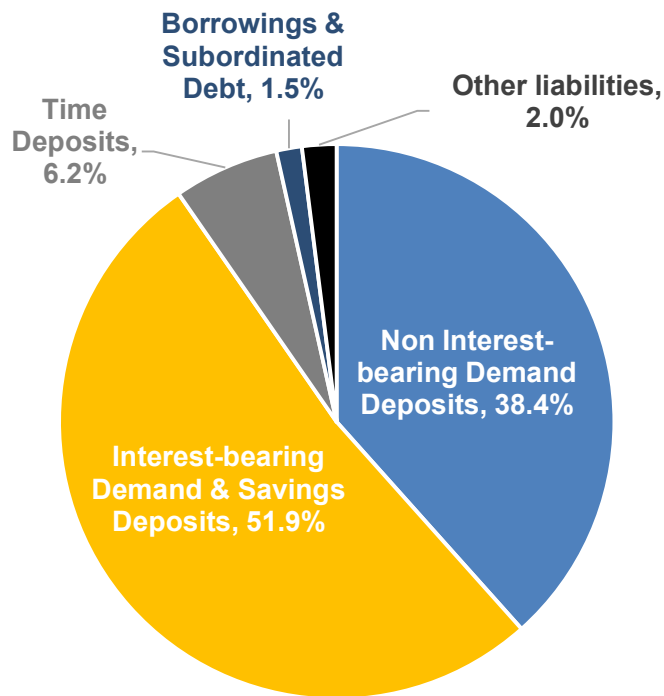
- Peer group consists of 99 closest peers in terms of asset size, range \$4.1-8.8 Billion source: BankRegData.com
- NPA and NPL ratios displayed are net of guarantees

DEPOSITS



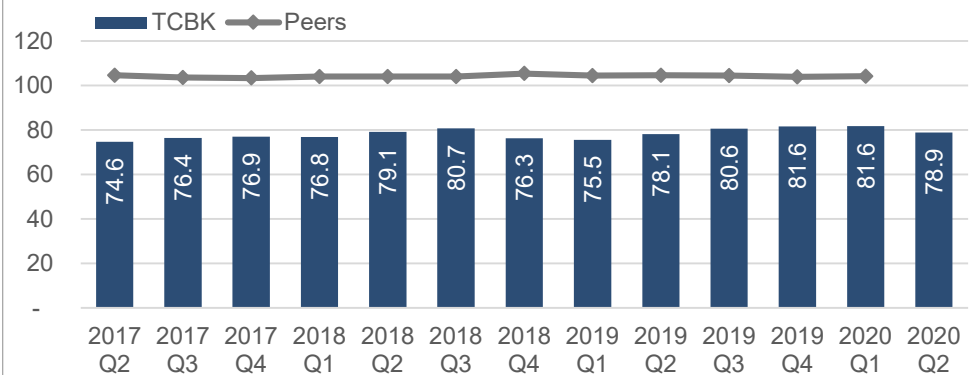
DEPOSITS: STRENGTH IN FUNDING

Liability Mix 6/30/2020

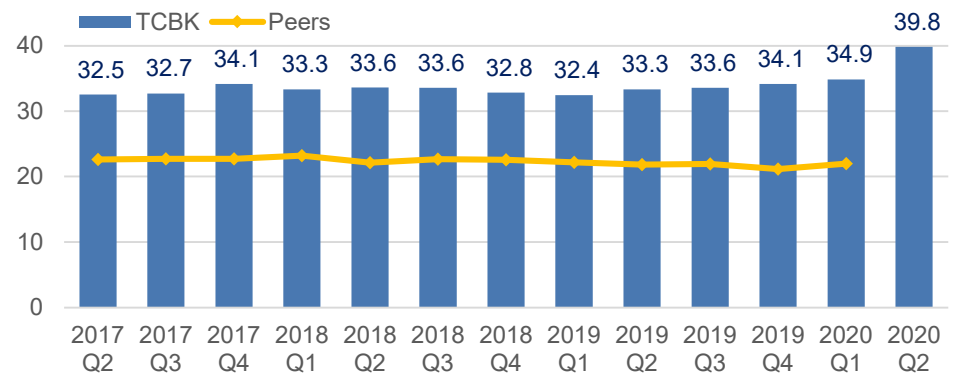


Total Deposits = \$6.25 billion
96.5% of Total Liabilities

Loans to Core Deposits (%)



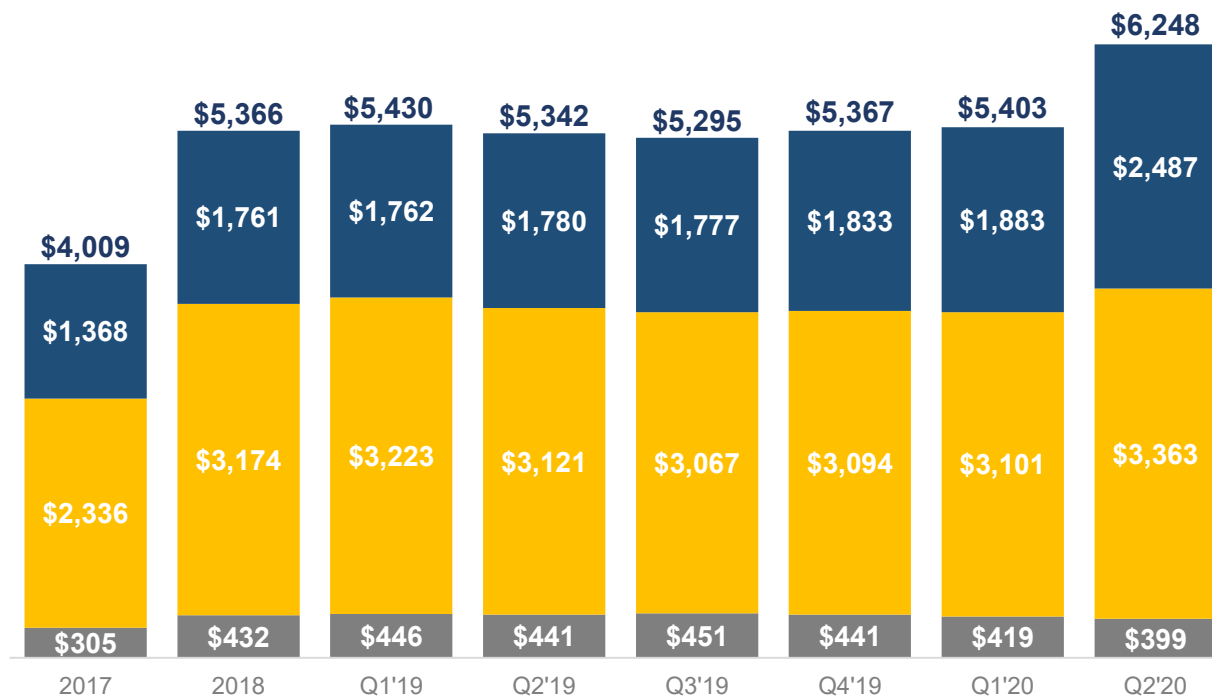
Non Interest-bearing Deposits as % of Total Deposits



Peer group consists of 99 closest peers in terms of asset size, range \$4.1-8.8 Billion; source: BankRegData.com

DEPOSITS: STRENGTH IN COST OF FUNDS

- Q2 2020 includes \$413 million increase QvQ directly attributed to PPP borrowers
- 2018 includes FNB acquisition



Cost of Deposits	2017	2018	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Noninterest-Bearing Demand	-	-	-	-	-	-	-	-
Int-Bearing Demand & Savings	0.10%	0.14%	0.18%	0.20%	0.19%	0.19%	0.16%	0.09%
Time Deposits	0.48%	0.86%	1.18%	1.28%	1.39%	1.27%	1.23%	1.09%
Total Deposits	0.10%	0.15%	0.20%	0.22%	0.23%	0.22%	0.19%	0.12%
<i>Interest-bearing Deposits</i>	<i>0.15%</i>	<i>0.23%</i>	<i>0.30%</i>	<i>0.33%</i>	<i>0.34%</i>	<i>0.33%</i>	<i>0.29%</i>	<i>0.20%</i>

■ Regulated bank level deposits

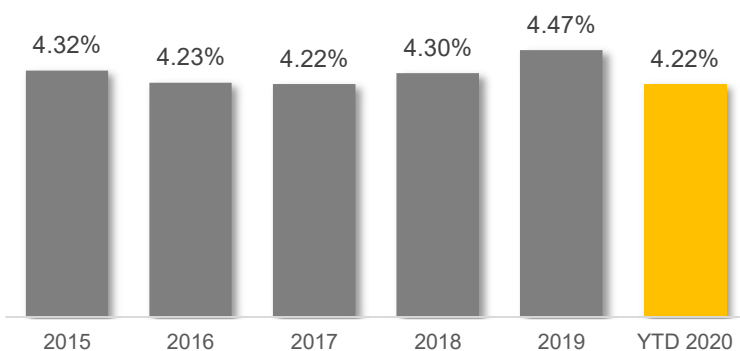


FINANCIALS

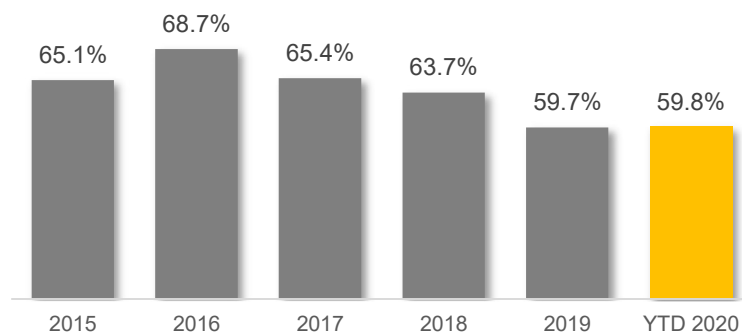


CONSISTENT OPERATING METRICS

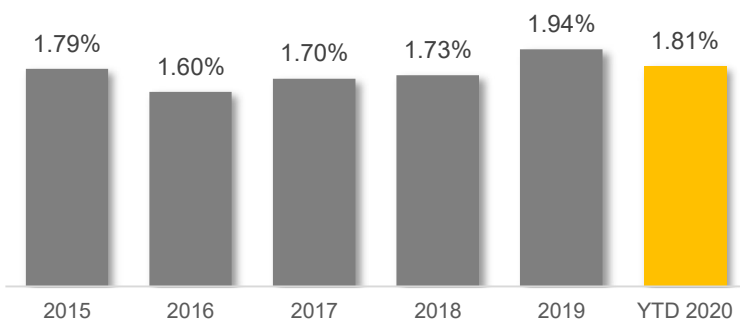
Net Interest Margin (FTE)



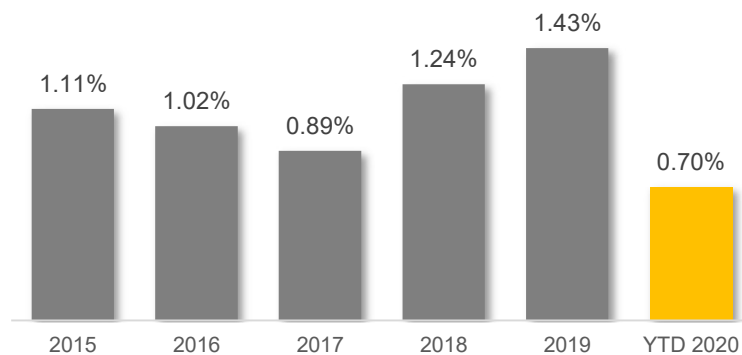
Efficiency Ratio



PPNR as % of Average Assets

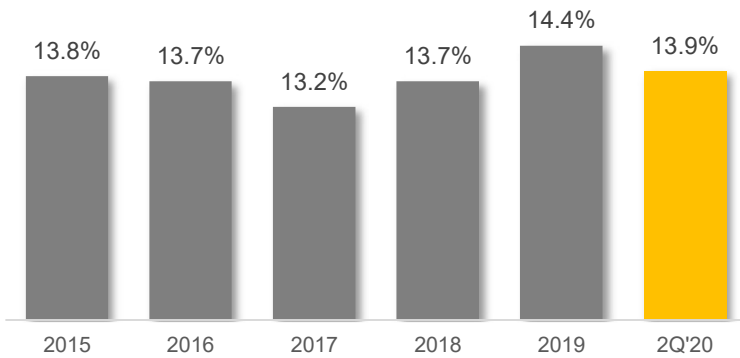


ROAA

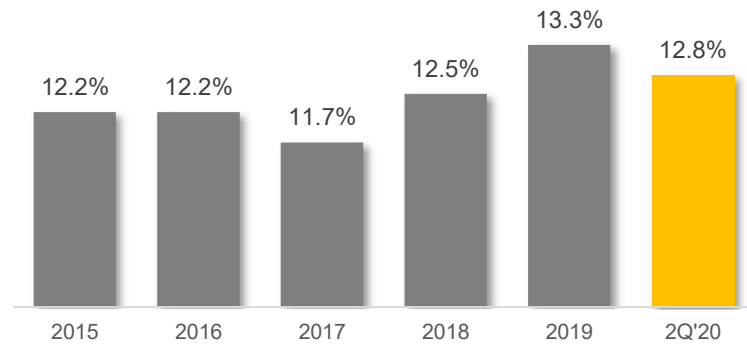


WELL CAPITALIZED

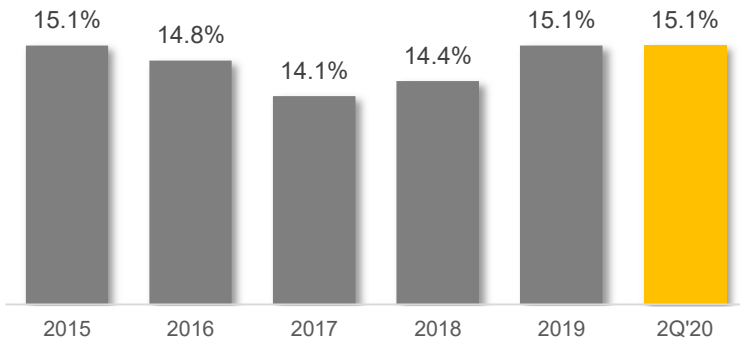
Tier 1 Capital Ratio



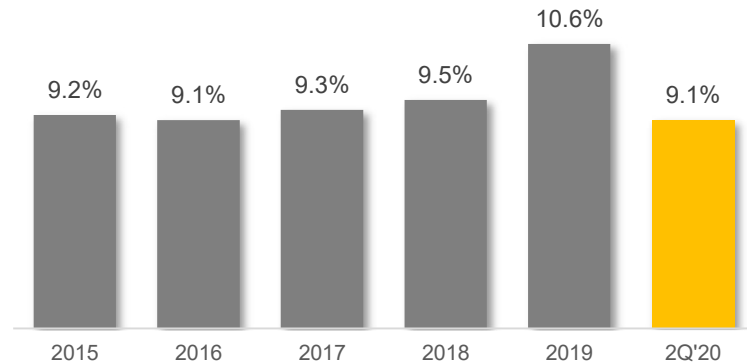
CET1 Ratio



Total Risk Based Capital Ratio



Tangible Common Equity Ratio





 **tri counties bank**

Trico Bancshares is committed to:
Improving the financial success and
well-being of our shareholders, customers,
communities and employees.