

Service With Solutions™

Richard P. Smith, President & CEO
John S. Fleshood, EVP & COO

Raymond James

U.S. Bank Conference 2017

September 6, 2017



 **trico bancshares**

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.

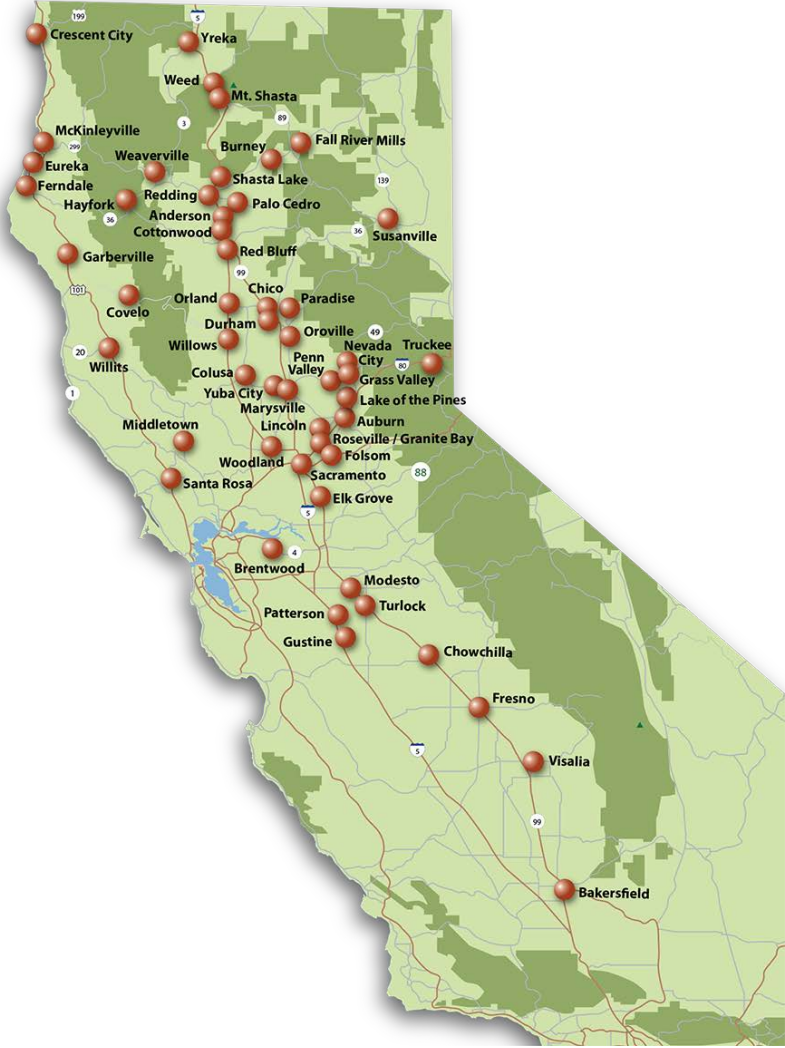
AGENDA

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



OVERVIEW

Asset Size:	\$4.5 Billion
Location:	Chico, CA
Founded:	1975
Deposits:	\$3.9 Billion
Loans (<i>net</i>):	\$2.8 Billion
Customers:	190,000
Bank Branches:	68
ATMs:	87



OVERVIEW

Nasdaq: **TCBK**

*Stock Price: **\$35.85**

Market Capitalization: **\$823 million**

*Price to Book stated: **1.7x**

*Price to TBVPS **1.9x**

Asset Size Rank of CA Publicly Traded Banks: **14



*Valuation Information as of Market Close 07/26/2017
**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
 - Q2 year-over-year deposit fee income growth of 22%
- 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 6.5%*
 - Deposit growth of 3.7%*

*06/30/2017 vs. 06/30/2016

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 **.10%** as of 06/30/2017
 - Net Interest Margin in Q2 2017 was **4.26%**
- **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*

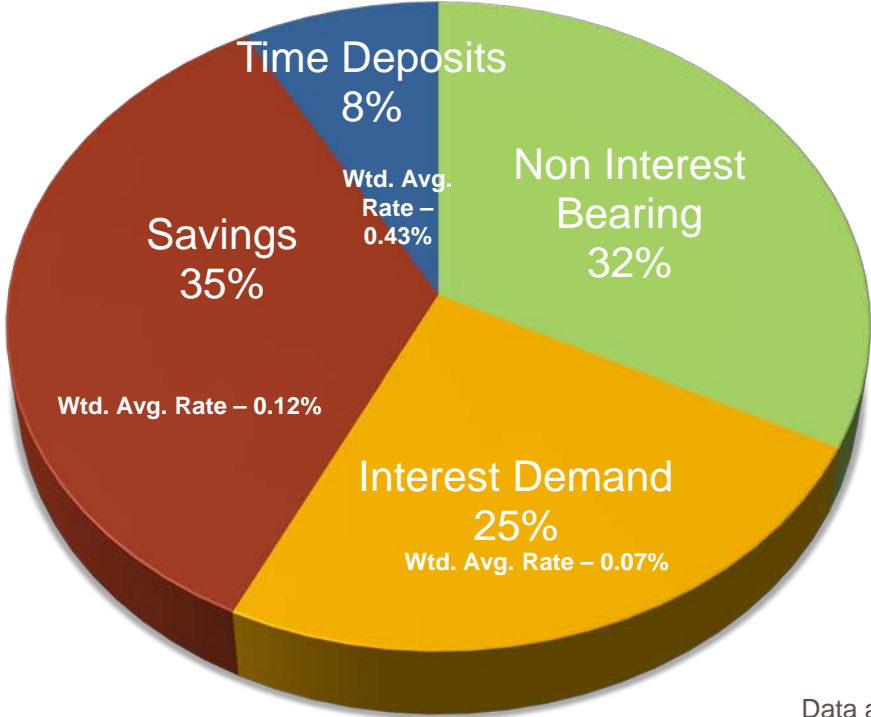
- **Consumer Loans**

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

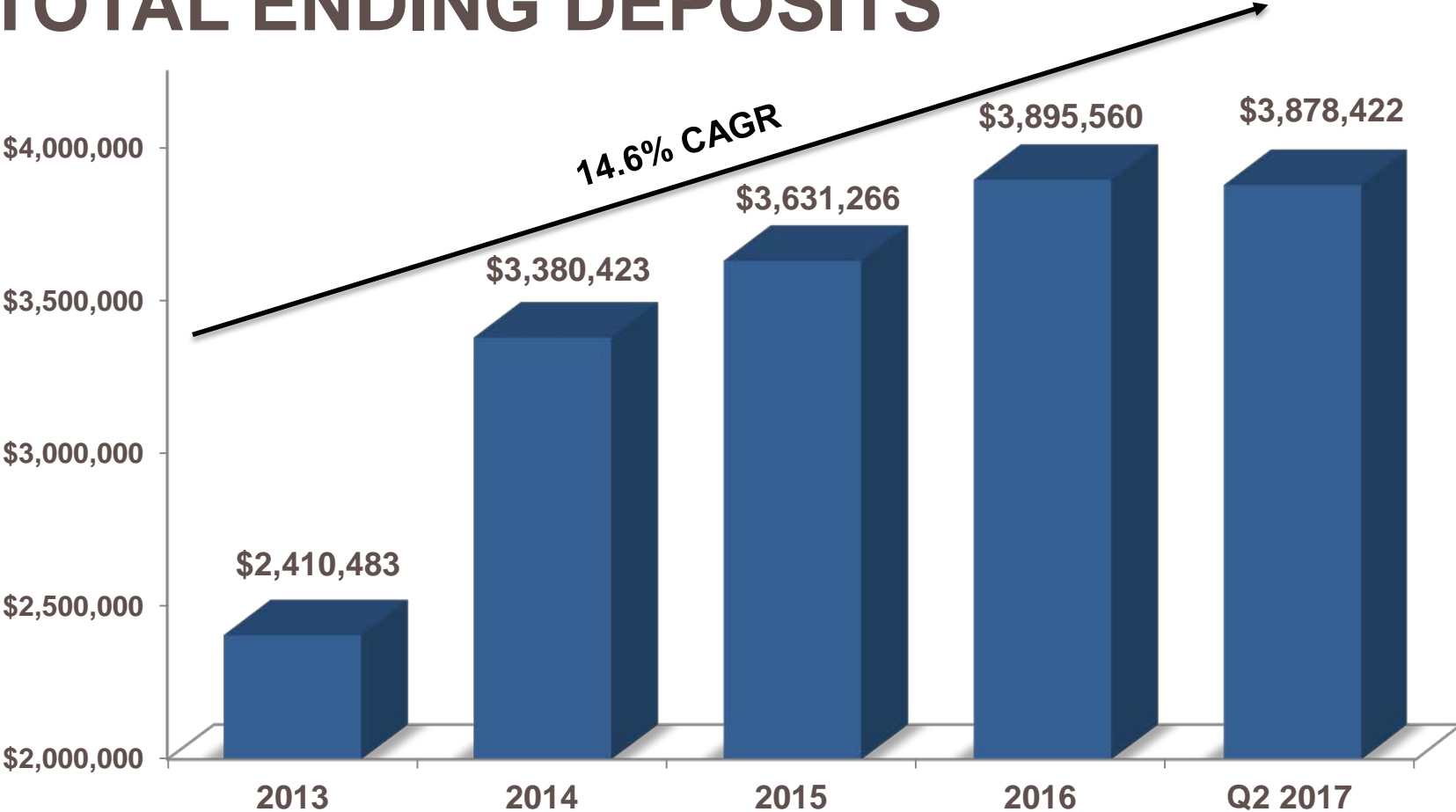
- **Growth Opportunities**

- 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



TOTAL ENDING DEPOSITS



Data as of 06.30.2017

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%
4	Tri Counties Bank	CA	State	3,376,219	9.53%
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

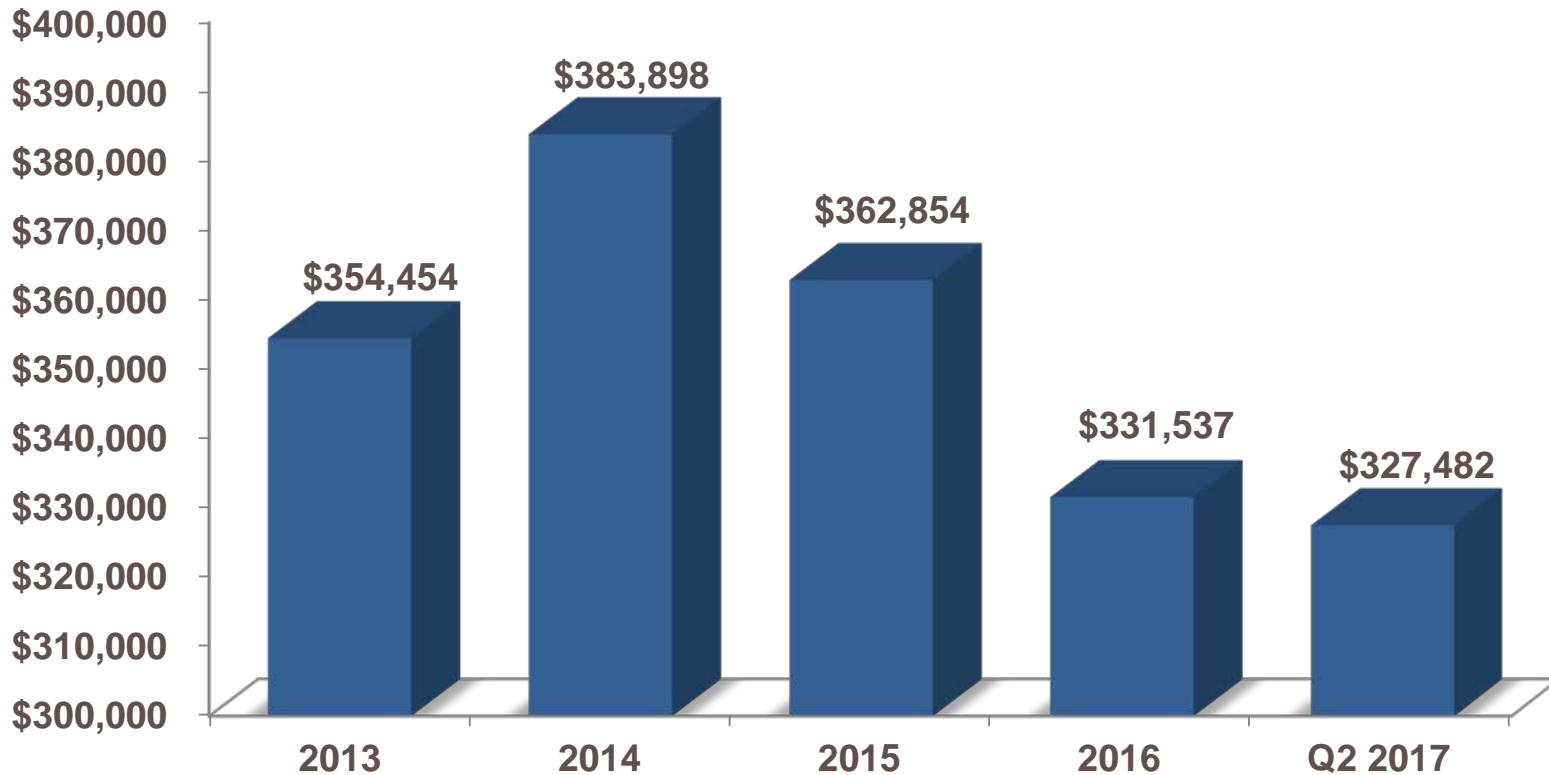
NON-INTEREST INCOME *continued*

- Wealth Management revenues
- Higher revenues from service charges and interchange income
- Cash Management fees continue to increase
- Merchant Card Services
 - \$560 thousand YTD 2017

CONSUMER LOANS

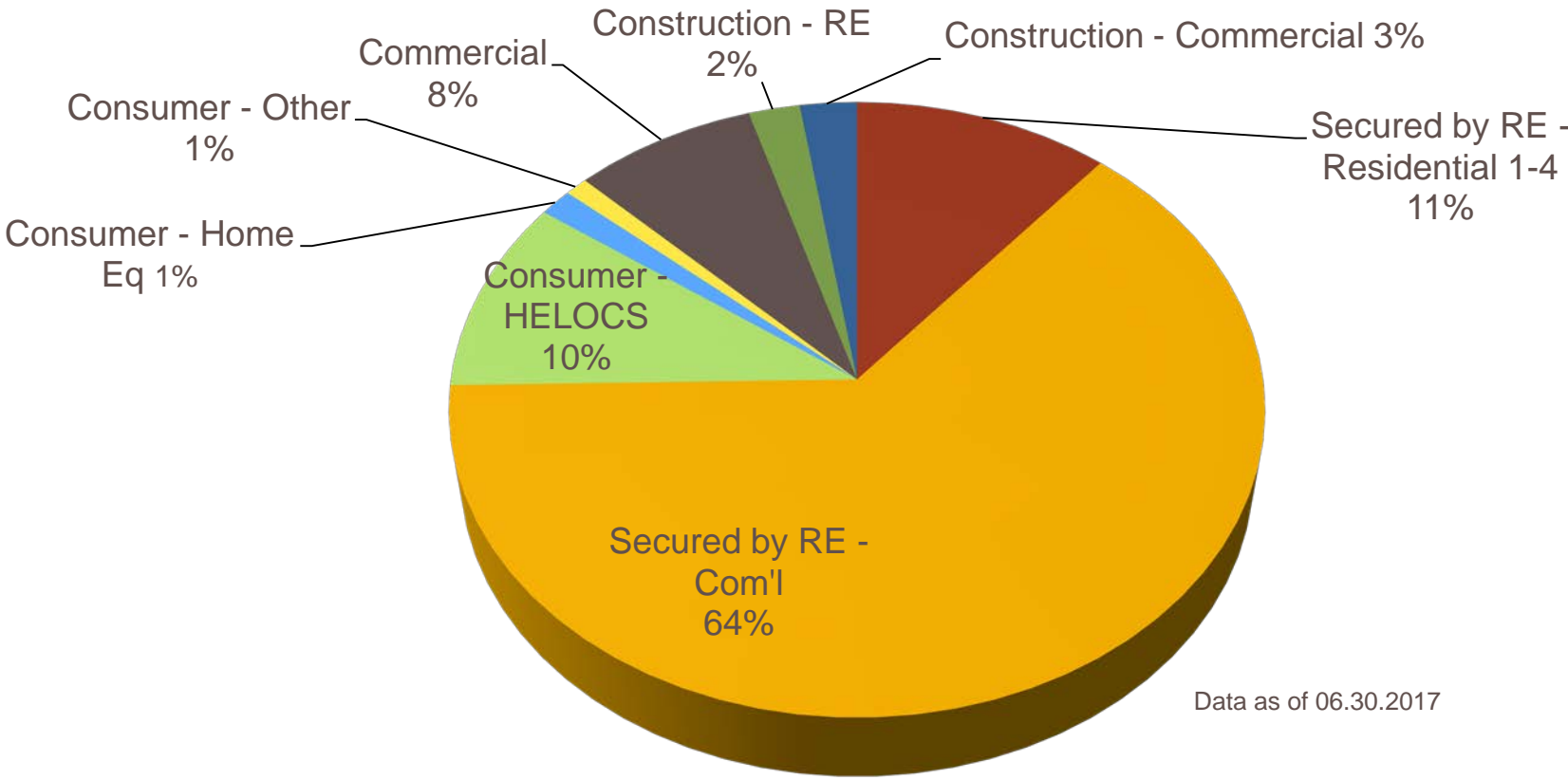
- Increased demand for consumer loans
 - Home equity values have increased
 - Borrowers in 2016 used refinance of 1st mortgage to pay down debt
- Low rate environment led to historically high refi activity
 - \$53MM in Q2 2017 HELOC volume resulted in \$3.6MM increase in outstandings
 - This is compared to \$33MM in Q1 2017 volume resulting in \$7.7MM in contraction
 - Home equity lines/loans increasing in demand and may begin outpacing 1st lien refi volume soon

HOME EQUITY LOANS OUTSTANDING



Data as of 06.30.2017

LOAN PORTFOLIO BY TYPE



Data as of 06.30.2017

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
 - \$171 million in CRE & C&I production in Q2 resulted in \$48 million in net growth
 - This is compared to \$101 million in production in Q1 and \$9 million in net growth
 - The 1st quarter was negatively impacted by weather in our markets, and Q2 volume demonstrates recovery

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 06.30.2017

Real Estate Loan Type	# of Loans	Outstandings*	% to Total Loans	Avg. Commitment Amount
Office	596	375,772,000	13%	642,000
Retail	416	314,954,000	11%	804,000
Multi-Family	374	292,956,000	10%	820,000
Special Purpose Gas Station, Mini Storage, Hotel/Motel, Restaurant	215	224,543,000	8%	1,102,000
Other Warehouse, Manufacturing, Bare Land, Agricultural Land + Structures	1,238	591,186,000	21%	524,000
Totals	2,839	1,799,411,000	64%	-
Averages	-	-	-	673,000

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

AG PORTFOLIO AS OF 06.30.2017

- Agricultural Loans (excluding RE secured) total \$46 million in total commitments with \$23 million outstanding
- The highest crop concentrations by commitments are:

Rice	\$11.4 million	40 loans	\$284,000 Avg. Commitment
Multiple Crop	\$10.3 million	12 loans	\$859,000 Avg. Commitment
Almonds	\$5.2 million	8 loans	\$654,000 Avg. Commitment
Walnuts	\$4.6 million	6 loans	\$767,000 Avg. Commitment
Beef	\$1.0 million	9 loans	\$113,000 Avg. Commitment
Peaches	\$797 thousand	1 loan	\$797,000 Avg. Commitment

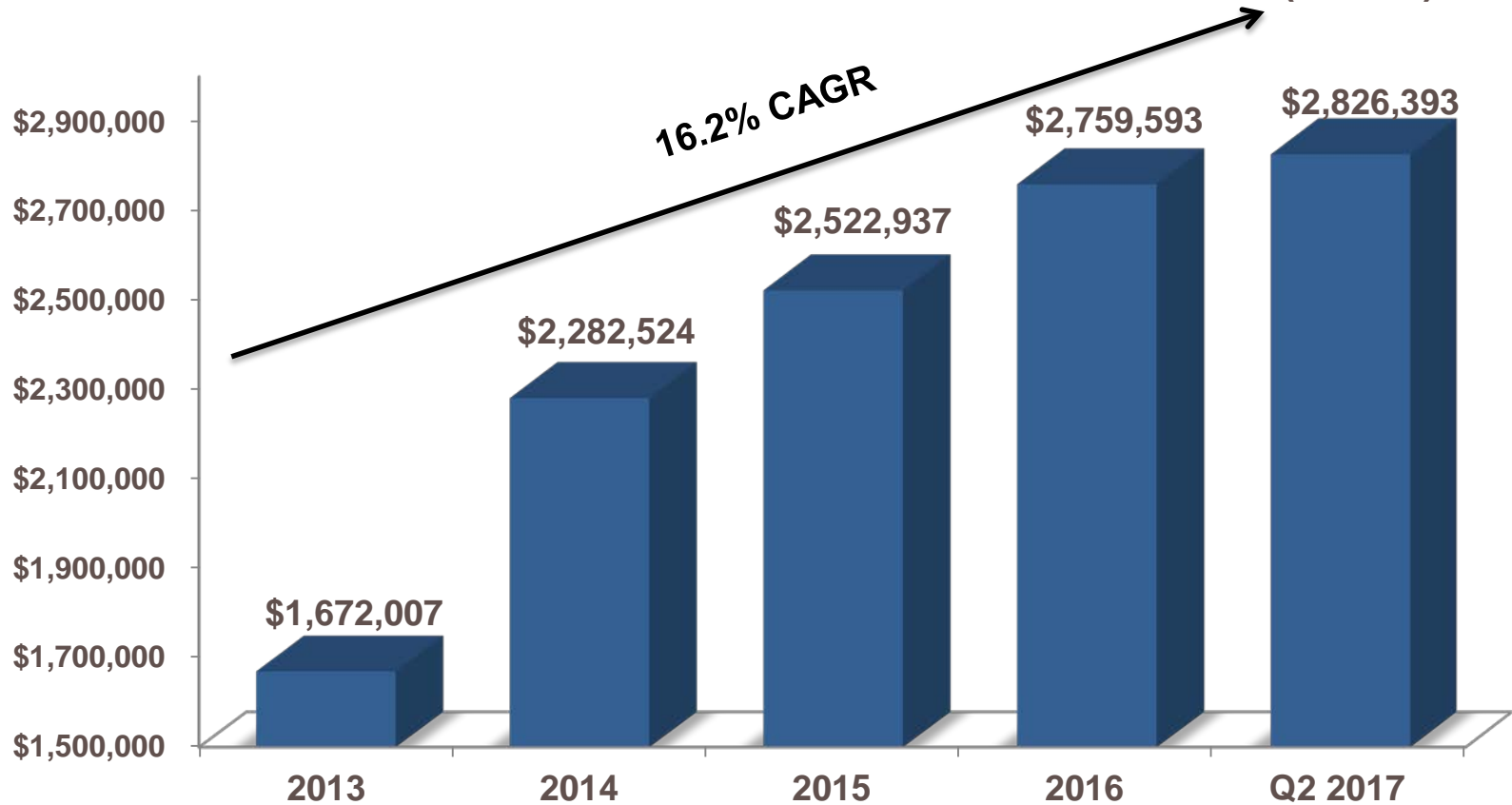
CONSTRUCTION AND A&D

- Construction lending totals approx. \$133,301,000 outstanding with \$236,997,000 in commitments
- Residential construction approx. \$63,150,000
- Commercial construction approx. \$70,151,000
- Total construction, land development and land acquisition loans represent 4.7% of total loans outstanding

Data as of 06.30.2017

TOTAL LOANS

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



Data as of 06.30.2017

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?

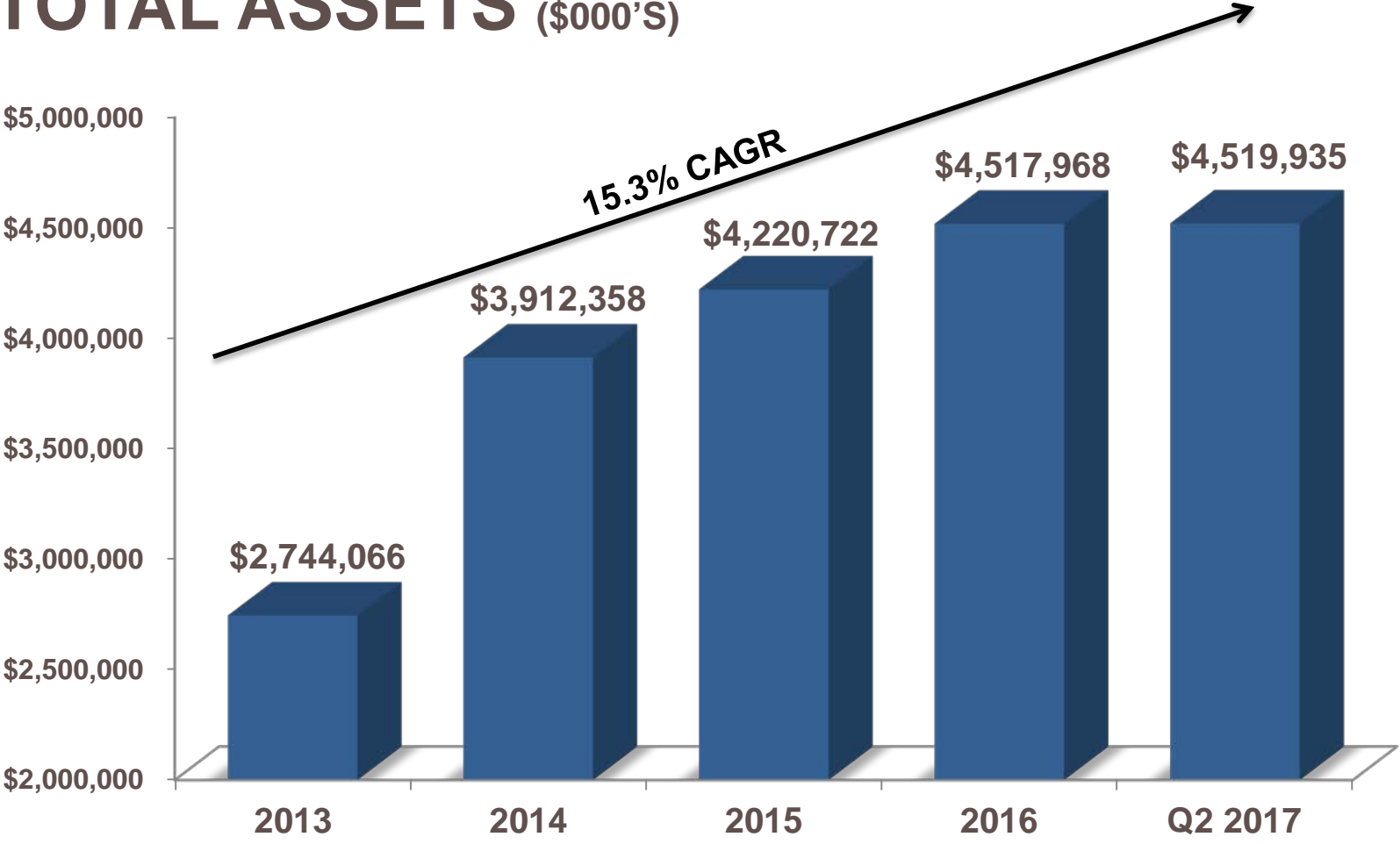
- Deposit Betas
- Ability to Increase Loan Yields
- Interest Rate Risk
- Aggressive Competitors
- Compliance Regulations
- The Cost of Compliance with New Regulations
- Dysfunction in Washington

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

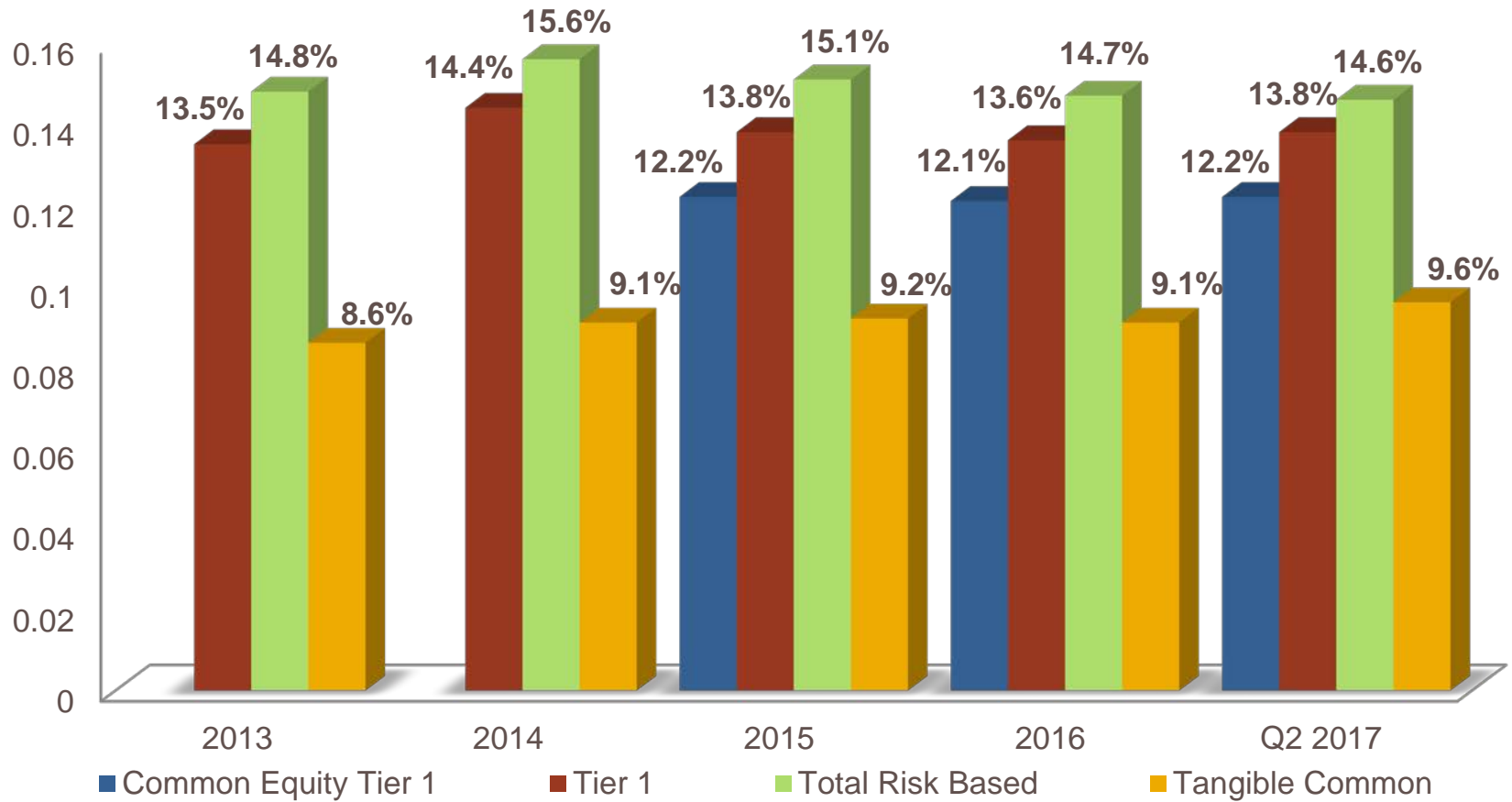
FINANCIALS

TOTAL ASSETS (\$000'S)



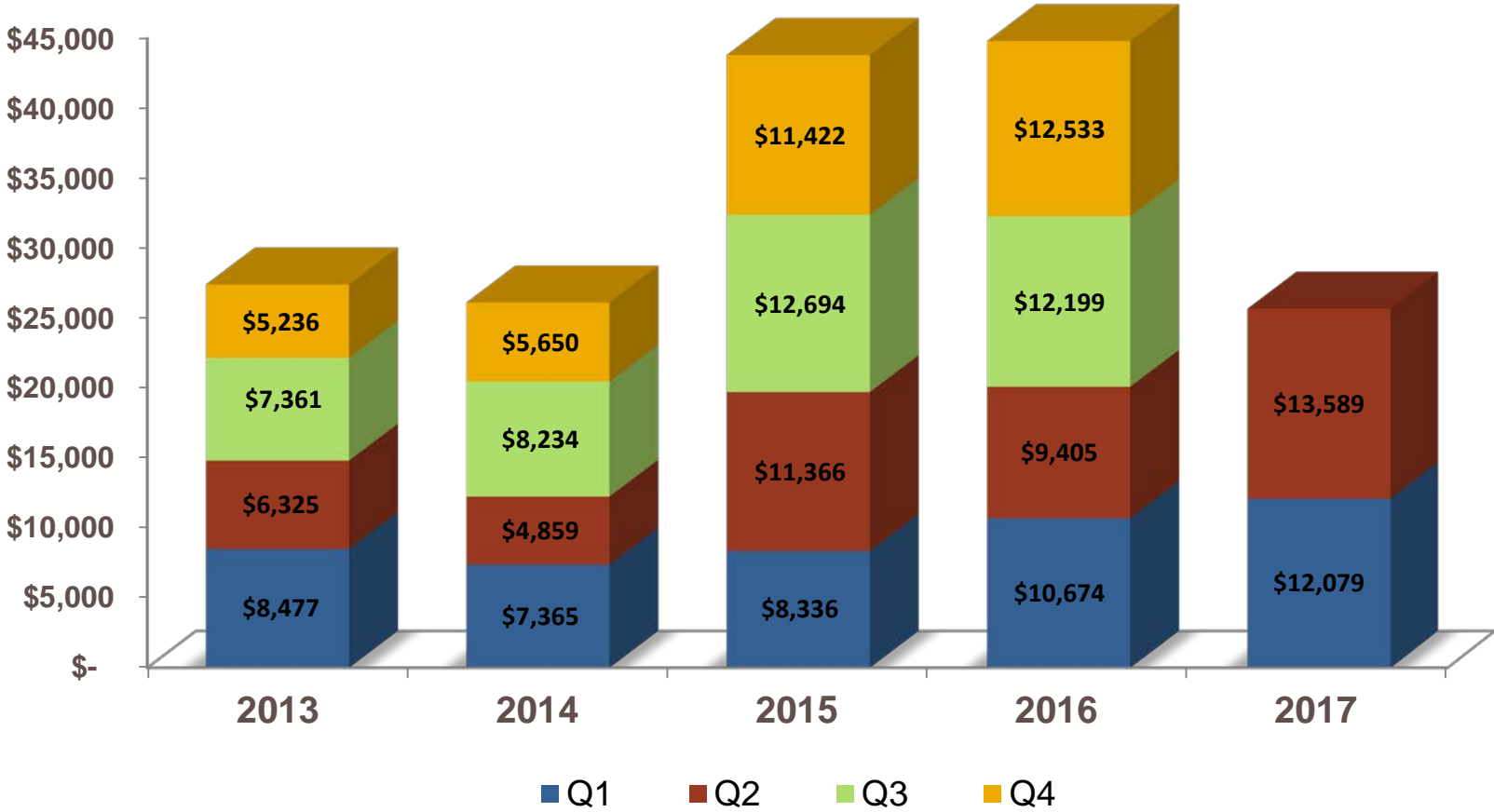
Data as of 06.30.2017

CAPITAL RATIOS (\$000'S)



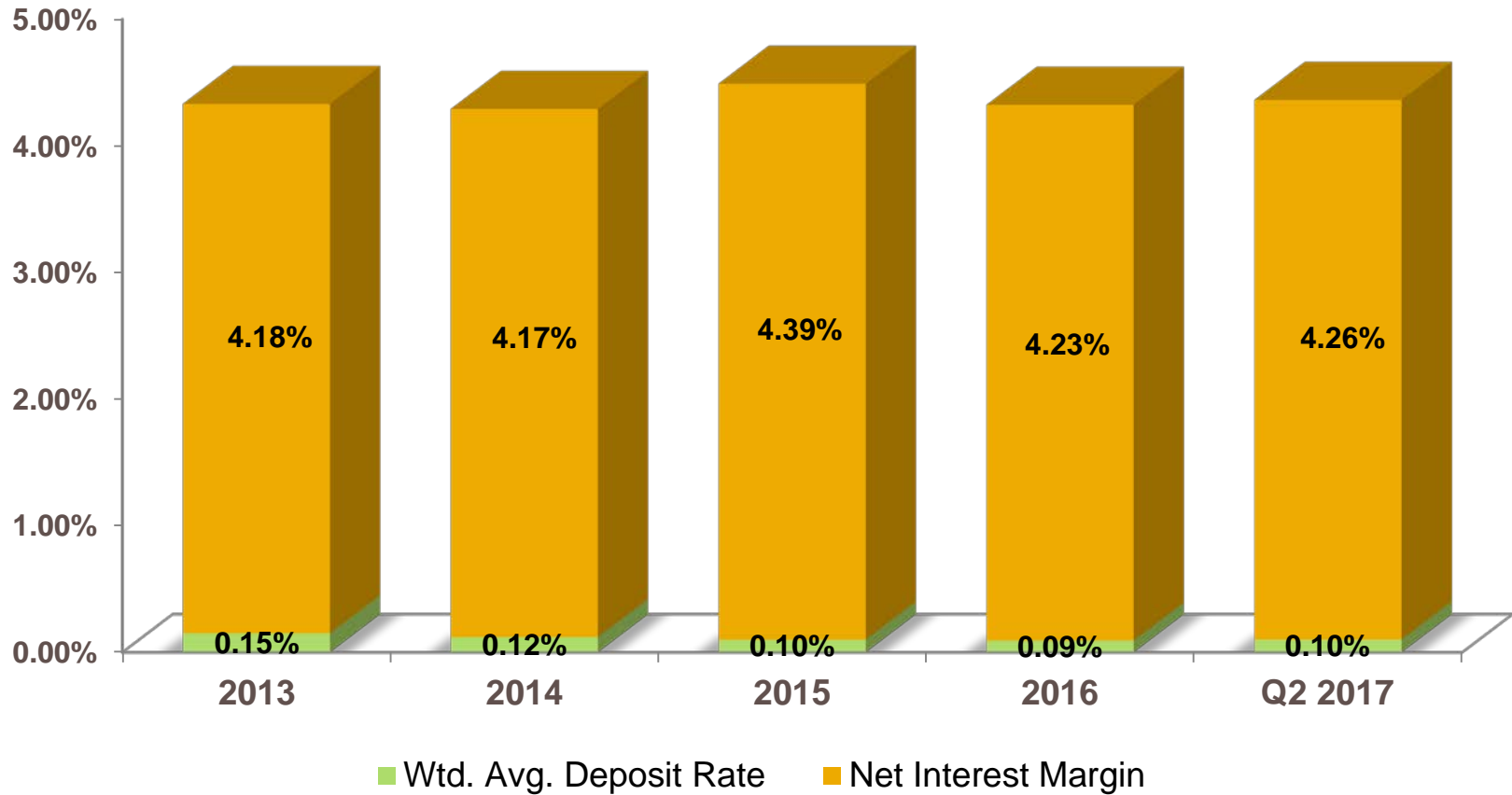
Data as of 06.30.2017

NET INCOME (\$000'S)



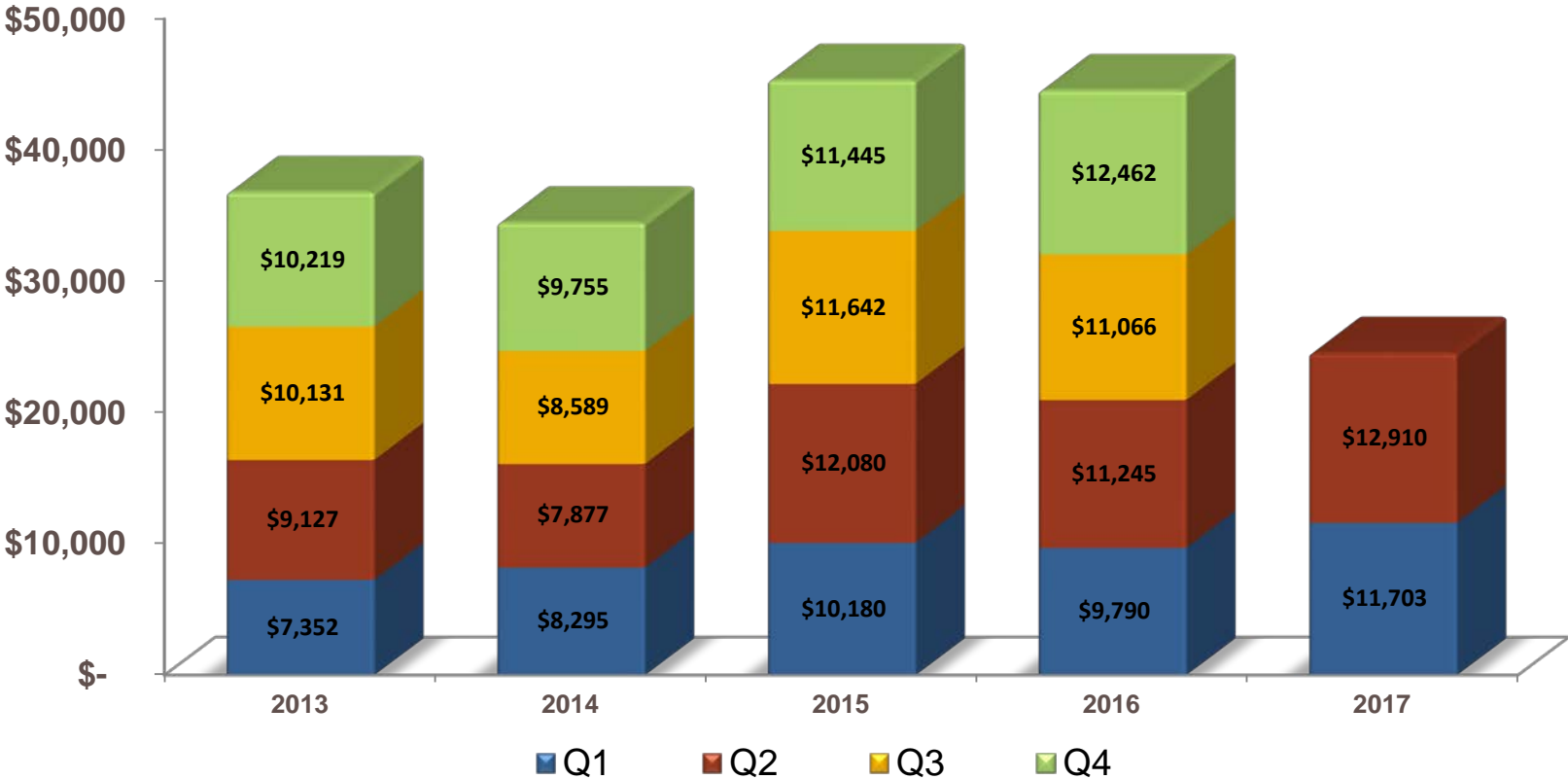
Data as of 06.30.2017

NET INTEREST MARGIN



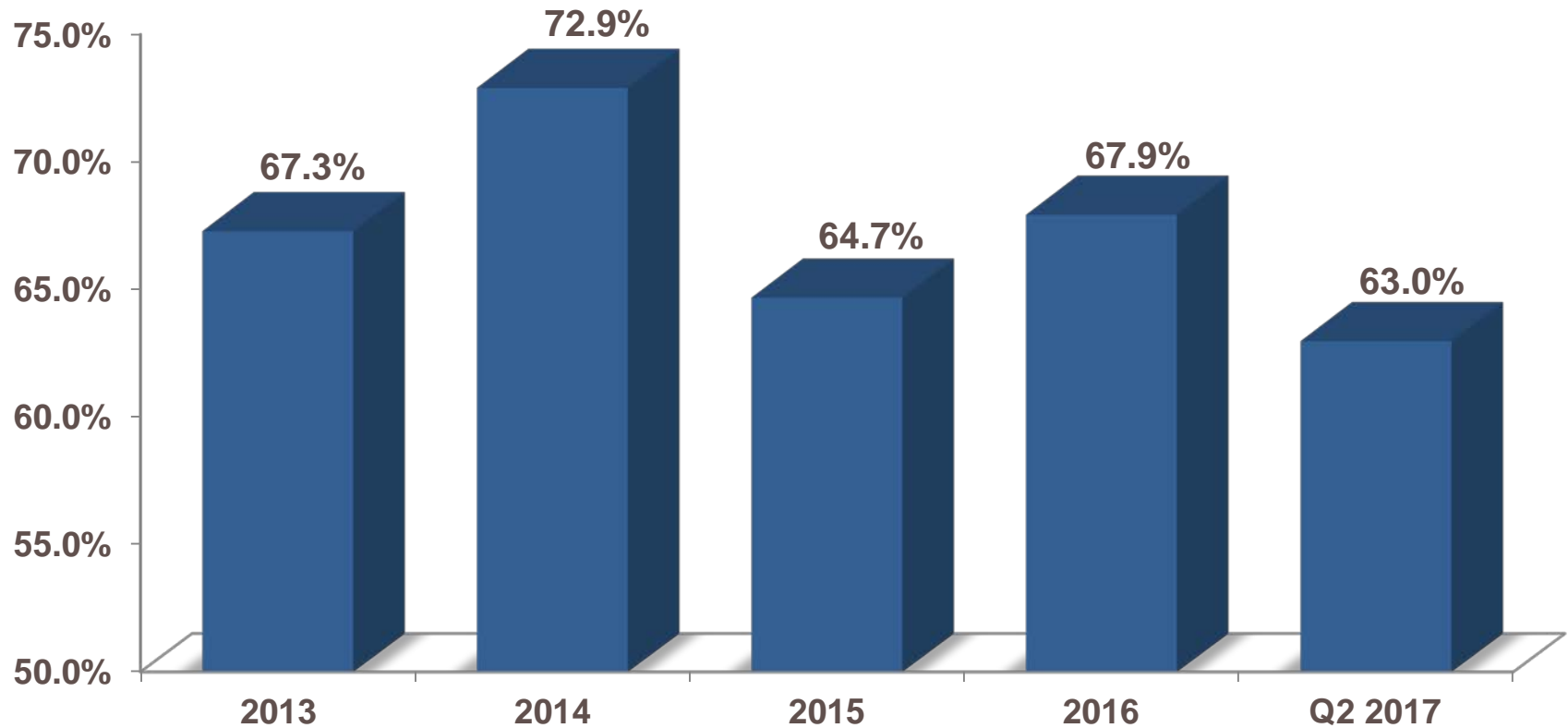
Data as of 06.30.2017

NON-INTEREST INCOME (\$000'S)



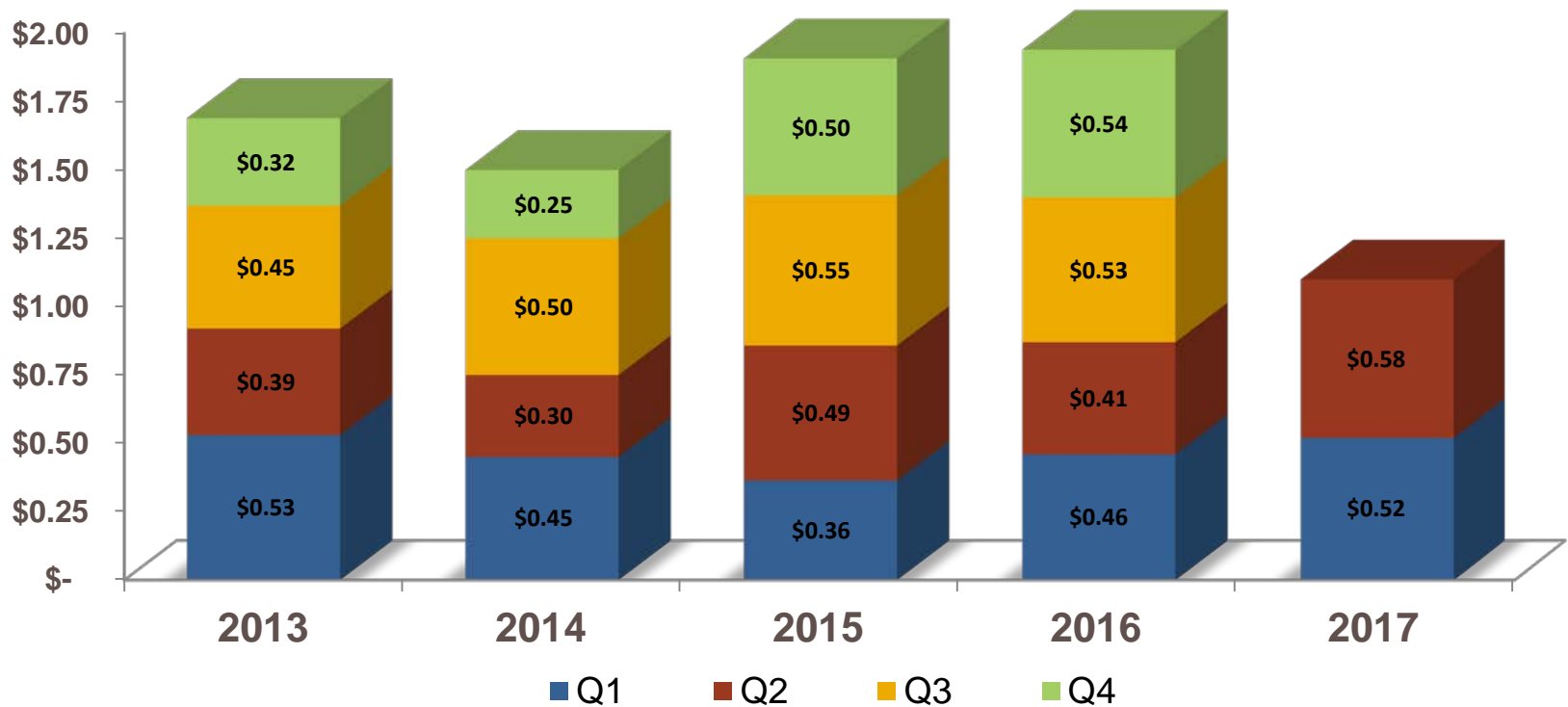
Data as of 06.30.2017

EFFICIENCY RATIO (FULLY TAXABLE EQUIVALENT)



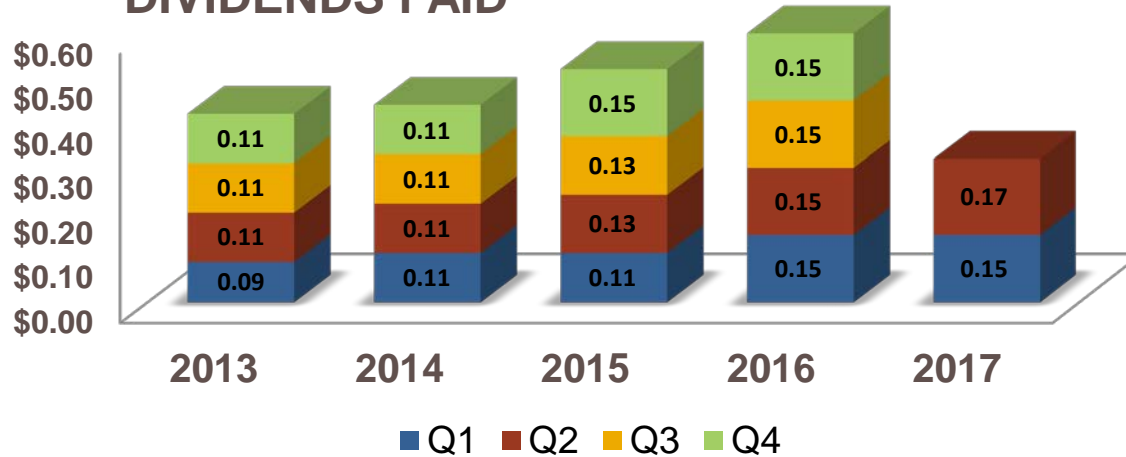
Data as of 06.30.2017

DILUTED EARNINGS PER SHARE

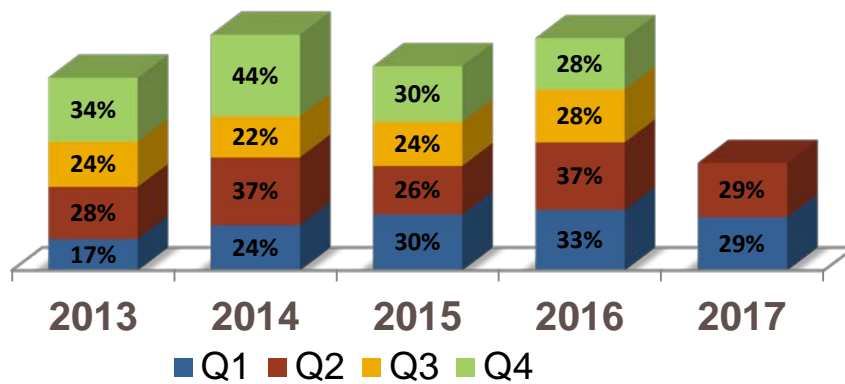


Data as of 06.30.2017

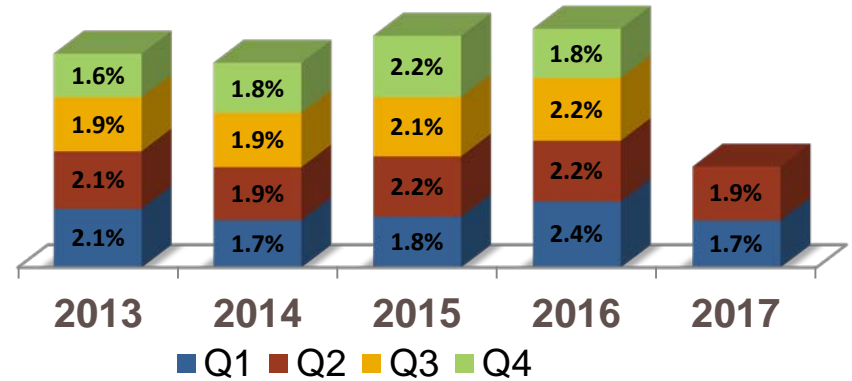
DIVIDENDS PAID



PAYOUT RATIO

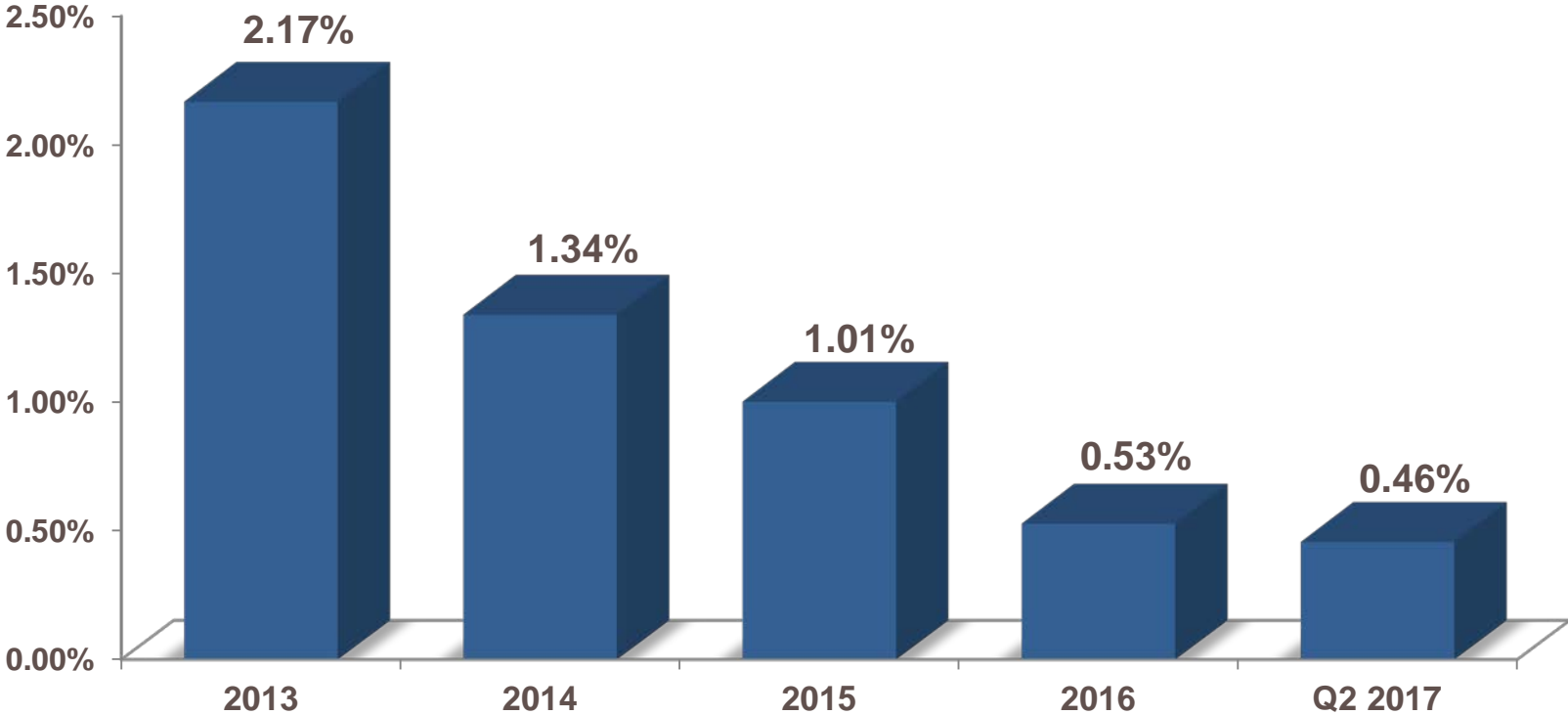


DIVIDEND YIELD



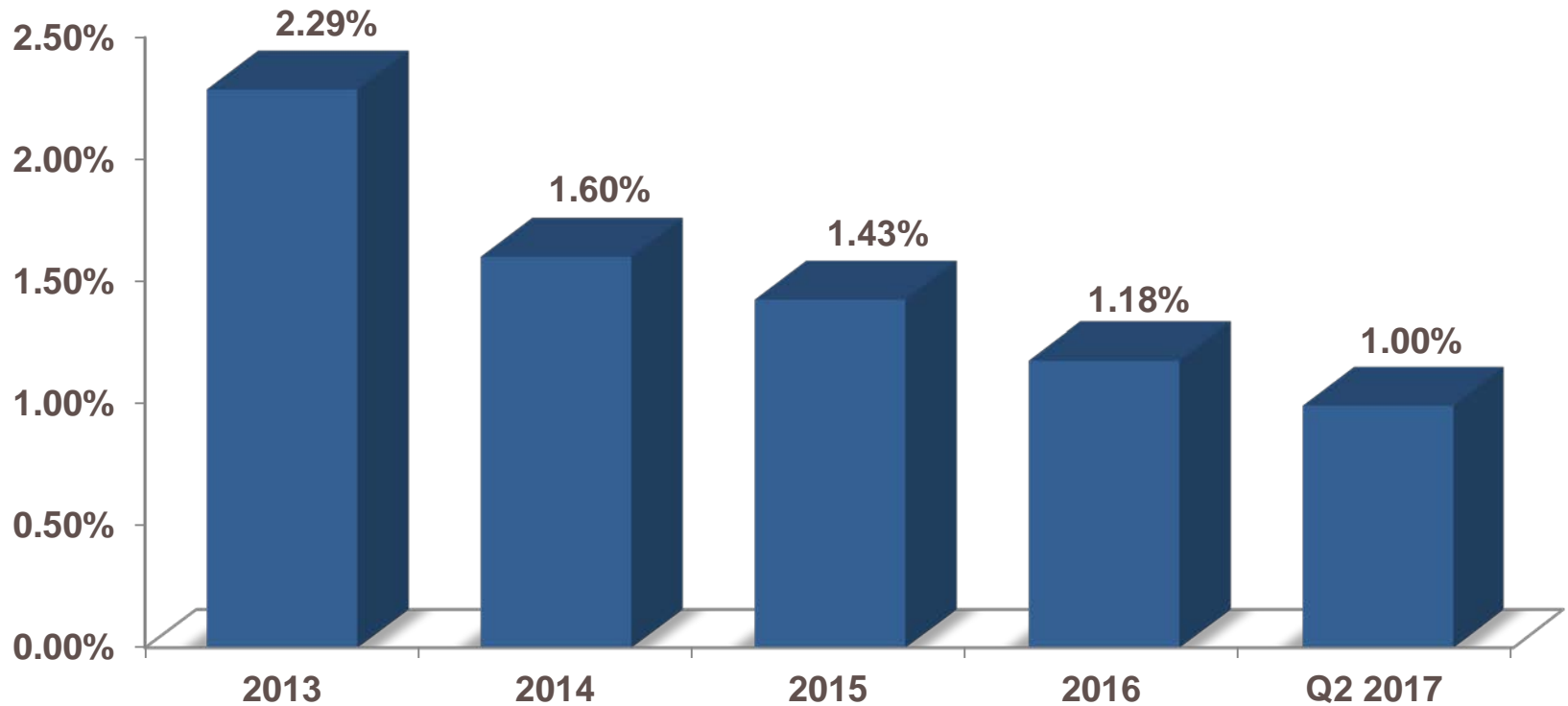
Data as of 06.30.2017

NON-PERFORMING ASSETS TO TOTAL ASSETS



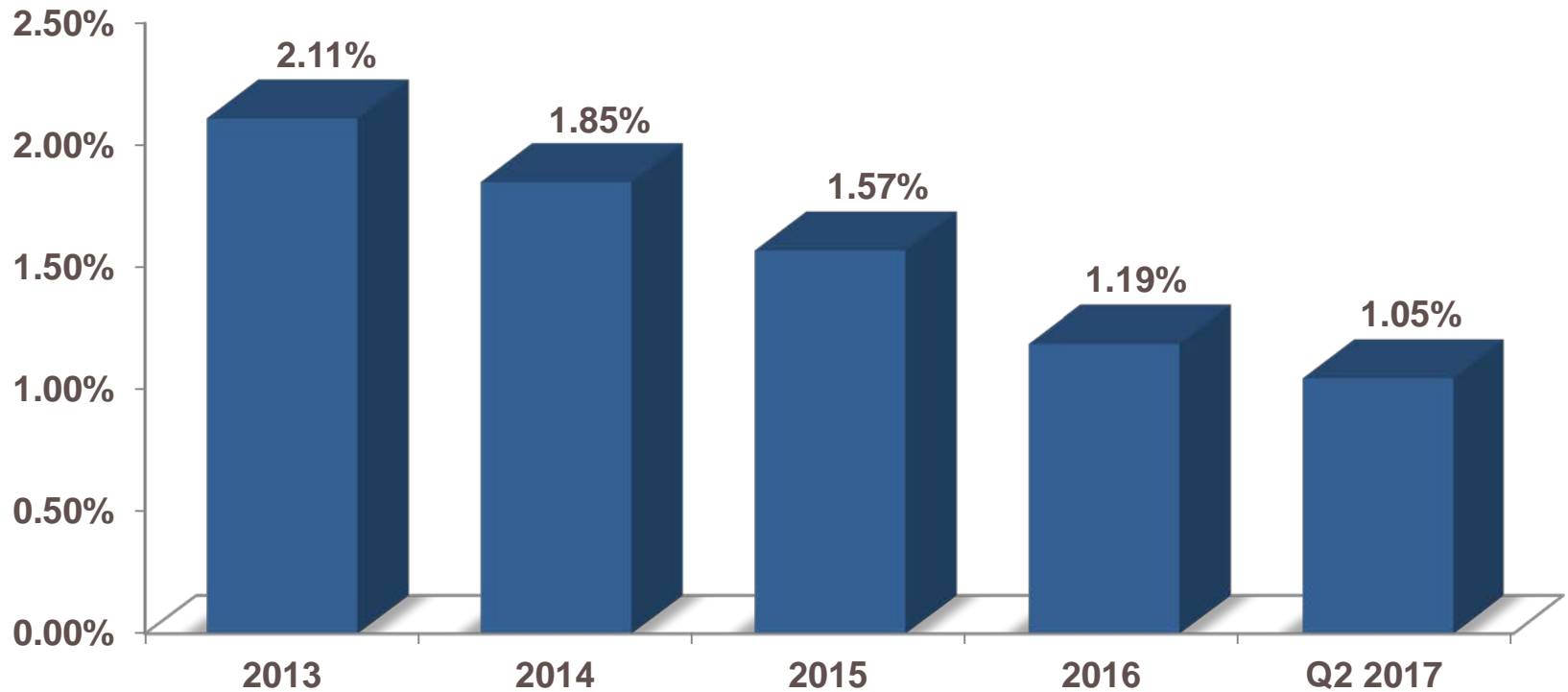
Data as of 06.30.2017

ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS



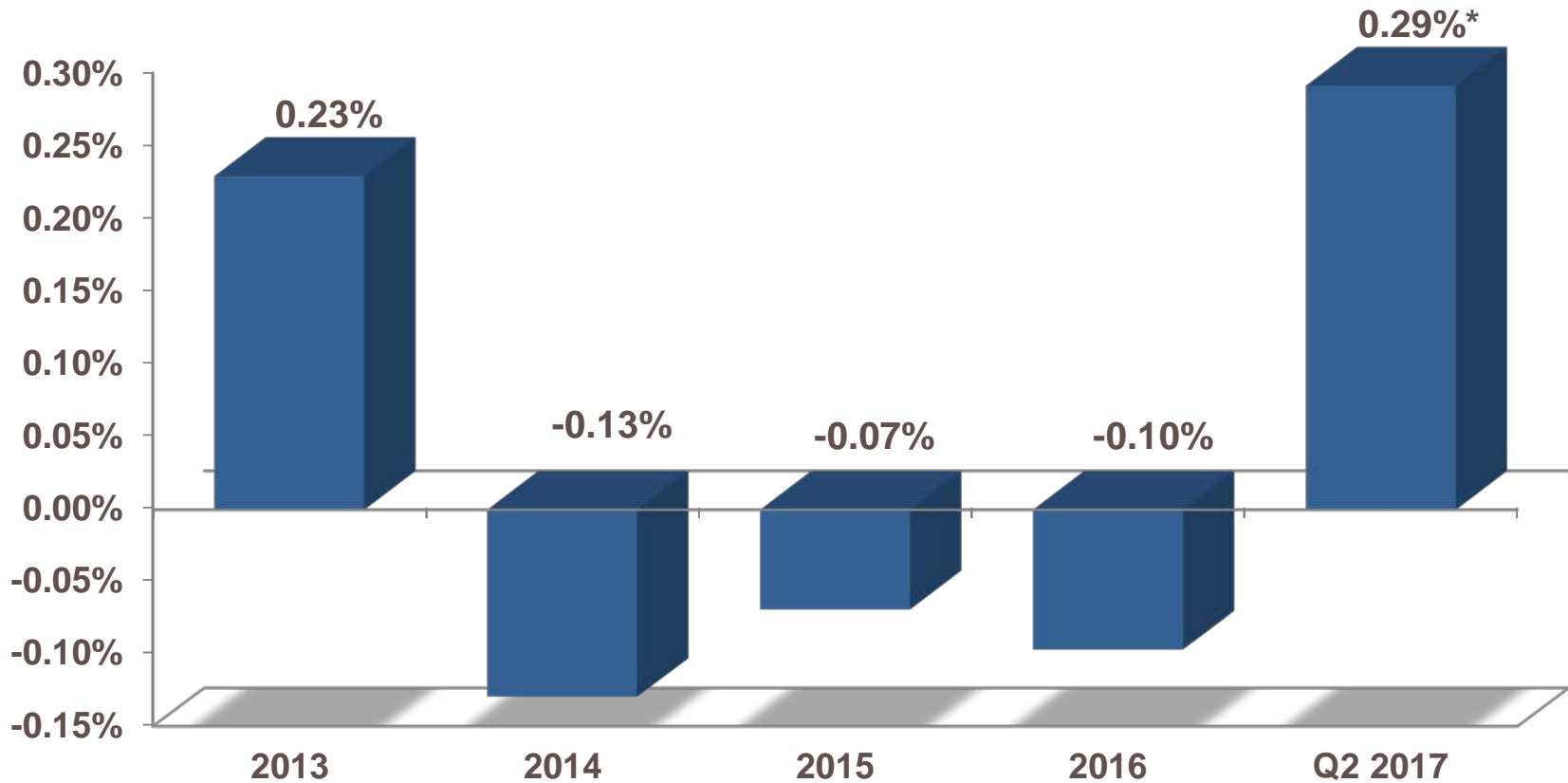
Data as of 06.30.2017

ORIGINATED ALL TO TOTAL ORIGINATED LOANS



Data as of 06.30.2017

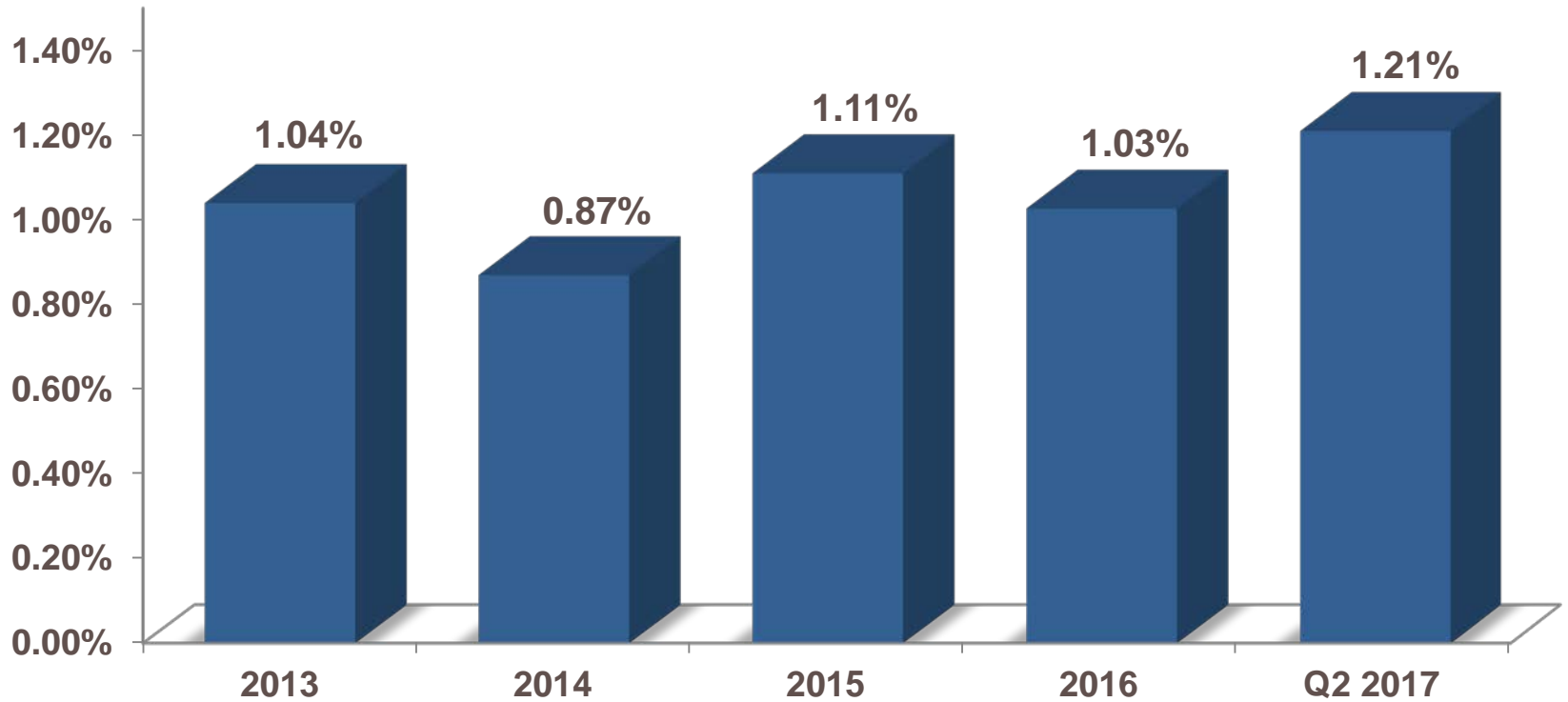
ANNUALIZED NET CHARGE-OFFS TO AVERAGE LOANS



Data as of 06.30.2017

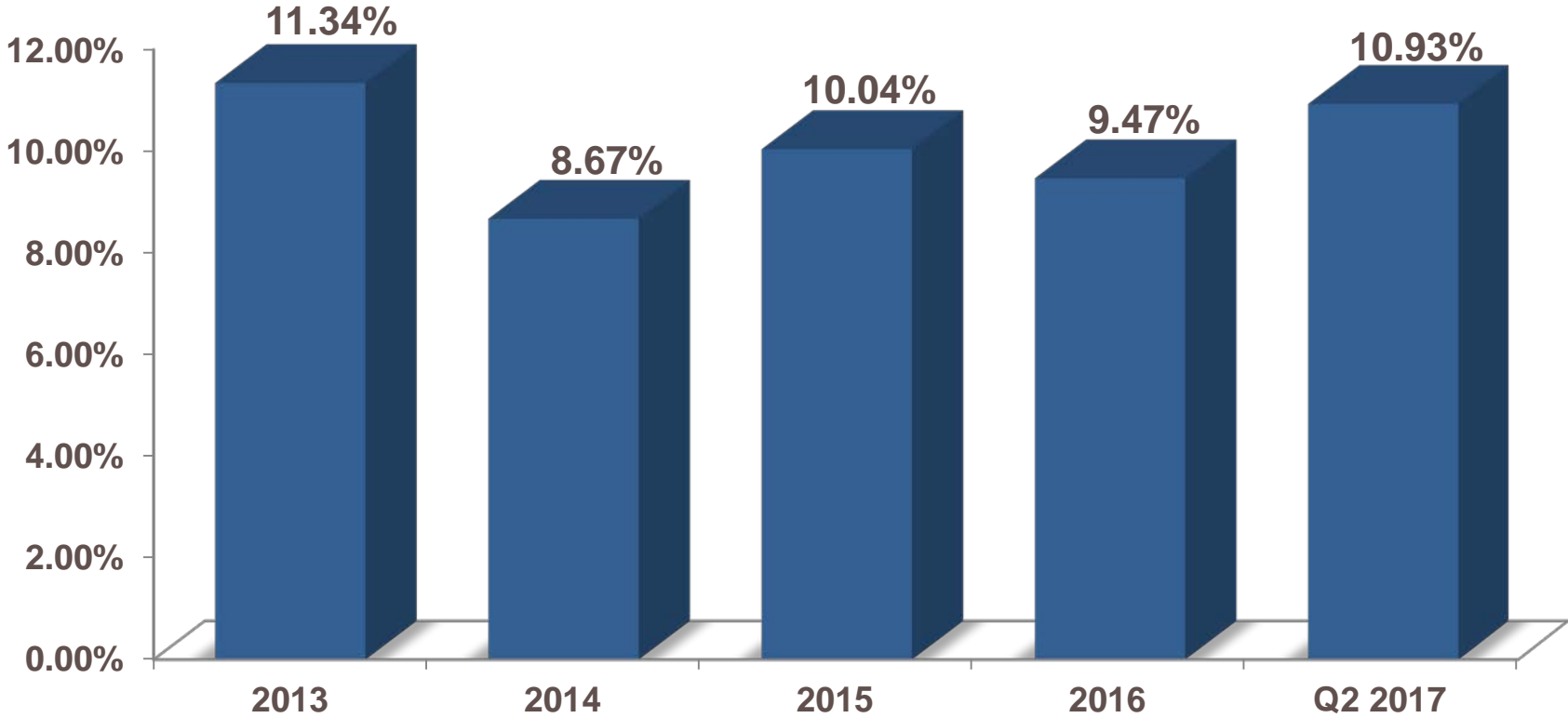
*0.24% of Q2 2017 total related to ASC 310-30 PCI loan adjustment

RETURN ON AVERAGE ASSETS



Data as of 06.30.2017

RETURN ON AVERAGE SHAREHOLDER'S EQUITY



Data as of 06.30.2017



TRICO BANCSHARES IS COMMITTED TO:

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