REFINITIV

DELTA REPORT

10-K

TCBK - TRICO BANCSHARES /

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	4084
CHANGES	588
DELETIONS	2320
ADDITIONS	1176

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2022 December 31, 2023

Commission File Number 0-10661

download.jpg

(Exact name of Registrant as specified in its charter)

California	**94-2792841**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
63 Constitution Drive, Chico, California	**95973**
(Address of principal executive offices)	**(Zip Code)**

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

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock	TCBK	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

Indicate by check mark whether the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "accelerated filer", "large accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

The aggregate market value of the voting common stock held by non-affiliates of the Registrant, as of June 30, 2022 June 30, 2023, was approximately $1,410,053,000. $1.4 billion.

The number of shares outstanding of Registrant's common stock, as of February 24, 2023 February 23, 2024, was 33,300,319. 33,268,102.

DOCUMENTS INCORPORATED BY REFERENCE

The information required to be disclosed pursuant to Part III of this report either shall be (i) deemed to be incorporated by reference from selected portions of the Registrant's definitive proxy statement for the annual meeting of shareholders to be held on May 18, 2023 May 23, 2024, if such proxy statement is filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the Registrant's most recently completed fiscal year, or (ii) included in an amendment to this report filed with the Commission on Form 10-K/A not later than the end of such 120 day period.

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GLOSSARY OF ACRONYMS AND TERMS

The following listing provides a comprehensive reference of common acronyms and terms used throughout the document:

ACL	Allowance for Credit Losses
AFS	Available-for-Sale
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
CARES	Coronavirus Aid, Relief and Economic Security Act
CDs	Certificates of Deposit
CDI	Core Deposit Intangible
CECL	Current Expected Credit Loss
COVID-19	Coronavirus Disease
CRE	Commercial Real Estate
CMO	Collateralized mortgage obligation
DFPI	State Department of Financial Protection and Innovation
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FRB	Federal Reserve Board
FTE	Fully taxable equivalent
GAAP	Generally Accepted Accounting Principles (United States of America)
HELOC	Home equity line of credit
HTM	Held-to-Maturity
LIBOR	London Interbank Offered Rate
NIM	Net interest margin
NPA	Nonperforming assets
OCI	Other comprehensive income
PCD	Purchase Credit Deteriorated
PPP	Paycheck Protection Program
ROUA	Right-of-Use Asset
RSU	Restricted Stock Unit
SBA	Small Business Administration
SERP	Supplemental Executive Retirement Plan
SFR	Single Family Residence
SOFT SOFR	Secured Overnight Financing Rate
TDR	Troubled Debt Restructuring
VRB	Valley Republic Bancorp
XBRL	eXtensible Business Reporting Language

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements about TriCo Bancshares (the “Company,” “TriCo” or “we”) and its subsidiaries for which it claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the current knowledge and belief of the Company’s management (“Management”) and include information concerning the Company’s possible or assumed future financial condition and results of operations. When you see any of the words “believes”, “expects”, “anticipates”, “estimates”, or similar expressions, these generally indicate that we are making forward-looking statements. A number of factors, some of which are beyond the Company’s ability to predict or control, could cause future results to differ materially from those contemplated.

Forward looking 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 conditions of the United States economy in general and the strength of the local economies in which we conduct operations; the effects impact of any future federal government shutdown and uncertainty regarding the federal government’s debt limit or changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; the impacts of inflation, interest rate, market and monetary fluctuations impacts on our the Company's business condition and financial operating results; the impact of changes in financial services industry policies, laws and regulations; regulatory restrictions on affecting our ability to successfully market and price our products to consumers; technological changes; the risks related to the development, implementation, use and management of emerging technologies, including artificial intelligence and machine learning; extreme weather, natural disasters climate change and other catastrophic events that may or may not be caused by climate change and their effects on the Company's customers and the economic and business environments in we operate; which the continuing adverse impact on the U.S. economy, including the markets in which we operate due to the COVID-19 global pandemic; Company operates; the impact of a slowing U.S. economy and decreases in housing and commercial real estate prices, potentially increased unemployment on the performance of our loan portfolio, the market value of our investment securities and possible other-than-temporary impairment of securities held by us due to changes in credit quality or rates; the availability of, and cost 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, commodities prices, inflationary pressures and labor shortages on the economic recovery and our business; the impacts of international hostilities, wars, terrorism or geopolitical events; adverse developments in the financial services industry generally such as the recent bank failures and any related impact on depositor behavior or investor sentiment; risks related to the sufficiency of liquidity; the possibility that our recorded goodwill could become impaired, which may have an adverse impact on our earnings and capital; the costs or effects of mergers, acquisitions or dispositions we may make, as well as whether we are able to obtain any required governmental approvals in connection with any such mergers, acquisitions activities, or dispositions, identify and complete favorable transactions in the future, and/or realize the contemplated anticipated financial and business benefits associated with any such activities; benefits; the regulatory and financial impacts associated with exceeding $10 billion in total assets; the negative impact on our reputation and profitability in the event customers experience economic harm or in the event that regulatory violations are identified; 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 and direction of our nonperforming assets and charge-offs; the appropriateness of the allowance for credit losses, including the effects of the implementation of the assumptions made under our current expected credit losses model; any deterioration in values of California real estate, both residential and commercial; the effectiveness of the Company's asset management activities managing the mix of earning assets and in improving, resolving or liquidating lower-quality assets; the effect of changes in the financial performance and/or condition of our borrowers; changes in accounting standards and practices; possible other-than-temporary impairment of securities held by us due to changes in credit quality or rates; changes in consumer spending, borrowing and savings habits; our ability to attract and maintain deposits and other sources of liquidity; the effects of changes in the level or cost of checking or savings account deposits on our funding costs and net interest margin; our increasing noninterest expense and the efficiency ratio; its impact on our financial performance; competition and innovation with respect to financial products and services by banks, financial institutions and non-traditional providers competitors including retail businesses and technology companies; the challenges of attracting, integrating and retaining key employees; the costs and effects of litigation and of unexpected or adverse outcomes in such litigation; the vulnerability of the Company's operational or security systems networks or infrastructure, the systems of third-party vendors or other service providers with whom the Company contracts, and the Company's customers to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and data/security breaches and the cost to defend against and remediate respond to such incidents; the impact of the recent cyber security ransomware incident on our operations and reputation; increased data security risks due to work from home arrangements; arrangements and email vulnerability; failure to safeguard personal information; changes to U.S. tax policies, including our effective income tax rate; information, and any resulting litigation; the effect of a fall or volatility in stock market prices on our brokerage and wealth management businesses; the transition away from the LIBOR toward to new interest rate benchmarks; the emergence or continuation of widespread health emergencies or pandemics; the costs and effects of litigation and of unexpected or adverse outcomes in such litigation; and our ability to manage the risks involved in the foregoing. See also factors listed at Item 1A Risk Factors, in this report. You should carefully consider the factors discussed below, and in our Risk Factors or other disclosures, in evaluating these forward-looking statements.

Annualized, pro forma, projections and estimates are not forecasts and may not reflect actual results. All forward-looking statements speak only as of the date they are made and are based on information available at that time. Forward-looking statements speak only as of the date they are made, and the Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made, whether as a result of new information, future developments or otherwise, except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

PART I

ITEM 1. BUSINESS

Overview

TriCo Bancshares is a registered bank holding company under the Bank Holding Company Act of 1956, as amended (the “BHC Act”). TriCo's principal business is to serve as the holding company for our wholly-owned subsidiary, Tri Counties Bank, a California-chartered commercial bank (the “Bank”). TriCo is a California corporation and was incorporated in 1981. Our common stock is traded on the Nasdaq Global Select Market under the trading symbol "TCBK". The Company and the Bank are headquartered in Chico, California.

As a bank holding company, TriCo is subject to the supervision of the Board of Governors of the Federal Reserve System (the “FRB”) under the BHC Act. The Bank is subject to the supervision of the California Department of Financial Protection & Innovation (the “DFPI”) and the Federal Deposit Insurance Corporation (the "FDIC"). See “Regulation and Supervision.”

In addition, TriCo has five capital trusts, which are all wholly-owned trust subsidiaries formed for the purpose of issuing trust preferred securities (“Trust Preferred Securities”) and lending the proceeds to TriCo. For more information regarding the trust preferred securities please refer to “Note 14 – Junior Subordinated Debt” to the consolidated financial statements at Part II, Item 8 of this report.

Additional Information

Our executive offices are located at 63 Constitution Drive, Chico, California 95973, and our telephone number is (530) 898-0300. Additional information concerning the Company can be found on our website at *www.tcbk.com.* Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports are available free of charge through the investors relations page of our website, *www.tcbk.com/about/investor-relations*, as soon as reasonably practicable after the Company files these reports with the U.S. Securities and Exchange Commission (“SEC”). The information on our website is not part this annual report.

Tri Counties Bank

The Bank was organized in 1975 and had total assets of approximately $9.9 billion at December 31, 2022 December 31, 2023. Based in Chico, California, the Bank offers an extensive and competitive breadth of consumer, small business and commercial banking services through its network of stand-alone and in-store branches in communities throughout California. The Bank focuses on relationships and personal contact, emphasizing its Service with Solutions ®. In addition to its California community bank network, the Bank provides advanced online and mobile banking, a shared nationwide network of over 37,000 40,000 surcharge-free ATMs, and bankers available by phone 7 days per week.

The Bank provides a breadth of personal, small business and commercial financial services including accepting demand, savings and time deposits and making small business, commercial, real estate, and consumer loans, as well as a range of Treasury Management Services treasury management services and other customary banking services including safe deposit boxes at some branches. Brokerage services are provided at the Bank’s offices by Tri Counties Wealth Management Advisors through the Bank’s arrangement with Raymond James Financial Services, Inc., an independent financial services provider and broker-dealer.

The Bank offers a variety of banking and financial services to both personal, small business and commercial customers. In many instances the owners or stakeholders of the business and commercial customers are also personal customers. The industries that we serve are diverse in both number and type and include, but are not limited to, manufacturing, real estate development, retail, wholesale, transportation, agriculture, commerce, oil & gas, and professional services. The majority of the Bank's loans are direct loans made to individuals and businesses in California where its branches or business lending centers are located. At December 31, 2022 December 31, 2023, the Bank's consumer loans net of deferred fees outstanding were $1,240,743,000 (19.2% $1.3 billion (19.3%), commercial and industrial loans outstanding were $569,921,000 (8.8% $586.5 million (8.6%), real estate construction loans of $211,560,000 (3.3% $347.2 million (5.1%), and commercial real estate loans were $4,359,083,000 (67.6% $4.4 billion (64.7%) of total loans. The Bank takes real estate, listed and unlisted securities, savings and time deposits, automobiles, machinery, equipment, inventory, accounts receivable and notes receivable secured by property as collateral for loans.

Most of the Bank's deposits are attracted from individuals and business-related sources. No single person or group of persons provides a material portion of the Bank's deposits, the loss of any one or more of which would have a materially adverse effect on the business of the Bank, nor is a material portion of the Bank's loans concentrated within a single industry or group of related industries.

Merger with Acquisition of Valley Republic Bancorp

On March 25, 2022, the Company completed its acquisition of acquired Valley Republic Bancorp including the merger of and its subsidiary Valley Republic Bank into Tri Counties Bank, with Tri Counties Bank as the surviving entity, ("VRB") in accordance with the terms of the a merger agreement dated as of July 27, 2021. The cash and stock transaction was valued at approximately $174.0 million in aggregate, based on TriCo's closing stock price of $42.48 on March 25, 2022. Under the terms of the merger agreement, which the Company issued approximately 4.1 million shares of common stock valued at approximately $174.4 million based on the closing stock price of TriCo common stock of $42.48 on March 25, 2022 in addition to approximately $431,000 in cash paid out for settlement of stock option awards at VRB. awards. At the time of the acquisition, VRB merged with and into the Bank. VRB was headquartered in Bakersfield, California, and had operated four branch locations in and around Bakersfield, and a loan production office in Fresno, California. The Bank's overlapping Bakersfield branch was consolidated into the acquired VRB branch during the quarter ended June 30, 2022, and the VRB loan production office in Fresno was consolidated with the nearby legacy TCBK loan production office during the fourth quarter of 2022. All remaining branches now operate as Tri Counties Bank.

Human Capital Resources

Human Capital Resources

At December 31, 2022 December 31, 2023, we employed 1,231 persons, including five executive officers. persons. Full time equivalent employees numbered 1,210. 1,207. Additionally, we at times will utilize independent contractors and temporary personnel to supplement our workforce. None of our employees are presently represented by a union or covered under a collective bargaining agreement. Management believes that its employee relations are good.

Our employees are critical to our success and competition for qualified banking personnel has historically been intense. intense; therefore our corporate culture is an important element of our board of director's oversight of risk. Senior management is responsible for embodying, maintaining, and communicating our culture to employees. In that regard, our culture is designed to promote our commitment to improving the livelihood of our employees and guides us in making decisions throughout the Company. Our culture is designed to adhere to TriCo's values of trust, respect, integrity, communication and opportunity. In keeping with that culture, we expect our people to treat each other and our customers with the highest level of honesty and respect and to do the right thing. We strive to be a force for good in everyday life. We dedicate resources to promote a safe and inclusive workplace; attract, develop and retain talented, diverse employees; promote our values; and reward and recognize employees for both the results they deliver and, importantly, how they deliver them. We provide a wide variety of opportunities for professional growth for all employees with a focus on in-classroom and on-line trainings, on-the-job experience, including active mentoring internal and external development opportunities and education tuition assistance. We seek to create an engaged workforce through proactive listening, forward looking forward-looking career conversation and constructive dialogue through periodic frequent and ongoing performance discussions as well as employee engagement and exit surveys.

We focus on attracting and retaining employees by providing compensation and benefits packages that we believe are competitive within the applicable market, taking into account the position's location and responsibilities. We provide competitive health and other benefits focused on physical and financial focused benefits such as but not limited to health, including employer subsidized health insurance, robust wellness initiatives, employee assistance programs, a 401(k) retirement plan and an employee stock ownership plan. In addition, we offer a portfolio of additional services and tools to support our employees' health and well-being.

TriCo We encourage our team members actively to share their talents in their communities through volunteer activities in education, economic development, human and health services, and community reinvestment. During 2022, 2023, our team members logged more than 10,000 11,000 volunteer hours, supporting nearly 360 400 organizations, and more than 3,200 3,700 of those hours were for the benefit of community development efforts to support programs and services to low- or moderate-income communities.

While we believe that the diversity of our employees generally represents and reflects the diversity of the communities which we serve, we recognize and continue to promote the need for diversity enhancement enhancements in leadership roles throughout the Company. We have assembled are dedicated to providing a team to assist us in progressing the Bank's diversity, inclusion, workplace for our employees that is inclusive, supportive, and equity efforts. Our efforts to foster an environment free of any form of discrimination or harassment; rewarding and recognizing our employees based on their individual results and performance as well as that embraces employee perspectives through understanding one another's opinions, beliefs, experiences, innate differences of their department and the promotion Company overall; and recognizing and respecting all of dialogue the characteristics and actions will differences that make us a stronger company. We also believe that a diverse workforce that is representative each of our customers in the community will enable us to better serve our customers, enhancing our success as an organization. We know the process is a journey and expect our efforts to develop and progress over time.

Refer to Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. employees unique.

Competition

The banking business in California generally is highly competitive with respect to both loans and deposits. It is dominated by a relatively small number of national and regional banks with many offices operating over a wide geographic area; area, with the more metropolitan areas that we serve having a larger number of national and regional banks than the rest of our footprint. Among the advantages such major banks have over the Bank are their greater ability to finance investments in technology and marketing campaigns and to allocate their investment assets to regions of high yield and demand. By virtue of their greater total capitalization, such institutions also have substantially higher lending limits than the Bank.

In addition to competing with other banks, the Bank competes with savings institutions, credit unions, brokerage firms and the financial markets for funds. Yields on corporate and government debt securities and other commercial paper may be higher than on deposits, and therefore affect the ability of commercial banks to attract and hold deposits. Commercial banks We also compete for available funds with money market instruments and mutual funds. During periods of high or rising interest rates, money market funds have provided substantial competition to banks for deposits and they may continue to do so in the future. Mutual funds are also a major source of competition for savings dollars.

As the financial services industry becomes increasingly oriented toward technology-driven delivery systems, we face competition from banks and non-bank institutions without offices in our primary service area. We also increasingly compete with financial technology or “fintech” companies for loans and other financial services customers.

To compete effectively, the Bank relies substantially on local promotional activity, personal contacts by its officers, directors, employees and shareholders, extended hours, personalized service and its reputation in the communities it services.

Regulation and Supervision

General

The Company and the Bank are subject to extensive regulation under both federal and state law governing affecting most aspects of our operations. This regulation is intended primarily for the protection of customers, depositors, the FDIC deposit insurance fund and the banking system as a whole, and not for the protection of shareholders of the Company. our shareholders. Set forth below is a summary description of the significant laws and regulations applicable to the Company and the Bank. The description is qualified in its entirety by reference to the applicable laws and regulations.

Regulatory Agencies

The Company is a legal entity separate and distinct from the Bank and its other subsidiaries. As a bank holding company, the Company is regulated under the BHC Act, and is subject to supervision, regulation and examination by the FRB. The Company is also under the jurisdiction of the SEC and is subject to the disclosure and regulatory requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934, each administered by the SEC. The Company’s common stock is listed on the Nasdaq Global Select Market (“Nasdaq”) under the trading symbol “TCBK” and the Company is, therefore, subject to the rules of Nasdaq for listed companies.

The Bank is subject to regulation, supervision and periodic examination by the FDIC, which is the Bank’s primary federal regulator and the DFPI.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) created the Consumer Financial Protection Bureau (the “CFPB”) as an independent entity with broad rulemaking, supervisory and enforcement authority over consumer financial products and services. The CFPB’s functions include investigating In addition, the CFPB is authorized to investigate consumer complaints rulemaking, supervising and examining bank consumer transactions, and enforcing enforce rules related to consumer financial products and services. CFPB regulations and guidance apply to all financial institutions, including the Bank. Banks with $10 billion or more in assets are subject to examination by the CFPB. Banks CFPB, while banks with less than $10 billion in assets, including the Bank, continue to be examined for compliance with federal consumer laws by their primary federal banking agency. At December 31, 2022 December 31, 2023, the Company had $9.9 billion in total assets. See the Risk Factors section for a discussion of some of the risks the Bank will encounter when it exceeds $10 billion in assets as of a December 31 annual measurement date.

The Bank Holding Company Act

The Company is registered as a bank holding company under the BHC Act. In general, the BHC Act limits the business of bank holding companies to banking, managing or controlling banks and other activities that the FRB has determined to be so closely related to banking as to be a proper incident thereto. Qualified bank holding companies that elect to be financial holding companies may engage in any activity, or acquire and retain the shares of a company engaged in additional activities that are either (i) financial in nature or incidental to such financial activity or (ii) complementary to a financial activity, and do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally, as determined by the FRB. Activities that are financial in nature include securities underwriting and dealing, insurance underwriting and agency, and making merchant banking investments. The Company currently has not elected to become a financial holding company.

As a bank holding company, TriCo is required to file reports with the FRB and the FRB periodically examines the Company. A bank holding company is required by law to serve as a source of financial and managerial strength to its subsidiary bank and, under appropriate circumstances, to commit resources to support the subsidiary bank.

Bank Acquisitions

We are required to obtain prior FRB approval before acquiring more than 5% of the voting shares, or substantially all of the assets, of a bank holding company, bank or savings association. In addition, the prior approval of the FDIC and DFPI is required for a California chartered bank to merge with another bank or purchase the assets or assume the deposits of another bank. In determining whether to approve a proposed bank acquisition, bank regulators will consider, among other factors, the effect of the acquisition on competition, the public benefits expected to be received from the acquisition, the projected capital ratios and levels on a post-acquisition basis, adequacy and the acquiring institution’s effectiveness in combating money laundering and its record of addressing the credit needs of the communities it serves, including the needs of low- and moderate-income neighborhoods under the Community Reinvestment Act of 1997, as amended ("CRA").

On July 9, 2021, President Biden issued an Executive Order on Promoting Competition in the American Economy. Among other initiatives, the Executive Order encouraged the federal banking agencies to review their current merger oversight practices under the BHC Act and the Bank Merger Act and adopt a plan for revitalization of such practices. There are many steps that must be taken by the agencies before any formal changes to the framework for evaluating bank mergers can be finalized and the prospects for such action are uncertain at this time; however, the adoption of more expansive or prescriptive standards may have an a negative impact on our any future acquisition activities. See the Risk Factors section for a more extensive discussion of this topic.

Safety and Soundness Standards

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”), the federal bank regulatory agencies have established safety and soundness standards for insured depository institutions covering:

- Internal covering internal controls, information systems and internal audit systems;
- Loan loan documentation;
- Credit credit underwriting;
- Interest interest rate exposure;
- Asset asset growth;
- Compensation, compensation (including executive compensation) fees and benefits;
- Asset and asset quality, earnings and stock valuation; and
- Excessive compensation for executive officers, directors or principal shareholders which could lead to material financial loss.

valuation.

If a federal bank regulatory agency determines that a depository institution fails to meet any standard established by the guidelines, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard. If the agency requires submission of a compliance plan and the institution fails to timely submit an acceptable plan or to implement an accepted plan, the agency must require the institution to correct the deficiency. An institution must file a compliance plan within 30 days of a request to do so from the institution's primary federal regulatory agency. The agencies may elect to initiate enforcement actions in certain cases rather than relying on a plan, particularly where and institution has failed to comply with an acceptable plan or where a failure to meet one or more of the standards could threaten the safe and sound operation of the institution.

Restrictions on Dividends, Distributions and Distributions Stock Repurchases

A California corporation such as TriCo may make a distribution to its shareholders to the extent that either the corporation's retained earnings meet or exceed the amount of the proposed distribution or the value of the corporation's assets exceed the amount of its liabilities plus the amount of shareholders preferences, if any, and certain other conditions are met. It is the FRB's policy that bank holding companies should generally pay dividends on common stock only out of income available over the past year, and only if prospective earnings retention

is consistent with the organization's expected future needs and financial condition. In addition, a bank holding company's ability to pay dividends on its common stock may be limited if it fails to maintain an adequate capital conservation buffer under these capital rules. See "Regulatory Capital Requirements."

In certain circumstances, the Company's repurchases of its common stock may be subject to a prior approval or notice requirement under other regulations, policies or supervisory expectations of the FRB.

In August 2022, the Inflation Reduction Act of 2022 (the "IRA") was enacted. Among other things, the IRA imposes a new 1% excise tax on the fair market value of stock repurchased after December 31, 2022 by publicly traded U.S. corporations. With certain exceptions, the value of stock repurchased is determined net of stock issued in the year, including shares issued pursuant to compensatory arrangements.

The primary source of funds for payment of dividends by TriCo to its shareholders has been and will be the receipt of dividends and management fees from the Bank. TriCo's ability to receive dividends from the Bank is limited by applicable state and federal law. Under the California Financial Code, funds available for cash dividend payments by a bank are restricted to the lesser of: (i) retained earnings or (ii) the bank's net income for its last three fiscal years (less any distributions to shareholders made during such period). However, with the prior approval of the Commissioner of the DPFI, a bank may pay cash dividends in an amount not to exceed the greatest of the: (1) retained earnings of the bank; (2) net income of the bank for its last fiscal year; or (3) net income of the bank for its current fiscal year. However, if the DPFI finds that the shareholders' equity of the bank is not adequate or that the payment of a dividend would be unsafe or unsound, the Commissioner may order the bank not to pay a dividend to shareholders.

The In addition, the Bank's ability to pay dividends may be limited if the Bank fails to maintain an adequate capital conservation buffer. See "Regulatory Capital Requirements."

The FRB, FDIC and the DPFI have authority to prohibit a bank holding company or a bank from engaging in practices which are considered to be unsafe and unsound. Depending on the financial condition of TriCo and the Bank and other factors, our regulators could determine that payment of dividends or other payments or stock repurchases by TriCo or the Bank might constitute an unsafe or unsound practice.

The Community Reinvestment Act

The CRA requires the federal banking regulatory agencies to periodically assess a bank's record of helping meet the credit needs of its entire community, including low- and moderate-income neighborhoods. The CRA also requires the agencies to consider a financial institution's record of meeting its community credit when evaluating applications for, among other things, domestic branches and mergers or acquisitions. The federal banking agencies rate depository institutions' compliance with the CRA. The ratings range from a high of "outstanding" to a low of "substantial noncompliance." A less than "satisfactory" rating could result in the suspension of any growth of the Bank through acquisitions or opening *de novo* branches until the rating is improved. As of its most recent CRA examination, the Bank's CRA rating was "Satisfactory."

On May 5, 2022 October 24, 2023, the FRB, OCC and FDIC jointly issued a notice joint final rule to modernize the CRA regulatory framework. The final rule is intended, among other things, to adapt to changes in the banking industry, including the expanded role of proposed rulemaking proposing revisions mobile and online banking, and to the agencies' CRA regulations, including with respect to the delineation of assessment areas, the overall evaluation framework and tailor performance standards and metrics, the definition of community development activities, and data collection and reporting. The proposed rule would adjust CRA evaluations based on to account for differences in bank size and type, with many business models. The final rule introduces new tests under which the performance of the proposed changes applying only to banks with over $2 billion in assets will be assessed. The new rule also includes data collection and several applying reporting requirements, some of which are applicable only to banks with over $10 billion in assets. Most provisions of the final rule will become effective on January 1, 2026, and the data reporting requirements will become effective on January 1, 2027. We will continue to evaluate and adapt as necessary for the impact of any changes to the regulations implementing the CRA. changes.

Consumer Protection Laws and Supervision

The Bank is subject to many federal consumer protection statues statutes and regulations, some of which are discussed below.

- The Equal Credit Opportunity Act generally prohibits discrimination in any credit transaction, whether for consumer or business purposes, on the basis of race, color, religion, national origin, sex, marital status, age (except in limited circumstances), receipt of income from public assistance programs, or good faith exercise of any rights under the Consumer Credit Protection Act.
- The Truth-in-Lending Act is designed to ensure that credit terms are disclosed in a meaningful way so that consumers may compare credit terms more readily and knowledgeably.
- The Fair Housing Act regulates many practices, including making it unlawful for any lender to discriminate in its housing-related lending activities against any person because of race, color, religion, national origin, sex, handicap or familial status.
- The Home Mortgage Disclosure Act, which includes a "fair lending" aspect, requires the collection and disclosure of data about applicant and borrower characteristics as a way of identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

- The Real Estate Settlement Procedures Act requires lenders to provide borrowers with disclosures regarding the nature and cost of real estate settlements and prohibits certain abusive practices, such as kickbacks, and places limitations on the amount of escrow accounts.

In addition, the CFPB has taken a number of actions that may affect the Bank's operations and compliance costs, including the following:

- The issuance of final rules for residential mortgage lending, which became effective January 10, 2013, including definitions for "qualified mortgages" and detailed standards by which lenders must satisfy themselves of the borrower's ability to repay the loan and revised forms of disclosure under the Truth in Lending Act and the Real Estate Settlement Procedures Act.
- Actions taken to regulate and supervise credit bureaus and debt collections.
- Positions taken by the CFPB on fair lending, including applying the disparate impact theory in auto financing, which could make it harder for lenders, such as the Bank, to charge different rates or apply different terms to loans to different customers.

The CFPB has broad rulemaking rule making authority for a wide range of consumer financial laws that apply to all banks, including, among other things, laws relating to fair lending and the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has promulgated

many mortgage-related final rules, since it was established under the Dodd-Frank Act, including rules related to the requirements for "qualified mortgages," standards by which lenders must satisfy themselves of a borrower's ability to repay and qualified a mortgage standards, loan, mortgage servicing standards, disclosure requirements, loan originator compensation standards, high-cost mortgage requirements, HMDA requirements, and appraisal and escrow standards for higher priced mortgages. The mortgage-related final rules issued by the CFPB have materially restructured the origination, servicing, and securitization of residential mortgages in the United States. These The CFPB has also taken positions on fair lending, including applying the disparate impact theory in auto financing, which could make it harder for lenders, such as the Bank, to charge different rates or apply different terms to loans to different customers. The CFPB' rules and policies have impacted, and will continue to impact, the business practices of mortgage lenders, including the Company. Bank.

We are also subject to certain state consumer protection laws and state attorneys general and other state officials are empowered to enforce certain federal consumer protection laws and regulations. State authorities have increased their focus on and enforcement of consumer protection rules. These federal and state consumer protection laws apply to a broad range of our activities and to various aspects of our business and include laws relating to interest rates, fair lending, disclosures of credit terms and estimated transaction costs to consumer borrowers, debt collection practices, the use of and the provision of information to consumer reporting agencies, and the prohibition of unfair, deceptive, or abusive acts or practices in connection with the offer, sale, or provision of consumer financial products and services.

Penalties for violations of the above laws may include fines, reimbursements, injunctive relief and other penalties.

Privacy and Data Protection and Cybersecurity

We are subject to a number of U.S. federal, state, local and foreign laws and regulations relating to consumer privacy and data protection. Under privacy protection provisions of the Gramm-Leach-Bliley Act of 1999 ("GLBA") and its implementing regulations and guidance, we are limited in our ability to disclose certain non-public information about consumers to non-affiliated third parties. Financial institutions, such as the Bank, are required by statute and regulation to notify consumers of their privacy policies and practices and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a non-affiliated third party. In addition, such financial institutions must appropriately safeguard their customers' nonpublic, personal information.

Like other lenders, the Bank uses credit bureau data in their underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act ("FCRA"), and the FCRA also regulates reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Similar state laws may impose additional requirements on the Company and the Bank.

Data privacy and data protection are areas of increasing state legislative focus. For example, in June 2018, the Governor of California signed into law the California Consumer Privacy Act ("CCPA"). The CCPA, , which became effective on January 1, 2020, applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA gives consumers the right to request disclosure of information collected about them, and whether that information has been sold or shared with others, the right to request deletion of personal information (subject to certain exceptions), the right to opt out of the sale of the consumer's personal information, and the right not to be discriminated against for exercising these rights. The CCPA contains several exemptions, including that many, but not all, requirements of In addition, the CCPA are inapplicable to information that is collected, processed, sold, or disclosed pursuant to the GLBA. California voters also recently passed the CPRA, Privacy Rights Act ("CPRA"), which took effect on January 1, 2023, and significantly modifies modified the CCPA, including imposing additional obligations on covered companies and expanding California consumers' rights with respect to certain sensitive personal information. On July 8, 2022 The CCPA and CPRA do not provide a blanket exemption for financial institutions, but instead contain a partial exemption for information collected by financial institutions where the information is itself subject to the GLBA (e.g., information about individuals who have obtained personal financial products from the CPPA commenced formal rulemaking to adopt regulations institution). Such information is exempt from the privacy requirements of the CCPA, but, is not exempt from the private right of action conferred if a business fails to implement the CPRA. However, regulations did not come into effect prior and maintain reasonable security to the CPRA's effective date. The CPPA has stated that the earliest proposed regulations could be in effect is April 2023, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply with the regulations. protect certain categories of information. In California, the CCPA, the CPRA, and upcoming their implementing regulations may be interpreted or applied in a manner inconsistent with our understanding.

In addition, numerous other State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and many states, including California, have also enacted recently implemented or modified their data breach notification, information security and data privacy requirements. We expect this trend of state-level activity in those areas to continue and are continually monitoring developments in the process of enacting state-level privacy, data protection and/or data security laws and regulations. The states in which our customers are located.

Cybersecurity

Under a rule adopted by federal government and regulators outside of the United States may also pass additional data privacy or data protection legislation, including possible amendment of the GLBA. For example, on November 23, 2021, the federal financial regulatory banking agencies published a final rule that will impose upon in 2021, banking organizations and their service providers new notification requirements for significant cybersecurity incidents. Specifically, the final rule requires banking organizations are required to notify their primary federal banking regulator as soon as possible and no later than within 36 hours after of determining that a "computer-security incident" has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the discovery banking organization's ability to carry out banking operations or deliver banking products and services to a material portion of a "computer-security incident" its customer base, its businesses and operations that rises to would result in material loss, or its operations that would impact the level stability of a "notification incident" within the meaning attributed to those terms by the final rule. United States. Banks' service providers are required under the final rule to notify any affected bank to or on behalf of which the service provider provides services "as soon as possible" after determining that it has experienced an incident that materially disrupts or degrades, or is reasonably likely to materially disrupt or degrade, covered services provided to such bank

for as much as four hours. The final rule took effect on April 1, 2022 and banks and their service providers were required to be in compliance with the requirements of the rule by May 1, 2022.

Federal banking agencies, including the FDIC and FRB, have adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards under the supervision of the board of directors. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial services.

Recent cyberattacks against banks and other financial institutions that resulted in unauthorized access to confidential customer information have prompted the federal banking regulators to issue extensive guidance on cybersecurity. Among other things, financial institutions are expected to design multiple layers of security controls to establish lines of defense and ensure that their risk management processes address the risks

posed by compromised customer credentials, including security measures to authenticate customers accessing internet-based services. A financial institution also should have a robust business continuity program to recover from a cyberattack and procedures for monitoring the security of third-party service providers that may have access to nonpublic data at the institution. Further, the Company's financial institution customers our service providers have obligations to safeguard their systems and sensitive information and the Company may be bound contractually and/or by regulation to comply with the same requirements. If the Company or its service providers fail to comply with applicable regulations and contractual requirements, the Company could be exposed to lawsuits, governmental proceedings or the imposition of fines, among other consequences.

In February 2018, Risks and exposures related to cybersecurity attacks, including litigation and enforcement risks, are expected to be elevated for the SEC published interpretive guidance foreseeable future due to assist public companies in preparing disclosures about cybersecurity risks the rapidly evolving nature and incidents. These SEC guidelines, and any other regulatory guidance, are in addition sophistication of these threats. as well as due to notification and disclosure requirements under state and federal the expanding use of Internet banking, law and regulations. We mobile banking and other U.S. financial technology-based products and services providers continue to be targeted with evolving by us and adaptive cybersecurity threats from sophisticated third parties. Unauthorized access or cybersecurity incidents could occur more frequently and on a more significant scale. If future attacks are successful or if customers are unable to access their accounts online for other reasons, it could adversely impact our ability to service customer accounts or loans, complete financial transactions for our customers or otherwise operate any of our businesses or services. In addition, a breach or attack affecting one of our third-party service providers or partners could harm our business even if we do not control the service that is attacked. customers.

Any inability See "Item 1A. Risk Factors" for a further discussion of risks related to prevent or adequately respond to cybersecurity, including the issues described above could disrupt the Company's business, inhibit its ability to retain existing customers or attract new customers, otherwise harm its reputation and/or result Bank's cybersecurity incident in financial losses, litigation, increased costs or other adverse consequences that could be material to the Company. See Risk Factors below 2023, and "Item 1C. Cybersecurity" for additional information a further discussion of risk management strategies and discussion governance processes related to cybersecurity.

Like other lenders, the Bank uses credit bureau data in their underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act ("FCRA"), and the FCRA also regulates reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Similar state laws may impose additional requirements on the Company and the Bank.

Regulatory Capital Requirements

The Company and the Bank are subject to the minimum capital requirements of the FRB and FDIC, respectively. Capital requirements may have an effect on the Company's and the Bank's profitability and ability to pay dividends. If the Company or the Bank lacks adequate capital to increase its assets without violating the minimum capital requirements or if it is forced to reduce the level of its assets in order to satisfy regulatory capital requirements, its ability to generate earnings would be reduced.

We are subject to the capital framework for U.S. banking organizations known as Basel III. Basel III defines several measures of capital and establishes capital ratios based on a banking organizations levels of capital relative to risk-weighted assets. The risk-weighting of the asset depends on the nature of the asset but generally ranges from 0% for U.S. government and agency securities, to 1,250% for certain trading securitization exposures, resulting in higher risk weights for a variety of asset classes than previous regulations.

Under Basel III, we the Company (on a consolidated basis) and the Bank are each subject to the following minimum capital ratios: (1) common equity Tier 1 capital or "CET1" to risk-weighted assets of 4.5%; (2) Tier 1 capital (that is, CET1 plus Additional Tier 1 capital) to risk-weighted assets of 6.0%; (3) Total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets of 8%; and (4) a leverage ratio (Tier 1 capital to average consolidated assets as reported on regulatory financial statements) of 4.0%. The Basel III capital framework includes a "capital conservation buffer" of 2.5%, composed entirely of CET1, on top of the minimum risk-weighted asset ratios. Banking institutions that fail to maintain a full capital conservation buffer face constraints on dividends, equity repurchases and discretionary executive compensation based on the amount of the shortfall and the institution's "eligible retained income" (that is, four quarter trailing net income for four quarters, net of distributions and tax effects not reflected in net income). The 2.5% capital conservation buffer effectively results in minimum ratios of (i) CET1 to risk-weighted assets of at least 7%, (ii) Tier 1 capital to risk-weighted assets of at least 8.5%, and (iii) total capital to risk-weighted assets of at least 10.5%.

We believe that we were in compliance with the requirements of the Basel III capital rules applicable to us as of December 31, 2022 December 31, 2023. For a discussion of the regulatory capital requirements, see "Note 26 – Regulatory Matters" to the consolidated financial statements at Part II, Item 8 of this report.

Prompt Corrective Action

Prompt Corrective Action regulations of the federal bank regulatory agencies establish five capital categories in descending order based on an institution's regulatory capital ratios: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically

undercapitalized. Under the Prompt Corrective Action framework, insured depository institutions are required to meet the following minimum capital level requirements in order to qualify as "well capitalized:" (i) a common equity Tier 1 capital ratio of 6.5%; (ii) a Tier 1 capital ratio of 8%; (iii) a total capital ratio of 10%; and (iv) a Tier 1 leverage ratio of 5%. An institution may be downgraded to, or deemed to be in, a capital category that is lower than indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. Institutions classified in one of the three undercapitalized categories are subject to certain mandatory and discretionary supervisory actions, which include increased monitoring and review, implementation of capital restoration plans, asset growth restrictions, limitations upon expansion and new business activities, requirements to augment capital, restrictions upon deposit gathering and interest rates, replacement of senior executive officers and directors, and requiring divestiture or sale of the institution. The Bank's capital levels have exceeded the minimums necessary to be considered well capitalized under the current regulatory framework for prompt corrective action since adoption.

Deposit Insurance

Deposit accounts in the Bank are insured by the FDIC, generally up to a maximum of $250,000 per separately insured depositor. The Bank pays deposit insurance assessments as determined by the FDIC. The assessment rate for an institution with less than $10.0 billion in assets, such as the Bank, is based on its risk category, with certain adjustments for any unsecured debt or brokered deposits held by the bank. The assessment base against which the assessment rate is applied to determine the total assessment due for a given period is the depository institution's average total consolidated assets during the assessment period less average tangible equity during that assessment period. Institutions assigned to higher risk categories (that is, institutions that pose a higher risk of loss to the FDIC's deposit insurance fund (the "DIF")) pay assessments at higher rates than institutions that pose a lower risk. An institution's risk classification is assigned based on a combination of its financial ratios and supervisory ratings, reflecting, among other things, its capital levels and the level of supervisory concern that the institution poses to the regulators. In addition, the FDIC can impose special assessments in certain instances.

The FDIC, as required under the FDIA, established a plan on September 15, 2020, to restore the DIF reserve ratio to meet or exceed the statutory minimum of 1.35% within eight years. This plan did not include an increase in the deposit insurance assessment rate. Based on the FDIC's recent projections, however, the FDIC determined that the DIF reserve ratio is at risk of not reaching the statutory minimum by the statutory deadline of September 30, 2028 without increasing the deposit insurance assessment rates. In October 2022, the FDIC adopted a final rule to increase initial base deposit insurance assessment rate schedules uniformly by 2 basis points, beginning on January 1, 2023. The FDIC also concurrently maintained the Designated Reserve Ratio for the DIF at 2%.

In addition, on November 16, 2023, the FDIC issued a final rule to implement a special assessment to recover losses to the DIF incurred as a result of recent bank failures and the FDIC's use of the systemic risk exception to cover certain deposits that were otherwise uninsured. The special assessment was based on estimated uninsured deposits as of December 31, 2022 (excluding the first $5.0 billion) and will be assessed at a quarterly rate of 3.36 basis points over eight quarterly assessment periods, beginning in the first quarter of 2024. The Bank's uninsured deposits were below the threshold and therefore is not required to pay the special assessment. Under the final rule, the estimated loss pursuant to the systemic risk determination will be periodically adjusted, and the FDIC has retained the ability to cease collection early, extend the special assessment collection period and impose a final shortfall special assessment on a one-time basis. The extent to which any such additional future assessments will impact our future deposit insurance expense is currently uncertain.

The Bank is generally unable to control the amount of premiums that it is required to pay for FDIC insurance or the amount of credit, if any, that it may be allowed to offset such assessments. If there are additional bank or financial institution failures or if the FDIC otherwise determines, the Bank may be required to pay even higher FDIC premiums than the recently increased levels. Increases in FDIC insurance premiums may have a material and adverse effect on the Company's earnings and could have a material adverse effect on the value of, or market for, the Company's common stock.

The FDIC may terminate a depository institution's deposit insurance upon a finding that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices that pose a risk to the DIF or that may prejudice the interest of the bank's depositors. The termination of deposit insurance for the Bank would also result in the revocation of the Bank's charter by the DPFI.

Depositor Preference

The FDIA provides that, in the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors. and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including depositors whose deposits are payable only outside of the United States and the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institution.

Commercial Real Estate Concentrations

Under guidance issued by the federal banking regulators, a financial institution is considered to have a significant commercial real estate ("CRE") concentration risk, and will be subject to enhanced supervisory expectations to manage that risk, if (i) total reported loans for construction, land development and other land ("C&D") represent 100% or more of the institution's total capital or (ii) total CRE loans represent 300% or more of the institution's total capital and the outstanding balance of the institution's CRE loan portfolio has increased by 50% or more during the prior 36 months.

As of December 31, 2023, our C&D concentration as a percentage of capital totaled 29.9% and our CRE concentration, net of owner-occupied loans, as a percentage of capital totaled 328.6%.

Bank Secrecy Act / Anti-Money Laundering

The Bank Secrecy Act of 1970 ("BSA") requires and the USA Patriot Act of 2001 require financial institutions to develop policies, procedures, and practices to prevent and deter money laundering mandates ("BSA/AML"), and mandate that every bank have a written, board-approved program that is reasonably designed to assure and monitor compliance with the BSA. BSA/AML laws. The program must, at a minimum: (1) provide for a system of internal controls to assure ongoing compliance; (2) provide for independent testing for compliance; (3) designate an individual responsible for coordinating and monitoring day-to-day compliance; and (4) provide training for appropriate personnel. In addition, banks are required to adopt a customer identification program, as part of their BSA compliance program. Banks are also required to file reports when they detect certain known or suspected violations of federal law or suspicious transactions related to a money laundering activity or a violation of the BSA. BSA regulations require that we that we verify customer information when opening a new account, which includes identifying and verifying the beneficial owners of all customer that are legal entity customers, and performing ongoing customer due diligence to understand the nature and purpose of customer relationships for the purpose of developing customer risk profiles.

In addition to complying with the BSA, the Bank is subject to the USA Patriot Act profiles and file reports regarding known or suspected violations of 2001 ("Patriot Act"). The Patriot Act is designed to deny terrorists and criminals the ability to obtain access to the United States' financial system and has significant implications for depository institutions, brokers, dealers, and other businesses involved in the transfer of money. The Patriot Act mandates that financial service companies implement additional policies and procedures and take heightened measures designed to address any federal law or all of the following matters: customer identification programs, money laundering, terrorist financing, identifying and reporting suspicious activities and currency transactions, currency crimes, and cooperation between financial institutions and law enforcement authorities. transactions.

On December 3, 2019, three federal banking agencies and the Financial Crimes Enforcement Network ("FinCEN") issued a joint statement clarifying the compliance procedures and reporting requirements that banks must file for customers engaged in the growth or cultivation of hemp, including a clear statement that banks need not file a SAR on customers engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations. This statement does not apply to cannabis-related business; thus, the statement only pertains to customers who are lawfully growing or cultivating hemp and are not otherwise engaged in unlawful or suspicious activity.

Further, on January 1, 2021, Congress passed the National Defense Authorization Act, which enacted the most significant overhaul of the BSA Failure to comply with these requirements could have serious financial, legal and related AML laws since the Patriot Act. Notable amendments include (1) significant changes reputational consequences, including causing applicable bank regulatory authorities not to the collection of beneficial ownership information and the establishment of a beneficial ownership registry, which requires corporate entities (generally, any corporation, LLC, approve merger or other similar entity with 20 acquisition transactions when regulatory approval is required or fewer employees and annual gross income of $5 million or less) to report beneficial ownership information to FinCEN (which will be maintained by FinCEN and made available upon request to financial institutions); (2) enhanced whistleblower provisions, which provide that one or more whistleblowers who voluntarily provide original information leading to the successful enforcement of violations of the AML laws in any judicial or administrative action brought by the Secretary of the Treasury or the Attorney General resulting in monetary sanctions exceeding $1 million (including disgorgement and interest but excluding forfeiture, restitution, or compensation to victims) will receive prohibit such transactions even if approval is not more than 30 percent of the monetary sanctions collected and will receive increased protections; (3) increased penalties for violations of the BSA; (4) improvements to existing information sharing provisions that permit financial institutions to share information relating to SARs with foreign branches, subsidiaries, and affiliates (except those located in China, Russia, or certain other jurisdictions) for the purpose of combating illicit finance risks; and (5) expanded duties and powers of FinCEN. Many of the amendments require the Department of Treasury and FinCEN to promulgate rules. On September 29, 2022, FinCEN issued final regulations implementing the amendments with respect to beneficial ownership. required.

Office of Foreign Assets Control Regulation

The U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, administers and enforces economic and trade sanctions against targeted foreign countries and regimes, under authority of various laws, including designated foreign countries, nationals and others. OFAC publishes lists of specially designated targets and countries. We are responsible for, among other things, blocking accounts of, and transactions with, such targets and countries, prohibiting unlicensed trade and financial transactions with them and reporting blocked transactions after their occurrence. Failure to comply with these sanctions could have serious financial, legal and reputational consequences, including causing applicable bank regulatory authorities not to approve merger or acquisition transactions when regulatory approval is required or to prohibit such transactions even if approval is not required.

Transactions with Affiliates

Banks are also subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to executive officers, directors, principal shareholders (including the Company) or any related interest of such persons. Extensions Regulation O requires that such extensions of credit must be made on substantially the same terms, including interest rates and collateral as, and follow credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with persons not affiliated with the bank, and must not involve more than the normal risk of repayment or present other unfavorable features. Banks are also subject to certain lending limits and restrictions on overdrafts to such persons. Regulation W requires that certain transactions between the Bank and its affiliates, including its holding company, be on terms substantially the same, or at least as favorable to the Bank, as those prevailing at the time for comparable transactions with or involving non-affiliated companies or, in the absence of comparable transactions, on terms and under circumstances, including credit standards, that in good faith would be offered to or would apply to non-affiliated companies.

Source of Strength Doctrine

Federal Reserve Board policy and federal law require bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. Under this requirement, the Company is expected to commit resources to support the Bank, including at times when the Company may not be in a financial position to provide such resources. Any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to depositors and to certain other indebtedness of such subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Interchange Fees

Under the Durbin Amendment, adopted as part of the Dodd-Frank Act, the FRB adopted rules establishing standards for assessing whether the interchange fees that may be charged with respect to certain electronic debit transactions are “reasonable and proportional” to the costs incurred by issuers for processing such transactions.

Interchange fees, or “swipe” fees, are charges that merchants pay to us and other card-issuing banks for processing electronic payment transactions. FRB rules applicable to financial institutions that have assets of $10 billion or more provide that the maximum permissible interchange fee for an electronic debit transaction is the sum of 21 cents per transaction and 5 basis points multiplied by the value of the transaction. An upward adjustment of no more than 1 cent to an issuer's debit card interchange fee is allowed if the card issuer develops and implements policies and procedures reasonably designed to achieve certain fraud-prevention standards. In October 2023, the Federal Reserve issued a proposed rule under which the maximum permissible interchange fee for an electronic debit transaction would be the sum of 14.4 cents per transaction and 4 basis points multiplied by the value of the transaction. Furthermore, the fraud-prevention adjustment would increase from a maximum of 1 cent to 1.3 cents. The proposal would adopt an approach for future adjustments to the interchange fee cap, which would occur every other year based on issuer cost data gathered by the FRB also has from large debit card issuers. The Bank is currently not subject to these restrictions or those proposed, however if our assets exceed $10 billion or more at December 31, 2024, these rules governing routing and exclusivity that require issuers would be applicable to offer two unaffiliated networks for routing transactions on each debit or prepaid product. the Bank in July 2025.

Effective July 1, 2023, a new FRB Federal Reserve rule will require that debit card issuers are required to enable all debit card transactions, including card-not-present transactions such as online payments, to be processed on at least two unaffiliated payment card networks.

Incentive Compensation Policies and Restrictions

In July 2010, the federal banking agencies issued guidance on sound incentive compensation policies that applies to all banking organizations supervised by the agencies (thereby including both the Company and the Bank). Pursuant to the guidance, to be consistent with safety and soundness principles, a banking organization’s incentive compensation arrangements should: (1) provide employees with incentives that appropriately balance risk and reward; (2) be compatible with effective controls and risk management; and (3) be supported by strong corporate governance including active and effective oversight by the banking organization’s board of directors. Monitoring methods and processes used by a banking organization should be commensurate with the size and complexity of the organization and its use of incentive compensation.

The Bank Dodd-Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines for specified regulated entities having at least $1 billion in total assets, such as us, to prohibit incentive-based payment arrangements that encourage inappropriate risk taking by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or

that could lead to material financial loss to the entity. In addition, these regulators must establish regulations or guidelines requiring enhanced disclosure to regulators of incentive-based compensation arrangements. The agencies have not yet finalized these rules.

Pursuant to the Dodd-Frank Act, in 2023, effective October 2, 2023, the Nasdaq Stock Market adopted a rule requiring listed companies to adopt policies to recover or "clawback" of excess incentive-based compensation earned by a current or former executive officer during the three fiscal years preceding the date the listed company is currently required to prepare an accounting restatement, including to correct an error that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. We adopted a compensation clawback policy pursuant to the listing standards that is included as Exhibit 97.1 to this report.

The scope and content of the U.S. banking regulators’ policies on executive compensation may continue to evolve in the near future. It cannot be determined at this time whether compliance with such policies will adversely affect the Company’s ability to hire, retain and motivate its key employees.

Climate-Related and Other ESG Developments

In recent years, federal, state and international lawmakers and regulators have increased their focus on financial institutions' and other companies' risk oversight, disclosures and practices in connection with climate change and other environmental, social and governance ("ESG") matters. For example, in March 2022, the SEC issued a proposed rule on the enhancement and standardization of climate-related disclosures for investors. The proposed rule would require public issuers, including us, to significantly expand the scope of climate-related disclosures in their SEC filings. The SEC has also announced plans to propose rules to require enhanced disclosure regarding human capital management and board diversity for public issuers.

In California, the Climate Corporate Data and Accountability Act ("CCDAA") requires both public and private U.S. businesses with revenues greater than $1 billion doing business in California to report their greenhouse gas emissions including scopes 1, 2, and 3, beginning in 2026 (for 2025 data) and also requires reporting companies to get third-party assurance of their reports. The Climate-Related Financial Risk Act mandates U.S. businesses with annual revenues over $500 million doing business in California to bi-annually disclose climate-related financial risks and their mitigation strategies beginning January 1, 2026.

Disclosure requirements imposed by different regulators may not always be uniform, which may result in increased complexity, and cost, for compliance. Additionally, many of our suppliers and business partners may be subject to similar requirements, which may augment or create additional risks, including risks that may not be known to us.

Although these restrictions, however if new disclosure rules do not apply to a banking organization of our assets exceed $10 billion size, as the Company continues to grow and expand the scope of our operations, our regulators generally will expect us to enhance our internal control programs and processes, including with respect to risk management and stress testing under a variety of adverse scenarios and related capital planning. In the event the federal banking agencies were to expand the scope of coverage of the new climate risk guidelines to institutions of our size or more at December 31, 2023, these rules would be promulgate new regulations or supervisory guidance applicable to the Bank in July 2024. Company, we would expect to experience increased compliance costs and other compliance-related risks.

Impact of Monetary Policies

Banking is a business that depends on interest rate differentials. In general, the difference between the interest paid by a bank on its deposits and other borrowings, and the interest rate earned by banks on loans, securities and other interest-earning assets, comprises the major source of banks' earnings. Thus, the earnings and growth of banks are subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the FRB. The FRB implements national monetary policy, such as seeking to curb inflation and combat recession, by its open-market dealings in United States government securities, by adjusting the required level of reserves for financial institutions subject to reserve requirements and through adjustments to the discount rate applicable to borrowings by banks which are members of the FRB. The actions of the FRB in these areas influence the growth of bank loans, investments and deposits, and also affect interest rates. The nature and timing of any future changes in such policies and their impact on the Company cannot be predicted. In addition, adverse economic conditions could make a higher provision for loan losses a prudent course and could cause higher loan loss charge-offs, thus adversely affecting the Company's net earnings.

Incentive Compensation Policies and Restrictions

In July 2010, the federal banking agencies issued guidance on sound incentive compensation policies that applies to all banking organizations supervised by the agencies (thereby including both the Company and the Bank). Pursuant to the guidance, to be consistent with safety and soundness principles, a banking organization's incentive compensation arrangements should: (1) provide employees with incentives that appropriately balance risk and reward; (2) be compatible with effective controls and risk management; and (3) be supported by strong corporate governance including active and effective oversight by the banking organization's board of directors. Monitoring methods and processes used by a banking organization should be commensurate with the size and complexity of the organization and its use of incentive compensation.

The Dodd-Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines for specified regulated entities, such as us, having at least $1 billion in total assets, to prohibit incentive-based payment arrangements that encourage inappropriate risk taking by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. In addition, these regulators must establish regulations or guidelines requiring enhanced disclosure to regulators of incentive-based compensation arrangements. The agencies have not yet finalized these rules; however, on October 26, 2022, the SEC adopted a final rule regarding "clawbacks" of incentive-based executive compensation.

The scope and content of the U.S. banking regulators' policies on executive compensation may continue to evolve in the near future. It cannot be determined at this time whether compliance with such policies will adversely affect the Company's ability to hire, retain and motivate its key employees.

ITEM 1A. RISK FACTORS

An investment in our securities is subject to certain risks. In addition to the other information in this report, investors should carefully consider the following discussion of significant risk and uncertainties before making investment decisions about our securities. The events and consequences discussed in these risk factors could, in circumstances we may or may not be able to accurately predict, recognize, or control, have a material adverse effect on our business, growth, reputation, prospects, financial condition, operating results (including components of our financial results) liquidity, and stock price. Any of these risk factors could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. These risk factors do not identify all risks that we face; our operations could also be affected by factors, events, or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations.

Risks Related to the Nature and Geographic Area of Our Business

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The majority of our assets are loans, which are subject to credits risks.

As a lender, we face a significant risk that we will sustain losses because borrowers, guarantors or related parties may fail to perform in accordance with the terms of the loans we make or acquire. Our earnings are significantly affected by our ability to properly originate, underwrite and service loans. Certain of our credit exposures are concentrated in industries that may be more susceptible to the long-term risks of climate change, natural disasters or global pandemics. To the extent that these risks may have a negative impact on the financial condition of borrowers, it could also have a material adverse effect on our business, financial condition and results of operations. We have underwriting and credit monitoring procedures and credit policies, including the establishment and review of the allowance for credit losses, that we believe appropriately address this risk by assessing the likelihood of nonperformance, tracking loan performance and diversifying our respective loan portfolios. Such policies and procedures, however, may not prevent unexpected losses that could adversely affect our results of operations. We could sustain losses if we incorrectly assess the creditworthiness of our borrowers or fail to detect or respond to deterioration in asset quality in a timely manner or as a result of deteriorating economic conditions, for example.

Our allowance for credit losses may not be adequate to cover actual losses.

Like other financial institutions, we maintain an allowance for credit losses to provide for loan defaults and non-performance. Our allowance for credit losses may not be adequate to cover actual loan losses, and future provisions for loan losses would reduce our earnings and could materially and adversely affect our business, financial condition and results of operations. Our allowance for credit losses is based on prior experience, as well as an evaluation of the known risks in the current portfolio, composition and growth of the loan portfolio and actual and forecast economic factors. Determining an appropriate level of allowance is an inherently difficult process and is based on numerous assumptions. The actual amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, unemployment and gross domestic product economic conditions that may be beyond our control and these losses may exceed current estimates. Effective January 1, 2020, we implemented a new accounting standard, “Measurement of Credit Losses on Financial Instruments,” commonly referred to as the “Current Expected Credit Losses” standard, or “CECL, “CECL.” CECL changed the allowance for credit losses methodology from an incurred loss concept to an expected loss concept, which is more dependent on future economic forecasts, assumptions and models than previous methodology, which could result in increases and add volatility to our allowance for credit losses and future provisions for loan losses. These forecasts, assumptions and models are inherently uncertain and are based upon our management’s reasonable judgment in light of information currently available.

In addition to periodic reviews completed by management and independent third parties retained by the Bank, Federal and state bank regulatory agencies, as an integral part of their examination process, review our loans and allowance for credit losses. While we believe that our allowance for credit losses is adequate to cover estimated future losses, we cannot assure you that we will not increase the allowance for credit losses further or that the allowance will be adequate to absorb credit losses we actually incur. Credit losses in excess of our allowance or addition provisions to our allowance would reduce our net income and capital, potentially materially.

Our business may be adversely affected by business conditions in California.

We conduct most of our business in California. As a result of this geographic concentration, our financial results may be impacted by economic conditions in California. Deterioration in the economic conditions in California could result in the following consequences, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows:

- problem assets and foreclosures may increase,
- demand for our products and services may decline,
- low cost or non-interest bearing deposits may continue to decrease, and
- collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers’ borrowing power, and reducing the value of assets and collateral associated with our existing loans.

In view of the concentration of our operations and the collateral securing our loan portfolio in California, we may be particularly susceptible to the adverse effects of any of these consequences, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Severe weather, natural disasters and other external events could adversely affect our business.

Our operations and our customer base are primarily located in California where natural and other disasters may occur. California is vulnerable to natural disasters and other risks, such as earthquakes, fires, droughts and floods, the nature and severity of which may be impacted by climate change. These types of natural catastrophic events have at times disrupted the local economies, our business and customers in these regions. Such events could also affect the stability of our deposit base; impair the ability of borrowers to obtain adequate insurance or repay outstanding loans, impair the value of collateral securing loans and cause significant property damage, result in losses of revenue and/or cause us to incur additional expenses. In addition, catastrophic events occurring in other regions of the world may have an impact on our customers and in turn, on us. Our business continuity and disaster recovery plans may not be successful upon the occurrence of one of these scenarios, and a significant catastrophic event anywhere in the world could materially adversely affect our operating results.

A significant majority of the loans in our portfolio are secured by California real estate and a decline in real estate values could hurt our business.

A downturn in real estate values in the markets which we conduct our business in California could hurt our business because most of our loans are secured by real estate. Real estate values and real estate markets are generally affected by changes in national, regional or local economic conditions, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies. Real estate values could also be affected by, among other things, earthquakes, drought and national disasters. As real estate prices decline, the value of real estate collateral securing our loans is reduced. As a result, our ability to recover on defaulted loans by foreclosing and selling the real estate collateral could then be diminished and we would be more likely to suffer losses on defaulted loans. As of December 31, 2022 December 31, 2023, approximately 90.5% of the book value of our loan portfolio consisted of loans collateralized by various types of real estate. Substantially all of our real estate collateral is located in California. So, California; therefore, if there is a significant adverse decline in real estate values in California, the collateral for our loans will provide less security. Any such decline could have a material adverse effect on our business, financial condition and results of operations.

We have significant exposure to risks associated with commercial real estate lending.

A substantial portion of our loan portfolio consists of commercial real estate loans. As of December 31, 2023, we had approximately $4.4 billion of commercial real estate loans outstanding, which represented approximately 64.7% of our total loan portfolio. Consequently, commercial real estate-related credit risks are a significant concern for us. Commercial real estate loans are generally viewed as having more risk of default than some other types of loans because repayment of the loans often depends on the successful operation of the property and the income stream of the borrowers. In addition, these loans often involve larger loan balances to single borrowers or groups of related borrowers compared with other types of loans. In recent years, commercial real estate markets have been particularly impacted by the economic disruption resulting from the COVID-19 pandemic, which has been a catalyst for the evolution of various remote work options which could impact the long-term performance of some types of office properties within our commercial real estate portfolio. Accordingly, the federal banking regulatory agencies have expressed concerns about weaknesses in the current commercial real estate market. The adverse consequences from real estate-related credit risks tend to be cyclical and are often driven by national economic developments that are not controllable or entirely foreseeable by us or our borrowers.

We are exposed to the risk of environmental liabilities with respect to properties to which we take title.

In the course of our business, we may foreclose and take title to real estate and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law or contractual claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. When applicable, we establish contingent liability reserves for this purpose based on future reasonable and estimable costs developed by qualified soil and chemical engineering consultants. If we become subject to significant environmental liabilities or if our contingency reserve estimates are incorrect, our business, financial condition and results of operations could be materially adversely affected.

We face strong competition from financial services companies and other companies that offer similar services, which could materially and adversely affect our business.

Competition in the banking and financial services industry is intense. Our profitability depends upon our continued ability to successfully compete. We primarily compete in California for loans, deposits and customers with commercial banks, savings and loan associations, credit unions, finance companies, mutual funds, insurance companies, brokerage firms and Internet-based marketplace lending platforms. Our competitors include major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous locations and mount extensive promotional and advertising campaigns. Additionally, banks and other financial institutions with larger capitalization and financial intermediaries that are not subject to bank regulatory restrictions may have larger lending limits which would allow them to serve the credit needs of larger customers. Areas of competition include interest rates for loans and deposits, efforts to obtain loan and deposit customers and a range in quality of products and services provided, including new technology-driven products and services. Technological innovation continues to contribute to greater competition in domestic and international financial

services markets as technological advances enable more companies, such as Internet-based marketplace lenders, financial technology (or “fintech”) companies that rely on technology to provide financial services, often without many of the regulatory and capital restrictions that we face. We also face competition from out-of-state financial intermediaries that have opened loan production offices or that solicit deposits in our market areas. If we are unable to attract and retain banking customers, we may be unable to continue our loan growth and level of deposits and our business, financial condition and results of operations be adversely affected.

Additionally, consumers can maintain funds that would have historically been held as bank deposits in brokerage accounts or mutual funds. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. In addition, the emergence, adoption and evolution of new technologies that do not require intermediation, including distributed ledgers such as digital assets and blockchain, as well as advances in robotic process automation, could significantly affect the competition for financial services. The process of eliminating banks as intermediaries, known as “disintermediation,” could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits.

Our ability to compete successfully depends on a number of factors, including, among other things, (i) the ability to develop, maintain and build long-term customer relationships based on top quality service, high ethical standards and safe, sound assets; (ii) the ability to expand within our marketplace and with our market position; (iii) the scope, relevance and pricing of products and services offered to meet customer needs and demands; (iv) the rate at which we introduce new products and services relative to our competitors; (v) customer satisfaction with our level of service; and (vi) industry and general economic trends. Failure to perform in any of these areas could significantly weaken our

competitive position, which could adversely affect our growth and profitability, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the soundness of other financial institutions.

Financial services institutions are interrelated as a result of clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, and other institutional clients. Many of these transactions expose us to credit risk in the event of a default by a counterparty or client. In addition, our credit risk may be exacerbated when the collateral that we hold cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to us. Any such losses could have a material adverse effect on our financial condition and results of operations.

We may need to raise additional capital, but it may not be available on acceptable terms or at all.

We are required by federal and state regulators to maintain adequate levels of capital. We may need to raise additional capital in the future to meet regulatory or other internal requirements. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance.

We cannot provide any assurance that access to such capital will be available to us on acceptable terms or at all. An event that may limit our access to the capital markets, such as a decline in the confidence of investors or counter-parties participating in the capital markets, may materially and adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and we would then have to compete with those institutions for investors. The inability to raise additional capital on acceptable terms when needed could have a materially adverse effect on our business, financial condition, or results of operations.

Adverse changes in economic or market conditions may hurt our businesses.

Our success depends, to a certain extent, upon local, national and global economic and political conditions, as well as governmental monetary policies. Conditions such as an economic recession, pandemics, rising unemployment, inflation, changes in interest rates, declines in asset values and other factors beyond our control may adversely affect our asset quality, deposit levels and our net income. Adverse changes in the economy may also have a negative effect on the demand for new loans and the ability of our existing borrowers to make timely repayments of their loans, which could adversely impact our growth and earnings. Economic and market conditions may also be affected by political developments in the U.S. and other countries and global conflicts, such as the conflict conflicts in Ukraine. Ukraine and the Middle East. Uncertainty about the federal fiscal policymaking process, the fiscal outlook of the federal government, and future tax rates is a concern for businesses, consumers and investors in the United States The COVID-19 pandemic has caused, and its lingering impact may continue to cause, disruptions in the U.S. economy at large, and for small businesses in particular, and has resulted in and may continue to result in disruptions to our customers' businesses, and a decrease in consumer confidence and business generally.

If the United States economy weakens or does not improve, our growth and profitability from our lending, deposit and investment operations could be constrained. Any of these potential outcomes could cause us to suffer losses in our investment securities portfolio, reduce our liquidity and capital levels, hamper our ability to deliver products and services to our clients and customers, and weaken our results of operations and financial condition.

The lingering effects of COVID-19 or a similar health crisis or pandemic, could adversely affect or operations or financial performance.

While U.S. and global economies have begun to recover from the COVID-19 pandemic and many health and safety restrictions have been lifted, certain adverse consequences of the pandemic, including labor shortages, disruptions of global supply chains, and inflationary pressures, continue to impact the economy and could adversely affect our business.

The ongoing nature of the pandemic and its effects, such as changes in customer behaviors and preferences, are difficult to predict. The pandemic or a similar health crisis could cause us to recognize credit losses in our loan portfolios and increases in our allowance for credit losses, particularly if the effects of the pandemic worsen or continue for an extended period of time. Our business depends on the willingness and ability of our customers and employees to conduct banking and other financial transactions. Disruptions Continued disruptions to our customers caused by the COVID-19 pandemic could result in increased risk of delinquencies, defaults, foreclosures and losses on our loans, as well as reductions in loan demand, the liquidity of loan guarantors, loan collateral values (particularly in real estate), loan originations, interest and noninterest income and deposit availability. Furthermore, the pandemic could cause us to recognize impairment of our goodwill and our financial assets.

The COVID-19 pandemic has also resulted in heightened operational risks. Some of our colleagues continue to work remotely at least part-time basis, which may create additional cybersecurity risks. The increase in online and remote banking activities may also increase the risk of fraud in certain instances.

Adverse developments affecting the financial services industry, such as the failure of three banks in the first half of 2023 or concerns involving liquidity, may have a material effect on the Company's liquidity, earnings and financial condition.

During the first half of 2023, the financial services industry was negatively affected by three bank failures. These events caused general uncertainty and concern regarding the adequacy of liquidity within the banking sector as a whole and have decreased investor and customer confidence in banks, notably with regard to mid-sized and larger regional banks. Although we were not directly affected by these bank failures, the resulting speed and ease in which news or rumors, including social media commentary, led depositors to withdraw or attempt to withdraw their funds from these and other financial institutions caused the stock prices of many financial institutions to become volatile, in particular regional, as well as community banks like us. Notably, the Company's share price decreased by 17% during the month of March

2023, consistent with other community banking organizations. According to data published by the FRB, deposits at domestic commercial banks decreased by approximately $280 billion between the end of February 2023 and the week ended March 29, 2023. The Bank's deposits decreased by $162 million during this period, which was a decrease of 2%. As a result of these events, customers may choose to maintain deposits with larger financial institutions or in other higher yielding alternatives, which could materially adversely impact the Company's liquidity, loan funding capacity, net interest margin, capital and results of operations.

The bank failures during 2023 may lead to governmental initiatives intended to prevent future bank failures and stem significant deposit outflows from the banking sector, including (i) legislation aimed at preventing similar future bank runs and failures and stabilizing confidence in the banking sector over the long term, (ii) agency rulemaking to modify and enhance relevant regulatory requirements, specifically with respect to liquidity risk management, deposit concentrations, capital adequacy, stress testing and contingency planning, and safe and sound banking practices, and (iii) enhancement of the agencies' supervision and examination policies and priorities. The federal banking agencies may also re-evaluate applicable liquidity risk management standards, such as by reconsidering the mix of assets that are deemed to be "high-quality liquid assets" and/or how HQLA holdings and cash inflows and outflows are tabulated and weighted for liquidity management purposes.

Although we cannot predict the terms and scope of any such initiatives, any of the potential changes referenced above could, among other things, subject us to additional costs, limit the types of financial services and products we may offer, and limit our future growth, any of which could materially and adversely affect our business, results of operations or financial condition.

Risks Related to Interest Rates

Changes in interest rates may make it difficult for us to improve or maintain our current interest income spread and could result in reduced earnings and negatively impact our financial performance.

Like other financial institutions, we are subject to risks resulting from changes in interest rates. Our primary source of income is net interest income, which is the difference between interest earned on loans and leases and investments, and interest paid on deposits and borrowings. Because of the differences in the maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates may not produce matching changes in interest income we earn on interest-earning assets and interest we pay on interest-bearing liabilities. Accordingly, fluctuations in interest rates could adversely affect our interest rate spread and, in turn, our profitability.

In addition, loan and lease volume and quality and deposit volume and mix can be affected by market interest rates as can the businesses of our clients. Changes in levels of market interest rates could have a material adverse effect on our net interest spread, asset quality, origination volume, the value of our loans and investment securities, deposit levels and overall profitability.

Interest rates may be affected by many factors that are beyond the control of our management, including general economic conditions and the policies of various governmental and regulatory authorities. The actions of the Federal Reserve Board influence the rates of interest that we charge on loans and that we pay on borrowings and interest-bearing deposits. Changes in monetary policy, including changes in interest rates, may negatively affect our ability to originate loans and leases, the value of our assets and our ability to realize gains from the sale of our assets, all of which ultimately could affect our earnings. In addition, the The Federal Reserve raised benchmark interest rates throughout in 2022 and 2023 and may continue to raise or keep interest rates high in response to economic conditions, particularly inflationary pressures. We cannot predict the nature or timing of future changes in monetary, tax and other policies or the effects that they may have on our activities and financial results.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance.

Although we were successful in generating new loans during 2022, 2023, increasing interest rates may adversely affect the demand for new loans and our loan growth. To supplement our organic loan growth, we from time-to-time will may purchase loans from third parties that may have lower yields than those loans that we originate on our own.

Additionally, interest rate increases often result in larger payment requirements for our borrowers with variable rate loans, which increases the potential for default and could result in a decrease in the demand for loans. At the same time, the marketability of the property securing a loan may be adversely affected by any reduced demand resulting from higher interest rates. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reversal of income previously recognized, which could have an adverse effect on our results of operations. Further, when we place a loan on nonaccrual status, we reverse any accrued but unpaid interest receivable, which decreases interest income. At the same time, we continue to incur costs to fund the loan, which is reflected as interest expense, without any interest income to offset the associated funding expense. Thus, an increase in the amount of nonperforming assets would have an adverse impact on net interest income. Furthermore, if short-term market rates rise, in order to retain existing deposit customers and attract new deposit customers we may need to increase rates we pay on deposit accounts.

Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest spread, asset quality, loan origination volume, business, financial condition and results of operations.

Higher or prolonged inflation could have a negative impact on our financial results and operations.

Inflation may negatively affect us by increasing our labor costs, through higher wages and higher interest rates, which may negatively affect the market value of securities on our balance sheet, higher interest expenses on our deposits, especially CDs, and a higher cost of our borrowings. Additionally, higher inflation levels could lead to higher oil and gas prices, which may negatively impact the net operating income on the properties which we lend on and could impair a borrower's ability to repay their loans.

Elevated inflation and expectations for elevated future inflation can adversely impact economic growth, consumer and business confidence, and our financial condition and results. In addition, elevated inflation may cause unexpected changes in monetary policies and actions which may adversely affect confidence, the economy, and our financial condition and results.

Supply chain constraints and a tightening labor markets could potentially exacerbate inflation and sustain it at elevated levels, even as growth slows. The risk of sustained high inflation would likely be accompanied by monetary policy tightening with potential negative effects on various elevated asset classes.

Reduction in the value, or impairment of our investment securities, can impact our earnings and common shareholders' equity.

We maintained a balance of $2.6 billion $2.3 billion, or approximately 26% 23.2% of our assets, in investment securities at December 31, 2022 December 31, 2023. Changes in market interest rates can affect the fair value of these investment securities, with increasing interest rates generally resulting in a reduction of value. Although the reduction in value from temporary increases in market rates does not affect our income until the security is sold, it does result in an unrealized loss recorded in other comprehensive income that can reduce our common stockholders' equity. Further, we must periodically test our investment securities for other-than-temporary impairment in value. In assessing whether the impairment of investment securities is other-than-temporary, we consider the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability to retain our investment in the security for a period of time sufficient to allow for any anticipated recovery in fair value in the near term.

If we are required to sell securities to meet liquidity needs, we could realize significant losses.

Changes
As a result of increases in interest rates over the last year, the market values of previously issued government and other debt securities have declined in value, resulting in unrealized losses in our securities portfolio. While we anticipate that the scheduled cash flows generated from our investment portfolio will be adequate to LIBOR or SOFR support the liquidity needs of the Company, if we were required to sell these securities to expedite the generation of cash flows to meet liquidity needs, we may be required to realize significant losses, which could impair our capital and financial condition and adversely affect the value our results of and the return on, operations. Further, while we have taken actions to maximize our financial instruments that are indexed to LIBOR or SOFR.

In July 2017, the U.K. Financial Conduct Authority, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation sources of LIBOR to the LIBOR administrator after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In November 2020, the LIBOR administrator published a consultation regarding its intention to delay the date on which it will cease publication of U.S. dollar LIBOR from December 31, 2021 to June 30, 2023 for the most common tenors of U.S. dollar LIBOR, including the three-month LIBOR, but indicated no new contracts using U.S. dollar LIBOR should be entered into after December 31, 2021. Notwithstanding the publication of this consultation, liquidity, there is no assurance of how long LIBOR of any currency guarantee that such sources will be available or tenor will continue to be published. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR, whether LIBOR rates will cease to be published before June 30, 2023, or whether any additional reforms to LIBOR may be enacted sufficient in the United Kingdom or elsewhere. Although the Alternative Reference Rates Committee has announced Secured Overnight Financing Rate (“SOFR”) as its recommended alternative to LIBOR, SOFR may not gain market acceptance or be widely used as a benchmark. Uncertainty as to the nature event of such potential changes, alternative reference rates, the elimination or replacement of LIBOR, or other reforms may adversely affect the value of, and the return on our financial instruments. sudden liquidity needs.

The market transition away from LIBOR to alternative reference rates is complex and could have a range of adverse effects on the Company’s business, financial condition, and results of operations. In particular, any such transition could:

- adversely affect the interest rates received or paid on the revenue and expenses associated with or the value of the Company’s LIBOR-based assets and liabilities;
- adversely affect the interest rates received or paid on the revenue and expenses associated with or the value of other securities or financial arrangements, given LIBOR's role in determining market interest rates globally;
- prompt inquiries or other actions from regulators in respect of the Company’s preparation and readiness for the replacement of LIBOR with an alternative reference rate; and
- result in disputes, litigation, or other actions with borrowers or counterparties about the interpretation and enforceability of certain fallback language in LIBOR-based contracts and securities.

Risks Related to Regulatory and Legal Matters

We operate in a highly regulated environment and we may be adversely affected by new laws and regulations or changes in existing laws and regulations. Any additional regulations are expected to increase our cost of operations. Furthermore, regulations may prevent or impair our ability to pay dividends, engage in acquisitions or operate in other ways.

We are subject to extensive regulation, supervision and examination by the DPFI, DFPI, FDIC, and the FRB. FRB as well as regulations and policies of the CFPB. See Item 1— "Item 1. Business - Regulation and Supervision Supervision" of this report for information on the regulation and supervision which governs our activities. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, the classification of our assets and determination of the level of our allowance for credit losses. Banking regulations designed primarily for or the protection actions of depositors, our banking regulators may limit our growth, earnings and the return to our shareholders by restricting certain of our activities, such as:

- the payment of dividends to our shareholders,
- possible mergers with or acquisitions of or by other institutions,
- desired investments,
- loans and interest rates on loans,
- interest rates paid on deposits,
- service charges on deposit account transactions,
- the possible expansion or reduction of branch offices, and
- the ability to provide new products or services.

We also are subject to regulatory capital requirements. We could be subject to regulatory enforcement actions if any of our regulators determines for example, that we have violated a law of or regulation, engaged in unsafe or unsound banking practice or lack adequate capital. Federal and state governments and regulators could pass legislation and adopt policies responsive to current credit conditions that would have an adverse effect on us and our financial performance. We cannot predict what changes, if any, will be made to existing federal and state legislation and regulations or the effect that such changes may have on our future business and earnings prospects. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material adverse impact on our operations, including the cost to conduct business.

Furthermore, The evolving landscape of legislative and regulatory actions, influenced by election cycles, introduces an additional layer of uncertainty for our operations. Elections can precipitate changes in government policies and regulations across various industries, potentially impacting our business. Uncertainty regarding potential changes in regulations or policies related to our industry may lead to increased costs of doing business and operational challenges. Economic conditions, including interest rates, inflation, and consumer spending, may be influenced by shifts in government leadership and policies, affecting our ability to maintain historical growth rates.
Furthermore, the election process often introduces market volatility, impacting financial markets, currency exchange rates, and commodity prices. This volatility may pose risks to our financial performance, cost of capital, and access to funding.

The outcomes of elections may directly affect our industry, influencing regulatory frameworks and industry dynamics. Shifts in political power may shape the competitive landscape, impacting market share and pricing strategies. Unfavorable changes in industry-specific regulations could result in increased compliance costs and operational challenges. Political events, including elections, can influence consumer and investor sentiment, affecting demand for our products and services and impacting investor confidence, which may influence our stock price and access to capital.

Risks Related to Our Growth and Expansion

Goodwill resulting from acquisitions may adversely affect our results of operations.

Our balance sheet contains a substantial level of goodwill and other intangible assets have increased substantially as a result of our acquisitions, of including Valley Republic Bank in 2022, FNB Bancorp in 2018 and North Valley Bancorp in 2014. 2022. Potential impairment of goodwill and amortization of other intangible assets could adversely affect our financial condition and results of operations. We assess our goodwill and other intangible assets and long-lived assets for impairment annually and more frequently when required by U.S. GAAP. We are required to record an impairment charge if circumstances indicate that the asset carrying values exceed their fair values. Our assessment of goodwill, other intangible assets, or long-lived assets could indicate that an impairment of the carrying value of such assets may have occurred that could result in a material, non-cash write-down of such assets, which could have a material adverse effect on our results of operations and future earnings.

Potential acquisitions create risks and may disrupt our business and dilute shareholder value.

We intend to continue to explore opportunities for growth through mergers and acquisitions. Acquiring other banks, businesses, or branches involves various risks commonly associated with acquisitions, including, among other things:

- incurring substantial expenses in pursuing potential acquisitions without completing such acquisitions,
- exposure to potential asset quality issues of the target company,
- losing key clients as a result of the change of ownership,
- the acquired business not performing in accordance with our expectations,
- difficulties and expenses arising in connection with the integration of the operations or systems conversion of the acquired business with our operations,
- difficulty in estimating the value of the target company,
- potential exposure to unknown or contingent liabilities of the target company,
- management needing to divert attention from other aspects of our business,
- potentially losing key employees of the acquired business,
- incurring unanticipated costs which could reduce our earnings per share,
- assuming potential liabilities of the acquired company as a result of the acquisition,
- potential changes in banking or tax laws or regulations that may affect the target company,
- potential disruption to our business, and
- an acquisition may dilute our earnings per share, in both the short and long term, or it may reduce our tangible capital ratios.

Acquisitions may be delayed, impeded, or prohibited due to regulatory issues.

Acquisitions by financial institutions, including us, are subject to approval by a variety of federal and state regulatory agencies. The process for obtaining these required regulatory approvals has become substantially more difficult since the global financial crisis and more recently due to political actions. Furthermore, our ability to engage in certain merger or acquisition transactions depends on the bank regulators' views at the time as to our capital levels, quality of management, and overall condition, in addition to their assessment of a variety of other factors, including our compliance with laws and regulations. Regulatory approvals could be delayed, impeded, restrictively conditioned or denied due to existing or new regulatory issues we have, or may have, with regulatory agencies, including, without limitation, issues related to BSA BSA/AML compliance, CRA compliance, performance, fair lending laws, fair housing laws, consumer protection laws and other laws and regulations. We may fail to pursue, evaluate or complete strategic and competitively significant acquisition opportunities as a result of our inability, or

perceived or anticipated inability, to obtain regulatory approvals in a timely manner, under reasonable conditions or at all. Difficulties associated with potential acquisitions that may result from these factors could have a material adverse effect on our business, financial condition and results of operations.

If we cannot attract deposits, our growth may be inhibited.

We plan to increase the level of our assets, including our loan portfolio. Our ability to increase our assets depends in large part on our ability to attract additional deposits at favorable rates. We intend to seek additional deposits by offering deposit products that are competitive with those offered by other financial institutions in our markets and by establishing personal relationships with our customers. We cannot assure that these efforts will be successful. Our inability to attract additional deposits at competitive rates could have a material adverse effect on our business, financial condition and results of operations.

Our growth and expansion may strain our ability to manage our operations and our financial resources.

Our financial performance and profitability depend on our ability to execute our corporate growth strategy. In addition to seeking deposit and loan and lease growth in our existing markets, we may pursue expansion opportunities in new markets, enter into new lines of business or market areas or offer new products or services. Continued growth, however, may present operating and other problems that could adversely affect our business, financial condition and results of operations. Furthermore, any new line of business or market areas and/or new products or services could have a significant impact on the effectiveness of our system of internal controls. Accordingly, there can be no assurance that we will be able to execute our growth strategy or maintain the level of profitability that we have recently experienced.

Our growth may place a strain on our administrative, operational and financial resources and increase demands on our systems and controls. This business growth may require continued enhancements to and expansion of our operating and financial systems and controls and may strain or significantly challenge them. In addition, our existing operating and financial control systems and infrastructure may not be adequate to maintain and effectively monitor future growth. Our continued growth may also increase our need for qualified personnel. We cannot assure you that we will be successful in attracting, integrating and retaining such personnel.

We will become subject to increased regulation when we have more than $10 billion in total consolidated assets.

An insured depository institution with $10 billion or more in total assets is subject to supervision, examination, and enforcement with respect to consumer protection laws by the CFPB rather than its primary federal banking regulator. Under its current policies, the CFPB will assert jurisdiction in the first quarter after an insured depository institution's call reports show total consolidated assets of $10 billion or more for four consecutive quarters. The Bank had slightly less than $10 billion in total assets at December 31, 2022 December 31, 2023, so it is possible that with only modest growth, the CFPB, instead of the FDIC, may soon have primary examination and enforcement authority over the Bank. As an independent bureau within the Federal Reserve Board focused solely on consumer financial protection, the CFPB may interpret or enforce consumer protection laws more strictly or severely than the FDIC.

Additionally, other regulatory requirements apply to depository institutions and holding companies with $10 billion or more in total consolidated assets, including a cap on interchange transaction fees for debit cards, as required by Federal Reserve Board regulations, which would reduce our interchange revenue, and restrictions on proprietary trading and investment and sponsorship in hedge funds and private equity funds known as the Volcker Rule. See also Item "Item 1 - Business - Regulation and Supervision - Interchange Fees Fees" in this report. Further, deposit insurance assessment rates are calculated differently, and may be higher, for insured depository institutions with $10 billion or more in total consolidated assets.

Risks Relating to Ownership of Our Common Stock

Our ability to pay dividends is subject to legal and regulatory restrictions.

Our ability to pay dividends to our shareholders is limited by California law and the policies and regulations of the FRB. The FRB has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the FRB's view that a bank holding company should pay cash dividends only to the extent that its net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. See "Regulation "Item 1. Business - Regulation and Supervision – Restrictions on Dividends and Distributions."

As a holding company with no significant assets other than the Bank, our ability to continue to pay dividends depends in large part upon the Bank's ability to pay dividends to us. The Bank's ability to pay dividends or make other capital distributions to us is subject to the restrictions in the California Financial Code.

Our ability to pay dividends to our shareholder shareholders and the ability of the Bank to pay in dividends to us are by subject to the requirements that the we and the Bank maintain a certain minimum amount sufficient level of capital to be considered a "well capitalized" institution as well as a separate capital conservation buffer, as further described under "Item 1 – 1. Business - Supervision and Regulation — Regulatory Capital Requirements" in this report.

From time to time, we may become a party to financing agreements or other contractual arrangements that have the effect of limiting or prohibiting us or the Bank from declaring or paying dividends. Our holding company expenses and obligations with respect to our trust preferred securities and corresponding junior subordinated deferrable interest debentures issued by us may limit or impair our ability to declare or pay dividends.

Provisions of our governing documents and federal law may limit the ability of another party to acquire us, which could cause our stock price to decline.

Various provisions of our articles of incorporation and bylaws could delay or prevent a third party from acquiring us, even if doing so might be beneficial to our shareholders. These provisions provide for, among other things, specified actions factors that the Board of Directors shall or may take consider when evaluating an offer to merge, an offer to acquire all assets or a tender offer is received received; advance notice provisions for director nominations and shareholder proposals; and the authority to issue preferred stock by action of the board of directors acting alone, without obtaining shareholder approval.

The BHC Act and the Change in Bank Control Act of 1978, as amended, together with federal regulations, require that, depending on the particular circumstances, either FRB approval must be obtained or notice must be furnished to the Federal Reserve Board and not disapproved prior to any person or entity acquiring “control” of a bank holding company such as TriCo. These provisions may prevent a merger or acquisition that would be attractive to shareholders and could limit the price investors would be willing to pay in the future for our common stock

Holders of our junior subordinated debentures have rights that are senior to those of our shareholders.

We have supported our growth through the prior issuance of trust preferred securities from special purpose trusts and accompanying junior subordinated debentures. At December 31, 2022 December 31, 2023, we had outstanding trust preferred securities and accompanying junior subordinated debentures with principal amount of $98,889,000. $101.1 million. Payments of the principal and interest on the trust preferred securities are conditionally guaranteed by us. Further, the accompanying junior subordinated debentures we issued to the trusts are senior to our shares of common stock. As a result, we must make payments on the junior subordinated debentures before we can pay any dividends on our common stock and, in the event of our bankruptcy, dissolution or liquidation, the holders of the junior subordinated debentures must be satisfied before any distributions can be made on our common stock.

We may issue additional common stock or other equity securities in the future which could dilute the ownership interest of existing shareholders.

In order to maintain our capital at desired or regulatory-required levels, or to fund future growth, our board of directors may decide from time to time to issue additional shares of common stock, or securities convertible into, exchangeable for or representing rights to acquire shares of our common stock. The sale of these shares may significantly dilute your ownership interest as a shareholder. New investors in the future may also have rights, preferences and privileges senior to our current shareholders which may adversely impact our current shareholders.

The trading price of our common stock price can be volatile.

Stock price volatility may make it more difficult for our shareholders to resell their common stock when they want and at prices they find attractive. The trading price of our common stock can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to the Company;
- trends, concerns and other issues in the financial services industry or California economy;
- investor sentiments toward depository institutions generally;
- marketplace perceptions in the marketplace regarding the Company and/or its competitors;
- new technology used, or services offered, by competitors;
- significant acquisitions or business combinations involving the Company or its competitors; and
- changes in government regulations, including tax laws.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends could also cause the Company’s stock price to decrease regardless of operational results.

Risks Relating to Operations, Technology Systems, Accounting and Internal Controls

If we fail to maintain an effective system of internal and disclosure controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our securities.

Effective internal control over financial reporting and disclosure controls and procedures are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We continually review and analyze our internal control over financial reporting for Sarbanes-Oxley Section 404 compliance. As part of that process we may discover material weaknesses or significant deficiencies in our internal control as defined under standards adopted by the Public Company Accounting Oversight Board that require remediation. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected in a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control over financial reporting that is less severe than material weakness, yet important enough to merit attention by those responsible for the oversight of the Company’s financial reporting.

As a result of weaknesses that may be identified in our internal controls, we may also identify certain deficiencies in some of our disclosure controls and procedures that we believe require remediation. If we discover weaknesses, we will make efforts to improve our internal and disclosure controls. However, there is no assurance that we will be successful. Any failure to maintain effective controls or timely effect any necessary improvement of our internal and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect our ability to remain listed with Nasdaq. Ineffective internal and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our securities.

We experienced a criminal cyberattack in February 2023, which resulted in the temporary interruption of our systems, disclosure of certain confidential information, litigation and governmental inquiries, all of which could damage our reputation or create additional financial and legal exposure.

As previously disclosed in the Current Report on Form 8-K we filed on February 14, 2023, the Bank experienced a cybersecurity incident in February 2023. After detecting unusual network activity, we shut down networked systems by taking them offline, which prevented access to internal systems, data and telephones for a limited period of time. We immediately launched an investigation and notified law enforcement and banking regulators. A digital forensics firm was engaged to help determine the scope of the incident and identify potentially impacted data. We received a demand for ransom from a party claiming responsibility for the incident. The Bank's core banking systems, including those that facilitate loan and deposit related transactions, were not affected and the Bank's resumed customer facing operations within two days. However, the Bank's internal system/server access as well as communication capabilities, including e-mail correspondence and telephones, required approximately one week of time for the restoration process to be completed in a safe and secure environment. The Company restored its systems without paying ransom.

The Bank worked with third-party forensic investigators to understand the nature and scope of the incident and to determine what and how much information was impacted. The Bank determined that its internal computer network had been infected with malware which prevented access to certain files on the network. Through its investigation, the Bank determined that an unauthorized actor illegally accessed and acquired data from certain systems, including the personal information of approximately 86,000 individuals, including certain current and former customers, individuals related to current and former customers, current and former employees and their dependents, and others. While the information impacted varied by individual, the types of information that were impacted included name, social security number, driver's license number, state identification number, financial account information, medical information, health insurance information, date of birth, passport number, digital/electronic signature, tax identification number, access credentials, and mother's maiden name. The Bank notified and will continue to notify impacted individuals consistent with state and federal requirements and the Bank is offering impacted individuals credit restoration services and 24 months of credit monitoring services at no cost. The Bank issued a press release regarding this event and posted notice of this event on its website.

As a result of the 2023 cyberattack, we have incurred and may continue to incur significant costs or experience other material financial impacts, which may not be covered by, or may exceed the coverage limits of, our cyber liability insurance, and such costs and impacts may have a material adverse effect on our business, reputation, financial condition and operating results. These risks may stem from litigation or governmental inquiries litigation to which we currently are or may become subject in connection with this incident, and the extent of remediation and other additional costs that may be incurred by us.

A failure We face numerous lawsuits related to the 2023 cyberattack, including three purported class action lawsuits that have been filed in California Superior Court for the Counties of Contra Costa and Butte, seeking unspecified monetary damages, equitable relief, costs and attorneys' fees. The lawsuits allege breach of contract, negligence, violations of various privacy laws and a variety of other legal causes of action. We are currently unable to predict the potential outcome of any of this litigation or breach, whether we may be subject to further private litigation. In addition, the Company has received inquiries from various government authorities related to the 2023 cyberattack, which could result in sanctions, fines or penalties. We are responding to these inquiries and cooperating fully. However, we cannot predict the timing or outcome of any of these inquiries, or whether we may be subject to further governmental inquiries.

Given the uncertainties about any further impacts of the incident, including the inherent uncertainties involved in litigation, contractual obligations, government investigations and regulatory enforcement decisions, we face the risk that outcomes from these risks could have a material adverse effect on our reputation, business and/or financial condition. In addition, litigation, government interventions, and negative media reports and any resulting damage to our reputation or loss of confidence in the security of our systems could adversely affect our business. It is possible that we could incur losses associated with these proceedings and inquiries, and the Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. Ongoing legal and other costs related to these proceedings and inquiries, as well as any potential future proceedings and inquiries, may be substantial, and losses associated with any adverse judgments, settlements, penalties or other resolutions of such proceedings and inquiries could be material to our business, reputation, financial condition and operating results.

We face the risk that failures or breaches, including cyberattacks, of our operational or security systems or of those of our customers or contracted vendors, could disrupt our business, result in the disclosure of confidential information, damage our reputation, and create significant financial and legal exposure.

We, our customers, our vendors, regulators and other third parties have been subject to, and are likely to continue to be the target of, persistent cyberattacks. Despite our efforts to ensure the integrity of our systems, we may not be able to anticipate or to implement effective preventive measures against all security breaches. Attacker's tools and techniques evolve frequently, and because attacks may originate from a wide variety of sources, including, but not limited to, state-sponsored parties, organized crime, terrorist organizations, malicious actors, employees, contractors, or other third parties. Those parties may attempt, for example, to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers and others; may seek to exploit bugs, errors, misconfigurations or other vulnerabilities in our systems to obtain access to our systems; may seek to obtain unauthorized access to our systems or confidential information by exploiting insider access or utilizing log-in credentials taken from our customers, employees, or third-party providers by various illicit means; and may seek to disrupt and damage our business operations and systems through ransomware or distributed denial of service attacks. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks, and other technology assets and the confidentiality, integrity, and availability of information belonging to us and our customers, there is no assurance that our security measures will provide absolute security. Further, be sufficient. We have implemented employee and customer awareness training regarding phishing, malware, and other cyber risks, however there can no assurances that this training will be effective or sufficient. Furthermore, these risks are expected to access increase in the future as we continue to increase our electronic payments and other internet-based product offerings and expand our internal usage of web-based products and services our customers may use computers and mobile devices that are beyond our security control systems. In recent years, many financial institutions, including the Company, have been subjected to sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, including through the introduction of computer viruses or malware, cyber attacks and other means and expect to be subject to such attacks in the future. Certain financial institutions and companies involved in data processing in the United States have also experienced attacks from technically sophisticated and well-resourced third parties that were intended to disrupt normal business activities by making internet banking systems inaccessible to customers for extended periods. These "denial-of-service" attacks have not breached our data security systems, but require substantial resources to defend, and may affect customer satisfaction and behavior. applications.

Continued geographical turmoil, including the ongoing conflict between Russia and Ukraine, has heightened the risk of cyberattack and has created new risk for cybersecurity, and similar concerns. For example, the United States government has warned that sanctions imposed against Russia by the United States in response to its conflict with Ukraine could motivate Russia to engage in malicious cyber activities against the United States. If such cyberattacks occurred, it could result in severe costs and disruptions to governmental entities and companies and their operations. The impact of the conflict and retaliatory measures is continually evolving and cannot be predicted with certainty.

Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients. We have implemented employee and customer awareness training around phishing, malware, and other cyber risks, however there can no assurances that this training will be completely effective. These risks may increase in the future as we continue to increase our electronic payments and other internet-based product offerings and expand our internal usage of web-based products and applications.

If our security systems or those of our third party vendors, contractors and customers are penetrated or circumvented, it could cause serious negative consequences for us, including significant disruption of our operations, misappropriation or theft of our confidential information or that of our customers, or damage our computers or systems and those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure, and harm to our reputation, all of which could have a material adverse effect on us. If personal, confidential or proprietary information of customers or clients others in the Bank's or such vendors' or other third-parties' possession were to be mishandled or misused, we could suffer significant regulatory consequences, reputational damage and financial loss. loss, as discussed earlier regarding the Bank's 2023 cyberattack.

We Our procedures and safeguards to prevent unauthorized access to confidential information and to defend against cyberattacks seeking to disrupt our operations must be continually evaluated and enhanced to address the ever-evolving threat landscape and changing cybersecurity regulations. These preventative actions require the investment of significant resources and management time and attention. Nevertheless, we may not be able to anticipate, prevent, timely detect and/or effectively remediate all security breaches, nor may we be able to implement guaranteed preventive measures against such security breaches. Additionally, a security breach may be difficult to detect, even after it occurs, which may compound the issues related to such breach.

For example, as previously disclosed in the Current Report 8-K filed by us on February 14, 2023, the Bank experienced a network security incident, where unusual network activity was detected, and management shut down all networked systems which prevented employees from accessing internal systems, data and telephones for a limited period of time. Upon discovering the incident, the Bank immediately launched an investigation and engaged a digital forensics firm to help determine the scope of the incident and identify potentially impacted data. In addition, the Bank promptly notified law enforcement and banking regulators
The Bank continues to work with third-party forensic investigators to understand the nature and scope of the incident and to determine what information may have been accessed and who may have been impacted. The investigation is on-going.
s that its core banking systems, including those that facilitate loan or deposit related transactions, were not affected by this event as evidenced by the Bank's general ability to resume customer facing operations within two days. However, the Bank's internal system access as well as

While we continue to evaluate the impact of this incident, we remain subject to risks and uncertainties as a result, including legal, reputational, and financial risks, the results of our ongoing investigation of this security incident, any potential regulatory inquiries and/or litigation to which we may become subject in connection with this incident, and the extent of remediation and other additional costs that may be incurred by us. To date, we do not believe such consequences are material, however the network security incident is still recent and the investigation is ongoing. Although we maintain insurance coverage, including cybersecurity insurance, the amount of coverage available may not cover all losses. We anticipate that we will incur additional expenses in future periods. Network breaches at other financial institutions have, in some instances, resulted in litigation, government investigations and other regulatory enforcement inquiries. Given the uncertainties about the impact of the incident and the inherent uncertainties involved in litigation, government investigations and regulatory

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enforcement decisions, there is significant uncertainty as Any inability to prevent or adequately respond to the ultimate liability and expense we may incur from these kinds of matters, if any. The finding, issues described above could disrupt the Company's business, inhibit its ability to retain existing customers or even attract new customers, otherwise harm its reputation and/or result in financial losses, litigation, increased costs or other adverse consequences that could be material to the assertion, of substantial legal liability against us and any regulatory enforcement actions could have a material adverse effect on our business and financial condition and could cause significant reputational harm to us, which could seriously harm our business. In addition, litigation, regulatory interventions, and media reports of perceived security vulnerabilities and any resulting damage to our reputation or loss of confidence in the security of our systems could adversely affect our business. As cyber threats continue to evolve, we have been and will likely continue to be required to expend significant resources to continuously enhance our protective measures and may be required to expend significant resources to investigate and remediate any information security vulnerabilities or incidents. Company.

Our reliance on third-party vendors exposes us to risks, including additional cybersecurity risks.

Third-party vendors provide key components of our business infrastructure, including certain data processing and information services. On our behalf, third parties may transmit confidential, propriety information. Some of these third parties may engage vendors of their own, which introduces the risk that these "fourth parties" could be the source of operational and/or security failures. Although we require third-party providers and these fourth-party vendors to maintain certain levels of information security, such providers may remain vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious attacks that could ultimately compromise sensitive information. Additionally, we do not have control of the cybersecurity systems, breach prevention, and response protocols of our third- or fourth-party vendors, including through our cybersecurity programs or policies. While the Company may have contractual rights to assess the effectiveness of many of our providers' systems and protocols, we do not have the means to know or assess the effectiveness of all of our providers' systems and controls at all times. We cannot provide any assurances that actions taken by us, or our third- or fourth-party vendors, including through our cybersecurity programs or policies, will adequately prevent or substantially mitigate the impacts of cybersecurity breaches or misuses of confidential information, unauthorized access to our networks or systems or exploits against third-or fourth-party environments, or that we, or our third- or fourth-party vendors, will be able to effectively identify, investigate, and remediate such incidents in a timely manner or at all. While we may contractually limit our liability in connection with attacks against third-party providers, we remain exposed to the risk of loss associated with such vendors.

In addition, a number of our vendors are large national entities with dominant market presence in their respective fields. Their services could prove difficult to replace in a timely manner if a failure or other service interruption were to occur. Failures of certain vendors to provide contracted services could adversely affect our ability to deliver products and services to our customers and cause us to incur significant expense.

These types of third-party relationships are subject to evolving and increasingly demanding regulatory requirements and attention by our bank regulators. Regulatory guidance requires us to enhance our due diligence, ongoing monitoring and control over our third-party vendors and subcontractors and other ongoing third-party business relationships. In certain cases, we may be required to renegotiate our agreements with these vendors and/or their subcontractors to meet these enhanced requirements, which could increase our costs. If our regulators conclude that we have not exercised adequate oversight and control over our third-party vendors and subcontractors or other ongoing third-party business relationships, or that such third parties have not performed appropriately, we could be subject to enforcement actions, including the imposition of civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation.

We are subject to certain industry standards regarding our credit/debit card-related services. Failure to meet those standards may significantly impact our ability to offer these services.

We are subject to the PCI-DSS, issued by the Payment Card Industry Security Standards Council. PCI-DSS contains compliance guidelines with regard to our security surrounding the physical and electronic storage, processing and transmission of cardholder data. Compliance with PCI-DSS and implementing related procedures, technology and information security measures requires significant resources and ongoing attention. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology, such as those necessary to achieve compliance with PCI-DSS or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our payment-related systems or third parties that we rely upon could have a material adverse effect on our business, results of operations and financial condition. If there are amendments to PCI-DSS, the cost of compliance could increase, and we may suffer loss of critical data and interruptions or delays in our operations as a result. If we or our service providers are unable to comply with the standards imposed by PCI-DSS, we may be subject to fines and restrictions on our ability to offer certain services, which could materially and adversely affect our business.

Our business is highly reliant on technology and our ability and our third-party service providers to manage the operational risks associated with technology.

Our business involves storing and processing sensitive consumer and business customer data. We depend on internal systems, third party service providers, cloud services and outsourced technology to support these data storage and processing operations. Despite our efforts to ensure the security and integrity of our systems, we may not be able to anticipate, detect or recognize threats to our systems or those of third-party service providers or to implement effective preventive measures against all cybersecurity breaches. Cyberattack techniques change regularly and can originate from a wide variety of sources, including third parties who are or may be involved in organized crime or linked to terrorist organizations or hostile foreign governments, and such third parties may seek to gain access to systems directly or using equipment or security passwords belonging to employees, customers, third-party service providers or other users of our systems. These risks may increase in the future as we continue to increase our mobile, digital and other internet-based product offerings and expands our internal usage of web-based products and applications. A cybersecurity breach or cyberattack could persist for a long time before being detected and could result in theft of sensitive data or disruption of our transaction processing systems.

Our inability to use or access these information systems at critical points in time could unfavorably impact the timeliness and efficiency of our business operations. A material breach of customer data security [such such as a possible the breach of customer data in connection with the network security incident February 2023

cyberattack discussed above, may negatively impact our business reputation and cause a loss of customers, result customers. This event has resulted in increased expense expenses to contain the event, and/or require that we to notify impacted individuals and provide them with credit monitoring services, for affected customers, result in regulatory fines and sanctions and/or result in to defend / respond to litigation. Cybersecurity risk management programs are expensive to maintain and will not protect us from all risks associated with maintaining the security of customer data and our proprietary data from external and internal intrusions, disaster recovery and failures in the controls used by our vendors.

Cybersecurity and data privacy are areas of heightened legislative and regulatory focus.

As cybersecurity and data privacy risks for banking organizations and the broader financial system have significantly increased in recent years, cybersecurity and data privacy issues have become the subject of increasing legislative and regulatory focus. The federal bank regulatory agencies have proposed enhanced cyber risk management standards, which would apply to a wide range of large financial institutions and their third-party service providers, including us, and would focus on cyber risk governance and management, management of internal and external dependencies, and incident response, cyber resilience and situational awareness. Several states have also proposed or adopted cybersecurity legislation and regulations, which require, among other things, notification to affected individuals when there has been a security breach of their personal data. For more information regarding cybersecurity regulation, refer to the “Supervision "Item 1. Business - Supervision and Regulation” section of this report. Regulation.”

We receive, maintain and store non-public personal information of our customers and counterparties, including, but not limited to, personally identifiable information and personal financial information. The sharing, use, disclosure, and protection of this information are governed by federal and state law. Both personally identifiable information and personal financial information is increasingly subject to legislation and regulation, the intent of which is to protect the privacy of personal information that is collected and handled. For more information regarding data privacy regulation, refer to the “Supervision “Item 1. Business - Supervision and Regulation” section of this report. Regulation.”

We may become subject to new legislation or regulation concerning cybersecurity or the privacy of personally identifiable information and personal financial information or of any other information we may store or maintain. We could be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or require changes to our business practices or privacy policies. If new or existing cybersecurity, data privacy, data protection, data transfer or data retention laws are implemented, interpreted or applied in a manner inconsistent with our current practices, including as a result of the network security incident discussed above, we may be subject to fines, litigation or regulatory enforcement actions or ordered to change our

business practices, policies or systems in a manner that adversely impacts our operating results. In addition, any additional laws and regulatory enforcement measures will result in increased compliance costs.

A failure to implement technological advances could negatively impact our business.

The banking industry is undergoing technological changes with frequent introductions of new technology-driven products and services. In addition to improving customer services, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend, in part, on our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources than we do to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or successfully market such products and services to our customers. In addition, advances in technology such as digital, mobile, telephone, text, and online banking; e-commerce; and self-service automatic teller machines and other equipment, as well as changing customer preferences to access our products and services through digital channels, could decrease the value of our branch network and other assets. We may close or sell certain branches and restructure or reduce our remaining branches and work force. These actions could lead to losses on assets, expense to reconfigure branches and loss of customers in certain markets. As a result, our business, financial condition or results of operations may be adversely affected.

Our business is susceptible to fraud and conduct risk.

The Company's business exposes it to fraud risk from loan and deposit customers, the parties they do business with, as well as from employees, contractors and vendors. The Company relies on financial and other data from new and existing customers which could turn out to be fraudulent when accepting such customers, executing their financial transactions and making and purchasing loans and other financial assets. In times of increased economic stress the Company is at increased risk of fraud losses. The Company believes it has underwriting and operational controls in place to prevent or detect such fraud, but cannot provide assurance that these controls will be effective in detecting fraud or that the Company will not experience fraud losses or incur costs or other damage related to such fraud, at levels that adversely affect financial results or reputation. The Company's lending customers may also experience fraud in their businesses which could adversely affect their ability to repay their loans or make use of services. The Company's and its customers' exposure to fraud may increase the Company's financial risk and reputation risk as it may result in unexpected loan losses that exceed those that have been provided for in the allowance for credit losses. In addition, the Company is subject to risk from the conduct of its employees, including the negative impact that can result from employee misconduct or failure by employees to conduct themselves in accordance with the Company's policies, all of which could damage the Company's reputation and result in loss of customers or other financial loss or expose the Company to increased regulatory or other risk.

New lines of business, products or services and technological advancements may subject us to additional risks.

From time to time, we implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services we invest significant time and resources. Initial

timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology driven products and services or be successful in marketing these products and services to our customers. In addition, our implementation of certain new technologies, such as those related to artificial intelligence ("AI"), automation and algorithms, in our business processes may have unintended consequences due to their limitations or our failure to use them effectively. In addition, the growing reliance on AI technologies by vendors, business partners, and technology solutions or applications introduces additional risks, including but not limited to: Algorithmic Bias that may result in unintended discriminatory outcomes and harm our reputation, loss of proprietary and confidential information through use of AI technologies, unauthorized access or breaches of data could compromise the integrity of our systems with AI dependency, evolving regulations and legal frameworks surrounding AI may pose challenges leading to legal and financial consequences for non-compliance, and protecting the intellectual property associated with AI technologies may be challenging, and unauthorized use or infringement by third parties could bring harm to our competitive position or reputation. Furthermore, cloud technologies are also critical to the operation of our systems, and our reliance on cloud technologies is growing. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, any new line of business, new product or service and/or new technology could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business, new products or services and/or new technologies could have a material adverse effect on our business, financial condition and results of operations.

Our failure to comply with anti-money laundering and anti-terrorism financing laws could have significant adverse consequences for us.

The Bank Secrecy Act of 1970, the Patriot Act and other laws and regulations require financial institutions to institute and maintain an effective BSA/AML program, file suspicious activity reports and currency transaction reports and comply with other BSA/AML requirements. Our federal and state banking regulators, regularly review our BSA/AML program FinCEN. If BSA/AML our program is deemed deficient, we could be subject to liability, including fines, civil money penalties and other regulatory enforcement actions, which may include restrictions on our business operations and our ability to pay dividends, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Our failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have significant reputational consequences for us and, in turn, could have a material adverse effect on our business, financial condition or results of operations.

We can be negatively affected if we fail to identify and address operational risks associated with the introduction of or changes to products, services and delivery platforms.

When we launch a new product or service, introduce a new platform for the delivery or distribution of products or services (including mobile connectivity and cloud computing), or make changes to an existing product, service or delivery platform, it may not fully appreciate or identify new operational risks that may arise from those changes, or may fail to implement adequate controls to mitigate the risks associated with those changes. Any significant failure in this regard could diminish our ability to operate one or more of our businesses or result in:

- potential liability to clients, counterparties and customers;
- increased operating expenses;
- higher litigation costs, including regulatory fines, penalties and other sanctions;
- damage to our reputation;
- impairment of our liquidity;
- regulatory intervention; or
- weaker competitive standing.

Any of the foregoing consequences could materially and adversely affect our businesses and results of operations.

Our business, financial condition and results of operations are subject to risk from changes in customer behavior.

Individual, economic, political, industry-specific conditions and other factors outside of our control, such as fuel prices, energy costs, real estate values, inflation, taxes or other factors that affect customer income levels, could alter anticipated customer behavior, including borrowing, repayment, investment and deposit practices. Such a change in these practices could materially adversely affect our ability to anticipate business needs and meet regulatory requirements. Further, difficult economic conditions may negatively affect consumer

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confidence levels. A decrease in consumer confidence levels would likely aggravate the adverse effects of these difficult market conditions on us, our customers and others in the financial institutions industry.

Our risk management framework may not be effective in identifying and mitigating every risk to us.

Any inadequacy or lapse in our risk management framework, governance structure, practices, models or reporting systems could expose it us to unexpected losses, and our financial condition or results of operations could be materially and adversely affected. Any such inadequacy or lapse could:

- hinder the timely escalation of material risk issues to our senior management and the Board of Directors;
- lead to business decisions that have negative outcomes for us;
- require significant resources and time to remediate;
- lead to non-compliance with laws, rules and regulations;
- attract heightened regulatory scrutiny;
- expose us to regulatory investigations or legal proceedings;
- subject us to litigation or regulatory fines, penalties or other sanctions;
- harm our reputation; or
- otherwise diminish confidence in TriCo.

We rely on data to assess many of our various risk exposures. Any deficiencies in the quality or effectiveness of our data gathering, analysis and validation processes could result in ineffective risk management practices. These deficiencies could also result in inaccurate risk reporting.

General Risk Factors

We depend on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects. Furthermore, our business could suffer if we fail to attract and retain skilled people.

Our future operating results depend substantially upon the continued service of our executive officers and key personnel. Our future operating results also depend in significant part upon our ability to attract and retain qualified management, financial, technical, marketing, sales and support personnel. Competition for qualified personnel is intense, including with respect to compensation and emerging workplace practices, accommodations and remote work options, and we cannot ensure success in attracting or retaining qualified personnel. Our current or future approach to in-office and work-from-home arrangements may not meet the needs or expectations of our current or prospective employees or may not be perceived as favorable as compared to the arrangements offered by competitors, which could adversely affect our ability to attract and retain employees. There may be only a limited number of persons with the requisite skills to serve in these positions, and it may be increasingly difficult for us to hire personnel over time. Our business, financial condition or results of operations could be materially adversely affected by the loss of any of our key employees, or our inability to attract and retain skilled employees.

Our business Litigation, regulatory actions and compliance issues could suffer if we fail subject us to attract and retain skilled people.

Our success depends, in large part, on our ability to attract and retain key people. Competition for the best people in many activities engaged in by us is intense including with respect to compensation and emerging workplace practices, accommodations and remote work options, and we may not be able to hire people significant fines, penalties, judgments, remediation costs and/or to retain them.In addition, the transition to increased work-from-home arrangements, which is likely to survive the COVID-19 pandemic for many companies, may exacerbate the challenges of attracting and retaining talented and diverse employees as job markets may be less constrained by physical geography. Our current or future approach to in-office and work-from-home arrangements may not meet the needs or expectations of our current or prospective employees or may not be perceived as favorable as compared to the arrangements offered by competitors, which could adversely affect our ability to attract and retain employees.

Our previous results may not be indicative of our future results.

We may not be able to sustain our historical rate of growth and level of profitability or may not even be able to grow our business or continue to be profitable at all. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede or prohibit our ability to expand our market presence and financial performance. If we experience a significant decrease in our historical rate of growth, our results of operations and financial condition may be adversely affected due to a high percentage of our operating costs being fixed expenses.

Compliance with changing regulation of corporate governance and public disclosure may result in additional risks and expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Act, the Sarbanes-Oxley Act of 2002 and new SEC regulations, have created additional expense for publicly traded companies such as the Company. The application of these laws, regulations and standards may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result requirements resulting in increased expenses and a diversion of management time and attention. In particular, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding management's required assessment of its internal control over financial reporting and our external auditors' audit of our internal control over financial reporting requires, and will continue to require, the commitment of significant financial and managerial resources. Further, the members of our board of directors, members of our audit or compensation and management succession committees, our chief executive officer, our chief financial officer and certain other executive officers could face an increased risk of personal liability in connection with the performance of their duties. It may also become more difficult and more expensive to obtain director and officer liability insurance. As a result, our ability to attract and retain executive officers and qualified board and committee members could be more difficult.

Tax regulations could be subject to potential legislative, administrative or judicial changes or interpretations.

Federal income tax treatment of corporations may be clarified and/or modified by legislative, administrative or judicial changes or interpretations at any time. Given the current economic and political environment, and ongoing budgetary pressures, the enactment of new federal or state tax legislation or new interpretations of existing tax laws could occur. The enactment of such legislation, or changes in the interpretation of existing law may have a material adverse effect on our financial condition, results of operations, and liquidity.

In the normal course of business, we are routinely subjected to examinations and audits from federal, state, and local taxing authorities regarding tax positions taken by us and the determination of the amount of tax due. These examinations may relate to income, franchise, gross receipts, payroll, property, sales and use, or other tax returns. The challenges made by taxing authorities may result in adjustments to the amount of taxes due, and may result in the imposition of penalties and interest. If any such challenges are not resolved in our favor, they could have a material adverse effect on our financial condition, results of operations, and liquidity.

Claims, litigation, government investigations, and other proceedings may adversely affect our business and results of operations expenses.

As a community financial institution, we are at times subject to actual and threatened claims, litigation, arbitration, reviews, investigations, and other proceedings, including proceedings by governments and regulatory authorities, involving a wide range of issues, including labor and employment, data protection, data security, network security, consumer protection, commercial disputes, goods and services offered by us and by third parties, and other matters. Litigation matters range from individual actions involving a single plaintiff to class action lawsuits and can involve claims for substantial or indeterminate alleged damages or for injunctive or other relief. Any of these types of proceedings can have an adverse effect on us because of legal costs, disruption of our operations, diversion of management resources, negative publicity, and other factors. The outcomes of these matters are inherently unpredictable and subject to significant uncertainties. We establish accruals for those matters when a loss is considered probable and the related amount is reasonably estimable. Additionally, when it is practicable and reasonably possible that it may experience losses in excess of established accruals, the we estimate possible loss contingencies. Determining legal reserves for possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. Until the final resolution of such matters, we may be exposed to losses in excess of the amount recorded, and such amounts could be material. Should any of our estimates and assumptions

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change or prove to have been incorrect, it could have a material effect on our business, financial condition and results of operations. In addition, it is possible that a resolution of one or more such proceedings, including as a result of a settlement, could involve licenses, sanctions, consent decrees, or orders requiring us to make substantial future payments, preventing us from offering certain products or services, requiring us to change our business practices in a manner materially adverse to our business, requiring development of non-infringing or otherwise altered products or technologies, damaging our reputation, or otherwise having a material effect on our operations.

We contest liability and/or the amount of damages as appropriate in each pending matter. The outcome of pending and future matters could be material to our results of operations, financial condition and cash flows depending on, among other factors, the level of our earnings for that period, and could adversely affect our business and reputation. For a discussion of certain legal proceedings, see the risk factor titled "*We experienced a criminal cyberattack in February 2023, which resulted in the temporary interruption of our systems, disclosure of certain confidential information, litigation and governmental inquiries, all of which could damage our reputation or create additional financial and legal exposure.*"

In addition to litigation and regulatory matters, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted customers. These self-identified issues and voluntary remediation payments could be significant depending on the issue and the number of customers impacted. They also could generate litigation or regulatory investigations that subject us to additional adverse effects on our business, results of operations and financial condition.

Climate change could have a material negative impact on us and our clients.

Our business, as well as the operations and activities of our clients, could be negatively impacted by climate change. Climate change presents both immediate and long-term risks to us and our clients, and these risks are expected to increase over time. Climate change presents multi-faceted risks, including: operational risk from the physical effects of climate events on the us and our clients' facilities and other assets; credit risk from borrowers with significant exposure to climate risk; transition risks associated with the transition to a less carbon-dependent economy; and reputational risk from stakeholder concerns about our practices related to climate change, our carbon footprint, and our business relationships with clients who operate in carbon-intensive industries.

Federal and state banking regulators and supervisory authorities, investors, and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their clients, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon-intensive environment, we may face regulatory risk of increasing focus on our resilience to climate-related risks, including in the context of stress testing for various climate stress scenarios. Ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit, and reputational risks and costs.

With the increased importance and focus on climate change, we are making efforts to enhance our governance of climate change-related risks and integrate climate considerations into our risk governance framework. Nonetheless, the The risks associated with climate change are rapidly changing and evolving in an escalating fashion, making them difficult to assess due to limited data and other uncertainties. We could experience increased expenses resulting from strategic planning, litigation, and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny, and reduced investor and stakeholder confidence due to our response to climate change and our climate change strategy, which, in turn, could have a material negative impact on our business, results of operations, and financial condition. In addition, ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit, and reputational risks and costs.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

The Company's information security program is designed with the goal of maintaining the safety and security of our systems and data and we employ a holistic process for overseeing and managing cybersecurity and related risks. This process is supported by both management and our board of directors.

Our risk management program is designed to identify, assess, and mitigate risks across various aspects of our company, including financial, operational, regulatory, reputational, and legal. Cybersecurity is a critical component of this program, given the increasing reliance on technology and potential of cyber threats. Our Chief Information Security Officer ("CISO") is primarily responsible for this cybersecurity component and, as discussed below, periodically reports to the Information Technology/Cybersecurity Committee ("IT/Cybersecurity Committee") of our board of directors.

Our objective for managing cybersecurity risk is to avoid or minimize the impacts efforts to penetrate, disrupt or misuse our systems or information. The structure of our information security program is designed around the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF"), regulatory guidance, and other industry standards. This does not imply that we meet any particular technical standards, specifications, or requirements, but rather that we use the NIST CSF as a guide to help us identify, assess and manage cybersecurity risks relevant to our business. In addition, we leverage certain industry and government associations, third-party benchmarking, audits, and threat intelligence feeds to facilitate and promote program effectiveness. Our CISO and our Chief Information Officer ("CIO"), along with key members of their teams, regularly collaborate with peer banks, industry groups, law enforcement, and policymakers to discuss cybersecurity trends and issues and identify best practices. The information security program is periodically reviewed by such personnel with the goal of addressing changing threats and conditions.

We have established processes and systems designed to mitigate cyber risk, including regular and on-going education and training for employees, preparedness simulations and tabletop exercises, and recovery and resilience tests. We engage in regular assessments of our infrastructure, software systems, and network architecture, using internal cybersecurity experts and third-party specialists.

We engage third parties, including vendors and other external service providers, to support our cybersecurity and data privacy processes such as risk assessments, program enhancements, and value-added user verification services. These third parties provide security services, including regular reviews of our security environment to provide an independent, industry-recognized risk rating and internal audits of our technology and security controls. Further, we deploy technical safeguards that are we believe are designed to help protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, endpoint detection and response, logging, monitoring and alerting, anti-malware functionality, email security, network security monitoring and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence. Our third-party risk management program includes processes for identifying and managing material cybersecurity risks arising from third-party providers. The program actively engages with the enterprise-wide risk assessment process and partners with cyber risk management to report relevant risks to the IT/Cybersecurity Committee of our board of directors. Furthermore, our third-party risk management program includes cybersecurity as an aspect of its risk assessment of third parties with the objective that key risks are identified and addressed. Moreover, the program also considers risks associated with certain fourth parties, entities that are partners or subcontractors of our direct third-party vendors, through assessments carried out internally and by our third-party service providers.

We maintain an Incident Response Plan that provides a documented framework for responding to actual or potential cybersecurity incidents, including timely notification of and escalation to the appropriate board-approved management committees, as discussed further below, and to the IT/Cybersecurity Committee of our board of directors. The Incident Response Plan is coordinated through the CISO and key members of management are embedded into the plan by its design. This plan facilitates coordination across multiple parts of our organization and is evaluated at least annually.

Lastly, we leverage internal and external auditors and independent external partners to periodically review our processes, systems, and controls, including with respect to our information security program, to assess their design and operating effectiveness and make recommendations to strengthen our risk management program.

Governance

Our CIO and CISO have extensive experience assessing and managing cybersecurity programs and cybersecurity risk. Our CIO and CISO have served in their positions since joining the Company in June, 2022 and January, 2022, respectively. Our CIO, who reports directly to the Chief Operating Officer, has 30 years of experience in various technology and security leadership positions across multiple industries including banking, insurance services, utilities, technology service providers, and as a member of the US Air Force. Prior to joining us, our CIO served as a CIO for multiple banks leading both technology and cybersecurity. Our CISO, reporting directly to the CIO, has over 35

years of experience in various technology and security leadership positions across multiple industries including banking, healthcare, automotive, mining, education, engineering, construction, and dairy product production.

Our board of directors has approved various management committees including the IT/Cybersecurity Committee, which provides oversight and governance of the technology program and the information security program, as well as oversight and governance of the Company's data and its storage. This committee is chaired by the CIO and includes various employees within the enterprise information security department, including the CIO and CISO, and other key departmental managers from throughout the entire company, including information technology, risk, compliance, operations and human resources/training. This committee generally meets quarterly to provide oversight of the risk management strategy, standards, policies, practices, controls, and mitigation and prevention efforts employed to manage security, data risks and incidents. The committee reports its findings to the management Enterprise Risk Committee. More frequent meetings occur from time to time in accordance with the Incident Response Plan to facilitate timely informing and monitoring efforts. The CISO reports on key issues, including significant cybersecurity and/or privacy incidents, discussed at management committee meetings and the actions taken in connection with those meetings to the IT/Cybersecurity Committee of the board of directors on a quarterly basis (or more frequently as may be required).

Our Board of Directors has ultimate oversight of cybersecurity risk, which it manages as part of our enterprise risk management program. That program is utilized in making decisions with respect to company priorities, resource allocations, and oversight structures. The IT/Cybersecurity Committee of the board of directors regularly reviews our cybersecurity program with management and reports to the Board of Directors. The IT/Cybersecurity Committee meets at least quarterly (or more frequently as may be required), and receives updates from the CISO on topics with respect to the cybersecurity program. The IT/Cybersecurity Committee reviews and approves our information security and technology budgets and strategies annually. Additionally, the Risk Committee of our board of directors reviews our cyber security risk profile on a quarterly basis. The management IT/Cybersecurity and Risk Committees each provide reports of their activities to the full board of directors at each board meeting in the event all board members are not present at the relevant board committee meetings.

Cybersecurity Incidents

In February 2023, we experienced a cyberattack that resulted in the temporary interruption of our systems, disclosure of certain confidential information, litigation and governmental inquiries, the consequences of which may be material. See "Item 1A. Risk Factors - We experienced a criminal cyberattack in February 2023, which resulted in the temporary interruption of our systems, disclosure of certain confidential information, litigation and governmental inquiries, all of which could damage our reputation or create additional financial and legal exposure.*"* inItem 1A. Risk Factors which is incorporated by reference into this Item 1C.

In addition,we have experienced unrelated incidents involving unauthorized access to certain confidential information and systems. Typically, these incidents have involved attempts to commit fraud by taking control of a customer's systems and/or emails, often by exploiting insider access or using compromised credentials. In other cases, the incidents have involved unauthorized access to certain of our customers' private information, including credit card information, financial data, social security numbers or passwords. Some of these incidents have occurred at third-party providers, including third parties who provide us with various systems and/or services. For example, in 2023, one of our third-party vendors experienced a cybersecurity incident due to a previously unknown (i.e., zero-day) vulnerability in a popular file sharing software the vendor used called MOVEit Transfer. To date, none of these incidences have materially affected or are reasonably likely to materially affect the Company or our financial position or results of operations.

Notwithstanding our defensive measures and processes, the threat posed by cyber-attacks is severe. Our internal systems, processes, and controls are designed to mitigate loss from cyberattacks. We continue to invest in the cybersecurity and resiliency of our networks and to enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. For more information regarding the risks we face from cybersecurity threats, see "Risks Related to Operations, Technology Systems, Accounting and Internal Controls" in Item 1A. Risk Factors which is incorporated by reference into this Item 1C.

ITEM 2. PROPERTIES

The Company is engaged in the banking business through 64 63 traditional branches, 6 in-store branches and 8 loan production offices in 32 31 counties throughout California including the counties of Butte, Colusa, Contra Costa, Del Norte, Fresno, Glenn, Humboldt, Kern, Lake, Los Angeles, Madera, Mendocino, Merced, Nevada, Orange, Placer, Sacramento, San Diego, San Francisco, San Mateo, Santa Clara, Shasta, Siskiyou, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Yolo and Yuba. All offices are constructed and equipped to meet prescribed security requirements.

As of December 31, 2022 December 31, 2023, the Company owned 31 branch office locations, two administrative buildings that include branch locations, and 10 other buildings that are used as either administrative, operational, or loan production offices. The Company leased 31 30 branch office locations, 6 in-store branch locations, 8 loan production offices and 3 other operational buildings. Most of the leases contain multiple renewal options and provisions for rental increases, principally for changes in the cost of living index, property taxes and maintenance. All of the Company's existing facilities are considered to be adequate for the Company's present and future use. In the opinion of management, all properties are adequately covered by insurance. See "Note 7 – Premises and Equipment" to the consolidated financial statements at Part II, Item 8 of this report.

ITEM 3. LEGAL PROCEEDINGS

TriCo and its subsidiaries are routinely subject to actual or threatened legal proceedings, including litigation and regulatory matters, arising in the ordinary course of business. Litigation matters range from individual actions involving a single plaintiff to class action lawsuits and can involve claims for substantial or indeterminate alleged damages or for injunctive or other relief. See "Item 1A - Risk Factors" and "Item 1C - Cybersecurity" for a discussion of the Bank's cybersecurity attack in 2023. Neither the Company nor its subsidiaries are a party to any pending legal proceedings that are material, nor is their property the subject of any other material pending legal proceeding at this time. All other legal proceedings are routine and arise out of the ordinary course of the Bank's Company's business. None of those proceedings are currently expected to have a material adverse impact upon the Company's and the Bank's business, their consolidated financial position, nor their its operations in any material amount not already accrued, after taking into consideration any applicable insurance.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Market Prices and Dividends

The Company's common stock is traded on the Nasdaq under the symbol "TCBK." As of February 24, 2023 February 23, 2024, there were approximately 1,900 1,814 shareholders of record of the Company's common stock. On February 24, 2023 February 23, 2024, the closing market price was $50.14 $33.95 per share.

The Company has paid cash Information regarding restrictions on dividends, on its common stock as required by this Item, is set forth in every quarter since March 1990, Item 1: "Business - Dividends, Distributions and it is currently the intention Regulatory Matters" and in Note 26 - "Regulatory Matters" of the Board of Directors of the Company Notes to continue payment of cash dividends on a quarterly basis. There is no assurance, however, that any dividends will be paid since they are dependent upon earnings, consolidated financial condition statements and capital requirements of the Company and the Bank. During the calendar year ended December 31, 2022, the Company paid quarterly dividends of $0.25 per share for Q1 and Q2, increasing to $0.30 per share of cash dividends for Q3 and Q4, equaling a total of $1.20 per share for the year then ended. As of December 31, 2022, there was $157,036,000 available for payment of dividends incorporated into this Item by the Bank to the Company, under applicable laws and regulations. See "Note 27 – Summary of Quarterly Results of Operations (unaudited)" for the quarterly cash dividends paid by the Company in 2022 and 2021. reference.

Issuer Repurchases of Common Stock

The Company has one previously announced stock repurchase plan under which it is currently authorized to purchase shares of its common stock. The table that follows provides additional information regarding this plan.

Announcement Date	Total shares approved for purchase	Total shares repurchased under the plan	Expiration date
2/25/2021	2,000,000	640,198	none

The following table shows the repurchases made by the Company or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the fourth quarter of 2022:

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as of part of publicly announced plans or programs	(d) Maximum number of shares that may yet be purchased under the plans or programs (1)
October 1-31, 2022	5,000	$ 45.61	5,000	1,359,802
November 1-30, 2022	—	$ —	—	1,359,802
December 1-31, 2022	—	$ —	—	1,359,802
Total	5,000	$ —	5,000	1,359,802

(1) Does not include shares that may be purchased by the Company's Employee Stock Ownership Plan and pursuant to various other equity incentive plans.

TriCo Bancshares Stock Performance

The following graph presents the cumulative total yearly shareholder return from investing $100 on December 31, 2017 December 31, 2018, in each of TriCo common stock, the Russell 3000 Index, and the SNL S&P Western Bank Index. The SNL S&P Western Bank Index compiled by SNL Financial includes banks located in California, Oregon, Washington, Montana, Hawaii and Alaska with market capitalization similar to that of TriCo's. The amounts shown assume that any dividends were reinvested.

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		Period Ending					
Index	Index	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
TriCo Bancshares	TriCo Bancshares	100.00	90.91	112.14	99.99	124.53	151.38
Russell 3000 Index	Russell 3000 Index	100.00	92.50	118.90	141.28	175.19	139.32
SNL Western Bank Index	SNL Western Bank Index	100.00	79.17	96.55	72.25	111.40	86.45

	Period Ending					
Index	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion and analysis is designed to provide a better understanding of the significant changes and trends related to the Company and the Bank's financial condition, operating results, asset and liability management, liquidity and capital resources and should be read in conjunction with the consolidated financial statements of the Company and the related notes at Part II, Item 8 of this report.

In March 2022, the Company closed the acquisition of Valley Republic Bancorp. Historical periods prior to March 25, 2022 reflect results of legacy Trico Bancshares operations. Subsequent to closing, results reflect all post-acquisition activity. For further information, refer to Note 2 "Business Combinations" of the Notes to Consolidated Financial Statements.

Financial Overview

In 2022, 2023, the Company reported net income of $125,419,000, a $7,764,000 $117.4 million, an $8.1 million or 6.6% increase 6.5% decrease from the prior year. Earnings per share on a diluted basis for the year were $3.83, $3.52, down 2.8% 8.1% from the prior year. The current year net income reported was negatively impacted by acquisition-related expenses totaling $6,253,000, compared to $1,523,000 in the prior year. noninterest expense. In 2022, net interest income 2023, noninterest expense was reported at $345,976,000, $233.1 million, an increase of $74,437,000 $16.5 million or 27.4% 7.6% increase from the prior year.

Net interest income on a fully tax equivalent (FTE) basis, a non-GAAP financial measure, was $347,536,000, $358.2, an increase of $74,926,000, $10.6 million, or 27.4% 3.1%, from 2021. 2022. The increase in FTE net interest income reflected the benefit of a $1,352,778,000, $69.7 million, or 17.8% 0.8%, increase in average earning assets in addition to a 30 8 basis point increase in the FTE net interest margin margin to 3.88% 3.96%. Average earning asset growth included an $990,559,000, $690.9 million, or 20.3%, 11.7% increase in average loans and leases, and an $573,720,000, offset by a $195.0 million or 26.3%, increase 7.3% decrease in average securities. Average

balances across earning asset categories reflect organic growth in addition to the late first quarter 2022 VRB acquisition. The increase decrease in average securities was additionally driven by the redeployment of excess liquidity from prepayments and maturities into securities in the first half of 2022. loans during 2023. The net interest margin expansion was driven by the higher rate environment driving an increase in loan and lease and investment security yields, partially offset by higher cost of funds from both deposits and borrowings. Total average interest-bearing deposits was $5.0 billion and $4.9 billion during 2023 and 2022, respectively, while average other borrowings totaled $430.1 million and $33.4 million, respectively, during the impact of lower accelerated PPP loan fees recognized upon forgiveness payments from the SBA same periods. The increase in net interest expense on average interest-bearing liabilities increased by $72.1 million or 758.9% to $81.7 million during 2023 as compared to 2022.

The provision for credit losses increased $25,245,000 $5.5 million to $18,470,000, $24.0 million, primarily due to the acquisition of VRB elevated qualitative reserves driven by CA unemployment trends and rising Corporate BBB bond yields, and to a lesser extent, organic loan and lease growth. The allowance for credit losses (ACL) was $105,680,000, $121.5 million, or 1.79% of total loans and leases, at December 31, 2023, compared to $105.7, or 1.64% of total loans and leases, at December 31, 2022, compared to $85,376,000, or 1.74% of total loans and leases, at December 31, 2021. The increase in the total ACL was primarily driven by loan and lease growth, while the overall risk profile of the loan portfolio continued to improve despite management's observation of future recessionary risks.

Noninterest income was $63,046,000, $61.4 million, down $618,000, $1.6 million, or 1% 2.6%, from the prior year. Noninterest expense was $216,645,000, $233.1 million, up $38,370,000, $16.5 million, or 21.5% 7.6%, from the prior year. The year over year changes in noninterest income and noninterest expense were impacted by the VRB acquisition, completed in March 2022. 2022, as well as rising technology and regulatory costs in addition to the rising costs of operations associated with levels of high inflation. Noninterest income was additionally negatively impacted by a decline in gain on sale of mortgage loans, as is typically observed during periods of a rising rate environment, totaling of $7,238,000, $1.1 million, to $2,342,000 $1.2 million for the 2022 2023 year.

The tangible common equity to tangible assets ratio, a non-GAAP financial measure, was 7.6% 8.8% at December 31, 2022 December 31, 2023, down 161 up 120 basis points from December 31, 2021 December 31, 2022, primarily due to a decrease an increase in tangible common equity related primarily to elevated interest rates causing an increase in accumulated other comprehensive loss, partially offset by the retention of 2023 earnings.

TRICO BANCSHARES

Financial Summary

(In thousands, except per share amounts; unaudited)

			2022		2021		2020
Year ended December 31,	**Year ended December 31,**		2022		2021		2020
Year ended December 31,							
Year ended December 31,							
Interest income							
Interest income							
Interest income	Interest income	$	355,505	$	277,047	$	267,184
Interest expense	Interest expense		(9,529)		(5,508)		(9,457)
Interest expense							
Interest expense							
Net interest income							
Net interest income							
Net interest income	Net interest income		345,976		271,539		257,727
(Provision for) benefit from loan losses	(Provision for) benefit from loan losses		(18,470)		6,775		(42,813)
(Provision for) benefit from loan losses							
(Provision for) benefit from loan losses							
Noninterest income							
Noninterest income							
Noninterest income	Noninterest income		63,046		63,664		55,194
Noninterest expense	Noninterest expense		(216,645)		(178,275)		(182,758)
Noninterest expense							
Noninterest expense							
Income before income taxes							
Income before income taxes							
Income before income taxes	Income before income taxes		173,907		163,703		87,350
Provision for income taxes	Provision for income taxes		(48,488)		(46,048)		(22,536)
Provision for income taxes							
Provision for income taxes							
Net income							
Net income							
Net income	Net income	$	125,419	$	117,655	$	64,814
Share Data	**Share Data**						
Share Data							
Share Data							
Earnings per share:							
Earnings per share:							

Earnings per share:	Earnings per share:									
Basic	Basic	$	3.85		$	3.96		$	2.17	
Basic										
Basic										
Diluted										
Diluted										
Diluted	Diluted	$	3.83		$	3.94		$	2.16	
Per share:	Per share:									
Per share:										
Per share:										
Dividends paid										
Dividends paid										
Dividends paid	Dividends paid	$	1.10		$	1.00		$	0.88	
Book value at period end	Book value at period end	$	31.39		$	33.64		$	31.12	
Book value at period end										
Book value at period end										
Tangible book value at period end (2)										
Tangible book value at period end (2)										
Tangible book value at period end (2)	Tangible book value at period end (2)	$	21.76		$	25.80		$	23.09	
Average common shares outstanding	Average common shares outstanding		32,584			29,721			29,917	
Average common shares outstanding										
Average common shares outstanding										
Average diluted common shares outstanding										
Average diluted common shares outstanding										
Average diluted common shares outstanding	Average diluted common shares outstanding		32,721			29,882			30,028	
Shares outstanding at period end	Shares outstanding at period end		33,332			29,730			29,727	
Shares outstanding at period end										
Shares outstanding at period end										
Financial Ratios										
Financial Ratios										
Financial Ratios	**Financial Ratios**									
During the period:	During the period:									
During the period:										
During the period:										
Return on average assets										
Return on average assets										
Return on average assets	Return on average assets		1.28	%		1.43	%		0.91	%
Return on average equity	Return on average equity		11.67	%		12.10	%		7.18	%
Return on average equity										
Return on average equity										
Net interest margin(1)										
Net interest margin(1)										
Net interest margin(1)	Net interest margin(1)		3.88	%		3.58	%		3.96	%
Efficiency ratio	Efficiency ratio		52.97	%		53.18	%		58.40	%
Efficiency ratio										
Efficiency ratio										

Average equity to average assets										
Average equity to average assets										
Average equity to average assets	Average equity to average assets		11.00	%		11.84	%		12.66	%
Dividend payout ratio	Dividend payout ratio		28.54	%		25.26	%		40.58	%
Dividend payout ratio										
Dividend payout ratio										
At period end:										
At period end:										
At period end:	At period end:									
Equity to assets	Equity to assets		10.54	%		11.61	%		12.11	%
Equity to assets										
Equity to assets										
Total capital to risk-weighted assets										
Total capital to risk-weighted assets										
Total capital to risk-weighted assets	Total capital to risk-weighted assets		14.19	%		15.42	%		15.22	%
Balance Sheet Data	**Balance Sheet Data**									
Balance Sheet Data										
Balance Sheet Data										
Total investments										
Total investments										
Total investments	Total investments	$	2,633,269		$	2,427,885		$	1,719,102	
Total loans	Total loans		6,450,447			4,916,624			4,763,127	
Total loans										
Total loans										
Total assets										
Total assets										
Total assets	Total assets		9,930,986			8,614,787			7,639,529	
Total non-interest bearing deposits	Total non-interest bearing deposits		3,502,095			2,979,882			2,581,517	
Total non-interest bearing deposits										
Total non-interest bearing deposits										
Total deposits										
Total deposits										
Total deposits	Total deposits		8,329,013			7,367,159			6,505,934	
Total other borrowings	Total other borrowings		264,605			50,087			26,914	
Total other borrowings										
Total other borrowings										
Total junior subordinated debt										
Total junior subordinated debt										
Total junior subordinated debt	Total junior subordinated debt		101,040			58,079			57,635	
Total shareholders' equity	Total shareholders' equity		1,046,416			1,000,184			925,114	
Total shareholders' equity										
Total shareholders' equity										
Total tangible equity (2)	Total tangible equity (2)	$	725,304		$	766,943		$	686,409	
Total tangible equity (2)										
Total tangible equity (2)										

(1) Fully taxable equivalent (FTE)

(2) Tangible equity is calculated by subtracting Goodwill and Other intangible assets from total shareholders' equity. Management believes that tangible equity is meaningful because it is a measure that the Company and investors commonly use to assess capital adequacy. Tangible book value is calculated by dividing tangible equity by shares outstanding at period end. See tables below for further details.

As TriCo Bancshares has not commenced any business operations independent of the Bank, the following discussion pertains primarily to the Bank. Average balances, including such balances used in calculating certain financial ratios, are generally comprised of average daily balances for the Company. Within Management's Discussion and Analysis of Financial Condition and Results of Operations, interest income and net interest income may be presented on a fully tax-equivalent (FTE) basis. The presentation of interest income and net interest income on a FTE basis is a common practice within the banking industry. Interest income and net interest income are shown on a non-FTE basis within Part II, Item 7 and Item 8 of this report, and a reconciliation of the FTE and non-FTE presentations is provided below in the discussion of net interest income.

In addition to results presented in accordance with generally accepted accounting principles in the United States of America (GAAP), this 10-K contains certain non-GAAP financial measures. Management has presented these non-GAAP financial measures because it believes that they provide useful and comparative information to assess trends in the Company's core operations reflected in the periods presented

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:

	Twelve months ended	
(dollars in thousands)	December 31, 2023	December 31, 2022
Net interest margin		
Acquired loans discount accretion, net:		
Amount (included in interest income)	$5,651	$5,465
Effect on average loan yield	0.09 %	0.09 %
Effect on net interest margin (FTE)	0.06 %	0.06 %
Net interest margin (FTE)	3.96 %	3.88 %
Net interest margin less effect of acquired loan discount accretion (Non-GAAP)	3.90 %	3.81 %
PPP loans yield, net:		
Amount (included in interest income)	$12	$2,390
Effect on net interest margin (FTE)	— %	0.02 %
Net interest margin less effect of PPP loan yield (Non-GAAP)	3.96 %	3.86 %
Acquired loan discount accretion and PPP loan yield, net:		
Amount (included in interest income)	$5,663	$7,855
Effect on net interest margin (FTE)	0.06 %	0.08 %
Net interest margin less effect of acquired loan discount accretion and PPP yields, net (Non-GAAP)	3.90 %	3.80 %

	Twelve months ended	
(dollars in thousands)	December 31, 2023	December 31, 2022
Pre-tax pre-provision return on average assets or equity		
Net income (GAAP)	$117,390	$125,419
Exclude provision for income taxes	43,515	48,488
Exclude provision for credit losses	23,990	18,470
Net income before income tax and provision expense (Non-GAAP)	$184,895	$192,377
Average assets (GAAP)	$9,870,189	$9,771,601
Average equity (GAAP)	$1,102,436	$1,074,437
Return on average assets (GAAP) (annualized)	1.19 %	1.28 %
Pre-tax pre-provision return on average assets (Non-GAAP) (annualized)	1.87 %	1.97 %
Return on average equity (GAAP) (annualized)	10.65 %	11.67 %
Pre-tax pre-provision return on average equity (Non-GAAP) (annualized)	16.77 %	17.90 %

(dollars in thousands)	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Return on tangible common equity		
Average total shareholders' equity	$1,102,436	$1,074,437
Exclude average goodwill	304,442	287,904
Exclude average other intangibles	13,611	15,901
Average tangible common equity (Non-GAAP)	$784,383	$770,632
Net income (GAAP)	$117,390	$125,419
Exclude amortization of intangible assets, net of tax effect	4,309	4,461
Tangible net income available to common shareholders (Non-GAAP)	$121,699	$129,880
Return on average equity	10.65 %	11.67 %
Return on average tangible common equity (Non-GAAP)	15.52 %	16.85 %

(dollars in thousands)	Three months ended December 31, 2023	Three months ended December 31, 2022
Tangible shareholders' equity to tangible assets		
Shareholders' equity (GAAP)	$1,159,682	$1,046,416
Exclude goodwill and other intangible assets, net	314,994	321,112
Tangible shareholders' equity (Non-GAAP)	$844,688	$725,304
Total assets (GAAP)	$9,910,089	$9,930,986
Exclude goodwill and other intangible assets, net	314,994	321,112
Total tangible assets (Non-GAAP)	$9,595,095	$9,609,874
Shareholders' equity to total assets (GAAP)	11.70 %	10.54 %
Tangible shareholders' equity to tangible assets (Non-GAAP)	8.80 %	7.55 %

(dollars in thousands)	Three months ended December 31, 2023	Three months ended December 31, 2022
Tangible common shareholders' equity per share		
Tangible shareholders' equity (Non-GAAP)	$844,688	$725,304
Common shares outstanding at end of period	33,268,102	33,331,513
Common shareholders' equity (book value) per share (GAAP)	$34.86	$31.39
Tangible common shareholders' equity (tangible book value) per share (Non-GAAP)	$25.39	$21.76

Critical Accounting Policies and Estimates

In preparing the consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. Our most significant accounting policies and estimates and their related application are discussed below.

Allowance for Credit Losses

The Company's method for assessing the appropriateness of the allowance for credit losses includes specific allowances for individually analyzed loans, formula allowance factors for pools of credits, and qualitative considerations which include, among other things, current and

forecast economic and environmental factors (e.g., interest rates, growth, economic conditions, etc.). Allowance factors for loan pools were based on historical loss experience by product type and prior risk rating.

Management estimates the ACL balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Historical credit loss experience provides the basis for the estimation of expected credit losses, which captures loan balances as of a point in time to form a cohort, then tracks the respective losses generated by that cohort of loans over the remaining life. The Company has identified and accumulated loan cohort historical loss data beginning with the fourth quarter of 2008 and through the current period. In situations where the Company's actual loss history was not statistically relevant, the loss history of peers, defined as financial institutions with assets greater than three billion and less than ten billion, were utilized to create a minimum loss rate. Adjustments to historical loss information are made for differences in relevant current loan-specific risk characteristics, such as historical timing of losses relative to the loan origination.

In its current expected credit loss forecasting framework, the Company incorporates forward-looking information through the use of macroeconomic scenarios applied over the forecasted life of the assets. These macroeconomic scenarios incorporate variables that have historically been key drivers of increases and decreases in credit losses. These variables include, but are not limited to, changes in environmental conditions, such as California unemployment rates, household debt levels, and the pace of change in corporate bond yields, and U.S. gross domestic product. yields. The Company also considers macroeconomic forecasts to estimate the ACL.

There is a greater chance that the Company would suffer a loss from a loan that was risk rated less than satisfactory than if the loan was last graded satisfactory. As such, the proper risk grading of loans in the portfolio is important to the determination of the calculation of and determination of adequacy of the allowance for credit losses. Utilizing the historical loss data described above, the Company applies reserve rates within any unique pool based on its loss and risk grade migration. Therefore, within any given pool, a larger loss estimation factor is applied to less than satisfactory loans as compared to those that the Company last graded as satisfactory. The resulting allowance for any pool is the sum of the calculated reserves determined in this manner.

Certain loans are not included in pools of loans that are collectively evaluated. The segregation of these loans is based on the results from analysis of individually identified credits that meet management's criteria for specific individual evaluation. These loans are first reviewed individually to determine if such loans have a unique risk profile that would warrant individual evaluation. Loans where management has concluded that it is probable that the borrower will be unable to pay all amounts due under the original contractual terms are removed from the pools of loans collectively evaluated. They are then specifically reviewed and evaluated individually by management for loss potential by evaluating sources of repayment, including collateral as applicable, and a specified allowance for credit losses is established where necessary. By definition, any loan that management has placed on non-accrual is required to be individually evaluated, however, not all individually evaluated loans need to be placed on non-accrual.

Because current economic conditions and forecasts can change and future events make it inherently difficult to predict the anticipated amount of estimated credit losses on loans, management's determination of the appropriateness of the ACL, could change significantly. It is difficult to estimate how potential changes in any one economic factor or input might affect the overall allowance because a wide variety of factors and inputs are considered in estimating the allowance and changes in those factors and inputs considered may not occur at the same rate and may not be consistent across all product types. Additionally, changes in factors and inputs may move independently of one another, such that improvement in one or certain factors may offset deterioration in others. Thus, as a result of the significant size of the loan portfolio, the numerous assumptions in the model, and the high degree of potential change in such assumptions, there is a high degree of sensitivity to the reported amounts. Management believes that the ACL was adequate as of December 31, 2022 December 31, 2023.

Other Accounting Policies and Estimates that are Not Considered Critical

On an on-going basis, the Company evaluates its estimates, including those that may materially affect the financial statements and are related to investments, mortgage servicing rights, fair value measurements, retirement plans, intangible assets and the fair value of acquired assets and liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company's policies related to these estimates can be found in Note 1 in the financial statements at Part II, Item 8 of this report.

Geographical Descriptions

For the purpose of describing the geographical location of the Company's operations, the Company has defined northern California as that area of California north of, and including, Stockton to the east and San Jose to the west; central California as that area of the state south of

Stockton and San Jose, to and including, Bakersfield to the east and San Luis Obispo to the west; and southern California as that area of the state south of Bakersfield and San Luis Obispo.

Results of Operations

Average balances, including balances used in calculating certain financial ratios, are generally comprised of average daily balances for the Company. Within Management's Discussion and Analysis of Financial Condition and Results of Operations, certain performance measures including interest income, net interest income, net interest yield, and efficiency ratio are generally presented on a fully tax-equivalent (FTE) basis. The Company believes the use of these non-generally accepted accounting principles (non-GAAP) measures provides additional clarity in assessing its results.

Net Interest Income

Net interest income is our largest source of revenue and is the difference between the interest earned on interest-earning assets (generally loans, leases and investment securities) and the interest expense incurred in connection with interest-bearing liabilities (generally deposits and borrowed funds). The level of net interest income is primarily a function of the difference between the effective yield on our average interest-earning assets and the effective cost of our interest-bearing liabilities. These factors are influenced by the pricing and mix of interest-earning assets and interest-bearing liabilities which, in turn, are impacted by external factors such as local economic conditions, competition for loans and deposits, the monetary policy of the FRB and market interest rates. For further discussion, refer to "—Risk Factors – Risks Related to Interest Rates." Following is a summary of the Company's net interest income for the periods indicated (dollars in thousands):

		Year ended December 31,			
		2022	2021	2020	
		Year ended December 31,			
		Year ended December 31,			
		Year ended December 31,			
		2023			
		2023			
		2023			
Interest income					
Interest income					
Interest income	Interest income	$ 355,505	$ 277,047	$ 267,184	
Interest expense	Interest expense	(9,529)	(5,508)	(9,457)	
Interest expense					
Interest expense					
Net interest income (not FTE)					
Net interest income (not FTE)					
Net interest income (not FTE)	Net interest income (not FTE)	345,976	271,539	257,727	
FTE adjustment	FTE adjustment	1,560	1,071	1,069	
FTE adjustment					
FTE adjustment					
Net interest income (FTE)					
Net interest income (FTE)					
Net interest income (FTE)	Net interest income (FTE)	$ 347,536	$ 272,610	$ 258,796	
Net interest margin (FTE)	Net interest margin (FTE)	3.88 %	3.58 %	3.96 %	
Net interest margin (FTE)					
Net interest margin (FTE)					
Acquired loans discount accretion:					
Acquired loans discount accretion:					
Acquired loans discount accretion:	Acquired loans discount accretion:				
Purchased loan discount accretion	Purchased loan discount accretion	$ 5,465	$ 8,091	$ 8,171	
Purchased loan discount accretion					
Purchased loan discount accretion					
Effect on average loan yield					
Effect on average loan yield					
Effect on average loan yield	Effect on average loan yield	0.09 %	0.17 %	0.19 %	
Effect of purchased loan discount accretion on net interest margin (FTE)	Effect of purchased loan discount accretion on net interest margin (FTE)	0.06 %	0.11 %	0.13 %	

Effect of purchased loan discount accretion on net interest margin (FTE)

Effect of purchased loan discount accretion on net interest margin (FTE)

Net interest income (FTE) during the year ended December 31, 2023 increased $10.7 million or 3.1% to $358.2 million compared against $347.5 million during the year ended December 31, 2022. The increased amount of net interest income reflects growth in total average loan balances outstanding and the correlated yields in both loans and investments during 2023. Average loan balances increased by $691 million or 11.7% from December 31, 2022. Meanwhile, the yield on interest earning assets was 4.87% and 3.98% for the years ended December 31, 2023 and 2022, respectively. This 89 basis point increase in total earning asset yield was primarily attributable to a 58 basis point increase in total loan yields and a 80 basis point increase in yields on total investments. Of the 58 basis point increase in loan yields, 7 basis points was attributable to increased volume in average loans outstanding, and 51 basis points from elevated interest rates. There was no change attributed to the accretion of purchased loan fees. The costs of total interest bearing liabilities increased 129 basis points to 1.48% during the year ended December 31, 2023, as compared to 0.19% for the year ended December 31, 2022. During the same period, costs associated with interest bearing deposits increased by 100 basis points to 1.10% as compared to 0.10% in the prior year. The increase in interest expense for the year ended December 31, 2023, as compared to the trailing year, was due to the increased rate environment for both the interest-bearing deposit expense and other borrowings interest expense.

Net interest income (FTE) during the year ended December 31, 2022 increased $74,926,000 $74.9 million or 27.5% to $347,536,000 $347.5 million compared against $272,610,000 $272.6 million during the year ended December 31, 2021. The increased amount of net interest income reflects growth in both total average loan and investment balances outstanding and the correlated yields, during 2022. Average loan balances, inclusive of acquisitions, increased by $1,496,541,000 $1.5 billion or 30.4% from December 31, 2021. The yield on interest earning assets was 3.98% and 3.65% for the years ended December 31, 2022 and 2021, respectively. This 33 basis point increase in total earning asset yield was primarily attributable to a 11 basis point decrease in total loan yields and a 85 basis point increase in yields on total investments. Of the 11 basis point decrease in yields on loans, a 3 basis point decline was attributable to decreases in market rates, as well as an 8 basis point benefit from the accretion of purchased loans. The costs of total interest bearing liabilities increased 6 basis points to 0.19% during the year ended December 31, 2022, as compared to 0.13% for the year ended December 31, 2021. During the same period, costs associated with interest bearing deposits increased by 2 basis points to 0.10% as compared to 0.08% in the prior year. The increase in interest expense for the year ended December 31, 2022, as compared to the trailing year, was due largely to the increased rate environment for both the interest-bearing deposit expense and other borrowings interest expense.

Net interest income (FTE) during the year ended December 31, 2021 increased $13,814,000 or 5.3% to $272,610,000 compared against $258,796,000 during the year ended December 31, 2020. The increase amount of net interest income reflects growth in total average loan balances outstanding during 2021, which increased by $229,796,000 or 4.9% from December 31, 2020. The yield on interest earning assets was 3.65% and 4.11% for the years ended December 31, 2021 and 2020, respectively. This 46 basis point decrease in total earning asset yield was primarily attributable to a 23 basis point decrease in non-PPP loan yields and a 66 basis point decrease in yields on total investments. Of the 23 basis point decrease in yields on loans, a 21 basis point decline was attributable to decreases in market rates, in addition to 2 basis points from the accretion of purchased loans. The costs of total interest bearing liabilities decreased 12 basis points to 0.13% during the year ended December 31, 2021, as compared to 0.25% for the year ended December 31, 2020. During the same period, costs associated with interest bearing deposits decreased by 10 basis points to 0.08% as compared to 0.18% in the prior year. The decrease in interest expense for the year ended December 31, 2021, as compared to the trailing year, was due largely to the decreased rate environment benefiting both the interest-bearing deposit expense and other borrowings interest expense.

For more information related to loan interest income, including loan purchase discount accretion, see the *Summary of Average Balances, Yields/Rates and Interest Differential* and Note 27 to the consolidated financial statements at Part II, Item 8 of this report. The “Yield” and “Volume/Rate” tables shown below are useful in illustrating and quantifying the developments that affected net interest income during 2022 2023 and 2021. 2022.

Summary of Average Balances, Yields/Rates and Interest Differential – Yield Tables

The following tables present, for the periods indicated, information regarding the Company’s consolidated average assets, liabilities and

shareholders’ equity, the amounts of interest income from average earning assets and resulting yields, and the amount of interest expense paid on interest-bearing liabilities. Average loan balances include nonperforming loans. Interest income includes proceeds from loans on nonaccrual loans only to the extent cash payments have been received and applied to interest income. Yields on securities and certain loans have been adjusted upward to reflect the effect of income thereon exempt from federal income taxation at the statutory tax rate applicable during the period presented (dollars in thousands):

	Year ended December 31,								
	2022			2021			2020		
	Average Balance	Interest Income/ Expense	Rates Earned /Paid	Average Balance	Interest Income/ Expense	Rates Earned /Paid	Average Balance	Interest Income/ Expense	Rates Earned /Paid
	Year ended December 31,								

	Year ended December 31,								
	2023								
	Average Balance								
Assets:									
Loans	$ 5,841,770	$ 282,985	4.84 %	$ 4,625,410	$ 225,626	4.88 %	$ 4,361,679	$ 223,086	5.11 %
PPP Loans	24,590	2,390	9.72 %	250,391	16,643	6.65 %	284,326	10,635	3.74 %
Investment securities—taxable	2,459,032	60,499	2.46 %	1,914,788	30,352	1.59 %	1,302,367	28,659	2.20 %
Investment securities—nontaxable (1)	190,339	6,759	3.55 %	160,863	4,639	2.88 %	116,717	4,636	3.97 %
Total investments	2,649,371	67,258	2.54 %	2,075,651	34,991	1.69 %	1,419,084	33,295	2.35 %
Cash at Federal Reserve and other banks	452,300	4,432	0.98 %	663,801	858	0.13 %	467,376	1,237	0.26 %
Total interest-earning assets	8,968,031	357,065	3.98 %	7,615,253	278,118	3.65 %	6,532,465	268,253	4.11 %
Other assets	803,570			594,420			590,966		
Total assets	$ 9,771,601			$ 8,209,673			$ 7,123,431		
Liabilities and shareholders' equity:									

Interest-bearing demand deposits	Interest-bearing demand deposits	$ 1,720,932	$ 452	0.03 %	$ 1,493,922	$ 327	0.02 %	$ 1,313,804	332	0.03 %
Interest-bearing demand deposits										
Interest-bearing demand deposits										
Savings deposits										
Savings deposits										
Savings deposits	Savings deposits	2,878,189	3,356	0.12 %	2,360,605	1,256	0.05 %	2,015,134	2,595	0.13 %
Time deposits	Time deposits	302,619	881	0.29 %	324,636	1,735	0.53 %	397,216	3,958	1.00 %
Time deposits										
Time deposits										
Total interest-bearing deposits										
Total interest-bearing deposits										
Total interest-bearing deposits	Total interest-bearing deposits	4,901,740	4,689	0.10 %	4,179,163	3,318	0.08 %	3,726,154	6,885	0.18 %
Other borrowings	Other borrowings	33,410	421	1.26 %	43,236	22	0.05 %	28,863	17	0.06 %
Other borrowings										
Other borrowings										
Junior subordinated debt										
Junior subordinated debt										
Junior subordinated debt	Junior subordinated debt	91,138	4,419	4.85 %	57,844	2,168	3.75 %	57,426	2,555	4.45 %
Total interest-bearing liabilities	Total interest-bearing liabilities	5,026,288	9,529	0.19 %	4,280,243	5,508	0.13 %	3,812,443	9,457	0.25 %
Total interest-bearing liabilities										
Total interest-bearing liabilities										
Noninterest-bearing deposits										
Noninterest-bearing deposits										
Noninterest-bearing deposits	Noninterest-bearing deposits	3,492,713			2,837,745			2,289,168		
Other liabilities	Other liabilities	178,163			119,471			119,710		
Other liabilities										
Other liabilities										
Shareholders' equity										
Shareholders' equity										
Shareholders' equity	Shareholders' equity	1,074,437			972,214			902,110		
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 9,771,601			$ 8,209,673			$ 7,123,431		
Total liabilities and shareholders' equity										
Total liabilities and shareholders' equity										
Net interest spread (2)										
Net interest spread (2)										
Net interest spread (2)	Net interest spread (2)			3.79 %			3.52 %			3.86 %
Net interest income and interest margin (3)	Net interest income and interest margin (3)		$ 347,536	3.88 %		$ 272,610	3.58 %		$ 258,796	3.96 %
Net interest income and interest margin (3)										
Net interest income and interest margin (3)										

(1) The fully-taxable equivalent (FTE) adjustment for interest income of non-taxable investment securities was $1,536, $1,560, $1,071, and $1,069 $1,070 for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

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

(3) Net interest margin is computed by dividing net interest income by total average earning assets.

Summary of Changes in Interest Income and Expense due to Changes in Average Asset and Liability Balances and Yields Earned and Rates Paid – Volume/Rate Tables

The following table sets forth a summary of the changes in the Company’s interest income and interest expense from changes in average asset and liability balances (volume) and changes in average interest rates for the periods indicated. Changes applicable to both rate and volume have been included in the rate variance. Amounts are calculated on a fully taxable equivalent basis:

	2022 over 2021			2021 over 2020		
	Volume	Rate	Total	Volume	Rate	Total
Increase in interest income:						
		2023 over 2022				
		2023 over 2022				
		2023 over 2022				
	Volume					
	Volume					
	Volume					
Increase (decrease) in interest income:						
Increase (decrease) in interest income:						
Increase (decrease) in interest income:						
Loans						
Loans						
Loans Loans	$ 114,211	$ (71,105)	$ 43,106	$ 20,337	$ (11,789)	$ 8,548
Investment securities—taxable Investment securities—taxable	8,653	21,494	30,147	1,753	(1,750)	3
Investment securities—taxable						
Investment securities—taxable						
Investment securities—nontaxable						
Investment securities—nontaxable						
Investment securities—nontaxable Investment securities—nontaxable	849	1,270	2,119	13,473	(11,780)	1,693
Cash at Federal Reserve and other banks Cash at Federal Reserve and other banks	(275)	3,849	3,574	511	(890)	(379)
Cash at Federal Reserve and other banks						
Cash at Federal Reserve and other banks						
Total interest-earning assets Total interest-earning assets	123,438	(44,492)	78,946	36,074	(26,209)	9,865
Increase in interest expense:						
Total interest-earning assets						
Total interest-earning assets						
Increase (decrease) in interest expense:						
Increase (decrease) in interest expense:						
Increase (decrease) in interest expense:						
Interest-bearing demand deposits						
Interest-bearing demand deposits						
Interest-bearing demand deposits Interest-bearing demand deposits	45	80	125	54	(59)	(5)

Savings deposits	Savings deposits	259	1,841	2,100	449	(1,788)	(1,339)
Savings deposits							
Savings deposits							
Time deposits							
Time deposits							
Time deposits	Time deposits	(117)	(737)	(854)	(726)	(1,497)	(2,223)
Other borrowings	Other borrowings	(5)	404	399	9	(4)	5
Other borrowings							
Other borrowings							
Junior subordinated debt							
Junior subordinated debt							
Junior subordinated debt	Junior subordinated debt	1,249	1,002	2,251	19	(406)	(387)
Total interest-bearing liabilities	Total interest-bearing liabilities	1,431	2,590	4,021	(195)	(3,754)	(3,949)
Increase in net interest income		$ 122,007	$ (47,082)	$ 74,925	$ 36,269	$ (22,455)	$ 13,814
Total interest-bearing liabilities							
Total interest-bearing liabilities							
Increase (decrease) in net interest income							
Increase (decrease) in net interest income							
Increase (decrease) in net interest income							

Year Over Year Balance Sheet Change

Ending balances	Ending balances	As of December 31,				Organic	Organic
Ending balances					Acquired Balances	$ Change	% Change
Ending balances							
($'s in thousands)							
($'s in thousands)							
($'s in thousands)	($'s in thousands)	2022	2021	$ Change		Organic	Organic
Total assets	Total assets	$ 9,930,986	$ 8,614,787	$ 1,316,199	Acquired Balances	$ Change	% Change
Total assets							
Total assets							
Total loans							
Total loans							
Total loans	Total loans	6,450,447	4,916,624	1,533,823	773,390	760,433	15.5
Total loans, excluding PPP	Total loans, excluding PPP	6,448,845	4,855,477	1,593,368	751,978	841,390	17.3
Total loans, excluding PPP							
Total loans, excluding PPP							
Total investments							
Total investments							
Total investments	Total investments	2,633,269	2,427,885	205,384	109,716	95,668	3.9
Total deposits	Total deposits	8,329,013	7,367,159	961,854	1,215,479	(253,625)	(3.4)
Total deposits							
Total deposits							
Total other borrowings	Total other borrowings	$ 264,605	$ 50,087	$ 214,518	$ —	$ 214,518	428.3 %
Total other borrowings							
Total other borrowings							

Provision for Credit Losses

The provision for credit losses during any period is the sum of the allowance for credit losses required at the end of the period and any net charge-offs during the period, less the allowance for credit losses required at the beginning of the period, and less any recoveries during the period. See the Tables labeled *"Allowance for Credit Losses – December 31, 2022 December 31, 2023 and 2021" 2022"* at Note 5 in Item 8 of Part II of this report for the components that make up the provision for credit losses for the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

The Company recorded a provision for credit losses of $18,470,000 $24.0 million during the year ended December 31, 2023, versus $18.5 million during the trailing year end. The increase in required provisioning during 2023 was largely attributed to elevated qualitative reserves driven by CA unemployment trends and rising Corporate BBB bond yields, and to a lesser extent, organic loan and lease growth.

The Company recorded a provision for credit losses of $18.5 million during the year ended December 31, 2022, versus a reversal of credit losses totaling $6,775,000 $6.8 million during the trailing year end. The increase in required provisioning during 2022 was largely attributed to the $10,820,000 $10.8 million in day 1 required reserves from loans acquired in connection with the VRB merger in the first quarter of 2022. Additionally, the Company designated certain loans and leases purchased from VRB as PCD, which required $2,037,000 $2.0 million in additional credit reserves as of the acquisition date. For PCD loans and leases, the initial estimate of expected credit losses is recognized in the ACL on the date of acquisition using the same methodology as other loans and leases held-for-investment. The remaining increase in the allowance for credit reserves losses was the result of changes in loan volume and changes in credit quality associated with levels of classified, past due and non-performing loans in addition to changes in qualitative factors.

The Company recorded a reversal of credit loses of $6,775,000 during the year ended December 31, 2021, versus a provision for credit losses totaling $42,813,000 during the trailing year end. The decrease in required provisioning during 2021 was attributed to improvement in both external economic indicators and the Company's internal credit risk assessment under the cohort method including changes in the level of past due and nonperforming loans. Declines in California unemployment levels, reduced concentration risks and an improved gross domestic product outlook contributed to total required qualitative reserves of $59,855,000 as of December 31, 2021, a decline of $2,080,000 or 3.4% from December 31, 2020. Quantitative reserves calculated using the Company's cohort loss model totaled $25,521,000 at December 31, 2021, a decline of $4,391,000 or 14.7% from the trailing period December 31, 2020.

Net recoveries charge-offs for the year ended December 31, 2022 December 31, 2023 totaled $322,000 $6.6 million, as compared to $694,000 net recoveries of $0.3 million for the year ended December 31, 2021 December 31, 2022. Total nonperforming loans declined increased by 28 13 basis points to 0.46% of total loans at December 31, 2023 from 0.33% of total loans at December 31, 2022 from 0.61% of total loans at December 31, 2021. For further details of the change in nonperforming loans during the period ended December 31, 2022 December 31, 2023 see the Tables, and associated narratives, labeled *"Changes in nonperforming assets during the year ended December 31, 2022 December 31, 2023"* and *"Changes*

in nonperforming assets during the three months ended December 31, 2022 December 31, 2023" under the heading *"Asset Quality and Non-Performing Assets"* below.

The following table summarizes the components of the provision for (benefit to) credit losses during the periods indicated (dollars in thousands):

		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
(dollars in thousands)	(dollars in thousands)	2022	2021	2020
Provision (benefit) to allowance for credit losses		$ 17,945	$ (7,165)	$ 42,188
(dollars in thousands)				
(dollars in thousands)				
Provision for (reversal of) allowance for credit losses				
Provision for (reversal of) allowance for credit losses				
Provision for (reversal of) allowance for credit losses				
Change in reserve for unfunded loan commitments	Change in reserve for unfunded loan commitments	525	390	625
Total provision for (benefit to) credit losses		$ 18,470	$ (6,775)	$ 42,813
Change in reserve for unfunded loan commitments				
Change in reserve for unfunded loan commitments				
Total provision for (reversal of) credit losses				
Total provision for (reversal of) credit losses				

Total provision for (reversal of) credit losses

The provision for credit losses is based on management's evaluation of inherent risks in the loan portfolio and a corresponding analysis of the allowance for credit losses. Additional discussion on loan quality, our procedures to measure loan impairment, and the allowance for credit losses is provided under the heading *"Asset Quality and Non-Performing Assets"* below.

Non-interest Income

The following table summarizes the Company's non-interest income for the periods indicated (dollars in thousands):

	Year Ended December 31,		
	2022	2021	2020
ATM and interchange fees	$ 26,767	$ 25,356	$ 21,660
Service charges on deposit accounts	16,536	14,013	13,944
Other service fees	4,274	3,570	3,156
Mortgage banking service fees	1,887	1,881	1,855
Change in value of mortgage loan servicing rights	301	(872)	(2,634)
Total service charges and fees	49,765	43,948	37,981
Asset management and commission income	3,986	3,668	2,989
Increase in cash value of life insurance	2,858	2,775	2,949
Gain on sale of loans	2,342	9,580	9,122
Lease brokerage income	820	746	668
Sale of customer checks	1,167	459	414
Gain on sale of investment securities	—	—	7

Year Ended December 31,
Year Ended December 31,
Year Ended December 31,
2023
ATM and interchange fees
ATM and interchange fees
Service charges on deposit accounts
Service charges on deposit accounts
Other service fees
Other service fees
Mortgage banking service fees
Mortgage banking service fees
Change in value of mortgage loan servicing rights
Change in value of mortgage loan servicing rights
Total service charges and fees
Total service charges and fees
Asset management and commission income
Asset management and commission income
Increase in cash value of life insurance
Increase in cash value of life insurance
Gain on sale of loans
Gain on sale of loans
Lease brokerage income
Lease brokerage income
Sale of customer checks
Sale of customer checks

Loss on sale of investment securities				
Loss on sale of investment securities				
Loss on sale of investment securities				
Gain (loss) on marketable equity securities				
Gain (loss) on marketable equity securities				
Gain (loss) on marketable equity securities	Gain (loss) on marketable equity securities	(340)	(86)	64
Other	Other	2,448	2,574	1,000
Other				
Other				
Total other non-interest income				
Total other non-interest income				
Total other non-interest income	Total other non-interest income	13,281	19,716	17,213
Total non-interest income	Total non-interest income	$ 63,046	$ 63,664	$ 55,194
Total non-interest income				
Total non-interest income				

Non-interest income decreased $1.6 million or 2.6% to $61.4 million during the year ended December 31, 2023, as compared to $63.0 million during the year ended December 31, 2022. During 2023, total service charges and fees increased $0.3 million which is net of approximately $0.9 million in waived or reversed fees related to the network outage that occurred in the first quarter of the year. Mortgage origination related activity has declined year over year due to elevated interest rates, as the income recorded from the sale of loans was down $1.2 million or 50.2%. Changes in interest rates also led to a decline in fair value of mortgage servicing rights during the twelve months ended December 31, 2023, which decreased by $0.8 million or 268.1%, as compared to the trailing twelve month period ended. Other income declined $1.5 million or 63.1%, $0.6 million of which is attributed to fees from the sale of deposits during the fourth quarter of 2022.

Non-interest income decreased by $618,000 $0.6 million or 1.0% to $63,046,000 $63.0 million during the twelve months ended December 31, 2022, compared to $63,664,000 $63.6 million during the same period ended December 31, 2021. Generally, the increases in recurring non-interest income service charges and fees reflected during 2022 is the result of the VRB merger closing in March of 2022, and therefore, not reflected in 2021 operating results. As an offset, increases in interest rates during 2022 led to significant declines in mortgage lending related activity, resulting in a decrease of $7,238,000 $7.2 million in gain from the sale of loans, as compared to the trailing year then ended.

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. ATM and interchange fees improved $3,696,000 or 17.1% as a result of increased use due to relaxed social distancing guidelines during the year ended December 31, 2021 when compared to the same period in the prior year. 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. Other non-interest income increased $1,574,000 during the twelve months ended December 31, 2021, largely attributed to an increase of $804,000 in the change of fair value of non-readily marketable equity investments and a $204,000 increase in proceeds from life insurance, respectively, as compared to the trailing 12 months ended.

Non-interest Expense

The following table summarizes the Company's other non-interest expense for the periods indicated (dollars in thousands):

		Year Ended December 31,		
		2022	2021	2020
	Year Ended December 31,		Year Ended December 31,	
	2023	2023	2022	2021
Base salaries, net of deferred loan origination costs	Base salaries, net of deferred loan origination costs	$ 84,861	$ 69,844	$ 70,164
Incentive compensation	Incentive compensation	17,908	14,957	10,022
Benefits and other compensation costs	Benefits and other compensation costs	27,083	21,550	31,935

Total salaries and benefits expense	Total salaries and benefits expense	129,852	106,351	112,121
Occupancy	Occupancy	15,493	14,910	14,528
Data processing and software	Data processing and software	14,660	13,985	13,504
Equipment	Equipment	5,733	5,358	5,704
Intangible amortization	Intangible amortization	6,334	5,464	5,723
Advertising	Advertising	3,694	2,899	2,827
ATM and POS network charges	ATM and POS network charges	6,984	6,040	5,433
Professional fees	Professional fees	4,392	3,657	3,222
Telecommunications	Telecommunications	2,298	2,253	2,601
Regulatory assessments and insurance	Regulatory assessments and insurance	3,142	2,581	1,594
Merger and acquisition expenses	Merger and acquisition expenses	6,253	1,523	—
Postage	Postage	1,147	710	1,068
Operational losses	Operational losses	1,000	964	1,168
Courier service	Courier service	2,013	1,214	1,414
Gain on sale or acquisition of foreclosed assets	Gain on sale or acquisition of foreclosed assets	(481)	(233)	(234)
(Gain) loss on disposal of fixed assets		(1,070)	(439)	67
Loss (gain) loss on disposal of fixed assets				
Other miscellaneous expense	Other miscellaneous expense	15,201	11,038	12,018
Total other non-interest expense	Total other non-interest expense	86,793	71,924	70,637
Total non-interest expense	Total non-interest expense	$216,645	$178,275	$182,758
Average full-time equivalent staff	Average full-time equivalent staff	1,169	1,039	1,093

Total non-interest expense increased $16.5 million or 7.6% to $233.2 million during the year ended December 31, 2023, as compared to $216.6 million for the comparative period in 2022, for reasons primarily associated with the acquisition of Valley Republic Bank in March of 2022 which resulted in expense increases for nearly every identified category. Merger and acquisition expenses associated with this acquisition totaled $6.2 million for the twelve-month period ended 2022. Regulatory assessment charges also increased by approximately $1.2 million during 2023 as a result of increases in assessment rates. Other miscellaneous expenses also increased by $4.1 million in 2023 due to, among other things, changes in regulatory requirements which resulted in an estimated $0.8 million in refunds to customers previously charged non-sufficient funds fees, changes in the valuation of other real estate owned which contributed to $0.9 million in variance from the prior year, and other increases generally associated with increased operational costs.

Non-interest expense increased by $38,370,000 (21.5%) $38.3 million or 21.5% to $216,645,000 $216.6 million during the year ended December 31, 2022 as compared to $178,275,000 $178.2 million for the trailing twelve month period. Generally, the increases in recurring non-interest expenses and FTEs during 2022 is the result of the VRB merger closing in March of 2022, and therefore, not reflected in 2021 operating results.

Salaries and benefit expense decreased $5,770,000 (5.1%) to $129,852,000 during the year ended December 31, 2021 as compared to $106,351,000 for the trailing twelve month period. Base salaries, net of deferred loan origination costs remained nearly flat, decreasing by $320,000 (0.4%) to $84,861,000 due to a decrease in average full time equivalent employees to 1,039 from 1,093 in the prior year-to-date period, offset by a higher average wage per employee due to both, the addition of personnel with elevated technical skillets to adhere to elevated regulatory expectations and annual merit increases. Commissions and incentive compensation increased $4,935,000 (49.2%) to $14,957,000 during 2021 compared to 2020 primarily due to increased organic non-PPP loan originations as borrower interaction and business demands for loans improved following the disruption from COVID-19 and related mandates in 2020. Benefits and other compensation costs decreased by $10,385,000 (32.5%) to $21,550,000 during the year ended December 31, 2021 as compared to $31,935,000 for the trailing twelve month period, caused by declines in expenses associated with retirement obligations and insurance costs.

Merger and acquisition expenses associated with our 2022 acquisition of VRB totaled $1,523,000 during the year ended December 31, 2021 and $6,253,000 in 2022. Further, during the year 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.

During 2018, the FDIC's Deposit Insurance Fund's (DIF) reserves exceeded the minimum set by the Dodd-Frank Act and the Company, with total assets less than $10 billion, was entitled to receive credits to offset a portion of its assessments. As a result, during the year ended December 31, 2020, the Bank received credits of $610,000, which contributed to the lower regulatory assessments and insurance expense during the period. There were no credits provided to the Bank during 2021 or 2022.

The provisions for income taxes applicable to income before taxes for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 differ from amounts computed by applying the statutory Federal income tax rates to income before taxes. The effective tax rate and the statutory

federal income tax rate are reconciled as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	7.9	7.9	7.7			
Tax-exempt interest on municipal obligations	(0.7)	(0.5)	(0.9)			
Tax-exempt life insurance related income	(0.4)	(0.5)	(0.8)			
Low income housing and other tax credits	(3.7)	(2.6)	(4.8)			
Low income housing tax credit amortization	3.6	2.2	4.1			
Compensation and benefits	(0.2)	(0.1)	0.4			
Non-deductible merger expenses	0.1	0.1	—			
Other	0.3	0.6	(0.9)			
Effective Tax Rate	27.9 %	28.1 %	25.8 %	27.0 %	27.9 %	28.1 %

The effective tax rate on income was 27.9% 27.0%, 28.1% 27.9%, and 25.8% 28.1% in 2023, 2022, 2021, and 2020, 2021, respectively. The effective tax rate was greater than the Federal statutory rates of 21% due to the combination of state tax expenses of 7.9% in 2022, 7.9% in 2021, . The impact of Federal and 7.7% in 2020. These increases in state tax expense expenses were partially offset by Federal tax-exempt interest income of $5,462,000, $3,069,000, $5.6 million, $5.5 million, and $3,566,000, $3.1 million, respectively, Federal and State tax-exempt income of $3,167,000, $3,478,000, $3.1 million, $3.2 million, and $3,447,000, $3.5 million, respectively, from increase in cash value and gain on death benefit of life insurance, and low income housing tax credits and losses, net of amortization of $192,000, $620,000, $1.5 million, $0.2 million, and $619,000, respectively, and equity compensation excess tax benefits, net of non-deductible compensation of $1,966,000, $1,495,000, and $403,000, $0.6 million, respectively. The low-income housing tax credits and the equity compensation excess tax benefits represent direct reductions in tax expense. In addition, the 2020 Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) provided the Company with an opportunity to file amended federal tax returns and generate refunds of approximately $805,000 during the year ended December 31, 2020. The items noted above resulted in an effective combined Federal and State income tax rate that differed from the combined Federal and State statutory income tax rate of approximately 29.6% during the three years ended 2023, 2022 2021 and 2020. 2021.

Financial Condition

Restricted Equity Securities

Restricted equity securities were $17,250,000 $17.2 million at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022. The entire balance of restricted equity securities at December 31, 2022 December 31, 2023 and 2021 2022 represents the Bank's investment in the Federal Home Loan Bank of San Francisco ("FHLB").

FHLB stock is carried at par and does not have a readily determinable fair value. While technically these are considered equity securities, there is no market for the FHLB stock. Therefore, the shares are considered as restricted investment securities. Management periodically evaluates FHLB stock for other-than-temporary impairment. Management's determination of whether these investments are impaired is based on its assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as (1) the significance of any decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, (3) the impact of legislative and regulatory changes on institutions and, accordingly, the customer base of the FHLB, and (4) the liquidity position of the FHLB.

As a member of the FHLB system, the Bank is required to maintain a minimum level of investment in FHLB stock based on specific percentages of its outstanding mortgages, total assets, or FHLB advances. The Bank may request redemption at par value of any stock in excess of the minimum required investment. Stock redemptions are at the discretion of the FHLB.

Loans

The Bank concentrates its lending activities in four principal areas: real estate mortgage loans (residential and commercial loans), consumer loans, commercial loans (including agricultural loans), and real estate construction loans. The interest rates charged for the loans made by the Bank vary with the degree of risk, the size and maturity of the loans, the borrower's relationship with the Bank and prevailing money market rates indicative of the Bank's cost of funds.

The majority of the Bank's loans are direct loans made to individuals, farmers and local businesses. The Bank relies substantially on local promotional activity and personal contacts by bank officers, directors and employees to compete with other financial institutions. The Bank makes loans to borrowers whose applications include a sound purpose, a viable repayment source and a plan of repayment established at inception and generally backed by a secondary source of repayment.

Loan Portfolio Composition

Loan Portfolio Composition

The following table shows the Company's loan balances, including net deferred loan fees, at the dates indicated:

		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
(dollars in thousands)	(dollars in thousands)	2022	2021	2020
Commercial real estate	Commercial real estate	$ 4,359,083	$ 3,306,054	$ 2,951,902
Commercial real estate				
Commercial real estate				
Consumer				
Consumer				
Consumer	Consumer	1,240,743	1,071,551	952,108
Commercial and industrial, excluding PPP	Commercial and industrial, excluding PPP	568,319	198,208	199,557
Commercial and industrial, excluding PPP				
Commercial and industrial, excluding PPP				
SBA PPP loans				
SBA PPP loans				
SBA PPP loans	SBA PPP loans	1,602	61,147	326,770
Construction	Construction	211,560	222,281	284,842
Construction				
Construction				

Agriculture production				
Agriculture production				
Agriculture production	Agriculture production	61,414	50,811	44,164
Leases	Leases	7,726	6,572	3,784
Leases				
Leases				
Total loans				
Total loans				
Total loans	Total loans	$ 6,450,447	$ 4,916,624	$ 4,763,127
Allowance for credit losses	Allowance for credit losses	$ (105,680)	$ (85,376)	$ (91,847)
Allowance for credit losses				
Allowance for credit losses				

The Company did not purchase any loans during 2023. During the year ended 2022, the Company acquired loans totaling $773,390,000 $773.3 million in connection with the merger with VRB in March of 2022, inclusive of approximately $68,513,000 $68.5 million in loans with credit deterioration. During 2021, the Company purchased pools of SFR 1-4 1st DT (consumer) loans totaling approximately $101,466,000, $101.5 million inclusive of loan premiums. As of December 31, 2022 December 31, 2023 and 2021, 2022, the total remaining balances outstanding from these purchases equaled approximately $804,382,000 $664.1 million and $94,973,000, $804.3 million, respectively. During 2020, the Company purchased $41,126,000 in loans, with $30,080,000 outstanding as of December 31, 2022.

The following table shows the Company's loan balances, including net deferred loan fees, as a percentage of total loans at the dates indicated:

		Year ended December 31,					
		Year ended December 31,					
		Year ended December 31,					
		Year ended December 31,					
(dollars in thousands)	(dollars in thousands)	2022		2021		2020	
Commercial real estate	Commercial real estate	67.6	%	67.2	%	62.0	%
Commercial real estate							
Commercial real estate							
Consumer	Consumer	19.2	%	21.8	%	20.0	%
Commercial and industrial, excluding PPP		8.8	%	4.1	%	4.2	%
SBA PPP loans		—	%	1.2	%	6.9	%
Consumer							
Consumer							
Commercial and industrial							
Commercial and industrial							
Commercial and industrial							
Construction							
Construction							
Construction	Construction	3.3	%	4.5	%	6.0	%
Agriculture production	Agriculture production	1.0	%	1.1	%	0.9	%
Agriculture production							
Agriculture production							
Leases							
Leases							
Leases	Leases	0.1	%	0.1	%	0.1	%
Total loans	Total loans	100	%	100	%	100	%
Total loans							
Total loans							
Allowance for credit losses	Allowance for credit losses	1.64	%	1.74	%	1.93	%
Allowance for credit losses							
Allowance for credit losses							

At December 31, 2023, loans including net deferred loan costs, totaled $6.8 billion which was a 5.3% or $344.0 million increase over the balance at the end of December 31, 2022. At December 31, 2022, loans including net deferred loan costs, totaled $6,450,447,000 $6.5 billion, which was a 31.2% ($1,533,823,000) or $1.5 billion increase over the balance at the end of December 31, 2021. At December 31, 2021 loans, including net deferred loan costs, totaled $4,916,624,000 which was a 3.2% ($153,497,000) increase over the balances at the end of 2020. At December 31, 2020 loans, including net deferred loan costs, totaled $4,763,127,000 which was a 10.6% ($455,761,000) increase over the balances at the end of 2019.

In March 2020, the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") was created to help small businesses keep workers employed during the COVID-19 crisis. As a SBA Preferred Lender, the Company was able to provide PPP loans to small business customers. The SBA ended PPP and did not accept new borrowing applications, effective May 31, 2021.

As of December 31, 2022 and 2021, the total gross balances outstanding of PPP loans was $1,617,000 and $63,311,000, respectively, 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, 2022, nearly all PPP loans originated have been forgiven and repaid by the SBA and there was approximately $15,000 in net deferred fee income remaining to be recognized. During the year ended December 31, 2022, the Company recognized approximately $2,149,000 in fees on PPP loans as compared with $14,148,000 for the year ended December 31, 2021.

From time to time the Bank may be presented with the opportunity to purchase individual or pools of loans in whole or in part outside of a transaction that would be considered a business combination. As of December 31, 2022 December 31, 2023 and 2021, 2022, the outstanding carrying value of purchased loans that were not acquired in a business combination totaled $167,014,000 $159.1 million and $159,373,000, $167.0 million, respectively.

Asset Quality and Nonperforming Assets

Nonperforming Assets

The following tables set forth the amount of the Bank’s nonperforming assets as of the dates indicated. “Performing non-accrual loans” are loans that may be current for both principal and interest payments, or are less than 90 days past due, but for which payment in full of both

principal and interest is not expected, and are not well secured and in the process of collection:

		December 31,				
(dollars in thousands)	(dollars in thousands)	2022	2021	2020	2019	2018
Performing nonaccrual loans	Performing nonaccrual loans	$19,543	$27,713	$22,896	$11,266	$22,689
Nonperforming nonaccrual loans	Nonperforming nonaccrual loans	1,770	2,637	3,968	5,579	4,805
Total nonaccrual loans	Total nonaccrual loans	21,313	30,350	26,864	16,845	27,494
Loans 90 days past due and still accruing	Loans 90 days past due and still accruing	8	—	—	19	—
Total nonperforming loans	Total nonperforming loans	21,321	30,350	26,864	16,864	27,494
Foreclosed assets	Foreclosed assets	3,439	2,594	2,844	2,541	2,280
Total nonperforming assets	Total nonperforming assets	$24,760	$32,944	$29,708	$19,405	$29,774

	December 31,				
(dollars in thousands)	2023	2022	2021	2019	2018

U.S. government, including its agencies and its government-sponsored agencies, guaranteed portion of nonperforming loans	U.S. government, including its agencies and its government-sponsored agencies, guaranteed portion of nonperforming loans	$ 225	$ 756	$ 811	$ 992	$ 1,173						
Nonperforming assets to total assets	Nonperforming assets to total assets	0.25 %	0.38 %	0.39 %	0.30 %	0.47 %	Nonperforming assets to total assets	0.35 %	0.25 %	0.38 %	0.39 %	0.30 %
Nonperforming loans to total loans	Nonperforming loans to total loans	0.33 %	0.61 %	0.56 %	0.39 %	0.68 %	Nonperforming loans to total loans	0.47 %	0.33 %	0.61 %	0.56 %	0.39 %
Allowance for credit losses to nonperforming loans	Allowance for credit losses to nonperforming loans	516 %	281 %	342 %	182 %	119 %	Allowance for credit losses to nonperforming loans	381 %	516 %	281 %	342 %	182 %

Changes in nonperforming assets during the year ended December 31, 2023

The following table shows the activity in the balance of nonperforming assets for the year ended December 31, 2023:

(in thousands)	Balance at December 31, 2022	Additions	Advances/ Paydowns, net	Charge-offs/ Write-downs	Transfers to Foreclosed Assets	Balance at December 31, 2023
Commercial real estate:						
CRE non-owner occupied	$ 1,739	$ 1,268	$ (983)	$ —	$ —	$ 2,024
CRE owner occupied	4,938	15,884	(13,142)	(3,636)	(50)	3,994
Multifamily	125	—	(125)	—	—	—
Farmland	1,772	14,843	(2,131)	—	—	14,484
Total commercial real estate loans	8,574	31,995	(16,381)	(3,636)	(50)	20,502
Consumer:						
SFR 1-4 1st DT	4,220	943	(2,247)	—	(105)	2,811
SFR HELOCs and junior liens	3,155	1,979	(1,496)	(67)	—	3,571
Other	76	345	(134)	(182)	—	105
Total consumer loans	7,451	3,267	(3,877)	(249)	(105)	6,487
Commercial and industrial	3,526	9,014	(6,148)	(3,879)	—	2,513
Construction	491	—	(424)	—	—	67
Agriculture production	1,279	4,340	(3,298)	—	—	2,321
Leases	—	—	—	—	—	—
Total nonperforming loans	21,321	48,616	(30,128)	(7,764)	(155)	31,890
Foreclosed assets	3,439	65	(323)	(631)	155	2,705
Total nonperforming assets	$ 24,760	$ 48,681	$ (30,451)	$ (8,395)	$ —	$ 34,595

The table above does not include deposit overdraft charge-offs.

Nonperforming assets increased by $9.8 million (39.7%) to $34.6 million at December 31, 2023 from $24.8 million at December 31, 2022. The increase in nonperforming assets during 2023 was the result of additions totaling $48.7 million, partially offset by net paydowns, sales or upgrades of nonperforming loans to performing status totaling $30.1 million, and net charge-offs of $7.8 million.

Changes in nonperforming assets during the year ended December 31, 2022

The following table shows the activity in the balance of nonperforming assets for the year ended December 31, 2022:

(in thousands)	Balance at December 31, 2021	Additions	Advances/ Paydowns, net	Charge-offs/ Write-downs	Transfers to Foreclosed Assets	Balance at December 31, 2022

Commercial real estate:						
CRE non-owner occupied	$ 7,899	$ 2,214	$ (8,374)	$ —	$ —	$ 1,739
CRE owner occupied	5,036	3,861	(3,675)	—	(284)	4,938
Multifamily	4,457	—	(4,332)	—	—	125
Farmland	3,020	2,498	(3,139)	(294)	(313)	1,772
Total commercial real estate loans	20,412	8,573	(19,520)	(294)	(597)	8,574
Consumer:						
SFR 1-4 1st DT	3,596	2,005	(1,003)	—	(378)	4,220
SFR HELOCs and junior liens	3,801	2,578	(2,827)	(22)	(375)	3,155
Other	71	164	(35)	(124)	—	76
Total consumer loans	7,468	4,747	(3,865)	(146)	(753)	7,451
Commercial and industrial	2,415	3,741	(1,933)	(697)	—	3,526
Construction	55	464	(28)	—	—	491
Agriculture production	—	5,373	(4,094)	—	—	1,279
Leases	—	—	—	—	—	—
Total nonperforming loans	30,350	22,898	(29,440)	(1,137)	(1,350)	21,321
Foreclosed assets	2,594	203	(708)	—	1,350	3,439
Total nonperforming assets	$ 32,944	$ 23,101	$ (30,148)	$ (1,137)	$ —	$ 24,760

The table above does not include deposit overdraft charge-offs.

Nonperforming assets decreased by $8,184,000 (24.8%) $8.1 million or 24.8% to $24,760,000 $24.8 million at December 31, 2022 from $32,944,000 $32.9 million at December 31, 2021. The decrease in nonperforming assets during 2022 was the result of net paydowns, sales or upgrades of nonperforming loans to performing status totaling $29,440,000, $29.4 million, which was partially offset by $22,898,000 $22.9 million of additions to non-performing loans and net charge-offs of $1,137,000.

$1.1 million.

Changes in nonperforming assets during the year three months ended December 31, 2021 December 31, 2023

The following table shows the activity in the balance of nonperforming assets for the year quarter ended December 31, 2021 December 31, 2023:

(in thousands)	(in thousands)	Balance at December 31, 2020	Additions	Advances/ Paydowns, net	Charge-offs/ Write-downs	Transfers to Foreclosed Assets	Balance at December 31, 2021	(in thousands)	Balance at September 30, 2023	Additions	Advances/ Paydowns, net	Charge-offs/ Write-downs (1)	Transfers to Foreclosed Assets	Balance at December 31, 2023
Commercial real estate:	Commercial real estate:													
CRE non-owner occupied														
CRE non-owner occupied														
CRE non-owner occupied	CRE non-owner occupied	$ 3,110	$ 6,357	$ (1,568)	$ —	$ —	$ 7,899							
CRE owner occupied	CRE owner occupied	4,061	2,408	(1,415)	(18)	—	5,036							
Multifamily	Multifamily	—	4,568	(111)	—	—	4,457							
Farmland	Farmland	1,538	2,029	(421)	(126)	—	3,020							
Total commercial real estate loans	Total commercial real estate loans	8,709	15,362	(3,515)	(144)	—	20,412							
Consumer:	Consumer:													
SFR 1-4 1st DT														

SFR 1-4 1st DT							
SFR 1-4 1st DT	SFR 1-4 1st DT	5,094	174	(978)	(145)	(549)	3,596
SFR HELOCs and junior liens	SFR HELOCs and junior liens	6,148	1,446	(3,260)	(30)	(503)	3,801
Other	Other	167	194	(37)	(253)	—	71
Total consumer loans	Total consumer loans	11,409	1,814	(4,275)	(428)	(1,052)	7,468
Commercial and industrial	Commercial and industrial	2,182	2,683	(980)	(1,470)	—	2,415
Construction	Construction	4,546	67	(4,531)	(27)	—	55
Agriculture production	Agriculture production	18	120	(138)	—	—	—
Leases	Leases	—	—	—	—	—	—
Total nonperforming loans	Total nonperforming loans	26,864	20,046	(13,439)	(2,069)	(1,052)	30,350
Foreclosed assets	Foreclosed assets	2,844	(9)	(1,293)	—	1,052	2,594
Total nonperforming assets	Total nonperforming assets	$ 29,708	$ 20,037	$ (14,732)	$ (2,069)	$ —	$ 32,944

The table above does not include (1) Charge-offs and write-downs exclude deposit overdraft charge-offs.

Nonperforming assets increased during the fourth quarter by $3,236,000 (10.9%) $1.9 million or 5.8% to $32,944,000 $34.6 million at December 31, 2021 from $29,708,000 December 31, 2023 compared to $32.7 million at December 31, 2020 September 30, 2023. The increase in nonperforming assets during 2021 the fourth quarter of 2023 was the result of new nonperforming loans of $20,037,000, which was $6.5 million, that were partially offset by net paydowns, sales or upgrades of nonperforming loans to performing status totaling $13,439,000, dispositions of foreclosed assets totaling $1,293,000, $3.7 million, and net charge-offs of $2,069,000. $0.6 million in non-performing loans.

Changes in nonperforming assets during the three months ended December 31, 2022

The following table shows the activity in the balance of nonperforming assets for the quarter ended December 31, 2022:

(in thousands)	Balance at September 30, 2022	Additions	Advances/ Paydowns, net	Charge-offs/ Write-downs (1)	Transfers to Foreclosed Assets	Balance at December 31, 2022
Commercial real estate:						
CRE non-owner occupied	$ 2,032	$ —	$ (293)	$ —	$ —	$ 1,739
CRE owner occupied	1,778	3,213	(53)	—	—	4,938
Multifamily	132	—	(7)	—	—	125
Farmland	695	1,772	(695)	—	—	1,772
Total commercial real estate loans	4,637	4,985	(1,048)	—	—	8,574
Consumer:						
SFR 1-4 1st DT	3,255	1,283	(99)	—	(219)	4,220
SFR HELOCs and junior liens	3,365	486	(674)	(22)	—	3,155
Other	61	23	(7)	(1)	—	76
Total consumer loans	6,681	1,792	(780)	(23)	(219)	7,451
Commercial and industrial	660	3,030	(114)	(50)	—	3,526
Construction	120	379	(8)	—	—	491
Agriculture production	5,373	—	(4,094)	—	—	1,279
Leases	—	—	—	—	—	—

Total nonperforming loans	17,471	10,186	(6,044)	(73)	(219)	21,321
Foreclosed assets	3,441	92	(313)	—	219	3,439
Total nonperforming assets	$ 20,912	$ 10,278	$ (6,357)	$ (73)	$ —	$ 24,760

(1) Charge-offs and write-downs exclude deposit overdraft charge-offs.

Nonperforming assets increased during the fourth quarter of 2022 by $3,848,000 (18.4%) $3.8 million or 18.4% to $24,760,000 $24.7 million at December 31, 2022 compared to $20,912,000 $20.9 million at September 30, 2022. The increase in nonperforming assets during the fourth quarter of 2022 was the result of new nonperforming loans of $10,186,000, $10.2 million, that were partially offset by net paydowns, sales or upgrades of nonperforming loans to performing status totaling $6,044,000, $6.0 million, and net charge-offs of $73,000 $0.1 million in non-performing loans. The current quarter change in non-performing assets is nearly entirely attributed to a single CRE relationship, which is considered well-secured as of the current period end.

Changes in nonperforming assets during the three months ended December 31, 2021

The following table shows the activity in the balance of nonperforming assets for the quarter ended December 31, 2021:

(in thousands)	Balance at September 30, 2021	Additions	Advances/ Paydowns, net	Charge-offs/ Write-downs (1)	Transfers to Foreclosed Assets	Balance at December 31, 2021
Commercial real estate:						
CRE non-owner occupied	$ 7,713	$ 581	$ (395)	$ —	$ —	$ 7,899
CRE owner occupied	4,877	273	(114)	—	—	5,036
Multifamily	4,560	—	(103)	—	—	4,457
Farmland	1,147	1,992	(119)	—	—	3,020
Total commercial real estate loans	18,297	2,846	(731)	—	—	20,412
Consumer:						
SFR 1-4 1st DT	3,833	131	(368)	—	—	3,596
SFR HELOCs and junior liens	4,034	585	(285)	(30)	(503)	3,801
Other	84	28	(17)	(24)	—	71
Total consumer loans	7,951	744	(670)	(54)	(503)	7,468
Commercial and industrial	2,407	201	(169)	(24)	—	2,415
Construction	15	67	—	(27)	—	55
Agriculture production	120	—	(120)	—	—	—
Leases	—	—	—	—	—	—
Total nonperforming loans	28,790	3,858	(1,690)	(105)	(503)	30,350
Foreclosed assets	2,650	—	(559)	—	503	2,594
Total nonperforming assets	$ 31,440	$ 3,858	$ (2,249)	$ (105)	$ —	$ 32,944

(1) Charge-offs and write-downs exclude deposit overdraft charge-offs.

Nonperforming assets increased during the fourth quarter of 2021 by $1,504,000 (4.8%) to $32,944,000 at December 31, 2020 compared to $31,440,000 at September 30, 2021. The increase in nonperforming assets during the fourth quarter of 2021 was the result of new nonperforming loans of $3,858,000, that were partially offset by net paydowns, sales or upgrades of nonperforming loans to performing status totaling $1,690,000, dispositions of foreclosed assets totaling $559,000, and net charge-offs of $105,000 in non-performing loans.

The $3,858,000 in new nonperforming loans during the fourth quarter of 2021 was comprised of, most notably, an increase of $1,992,000 and $1,633,000, respectively, on separate farmland relationships, both of which have been individually evaluated for collectability under the collateral methodology. Reserves of approximately $275,000 have been recorded in connections with these relationships has been recorded as of December 31, 2021.

Allowance for Credit Losses - Investment Securities

The Company evaluates available for sale debt securities in an unrealized loss position to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-related factors or noncredit-related factors. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. Credit-related impairment is recognized as an allowance for credit losses on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Both the allowance for credit losses and the adjustment to net income may be reversed if conditions change. However, if the Company intends to sell an impaired available for sale debt security or more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount is recognized in earnings with a corresponding adjustment to the security's amortized cost basis. During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, no allowance for credit losses nor impairment recognized in earnings related to available for sale investment securities was recorded.

Allowance for Credit Losses - Held to Maturity Investment Securities

In addition to credit losses associated with the Company's loan portfolio, the CECL standard requires that loss estimates be developed for securities classified as held-to-maturity (HTM). As of December 31, 2022 December 31, 2023, the Company's HTM investment portfolio had a carrying value of approximately $160,983,000 $133.5 million and was comprised of $154,830,000 $130.8 million in obligations backed by U.S. government agencies and $6,153,000 $2.7 million in obligations of states and political subdivisions. As the 96.1% 97.9% of the HTM portfolio consisted of investment securities where payment performance has an implicit or explicit guarantee from the U.S. government and where no history of credit losses exist, management believes that indicators for zero loss are present and therefore, no loss reserves were recognized in conjunction with the adoption of the CECL standard. Further, management separately evaluated its HTM investment securities from obligations of state and political subdivisions utilizing the historical loss data represented by similar securities over a period of time spanning nearly 50 years. Based on this evaluation, management determined that the expected credit losses associated with these securities is less than significant for financial reporting purposes. Therefore, during the year ended December 31, 2022 December 31, 2023 as 2022, no allowance for credit losses related to HTM securities was recorded.

Allowance for Credit Losses - Unfunded Commitments

The estimated credit losses associated with these unfunded lending commitments is calculated using the same models and methodologies noted above and incorporate utilization assumptions at the estimated time of default. While the provision for credit losses associated with unfunded commitments is included in "provision for (benefit from) credit losses" on the consolidated statement of income, the reserve for unfunded commitments is maintained on the consolidated balance sheet in other liabilities.

The Components of the Allowance for Credit Losses

The following table sets forth the Bank's allowance for credit losses related to loans as of the dates indicated (dollars in thousands):

		December 31,				
(dollars in thousands)	(dollars in thousands)	2022	2021	2020	2019	2018
Allowance for credit losses:	Allowance for credit losses:					
Qualitative and forecast factor allowance	Qualitative and forecast factor allowance	$ 70,777	$59,855	$61,935	$12,146	$11,577
Quantitative (Cohort) model allowance reserves	Quantitative (Cohort) model allowance reserves	32,489	24,539	28,462	17,529	18,689
Total allowance for credit losses	Total allowance for credit losses	103,266	84,394	90,397	29,675	30,266
Allowance for individually evaluated loans	Allowance for individually evaluated loans	2,414	982	1,450	935	2,194
Allowance for PCI loan losses	Allowance for PCI loan losses	n/a	n/a	n/a	6	122

	December 31,				
(dollars in thousands)	2023	2022	2021	2020	2019
Qualitative and forecast factor allowance					
Qualitative and forecast factor allowance					
Allowance for PCI loan losses					

Allowance for PCI loan losses												
Total allowance for credit losses	Total allowance for credit losses	$105,680	$85,376	$91,847	$30,616	$32,582						
Ratio of allowance for credit losses to gross loans	Ratio of allowance for credit losses to gross loans	1.64 %	1.74 %	1.93 %	0.71 %	0.81 %	Ratio of allowance for credit losses to gross loans	1.79 %	1.64 %	1.74 %	1.93 %	0.71 %

Based on the current conditions of the loan portfolio, management believes that the $105,680,000 $121.5 million allowance for credit losses at December 31, 2022 December 31, 2023 is adequate to absorb probable losses inherent in the Bank's loan portfolio. No assurance can be given, however, that adverse economic conditions or other circumstances will not result in increased losses in the portfolio.

The credit quality Company utilizes a forecast period of approximately eight quarters and obtains the forecast data from publicly available sources as of the Company's loan portfolio, as measured by trends balance sheet date. This forecast data continues to evolve and includes improving shifts in the volume magnitude of past due loans, non-accrual loans, net loan charge-offs (recoveries) changes for both the unemployment and risk grades, remained stable throughout GDP factors leading up to the year. On balance sheet date. Despite continued declines on a year over year comparative basis, improved trends in the actual and forecasted levels of unemployment and GDP further contributed to the lower ratio of credit reserves as a percentage of total loans outstanding. One notable exception to the improved qualitative reserves was caused by the observed volatility and increase in corporate debt yields, signaling greater risk of default.

The allowance for credit losses increased by $20,304,000 during the year ended December 31, 2022 which is primarily reflective of the acquisition of VRB during March 2022, organic growth within the loan portfolio improvement in both the Company's qualitative and quantitative factors, and increase in reserve on individually analyzed loans. Ex-growth in loans outstanding, quantitative factors from the cohort model improved slightly during the year as a result of continued improvement in the Company's loss experience as a percentage of

total loans outstanding; 2) reductions in past due loans, and 3) avoidance of loan concentrations. However, specific reserves did increase by $1,432,000 as compared to the previous year end, but still remain at historically modest levels.

As compared to historical norms, core inflation remains elevated from continued disruptions in the supply chain, wage pressures, and higher living costs such as housing, energy and food prices Despite the expected continued benefit to the net interest income resulting in a rising rate environment for nearly all of the Company from the elevated rate environment, 2023. Management notes the rapid intervals of rate increases by the Federal Reserve may create repricing risk for certain borrowers and continued inversion of the yield curve, have boosted creates informed expectations of the US potentially entering a recession within 12 months months. While projected cuts in interest rates from the Federal Reserve during 2024 may improve this outlook, the uncertainty associated with the extent and timing of these potential reductions has led inhibited a material benefit to the lowest levels of consumer sentiment in decades. forecasted reserve levels. As a result, management continues to believe that certain credit weakness weaknesses are likely present in the overall economy and that it is appropriate to cautiously maintain a reserve level that incorporates such risk factors.

The following table summarizes the allocation of the allowance for credit losses between loan types:

		December 31,				
		December 31,				
		December 31,				
		December 31,				
(in thousands)	(in thousands)	2022	2021	2020	2019	2018
Commercial real estate	Commercial real estate	$ 61,381	$ 51,140	$ 53,693	$ 11,995	$ 12,944
Commercial real estate						
Commercial real estate						
Consumer						
Consumer						
Consumer	Consumer	24,639	23,474	25,148	10,084	11,051
Commercial and industrial	Commercial and industrial	13,597	3,862	4,252	4,867	5,610
Commercial and industrial						
Commercial and industrial						
Construction						
Construction						
Construction	Construction	5,142	5,667	7,540	3,388	2,497
Agriculture production	Agriculture production	906	1,215	1,209	261	480
Agriculture production						
Agriculture production						

Leases	15	18	5	21	—
Total allowance for credit losses	$ 105,680	$ 85,376	$ 91,847	$ 30,616	$ 32,582

The following table summarizes the allocation of the allowance for credit losses between loan types as a percentage of the total allowance for credit losses:

	December 31,				
	2022	2021	2020	2019	2018
Commercial real estate	58.1 %	59.9 %	58.5 %	39.2 %	39.7 %
Consumer	23.3 %	27.5 %	27.4 %	32.9 %	33.9 %
Commercial and industrial	12.9 %	4.5 %	4.6 %	15.9 %	16.9 %
Construction	4.9 %	6.6 %	8.2 %	11.0 %	7.7 %
Agriculture production	0.9 %	1.4 %	1.3 %	0.9 %	1.8 %
Leases	— %	0.1 %	— %	0.1 %	— %
Total allowance for credit losses	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

	December 31,				
	2023	2022	2021	2020	2019
Commercial real estate	56.7 %	58.1 %	59.9 %	58.5 %	39.2 %
Consumer	22.6 %	23.3 %	27.5 %	27.4 %	32.9 %
Commercial and industrial	10.5 %	12.9 %	4.5 %	4.6 %	15.9 %
Construction	7.3 %	4.9 %	6.6 %	8.2 %	11.0 %
Agriculture production	3.0 %	0.9 %	1.4 %	1.3 %	0.9 %
Leases	— %	— %	0.1 %	— %	0.1 %
Total allowance for credit losses	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

The following table summarizes the allocation of the allowance for credit losses between loan types as a percentage of total loans in each of the loan categories listed:

	December 31,				
	2022	2021	2020	2019	2018
Commercial real estate	1.41 %	1.55 %	1.82 %	0.42 %	0.49 %
Consumer	1.99 %	2.19 %	2.62 %	1.05 %	1.18 %
Commercial and industrial	2.39 %	1.49 %	0.81 %	1.81 %	2.24 %
Construction	2.43 %	2.55 %	2.65 %	1.36 %	1.36 %
Agriculture production	1.48 %	2.39 %	2.74 %	1.82 %	1.85 %
Leases	0.19 %	0.27 %	0.13 %	1.63 %	— %
Total allowance for credit losses	1.64 %	1.74 %	1.93 %	0.71 %	0.81 %

	December 31,				
	2023	2022	2021	2020	2019
Commercial real estate	1.57 %	1.41 %	1.55 %	1.82 %	0.42 %
Consumer	2.09 %	1.99 %	2.19 %	2.62 %	1.05 %
Commercial and industrial	2.17 %	2.39 %	1.49 %	0.81 %	1.81 %
Construction	2.55 %	2.43 %	2.55 %	2.65 %	1.36 %

Agriculture production	2.48 %	1.48 %	2.39 %	2.74 %	1.82 %
Leases	0.12 %	0.19 %	0.27 %	0.13 %	1.63 %
Total allowance for credit losses	1.79 %	1.64 %	1.74 %	1.93 %	0.71 %

The following tables summarize the net charge-off (recovery) activity in the allowance for credit/loan losses as a percentage of loans for the years indicated (dollars in thousands):

	Year ended December 31,				
Ratios:	2022	2021	2020	2019	2018
Net charge-offs (recoveries) during period to average loans outstanding during period					
Commercial real estate:					(0.01)%
CRE non-owner occupied	— %	— %	0.01 %	(0.09)%	n/a
CRE owner occupied	— %	(0.11)%	— %	0.13 %	n/a
Multifamily	— %	— %	— %	— %	n/a
Farmland	0.01 %	0.07 %	0.12 %	— %	n/a
Consumer:					(0.01)%
SFR 1-4 1st DT liens	— %	0.02 %	(0.08)%	(0.01)%	n/a
SFR HELOCs and junior liens	— %	0.33 %	(0.06)%	(0.26)%	n/a
Other	0.20 %	0.32 %	0.41 %	0.54 %	n/a
Commercial and industrial	0.17 %	0.28 %	0.04 %	0.64 %	0.26 %
Construction	— %	0.01 %	— %	— %	— %
Agriculture production	— %	(0.05)%	(0.05)%	(0.02)%	(0.01)%
Leases	— %	— %	— %	— %	— %
Provision for (benefit from) credit losses to average loans outstanding during period	0.29 %	(0.15)%	0.92 %	(0.04)%	0.07 %
Allowance for credit losses to loans at year-end	1.64 %	1.74 %	1.93 %	0.71 %	0.81 %

	Year ended December 31,				
Ratios:	2023	2022	2021	2020	2019
Commercial real estate:					
CRE non-owner occupied	— %	— %	— %	0.01 %	(0.09)%
CRE owner occupied	0.38 %	— %	(0.11)%	— %	0.13 %
Multifamily	— %	— %	— %	— %	— %
Farmland	— %	0.01 %	0.07 %	0.12 %	— %
SFR 1-4 1st DT liens	(0.02)%	— %	0.02 %	(0.08)%	(0.01)%
SFR HELOCs and junior liens	(0.01)%	— %	0.33 %	(0.06)%	(0.26)%
Other	0.50 %	0.20 %	0.32 %	0.41 %	0.54 %
Commercial and industrial	0.60 %	0.17 %	0.28 %	0.04 %	0.64 %
Construction	— %	— %	0.01 %	— %	— %
Agriculture production	— %	— %	(0.05)%	(0.05)%	(0.02)%
Leases	— %	— %	— %	— %	— %
Provision for (benefit from) credit losses to average loans outstanding during period	0.35 %	0.29 %	(0.15)%	0.92 %	(0.04)%
Allowance for credit losses to loans at year-end	1.79 %	1.64 %	1.74 %	1.93 %	0.71 %

Generally, losses are triggered by non-performance by the borrower and calculated based on any difference between the current loan amount and the current value of the underlying collateral less any estimated costs associated with the disposition of the collateral.

Foreclosed Assets, Net of Allowance for Losses

The following tables detail the components and summarize the activity in foreclosed assets, net of allowances for losses for the years indicated (dollars in thousands):

	Balance at December 31, 2022	Additions	Advances/ Capitalized Costs/Other	Sales	Valuation Adjustments	Balance at December 31, 2023
Land & Construction	$ 154	$ —	$ —	$ —	$ —	$ 154
Residential real estate	1,709	105	—	(127)	(14)	1,673
Commercial real estate	1,576	50	—	(79)	(669)	878
Total foreclosed assets	$ 3,439	$ 155	$ —	$ (206)	$ (683)	$ 2,705

	Balance at December 31, 2021	Additions	Advances/ Capitalized Costs/Other	Sales	Valuation Adjustments	Balance at December 31, 2022
Land & Construction	$ 154	$ 313	$ —	$ (313)	$ —	$ 154
Residential real estate	1,257	751	—	(392)	93	1,709
Commercial real estate	1,183	283	—	—	110	1,576
Total foreclosed assets	$ 2,594	$ 1,347	$ —	$ (705)	$ 203	$ 3,439

	Balance at December 31, 2020	Additions	Advances/ Capitalized Costs/Other	Sales	Valuation Adjustments	Balance at December 31, 2021
Land & Construction	$ 154	$ —	$ —	$ —	$ —	$ 154
Residential real estate	1,507	1,052	—	(1,458)	156	1,257
Commercial real estate	1,183	—	—	—	—	1,183
Total foreclosed assets	$ 2,844	$ 1,052	$ —	$ (1,458)	$ 156	$ 2,594

Deposit Portfolio Composition

The following table shows the Company's deposit balances at the dates indicated:

		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
(dollars in thousands)	(dollars in thousands)	2022	2021	2020
Noninterest-bearing demand	Noninterest-bearing demand	$ 3,502,095	$ 2,979,882	$ 2,581,517
Noninterest-bearing demand				
Noninterest-bearing demand				
Interest-bearing demand				
Interest-bearing demand				
Interest-bearing demand	Interest-bearing demand	1,718,541	1,568,682	1,414,908
Savings	Savings	2,884,378	2,520,959	2,164,942
Savings				

Savings				
Time certificates, over $250,000				
Time certificates, over $250,000				
Time certificates, over $250,000	Time certificates, over $250,000	46,350	44,652	73,147
Other time certificates	Other time certificates	177,649	252,984	271,420
Other time certificates				
Other time certificates				
Total deposits	Total deposits	$ 8,329,013	$ 7,367,159	$ 6,505,934
Total deposits				
Total deposits				

Total uninsured deposits were estimated to be approximately $2,701,000,000 $2.4 billion and $2.7 billion at December 31, 2022. December 31, 2023 and 2022, respectively.

Long-Term Debt

See Note 13 to the consolidated financial statements at Part II, Item 8 of this report for information about the Company's other borrowings and long-term debt.

Junior Subordinated Debt

See Note 14 to the consolidated financial statements at Part II, Item 8 of this report for information about the Company's junior subordinated debt.

Equity

See Note 16 and Note 26 in the consolidated financial statements at Part II, Item 8 of this report for a discussion of shareholders' equity and regulatory capital, respectively. Management believes that the Company's capital is adequate to support anticipated growth, meet the cash dividend requirements of the Company and meet the future risk-based capital requirements of the Bank and the Company.

On February 25, 2021 the Board of Directors approved the authorization to repurchase up to 2,000,000 shares of the Company's common stock (the 2021 Repurchase Plan), which approximated 6.7% of the shares outstanding as of the approval date. In connection with approval of the 2021 Repurchase Plan, the Company's previous repurchase program adopted on November 12, 2019 (the 2019 Repurchase Plan) was terminated. The following table shows the repurchases made by the Company during 2022 2023 under the 2021 Plan:

Period	Total number of shares purchased	Average price paid per share	Maximum number of shares remaining that may yet be purchased under the 2021 Plan
January 1, 2022 - December 31, 2022	576,881	$41.67	1,359,802

Period	Total number of shares purchased	Average price paid per share	Maximum number of shares remaining that may yet be purchased under the 2021 Plan
January 1, 2023 - December 31, 2023	150,000	$46.50	1,209,802

We repurchased no shares of the Company's common stock during the quarter ended December 31, 2023.

Market Risk Management

Overview. The goal for managing the assets and liabilities of the Bank is to maximize shareholder value and earnings while maintaining a high quality balance sheet without exposing the Bank to undue interest rate risk. The Board of Directors has overall responsibility for the Company's interest rate risk management policies. The Bank has an Asset and Liability Management Committee which establishes and monitors guidelines to control the sensitivity of earnings and the fair value of certain assets and liabilities as may be caused by changes in interest rates. The Company does not hold any financial instruments that are not maintained in US dollars and is not party to any contracts that may be settled or repaid in a denomination other than US dollars.

Asset/Liability Management. Activities involved in asset/liability management include but are not limited to lending, accepting and placing deposits, investing in securities and issuing debt. Interest rate risk is the primary market risk associated with asset/liability management. Sensitivity of earnings to interest rate changes arises when yields on assets change in a different time period or in a different amount from that of interest costs on liabilities. To mitigate interest rate risk, the structure of the balance sheet is managed with the goal that movements of interest rates on assets and liabilities are correlated and contribute to earnings even in periods of volatile interest rates. The asset/liability management policy sets limits on the acceptable amount of variance in net interest margin and market value of equity under changing interest environments. Market value of equity is the net present value of estimated cash flows from the Bank's assets, liabilities and off-balance sheet items. The Bank uses simulation models to forecast net interest margin and market value of equity.

Simulation of net interest margin and market value of equity under various interest rate scenarios is the primary tool used to measure interest rate risk. The Bank estimated the potential impact of changing interest rates on net interest margin and market value of equity using computer-modeling techniques. A balance sheet forecast is prepared using inputs of actual loan, securities and interest-bearing liability (i.e. deposits/borrowings) positions as the beginning base.

In the simulation of net interest income and market value of equity, the forecast balance sheet is processed against various interest rate scenarios. These various interest rate scenarios include a flat rate scenario, which assumes interest rates are unchanged in the future, and rate ramp and or shock scenarios including -300, -200, -100, +100, +200, and +300 basis points around the flat scenario. At December 31, 2022 December 31, 2023, the overnight Federal funds rate, the rate primarily used in these interest rate shock scenarios, was 4.25% 5.25%. These scenarios assume that 1) interest rates increase or decrease evenly (in a "ramp" fashion) over a twelve-month period and remain at the new levels beyond twelve months or 2) that interest rates change instantaneously ("shock"). The simulation results shown below assume no changes in the structure of the Company's balance sheet over the twelve months being measured.

The following table summarizes the estimated effect on net interest income and market value of equity to changing interest rates as measured against a flat rate (no interest rate change) instantaneous shock scenario over a twelve month period utilizing the Company's specific mix of interest earning assets and interest bearing liabilities as of December 31, 2022 December 31, 2023.

Interest Rate Risk Simulations:

Interest Rate Risk Simulations:

Change in Interest Rates (Basis Points)
+300 (shock)
+200 (shock)
+100 (shock)
+ 0 (flat)
-100 (shock)
-200 (shock)
-300 (shock)

These simulations indicate that given a "flat" balance sheet size scenario, and if interest-bearing checking, savings and money market interest rates track the general interest rate changes by the rate sho
implies that net interest income increases when interest rates rise and decrease when interest rates decrease. "Liability sensitive" implies that net interest income decreases when interest rates rise and i

change when interest rates change. The asset liability management policy limits aggregate market risk, as measured in this fashion, to an acceptable level within the context of risk-return trade-offs.

The simulation results noted above do not incorporate any management actions that might moderate the negative consequences of interest rate deviations. In addition, the simulation results noted above
likely actual results, but serve as estimates of interest rate risk. More specifically, the Company's pre-existing low cost of funds, and the presumption that depositors will not accept a negative rate environ
fixed rate interest earning assets. Therefore, in an instantaneous upward rate shock scenario, management would expect the cost of interest bearing liabilities to reprice faster than interest earning assets

As with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the preceding tables. For example, although certain of the Company's assets
Company's asset and liability categories may precede, or lag behind, changes in market interest rates. Also, the actual rates of prepayments on loans and investments could vary significantly from the as
could result in different estimations from those presented herein. Accordingly, the results in the preceding tables should not be relied upon as indicative of actual results in the event of changing market in
underlying value of the Company.

Interest rate sensitivity is a function of the repricing characteristics of the Company's portfolio of assets and liabilities. One aspect of these repricing characteristics is the time frame within which the intere
liabilities is sometimes called a "gap" analysis because it shows the gap between assets and liabilities repricing or maturing in each of a number of periods. Another aspect of these repricing characteristic
indication of the relative magnitude of repricing given various changes in interest rates. Interest rate sensitivity management focuses on the maturity of assets and liabilities and their repricing during perio
subject to repricing at various time horizons.

The following interest rate sensitivity table shows the Company's repricing gaps as of December 31, 2022 December 31, 2023. In this table transaction deposits, which may be repriced at will by the Comp
liability sensitive. Because the Company may reprice its transaction deposits at will, transaction deposits may or may not reprice immediately with changes in interest rates.

Due to the limitations of gap analysis, as described above, the Company does not actively use gap analysis in managing interest rate risk. Instead, the Company relies on the more sophisticated interest

As of December 31, 2022

(dollars in thousands)		Less than 3 months	
Interest-earning assets:			
Cash at Federal Reserve and other banks	$	10,907	$
Securities		493,948	
Loans		1,226,279	
Total interest-earning assets		1,731,134	
Interest-bearing liabilities			
Transaction deposits		5,220,636	
Time		68,913	
Other borrowings		264,605	
Junior subordinated debt		101,040	
Total interest-bearing liabilities	$	5,655,194	$
Interest sensitivity gap	$	(3,924,060)	$
Cumulative sensitivity gap	$	(3,924,060)	$
As a percentage of earning assets:			
Interest sensitivity gap		(43.2)%	
Cumulative sensitivity gap		(43.2)%	

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As of December 31, 2023

(dollars in thousands)		Less than 3 months	
Interest-earning assets:			
Cash at Federal Reserve and other banks	$	17,075	$
Securities		464,738	
Loans		1,405,589	
Total interest-earning assets		1,887,402	
Interest-bearing liabilities			
Transaction deposits		4,454,314	
Time		260,580	
Other borrowings		632,582	
Junior subordinated debt		101,099	
Total interest-bearing liabilities	$	5,448,575	$
Interest sensitivity gap	$	(3,561,173)	$
Cumulative sensitivity gap	$	(3,561,173)	$
As a percentage of earning assets:			
Interest sensitivity gap		(39.4)%	
Cumulative sensitivity gap		(39.4)%	

Liquidity

Liquidity refers to the Company's ability to provide funds at an acceptable cost to meet loan demand and deposit withdrawals, as well as contingency plans to meet unanticipated funding needs or loss of loans, short-term money market investments, maturities of securities and sales of securities from the available-for-sale portfolio. These activities are generally summarized as investing activities in the Co loan balances from both originations and purchases used approximately $761,357,000 $345.9 million of cash, while purchases proceeds from the maturity and sales of investment securities, net of calls a

Liquidity may also be impacted from liabilities through changes in deposits and borrowings outstanding. These activities are included under financing activities in the Consolidated Statement of Cash Flow dividend payments, payment outflows, and an additional $27,148,000 $9.2 million used toward the repurchase of common stock, partially offset by an increase in cash from short term borrowings totaling following for the periods indicated:

(dollars in thousands)
Borrowing capacity at correspondent banks and FRB
Less: borrowings outstanding
Unpledged available-for-sale (AFS) investment securities
Cash held or in transit with FRB
Total primary liquidity
Estimated uninsured deposit balances

At December 31, 2023, the Company had loans Company's primary sources of liquidity represented 50% of total deposits and securities available to pledge towards future borrowings from the Federal Ho balances) deposits, respectively. As secondary sources of December 31, 2022 liquidity, the Company's held-to-maturity investment securities had a fair value of $125.1 million, the including approximately notes at Item 8 of this report. did not utilize any brokered deposits during 2023 or 2022. While these sources are expected to continue to provide significant amounts of funds in the future, their mix, as we

Liquidity is also provided or used through the results of operating activities. In 2023, operating activities provided cash of $138.9 million, primarily from net income of $117.4 million. In 2022, operating acti

The Company's investment securities, excluding held-to-maturity securities, plus cash and cash equivalents in excess of reserve requirements totaled $2,559,668 total assets as of December 31, 2021.

Loan demand during 2023 2024 will depend in part on economic and competitive conditions. The Company emphasizes the solicitation of non-interest bearing demand deposits and money market checki the success of the Company's sales

efforts, as well as the delivery of superior customer service and market conditions. In addition to the The Federal Reserve's increase anticipated decrease in interest rates quantitative tightening through r
deposit balances will continue to remain challenging during 2024. Therefore, due to concerns such as uncertainty in the general economic environment, political uncertainty, and loan demand, levels of c
levels, and a variety of other conditions, proceeds from the sale or maturity of investment securities may be used to fund loans, or reduce short-term borrowings. However, due to concerns such as uncer
are subject to significant volatility and uncertainty. At December 31, 2022 December 31, 2023, we believe the Company has sufficient liquidity and capital resources to meet its cash flow obligations over t

The principal cash requirements of the Company are dividends on common stock when declared. The Company is dependent upon the payment of cash dividends by the Bank to service its commitments
expects that the cash dividends paid by the Bank to the Company will be sufficient to meet this payment schedule. Dividends from the Bank are subject to certain regulatory restrictions.

The maturity distribution of certificates of deposit in denominations of $100,000 $250,000 or more is set forth in the following table. These deposits are generally more rate sensitive than other deposits ar

Certificates of Deposit in Denominations of $250,000 or More

(dollars in thousands)
Time remaining until maturity:
Less than 3 months
3 months to 6 months
6 months to 12 months
More than 12 months
Total

(dollars in thousands)
Time remaining until maturity:
Less than 3 months
3 months to 6 months
6 months to 12 months
More than 12 months
Total

Loan maturities

Loan demand also affects the Company's liquidity position. The following table presents the maturities of loans, net of deferred loan costs, at December 31, 2022 December 31, 2023:

	Within One Year
Loans with predetermined interest rates:	
Commercial Real Estate	$
Consumer	
Commercial & Industrial	
Construction	
Agricultural Production	

Leases	
Total loans with predetermined interest rates	
Loans with floating interest rates:	
Commercial Real Estate	
Consumer	
Commercial & Industrial	
Construction	
Agricultural Production	
Leases	
Total loans with floating interest rates	
Total loans	$

Investment maturities

The maturity distribution and yields of the investment portfolio at December 31, 2022 December 31, 2023 is presented in the following tables. The timing of the maturities indicated in the tables below is b
based on outstanding principal balance is usually significantly shorter than the final contractual maturity indicated below. Yields on tax exempt securities are shown on a tax equivalent basis.

		Within One Year		After One Year but Through Five Years		After Five Years but Through Ten Years		After Ten Years		Total	
		Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
		(dollars in thousands)									
Debt Securities Available for Sale	Debt Securities Available for Sale										
Obligations of US government agencies											
Obligations of US government agencies											
Obligations of US government agencies	Obligations of US government agencies	$55,851	0.40 %	$ 69,863	0.72 %	$ 83,555	2.57 %	$1,163,500	2.16 %	$1,372,769	2.04 %
Obligations of states and political subdivisions	Obligations of states and political subdivisions	260	2.64 %	2,504	3.51 %	70,490	3.09 %	219,951	3.34 %	293,205	3.28 %
Corporate bonds	Corporate bonds	—	— %	—	— %	5,751	4.95 %	—	— %	5,751	4.95 %
Asset backed securities	Asset backed securities	—	— %	6,397	3.08 %	227,870	5.34 %	205,500	4.83 %	439,767	5.07 %
Non-agency collateralized mortgage obligations	Non-agency collateralized mortgage obligations	—	— %	41,352	4.66 %	7,796	2.20 %	291,798	2.49 %	340,946	2.74 %
Total debt securities available for sale	Total debt securities available for sale	$56,111	0.46 %	$120,116	2.21 %	$395,462	4.25 %	$1,880,749	2.62 %	$2,452,438	2.81 %
Debt Securities Held to Maturity	Debt Securities Held to Maturity										
Obligations of US government agencies	Obligations of US government agencies	$ —	— %	$ 2,662	2.32 %	$ 10,206	2.40 %	$ 141,962	2.72 %	$ 154,830	2.69 %
Obligations of US government agencies											

	Within One Year			Within One Year	
	Amount			Amount	Yield
	(dollars in thousands)				
Obligations of US government agencies	$ 59,837	0.41	0.41 %	$27,560	2.72
Obligations of states and political subdivisions	718	3.43	3.43 %		12,337
Corporate bonds	—	—	— %		—
Asset backed securities	—	—	— %		5,035
Non-agency collateralized mortgage obligations	21,220	—	— %		—
Total debt securities available for sale	$81,775	1.54	1.54 %		$ 44,932
Obligations of US government agencies	$ —		— %	$	4,722

Obligations of states and political subdivisions	Obligations of states and political subdivisions	—	— %	1,068	4.55 %	4,515	3.07 %	570	3.76 %	6,153	3.39 %	Obligations of states and political subdivisions	—	—	— %	1,107
Total debt securities held to maturity	Total debt securities held to maturity	$ —	— %	$ 3,730	2.96 %	$ 14,721	2.60 %	$ 142,532	2.73 %	$ 160,983	2.72 %	Total debt securities held to maturity	$ —	—	— %	$ 5,829

Off-Balance Sheet Items

The Bank has certain ongoing commitments under leases. See Note 11 of the financial statements at Part II, Item 8 of this report for the terms. These commitments do not significantly impact operating re financial instruments with off-balance sheet risk. The Bank has not entered into any material contracts for financial derivative instruments such as futures, swaps, options, etc. Commitments to extend cre loans outstanding at year-end 2022 2023 versus 32.7% 34.3% at December 31, 2021 December 31, 2022. Commitments related to the Bank's deposit overdraft privilege product totaled $126,634,000 $12

Certain Contractual Obligations

The following chart summarizes certain contractual obligations of the Company as of December 31, 2022 December 31, 2023:

(dollars in thousands)	(dollars in thousands)	Total	Less than one year	1-3 years	3-5 years	More than 5 years	(dollars in thousands)
Time deposits	Time deposits	$223,999	$ 164,107	$57,736	$ 2,156	$ —	
Other collateralized borrowings, fixed rate, as of December 31, 2022 of 0.05%, payable on January 3, 2023		47,905	47,905	—	—	—	
Overnight borrowing at FHLB, fixed rate, as of December 31, 2022 of 4.65%, payable on January 3, 2023		216,700	216,700	—	—	—	
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024							
Term borrowing at FHLB, fixed rate, as of December 31, 2023 of 4.75%, payable on April 8, 2024							
Junior subordinated debt:	Junior subordinated debt:						
TriCo Trust I(1)							
TriCo Trust I(1)							
TriCo Trust I(1)	TriCo Trust I(1)	20,619	—	—	—	20,619	
TriCo Trust II(2)	TriCo Trust II(2)	20,619	—	—	—	20,619	
North Valley Trust II(3)	North Valley Trust II(3)	5,503	—	—	—	5,503	
North Valley Trust III(4)	North Valley Trust III(4)	4,383	—	—	—	4,383	
North Valley Trust IV(5)	North Valley Trust IV(5)	7,393	—	—	—	7,393	
VRB Subordinated - 6%(6)	VRB Subordinated - 6%(6)	17,187	—	—	—	17,187	
VRB Subordinated - 5%(7)	VRB Subordinated - 5%(7)	25,336	—	—	—	25,336	
Operating lease obligations	Operating lease obligations	33,262	5,522	13,863	7,342	6,535	

Deferred compensation(8)	Deferred compensation(8)	697	177	348	172	—
Supplemental retirement plans(8)	Supplemental retirement plans(8)	22,455	2,073	4,253	3,616	12,513
Total contractual obligations	Total contractual obligations	$646,058	$ 436,484	$76,200	$13,286	$120,088

(1) Junior subordinated debt, adjustable rate of three-month LIBOR SOFR plus 3.05%, callable in whole or in part by the Company on a quarterly basis beginning October 7, 2008, matures October 7, 20

(2) Junior subordinated debt, adjustable rate of three-month LIBOR SOFR plus 2.55%, callable in whole or in part by the Company on a quarterly basis beginning July 23, 2009, matures July 23, 2034.

(3) Junior subordinated debt, adjustable rate of three-month LIBOR SOFR plus 3.25%, callable in whole or in part by the Company on a quarterly basis beginning April 24, 2008, matures April 24, 2033.

(4) Junior subordinated debt, adjustable rate of three-month LIBOR SOFR plus 2.80%, callable in whole or in part by the Company on a quarterly basis beginning July 23, 2009, matures July 23, 2034.

(5) Junior subordinated debt, adjustable rate of three-month LIBOR SOFR plus 1.33%, callable in whole or in part by the Company on a quarterly basis beginning March 15, 2011, matures March 15, 20

(6) Junior subordinated debt, fixed rate of 6% until March 29, 2024, then floating rate of three-month LIBOR SOFR plus 3.52% until maturity in 2029. Redeemable in whole or in part by the Company beg

(7) Junior subordinated debt, fixed rate of 5% until August 27, 2025, then floating rate of 90-day average SOFR plus 4.90% until maturity in 2035. Redeemable in whole or in part by the Company beginr

(8) These amounts represent known certain payments to participants under the Company's deferred compensation and supplemental retirement plans. See Note 22 in the financial statements at Part II,

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Market Risk Management" under Item 7 of this report which is incorporated herein.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

TRICO BANCSHA
CONSOLIDATED BALAN
(In thousands, except sl

		At December 31, 2022	At December 31, 2021
	At December 31, 2023		
Assets:	Assets:		
Cash and due from banks			
Cash and due from banks			

Cash and due from banks	Cash and due from banks	$ 96,323	$ 57,032
Cash at Federal Reserve and other banks	Cash at Federal Reserve and other banks	10,907	711,389
Cash and cash equivalents	Cash and cash equivalents	107,230	768,421
Investment securities:	Investment securities:		
Marketable equity securities	Marketable equity securities	2,598	2,938
Available for sale debt securities		2,452,438	2,207,938
Held to maturity debt securities		160,983	199,759
Marketable equity securities			
Marketable equity securities			
Available for sale debt securities, at fair value (amortized cost of $2,384,325 and $2,742,987)			
Held to maturity debt securities, at amortized cost, net of allowance for credit losses of $0			
Restricted equity securities	Restricted equity securities	17,250	17,250
Loans held for sale	Loans held for sale	1,846	3,466
Loans	Loans	6,450,447	4,916,624
Allowance for credit losses	Allowance for credit losses	(105,680)	(85,376)
Total loans, net	Total loans, net	6,344,767	4,831,248
Premises and equipment, net	Premises and equipment, net	72,327	78,687
Cash value of life insurance	Cash value of life insurance	133,742	117,857
Accrued interest receivable	Accrued interest receivable	31,856	19,292
Goodwill	Goodwill	304,442	220,872
Other intangible assets, net	Other intangible assets, net	16,670	12,369
Operating leases, right-of-use	Operating leases, right-of-use	26,862	25,665
Other assets	Other assets	257,975	109,025
Total assets	Total assets	$9,930,986	$8,614,787
Liabilities and Shareholders' Equity:	Liabilities and Shareholders' Equity:		
Liabilities:	Liabilities:		
Liabilities:			
Liabilities:			
Deposits:	Deposits:		
Deposits:			
Deposits:			
Noninterest-bearing demand			
Noninterest-bearing demand			
Noninterest-bearing demand	Noninterest-bearing demand	$3,502,095	$2,979,882
Interest-bearing	Interest-bearing	4,826,918	4,387,277

Total deposits	Total deposits	8,329,013	7,367,159
Accrued interest payable	Accrued interest payable	1,167	928
Operating lease liability	Operating lease liability	29,004	26,280
Other liabilities	Other liabilities	159,741	112,070
Other borrowings	Other borrowings	264,605	50,087
Junior subordinated debt	Junior subordinated debt	101,040	58,079
Total liabilities	Total liabilities	8,884,570	7,614,603
Commitments and contingencies (Note 15)	Commitments and contingencies (Note 15)		
Shareholders' equity:	Shareholders' equity:		
Preferred stock, no par value: 1,000,000 shares authorized; zero issued and outstanding at December 31, 2022 and 2021, respectively		—	—
Common stock, no par value: 50,000,000 shares authorized; issued and outstanding: 33,331,513 and 29,730,424 at December 31, 2022 and 2021, respectively		697,448	532,244
Preferred stock, no par value: 1,000,000 shares authorized; zero issued and outstanding at December 31, 2023 and 2022, respectively			
Preferred stock, no par value: 1,000,000 shares authorized; zero issued and outstanding at December 31, 2023 and 2022, respectively			
Preferred stock, no par value: 1,000,000 shares authorized; zero issued and outstanding at December 31, 2023 and 2022, respectively			
Common stock, no par value: 50,000,000 shares authorized; issued and outstanding: 33,268,102 and 33,331,513 at December 31, 2023 and 2022, respectively			
Retained earnings	Retained earnings	542,873	466,959
Accumulated other comprehensive income (loss), net of tax		(193,905)	981
Accumulated other comprehensive loss, net of tax			
Total shareholders' equity	Total shareholders' equity	1,046,416	1,000,184
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$9,930,986	$8,614,787

Commitments and contingencies (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

TRICO BANCSHA
CONSOLIDATED STATEMEN
(In thousands, except per

	Year ended December 31,		
	2022	2021	2020

	Year ended December 31,		
	2023	2023	2022

Interest and dividend income:	Interest and dividend income:			
Loans, including fees	Loans, including fees	$285,375	$242,269	$233,721
Loans, including fees				
Loans, including fees				
Investments:	Investments:			
Taxable securities				
Taxable securities				
Taxable securities	Taxable securities	59,395	29,361	27,627
Tax exempt securities	Tax exempt securities	5,199	3,568	3,566
Dividends	Dividends	1,137	991	1,032
Interest bearing cash at Federal Reserve and other banks	Interest bearing cash at Federal Reserve and other banks	4,399	858	1,238
Total interest and dividend income	Total interest and dividend income	355,505	277,047	267,184
Interest expense:	Interest expense:			
Deposits				
Deposits				
Deposits	Deposits	4,689	3,318	6,885
Other borrowings	Other borrowings	421	22	17
Junior subordinated debt	Junior subordinated debt	4,419	2,168	2,555
Total interest expense	Total interest expense	9,529	5,508	9,457
Net interest income	Net interest income	345,976	271,539	257,727
Provision for (benefit from) credit losses	Provision for (benefit from) credit losses	18,470	(6,775)	42,813
Net interest income after provision for (benefit from) credit losses	Net interest income after provision for (benefit from) credit losses	327,506	278,314	214,914
Noninterest income:	Noninterest income:			
Service charges and fees	Service charges and fees	49,765	43,948	37,981
Service charges and fees				
Service charges and fees				
Commissions on sale of non-deposit investment products	Commissions on sale of non-deposit investment products	3,986	3,668	2,989
Increase in cash value of life insurance	Increase in cash value of life insurance	2,858	2,775	2,949

Gain on sale of loans	Gain on sale of loans	2,342	9,580	9,122
Gain on sale of investment securities		—	—	7
Loss on sale of investment securities				
Other	Other	4,095	3,693	2,146
Total noninterest income	Total noninterest income	63,046	63,664	55,194
Noninterest expense:	Noninterest expense:			
Salaries and related benefits				
Salaries and related benefits				
Salaries and related benefits	Salaries and related benefits	129,852	106,351	112,121
Other	Other	86,793	71,924	70,637
Total noninterest expense	Total noninterest expense	216,645	178,275	182,758
Income before income taxes	Income before income taxes	173,907	163,703	87,350
Provision for income taxes	Provision for income taxes	48,488	46,048	22,536
Net income	Net income	$125,419	$117,655	$ 64,814
Earnings per share:	Earnings per share:			
Basic	Basic	$ 3.85	$ 3.96	$ 2.17
Basic				
Basic				
Diluted	Diluted	$ 3.83	$ 3.94	$ 2.16

CONSOLIDATED STATEMENTS OF COMP

(In thousands)

		Year ended				
		2022	2021	2020		
	Year ended December, 31					
	2023				2023	2022
Net income	Net income	$125,419	$117,655	$64,814		
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:					
Unrealized gains (losses) on available for sale securities arising during the period, after reclassifications						
Unrealized gains (losses) on available for sale securities arising during the period, after reclassifications						

Unrealized gains (losses) on available for sale securities arising during the period, after reclassifications	Unrealized gains (losses) on available for sale securities arising during the period, after reclassifications	(204,376)	(13,788)	11,126
Change in minimum pension liability, after reclassifications	Change in minimum pension liability, after reclassifications	8,101	2,602	6,972
Change in joint beneficiary agreement liability	Change in joint beneficiary agreement liability	1,389	(113)	(596)
Other comprehensive income (loss)	Other comprehensive income (loss)	(194,886)	(11,299)	17,502
Comprehensive income (loss)	Comprehensive income (loss)	$ (69,467)	$ 106,356	$ 82,316

The accompanying notes are an integral part of these consolidated financial statements.

TRICO BANCSHA
CONSOLIDATED STATEMENTS OF CHANGE
(In thousands, except share an

	Shares of Common Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balance at January 1, 2020	30,523,824	$ 543,998	$ 354,811	$ (5,222)	$ 893,587

	Shares of Common Stock			Shares of Common Stock	Common Stock
Balance at January 1, 2021					
Net income	Net income	64,814		64,814	
Other comprehensive income			17,502	17,502	
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Service condition RSU vesting					
Service condition RSU vesting					

Service condition RSU vesting	Service condition RSU vesting		1,390			1,390
Market plus service condition RSU vesting	Market plus service condition RSU vesting		646			646
Stock options exercised	Stock options exercised	32,000	547			547
Service condition RSUs released	Service condition RSUs released	34,388				—
Market plus service condition RSUs released	Market plus service condition RSUs released	20,265	—			—
Repurchase of common stock	Repurchase of common stock	(883,263)	(15,746)	(11,323)		(27,069)
Dividends paid ($0.88 per share)				(26,303)		(26,303)
Balance at December 31, 2020		29,727,214	530,835	381,999	12,280	925,114
Repurchase of common stock						
Repurchase of common stock						
Dividends paid ($1.00 per share)						
Balance at December 31, 2021						
Net income	Net income			117,655		117,655
Net income						
Other comprehensive loss					(11,299)	(11,299)
Net income						
Other comprehensive income (loss)						
Other comprehensive income (loss)						
Other comprehensive income (loss)						
Service condition RSU vesting						
Service condition RSU vesting						
Service condition RSU vesting	Service condition RSU vesting		1,728			1,728

Market plus service condition RSU vesting	Market plus service condition RSU vesting		910			910
Stock options exercised	Stock options exercised	49,675	758			758
Service condition RSUs released	Service condition RSUs released	45,492				—
Market plus service condition RSUs released	Market plus service condition RSUs released	19,272				—
Issuance of common stock						
Repurchase of common stock	Repurchase of common stock	(111,229)	(1,987)	(2,971)		(4,958)
Dividends paid ($1.00 per share)				(29,724)		(29,724)
Balance at December 31, 2021		29,730,424	532,244	466,959	981	1,000,184
Dividends paid ($1.10 per share)						
Balance at December 31, 2022						
Net income	Net income			125,419		125,419
Other comprehensive loss					(194,886)	(194,886)
Other comprehensive income (loss)						
Service condition RSU vesting	Service condition RSU vesting		2,883			2,883
Market plus service condition RSU vesting	Market plus service condition RSU vesting		986			986
Service condition RSUs released	Service condition RSUs released	50,076				—
Market plus service condition RSUs released	Market plus service condition RSUs released	26,338				—
Stock options exercised	Stock options exercised	63,325	1,190			1,190

		Shares	Common stock	Retained earnings	Accumulated other comprehensive (loss) income	Total
Issuance of common stock	Issuance of common stock	4,105,518	173,585			173,585
Repurchase of common stock	Repurchase of common stock	(644,168)	(13,440)	(13,708)		(27,148)
Dividends paid ($1.20 per share)	Dividends paid ($1.20 per share)			(35,797)		(35,797)
Balance at December 31, 2022		33,331,513	$697,448	$542,873	$ (193,905)	$1,046,416
Balance at December 31, 2023						

The accompanying notes are an integral part of these consolidated financial statements.

TRICO BANCSHA

CONSOLIDATED STATEMENTS

(In thousands)

		Year ended December 31, 2022	2021	2020
	Year ended December 31, 2023			
Operating activities:	Operating activities:			
Net income				
Net income				
Net income	Net income	$ 125,419	$ 117,655	$ 64,814
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of premises and equipment, and amortization	Depreciation of premises and equipment, and amortization	6,012	6,363	6,453
Depreciation of premises and equipment, and amortization				
Depreciation of premises and equipment, and amortization				
Amortization of intangible assets	Amortization of intangible assets	6,334	5,464	5,724
Provision for (benefit from) credit losses		18,470	(6,775)	42,813

Provision for (benefit from) credit losses on loans				
Amortization of investment securities premium, net	Amortization of investment securities premium, net	6,641	6,685	2,669
Gain on sale of investment securities		—	—	(7)
Loss on sale of investment securities				
Originations of loans for resale	Originations of loans for resale	(71,600)	(217,210)	(227,831)
Proceeds from sale of loans originated for resale	Proceeds from sale of loans originated for resale	74,922	227,938	234,424
Gain on sale of loans	Gain on sale of loans	(2,342)	(9,580)	(9,122)
Change in market value of mortgage servicing rights	Change in market value of mortgage servicing rights	(301)	872	2,634
(Gain) loss on sale of real estate owned real estate owned		(166)	—	128
Gain on sale of real estate owned, net				
Deferred income tax expense	Deferred income tax expense	(8,022)	(936)	(14,154)
Gain on transfer of loans to real estate owned	Gain on transfer of loans to real estate owned	(316)	(233)	(235)
Operating lease payments	Operating lease payments	(5,904)	(4,964)	(4,927)
(Gain) loss on disposal of fixed assets		(1,070)	(439)	67
Loss (gain) on disposal of fixed assets				
Increase in cash value of life insurance	Increase in cash value of life insurance	(2,858)	(2,775)	(2,949)
Gain on life insurance death benefit	Gain on life insurance death benefit	(309)	(702)	(498)
(Gain) loss on marketable equity securities	(Gain) loss on marketable equity securities	340	86	(64)

Equity compensation vesting expense	Equity compensation vesting expense	3,869	2,638	2,036
Change in value of other real estate	Change in value of other real estate	113	9	—
Amortization of operating lease right of use asset				
Change in:	Change in:			
Interest receivable	Interest receivable	(9,170)	712	(1,107)
Interest receivable				
Interest receivable				
Interest payable	Interest payable	(287)	(434)	(1,045)
Amortization of operating lease right of use asset		6,033	5,452	5,393
Other assets and liabilities, net	Other assets and liabilities, net	17,087	2,381	9,586
Net cash from operating activities	Net cash from operating activities	162,895	132,207	114,802
Investing activities:	Investing activities:			
Cash acquired in acquisition; net of consideration paid	Cash acquired in acquisition; net of consideration paid	426,883	—	—
Proceeds from maturities of securities available for sale		267,830	371,632	167,515
Proceeds from maturities of securities held to maturity		38,399	83,929	89,858
Cash acquired in acquisition; net of consideration paid				
Cash acquired in acquisition; net of consideration paid				
Maturities and principal repayments of securities available for sale				
Maturities and principal repayments of securities held to maturity				

Proceeds from sale of available for sale securities	Proceeds from sale of available for sale securities	—	—	229
Purchases of securities available for sale	Purchases of securities available for sale	(699,035)	(1,190,690)	(617,552)
Net redemption of restricted equity securities		—	—	—
Loan origination and principal collections, net				
Loan origination and principal collections, net				
Loan origination and principal collections, net	Loan origination and principal collections, net	(739,037)	(45,812)	(415,415)
Loans purchased	Loans purchased	(22,845)	(108,433)	(41,126)
Proceeds from sale of real estate owned	Proceeds from sale of real estate owned	873	1,526	570
Proceeds from sale of premises and equipment	Proceeds from sale of premises and equipment	6,690	2,743	—
Purchases of premises and equipment	Purchases of premises and equipment	(3,623)	(3,196)	(2,812)
Life insurance proceeds	Life insurance proceeds	641	4,490	2,400
Net cash from investing activities		(723,224)	(883,811)	(816,333)
Net cash from (used in) investing activities				
Financing activities:	Financing activities:			
Net change in deposits				
Net change in deposits				
Net change in deposits	Net change in deposits	(253,625)	861,225	1,138,940
Net change in other borrowings	Net change in other borrowings	214,518	23,173	8,460
Repurchase of common stock, net	Repurchase of common stock, net	(27,148)	(4,344)	(26,720)
Dividends paid	Dividends paid	(35,797)	(29,724)	(26,303)

Exercise of stock options, net	Exercise of stock options, net	1,190	144	198
Net cash from financing activities		(100,862)	850,474	1,094,575
Net cash (used in) from financing activities				
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(661,191)	98,870	393,044
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	768,421	669,551	276,507
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	$ 107,230	$ 768,421	$ 669,551

		Year ended December 31,		
		Year ended December 31,		
		Year ended December 31,		
	2023			
Supplemental disclosure of cash flow activity:	Supplemental disclosure of cash flow activity:			
Cash paid for interest expense				
Cash paid for interest expense				
Cash paid for interest expense	Cash paid for interest expense	$ 9,290	$ 5,942	$ 10,502
Cash paid for income taxes	Cash paid for income taxes	$ 41,000	$ 46,300	$ 29,500
Supplemental disclosure of noncash activities:	Supplemental disclosure of noncash activities:			
Unrealized gain (loss) on securities available for sale				
Unrealized gain (loss) on securities available for sale				
Unrealized gain (loss) on securities available for sale	Unrealized gain (loss) on securities available for sale	$(290,157)	$ (19,575)	$ 15,796
Loans transferred to foreclosed assets	Loans transferred to foreclosed assets	$ 1,349	$ 1,052	$ 766

Market value of shares tendered in-lieu of cash to pay for exercise of options and/or related taxes	Market value of shares tendered in-lieu of cash to pay for exercise of options and/or related taxes	$	2,522	$	2,118	$	736
Obligations incurred in conjunction with leased assets	Obligations incurred in conjunction with leased assets	$	6,149	$	2,883	$	4,161
Business combination (1)	Business combination (1)						Business combination (1)

(1) In the year ended 2022, the VRB acquisition included fair value tangible assets acquired of $1.37 billion, liabilities assumed of $1.28 billion, resulting in goodwill of $0.09

(1) In the year ended 2022, the VRB acquisition included fair value tangible assets acquired of $1.37 billion, liabilities assumed of $1.28 billion, resulting in goodwill of $0.09 billion.

(1) In the year ended 2022, the VRB acquisition included fair value tangible assets acquired of $1.37 billion, liabilities assumed of $1.28 billion, resulting in goodwill of $0.09 billion.

The accompanying notes are an integral part of these consolidated financial statements.

TRICO BANCSHARES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

Note 1 – Summary of Significant Accounting Policies

Description of Business and Basis of Presentation

TriCo Bancshares (the “Company” or “we”) is a California corporation organized to act as a bank holding company for Tri Counties Bank (the “Bank”). The Company and the Bank are headquartered in Cl
subsidiary business trusts (collectively, the “Capital Trusts”) that issued trust preferred securities, including two organized by the Company and three obtained through acquisition.

The consolidated financial statements are prepared in accordance with accounting policies generally accepted in the United States of America and general practices in the banking industry. All adjustmen
of the Company. Company and its wholly-owned subsidiary. All inter-company accounts and transactions have been eliminated in consolidation. For financial reporting purposes, the Company’s investme
subordinated debentures issued and guaranteed by the Company and held by the Capital Trusts are reflected as debt on the Company’s consolidated balance sheets.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect tl
during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which
different assumptions or conditions.

Segment and Significant Group Concentration of Credit Risk

The Company grants agribusiness, commercial, consumer, and residential loans to customers located throughout California. The Company has a diversified loan portfolio within the business segments lo

Geographical Descriptions

For the purpose of describing the geographical location of the Company’s operations, the Company has defined northern California as that area of California north of, and including, Stockton to the east a
southern California as that area of the state south of Bakersfield and San Luis Obispo.

Business Combinations

The Company accounts for acquisitions of businesses using the acquisition method of accounting. Under the acquisition method, assets acquired and liabilities assumed are recorded at their estimated fa
price over amounts allocated to the acquired assets, including identifiable intangible assets, and liabilities assumed is recorded as goodwill.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Net cash flows are reported for loan and de

Non-Marketable and Other Equity Securities

Non-marketable and other equity securities include qualified public welfare investments and venture capital/private equity funds. Our accounting for investments in non-marketable and other equity se securities on: (i) fair value accounting, (ii) measurement alternative for other investments without a readily determinable fair value, and (iii) equity method accounting. During the twelve months ended De consolidated statements of net income related to changes in the fair value of non-marketable and other equity securities.

Debt Securities

The Company classifies its debt securities into one of three categories: trading, available for sale or held to maturity. Trading securities are bought and held principally for the purpose of selling in the near maturity. These securities are carried at cost adjusted for amortization of premium and accretion of discount, computed by the effective interest method over their contractual lives. All other securities not sale securities are reported as a separate component of other accumulated comprehensive income in shareholders' equity until realized. Discounts are amortized or accreted over the expected life of the security with the exception of mortgage backed securities, where estimated prepayments, if any, are considered. Dividend and interest income are recognized when earned. Realized gains and losses are 31, 2023.

The Company has made a policy election to exclude accrued interest from the amortized cost basis of debt securities and report accrued interest separately in the consolidated balance sheets. A debt se Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to debt securities reversed against interest income for the years ended De

The Company evaluates available for sale debt securities in an unrealized loss position to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-relat recognized as an allowance for credit losses on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Both the a more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount is recognized in earnings with a corresponding adjustment to the secur the Company considers the extent to which fair value is less than amortized cost, whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencie credit loss expense. Losses are charged against the ACL when management believes the uncollectability of an available for sale debt security is confirmed or when either of the criteria regarding intent or

For HTM debt securities, the Company measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type, then further disaggregated by sector and bond rati loss information that is adjusted for current condition and reasonable and supportable forecasts based on current and expected changes in credit ratings and default rates. Based on the implied guarantee loss assumption. Management has separately evaluated its HTM investment securities from obligations of state and political subdivisions utilizing the historical loss data represented by similar securities c financial reporting purposes and therefore, no allowance for credit losses has been recognized during the years ended December 31, 2022 December 31, 2023, 2021 2022 or 2020. 2021.

Restricted Equity Securities

Restricted equity securities represent the Company's investment in the stock of the Federal Home Loan Bank of San Francisco ("FHLB") and are carried at par value, which reasonably approximates its fa Management periodically evaluates FHLB stock for other-than-temporary impairment. Management's determination of whether these investments are impaired is based on its assessment of the ultimate r as (1) the significance of any decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted, (2) commitments by the FHLB to m institutions and, accordingly, the customer base of the FHLB, and (4) the liquidity position of the FHLB.

As a member of the FHLB system, the Bank is required to maintain a minimum level of investment in FHLB stock based on specific percentages of its outstanding mortgages, total assets, or FHLB advan dividends are reported as income when received.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors of current inv

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Company. Gains or losses on the sale of loans that are held for sale are recognized at the time of the sal

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal amount outstanding, net of deferred loan fees and costs. Loan or loan. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans.

Loans are placed in nonaccrual status when reasonable doubt exists as to the full, timely collection of interest or principal, or a loan becomes contractually past due by 90 days or more with respect to inte on such loans is then recognized only to the extent that cash is received and where the future collection of principal is considered probable. Interest accruals are resumed on such loans only when they a interest receivable is not included in the calculation of the allowance for credit losses.

Allowance for Credit Losses - Loans

The Company measures credit losses under ASU 2016-03 *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss r assets measured at amortized costs, including loan receivables and held-to-maturity debt securities.

The allowance for credit losses (ACL) is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off a charged-off and expected to be charged-off. Regardless of the determination that a charge-off is appropriate for financial accounting purposes, the Company manages its loan portfolio by continually mon with the original contract or modified terms, if appropriate.

Management estimates the allowance balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The al credit losses, which captures loan balances as of a point in time to form a cohort, then tracks the respective losses generated by that cohort of loans over the remaining life. The Company identified and a statistically relevant, the loss history of peers, defined as financial institutions with assets greater than three billion and less than ten billion, were utilized to create a minimum loss rate. Adjustments to hist

framework, the Company incorporates forward-looking information through the use of macroeconomic scenarios applied over the forecasted life of the assets. These macroeconomic scenarios incorporat
California unemployment rates, household debt levels, and U.S. gross domestic product. the pace of change in corporate bond yields. The Company also considers macroeconomic forecasts to estimate

A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measure
determined to be less than the recorded amount of the loan, a charge-off will be taken. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing
a concession cannot be measured using a method other than the discounted cash flow method. When the value of a concession is measured using the discounted cash flow method, the ACL is determin

PCD assets are assets acquired at a discount that is due, in part, to credit quality deterioration since origination which may be determined through observation of missed payments, downgrade in risk ratin
of the present value of expected future cash flows and an allowance for credit losses, at acquisition. The allowance for credit losses for PCD assets is recorded through a gross-up of reserves on the cons
consistent with originated loans. Subsequent to acquisition, the allowance for credit losses for PCD loans will generally follow the same forward-looking estimation, provision, and charge-off process as no

The Company has identified the following portfolio segments to evaluate and measure the allowance for credit loss:

Commercial real estate:

- Commercial real estate - Non-owner occupied: These commercial properties typically consist of buildings which are leased to others for their use and rely on rents as the primary source of repay primarily driven by general economic changes or changes in regional economies and the impact of such on a tenant's ability to pay. Ultimately this can affect occupancy, rental rates, or both. Add typically have maturities from five to ten years with amortization periods from fifteen to thirty years.
- Commercial real estate - Owner occupied: These credits are primarily susceptible to changes in the financial condition of the business operated by the property owner. This may be driven by cha conditions and changes in business cycles. When default is driven by issues related specifically to the business owner, collateral values tend to provide better repayment support and may result of default. The terms on these loans at origination typically have maturities from five to ten years with amortization periods from fifteen to thirty years.
- Multifamily: These commercial properties are generally comprised of more than four rentable units, such as apartment buildings, with each unit intended to be occupied as the primary residence rates or reduced rents or both. In addition, new construction can create an oversupply condition and market competition resulting in increased vacancy, reduced market rents, or both. Due to the
- Farmland: While the Company has few loans that were originated for the purpose of the acquisition of these commercial properties, loans secured by farmland represent unique risks that are ass crop prices, foreign exchange rates, government regulation or restrictions, and the nature of ongoing capital investment needed to maintain the quality of the property. Loans secured by farmland

Consumer loans:

- SFR 1-4 1st DT Liens: The most significant drivers of potential loss within the Company's residential real estate portfolio relate general, regional, or individual changes in economic conditions and general movement in credit score, economic outlook and its effects on employment and the value of homes and the Bank's historical loss experience adjusted to reflect the economic outlook and
- SFR HELOCs and Junior Liens: Similar to residential real estate term loans, HELOCs and junior liens performance is also primarily driven by borrower cash flows based on employment status. H the risk that as the borrower's financial strength deteriorates, the outstanding balance on these credit lines may increase as they may only be canceled by the Company if certain limited criteria a HELOC.
- Other: The majority of these consumer loans are secured by automobiles, with the remainder primarily unsecured revolving debt (credit cards). These loans are susceptible to three primary risks follow general economic trends in the marketplace driven primarily by rises in the unemployment rate. Loss of collateral value can be due to market demand shifts, damage to collateral itself or a estimates are based on the general movement in credit score, economic outlook and its effects on employment and the Bank's historical loss experience adjusted to reflect the economic outlook

Commercial and industrial:

- Repayment of these loans is primarily based on the cash flow of the borrower, and secondarily on the underlying collateral provided by the borrower. A borrower's cash flow may be unpredictable over time, may be difficult to appraise, may be illiquid and may fluctuate in value based on the success of the business. Actual and forecast changes in gross domestic product are believed to be

Construction:

- While secured by real estate, construction loans represent a greater level of risk than term real estate loans due to the nature of the additional risks associated with the not only the completion of need to either sell the building or reach a level of stabilized occupancy sufficient to generate the cash flows necessary to support debt service and operating costs. The Company seeks to mitiga guarantors. The loss forecasting model applies the historical rate of loss for similar loans over the expected life of the asset as adjusted for macroeconomic factors.

Agriculture production:

- Repayment of agricultural loans is dependent upon successful operation of the agricultural business, which is greatly impacted by factors outside the control of the borrower. These factors includ changes in foreign exchange, and the impact of government regulations. In addition, many farms are dependent on a limited number of key individuals whose injury or death may significantly aff

Leases:

- The loss forecasting model applies the historical rate of loss for similar loans over the expected life of the asset. Leases typically represent an elevated level of credit risk as compared to loans s the exposure, the size of the exposure, the borrower's industry sector, any guarantors and the geographic market. Assumptions of expected loss are conditioned to the economic outlook and the

Unfunded commitments:

- The estimated credit losses associated with these unfunded lending commitments is calculated using the same models and methodologies noted above and incorporate utilization assumptions a

Real Estate Owned

Real estate owned (REO) includes assets acquired through, or in lieu of, loan foreclosure. REO is held for sale and are initially recorded at fair value less estimated costs to sell at the date of acquisition, foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Any write-downs based on to sell in excess of the recorded value of the loan at the date of acquisition are recorded to the allowance for loan and lease losses. These assets are subsequently accounted for at lower of cost or fair va Revenue and expenses from operations and changes in the valuation allowance are included in other non-interest expense, along with the gain or loss on sale of REO.

Premises and Equipment

Land is carried at cost. Land improvements, buildings and equipment, including those acquired under capital lease, are stated at cost less accumulated depreciation and amortization. Depreciation and ar furniture and equipment and 15-40 years for land improvements and buildings.

Company Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance s

As a result of current tax law and the nature of these policies, the Bank records any increase in cash value of these policies as nontaxable non-interest income. If the Bank decided to surrender any of the policies until the death of the insured, the Bank would receive nontaxable proceeds from the insurance company equal to the death benefit of the policies. The Bank has

entered into Joint Beneficiary Agreements (JBAs) with certain of the insured that provide some level of sharing of the death benefit, less the cash surrender value, among the Bank and the beneficiaries o

Goodwill, Other Intangible and Long-Lived Assets

Goodwill represents the excess of costs over fair value of net assets of businesses acquired from a business combination. The Company has an identifiable intangible asset consisting of core deposit inta combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually. Other intangible assets with estimable useful lives are amortized over th

As of September 30 of each year, goodwill is tested for impairment, and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss

Long-lived assets, such as premises and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carryi future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carry or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability s

Mortgage Servicing Rights

Mortgage servicing rights ("MSR") represent the Company's right to a future stream of cash flows based upon the contractual servicing fee associated with servicing mortgage loans. Our MSR arise from sale of loans in non-interest income when the loan is sold. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation mod servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Servicing fees, when earn

The Company accounts for MSR at fair value. The determination of fair value of our MSR requires management judgment because they are not actively traded. The determination of fair value for MSR re prepayment assumptions used in our discounted cash flow model are based on empirical data drawn from the historical performance of our MSR, which we believe are consistent with assumptions used speeds and the discount rate. These variables can, and generally will, change from quarter to quarter as market conditions and projected interest rates change. The key risks inherent with MSR are prepa

Leases

The Company records a right-of-use asset ("ROUA") on the consolidated balance sheets for those leases that convey rights to control use of identified assets for a period of time in exchange for consider leases are comprised of operating leases in which the Company is lessee of real estate property for branches, ATM locations, and general administration and operations. The Company has elected not to lease payments are included in the calculation of the Company's ROUA and lease liability. Adjustments to the required minimum future lease payments that are variable and will not be determinable until insurance are not unknown and not determinable at lease commencement and therefore, are not included in the determination of the Company's ROUA or lease liability.

The value of the ROUA and lease liability is impacted by the amount of the periodic payment required, length of the lease term, and the discount rate used to calculate the present value of the minimum le renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. The Company uses the rate implicit in the lease whenever this

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, and standby letters c

Low Income Housing Tax Credits

The Company accounts for low income housing tax credits and the related qualified affordable housing projects using the proportional amortization method. Under the proportional amortization method, tl statement as a component of income tax expense (benefit). Upon entering into a qualified affordable housing project, the Company records, in other liabilities, the entire amount that it has agreed to inves reduced. Over time, as the tax credits and other tax benefits of the project are realized by the Company, the investment recorded in other assets is reduced using the proportional amortization method.

Income Taxes

The Company's accounting for income taxes is based on an asset and liability approach. The Company recognizes the amount of taxes payable or refundable for the current year, and deferred tax assets of enacted tax laws. A valuation allowance, if needed, reduces deferred tax assets to the expected amount most likely to be realized. Realization of deferred tax assets is dependent upon the generation c deferred tax assets will be realized.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recog recorded. Interest and/or penalties related to income taxes are reported as a component of non-interest income.

Share-Based Compensation

Compensation cost is recognized for stock options and restricted stock awards issued to employees and directors, based on the fair value of the awards at the date of grant. The estimate of the fair value grant is used for time based restricted awards. Compensation cost is recognized over the required service period, generally defined as the vesting or measurement period. The Company's accounting pol

Earnings per Share

Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. There are no unvested share-b outstanding if dilutive potential common shares had been issued, as well as any adjustments to income that would result from assumed issuance. Potential common shares that may be issued by the Co

Revenue Recognition

The Company records revenue from contracts with customers in accordance with Accounting Standards Codification Topic 606, “Revenue from Contracts with Customers” (“Topic 606”). Under Topic 606, performance obligations in the contract, and recognize revenue when (or as) the Company satisfies a performance obligation.

Most of our revenue-generating transactions are not subject to Topic 606, including revenue generated from financial instruments, such as our loans and investment securities. In addition, certain non-inte Company's non-interest revenue streams are largely based on transactional activity, or standard month-end revenue accruals such as asset management fees based on month-end market values. Consid revenue contracts with customers, and therefore, does not experience significant contract balances. As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the Comp granular categories beyond what is presented in Note 18 was not necessary. The following are descriptions of revenues within the scope of ASC 606.

Deposit service charges

The Company earns fees from its deposit customers for account maintenance, transaction-based and overdraft services. Account maintenance fees consist primarily of account fees and analyzed accour Transaction-based fees on deposit accounts are charged to deposit customers for specific services provided to the customer, such as non-sufficient funds fees, overdraft fees, and wire fees. The perform

Debit and ATM interchange fees

Debit and ATM interchange income represent fees earned when a debit card issued by the Company is used. The Company earns interchange fees from debit cardholder transactions through the Visa pa processing services provided to the cardholder. The performance obligation is satisfied and the fees are earned when the cost of the transaction is charged to the cardholders' debit card. Certain expense

Commission on sale of non-deposit investment products

Commissions on sale of non-deposit investment products consist of fees earned from advisory asset management, trade execution and administrative fees from investments. Advisory asset managemen

which is subject to market conditions and asset flows. Advisory asset management fees are recognized quarterly and are based on the portfolio values at the end of each quarter. Brokerage accounts are and annuity policies. The amount of revenue earned is determined by the value and type of each instrument sold and is recognized at the time the policy or contract is written.

Merchant fee income

Merchant fee income represents fees earned by the Company for card payment services provided to its merchant customers. The Company outsources these services to a third party to provide card pay the services it provides to the merchants. These payments to the third party provider are recorded as expenses as a net reduction against fee income. In addition, a portion of the payment received repre obligation is satisfied and the related fee is earned when each payment is accepted by the processing network.

Gain/loss on other real estate owned, net

The Company records a gain or loss from the sale of other real estate owned when control of the property transfers to the buyer, which generally occurs at the time of an executed deed of trust. When the collectability of the transaction price is probable. Once these criteria are met, the other real estate owned asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the Gains or losses from transactions associated with other real estate owned are recorded as a component of non-interest expense.

Reclassifications

Certain amounts reported in previous consolidated financial statements have been reclassified and recalculated to conform to the presentation in this report. These reclassifications did not affect previous

Accounting Standards Adopted in 2022 2023

In March 2020, 2022, the FASB issued ASU 2020-04, 2022-02, *Reference Rate Reform Financial Instruments — Credit Losses (Topic 848) 326): Facilitation of Troubled Debt Restructurings and Vintage D* measurement guidance to ease and, instead, required that an entity evaluate (consistent with the potential burden in accounting for reference rate reform by providing optional expedients other loan modi applying generally accepted accounting principles (GAAP) introduced new requirements related to contracts, hedging relationships, and other transactions affected if certain criteria are met. At the time th Conduct Authority (FCA) had established its intent that it would no longer be necessary modifications of receivables made to persuade, or compel, banks to submit to LIBOR after December 31, 2021. As the intended cessation date of the overnight 1-, 3-, 6-, and 12-month tenors of USD LIBOR would be June 30, 2023, which is beyond the current sunset date of Topic 848. Because the current relief in To Update defer required that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases within the sunset date scope of Topic 848 from De an insignificant number of instruments that are applicable to this ASU, management has determined that no impact to the valuations of these instruments are applicable for consolidated financial reporting

Accounting Standards Pending Adoption

In March 2022, the FASB issued ASU 2022-02, 2023-09, *Financial Instruments — Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Improvements to Income Tax Disclosures.* This AS effective for fiscal years beginning after December 15, 2024. The adoption of this accounting guidance is not expected to have a material impact on the Company's consolidated financial statements but w

FASB issued ASU 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures.* This ASU was issued to address stakeholder requests for more detailed information about expenses require that an entity evaluate (consistent with the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loan. The amendments enhance provide all segment disclosures required, including the new disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years begin inclusion of certain segment reporting requirements related not previously required.

FASB issued ASU 2023-06, *Disclosure Improvements - Codification Amendments in Response to certain modifications the SEC's Disclosure Update and Simplification Initiative.* This ASU was issued to i financial difficulty. Furthermore, GAAP to the amendments in this Update require that an entity disclose current-period gross write-offs by year FASB for incorporation into the Codification. The timing of o observed no will coincide with the effective dates of changes by the SEC in Regulations S-X or S-K. The adoption of this accounting guidance is not expected to have a material impact on the Company's

FASB issued ASU 2023-02, *Investments – Equity Method and Joint Ventures: Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method.* This ASU permits reportin if certain conditions are met. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023. The adoption of this accounting guidance is not expec

deferred fees and costs and the related timing of net interest income recognition as a result of adoption.

Note 2 - Business Combinations

On March 25, 2022, the Company completed its acquisition of Valley Republic Bancorp (VRB), including the merger of Valley Republic Bank into Tri Counties Bank, with Tri Counties Bank as the survivin TriCo's closing stock price of $42.48 on March 25, 2022. Under the terms of the merger agreement, the Company issued 4,105,518 shares, in addition to approximately $431,000 $0.4 million in cash paid

The acquisition of VRB has been accounted for as a business combination. The Company recorded the fair values based on the valuations available as of acquisition date, and subject to adjustment up t related matters. Management believes the purchase price allocation is now finalized as December 31, 2022.

The following table summarizes the consideration paid for VRB and the amounts of assets acquired and liabilities assumed that were recorded at the acquisition date (in thousands):

Fair value of consideration transferred:	
Fair value of shares issued	
Cash consideration	
Total fair value of consideration transferred	
Assets acquired:	
Cash and cash equivalents	
Securities available for sale	
Loans and leases	

Premises and equipment
Cash value of life insurance
Core deposit intangible
Other assets
Total assets acquired
Liabilities assumed:
Deposits
Subordinated debt
SERP liability
Other liabilities
Total liabilities assumed
Total net assets acquired
Goodwill recognized

Fair value of consideration transferred:
Fair value of shares issued
Cash consideration
Total fair value of consideration transferred
Assets acquired:
Cash and cash equivalents
Securities available for sale
Loans and leases
Premises and equipment
Cash value of life insurance
Core deposit intangible
Other assets
Total assets acquired
Liabilities assumed:
Deposits
Subordinated debt
SERP liability
Other liabilities
Total liabilities assumed
Total net assets acquired
Goodwill recognized

Note 3 – Investment Securities

The amortized cost and estimated fair values of investment securities classified as available for sale and held to maturity are summarized in the following tables:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
	December 31, 2023			

		Amortized Cost	(in thousands)		
		Amortized Cost	Gross Unrealized Gains		
Debt Securities Available for Sale	Debt Securities Available for Sale				
Debt Securities Available for Sale					
Debt Securities Available for Sale					
Obligations of U.S. government agencies					
Obligations of U.S. government agencies					
Obligations of U.S. government agencies	Obligations of U.S. government agencies	$1,568,408	$ 3	$(195,642)	$1,372,769
Obligations of states and political subdivisions	Obligations of states and political subdivisions	332,625	401	(39,821)	293,205
Corporate bonds	Corporate bonds	6,164	—	(413)	5,751
Asset backed securities	Asset backed securities	454,943	17	(15,193)	439,767
Non-agency collateralized mortgage obligations	Non-agency collateralized mortgage obligations	380,847	—	(39,901)	340,946
Total debt securities available for sale	Total debt securities available for sale	$2,742,987	$ 421	$(290,970)	$2,452,438
Debt Securities Held to Maturity	Debt Securities Held to Maturity				
Obligations of U.S. government agencies	Obligations of U.S. government agencies	$ 154,830	$ 2	$ (11,013)	$ 143,819
Obligations of U.S. government agencies					
Obligations of U.S. government agencies					
Obligations of states and political subdivisions	Obligations of states and political subdivisions	6,153	13	(47)	6,119
Total debt securities held to maturity	Total debt securities held to maturity	$ 160,983	$ 15	$ (11,060)	$ 149,938

There was no allowance for credit losses recorded for the held to maturity debt portfolio as of or for the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

December 31, 2021

December 31, 2022

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Debt Securities Available for Sale				
Obligations of U.S. government agencies	$1,260,226	$ 8,193	$ (11,030)	$1,257,389
Obligations of states and political subdivisions	187,197	5,832	(785)	192,244
Corporate bonds	6,722	34	—	6,756
Asset backed securities	408,329	2,354	(1,131)	409,552
Non-agency collateralized mortgage obligations	345,856	—	(3,859)	341,997
Total debt securities available for sale	$2,208,330	$ 16,413	$ (16,805)	$2,207,938
Debt Securities Held to Maturity				
Obligations of U.S. government agencies	$ 192,068	$ 8,131	$ —	$ 200,199
Obligations of states and political subdivisions	7,691	250	—	7,941

Total debt securities held to maturity	Total debt securities held to maturity	$ 199,759	$ 8,381	$ —	$ 208,140

During the year ended December 31, 2023, proceeds from sales of debt securities totaled $71.0 million, resulting in gross losses of $0.3 million. There were no sales of debt securities during the years er
an aggregate carrying value of $595,779,000 $702.2 million and $423,892,000 $595.8 million at December 31, 2022 December 31, 2023 and 2021, 2022, respectively, were pledged as collateral for speci

The amortized cost and estimated fair value of debt securities at December 31, 2022 December 31, 2023 by contractual maturity are shown below. Actual maturities may differ from contractual maturities
and agencies with an amortized cost basis totaling $1,533,255,000 $1.4 billion consist almost entirely of residential real estate mortgage-backed securities whose contractual maturity, or principal repaym
government corporations and agencies is categorized based on final maturity date. At December 31, 2022 December 31, 2023, the Company estimates the average remaining life of these mortgage-back
has been reduced by half.

Debt Securities		Available for Sale		Held to Maturity	
December 31, 2023					
					December 31, 2023 — Available for Sale
(In thousands)	(In thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value (In thousands) — Amortized Cost
Due in one year	Due in one year	$ 57,685	$ 56,111	$ —	$ —
Due after one year through five years	Due after one year through five years	125,533	120,116	3,730	3,616
Due after five years through ten years	Due after five years through ten years	418,008	395,462	14,721	13,998
Due after ten years	Due after ten years	2,141,761	1,880,749	142,532	132,324
Totals	Totals	$2,742,987	$2,452,438	$160,983	$149,938

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unr

		Less than 12 months		12 months or more		Total	
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
December 31, 2022				(in thousands)			
	Less than 12 months — Fair Value						Fair Value
December 31, 2023					December 31, 2023		
Debt Securities Available for Sale	Debt Securities Available for Sale						
Obligations of U.S. government agencies							
Obligations of U.S. government agencies							
Obligations of U.S. government agencies	Obligations of U.S. government agencies	$ 766,612	$(134,234)	$ 605,615	$ (61,408)	$1,372,227	$(195,642)

Obligations of states and political subdivisions	Obligations of states and political subdivisions	43,282	(12,917)	219,532	(26,904)	262,814	(39,821)
Corporate bonds	Corporate bonds	—	—	5,751	(413)	5,751	(413)
Asset backed securities	Asset backed securities	205,329	(10,238)	231,703	(4,955)	437,032	(15,193)
Non-agency collateralized mortgage obligations	Non-agency collateralized mortgage obligations	203,620	(36,480)	123,075	(3,421)	326,695	(39,901)
Total debt securities available for sale	Total debt securities available for sale	$1,218,843	$(193,869)	$1,185,676	$ (97,101)	$2,404,519	$(290,970)
Debt Securities Held to Maturity	Debt Securities Held to Maturity						
Obligations of U.S. government agencies	Obligations of U.S. government agencies	$ —	$ —	$ 143,577	$ (11,013)	$ 143,577	$ (11,013)
Obligations of U.S. government agencies							
Obligations of U.S. government agencies							
Obligations of states and political subdivisions	Obligations of states and political subdivisions	—	—	4,530	(47)	4,530	(47)
Total debt securities held to maturity	Total debt securities held to maturity	$ —	$ —	$ 148,107	$ (11,060)	$ 148,107	$ (11,060)

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
December 31, 2021			(in thousands)			

	Less than 12 months		
	Fair Value		Fair Value
December 31, 2022		December 31, 2022	

Debt Securities Available for Sale	Debt Securities Available for Sale						
Obligations of U.S. government agencies	Obligations of U.S. government agencies	$ 947,108	$ (9,737)	$ 44,086	$ (1,293)	$ 991,194	$ (11,030)
Obligations of U.S. government agencies							
Obligations of U.S. government agencies							

Obligations of states and political subdivisions	Obligations of states and political subdivisions	56,153	(785)	—	—	56,153	(785)
Corporate bonds							
Asset backed securities	Asset backed securities	62,792	(259)	109,748	(872)	172,540	(1,131)
Non-agency collateralized mortgage obligations	Non-agency collateralized mortgage obligations	327,045	(3,859)	—	—	327,045	(3,859)
Total securities available for sale	Total securities available for sale	$1,393,098	$ (14,640)	$153,834	$ (2,165)	$1,546,932	$ (16,805)
Debt Securities Held to Maturity							
Obligations of U.S. government agencies							
Obligations of U.S. government agencies							
Obligations of U.S. government agencies							
Obligations of states and political subdivisions							
Total debt securities held to maturity							

Obligations of U.S. government agencies: Unrealized losses on investments in obligations of U.S. government corporations and agencies are caused by interest rate increases. The contractual cash flow than the amortized cost of the investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell and more lik representing obligations of U.S. government corporations and agencies had unrealized losses with aggregate depreciation of 12.48% 11.90% from the Company's amortized cost basis.

Obligations of states and political subdivisions: The unrealized losses on investments in obligations of states and political subdivisions were caused by increases in required yields by investors in these ty

price less than the amortized cost of the investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell ar representing obligations of states and political subdivisions had unrealized losses with aggregate depreciation of 13.16% 10.73% from the Company's amortized cost basis.

Corporate bonds: The unrealized losses on investments in corporate bonds were caused by increases in required yields by investors in these types of securities. It is expected that the securities would nc

Because management believes the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell and more likely than not will not December 31, 2022 December 31, 2023, 6 asset backed securities had unrealized losses with aggregate depreciation of 6.70% 9.25% from the Company's amortized cost basis.

Asset backed securities: The unrealized losses on investments in asset backed securities were caused by increases in required yields by investors in these types of securities. At the time of purchase, ea monitor these securities for changes in credit rating or other indications of credit deterioration. Because management believes the decline in fair value is attributable to changes in interest rates and not cr December 31, 2022 December 31, 2023, 48 35 asset backed securities had unrealized losses with aggregate depreciation of 3.36% 1.47% from the Company's amortized cost basis.

Non-agency collateralized mortgage obligations: The unrealized losses on investments in asset backed securities were caused by increases in required yields by investors in these types of securities. It is changes in interest rates and not credit quality, and because the Company does not intend to sell and more likely than not will not be required to sell, there is no impairment on these securities and there had unrealized losses with aggregate depreciation of 10.88% 9.69% from the Company's amortized cost basis.

Marketable equity securities: As there were no sales of marketable equity securities, all unrealized gains or losses recognized during the reporting period were for equity securities still held as of the end o

The Company monitors credit quality of debt securities held-to-maturity through the use of credit rating. The Company monitors the credit rating on a monthly basis. The following table summarizes the ar

		December 31, 2022		December 31, 2021	
		AAA/AA/A	BBB/BB/B	AAA/AA/A	BBB/BB/B
		(In thousands)		(In thousands)	

	December 31, 2023		December 31, 2023
	AAA/AA/A	AAA/AA/A	BBB/BB/B
	(In thousands)		(In thousands)

Debt Securities Held to Maturity	Debt Securities Held to Maturity				
Obligations of U.S. government agencies					
Obligations of U.S. government agencies					
Obligations of U.S. government agencies	Obligations of U.S. government agencies	$154,830	$ —	$192,068	$ —
Obligations of states and political subdivisions	Obligations of states and political subdivisions	6,153	—	7,691	—
Total debt securities held to maturity	Total debt securities held to maturity	$160,983	$ —	$199,759	$ —

Note 4 – Loans

A summary of loan balances follows:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)	Dece
Commercial real estate:	Commercial real estate:				
CRE non-owner occupied					
CRE non-owner occupied					
CRE non-owner occupied	CRE non-owner occupied	$2,149,725	$1,603,141		
CRE owner occupied	CRE owner occupied	984,807	706,307		
Multifamily	Multifamily	944,537	823,500		
Farmland	Farmland	280,014	173,106		

Total commercial real estate loans	Total commercial real estate loans	4,359,083	3,306,054
Consumer:	Consumer:		
SFR 1-4 1st DT liens			
SFR 1-4 1st DT liens			
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	790,349	666,960
SFR HELOCs and junior liens	SFR HELOCs and junior liens	393,666	337,513
Other	Other	56,728	67,078
Total consumer loans	Total consumer loans	1,240,743	1,071,551
Commercial and industrial	Commercial and industrial	569,921	259,355
Construction	Construction	211,560	222,281
Agriculture production	Agriculture production	61,414	50,811
Leases	Leases	7,726	6,572
Total loans, net of deferred loan fees and discounts	Total loans, net of deferred loan fees and discounts	$6,450,447	$4,916,624
Total principal balance of loans owed, net of charge-offs	Total principal balance of loans owed, net of charge-offs	$6,496,210	$4,946,653
Unamortized net deferred loan fees	Unamortized net deferred loan fees	(15,275)	(13,922)
Discounts to principal balance of loans owed, net of charge-offs	Discounts to principal balance of loans owed, net of charge-offs	(30,488)	(16,107)
Total loans, net of unamortized deferred loan fees and discounts	Total loans, net of unamortized deferred loan fees and discounts	$6,450,447	$4,916,624
Allowance for credit losses	Allowance for credit losses	$ (105,680)	$ (85,376)

In March 2020, the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") was created to help small businesses keep workers employed during the COVID-19 crisis. As of Decemb
million and $63,311,000, respectively, as compared to total PPP originations of $640,410,000. As of December 31, 2022 $1.6 million, there was approximately $15,000 in net deferred fee income remainin
compared with $14,148,000 $2.1 million and $7,760,000 $14.1 million for the years ended December 31, 2021 December 31, 2022 and 2020, 2021, respectively. The SBA ended PPP and did not accept n

Note 5 – Allowance for Credit Losses

The ACL was $105,680,000 $121.5 million as of December 31, 2022 December 31, 2023 as compared to $85,376,000 $105.7 million at December 31, 2021 December 31, 2022. The provision for credit lo
reserves, $2.4 million in quantitative reserves and $6.6 million in net charge-offs. The quantitative components of the ACL increased reserve requirements due largely to the continued rise in corporate de
GDP factors leading up to the balance sheet date. Despite continued declines on a year over year comparative basis, core inflation remains elevated from loans acquired wage pressures, and higher livin
Reserve may create repricing risk for certain borrowers and continued inversion of the yield curve, creates informed expectations of the US potentially entering a recession within 12 months. While projec
reductions has inhibited a material benefit to forecasted reserve levels. Furthermore, political uncertainty continues to exist within certain foreign markets that play a critical role within segments of the U.S
loans overall economy and leases purchased from VRB as PCD, which required $2,037,000 in additional credit reserves as of the acquisition date. For PCD loans and leases, the initial estimate of expec
reserve level that incorporates such risk factors.

The remaining increase in the allowance for credit reserves related to quantitative metrics was the result of changes in organic loan volume growth and changes in credit quality associated with levels of c
and increases in specific reserves. In addition to the quantitative loan portfolio, credit quality characteristics which are illustrated in the following tabular disclosures, the Company's expected credit loss m
employment rates, due to increased uncertainty in the global economic markets, US economic policy uncertainty, and the continued rise in corporate debt yields. As compared to historical norms, inflation
increases by the Federal Reserve and inversion of the yield curve, have boosted expectations of the US entering a recession within 12 months. As a result, management continues to believe that certain

The table below sets forth the components of the Company's allowance for credit losses as of the dates indicated:

(dollars in thousands)	(dollars in thousands)		December 31, 2022
(dollars in thousands)			
(dollars in thousands)			
Allowance for credit losses:			
Allowance for credit losses:			
Allowance for credit losses:	Allowance for credit losses:		
Qualitative and forecast factor allowance	Qualitative and forecast factor allowance	$	70,777
Quantitative (Cohort) model allowance reserves			32,489
Qualitative and forecast factor allowance			
Qualitative and forecast factor allowance			
Quantitative (Cohort) model allowance			
Quantitative (Cohort) model allowance			
Quantitative (Cohort) model allowance			
Total allowance for credit losses	Total allowance for credit losses		103,266
Total allowance for credit losses			
Total allowance for credit losses			
Allowance for individually evaluated loans			
Allowance for individually evaluated loans			
Allowance for individually evaluated loans	Allowance for individually evaluated loans		2,414
Total allowance for credit losses	Total allowance for credit losses	$	105,680
Total allowance for credit losses			
Total allowance for credit losses			

The following table provides a summary of loans and leases purchased as part of the VRB acquisition with credit deterioration (PCD) at acquisition:

	As of March 25		
(in thousands)	Commercial Real Estate	Consumer	Commercial and
Par value	$ 27,237	$ 3,877	$
ACL at acquisition	(1,573)	(144)	
Non-credit discount	(2,305)	(360)	
Purchase price	$ 23,359	$ 3,373	$

The following tables summarize the activity in the allowance for credit losses, and ending balance of loans, net of unearned fees for the periods indicated.

Allowance for Credit Losses – December 31, 2022

Allowance for Credit Losses – December 31, 2023

Allowance for Credit Losses – December 31, 2023

Allowance for Credit Losses – December 31, 2023

(in thousands)	(in thousands)	Beginning Balance	ACL on PCD Loans	Charge-offs	Recoveries	Provision for (Benefit from) Credit Losses	Ending Balance	(in thousands)	Beginning Balance
Commercial real estate:	Commercial real estate:								
CRE non-owner occupied									
CRE non-owner occupied									
CRE non-owner occupied	CRE non-owner occupied	$ 25,739	$ 746	$ —	$ 1	$ 4,476	$ 30,962		
CRE owner occupied	CRE owner occupied	10,691	63	—	2	3,258	14,014		
Multifamily	Multifamily	12,395	—	—	—	737	13,132		
Farmland	Farmland	2,315	764	(294)	—	488	3,273		
Total commercial real estate loans	Total commercial real estate loans	51,140	1,573	(294)	3	8,959	61,381		
Consumer:	Consumer:								
SFR 1-4 1st DT liens									
SFR 1-4 1st DT liens									
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	10,723	144	—	79	322	11,268		
SFR HELOCs and junior liens	SFR HELOCs and junior liens	10,510	—	(22)	429	496	11,413		
Other	Other	2,241	—	(572)	235	54	1,958		
Total consumer loans	Total consumer loans	23,474	144	(594)	743	872	24,639		
Commercial and industrial	Commercial and industrial	3,862	81	(697)	1,157	9,194	13,597		
Construction	Construction	5,667	201	—	—	(726)	5,142		
Agriculture production	Agriculture production	1,215	38	—	4	(351)	906		
Leases	Leases	18	—	—	—	(3)	15		
Allowance for credit losses on loans	Allowance for credit losses on loans	85,376	2,037	(1,585)	1,907	17,945	105,680		
Reserve for unfunded commitments	Reserve for unfunded commitments	3,790	—	—	—	525	4,315		
Total	Total	$ 89,166	$2,037	$(1,585)	$ 1,907	$18,470	$109,995		

Allowance for Credit Losses – December 31, 2021

Allowance for Credit Losses – December 31, 2022

(in thousands)	(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision for (Benefit from) Credit Losses	Ending Balance
Commercial real estate:	Commercial real estate:					
CRE non-owner occupied						
CRE non-owner occupied						
CRE non-owner occupied	CRE non-owner occupied	$ 29,380	$ —	$ 12	$ (3,653)	$ 25,739
CRE owner occupied	CRE owner occupied	10,861	(18)	794	(946)	10,691
Multifamily	Multifamily	11,472	—	—	923	12,395
Farmland	Farmland	1,980	(126)	—	461	2,315
Total commercial real estate loans	Total commercial real estate loans	53,693	(144)	806	(3,215)	51,140
Consumer:	Consumer:					
SFR 1-4 1st DT liens						
SFR 1-4 1st DT liens						
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	10,117	(145)	13	738	10,723
SFR HELOCs and junior liens	SFR HELOCs and junior liens	11,771	(29)	1,127	(2,359)	10,510
Other	Other	3,260	(577)	361	(803)	2,241
Total consumer loans	Total consumer loans	25,148	(751)	1,501	(2,424)	23,474
Commercial and industrial	Commercial and industrial	4,252	(1,470)	755	325	3,862
Construction	Construction	7,540	(27)	—	(1,846)	5,667
Agriculture production	Agriculture production	1,209	—	24	(18)	1,215
Leases	Leases	5	—	—	13	18
Allowance for credit losses on loans	Allowance for credit losses on loans	91,847	(2,392)	3,086	(7,165)	85,376
Reserve for unfunded commitments	Reserve for unfunded commitments	3,400	—	—	390	3,790
Total	Total	$ 95,247	$ (2,392)	$ 3,086	$ (6,775)	$ 89,166

(in thousands)	Beginning Balance	ACL on PCD Loans	Charge-offs

Allowance for Credit Losses – December 31, 2020

Allowance for Credit Losses – December 31, 2021

Allowance for Credit Losses – December 31, 2021

Allowance for Credit Losses – December 31, 2021

(in thousands)	(in thousands)	Beginning Balance	Impact of CECL Adoption	Charge-offs	Recoveries	Provision for (Benefit from) Credit Losses	Ending Balance	(in thousands)	Beginning Balance
Commercial real estate:	Commercial real estate:								
CRE non-owner occupied									
CRE non-owner occupied									
CRE non-owner occupied	CRE non-owner occupied	$ 5,948	$ 6,701	$ —	$ 198	$16,533	$29,380		
CRE owner occupied	CRE owner occupied	2,027	2,281	—	28	6,525	10,861		
Multifamily	Multifamily	3,352	2,281	—	—	5,839	11,472		
Farmland	Farmland	668	585	(182)	—	909	1,980		
Total commercial real estate loans	Total commercial real estate loans	11,995	11,848	(182)	226	29,806	53,693		
Consumer:	Consumer:								
SFR 1-4 1st DT liens									
SFR 1-4 1st DT liens									
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	2,306	2,675	(13)	416	4,733	10,117		
SFR HELOCs and junior liens	SFR HELOCs and junior liens	6,183	4,638	(116)	304	762	11,771		
Other	Other	1,595	971	(670)	347	1,017	3,260		
Total consumer loans	Total consumer loans	10,084	8,284	(799)	1,067	6,512	25,148		
Commercial and industrial	Commercial and industrial	4,867	(1,961)	(774)	568	1,552	4,252		
Construction	Construction	3,388	933	—	—	3,219	7,540		
Agriculture production	Agriculture production	261	(179)	—	24	1,103	1,209		
Leases	Leases	21	(12)	—	—	(4)	5		
Allowance for credit losses on loans	Allowance for credit losses on loans	30,616	18,913	(1,755)	1,885	42,188	91,847		
Reserve for unfunded commitments	Reserve for unfunded commitments	2,775	—	—	—	625	3,400		
Total	Total	$ 33,391	$18,913	$(1,755)	$ 1,885	$42,813	$95,247		

As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including, but not limited to, trends relating to (i) the level of criti risk and grading. This analysis is performed annually for all outstanding balances greater than $1,000,000 $1.0 million and non-homogeneous loans, such as commercial real estate loans, unless other in based on delinquency and borrower credit scores.

Collateral values may be determined by appraisals obtained through Bank approved, licensed appraisers, qualified independent third parties, public value information (blue book values for autos), sales ir questionable and the loan has been classified.

The Company utilizes a risk grading system to assign a risk grade to each of its loans. Loans are graded on a scale ranging from Pass to Loss. A description of the general characteristics of the risk grad

- *Pass* – This grade represents loans ranging from acceptable to very little or no credit risk. These loans typically meet most if not all policy standards in regard to: loan amount as a percentage of
- *Special Mention* – This grade represents "Other Assets Especially Mentioned" in accordance with regulatory guidelines and includes loans that display some potential weaknesses which, if left u supervision and attention.
- *Substandard* – This grade represents "Substandard" loans in accordance with regulatory guidelines. Loans within this rating typically exhibit weaknesses that are well defined to the point that rep of principal and accrued interest, or the loan has been written down to the point where this is true. There is a definite need for a well-defined workout/rehabilitation program.
- *Doubtful* – This grade represents "Doubtful" loans in accordance with regulatory guidelines. An asset classified as Doubtful has all the weaknesses inherent in a loan classified Substandard with Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral, and financing plans.
- *Loss* – This grade represents "Loss" loans in accordance with regulatory guidelines. A loan classified as Loss is considered uncollectible and of such little value that its continuance as a bankabl loan, even though some recovery may be affected in the future. The portion of the loan that is graded loss should be charged off no later than the end of the quarter in which the loss is identified.

The following tables present ending loan balances by loan category and risk grade for the periods indicated:

(in thousands)	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2022								
(in thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Commercial real estate:									
CRE non-owner occupied risk ratings									
Pass	$399,910	$304,636	$152,960	$221,659	$147,842	$748,994	$123,794	$ —	$2,099,795
Special Mention	—	—	—	20,033	—	21,681	1,346	—	43,060
Substandard	—	864	768	—	1,059	4,179	—	—	6,870
Doubtful/Loss	—	—	—	—	—	—	—	—	—
Total CRE non-owner occupied risk ratings	$399,910	$305,500	$153,728	$241,692	$148,901	$774,854	$125,140	$ —	$2,149,725

(in thousands) (in thousands) Commercial real estate: CRE non-owner occupied risk ratings Pass Special Mention Substandard Doubtful/Loss Total CRE non-owner occupied risk ratings

Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2023

(in thousands)	2023	2022	2021	2020	2019	Pric
CRE non-owner occupied risk ratings						
Pass						
Current period gross charge-offs						
Commercial real estate:						
CRE owner occupied risk ratings						
Pass	$ 210,101	$ 197,787	$ 120,929	$ 64,244		

(in thousands) CRE non-owner occupied risk ratings Pass Commercial real estate: CRE owner occupied risk ratings CRE owner occupied risk ratings Pass Pass

Special Mention	Special Mention	131	16,296	234	731
Substandard	Substandard	3,213	—	5,249	1,893
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total CRE owner occupied risk ratings	Total CRE owner occupied risk ratings	$ 213,445	$ 214,083	$ 126,412	$ 66,868
Current period gross charge-offs					

Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2022

Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2023

(in thousands)

(in thousands)

(in thousands)	(in thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total	2023	2022	2021	2020	2019	Prior
Commercial real estate:	Commercial real estate:															
Multifamily risk ratings	Multifamily risk ratings															
Multifamily risk ratings																
Multifamily risk ratings																
Pass																
Pass																
Pass	Pass	$159,318	$290,170	$96,937	$108,586	$106,287	$154,125	$ 28,989	$ —	$944,412						
Special Mention	Special Mention	—	—	—	—	—	—	—	—	—						
Substandard	Substandard	—	—	—	—	—	125	—	—	125						
Doubtful/Loss	Doubtful/Loss	—	—	—	—	—	—	—	—	—						
Total multifamily loans	Total multifamily loans	$159,318	$290,170	$96,937	$108,586	$106,287	$154,250	$ 28,989	$ —	$944,537						
Current period gross charge-offs																

Commercial real estate:	Commercial real estate:				
Farmland risk ratings	Farmland risk ratings				
Farmland risk ratings					
Farmland risk ratings					
Pass					
Pass					
Pass	Pass	$ 47,067	$ 53,275	$ 16,739	$ 18,589
Special Mention	Special Mention	3,139	783	246	5,000
Substandard	Substandard	—	—	1,772	765
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total farmland loans	Total farmland loans	$ 50,206	$ 54,058	$ 18,757	$ 24,354
Current period gross charge-offs					

Consumer loans: Consumer loans:

SFR 1-4 1st DT liens risk ratings SFR 1-4 1st DT liens risk ratings

SFR 1-4 1st DT liens risk ratings

SFR 1-4 1st DT liens risk ratings

Pass

Pass

Pass	Pass	$194,933	$265,370	$131,922	$33,395	$28,545	$115,469	$8	$2,924	$772,566
Special Mention	Special Mention	—	—	1,531	282	3,277	5,854	—	465	11,409
Substandard	Substandard	—	1,204	—	—	1,004	3,521	—	645	6,374
Doubtful/Loss	Doubtful/Loss	—	—	—	—	—	—	—	—	—
Total SFR 1st DT liens	Total SFR 1st DT liens	$194,933	$266,574	$133,453	$33,677	$32,826	$124,844	$8	$4,034	$790,349

Special Mention	71	—	—
Substandard	—	140	140
Doubtful/Loss	—	—	—

Current period gross charge-offs

Consumer loans:

SFR HELOCs and Junior Liens risk ratings				
Pass	$ 297	$ —	$ —	$
Special Mention	—	—	—	
Substandard	—	—	—	
Doubtful/Loss	—	—	—	
Total SFR HELOCs and Junior Liens	$ 297	$ —	$ —	$
Current period gross charge-offs	$ —	$ —	$ —	$

Consumer loans:

SFR HELOCs and Junior Liens risk ratings				
Pass	$ 505	$ —	$ —	$
Special Mention	—	—	—	
Substandard	—	—	—	
Doubtful/Loss	—	—	—	
Total SFR HELOCs and Junior Liens	$ 505	$ —	$ —	$

Consumer loans: Consumer loans:

Other risk ratings Other risk ratings

Other risk ratings

Other risk ratings

Pass

Pass

Pass	Pass	$14,070	$12,990	$10,211	$10,650	$5,225	$1,945	$899	$—	$55,990
Special Mention	Special Mention	—	18	77	135	176	32	47	—	485
Substandard	Substandard	—	—	42	92	—	96	23	—	253
Doubtful/Loss	Doubtful/Loss	—	—	—	—	—	—	—	—	—
Total other consumer loans	Total other consumer loans	$14,070	$13,008	$10,330	$10,877	$5,401	$2,073	$969	$—	$56,728

Special Mention	21	54	54
Substandard	87	183	183
Doubtful/Loss	—	—	—

Current period gross charge-offs

Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2022

Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2023

(in thousands)

(in thousands)

(in thousands)	(in thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Commercial and industrial loans:	Commercial and industrial loans:									
Commercial and industrial risk ratings	Commercial and industrial risk ratings									
Pass	Pass	$125,710	$64,966	$17,746	$23,131	$7,628	$5,051	$297,341	$ 483	$542,056
Special Mention	Special Mention	3,032	139	21	49	138	768	11,547	—	15,694
Substandard	Substandard	1,293	1,142	5,179	14	33	611	3,798	101	12,171
Doubtful/Loss	Doubtful/Loss	—		—	—	—	—	—	—	—
Total commercial and industrial loans	Total commercial and industrial loans	$130,035	$66,247	$22,946	$23,194	$7,799	$6,430	$312,686	$ 584	$569,921
Current period gross charge-offs										
Construction loans:	Construction loans:									
Construction risk ratings	Construction risk ratings									
Pass	Pass	$72,840	$72,308	$43,409	$15,358	$2,159	$4,900	$—	$—	$210,974
Special Mention	Special Mention	—	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	457	—	129	—	—	586
Doubtful/Loss	Doubtful/Loss	—	—	—	—	—	—	—	—	—
Total construction loans	Total construction loans	$72,840	$72,308	$43,409	$15,815	$2,159	$5,029	$—	$—	$211,560
Current period gross charge-offs										
Agriculture production loans:	Agriculture production loans:									
Agriculture production risk ratings	Agriculture production risk ratings									

Commercial and industrial risk ratings

Commercial and industrial risk ratings

Pass

Pass

	2023		2022		2021		2
Special Mention	33	663		663	237		237
Substandard	—	2,014		2,014	782		782
Doubtful/Loss	—						—

Construction risk ratings

Construction risk ratings

Pass

Pass

Special Mention	—	10,582
Substandard	—	—
Doubtful/Loss	—	—

Agriculture production risk ratings

Agriculture production risk ratings					
Pass					
Pass					
Pass	Pass	$ 3,414	$ 2,777	$ 1,149	$ 1,104
Special Mention	Special Mention	—	—	—	—
Substandard	Substandard	—	—	—	—
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total agriculture production loans	Total agriculture production loans	$ 3,414	$ 2,777	$ 1,149	$ 1,104
Current period gross charge-offs					
Leases:	Leases:				
Lease risk ratings	Lease risk ratings				
Lease risk ratings					
Lease risk ratings					
Pass					
Pass					
Pass	Pass	$ 7,726	$ —	$ —	$ —
Special Mention	Special Mention	—	—	—	—
Substandard	Substandard	—	—	—	—
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total leases	Total leases	$ 7,726	$ —	$ —	$ —
Current period gross charge-offs					
Total loans outstanding:	Total loans outstanding:				
Risk ratings	Risk ratings				
Risk ratings					
Risk ratings					
Pass					
Pass					
Pass	Pass	$ 1,235,594	$ 1,264,279	$ 592,002	$ 496,716
Special Mention	Special Mention	6,302	17,236	2,109	26,230
Substandard	Substandard	4,506	3,210	13,010	3,221
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total loans outstanding	Total loans outstanding	$ 1,246,402	$ 1,284,725	$ 607,121	$ 526,167
Current period gross charge-offs					

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2021

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2022

(in thousands)

(in thousands)

(in thousands)	(in thousands)	2021	2020	2019	2018	2016	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total		2022	2021		2020		2
Commercial real estate:	Commercial real estate:																
CRE non-owner occupied risk ratings	CRE non-owner occupied risk ratings																
CRE non-owner occupied risk ratings																	
CRE non-owner occupied risk ratings																	
Pass																	
Pass																	
Pass	Pass	$275,305	$127,299	$199,764	$133,046	$224,581	$543,430	$ 49,899	$ —	$1,553,324							
Special Mention	Special Mention	—	—	8,386	399	4,390	20,612	1,732	—	35,519	Special Mention	—	—	—	—	—	20,
Substandard	Substandard	—	—	—	1,382	739	12,177	—	—	14,298	Substandard	—	864	864	768	768	
Doubtful/Loss	Doubtful/Loss	—	—	—	—	—	—	—	—	—	Doubtful/Loss	—	—	—	—	—	
Total CRE non-owner occupied risk ratings	Total CRE non-owner occupied risk ratings	$275,305	$127,299	$208,150	$134,827	$229,710	$576,219	$ 51,631	$ —	$1,603,141							

Commercial real estate:	Commercial real estate:								
CRE owner occupied risk ratings	CRE owner occupied risk ratings								
CRE owner occupied risk ratings									
CRE owner occupied risk ratings									
Pass									
Pass									
Pass	Pass	$	178,092	$	104,571	$	63,979	$	48,721
Special Mention	Special Mention		15,515		—		—		289
Substandard	Substandard		—		—		858		1,214
Doubtful/Loss	Doubtful/Loss		—		—		—		—
Total CRE owner occupied risk ratings	Total CRE owner occupied risk ratings	$	193,607	$	104,571	$	64,837	$	50,224

Commercial real estate:	Commercial real estate:								
Multifamily risk ratings	Multifamily risk ratings								
Multifamily risk ratings									
Multifamily risk ratings									
Pass									
Pass									
Pass	Pass	$	278,942	$	100,752	$	71,822	$	109,374
Special Mention	Special Mention		—		—		—		—
Substandard	Substandard		—		—		4,305		—
Doubtful/Loss	Doubtful/Loss		—		—		—		—
Total multifamily loans	Total multifamily loans	$	278,942	$	100,752	$	76,127	$	109,374

Commercial real estate:	Commercial real estate:								
Farmland risk ratings	Farmland risk ratings								
Farmland risk ratings									
Farmland risk ratings									
Pass									
Pass									
Pass	Pass	$	43,601	$	17,399	$	20,223	$	15,119

Special Mention	Special Mention	—	—	—	—
Substandard	Substandard	—	—	2,895	—
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total farmland loans	Total farmland loans	$ 43,601	$ 17,399	$ 23,118	$ 15,119
Consumer loans:	Consumer loans:				
SFR 1-4 1st DT liens risk ratings	SFR 1-4 1st DT liens risk ratings				
SFR 1-4 1st DT liens risk ratings					
SFR 1-4 1st DT liens risk ratings					
Pass					
Pass					
Pass	Pass	$ 268,743	$ 159,860	$ 40,661	$ 30,880
Special Mention	Special Mention	—	—	286	3,282
Substandard	Substandard	1,103	—	—	1,089
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total SFR 1st DT liens	Total SFR 1st DT liens	$ 269,846	$ 159,860	$ 40,947	$ 35,251

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2021

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2022

(in thousands)

(in thousands)

(in thousands)	(in thousands)	2021	2020	2019	2018	2016	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total	2022	2021	2020	2019	2016	Prior
Consumer loans:	Consumer loans:															
SFR HELOCs and Junior Liens risk ratings	SFR HELOCs and Junior Liens risk ratings															
SFR HELOCs and Junior Liens risk ratings																
SFR HELOCs and Junior Liens risk ratings																
Pass																
Pass																
Pass	Pass	$494	$ —	$ —	$ —	$ —	$185	$317,381	$ 9,675	$327,735						
Special Mention	Special Mention	—	—	—	—	—	53	3,655	832	4,540						
Substandard	Substandard	—	—	—	—	—	2	4,164	1,072	5,238						
Doubtful/Loss	Doubtful/Loss	—	—	—	—	—	—	—	—	—						
Total SFR HELOCs and Junior Liens	Total SFR HELOCs and Junior Liens	$494	$ —	$ —	$ —	$ —	$240	$325,200	$ 11,579	$337,513						
Consumer loans:	Consumer loans:															
Other risk ratings	Other risk ratings															
Other risk ratings																

Other risk ratings					
Pass					
Pass					
Pass	Pass	$ 20,920	$ 15,939	$ 17,316	$ 8,016
Special Mention	Special Mention	—	46	157	233
Substandard	Substandard	—	53	96	94
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total other consumer loans	Total other consumer loans	$ 20,920	$ 16,038	$ 17,569	$ 8,343
Commercial and industrial loans:	Commercial and industrial loans:				
Commercial and industrial risk ratings	Commercial and industrial risk ratings				
Commercial and industrial risk ratings					
Commercial and industrial risk ratings					
Pass					
Pass					
Pass	Pass	$ 92,972	$ 17,933	$ 27,335	$ 11,335
Special Mention	Special Mention	—	2,417	69	152
Substandard	Substandard	—	—	146	152
Doubtful/Loss	Doubtful/Loss				
Total commercial and industrial loans	Total commercial and industrial loans	$ 92,972	$ 20,350	$ 27,550	$ 11,639
Construction loans:	Construction loans:				
Construction risk ratings	Construction risk ratings				
Construction risk ratings					
Construction risk ratings					
Pass					
Pass					
Pass	Pass	$ 66,318	$ 79,567	$ 58,383	$ 4,849
Special Mention	Special Mention	—	—	—	—
Substandard	Substandard	2,675	472	—	—
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total construction loans	Total construction loans	$ 68,993	$ 80,039	$ 58,383	$ 4,849
Agriculture production loans:	Agriculture production loans:				
Agriculture production risk ratings	Agriculture production risk ratings				
Agriculture production risk ratings					
Agriculture production risk ratings					
Pass					
Pass					
Pass	Pass	$ 2,068	$ 878	$ 1,393	$ 801
Special Mention	Special Mention	—	—	—	150
Substandard	Substandard	—	—	—	—
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total agriculture production loans	Total agriculture production loans	$ 2,068	$ 878	$ 1,393	$ 951

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2021

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2022

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2022

Term Loans Amortized Cost Basis by Origination Year – As of December 31, 2022

(in thousands)

(in thousands)

(in thousands)	(in thousands)	2021	2020	2019	2018
Leases:	Leases:				
Leases:					
Leases:					
Lease risk ratings					
Lease risk ratings					
Lease risk ratings	Lease risk ratings				
Pass	Pass	$ 6,572	$ —	$ —	$ —
Pass					
Pass					
Special Mention					
Special Mention					
Special Mention	Special Mention	—	—	—	—
Substandard	Substandard	—	—	—	—
Substandard					
Substandard					
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Doubtful/Loss					
Doubtful/Loss					
Total leases					
Total leases					
Total leases	Total leases	$ 6,572	$ —	$ —	$ —
Total loans outstanding:	Total loans outstanding:				
Risk ratings	Risk ratings				
Risk ratings					
Risk ratings					
Pass					
Pass					
Pass	Pass	$ 1,234,027	$ 624,198	$ 500,876	$ 362,141
Special Mention	Special Mention	15,515	2,463	8,898	4,505
Substandard	Substandard	3,778	525	8,300	3,931
Doubtful/Loss	Doubtful/Loss	—	—	—	—
Total loans outstanding	Total loans outstanding	$ 1,253,320	$ 627,186	$ 518,074	$ 370,577

Once a loan becomes delinquent and repayment becomes questionable, a Bank collection officer will address collateral shortfalls with the borrower and attempt to obtain additional collateral. If this is not charge the loan down to the estimated net realizable amount. Depending on the length of time until ultimate collection, the Bank may revalue the underlying collateral and take additional charge-offs as w liquidated and actual loss is known. Unpaid balances on loans after or during collection and liquidation may also be pursued through lawsuit and attachment of wages or judgment liens on borrower's oth

The following table shows the ending balance of current and past due originated loans by loan category as of the date indicated:

Analysis of Past Due Loans - As of December 31, 2022

Analysis of Past Due Loans - As of December 31, 2023

(in thousands)	(in thousands)	30-59 days	60-89 days	> 90 days	Total Past Due Loans	Current	Total	(in thousands)	30-59 days	60-89 days

Commercial real estate:	Commercial real estate:										
CRE non-owner occupied											
CRE non-owner occupied											
CRE non-owner occupied	CRE non-owner occupied	$ —	$ —	$ —	$ —	$2,149,725	$2,149,725				
CRE owner occupied	CRE owner occupied	—	98	75	173	984,634	984,807				
Multifamily	Multifamily	159	—	—	159	944,378	944,537				
Farmland	Farmland	—	—	—	0	280,014	280,014	Farmland	635	3,798	3,
Total commercial real estate loans	Total commercial real estate loans	159	98	75	332	4,358,751	4,359,083				
Consumer:	Consumer:										
SFR 1-4 1st DT liens											
SFR 1-4 1st DT liens											
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	24	—	279	303	790,046	790,349				
SFR HELOCs and junior liens	SFR HELOCs and junior liens	172	166	707	1,045	392,621	393,666				
Other	Other	26	34	55	115	56,613	56,728				
Total consumer loans	Total consumer loans	222	200	1,041	1,463	1,239,280	1,240,743	Total consumer loans	305		1
Commercial and industrial	Commercial and industrial	2,300	190	283	2,773	567,148	569,921				
Construction	Construction	—	—	379	379	211,181	211,560				
Agriculture production	Agriculture production	—	—	—	—	61,414	61,414				
Leases	Leases	—	—	—	—	7,726	7,726				
Total	Total	$2,681	$ 488	$ 1,778	$ 4,947	$6,445,500	$6,450,447				

The following table shows the ending balance of current and past due originated loans by loan category as of the date indicated:

Analysis of Past Due Loans - As of December 31, 2021

Analysis of Past Due Loans - As of December 31, 2022

(in thousands)	(in thousands)	30-59 days	60-89 days	> 90 days	Total Past Due Loans	Current	Total	(in thousands)	30-59 days	60-89 day
Commercial real estate:	Commercial real estate:									
CRE non-owner occupied										
CRE non-owner occupied										
CRE non-owner occupied	CRE non-owner occupied	$ 226	$ 37	$ —	$ 263	$1,602,878	$1,603,141			
CRE owner occupied	CRE owner occupied	271	127	273	671	705,636	706,307			

Multifamily	Multifamily	—	—	—	—	823,500	823,500			
Farmland	Farmland	—	—	575	575	172,531	173,106	Farmland	—	—
Total commercial real estate loans	Total commercial real estate loans	497	164	848	1,509	3,304,545	3,306,054			
Consumer:	Consumer:									
SFR 1-4 1st DT liens										
SFR 1-4 1st DT liens										
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	—	13	362	375	666,585	666,960			
SFR HELOCs and junior liens	SFR HELOCs and junior liens	36	361	1,212	1,609	335,904	337,513			
Other	Other	109	7	28	144	66,934	67,078			
Total consumer loans	Total consumer loans	145	381	1,602	2,128	1,069,423	1,071,551	Total consumer loans	222	
Commercial and industrial	Commercial and industrial	146	245	166	557	258,798	259,355			
Construction	Construction	—	90	—	90	222,191	222,281			
Agriculture production	Agriculture production	48	—	—	48	50,763	50,811			
Leases	Leases	—	—	—	—	6,572	6,572			
Total	Total	$ 836	$ 880	$ 2,616	$ 4,332	$ 4,912,292	$ 4,916,624			

The following table shows the ending balance of non accrual loans by loan category as of the date indicated:

		Non Accrual Loans								
		As of December 31, 2022			As of December 31, 2021					
	Non Accrual Loans									
	As of December 31, 2023									
(in thousands)	(in thousands)	Non accrual with no allowance for credit losses	Total non accrual	Past due 90 days or more and still accruing	Non accrual with no allowance for credit losses	Total non accrual	Past due 90 days or more and still accruing	(in thousands)	Non accrual with no allowance for credit losses	Total non accrual
Commercial real estate:	Commercial real estate:									
CRE non-owner occupied										
CRE non-owner occupied										
CRE non-owner occupied	CRE non-owner occupied	$ 1,739	$ 1,739	$ —	$ 7,899	$ 7,899	$ —			
CRE owner occupied	CRE owner occupied	4,938	4,938	—	4,763	5,036	—			
Multifamily	Multifamily	125	125	—	4,457	4,457	—			
Farmland	Farmland	1,772	1,772	—	452	3,020	—			
Total commercial real estate loans	Total commercial real estate loans	8,574	8,574	—	17,571	20,412	—			
Consumer:	Consumer:									
SFR 1-4 1st DT liens										
SFR 1-4 1st DT liens										

SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	4,117	4,220	—	3,594	3,595	—
SFR HELOCs and junior liens	SFR HELOCs and junior liens	2,498	3,155	—	3,285	3,801	—
Other	Other	47	84	—	48	71	—
Total consumer loans	Total consumer loans	6,662	7,459	—	6,927	7,467	—
Commercial and industrial	Commercial and industrial	1,224	3,518	—	1,904	2,416	—
Construction	Construction	491	491	—	15	55	—
Agriculture production	Agriculture production	1,279	1,279	—	—	—	—
Leases	Leases	—	—	—	—	—	—
Sub-total	Sub-total	18,230	21,321	—	26,417	30,350	—
Less: Guaranteed loans	Less: Guaranteed loans	(105)	(225)	—	(713)	(775)	—
Total, net	Total, net	$ 18,125	$21,096	$ —	$ 25,704	$29,575	$ —

Interest income on non accrual loans that would have been recognized during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, if all such loans had been current in during the years ended December 31, 2022 December 31, 2023, 2022, and 2021 was $1.0 million, $0.6 million, and 2020 was $579,000, $471,000, and $701,000, $0.5 million, respectively.

The following tables present the amortized cost basis of collateral dependent loans by class of loans as of the following periods:

		As of December 31, 2022											
		As of December 31, 2023											
(in thousands)	(in thousands)	Retail	Office	Warehouse	Other	Multifamily	Farmland	SFR -1st Deed	SFR -2nd Deed	Automobile/Truck	A/R and Inventory	Equipment	Total
Commercial real estate:	Commercial real estate:												
CRE non-owner occupied													
CRE non-owner occupied													
CRE non-owner occupied	CRE non-owner occupied	$ 777	$ 98	$ —	$ 864	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,739
CRE owner occupied	CRE owner occupied	548	75	1,103	3,212	—	—	—	—	—	—	—	4,938
Multifamily	Multifamily	—	—	—	—	125	—	—	—	—	—	—	125
Farmland	Farmland	—	—	—	—	—	1,772	—	—	—	—	—	1,772
Total commercial real estate loans	Total commercial real estate loans	1,325	173	1,103	4,076	125	1,772	—	—	—	—		8,574
Consumer:	Consumer:												
SFR 1-4 1st DT liens													
SFR 1-4 1st DT liens													

(in thousands)	Retail	Office	Warehou

		Retail	Office	Warehouse	Other	Multifamily	Farmland	SFR -1st Deed	SFR -2nd Deed	Automobile/Truck	A/R and Inventory	Equipment	Total
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	—	—	—	—	—	—	4,220	—	—	—	—	4,220
SFR HELOCs and junior liens	SFR HELOCs and junior liens	—	—	—	—	—	—	1,664	1,121	—	—	—	2,785
Other	Other	—	—	—	5	—	—	—	—	61	—	2	68
Total consumer loans	Total consumer loans	—	—	—	5	—	—	5,884	1,121	61	—	2	7,073
Commercial and industrial	Commercial and industrial	—	—	—	1,874	—	—	—	—	—	1,596	48	3,518
Construction	Construction	—	—	—	379	—	—	112	—	—	—	—	491
Agriculture production	Agriculture production	—	—	—	—	—	—	—	—	—	—	1,279	1,279
Leases	Leases	—	—	—	—	—	—	—	—	—	—	—	—
Total	Total	$1,325	$173	$ 1,103	$6,334	$ 125	$ 1,772	$5,996	$1,121	$ 61	$ 1,596	$ 1,329	$20,935

As of December 31, 2021

As of December 31, 2022

(in thousands)	(in thousands)	Retail	Office	Warehouse	Other	Multifamily	Farmland	SFR -1st Deed	SFR -2nd Deed	Automobile/Truck	A/R and Inventory	Equipment	Total
Commercial real estate:	Commercial real estate:												
CRE non-owner occupied	CRE non-owner occupied												
CRE non-owner occupied	CRE non-owner occupied	$2,591	$1,253	$ 1,545	$7,272	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$12,661
CRE owner occupied	CRE owner occupied	—	—	—	—	—	—	—	—	—	—	—	—
Multifamily	Multifamily	—	—	—	—	4,458	—	—	—	—	—	—	4,458
Farmland	Farmland	—	—	—	—	—	1,027	—	—	—	—	—	1,027
Total commercial real estate loans	Total commercial real estate loans	2,591	1,253	1,545	7,272	4,458	1,027	—	—	—	—	—	18,146
Consumer:	Consumer:												
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens												
SFR 1-4 1st DT liens	SFR 1-4 1st DT liens	—	—	—	—	—	—	3,589	—	—	—	—	3,589
SFR HELOCs and junior liens	SFR HELOCs and junior liens	—	—	—	—	—	—	1,649	1,636	—	—	—	3,285
Other	Other	—	—	—	43	—	—	—	—	5	—	5	53
Total consumer loans	Total consumer loans	—	—	—	43	—	—	5,238	1,636	5	—	5	6,927
Commercial and industrial	Commercial and industrial	—	—	—	—	—	—	—	—	—	2,162	112	2,274
Construction	Construction	—	—	—	—	—	—	15	—	—	—	—	15
Agriculture production	Agriculture production	—	—	—	—	—	—	—	—	—	—	—	—
Leases	Leases	—	—	—	—	—	—	—	—	—			—

(in thousands) Retail Office War

Total	Total	$2,591	$1,253	$ 1,545	$7,315	$ 4,458	$ 1,027	$5,253	$1,636	$ 5	$ 2,162	$ 117	$27,362

Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearances, term extensions, and other actions intended to minimize eco

The following tables show certain information regarding Troubled Debt Restructurings the amortized cost basis of loans that occurred were both experiencing financial difficulty and modified during the per
modifications, either temporary or long-term, payment modifications, and collateral substitutions/additions. amortized cost basis of loans that were modified to borrowers in financial distress as compared t

(dollars in thousands)	Number	Pre-mod outstanding principal balance	Post-mod outstanding principal balance
Commercial real estate:			
CRE non-owner occupied	—	$ —	$ —
CRE owner occupied	1	—	130
Multifamily	—	—	—
Farmland	3	1,228	1,440
Total commercial real estate loans	4	1,228	1,570
Consumer:			
SFR 1-4 1st DT liens	—	—	—
SFR HELOCs and junior liens	—	—	—
Other	—	—	—
Total consumer loans	—	—	—
Commercial and industrial	1	39	39
Construction	—	—	—
Agriculture production	4	7,210	7,210
Leases	—	—	—
Total	9	$ 8,477	$ 8,819

(in thousands)	Principal Forgiveness	Payment Delay /Term Extensio
Commercial real estate:		
Farmland	$ —	$
Commercial and industrial	—	
Total	$ —	$

(dollars in thousands)	Number	Pre-mod outstanding principal balance	Post-mod outstanding principal balance
Commercial real estate:			
CRE non-owner occupied	5	$ 4,966	$ 4,956

CRE owner occupied	1	740	742
Multifamily	—	—	—
Farmland	2	701	703
Total commercial real estate loans	8	6,407	6,401
Consumer:			
SFR 1-4 1st DT liens	—	—	—
SFR HELOCs and junior liens	1	200	247
Other	—	—	—
Total consumer loans	1	200	247
Commercial and industrial	7	2,476	2,468
Construction	—	—	—
Agriculture production	—	—	—
Leases	—	—	—
Total	16	$ 9,083	$ 9,116

The following table presents the financial effect of loan modifications made to borrowers experiencing financial difficulty during the twelve months ended December 31, 2023.

Modification Type	**Loan Type**	
Payment Delay / Extension	Commercial and industrial	Added 12 months to the life of the loan, which re
Payment Delay / Extension	Commercial and industrial	Changed loan terms from fully amortizing to inte
Combination - Payment Delay / Term Reduction	Farmland	Changed loan terms from fully amortizing to inte
Combination - Term Change / Available Credit Reduction	Commercial and industrial	Added 60 months to the life of the loan to avoid

(in thousands)	Number	Pre-mod outstanding principal balance	Post-mod outstanding principal balance
Commercial real estate:			
CRE non-owner occupied	1	$ 319	$ 314
CRE owner occupied	4	1,847	1,877
Multifamily	—	—	—
Farmland	5	1,566	1,636
Total commercial real estate loans	10	3,732	3,827
Consumer:			
SFR 1-4 1st DT liens	—	—	—
SFR HELOCs and junior liens	2	172	169
Other	—	—	—
Total consumer loans	2	172	169
Commercial and industrial	6	2,106	2,078
Construction	—	—	—
Agriculture production	—	—	—
Leases	—	—	—
Total	18	$ 6,010	$ 6,074

For all new TDRs, an impairment analysis is conducted. If the loan is determined to be collateral dependent, any additional amount of impairment will be calculate
provision and is typically charged off. If the asset is determined not to be collateral dependent, the impairment is measured on the net present value difference bet

could result in a requirement for additional provision to the reserve. The effect of these required provisions for the period are indicated above.

Typically if a TDR There were no loans with payment defaults by borrowers experiencing financial difficulty during the period, quarter ended December 31, 2023 which had material modifications in rate, te
charge will be taken. The additional provisions required resulting from default of previously modified TDR's are noted above. twelve months prior to default.

Note 6 – Real Estate Owned

A summary of the activity in the balance of real estate owned follows:

		Year ended December 31,			
	Year ended December 31,				
(in thousands)	(in thousands)	2022	2021	(in thousands)	2023
Beginning balance, net	Beginning balance, net	$ 2,594	$ 2,844		
Additions/transfers from loans	Additions/transfers from loans	1,349	1,052		
Dispositions/sales	Dispositions/sales	(707)	(1,458)		
Valuation adjustments	Valuation adjustments	203	156		
Ending balance, net	Ending balance, net	$ 3,439	$ 2,594		
Ending valuation allowance	Ending valuation allowance	$ (113)	$ (9)		
Ending number of foreclosed assets	Ending number of foreclosed assets	9	6		
Proceeds from sale of real estate owned	Proceeds from sale of real estate owned	$ 873	$ 1,526		
Gain on sale of real estate owned	Gain on sale of real estate owned	$ 166	$ 233		

At December 31, 2022 December 31, 2023, the balance of real estate owned includes 8 foreclosed real estate properties and one land property recorded as a result of obtaining physical possession of th

Note 7 – Premises and Equipment

		As of December 31,		
(in thousands)	(in thousands)	2022	2021	(in thousands)
Land and land improvements	Land and land improvements	$ 25,899	$ 29,002	
Buildings	Buildings	64,018	64,382	
Furniture and equipment	Furniture and equipment	42,850	42,305	
		132,767	135,689	
	135,483			
Less: Accumulated depreciation	Less: Accumulated depreciation	(61,657)	(58,401)	
		71,110	77,288	
	70,329			

Construction in progress	Construction in progress	1,217	1,399
Total premises and equipment	Total premises and equipment	$72,327	$78,687

Depreciation expense for premises and equipment amounted to $5,676,000, $5,936,000, $5.8 million, $5.7 million, and $6,100,000 $5.9 million during the years ended 2023, 2022, 2021, and 2020, 2021,

Note 8 – Cash Value of Life Insurance

A summary of the activity in the balance of cash value of life insurance follows:

		Year ended December 31,		
(in thousands)	(in thousands)	2022	2021	(in thousands)
Beginning balance	Beginning balance	$117,857	$118,870	
Acquired policies from business combination	Acquired policies from business combination	13,609	—	
Increase in cash value of life insurance	Increase in cash value of life insurance	2,858	2,775	
Gain on death benefit	Gain on death benefit	309	702	
Insurance proceeds receivable reclassified to other assets	Insurance proceeds receivable reclassified to other assets	(891)	(4,490)	
Ending balance	Ending balance	$133,742	$117,857	
End of period death benefit	End of period death benefit	$223,427	$193,318	
Number of policies owned	Number of policies owned	216	176	
Insurance companies used	Insurance companies used	14	14	
Current and former employees and directors covered	Current and former employees and directors covered	79	59	

Note 9 – Goodwill and Other Intangible Assets

The following table summarizes the Company’s goodwill intangible as of the dates indicated:

(in thousands)	(in thousands)	December 31, 2022	Additions	Reductions	December 31, 2021	(in thousands)	December 31, 2023
Goodwill	Goodwill	$304,442	$83,570	$ —	$220,872		

Impairment exists when a Company's carrying value exceeds its fair value. Goodwill is evaluated for impairment annually. At September 30, 2022 September 30, 2023, the Company had positive equity a
The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeds its carrying value, resulting in no impairment. For each of the years in the three year pe

The following table summarizes the Company's core deposit intangibles ("CDI") as of the dates indicated:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)
Core deposit intangibles, gross	Core deposit intangibles, gross	$ 36,265	$ 37,725	
Fully amortized portion	Fully amortized portion	(8,074)	(1,460)	
Acquisition of VRB	Acquisition of VRB	10,635	—	
Core deposit intangibles, gross ending balance	Core deposit intangibles, gross ending balance	38,826	36,265	
Accumulated amortization, gross	Accumulated amortization, gross	(23,896)	(19,891)	
Accumulated amortization, gross				
Accumulated amortization, gross				
Fully amortized portion	Fully amortized portion	8,074	1,460	
Amortization expense	Amortization expense	(6,334)	(5,465)	
Accumulated amortization, gross ending balance	Accumulated amortization, gross ending balance	(22,156)	(23,896)	
Core deposit intangible, net	Core deposit intangible, net	$ 16,670	$ 12,369	Core deposit intangible, net

The Company's remaining net CDI balance of $16,670,000 $10.6 million as of December 31, 2022 December 31, 2023 reflects gross balances recorded from the VRB acquisition on March 25, 2022 totali
$6,614,000. $2.0 million. The following table summarizes the Company's estimated core deposit intangible amortization (dollars in thousands):

Years Ended
2023
2024
2025
2026
2027
Thereafter

Years Ended	
2024	
2025	
2026	
2027	
2028	
Thereafter	

Note 10 – Mortgage Servicing Rights

The following tables summarize the activity in, and the main assumptions used to determine the fair value of mortgage servicing rights for the periods indicated (dollars in thousands):

		Year ended December 31,			
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)
Balance at beginning of period	Balance at beginning of period	$ 5,874	$ 5,092	$ 6,200	
Additions	Additions	537	1,654	1,526	
Change in fair value	Change in fair value	301	(872)	(2,634)	
Balance at end of period	Balance at end of period	$ 6,712	$ 5,874	$ 5,092	
Contractually specified servicing fees, late fees and ancillary fees earned	Contractually specified servicing fees, late fees and ancillary fees earned	$ 1,887	$ 1,881	$ 1,855	
Balance of loans serviced at:	Balance of loans serviced at:				
Beginning of period	Beginning of period	$770,299	$779,530	$767,662	
Beginning of period					
Beginning of period					
End of period	End of period	$739,919	$770,299	$779,530	
Period end:	Period end:				
Weighted-average prepayment speed (CPR)	Weighted-average prepayment speed (CPR)	127.0 %	208.0 %	294.0 %	
Weighted-average prepayment speed (CPR)					
Weighted-average prepayment speed (CPR)					
Weighted-average expected life (years)	Weighted-average expected life (years)	7.6	5.7	4.5	Weighted-average expected life (years)
Weighted-average discount rate	Weighted-average discount rate	12.0 %	12.0 %	12.0 %	Weighted-average discount rate

The changes in fair value of MSRs during 2022 2023 were primarily due to changes in mortgage prepayment speeds and expected life estimates changes in principal balances of the MSRs. underlying m
of MSRs during 2020 2021 were primarily due to changes in investor require rate of return, or discount rate, of the MSRs.

Note 11 - Leases

The following table presents the components of lease expense for the periods indicated:

		Year ended December 31,			
		Year ended December 31,			
(in thousands)	(in thousands)	2022	2021	(in thousands)	2023
Operating lease cost	Operating lease cost	$5,725	$5,201		
Short-term lease cost	Short-term lease cost	283	241		
Variable lease cost	Variable lease cost	26	11		
Sublease income	Sublease income	—	(24)		
Total lease cost	Total lease cost	$6,034	$5,429		

The following table presents supplemental cash flow information related to leases as of the periods ended:

		Year ended December 31,			
		Year ended December 31,			
(in thousands)	(in thousands)	2022	2021	(in thousands)	2023
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases	Operating cash flows for operating leases	$5,904	$4,964		
Operating cash flows for operating leases					
Operating cash flows for operating leases					
ROUA obtained in exchange for operating lease liabilities	ROUA obtained in exchange for operating lease liabilities	$6,149	$2,883		

The following table presents the weighted average operating lease term and discount rate as of the periods ended:

	Year ended December 31,	
	2022	2021
	Year ended December 31, 2023	
Weighted-average remaining lease term	8.3 years	9.3 years
Weighted-average discount rate	3.0 %	2.9 %

Weighted-average remaining lease term

Weighted-average discount rate

At December 31, 2022 December 31, 2023, future expected operating lease payments are as follows (in thousands):

Periods ending December 31,	Periods ending December 31,	
2023		$
2024		
2024		
2024	2024	
2025	2025	
2026	2026	
2027	2027	
2028		
Thereafter	Thereafter	
	32,529	
Discount for present value of expected cash flows	Discount for present value of expected cash flows	
Lease liability at December 31, 2022		$
Lease liability at December 31, 2023		

Note 12 – Deposits

A summary of the balances of deposits follows:

(in thousands)	(in thousands)	December 31, 2022	December 31, 2021	(in thousands)
Noninterest-bearing demand	Noninterest-bearing demand	$3,502,095	$2,979,882	
Interest-bearing demand	Interest-bearing demand	1,718,541	1,568,682	
Savings	Savings	2,884,378	2,520,959	
Time certificates, $250,000 and over	Time certificates, $250,000 and over	46,350	44,652	
Other time certificates	Other time certificates	177,649	252,984	
Total deposits	Total deposits	$8,329,013	$7,367,159	

Overdrawn deposit balances of $1,766,000 $1.8 million and $2,324,000 $1.8 million were classified as consumer loans at December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

At December 31, 2022 December 31, 2023, the scheduled maturities of time deposits were as follows (in thousands):

		Scheduled Maturities
2023		$ 164,107
	Scheduled Maturities	
2024	2024	27,881
2025	2025	22,598
2026	2026	7,257
2027	2027	2,156
2028		
Thereafter	Thereafter	—
Total	Total	$ 223,999

Note 13 – Other Borrowings

A summary of the balances of other borrowings follows:

		December 31,	
		2022	2021
	December 31,		
	2023		2023
(in thousands)	(in thousands)		
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			

Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2023 of 5.70%, payable on January 2, 2024			
Term borrowing at FHLB, fixed rate, as of December 31, 2023 of 4.75%, payable on April 8, 2024			
Overnight borrowing at FHLB, fixed rate, as of December 31, 2022 of 4.65%, payable on January 3, 2023	Overnight borrowing at FHLB, fixed rate, as of December 31, 2022 of 4.65%, payable on January 3, 2023	$216,700	$ —
Other collateralized borrowings, fixed rate, as of December 31, 2022 and 2020 of 0.05%, payable on January 3, 2023 and January 3, 2022, respectively		47,905	50,087
Other collateralized borrowings, fixed rate, as of December 31, 2023 and 2022 of 0.05%, payable on January 2, 2024 and January 3, 2023, respectively			
Total other borrowings	Total other borrowings	$264,605	$50,087

Other collateralized borrowings are generally overnight maturity borrowings from non-financial institutions that are collateralized by securities owned by the Company. As of December 31, 2022 Decembe
collateralized borrowings.

The Company maintains a collateralized line of credit with the FHLB. Based on the FHLB stock requirements at December 31, 2022 December 31, 2023, this line provided for maximum borrowings of $2,
fair value of $80,187,000 $69.2 million and loans with unpaid principal balances totaling $4,389,161,000 $4.6 billion as potential collateral under this collateralized line of credit with the FHLB.

The Company maintains a collateralized line of credit with the Federal Reserve Bank of San Francisco (“FRB”). As of December 31, 2022 December 31, 2023, this line provided for maximum borrowings
and loans with unpaid principal balances totaling $424,946,000 $444.5 million as potential collateral under this collateralized line of credit with the FRB.

The Company has available unused correspondent banking lines of credit from commercial banks totaling $30,000,000 $30.0 million for federal funds transactions at December 31, 2022 December 31, 2

Note 14 – Junior Subordinated Debt

At December 31, 2022 December 31, 2023, the Company had five wholly-owned subsidiary business trusts that had issued $63.0 million of trust preferred securities (the “Capital Trusts”). Trust preferred
subordinated debentures (the “Debentures”) of the Company. The Debentures are the sole assets of the trusts. The Company’s obligations under the subordinated debentures and related documents, tak
Debentures, or upon earlier redemption as provided in the indentures. The Company has the right to redeem the Debentures in whole (but not in part) on or after specific dates, at a redemption price spe
years.

The Company organized two of the Capital Trusts. The Company acquired its three other Capital Trusts and assumed their related Debentures as a result of its acquisition of North Valley Bancorp in 201
amortized over the remaining period in which their values are fully allowed to be included in the Company's capital ratio calculations using the effective interest method.

The recorded book values of the Debentures issued by the Capital Trusts are reflected as junior subordinated debt in the Company's consolidated balance sheets. The common stock issued by the Capit

Company's consolidated balance sheets. The recorded book value of the debentures issued by the Capital Trusts, less the recorded book value of the common stock of the Capital Trusts owned by the C scheduled maturity.

In connection with the acquisition of Valley Republic Bancorp the Company assumed $36.0 million in subordinated capital notes, comprised of $16.0 million that matures in 2029 and $20.0 million that ma LIBOR SOFR plus 3.52% until maturity. The notes that mature in 2035 provide for quarterly interest payments at a fixed rate of 5.00% until August 27, 2025 and then will have a floating rate of 90-day ave premiums to face value will be amortized over the remaining maturity period using the effective interest method. The Company expects a comparable SOFR rate term to replace LIBOR as the benchmark

The following table summarizes the terms and recorded balance of each subordinated debenture as of the date indicated (dollars in thousands):

Subordinated Debt Series	Maturity Date	Face Value
TriCo Cap Trust I	10/7/2033	$ 20,619
TriCo Cap Trust II	7/23/2034	20,619
North Valley Trust II	4/24/2033	6,186
North Valley Trust III	7/23/2034	5,155
North Valley Trust IV	3/15/2036	10,310
VRB Subordinated - 6%	3/29/2029	16,000
VRB Subordinated - 5%	8/27/2035	20,000
		$ 98,889

Subordinated Debt Series	Maturity Date	Face Value
TriCo Cap Trust I	10/7/2033	$ 20,619
TriCo Cap Trust II	7/23/2034	20,619
North Valley Trust II	4/24/2033	6,186
North Valley Trust III	7/23/2034	5,155
North Valley Trust IV	3/15/2036	10,310
VRB Subordinated - 6%	3/29/2029	16,000
VRB Subordinated - 5%	8/27/2035	20,000
		$ 98,889

Note 15 – Commitments and Contingencies

Restricted Cash Balances — Reserves (in the form of deposits with the San Francisco Federal Reserve Bank) were not required to be maintained as of December 31, 2022 December 31, 2023 and 2021

Financial Instruments with Off-Balance-Sheet Risk — The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its custor elements of risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial in

The Company's exposure to loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit written is represented by the c Company's exposure to loss in the event of nonperformance by the other party to the financial instrument for deposit account overdraft privilege is represented by the overdraft privilege amount disclosed

The following table presents a summary of the Bank's commitments and contingent liabilities:

		December 31,		
		December 31,		
(in thousands)	(in thousands)	2022	2021	(in thousands)

Financial instruments whose amounts represent risk:	Financial instruments whose amounts represent risk:		
Commitments to extend credit:	Commitments to extend credit:		
Commitments to extend credit:			
Commitments to extend credit:			
Commercial loans			
Commercial loans			
Commercial loans	Commercial loans	$656,705	$409,950
Consumer loans	Consumer loans	760,588	628,791
Real estate mortgage loans	Real estate mortgage loans	458,896	333,764
Real estate construction loans	Real estate construction loans	312,371	213,563
Standby letters of credit	Standby letters of credit	26,599	21,871
Deposit account overdraft privilege	Deposit account overdraft privilege	126,634	125,670

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Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates of one amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed neces plant and equipment, residential properties, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrov facilities to customers. Collateral requirements vary, but in general follow the requirements for other loan facilities.

Deposit account overdraft privilege amount represents the unused overdraft privilege balance available to the Company's deposit account holders who have deposit accounts covered by an overdraft priv least once every thirty days receive the overdraft privilege. The overdraft privilege allows depositors to overdraft their deposit account up to a predetermined level. The predetermined overdraft limit is set

Legal Proceedings — — Neither The Company is party to various legal and administrative proceedings and claims. While any litigation contains an element of uncertainty, management believes that neit this time. All other legal proceedings are routine and arise out of the ordinary course of the Bank's business. None of those proceedings are currently expected to have a material adverse impact upon the insurance. insurance and any contingency reserves.

Other Commitments and Contingencies—The Company has entered into employment agreements or change of control agreements with certain officers of the Company providing severance payments ar a substantial and material change in the officer's title, compensation or responsibilities.

The Bank owns 13,396 shares of Class B common stock of Visa Inc. which are convertible into Class A common stock at a conversion ratio of 1.5991 1.5875 per Class B share. As of December 31, 2022 was $4,451,000 $5,537,000 as of December 31, 2022 December 31, 2023, and has not been reflected in the accompanying consolidated financial statements. The shares of Visa Class B common stock the escrow account are insufficient to settle all the covered litigation, Visa may sell additional Class A shares, use the proceeds to settle litigation, and further reduce the conversion ratio. If funds remain i

Mortgage loans sold to investors may be sold with servicing rights retained, with only the standard legal representations and warranties regarding recourse to the Bank. Management believes that any lia

Note 16 – Shareholders' Equity

Dividends Paid

The Bank paid to the Company cash dividends in the aggregate amounts of $64,188,000, $31,571,000, $52.8 million, $64.2 million, and $63,419,000 $31.6 million in 2023, 2022, 2021, and 2020, 2021, re approval from the Commissioner of the DPFI, California banking laws generally limit the Bank's ability to pay dividends to the lesser of (1) retained earnings or (2) net income for the last three fiscal years Company without the approval of the Commissioner of the DFPI.

Stock Repurchase Plan

On February 25, 2021 the Board of Directors approved the authorization to repurchase up to 2,000,000 shares of the Company's common stock (the 2021 "2021 Repurchase Plan) Plan" or the "Plan"), wl total value of the shares to be purchased under the program is subject to change. The 2021 Repurchase Plan has no expiration date (in accordance with applicable laws and regulations) and as of for yea during under this Plan. As of December 31, 2023, 1,209,802 shares remained available for repurchases under the year ended December 31, 2021. Plan.

In connection with approval of the 2021 Repurchase Plan, the Company's previous repurchase program adopted on November 12, 2019 (the 2019 Repurchase P 858,717 shares, respectively.

Stock Repurchased Under Equity Compensation Plans

The Company's shareholder-approved equity compensation plans permit employees to tender recently vested shares in lieu of cash for the payment of withholding taxes on such shares. During the years common stock in connection with option exercises. Employees also tendered 56,714, 27,840 19,413 and 12,058 19,413 shares in connection with other share based awards during December 31, 2022 D million, and $736,000 $2.1 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. The tendered shares were retired. The market value of tendered s the total of stock repurchased under the 2021 or 2019 Repurchase Plans.

Note 17 – Stock Options and Other Equity-Based Incentive Instruments

In April 2019, the Company's Board of Directors adopted the TriCo Bancshares 2019 Equity Incentive Plan (2019 Plan) covering officers, employees, directors of, and consultants to, the Company. The 2 incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units and performance awards (which could either be restricted stock or restricted stock units compensation are subject to TriCo's potential clawback or recoupment if the Company must restate its financial statements; generally imposing a one year minimum vesting period on Awards; generally r underlying an Award is subject to the same vesting requirements as the common stock underlying the Award.

The number of shares available for issuance under the 2019 Plan will be reduced by: (i) one share for each share of common stock issued pursuant to a stock option; (ii) the total number of stock apprecia for each share of common stock issued pursuant to a performance award, a restricted share Award or an RSU Award and (iv) any shares of common stock used to pay any exercise price or tax withholdi the 2019 Plan. To the extent that a share of common stock pursuant to an Award that counted as two shares again becomes available for issuance under the 2019 Plan, the number of shares of common the Company at no more than cost, then such shares will again be available for the grant of Awards under the Plan. Any shares of common stock repurchased by the Company with cash proceeds from th authorized but unissued shares or reacquired shares. Shares tendered to TriCo or withheld from delivery to a participant as payment of the exercise price or in connection with the "net exercise" of a stoc outstanding options for the purchase of common shares and 139,194 144,487 RSUs were outstanding. The number of shares that remain available for issuance is not more than 763,495, 517,773, which

The 2019 Plan replaced the TriCo Bancshares 2009 Equity Incentive Plan (2009 Plan), which expired on March 26, 2019. As a result of its expiration, no further awards may be issued under the 2009 Pla applicable award agreement. As of December 31, 2022 December 31, 2023, 15,500 7,500 options for the purchase of common shares remain outstanding under the 2009 Plan.

Stock option activity is summarized in the following table for the dates indicated:

	Number of Shares	Option Price per Share	Weighted Average Exercise Price
Outstanding at January 1, 2021	128,500	$14.54 to $23.21	$ 17.72
Options granted	—	—	—
Options exercised	(49,675)	$14.54 to $16.59	$ 15.25
Options forfeited	—	—	—
Outstanding at December 31, 2021	78,825	$15.34 to $23.21	$ 19.28

		Number of Shares			Number of Shares
Outstanding at January 1, 2022					
Options granted	Options granted	—	—	—	
Options exercised	Options exercised	(63,325)	$15.34 to $19.46	$ 18.79	
Options forfeited	Options forfeited	—	—	—	
Outstanding at December 31, 2022	Outstanding at December 31, 2022	15,500	$19.46 to $23.21	$ 21.27	
Options granted					

Options exercised
Options forfeited
Outstanding at December 31, 2023

The following table shows the number, weighted-average exercise price, intrinsic value, and weighted average remaining contractual life of options exercisable, options not yet exercisable and total optior

		Currently Exercisable	Currently Not Exercisable	Total Outstanding	
	Currently Exercisable				
Number of options	Number of options	15,500	—	15,500	
Weighted average exercise price	Weighted average exercise price	$ 21.27	$ —	$ 21.27	
Intrinsic value (in thousands)	Intrinsic value (in thousands)	$ 461	$ —	$ 461	
Weighted average remaining contractual term (yrs.)	Weighted average remaining contractual term (yrs.)	1 year	n/a	1 year	Weighted average remaining contractual term (yrs.)

All options outstanding as of December 31, 2022 December 31, 2023 are fully vested. The Company did not modify any option grants during the three year period ended December 31, 2022 December 3

The following table shows the total intrinsic value of options exercised, the total fair value of options vested, total compensation costs for options recognized in income, total tax benefit and excess tax ber

		Year Ended December 31,			Year Ended Dec
		2022	2021	2020	2023
Intrinsic value of options exercised	Intrinsic value of options exercised	$1,190,000	$1,476,000	$403,000	
Fair value of options that vested	Fair value of options that vested	—	—	—	
Total compensation costs for options recognized in expense	Total compensation costs for options recognized in expense	—	—	—	
Total tax benefit recognized in income related to compensation costs for options	Total tax benefit recognized in income related to compensation costs for options	—	—	—	

Excess tax benefit recognized in income	Excess tax benefit recognized in income	—	—	—

There were no stock options granted during 2023, 2022 2021 and 2020, 2021, respectively.

Restricted stock unit activity is summarized in the following table for the dates indicated:

		Service Condition Vesting RSUs		Market Plus Service Condition Vesting RSUs		Service Condition Vesting RSUs
		Number of RSUs	Weighted Average Fair Value on Date of Grant	Number of RSUs	Weighted Average Fair Value on Date of Grant	Number of RSUs
Outstanding at January 1, 2022		103,517		99,763		
Outstanding at January 1, 2023						
RSUs granted						
RSUs granted						
RSUs granted	RSUs granted	84,278	$ 44.00	37,877	$ 40.74	
Additional market plus service condition RSUs vested	Additional market plus service condition RSUs vested	—		4,740		
RSUs added through dividend credits	RSUs added through dividend credits	2,896		—		
RSUs added through dividend credits						
RSUs added through dividend credits						
RSUs released through vesting						
RSUs released through vesting						
RSUs released through vesting	RSUs released through vesting	(50,076)		(26,338)		
RSUs forfeited/expired	RSUs forfeited/expired	(1,421)		(1,561)		
Outstanding at December 31, 2022		139,194		114,481		
RSUs forfeited/expired						
RSUs forfeited/expired						
Outstanding at December 31, 2023						
Outstanding at December 31, 2023						
Outstanding at December 31, 2023						

The 139,194 Company uses a Monte Carlo simulation model to determine the grant-date fair value of awards with market plus service conditions (PSU). The weighted average fair value and assumptions

Performance share fair value
Risk-free interest rate
Expected volatility
Expected life (years)
Expected dividend yield

The 144,487 of service condition vesting RSUs outstanding as of December 31, 2022 December 31, 2023 include a feature whereby each RSU outstanding is credited with a dividend amount equal to an

closing price of the Company's stock on the dividend payable date to arrive at an additional amount of RSUs outstanding under the original grant. Additional RSUs credited through dividends are subject t
RSUs between December 31, 2022 December 31, 2023 and their vesting dates. The Company did not modify any service condition vesting RSUs during 2022 2023 or 2021. 2022.

The Company expects to recognize $2,110,000 $2.3 million of pre-tax compensation costs related to the market plus service condition RSUs between December 31, 2022 December 31, 2023 and their ve
to zero or increased to 171,721 184,653 depending on the total return of the Company's common stock versus the total return of an index of bank stocks from the grant date to the vesting date. The Comp

2022.

The following table shows the compensation costs and excess tax benefits for RSUs recognized in income for the periods indicated:

		Year Ended December 31,			Year Ended De
		2022	2021	2020	2023
Total compensation costs recognized in income	Total compensation costs recognized in income				
Service condition vesting RSUs	Service condition vesting RSUs	$2,883,000	$1,728,000	$1,390,000	
Service condition vesting RSUs					
Service condition vesting RSUs					
Market plus service condition vesting RSUs	Market plus service condition vesting RSUs	986,000	910,000	646,000	
Excess tax benefit recognized in income	Excess tax benefit recognized in income				
Service condition vesting RSUs	Service condition vesting RSUs	$1,079,000	$ 626,000	$ 372,000	
Service condition vesting RSUs					

Service condition vesting RSUs

Market plus service condition vesting RSUs	Market plus service condition vesting RSUs	355,000	226,000	194,000

Note 18 – Non-interest Income and Expense

The components of other non-interest income were as follows:

		Year Ended December 31,			
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)
ATM and interchange fees	ATM and interchange fees	$26,767	$25,356	$21,660	
Service charges on deposit accounts	Service charges on deposit accounts	16,536	14,013	13,944	
Other service fees	Other service fees	4,274	3,570	3,156	
Mortgage banking service fees	Mortgage banking service fees	1,887	1,881	1,855	
Change in value of mortgage loan servicing rights	Change in value of mortgage loan servicing rights	301	(872)	(2,634)	
Total service charges and fees	Total service charges and fees	49,765	43,948	37,981	
Asset management and commission income	Asset management and commission income	3,986	3,668	2,989	
Increase in cash value of life insurance	Increase in cash value of life insurance	2,858	2,775	2,949	
Gain on sale of loans	Gain on sale of loans	2,342	9,580	9,122	
Lease brokerage income	Lease brokerage income	820	746	668	
Sale of customer checks	Sale of customer checks	1,167	459	414	
Gain on sale of investment securities		—	—	7	
Loss on sale of investment securities					
Gain (loss) on marketable equity securities	Gain (loss) on marketable equity securities	(340)	(86)	64	
Other	Other	2,448	2,574	1,000	
Total other noninterest income	Total other noninterest income	13,281	19,716	17,213	
Total noninterest income	Total noninterest income	$63,046	$63,664	$55,194	

Mortgage banking servicing fee income (expense), net of change in value of mortgage loan servicing rights, totaling $2,188,000, $1,009,000, $1.3 million, $2.2 million, and $779,000 $1.0 million were rec

The components of noninterest expense were as follows:

(in thousands)	Year Ended December 31, 2022	2021	2020
Base salaries, net of deferred loan origination costs	$ 84,861	$ 69,844	$ 70,164
Incentive compensation	17,908	14,957	10,022
Benefits and other compensation costs	27,083	21,550	31,935
Total salaries and benefits expense	129,852	106,351	112,121
Occupancy	15,493	14,910	14,528
Data processing and software	14,660	13,985	13,504
Equipment	5,733	5,358	5,704
ATM and POS network charges	6,984	6,040	5,433
Merger and acquisition expense	6,253	1,523	—
Advertising	3,694	2,899	2,827
Professional fees	4,392	3,657	3,222
Intangible amortization	6,334	5,464	5,724
Telecommunications	2,298	2,253	2,601
Regulatory assessments and insurance	3,142	2,581	1,594
Courier service	2,013	1,214	1,414
Operational losses	1,000	964	1,168
Postage	1,147	710	1,068
Gain on sale or acquisition of foreclosed assets	(481)	(233)	(235)
(Gain) loss on disposal of fixed assets	(1,070)	(439)	67
Loss (gain) on disposal of fixed assets			
Other miscellaneous expense	15,201	11,038	12,018
Total other noninterest expense	86,793	71,924	70,637
Total noninterest expense	$216,645	$178,275	$182,758

Year Ended December 31,

(in thousands) 2023

Note 19 – Income Taxes

The components of consolidated income tax expense are as follows (in thousands):

		Year Ended December 31,			Year Ended Decembe
		2022	2021	2020	2023
Current tax expense	Current tax expense				
Federal	Federal	$34,155	$28,763	$22,104	
Federal					
Federal					
State	State	22,355	18,221	14,586	
		$56,510	46,984	36,690	
	$				
Deferred tax expense	Deferred tax expense				
Federal	Federal	(5,224)	(872)	(9,500)	
Federal					
Federal					
State	State	(2,798)	(64)	(4,654)	
		(8,022)	(936)	(14,154)	
	(2,399)				
Total tax expense	Total tax expense	$48,488	$46,048	$22,536	

A deferred tax asset or liability is recognized for the tax consequences of temporary differences in the recognition of revenue and expense for financial and tax reporting purposes. The net change during

The Company recognized, as components of tax expense, tax credits and other tax benefits, and amortization expense relating to our investments in Qualified Affordable Housing Projects as follows for t

		Year Ended December 31,			Year Ended December
		2022	2021	2020	2023
Tax credits and other tax benefits – decrease in tax expense	Tax credits and other tax benefits – decrease in tax expense	$(6,370)	$(4,224)	$(4,200)	
Amortization – increase in tax expense	Amortization – increase in tax expense	$ 6,178	$ 3,604	$ 3,581	

The carrying value of Low Income Housing Tax Credit Funds was $90,956,000 $96.9 and $41,295,000 $91.0 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. A $65,285,000, $63.3 million, and these contributions are expected to be made over the next several years.

The provisions for income taxes applicable to income before taxes for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 differ from amounts computed by applying the s

		Year Ended December 31,			
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)
Federal statutory income tax rate	Federal statutory income tax rate	21.0 %	21.0 %	21.0 %	Federal statutory income tax rate

State income taxes, net of federal tax benefit	State income taxes, net of federal tax benefit	7.9	7.9	7.7	
Tax-exempt interest on municipal obligations	Tax-exempt interest on municipal obligations	(0.7)	(0.5)	(0.9)	
Tax-exempt life insurance related income	Tax-exempt life insurance related income	(0.4)	(0.5)	(0.8)	
Low income housing tax credits	Low income housing tax credits	(3.7)	(2.6)	(4.8)	
Low income housing tax credit amortization	Low income housing tax credit amortization	3.6	2.2	4.1	
Equity compensation	Equity compensation	(0.2)	(0.1)	0.4	
Non-deductible merger expenses	Non-deductible merger expenses	0.1	0.1	—	
Other	Other	0.3	0.6	(0.9)	
Effective Tax Rate	Effective Tax Rate	27.9 %	28.1 %	25.8 %	Effective Tax Rate

The temporary differences, tax effected, which give rise to the Company's net deferred tax asset recorded in other assets are as follows as of December 31 for the years indicated (in thousands):

		December 31,		December 31,
		2022	2021	2023
Deferred tax assets:	Deferred tax assets:			
Allowance for losses and reserve for unfunded commitments	Allowance for losses and reserve for unfunded commitments	$ 32,519	$ 26,361	
Allowance for losses and reserve for unfunded commitments				
Allowance for losses and reserve for unfunded commitments				
Deferred compensation	Deferred compensation	1,696	1,758	
Other accrued expenses				
Other accrued expenses				
Other accrued expenses	Other accrued expenses	2,720	1,994	

Additional unfunded status of the supplemental retirement plans	Additional unfunded status of the supplemental retirement plans	16,036	13,693
Operating lease liability	Operating lease liability	8,575	7,769
State taxes	State taxes	3,649	3,251
Share based compensation	Share based compensation	1,132	952
Nonaccrual interest	Nonaccrual interest	643	937
Acquisition cost basis	Acquisition cost basis	14,640	506
Unrealized loss on securities	Unrealized loss on securities	85,897	116
Tax credits	Tax credits	852	513
Net operating loss carryforwards	Net operating loss carryforwards	2,098	1,131
Other	Other	120	813
Total deferred tax assets	Total deferred tax assets	170,577	59,794
Deferred tax liabilities:	Deferred tax liabilities:		
Securities income	Securities income	(777)	(762)
Securities income			
Securities income			
Depreciation	Depreciation	(8,270)	(6,198)
Right of use asset	Right of use asset	(7,941)	(7,588)
Funded pension liability	Funded pension liability	(4,110)	(709)
Securities accretion	Securities accretion	(1,265)	(846)
Mortgage servicing rights valuation	Mortgage servicing rights valuation	(1,976)	(1,726)
Core deposit intangible	Core deposit intangible	(4,778)	(3,248)
Core deposit intangible			
Core deposit intangible			
Junior subordinated debt	Junior subordinated debt	(1,293)	(1,422)
Prepaid expenses and other	Prepaid expenses and other	(991)	(488)

Total deferred tax liability	Total deferred tax liability	(31,401)	(22,987)
Net deferred tax asset	Net deferred tax asset	$139,176	$36,807

As part of the merger with FNB Bancorp in 2018 and North Valley Bancorp in 2014, TriCo acquired federal and state net operating loss carryforwards, capital loss carryforwards, and tax credit carryforwar
proposed refunds of approximately $805,000. These tax attribute carryforwards will be subject to provisions of the tax law that limit the use of such losses and

credits generated by a company prior to the date certain ownership changes occur. The amount of the Company's net operating loss carryforwards that are subject to these limitations as of December 31
subject to these limitations as of December 31, 2022 December 31, 2023 are $395,000 $0.3 million and $648,000 $0.6 million for federal and California, respectively. Due to the limitation, a significant port
the books at the value which is more likely than not to be realized. These tax loss and tax credit carryforwards expire at various dates through 2032.

The Company believes that a valuation allowance is not needed to reduce the deferred tax assets as it is more likely than not that the results of future operations will generate sufficient taxable income to

Disclosure of unrecognized tax benefits at December 31, 2022 December 31, 2023 and 2021 2022 were not considered significant for disclosure purposes. Management does not expect the unrecognize
not recognize and any significant amounts related to interest and penalties associated with taxes. The Company files income tax returns in the U.S. federal jurisdiction, and California. With few exceptions

Note 20 – Earnings per Share

Earnings per share have been computed based on the following:

		Year Ended December 31,				
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023
Net income	Net income	$125,419	$117,655	$64,814		
Average number of common shares outstanding	Average number of common shares outstanding	32,584	29,721	29,917		
Effect of dilutive stock options and restricted stock	Effect of dilutive stock options and restricted stock	137	161	111		
Average number of common shares outstanding used to calculate diluted earnings per share	Average number of common shares outstanding used to calculate diluted earnings per share	32,721	29,882	30,028		

Options excluded from diluted earnings per share because the effect of these options was antidilutive	—	—	—
Equity awards excluded from diluted earnings per share because their effect was antidilutive			

Note 21 – Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and lo
comprehensive income. The components of other comprehensive income and related tax effects are as follows:

		Year Ended December 31,			
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)
Unrealized holding gains (losses) on available for sale securities before reclassifications	Unrealized holding gains (losses) on available for sale securities before reclassifications	$(290,157)	$(19,575)	$15,803	
Amounts reclassified out of accumulated other comprehensive income:	Amounts reclassified out of accumulated other comprehensive income:				
Realized gains on debt securities		—	—	(7)	
Realized loss (gain) on debt securities					
Realized loss (gain) on debt securities					
Realized loss (gain) on debt securities					
Total amounts reclassified out of accumulated other comprehensive income					
Total amounts reclassified out of accumulated other comprehensive income					
Total amounts reclassified out of accumulated other comprehensive income	Total amounts reclassified out of accumulated other comprehensive income	—	—	(7)	
Unrealized holding gains (losses) on available for sale securities after reclassifications	Unrealized holding gains (losses) on available for sale securities after reclassifications	(290,157)	(19,575)	15,796	
Tax effect	Tax effect	85,781	5,787	(4,670)	
Unrealized holding gains (losses) on available for sale securities, net of tax	Unrealized holding gains (losses) on available for sale securities, net of tax	(204,376)	(13,788)	11,126	

Change in unfunded status of the supplemental retirement plans before reclassifications	Change in unfunded status of the supplemental retirement plans before reclassifications	11,522	3,497	645
Amounts reclassified out of accumulated other comprehensive income:	Amounts reclassified out of accumulated other comprehensive income:			
Amortization of prior service cost	Amortization of prior service cost	(28)	(58)	(55)
Amortization of prior service cost				
Amortization of prior service cost				
Amortization of actuarial losses	Amortization of actuarial losses	8	254	9,309
Total amounts reclassified out of accumulated other comprehensive income				
Total amounts reclassified out of accumulated other comprehensive income				
Total amounts reclassified out of accumulated other comprehensive income	Total amounts reclassified out of accumulated other comprehensive income	(20)	196	9,254
Change in unfunded status of the supplemental retirement plans after reclassifications	Change in unfunded status of the supplemental retirement plans after reclassifications	11,502	3,693	9,899
Tax effect	Tax effect	(3,401)	(1,091)	(2,927)
Change in unfunded status of the supplemental retirement plans, net of tax	Change in unfunded status of the supplemental retirement plans, net of tax	8,101	2,602	6,972
Change in joint beneficiary agreement liability before reclassifications	Change in joint beneficiary agreement liability before reclassifications	1,389	(113)	(596)
Tax effect	Tax effect	—	—	—
Change in unfunded status of the supplemental retirement plans, net of tax	Change in unfunded status of the supplemental retirement plans, net of tax	1,389	(113)	(596)
Total other comprehensive income (loss)	Total other comprehensive income (loss)	$(194,886)	$(11,299)	$17,502

The components of accumulated other comprehensive income (loss), loss, included in shareholders' equity, are as follows:

		Year Ended December 31,		
(in thousands)	(in thousands)	2022	2021	(in thousands)
Net unrealized loss on available for sale securities	Net unrealized loss on available for sale securities	$(290,549)	$(392)	
Tax effect	Tax effect	85,897	116	

Unrealized holding loss on available for sale securities, net of tax	Unrealized holding loss on available for sale securities, net of tax	(204,652)	(276)
Unfunded status of the supplemental retirement plans	Unfunded status of the supplemental retirement plans	13,901	2,399
Tax effect	Tax effect	(4,110)	(709)
Unfunded status of the supplemental retirement plans, net of tax	Unfunded status of the supplemental retirement plans, net of tax	9,791	1,690
Joint beneficiary agreement liability, net of tax	Joint beneficiary agreement liability, net of tax	956	(433)
Accumulated other comprehensive income (loss)		$(193,905)	$ 981
Accumulated other comprehensive loss			

Note 22 – Retirement Plans

401(k) Plan

The Company sponsors a 401(k) Plan whereby substantially all employees age 21 and over with 90 days of service may participate. Participants may contribute a portion of their compensation subject to
The Company recorded salaries & benefits expense attributable to the 401(k) Plan matching contributions and 401(k) Plan matching contributions for the years ended:

(in thousands)	
401(k) Plan benefits expense	
401(k) Plan contributions made by the Company	

(in thousands)	
401(k) Plan benefits expense	
401(k) Plan contributions made by the Company	

Employee Stock Ownership Plan

Substantially all employees with at least one year of service are covered by a discretionary employee stock ownership plan (ESOP). Company shares owned by the ESOP are paid dividends and include
ESOP, included in benefits and other compensation costs under salaries and benefits expense, and contributions to the plan for the years ended were:

		Year Ended December 31,				
(in thousands)	(in thousands)	2022	2021	2020	(in thousands)	2023

ESOP benefits expense	ESOP benefits expense	$2,824	$1,888	$2,400
ESOP contributions made by the Company	ESOP contributions made by the Company	$3,535	$ 878	$1,951

Deferred Compensation Plans

The Company has deferred compensation plans for certain directors and key executives, which allow certain directors and key executives designated by the Board of Directors of the Company to defer a
Company's deferred compensation obligations of $5,738,000 $5.2 million and $5,945,000 $5.7 million at December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Earnings credits on deferre

(in thousands)	(in thousands)	Year Ended December 31, 2022	2021	2020	(in thousands)	2023
Deferred compensation earnings credits included in non-interest expense	Deferred compensation earnings credits included in non-interest expense	$187	$176	$212		

Supplemental Retirement Plans

The Company has supplemental retirement plans for certain directors and key executives. These plans are non-qualified defined benefit plans and are unsecured and unfunded. The Company has purch
policies purchased to fund the deferred compensation obligations and the supplemental retirement obligations were $133,742,000 $136.9 million and $117,857,000 $133.7 million at December 31, 2022 D

The Company recorded in other liabilities the additional funded status of the supplemental retirement plans of $13,901,000 $13.5 million and $2,399,000 $13.9 million related to the supplemental retireme
plans exceeded the fair value of plan assets plus amounts previously accrued related to the plans. The projected benefit obligation is recorded in other liabilities.

At December 31, 2022 December 31, 2023 and 2021, 2022, the additional funded status of the supplemental retirement plans of $13,901,000 $13.5 million and $2,399,000 $13.9 million were offset by a re
additional funded status of the supplemental retirement plans, and the related deferred tax liability of $4,109,000 $4.0 million and $709,000, $4.1 million, respectively. Amounts recognized as a componen
benefit pension plans are presented in the following table. The Company expects to recognize approximately $455,000 $0.5 million of the net actuarial loss reported in the following table as of December

(in thousands)
Transition obligation
Prior service cost
Net actuarial (gain) / loss
Amount included in accumulated other comprehensive income (loss)
Deferred tax liability / (benefit)
Amount included in accumulated other comprehensive income (loss), net of tax

(in thousands)
Transition obligation
Prior service cost
Net actuarial (gain) / loss
Amount included in accumulated other comprehensive income (loss)
Deferred tax liability / (benefit)
Amount included in accumulated other comprehensive income (loss), net of tax

Information pertaining to the activity in the supplemental retirement plans, using a measurement date of December 31, is as follows:

December 31,

(in thousands)	(in thousands)	2022	2021	(in thousands)
Change in benefit obligation:	Change in benefit obligation:			
Benefit obligation at beginning of year				
Benefit obligation at beginning of year				
Benefit obligation at beginning of year	Benefit obligation at beginning of year	$(43,834)	$(46,197)	
Acquisition of obligations	Acquisition of obligations	(3,310)	—	
Service cost	Service cost	(1,624)	(1,103)	
Interest cost	Interest cost	(1,731)	(1,518)	
Actuarial (loss)/gain	Actuarial (loss)/gain	10,266	3,580	
Plan amendments	Plan amendments	(2,141)	—	
Benefits paid	Benefits paid	2,033	1,404	
Benefit obligation at end of year	Benefit obligation at end of year	$(40,341)	$(43,834)	
Change in plan assets:	Change in plan assets:			
Fair value of plan assets at beginning of year	Fair value of plan assets at beginning of year	$ —	$ —	
Fair value of plan assets at beginning of year				
Fair value of plan assets at beginning of year				
Fair value of plan assets at end of year	Fair value of plan assets at end of year	$ —	$ —	
Funded status	Funded status	$(40,341)	$(43,834)	
Unrecognized net obligation existing at January 1, 1986	Unrecognized net obligation existing at January 1, 1986	—	—	
Unrecognized net actuarial (loss)/gain	Unrecognized net actuarial (loss)/gain	(13,901)	(2,453)	
Unrecognized prior service cost	Unrecognized prior service cost	—	(28)	
Accumulated other comprehensive loss	Accumulated other comprehensive loss	13,901	2,481	
Accrued benefit cost	Accrued benefit cost	$(40,341)	$(43,834)	
Accumulated benefit obligation	Accumulated benefit obligation	$(40,340)	$(42,590)	

The following table sets forth the net periodic benefit cost recognized for the supplemental retirement plans:

	Year Ended December 31,

(in thousands)	(in thousands)	2022	2021	2020	(in thousands)
Net pension cost included the following components:	Net pension cost included the following components:				
Service cost-benefits earned during the period					
Service cost-benefits earned during the period					
Service cost-benefits earned during the period	Service cost-benefits earned during the period	$1,624	$1,103	$ 2,830	
Interest cost on projected benefit obligation	Interest cost on projected benefit obligation	1,731	1,518	1,224	
Amortization of net obligation at transition	Amortization of net obligation at transition	—	—	1	
Amortization of prior service cost	Amortization of prior service cost	(28)	(58)	(55)	
Recognized net actuarial loss	Recognized net actuarial loss	(86)	254	9,309	
Amortization of loss/(gain)	Amortization of loss/(gain)	(114)	—	—	
Recognition of pension service cost to due amendment	Recognition of pension service cost to due amendment	2,141	—	—	
Net periodic pension cost	Net periodic pension cost	$5,268	$2,817	$13,309	

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The following table sets forth assumptions used in accounting for the plans:

Discount rate used to calculate benefit obligation	
Discount rate used to calculate net periodic pension cost	
Average annual increase in executive compensation	
Average annual increase in director compensation	

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Discount rate used to calculate benefit obligation
Discount rate used to calculate net periodic pension cost
Average annual increase in executive compensation
Average annual increase in director compensation

The following table sets forth the expected benefit payments to participants and estimated contributions to be made by the Company under the supplemental retirement plans for the years indicated:

(in thousands)	(in thousands)	Expected Benefit Payments to Participants	Estimated Company Contributions	(in thousands)
2023		$ 1,914	$ 1,914	
2024	2024	3,017	3,017	
2025	2025	2,988	2,988	
2026	2026	3,076	3,076	
2027	2027	2,974	2,974	
2028				
2028-2032	2028-2032	18,981	18,981	

Note 23 – Related Party Transactions

Certain directors, officers, and companies with which they are associated were customers of, and had banking transactions with, the Company or the Bank in the ordinary course of business.

The following table summarizes the activity in these loans for the periods indicated:

(in thousands)
Balance January 1, 2021 January 1, 2022
Advances/new loans
Removed/payments
Balance December 31, 2021
Advances/new loans
Removed/payments
Balance December 31, 2022
Advances/new loans
Removed/payments
Balance December 31, 2023

Deposits of directors, officers and other related parties to the Bank totaled $28,355,000 $29.7 million and $35,310,000 $28.4 million at December 31, 2022 December 31, 2023 and 2021, 2022, respectivel

Note 24 – Fair Value Measurement

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In estimating fair value, the Company utilizes valuat would use in pricing an asset or liability including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperform fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lo

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the observable nature of the assumptions used to determine

Level 1 — Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 — Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation tec

Level 3 — Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assump

Securities available for sale—Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not availab rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the

New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securiti
these financial statements.

Loans held for sale—Loans held for sale are carried at the lower of cost or fair value. The fair value of loans held for sale is based on what secondary markets are currently offering for loans with similar c

Individually evaluated loans—Loans are not recorded at fair value on a recurring basis. However, from time to time, loans may require individual analysis and an allowance for credit losses is established. individually evaluated loans is estimated using one of several methods, including collateral value, fair value of similar debt, enterprise value, liquidation value and discounted cash flows. Those individually evaluated loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable mark management determines the fair value of the collateral is below the appraised value, or the appraised value contains a significant unobservable assumption, such as deviations from comparable sales, ar

Foreclosed assets—Foreclosed assets include assets acquired through, or in lieu of, loan foreclosure. Foreclosed assets are held for sale and are initially recorded at fair value at the date of foreclosure, sell. When the fair value of foreclosed assets is based on an observable market price or a current appraised value which uses substantially observable data, the Company records the asset as nonrecurri contains a significant unobservable assumption, such as deviations from comparable sales, and there is no observable market price, the Company records the foreclosed asset as nonrecurring Level 3. F

Mortgage servicing rights—Mortgage servicing rights are carried at fair value. A valuation model, which utilizes a discounted cash flow analysis using a discount rate and prepayment speed assumptions requires a significant degree of management judgment and is therefore considered an unobservable input. As such, the Company classifies mortgage servicing rights subjected to recurring fair value adju

The tables below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis (in thousands):

Fair value at December 31, 2022	
Marketable equity securities	$
Debt securities available for sale:	
Obligations of U.S. government agencies	
Obligations of states and political subdivisions	
Corporate bonds	
Asset backed securities	
Non-agency collateralized mortgage obligations	
Loans held for sale	
Mortgage servicing rights	
Total assets measured at fair value	$

Fair value at December 31, 2021	Total	Level 1	Level 2	Level 3
Fair value at December 31, 2023				
Marketable equity securities	$ 2,938	$2,938	$ —	$ —
Debt securities available for sale:				
Obligations of U.S. government agencies				
Obligations of U.S. government agencies				
Obligations of U.S. government agencies	1,257,389	—	1,257,389	—
Obligations of states and political subdivisions	192,244	—	192,244	—
Corporate bonds	6,756	—	6,756	—
Asset backed securities	409,552	—	409,552	—

Fair value at December 31, 2023

Marketable equity securities

Obligations of states and political subdivisions

Corporate bonds

Asset backed securities

	Non-agency collateralized mortgage obligation	341,997	—	341,997	—
Non-agency collateralized mortgage obligations					Non-agency collateralized mortgage obligations
Loans held for sale	Loans held for sale	3,466	—	3,466	—	Loans held for sale
Mortgage servicing rights	Mortgage servicing rights	5,874	—	—	5,874
Total assets measured at fair value	Total assets measured at fair value	$2,220,216	$2,938	$2,211,404	$5,874

Fair value at December 31, 2022	
Marketable equity securities	$
Debt securities available for sale:	
Obligations of U.S. government agencies	
Obligations of states and political subdivisions	
Corporate bonds	
Asset backed securities	
Non-agency collateralized mortgage obligation	
Loans held for sale	
Mortgage servicing rights	
Total assets measured at fair value	$

Transfers between levels of the fair value hierarchy are recognized on the actual date of the event or circumstances that caused the transfer, which generally corresponds with the Company's quarterly va

The following table provides a reconciliation of assets and liabilities measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the years ended December 31, 2022 of) Level 3" column would represent the beginning balance of an item in the period (interim quarter) during which it was transferred (in thousands):

Year ended December 31,	Year ended December 31,	Beginning Balance	Transfers into (out of) Level 3	Change Included in Earnings	Issuances	Ending Balance	Year ended December 31,	Beginning Balance
2023: Mortgage servicing rights								
2022: Mortgage servicing rights	2022: Mortgage servicing rights	$ 5,874	—	$ 301	$ 537	$ 6,712		
2021: Mortgage servicing rights	2021: Mortgage servicing rights	$ 5,092	—	$ (872)	$ 1,654	$ 5,874		
2020: Mortgage servicing rights		$ 6,200	—	$ (2,634)	$ 1,526	$ 5,092		

The Company's method for determining the fair value of mortgage servicing rights is described in Note 1. The key unobservable inputs used in determining the fair value of mortgage servicing rights are r utilized in the fair value measurement of the mortgage servicing rights will result in a negative fair value adjustments (and decrease in the fair value measurement). Conversely, a decrease in the mortgag mortgage servicing rights.

The following table present quantitative information about recurring Level 3 fair value measurements at December 31, 2022 December 31, 2023 and 2021: 2022:

December 31, 2022 2023	Fair Value (in thousands)
Mortgage Servicing Rights	$6,712 6,606

December 31, 2021 2022	
Mortgage Servicing Rights	$5,874 6,712

The tables below present the recorded amount of assets and liabilities measured at fair value on a nonrecurring basis, as of the dates indicated, that had a write-down or an additional allowance provided

December 31, 2023		Total
Fair value:		
Individually evaluated loans	$	4,175
Real estate owned		50
Total assets measured at fair value	$	4,225

December 31, 2022		Total
Fair value:		
Individually evaluated loans	$	5,71
Real estate owned		31
Total assets measured at fair value	$	6,03

The tables below present the gains (losses) represent resulting from non-recurring fair value adjustments of assets and liabilities for the amounts recorded during the period periods indicated, regardless c

December 31, 2022		Total
Fair value:		
Individually evaluated loans	$	5,719
Real estate owned		311
Total assets measured at fair value	$	6,030

December 31, 2021		Total
Fair value:		
Individually evaluated loans	$	3,683

Individually evaluated loans
Real estate owned
Total losses from non-recurring measurements

The individually evaluated loan amount above represents collateral dependent loans with unique risk characteristics that have been adjusted to fair value. When we identify a collateral dependent loan as value of collateral is generally estimated by obtaining external appraisals. If we determine that the value of the loan is less than the recorded investment in the loan, we recognize this impairment and adju adjustments based on the fair value of collateral. The carrying value of loans fully charged-off is zero.

The foreclosed assets amount real estate owned amounts above represents impaired real estate that has been adjusted to fair value. Foreclosed assets represent real estate which the Bank has taken co write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan and lease losses. After foreclosure, management periodically performs valuations such that the estate owned. The loss represents impairments on non-covered other real estate owned for fair value adjustments based on the fair value of the real estate.

The Company's property appraisals are primarily based on the sales comparison approach and income approach methodologies, which consider recent sales of comparable properties, including their inc adjustments may increase or decrease an appraised value and can vary significantly depending on the location, physical characteristics and income producing potential of each property. Additionally, the

period and cause significant changes to the nature and magnitude of comparable sale adjustments. Given these variations, comparable sale adjustments are generally not a reliable indicator for how fair

The following tables present quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a nonrecurring basis at December 31, 2022 December 31,

December 31, 2022 2023	Fair Value (in thousands)	
Individually evaluated loans	$ 5,719 4,175	
Real estate owned (Residential) (Commercial)	$ 311 50	

December 31, 2021 2022	Fair Value (in thousands)	
Individually evaluated loans	$ 3,683 5,719	
Real estate owned (Residential)	$ 311	

The estimated fair values of financial instruments that are reported at amortized cost in the Corporation's consolidated balance sheets, segregated by the level of the valuation inputs within the fair value l

		December 31, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	December 31, 2023 Carrying Amount				
Financial assets:	Financial assets:				
Level 1 inputs:	Level 1 inputs:				
Level 1 inputs:					
Level 1 inputs:					
Cash and due from banks					
Cash and due from banks					
Cash and due from banks	Cash and due from banks	$ 96,323	$ 96,323	$ 57,032	$ 57,032

Cash at Federal Reserve and other banks	Cash at Federal Reserve and other banks	10,907	10,907	711,389	711,389	
Level 2 inputs:	Level 2 inputs:					
Securities held to maturity	Securities held to maturity	160,983	149,938	199,759	208,140	
Securities held to maturity						
Securities held to maturity						
Restricted equity securities	Restricted equity securities	17,250	n/a	17,250	N/A	
Restricted equity securities						17,250
Level 3 inputs:	Level 3 inputs:					
Loans, net	Loans, net	6,344,767	6,153,155	4,831,248	4,880,044	
Loans, net						
Loans, net						
Financial liabilities:	Financial liabilities:					
Level 2 inputs:	Level 2 inputs:					
Level 2 inputs:						
Level 2 inputs:						
Deposits						
Deposits						
Deposits	Deposits	8,329,013	8,321,517	7,367,159	7,366,422	
Other borrowings	Other borrowings	264,605	264,605	50,087	50,087	
Level 3 inputs:	Level 3 inputs:					
Junior subordinated debt	Junior subordinated debt	101,040	92,613	58,079	57,173	
Junior subordinated debt						
Junior subordinated debt						

		Contract Amount	Fair Value	Contract Amount	Fair Value	
	Contract Amount					Contract Amount
Off-balance sheet:	Off-balance sheet:					
Level 3 inputs:	Level 3 inputs:					
Level 3 inputs:						
Level 3 inputs:						
Commitments (1)						
Commitments (1)						
Commitments (1)	Commitments (1)	$2,188,560	$21,886	$1,586,068	$15,861	
Standby letters of credit (1)	Standby letters of credit (1)	26,599	266	21,871	219	
Overdraft privilege commitments (1)	Overdraft privilege commitments (1)	126,634	1,266	125,670	1,257	

The methods and assumptions used to estimate the fair value of each class of financial instruments not measured at fair value are as follows:

Securities held to maturity - This includes mortgage-backed securities issued by government sponsored entities and municipal bonds. Fair value measurement is based upon quoted prices, if available. If adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions.

Restricted equity securities - Consists of FHLB stock whereby carrying value approximates fair value.

Loans - Loans are generally valued by discounting expected cash flows using market inputs with adjustments based on cohort level assumptions for certain loan types as well as internally developed esti loans are classified as Level 3. Certain loans are measured based on observable market prices sourced from external data providers and classified as Level 2. Nonaccrual loans are written down and rep

Deposits - The estimated fair value of deposits with no stated maturity, such as demand deposit accounts, money market accounts, and savings accounts was the amount payable on demand at the repo

Other borrowings - The cash flows were calculated using the contractual features of the advance and then discounted using observable market. These are short-term in nature.

Junior subordinated debt - The fair value of structured financings was estimated based on a discounted cash flow technique using observable market interest rates adjusted for estimated spreads.

(1) Lending related commitments - The fair value of these commitments, including revolving credit facilities, standby letters of credit and overdrafts are carried at contract value, which approximates fair va commitment period.

Note 25 – TriCo Bancshares Condensed Financial Statements (Parent Only)

Condensed Balance Sheets

Assets
Cash and cash equivalents
Investment in Tri Counties Bank
Other assets
Total assets
Liabilities and shareholders' equity
Other liabilities
Junior subordinated debt
Total liabilities
Shareholders' equity:
Preferred stock, no par value: 1,000,000 shares authorized, zero issued and outstanding at December 31, 2020 and 2019
Common stock, no par value: authorized 50,000,000 shares; issued and outstanding 33,331,513 and 29,730,424 shares at December 31, 2022 and 2021, respectively
Retained earnings
Accumulated other comprehensive income (loss), net
Total shareholders' equity
Total liabilities and shareholders' equity

Condensed Statements of Income

Net interest expense
Administration expense
Loss before equity in net income of Tri Counties Bank
Equity in net income of Tri Counties Bank:
Distributed
Undistributed
Income tax benefit

Net income

Assets

Cash and cash equivalents

Investment in Tri Counties Bank

Other assets

Total assets

Liabilities and shareholders' equity

Other liabilities

Junior subordinated debt

Total liabilities

Shareholders' equity:

Preferred stock, no par value: 1,000,000 shares authorized, zero issued and outstanding at December 31, 2023 and 2022

Common stock, no par value: authorized 50,000,000 shares; issued and outstanding 33,268,102 and 33,331,513 shares at December 31, 2023 and 2022, respectively

Retained earnings

Accumulated other comprehensive loss, net

Total shareholders' equity

Total liabilities and shareholders' equity

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Condensed Statements of Income

Net interest expense

Administration expense

Loss before equity in net income of Tri Counties Bank

Equity in net income of Tri Counties Bank:

Distributed

Undistributed

Income tax benefit

Net income

Condensed Statements of Comprehensive Income (Loss)

		Year Ended December 31,				Year En
		2022	2021	2020	2023	
			(In thousands)			
Net income	Net income	$125,419	$ 117,655	$64,814		
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:					

Increase (decrease) in unrealized gains on available for sale securities arising during the period	Increase (decrease) in unrealized gains on available for sale securities arising during the period	(204,376)	(13,788)	11,126
Increase (decrease) in unrealized gains on available for sale securities arising during the period				
Increase (decrease) in unrealized gains on available for sale securities arising during the period				
Change in minimum pension liability	Change in minimum pension liability	8,101	2,602	6,972
Change in joint beneficiary agreement liability	Change in joint beneficiary agreement liability	1,389	(113)	(596)
Other comprehensive income (loss)	Other comprehensive income (loss)	(194,886)	(11,299)	17,502
Comprehensive income (loss)	Comprehensive income (loss)	$ (69,467)	$ 106,356	$ 82,316

Condensed Statements of Cash Flows

		Year Ended December 31,			Year Ende
		2022	2021	2020	2023
			(In thousands)		
Operating activities:	Operating activities:				
Net income	Net income	$ 125,419	$ 117,655	$ 64,814	
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:				
Undistributed equity in earnings of Tri Counties Bank					
Undistributed equity in earnings of Tri Counties Bank					
Undistributed equity in earnings of Tri Counties Bank	Undistributed equity in earnings of Tri Counties Bank	(64,896)	(88,289)	(3,851)	
Equity compensation vesting expense	Equity compensation vesting expense	3,869	2,638	2,036	

Net change in other assets and liabilities	Net change in other assets and liabilities	(3,834)	(6,427)	(1,885)
Net cash provided by operating activities	Net cash provided by operating activities	60,558	25,577	61,114
Investing activities:	Investing activities:			
Sales or maturities of investments	Sales or maturities of investments	4,234	—	—
Sales or maturities of investments				
Sales or maturities of investments				
Financing activities:	Financing activities:			
Issuance of common stock through option exercise				
Issuance of common stock through option exercise				
Issuance of common stock through option exercise	Issuance of common stock through option exercise	1,190	144	198
Repurchase of common stock	Repurchase of common stock	(27,148)	(4,344)	(26,720)
Cash dividends paid — common	Cash dividends paid — common	(35,797)	(29,724)	(26,303)
Net cash used for financing activities	Net cash used for financing activities	(61,755)	(33,924)	(52,825)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	3,037	(8,347)	8,289
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	4,950	13,297	5,008
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	$ 7,987	$ 4,950	$13,297

Note 26 – Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory,
guidelines and the regulatory framework for prompt corrective action specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated un
factors. Quantitative measures established by regulation to ensure capital adequacy require that minimum amounts and ratios of total, Tier 1, and common equity Tier 1capital to risk-weighted assets, and
4.5%, a Tier 1 leverage ratio of 4.0%, a Tier 1 risk-based ratio of 6.0% and a total risk-based ratio of 8.0%. In addition, the Company and the Bank are also required to maintain a capital conservation buff
and discretionary bonuses to executive officers. The additional 2.5% buffer, where applicable, is included in the minimum ratios set forth in the table below. Management believes as of December 31, 202

		Actual		Required for Capital Adequacy Purposes		Required to be Considered Well Capitalized Under Prompt Corrective Action Regulations			Actual				Required for Cap
(in thousands)	(in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	(in thousands)	Amount		Ratio		Amount
As of December 31, 2022:													
As of December 31, 2023:													
Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
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Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
Total Capital (to Risk Weighted Assets):													
Consolidated	Consolidated	$1,115,257	14.19 %	$825,234	10.50 %	N/A	N/A	Consolidated	$ 1,196,106	14.73	14.73	%	$
Tri Counties Bank	Tri Counties Bank	$1,107,941	14.10 %	$825,039	10.50 %	$785,751	10.00 %	Tri Counties Bank	$ 1,190,542	14.66	14.66	%	$
Tier 1 Capital (to Risk Weighted Assets):													
Consolidated	Consolidated	$ 974,325	12.40 %	$668,047	8.50 %	N/A	N/A	Consolidated	$ 1,052,063	12.95	12.95	%	$
Tri Counties Bank	Tri Counties Bank	$1,009,577	12.85 %	$667,888	8.50 %	$628,601	8.00 %	Tri Counties Bank	$ 1,088,717	13.41	13.41	%	$
Common equity Tier 1 Capital (to Risk Weighted Assets):													
Consolidated	Consolidated	$ 917,565	11.67 %	$550,156	7.00 %	N/A	N/A	Consolidated	$ 994,907	12.25	12.25	%	$

Tri Counties Bank	Tri Counties Bank	$1,009,577	12.85 %	$550,026	7.00 %	$510,738	6.50 %	Tri Counties Bank	$	1,088,717	13.41	13.41	%	$
Tier 1 Capital (to Average Assets):														
Consolidated	Consolidated	$ 974,325	10.14 %	$384,337	4.00 %	N/A	N/A	Consolidated	$	1,052,063	10.75	10.75	%	$
Tri Counties Bank	Tri Counties Bank	$1,009,577	10.51 %	$384,146	4.00 %	$480,183	5.00 %	Tri Counties Bank	$	1,088,717	11.12	11.12	%	$

		Actual		Required for Capital Adequacy Purposes		Required to be Considered Well Capitalized Under Prompt Corrective Action Regulations			Actual		Required for Capital Adequacy
(in thousands)	(in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	(in thousands)	Amount	Ratio	

As of December 31, 2021:

As of December 31, 2022:

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

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Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Total Capital (to Risk Weighted Assets):

Consolidated	Consolidated $893,294	15.42 %	$608,258	10.50 %	N/A	N/A	Consolidated $1,115,257	14.19		14.19	%

Tri Counties Bank	Tri Counties Bank	$884,255	15.28 %	$607,610	10.50 %	$578,676	10.00 %	Tri Counties Bank	$1,107,941	14.10	14.10 %
Tier 1 Capital (to Risk Weighted Assets):	Tier 1 Capital (to Risk Weighted Assets):										
Consolidated	Consolidated	$820,654	14.17 %	$492,399	8.50 %	N/A	N/A				
Consolidated											
Consolidated									$ 974,325		12.40 %
Tri Counties Bank	Tri Counties Bank	$811,713	14.03 %	$491,875	8.50 %	$462,941	8.00 %	Tri Counties Bank	$1,009,577	12.85	12.85 %
Common equity Tier 1 Capital (to Risk Weighted Assets):	Common equity Tier 1 Capital (to Risk Weighted Assets):										
Consolidated											
Consolidated											
Consolidated	Consolidated	$764,319	13.19 %	$405,505	7.00 %	N/A	N/A		$ 917,565	11.67	11.67 %
Tri Counties Bank	Tri Counties Bank	$811,713	14.03 %	$405,073	7.00 %	$376,140	6.50 %	Tri Counties Bank	$1,009,577	12.85	12.85 %
Tier 1 Capital (to Average Assets):	Tier 1 Capital (to Average Assets):										
Consolidated	Consolidated	$820,654	9.88 %	$332,205	4.00 %	N/A	N/A				
Consolidated											
Consolidated									$ 974,325		10.14 %
Tri Counties Bank	Tri Counties Bank	$811,713	9.77 %	$332,196	4.00 %	$415,245	5.00 %	Tri Counties Bank	$1,009,577	10.51	10.51 %

Note 27 – Summary of Quarterly Results of Operations (unaudited)

The following tables set forth the results of operations for the four quarters of 2022 and 2021, and is unaudited; however, in the opinion of Management, it reflects all adjustments (which include only norm

(dollars in thousands, except per share data)
Interest and dividend income:
Loans:
Discount accretion
All other loan interest income
Total loan interest income
Debt securities, dividends and interest bearing cash at banks
Total interest income
Interest expense
Net interest income
Provision for credit losses
Net interest income after provision for credit losses
Noninterest income
Noninterest expense
Income before income taxes
Income tax expense

Net income

Per common share:

Net income (diluted)

Dividends

(dollars in thousands, except per share data)

Interest and dividend income:

Loans:

Discount accretion

All other loan interest income

Total loan interest income

Debt securities, dividends and interest bearing cash at banks

Total interest income

Interest expense

Net interest income

Provision for (benefit from reversal of) credit losses

Net interest income after provision for (benefit from) credit losses

Noninterest income

Noninterest expense

Income before income taxes

Income tax expense

Net income

Per common share:

Net income (diluted)

Dividends

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of TriCo Bancshares is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide accounting principles.

Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of intern Commission. Based on this evaluation under the framework in the 2013 Internal Control – Integrated Framework, management of the Company has concluded the Company maintained effective internal

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal contro though not eliminate, this risk.

Management is also responsible for the preparation and fair presentation of the consolidated financial statements and other financial information contained in this report. The accompanying consolidated

In addition to management's assessment, Moss Adams LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements as of and for the year ended 2023 February 29, 2024, as stated in its report, which is included herein.

/s/ Richard P. Smith

Richard P. Smith
President and Chief Executive Officer

/s/ Peter G. Wiese

Peter G. Wiese
Executive Vice President and Chief Financial Officer

March 1, 2023 February 29, 2024

REPORT OF INDEPENDENT REGISTERED

To the Shareholders and the Board of Directors of
TriCo Bancshares

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of TriCo Bancshares (and subsidiaries) (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related cons
31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022
(COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 December 31, 20
with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of inte
Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Co
applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated fi

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, an
statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial
exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered nece

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for ex
the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are re
being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisiti

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the

Critical Audit Matter

The critical audit matters matter communicated below are matters is a matter arising from the current period audit of the consolidated financial statements that were was communicated or required to be c
subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by commu

Allowance for Credit Losses - Loan Risk Ratings, Reasonable and Supportable Forecasts and Qualitative Factors

As discussed in Note 1 and Note 5 to the consolidated financial statements, the Company's allowance for credit losses for on loans was $105,680,000 $121.5 million as of December 31, 2022 December
credit losses for on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net carrying value at the amount expected to be collected on such loans and is a ma

We identified the auditing of management's risk rating of loans and the qualitative and environmental forecast factors, related to California's unemployment and unemployment outlook, Global Economic
allowance for credit losses on loans, the Company utilizes relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

experience, and risk profile. This process requires significant management judgment in the review of the loan portfolio and assignment of risk ratings based upon the characteristics of loans. In addition, e
California's unemployment and unemployment outlook, Global Economic Uncertainty and US Policy Uncertainty applied over the life of the loans. forecast period. Auditing these complex significant mana

The primary procedures we performed to address this critical audit matter included:

- Testing the design, implementation and operating effectiveness of controls relating to management's calculation of the allowance for credit losses on loans, including controls over the review of lo Uncertainty, and US Policy Uncertainty.

- Performing a sensitivity analysis to identify loan segments that would materially impact the allowance for credit losses due to risk rating changes as well as evaluating the appropriateness of the policies, and that the risk ratings for the loans are reasonable. factors.

- Evaluating the reasonableness and appropriateness of the estimated California unemployment factor and the estimated unemployment outlook qualitative forecast factor, the Global Economic Ur comparing forecasts to relevant external data, including historical trends.

- Testing the mathematical accuracy and computation of the allowance for credit losses for loans by re-performing or independently calculating significant elements of the allowance and utilizing re losses on loans and testing the mathematical accuracy of the calculation of the qualitative allowance for credit losses on loans.

Business Combination – Valley Republic Bancorp acquired loans valuation

As discussed in Note 1 and Note 2 to the consolidated financial statements, on March 25, 2022, the Company completed the acquisition of Valley Republic Bancorp (VRB). Total merger consideration, inc
loans totaling $771 million, and resulting in $83.6 million of acquired goodwill. The merger was accounted for using the acquisition method of accounting in which assets, liabilities, and consideration exch
involved assumptions and judgments as to principal default and loss rates, prepayment rates, and market discount rates. The acquired loans were recorded at fair value at the acquisition date without car

We identified the valuation of acquired loans as a critical audit matter because of the judgments necessary by management to identify purchased loans with deteriorated credit quality since acquisition an
estimates and assumptions, including using individuals with specialized skill and knowledge.

The primary procedures we performed to address this critical audit matter included:

- Testing the design, implementation and operating effectiveness of controls relating to the completeness and accuracy of acquired loan level data, and the fair value estimate of acquired loans, in

- Testing the completeness and accuracy of acquired loan level data used in the fair value estimate calculation.

- Testing the completeness and accuracy of loans identified as purchase credit deteriorated since origination and evaluating identification criteria utilized by management.

- Utilizing our internal valuation specialists to:

    - Test management's approach to the fair value estimate for reasonableness.

    - Validate the reasonableness of assumptions utilized in the determination of the fair value of acquired loans, including the principal default and loss rates, prepayment rates and market d

    - Independently estimate the fair value of the acquired loans and compare it to the fair value recorded by management.

/s/ Moss Adams LLP

Sacramento, California
March 1, 2023 February 29, 2024

We have served as the Company's auditor since 2018.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of December 31, 2022 December 31, 2023, the end of the period covered by this Annual Report on Form 10-K, the Company's Chief Executive Officer and Chief Financial Officer evaluated the effectiv
Executive Officer and Chief Financial Officer each concluded that as of December 31, 2022 December 31, 2023, the Company's disclosure controls and procedures were effective to ensure that the inforr
rules and instructions for Form 10-K.

(b) Management's Report on Internal Control over Financial Reporting and Attestation Report of Registered Public Accounting Firm

Management's report on internal control over financial reporting is set forth on page 104 107 of this report and is incorporated herein by reference. The effectiveness of the Company's internal control ove
set forth on pages 105 108 - 107 109 of this report and is incorporated herein by reference.

(c) Changes in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the fourth quarter of the year ended December 31, 2022 December 31, 2023, that has materially affected, or is reasor

ITEM 9B. OTHER INFORMATION

All information required to be disclosed in a current report on Form 8-K during the fourth quarter of 2022 2023 was so disclosed.

ITEM 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 shall either be incorporated herein by reference from the Company's Proxy Statement for the 2023 2024 annual meeting of shareholders, which will be filed with th

ITEM 11. EXECUTIVE COMPENSATION

Equity Compensation Plans

The following table shows shares reserved for issuance for outstanding options, stock appreciation rights and warrants granted under our equity compensation plans as of December 31, 2022 December

Plan category	Plan category	(a) Number of securities to be issued upon exercise of outstanding options, options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for issuance under future equity compensation plans (excluding securities reflected in column (a))	Plan category	(a) Number of securities to be issued upon exercise of outstanding options, options, warrants and rights
Equity compensation plans not approved by shareholders	Equity compensation plans not approved by shareholders	—	$ —	—		
Equity compensation plans approved by shareholders	Equity compensation plans approved by shareholders	15,500	$ 21.27	708,625		
Total	Total	15,500	$ 21.27	708,625		

The information required by this Item 11 shall either be incorporated herein by reference from the Company's Proxy Statement for the 2023 2024 annual meeting of shareholders, which will be filed with th

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 shall either be incorporated herein by reference from the Company's Proxy Statement for the 2023 2024 annual meeting of shareholders, which will be filed with th

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 shall either be incorporated herein by reference from the Company's Proxy Statement for the 2023 2024 annual meeting of shareholders, which will be filed with th

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 shall either be incorporated herein by reference from the Company's Proxy Statement for the 2023 2024 annual meeting of shareholders, which will be filed with th

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

1. All Financial Statements.

The consolidated financial statements of Registrant are included in Part II, Item 8 of this report, and are incorporated herein by reference.

2. Financial statement schedules.

Schedules have been omitted because they are not applicable or are not required under the instructions contained in Regulation S-X or because the information required to be set forth therein is

3. Exhibits.

The exhibit list required by this item is incorporated by reference to the Exhibit Index filed with this report.

(b) Exhibits filed:

Exhibit No.	Exhibit
2.1	Agreement and Plan of Merger and Reorganization, dated as of January 21, 2014 by and between TriCo Bancshares and North Valley Bancorp (incorporated by
2.2	Agreement and Plan of Reorganization dated as of December 11, 2017, by and between TriCo Bancshares and FNB Bancorp (incorporated by reference to Exhi
2.3	Agreement and Plan of Merger and Reorganization dated as of July 27, 2021, by and between TriCo Bancshares and Valley Republic Bancorp (incorporated by re
3.1	Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to TriCo's Current Report on Form 8-K filed on March 17, 2009).
3.2	Amended and Restated Bylaws of TriCo as amended (incorporated by reference to Exhibit 3.1 to TriCo's Current Report on Form 8-K filed February 17, 2011 May
4.1	Instruments defining the rights of holders of the long-term debt securities of the TriCo and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601
4.2	TriCo Bancshares securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.2 of TriCo's Annual
10.1*	Form of Change of Control Agreement among TriCo, Tri Counties Bank and each of Dan Bailey, Craig Carney, John Fleshood, Peter Wiese and other executives
10.2*	TriCo's 2009 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.2 to TriCo's Current Report on Form 8-K filed April 3, 2013).
10.3*	Amended and Restated Employment Agreement between TriCo, Tri Counties Savings Bank and Richard Smith dated as of April 12, 2021 (incorporated by referen
10.4*	Tri Counties Bank Executive Deferred Compensation Plan restated April 1, 1992, and January 1, 2005 (incorporated by reference to Exhibit 10.9 to TriCo's Quart
10.5*	Tri Counties Bank Deferred Compensation Plan for Directors effective January 1, 2005 (incorporated by reference to Exhibit 10.12 to TriCo's Quarterly Report on
10.6*	2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors effective January 1, 2005 (incorporated by reference to Exhibit 10.11 to TriCo'
10.7*	The Restated 2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors (Effective January 1, 2021).
10.8* 10.8*	Tri Counties Bank Supplemental Retirement Plan for Directors dated September 1, 1987, as restated January 1, 2001, and amended and restated January 1, 200
10.9* 10.9*	2004 TriCo Bancshares Supplemental Retirement Plan for Directors effective January 1, 2004 (incorporated by reference to Exhibit 10.13 to TriCo's Quarterly Rep
10.10* 10.10*	Tri Counties Bank Supplemental Executive Retirement Plan effective September 1, 1987, as amended and restated January 1, 2004 (incorporated by reference t
10.11* 10.11*	2004 TriCo Bancshares Supplemental Executive Retirement Plan effective January 1, 2004 (incorporated by reference to Exhibit 10.15 to TriCo's Quarterly Repo
10.12* 10.12*	Form of Joint Beneficiary Agreement effective March 31, 2003 between Tri Counties Bank and each of Craig Carney and Richard Smith (incorporated by referen

10.13* 10.13*	Form of Joint Beneficiary Agreement effective March 31, 2003 between Tri Counties Bank and each of Don Amaral, Craig Compton, John Hasbrook, and Michae
10.14* 10.14*	Form of Tri Counties Bank Executive Long Term Care Agreement effective June 10, 2003 between Tri Counties Bank and Craig Carney (incorporated by referen
10.15* 10.15*	Form of Tri Counties Bank Director Long Term Care Agreement effective June 10, 2003 between Tri Counties Bank and each of Don Amaral, Craig Compton, Jol
10.16* 10.16*	Form of Indemnification Agreement between TriCo and its directors and executive officers (incorporated by reference to Exhibit 10.1 to TriCo's Current Report on
10.17*	Form of Indemnification Agreement between Tri Counties Bank and its directors and executive officers
10.18* 10.18*	Form of Stock Option, Stock Appreciation Right, Restricted Stock Unit Award, and Performance Share Award Agreements, and Notice of Grant of Stock Option pu
10.1 10.9 19*	Form of Restricted Stock Unit Agreement and Grant Notice for Executives pursuant to TriCo's 2009 Equity Incentive Plan (incorporated by reference to Exhibit 10
10.20*	Form of Restricted Stock Unit Agreement and Grant Notice for Non-Employee Directors pursuant to TriCo's 2009 Equity Incentive Plan (incorporated by reference
10.21*	Form of Performance Award Agreement and Grant Notice pursuant to TriCo's 2009 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to TriCo's Cur
10.22*	TriCo's 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.26 to TriCo's Annual Report on Form 10-K filed on March 2, 2019).
10.23* 10.20*	Form of Restricted Stock Unit Agreement and Grant Notice for Non-employee Directors pursuant to TriCo's 2019 Equity Incentive Plan (incorporated by reference
10.2 10.4 21*	Form of Restricted Stock Unit Agreement and Grant Notice for Employees pursuant to TriCo's 2019 Equity Incentive Plan (incorporated by reference to Exhibit 99
10.2 10.5 22*	Form of Performance Award Agreement and Grant Notice pursuant to TriCo's 2019 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 of TriCo's Qua
10.26* 10.23*	Form of Restricted Stock Unit Agreement and Grant Notice for Executives pursuant to TriCo's 2019 Equity Incentive Plan. Plan (incorporated by reference to Exhi
10.27* 10.24*	Form of Performance Award and Grant Notice for Executives pursuant to TriCo's 2019 Equity Incentive Plan. Plan (incorporated by reference to Exhibit 10.27 of T
10.25*	Amendment to SERP and Participation Agreement - Richard P. Smith (incorporated by reference to Exhibit 10.1 to TriCo's Current Report on Form 8-K filed Dece
10.26*	Amendment to SERP and Participation Agreement - Daniel K. Bailey (incorporated by reference to Exhibit 10.2 to TriCo's Current Report on Form 8-K filed Decer
10.27*	Amendment to SERP and Participation Agreement - Craig B. Carney (incorporated by reference to Exhibit 10.3 to TriCo's Current Report on Form 8-K filed Decer
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 of TriCo's Annual Report on Form 10- K for the year ended December 31, 2023).
23.1	Consent of Moss Adams LLP, Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/15d-14(a) Certification of CEO
31.2	Rule 13a-14(a)/15d-14(a) Certification of CFO
32.1	Section 1350 Certification of CEO**
32.2	Section 1350 Certification of CFO**
97.1	TriCo Compensation Clawback Policy
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

* Management contract or compensatory plan or arrangement

** Furnished herewith. This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibit shal

(c) Financial statement schedules filed:

See Item 15(a)(2) above.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 autho

Date: March 1, 2023 February 29, 2024 TRICC

By: /s/ Ricl

Richar

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Date: March 1, 2023 February 29, 2024	/s/ Richard P. Smith
	Richard P. Smith, Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)
Date: March 1, 2023 February 29, 2024	/s/ Peter G. Wiese
	Peter G. Wiese, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: March 1, 2023 February 29, 2024	/s/ Kirsten E. Garen
	Kirsten E. Garen, Director
Date: March 1, 2023 February 29, 2024	/s/ Cory W. Giese
	Cory W. Giese, Independent Lead Director
Date: March 1, 2023 February 29, 2024	/s/ John S.A. Hasbrook
	John S.A. Hasbrook, Director
Date: March 1, 2023 February 29, 2024	/s/ Margaret L. Kane
	Margaret L. Kane, Director
Date: March 1, 2023 February 29, 2024	/s/ Michael W. Koehnen
	Michael W. Koehnen, Director
Date: March 1, 2023 February 29, 2024	/s/ Anthony L. Leggio
	Anthony L. Leggio, Director
Date: March 1, 2023 February 29, 2024	/s/ Martin A. Mariani
	Martin A. Mariani, Director
Date: March 1, 2023 February 29, 2024	/s/ Thomas C. McGraw
	Thomas C. McGraw, Director
Date: March 1, 2023 February 29, 2024	/s/ Kimberley H. Vogel
	Kimberley H. Vogel, Director
Date: March 1, 2023 February 29, 2024	/s/ Jon Y. Nakamura
	Jon Y. Nakamura, Director

INDEMNIFICATION A(

This Indemnification Agreement, dated as of _______, 20__, is made by and between TRI COUNTIES BANK, a California-chartered comn

WHEREAS, it is essential to the Bank to retain and attract as directors and officers the most capable persons available;

WHEREAS, the Indemnitee is a director and/or officer of the Bank;

WHEREAS, the Bank and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and o

WHEREAS, Section 317 of the California Corporations Code, the Bank's Articles of Incorporation ("Articles of Incorporation") and the Ban
the Indemnitee serves as a director and/or officer of the Bank, in part, in reliance on such provisions;

WHEREAS, the Bank has determined that its inability to retain and attract as directors and officers the most capable persons would be d
coverage will be available in the future; and

WHEREAS, in recognition of the Indemnitee's need for substantial protection against personal liability in order to enhance the Indemnitee'
in part to provide the Indemnitee with specific contractual assurance that the protection promised by the Bank's Articles of Incorporation and Bylaws will
Articles of Incorporation and Bylaws or any change in the composition of the governing bodies of the Bank or any acquisition transaction relating to the
extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued co

NOW, THEREFORE, in consideration of the premises and of the Indemnitee continuing to serve the Bank directly or, on its behalf or at i
below) or any employee benefit plan, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agre

(a) Agreement: means this Indemnification Agreement, as amended from time to time hereafter.

(b) Board of Directors: means the Board of Directors of the Bank.

(c) Claim: means any threatened, asserted, pending or completed civil, criminal, administrative, investigative or other action, suit or
thereof, or any inquiry or investigation, whether instituted by the Bank, any governmental agency or any other party, that the In
investigative or other, including any arbitration or other alternative dispute resolution mechanism.

(d) Indemnifiable Expenses: means (i) all expenses and liabilities, including judgments, fines, penalties, interest, amounts paid in settl
transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage and courier charges) paid or incurre
be a witness in or participate in, any Claim relating to any Indemnifiable Event by reason of the fact that Indemnitee is, was or has
has agreed to serve on behalf of or at the request of the Bank as a director, officer, manager, member, partner, fiduciary, trustee
occurring before, on or after the date of this Agreement (any such event, an "Indemnifiable Event"), (ii) any liability pursuant to a loa
Bank, including, without limitation, any indebtedness which the Bank or any subsidiary of the Bank has assumed or taken subje
connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism
United States Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary

(e) Indemnitee-Related Entities: means any corporation, limited liability company, partnership, joint venture, trust, employee benefit
benefit plan or other enterprise Indemnitee has agreed, on behalf of the Bank or at the Bank's request, to serve as a director, officer

by the indemnity described in this Agreement) from whom an Indemnitee may be entitled to indemnification or advancement of exp
of obligations under an insurance policy).

(f) Jointly Indemnifiable Claim: means any Claim for which the Indemnitee shall be entitled to indemnification from both an Indemnitee
agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents

(g) Loss: means all losses, Claims, damages, fines, or penalties, including, without limitation, any legal or other expenses (including, v
settling any Claim, fine, penalty or similar action.

(h) Person: means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business associati

2. Basic Indemnification Arrangement; Advancement of Indemnifiable Expenses.

(a) In the event that the Indemnitee was, is or becomes subject to, a party to or witness or other participant in, or is threatened to be r shall indemnify the Indemnitee, or cause such Indemnitee to be indemnified, to the fullest extent permitted by the laws of the State of California in effe reason of (or arising in part out of) an Indemnifiable Event; provided, however, that no change in the laws of the State of California shall have the effect as such benefits may improve as a result of amendments after the date hereof. The rights of the Indemnitee provided in this Section 2 shall include, w practicable but in any event no later than thirty (30) calendar days after written demand is presented to the Bank, against any and all Indemnifiable Expe

(b) Upon request by the Indemnitee, the Bank shall advance, or cause to be advanced, any and all Indemnifiable Expenses incurred event no later than thirty (30) calendar days after written demand, together with supporting documentation, is presented to the Bank. The Bank shall, Indemnitee, or (ii) reimburse, or cause the reimbursement of, the Indemnitee for such Indemnifiable Expenses. The

Indemnitee's right to an Expense Advance is absolute and shall not be subject to any condition that the Board of Directors shall not have determined t pursuant to this Section 2(b) shall be subject to the condition that, if, when and to the extent that a final judicial determination is made (as to which all Bank shall be entitled to be reimbursed by the Indemnitee (who hereby agrees to reimburse the Bank) for all such amounts theretofore paid (it being un the Bank with an undertaking to repay any Expense Advance if it is ultimately determined that the Indemnitee is not entitled to indemnification under app

(c) Notwithstanding anything in this Agreement to the contrary, the Indemnitee shall not be entitled to indemnification or advancement in or the Board of Directors of the Bank has authorized or consented to the initiation of such Claim or (ii) the Claim is one to enforce the Indemnite indemnified under applicable law).

(d) The indemnification obligations of the Bank under Section 2(a) shall be subject to the condition that the Board of Directors shall no proper in the circumstances because the Indemnitee is not entitled to be indemnified under applicable law. If the Board of Directors determines that litigation in any court in the State of California having subject matter jurisdiction thereof and in which venue is proper, seeking an initial determination by and the Bank hereby consents to service of process and to appear in any such proceeding. If the Indemnitee commences legal proceedings in a court by the Board of Directors that the Indemnitee is not entitled to be indemnified under applicable law shall not be binding, the Indemnitee shall continue to final judicial determination is made in the Claim (as to which all rights of appeal therefrom have been exhausted or lapsed) that the Indemnitee is not ent Bank and the Indemnitee.

(e) To the extent that the Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole o indemnified against all Indemnifiable Expenses actually and reasonably incurred in connection therewith, notwithstanding an earlier determination by the

(f) Notwithstanding anything to the contrary herein, the Bank shall not be obligated pursuant to the terms of this Agreement to indemni applicable law.

(g) Notwithstanding any other provisions contained herein, this Agreement and the rights and obligations of the parties hereto are subj and prepayment of expenses, legal or otherwise, and liabilities, including, without limitation, Section 317 of the California Corporations Code, Sectio successor regulations thereto.

3. Indemnification for Additional Expenses. The Bank shall indemnify, or cause the indemnification of, the Indemnitee against any and all I accordance with Section 2, which are incurred by the Indemnitee in connection with any action brought by the Indemnitee, the Bank or any other Pers the Bank's Articles of Incorporation and/or Bylaws and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the recovery, as the case may be; provided that the Indemnitee shall be required to reimburse such Indemnifiable Expenses in the event that a final judici the Indemnitee, or the defense by the Indemnitee of an action brought by the Bank or any other Person, as applicable, was frivolous or in bad faith.

4. Partial Indemnity, Etc. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Bank for some or a p indemnify the Indemnitee for the portion thereof to which the Indemnitee is entitled.

5. Burden of Proof. In connection with any determination by the Board of Directors, any court or otherwise as to whether the Indemnitee is e conduct and is entitled to indemnification, and the burden of proof shall be on the Bank or its representative to establish, by clear and convincing eviden

6. Reliance as Safe Harbor. The Indemnitee shall be entitled to indemnification for any action or omission to act undertaken (a) in good faith Indemnitee by the officers or employees of the Bank or any of its subsidiaries in the course of their duties, or by committees of the Board of Directors, o (b) on behalf of the Bank in furtherance of the interests of the Bank in good faith in reliance upon, and in accordance with, the advice of legal counsel or

Bank. In addition, the knowledge and/or actions, or failures to act, of any other director, officer, agent or employee of the Bank shall not be imputed to th

7. No Other Presumptions. For purposes of this Agreement, the termination of any Claim, action, suit or proceeding, by judgment, order presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that ind whether the Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Board of Directors t Indemnitee to secure a judicial determination that the Indemnitee should be indemnified under applicable law shall be a defense to the Indemnitee's clai

8. Nonexclusivity, Etc. The rights of the Indemnitee hereunder shall be in addition to any other rights the Indemnitee may have under the Ba of California or the interpretation thereof (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforde Agreement the greater benefits so afforded by such change. To the extent that there is a conflict or inconsistency between the terms of this Agreeme regardless of whether contained herein, in the Bank's Articles of Incorporation or Bylaws. No amendment or alteration of the Bank's Articles of Incorpor

9. Liability Insurance. The Bank shall use its reasonable best efforts to purchase and maintain a policy or policies of insurance with reputable by, Indemnitee or on Indemnitee's behalf by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent Bank as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) Indemnitee's status as such, whether or not the Bank would have the power to indemnify Indemnitee against such liability under the provisions of this A provided to any other director or officer of the Bank. If the Bank has such insurance in effect at the time the Bank receives from Indemnitee any not proceeding to the insurers in accordance with the procedures set forth in the policy. The Bank shall thereafter take all necessary or desirable action to c

Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

10. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of t hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. In the event the Bank or any of its subsidiaries enters into an indemn more favorable to the indemnitee than the terms contained herein (as determined by the Indemnitee), the Indemnitee shall be afforded the benefit of s full herein. As promptly as practicable following the execution by the Bank or the relevant subsidiary of each indemnity agreement with any such ot Indemnitee, the Bank shall prepare, execute and deliver to the Indemnitee an amendment to this Agreement containing such more favorable term or ter

11. Subrogation. Subject to Section 12, in the event of payment by the Bank under this Agreement, the Bank shall be subrogated to the exte reasonably required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents neces incurred by Indemnitee in connection with such subrogation.

12. Jointly Indemnifiable Claims. Given that certain Jointly Indemnifiable Claims may arise due to the relationship between the Indemnitee-Re Entities, the Bank acknowledges and agrees that the Bank shall be fully and primarily responsible for the payment to the Indemnitee in respect of accordance with the terms of this Agreement, irrespective of any right of recovery the Indemnitee may have from the Indemnitee-Related Entities. Un recovery the Indemnitee may have from the Indemnitee-Related Entities shall reduce or otherwise alter the rights of the Indemnitee or the obligation indemnification or advancement of expenses with respect to any Jointly Indemnifiable Claim, the Indemnitee-Related Entity making such payment sh Agreement, and the Indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such enforce such rights. Each of the Indemnitee-Related Entities shall be third-party beneficiaries with respect to this Section 12, entitled to enforce this Sec

13. No Duplication of Payments. Subject to Section 12 hereof, the Bank shall not be liable under this Agreement to make any payment in insurance policy, any provision of the Bank’s Articles of Incorporation and Bylaws, or otherwise) of the amounts otherwise indemnifiable hereunder.

14. Defense of Claims. The Bank shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event or to assu consultation with counsel selected by the Indemnitee, that (i) the use of counsel chosen by the Bank to represent the Indemnitee would present such c (A) the Bank or any subsidiary of the Bank and (B) the Indemnitee, and the Indemnitee concludes that there may be one or more legal defenses availa such counsel would be precluded under the applicable standards of professional conduct then prevailing, then the Indemnitee shall be entitled to retain The Bank shall not be liable to the Indemnitee under this Agreement for any amounts paid in settlement of any Claim relating to an Indemnifiable E settlement of any Claim relating to an Indemnifiable Event which the Indemnitee is or could have been a party unless such settlement solely involves t matter of such Claim. Neither the Bank nor the Indemnitee shall unreasonably withhold its or his consent to any proposed settlement; provided that th fullest extent permitted by California law, the Bank’s assumption of the defense of a Claim pursuant to this Section 14 will constitute an irrevocable ackn indemnifiable by the Bank under Section 2 of this Agreement.

15. Binding Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their r the business and/or assets of the Bank), assigns, spouses, heirs, executors and personal and legal representatives. The Bank shall require and cause a otherwise) to all or a significant portion of the business and/or assets of the Bank and/or its subsidiaries (on a consolidated basis), by written agreeme manner and to the same extent that the Bank would be required to perform if no such succession had taken place; provided that no such assumption sh effect regardless of whether the Indemnitee continues to serve as a director or officer of the Bank and/or on behalf of or at the request of the Bank as a neither party shall, without the

prior written consent of the other, assign or delegate this Agreement or any rights or obligations hereunder.

16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoe paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenfor without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable) shall be con Agreement.

17. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the parties hereto, the Indemnitee r so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any

18. Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained ir party at the address set forth below or such other address as may hereafter be designated on the signature pages of this Agreement or in writing by suc

(a) If to the Bank, to:

Tri Counties Bank
63 Constitution Drive
Chico, CA 95973
Attention: Rick Smith, Chief Executive Officer
Fax: (530) 898-0310

with a copy (which alone shall not constitute notice):

Sheppard, Mullin, Richter & Hampton LLP
Four Embarcadero Center
San Francisco, CA 94111
Attention: David J. Gershon, Esq.
Office: (415) 774-3120
Fax: (415) 403-6091

(b) If to the Indemnitee, to the address set forth on Annex A hereto.

All such notices, requests, consents and other communications shall be deemed to have been given or made if and when received (including by over specified above (or at such other address or telecopy number for a party as shall be specified by like notice). Any notice delivered by any party hereto to

any other party hereto shall also be delivered to each other party hereto simultaneously with delivery to the first party receiving such notice.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all c sought needs to be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to c

21. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California a

[*SIGNATURE PAGE F*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

TRI COUNTIES BANK

By: ___________________________
Name: Richard P. Smith
Title: President & CEO

The Indemnitee:

________________________, Director

A/75608141.1

Annex A

Name and Address.

[DIRECTOR NAME]

ADDRESS:

____
______________, CA _________
PHONE: _____________________

A/75608141.1

THE RESTATED 2005 TRI

DEFERRED COMPENS

FOR EXECUTIVES ANI

Effective Janu

{00140563.DOC /4 }

TABLE OF CONT

This Restated Tri Counties Bank Deferred Compensation Plan for Executives and Directors is effective January 1, 2021. Directors serving on th (hereinafter, these entities shall be referred to as the “Bank” or the “Employer”) on or after January 1, 2005 are eligible to participate.. It is intended that t

ARTICLE I –PUR

The purpose of this Deferred Compensation Plan for Executives and Directors (the “Plan”) is to provide current tax planning opportunities, as w retaining and attracting Executives and Directors of exceptional ability by providing them with these benefits. The Plan was originally adopted effectiv Internal Revenue Code of 1986, as amended (“IRC 409A”), and to reflect the Plan operations under IRC 409A since January 1, 2005. The Employer wis

ARTICLE II – DE

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

1.1 Participant

The term “Participant” shall mean those designated Executives or Directors of the Employer who are participating in this Plan as provided in Artic

1.2 Plan Benefit

“Plan Benefit” means the benefit payable to a Participant as calculated pursuant to Articles IV through V.

1.3 Board

“Board” means the Board of Directors of the Employer.

1.4 Committee

“Committee” means the Compensation and Management Succession Committee of TriCo Bancshares.

1.5 Compensation

As it applies to an Executive, the term “Compensation” shall refer to the salary, bonuses or commissions paid to the Executive during employ Deferral Period when the Executive actually performs the services for which the commission is paid. The Deferral Period to which a bonus relates shall b

“Compensation” shall refer to the retainer, meeting and Committee chairmanship fees paid to a Director by the Employer with respect to services perf does not include expense reimbursements, any form of non-cash compensation or benefits. Compensation payable after December 31 of a given Defe payable for services performed in the subsequent Deferral Period in which the Compensation is paid.

1.6 Elective Deferred Compensation

The term “Elective Deferred Compensation” shall mean the amount of Compensation that a Participant elects to defer pursuant to a Deferral Elec

1.7 Deferral Election

“Deferral Election” means an irrevocable election to defer Compensation made by a Participant pursuant to Article III and for which a Deferra designated by the Committee). Except as expressly provided herein, the Deferral Election with respect to any particular Deferral Period cannot be modi The Committee may prescribe any Deferral Election Form that is consistent with the terms of this Plan.

1.8 Deferral Period

“Deferral Period” means the period over which a Participant has elected to defer a portion of his or her Compensation. Each calendar year shal performs the services for which the bonus or commission is paid, regardless of when the commission or bonus is actually awarded or paid. By way of e bonus, and any election to defer that bonus must be submitted to the Committee on a valid Deferral Election Form by December 31, 2008, as provided i

1.9 Account

"Account" means the bookkeeping Account as maintained by the Bank in accordance with Article IV with respect to any deferral of Compensatio be paid to the Participant pursuant to the Plan. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

1.10 Distribution Election

The term "Distribution Election" shall mean the form of distribution of the Account selected by the Participant on the most recent valid and timel Plan.

1.11 Determination Date

"Determination Date" means the last day of each calendar month.

1.12 Interest Rate

Effective January 1, 2021, "Interest Rate" means the interest rate, index, or other measure set by the Board of Directors prior to the beginning o the Board for the prior year shall continue in effect until changed.

For Participants who entered the Plan and began participation prior to January 1, 2014, deferral balances as of December 31, 2020 shall con preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substanti

1.13 Bonus Interest Rate

Effective January 1, 2021, no "Bonus Interest Rate" will be paid on deferrals during a Plan Year beginning on or after January 1, 2021. Deferr percentage point greater than the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by M

1.14 Change in Control

A "Change in Control" means the occurrence of any of the following events with respect to Tri Counties Bank (as used in this Section 2.14, the "B

(a) Merger: A merger into or consolidation with another corporation, or merger of another corporation into Bank or Bancorp, and as persons who were stockholders of the Bank or Bancorp immediately before the merger or consolidation;

(b) Acquisition of Significant Share Ownership: One person, or more than one person acting as a group, acquires (or has acquired duri thirty percent (30%) or more of the total voting power of the stock of the Bank or Bancorp (this constitutes acquisition of "Effective Control"). No Chan additional shares. This subpart (b) shall not apply to beneficial ownership of voting shares held in a fiduciary capacity by an entity of which Bank or employee benefit plan maintained for the benefit of the Bank's employees.

(c) Change in Board Composition: A majority of the members of the Board of Directors of the Bank or Bancorp is replaced during any of the Bank or Bancorp before the date of the appointment or election. This subparagraph shall only apply with respect to Bancorp if no other corporatio

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(d) A sale of substantially all of the assets of the Bank or Bancorp.

A Change in Control shall only occur with respect to Bancorp if Bancorp (i) is a majority shareholder of the Bank; (ii) is a majority shareholder of the Bank; or (iii) is otherwise a "Relevant Corporation" as that term is used and defined in IRC 409A. For purposes of this section, majority shareholde corporation in the chain referenced above. No Change in Control shall occur unless the event constitutes a "Change in the Ownership of a Corporation," as defined under IRC 409A.

1.15 Disability

For the purpose of this Plan, the Participant will be considered disabled if:

(a) The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental im

(b) The Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death not less than three (3) months under an accident and health plan covering employees of the Participant's employer.

1.16 Termination or Removal For Cause

A Termination of an Executive's employment or a Removal of a Director shall be "For Cause" if for any of the following reasons:

(a) Gross negligence or gross neglect;

(b) The commission of a felony, misdemeanor, or any other act involving moral turpitude, fraud, or dishonesty which has a material adv

(c) The willful and intentional disclosure, without authority, of any secret or confidential information concerning the Bank that has a mat

(d) The willful and intentional violation of the rules or regulations of any regulatory agency or government authority having jurisdiction o

1.17 Unforeseeable Emergency

For the purposes of this Plan, an "Unforeseeable Emergency" shall mean a severe financial hardship to the Participant due to (a) uninsured med IRC 152(a) without regard to IRC 152(b)(1), 152(b)(2) and 152(d)(1)(B)); (b) an uninsured casualty loss pertaining to property owned by the Participant;

an event beyond the control of the Participant, provided however that any such event qualifies as an "unforeseeable emergency" within the meaning of I

1.18 Lifetime Deferral Limit

Total deferred compensation is subject to a lifetime limit of one million five hundred thousand dollars ($1,500,000.00) and includes all deferred co

1.19 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

ARTICLE III – PARTICIPATION AND

1.1 Eligibility and Participation

(a) Eligibility. The following individuals are eligible to participate in the Plan:

(i) Directors of the Employer serving on or after January 1, 2005;

(ii) Key employees designated by the Board prior to January 1, 2014; and

(iii) Effective January 1, 2014, the following employees:

(i) The Chief Executive Officer (CEO) and all Officers reporting directly to the CEO; and

(ii) Senior Vice Presidents with annual base salary of more than One-Hundred Twenty-Five Thousand Dollars.

(b) Participation. A Participant may elect to participate in the Plan with respect to any Deferral Period by submitting a Deferral Election
the Deferral Period. This Section 3.1(b) applies for any Deferral Period for which Section 3.1(c) does not apply.

(c) Part-Year Participation. In the case of the Deferral Period in which a Participant first becomes eligible to participate in the Plan and
Deferral Election Form must be submitted to the Committee within thirty (30) days after the Participant first becomes eligible to participate in the Plan
submission of the Deferral Election Form to the Committee (determined on a pro-rata basis to the extent required by Treasury regulation 1.409A-2(a)(7
1.409A-2(a)(7)(ii).

1.2 Form of Deferral and Minimum Deferral

(a) Deferral Election. A Participant may elect to defer any portion of his or her Compensation for the Deferral Period immediately follov
as provided in Section 3.1(b). The amount to be deferred shall be stated as a dollar amount or percentage of Compensation and must not be less than t

(b) Deferrals in the Event of Part-Year Participation. In the case of the first year in which a Participant becomes eligible to participate
percentage of Compensation) for each of the months remaining in the Deferral Period ($200 x number of months remaining).

(c) Transition Rules. Notwithstanding any provision in this Section 3.2 to the contrary, the Committee may authorize a deferral electio
issued in Treasury regulations and by the Internal Revenue Service.

ARTICLE IV – DEFERRED COI

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant.

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account as the corresponding non-deferred portion of t
Compensation that is required by state, federal or local law shall be withheld from the Participant's non-deferred Compensation to the maximum extent
Account shall comply with Treasury regulation 1.409A-3(j)(4)(vi) and 1.409A-3(j)(4)(xi), to the extent applicable.

4.3 Employer Discretionary Contributions

The Employer may make Discretionary Contributions to Participants' Accounts. Discretionary Contributions shall be credited at such times and in

4.4 Interest

Effective January 1, 2020, and subject to the provisions of Section 5.4 with respect to a Termination for Cause, each Participant's Account shall
Plan Years beginning on or after January 1, 2021. Interest earned shall be calculated as of each Determination Date based upon the average daily
Determination Date preceding the Participant's Separation from Service (including a Separation from Service after a Change in Control), as defined in S

Interest Rate specified in Section 2.13. Following a Participant's Separation from Service (including a Separation from Service after a Change in Control

4.5 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately prece any interest earned, minus the amount of any distributions made since the immediately preceding Determination Date.

4.6 Vesting of Accounts

Each Participant shall be vested in the amounts credited to such Participant's Account and earnings thereon as follows:

(a) Amounts Deferred. Except in the event of Termination for Cause, a Participant shall be one hundred percent (100%) vested at all ti

(b) Employer Discretionary Contributions. Employer Discretionary Contributions and Interest thereon shall be vested as determined Employment.

4.7 Statement of Accounts

The Bank shall submit to each Participant, within thirty (30) days after the close of each calendar year and at such other time as determined by th

ARTICLE V – PLA

4.1 Plan Benefit

The Employer shall pay a Plan Benefit according to the provisions of this Article V.

4.2 Death Benefit

Upon receiving notice of the death of a Participant, the Employer shall pay to the Participant's Beneficiary(ies) a Plan Benefit as follows:

(a) If the Participant dies after payment has begun pursuant to the terms of this Plan, then the amount payable shall be the remainir death.

(b) If the Participant dies while serving as an Executive or Director of the Employer, or before payment has begun pursuant to the terms

Any notice required under this provision shall be in writing and shall include an original death certificate.

4.3 Unforeseeable Emergency Distributions

A Participant may request a distribution on account of an Unforeseeable Emergency, which may or may not be granted as determined by the distributions from the Participant's Account prior to the time specified for payment. Any distribution made pursuant to this provision must be made i reasonably necessary (including anticipated taxes on the distribution) to meet the emergency financial need and not reasonably available from other r liquidation itself would not cause severe financial hardship, or by cessation of deferrals under this Plan). In making this determination, the Committee Emergency shall be made at such time and in such manner as the Committee shall prescribe from time to time. Any distribution under this Section 5. information required by and acceptable to the Committee. Notwithstanding anything to the contrary, in the event a Participant receives a distribution fro occur for the remainder of the Deferral Period after the Unforeseeable Emergency distribution.

4.4 Distribution Following a Separation From Service

Upon a Separation from Service, a Participant shall be entitled to a Plan Benefit equal to the balance credited to the Participant's Account. Howe forfeited and the Participant shall not be entitled to any Plan Benefit. A Separation from Service means the Participant's separation from service (withi Employer, and any Related Employer as defined in IRC 414(b) and (c). A Separation from Service shall occur as of the date that the Employer and Par or any Related Employer to a level of service that is less than twenty percent (20%) of the average level of services performed in the immediately prece

In the event, however, that the Participant is a Specified Employee at the time of Separation from Service, the Participant's right to receive any d
the event that the six (6) month delay applies to a Participant, payments that would have been made during the six (6) month period, but for this section
continue thereafter. "Specified Employee" shall mean the following: If a Participant is a Key Employee (defined below) of the Employer or any entity tha
any entity that is aggregated with the Employer under IRC 414(b) or (c)) has stock that is publicly traded on an established securities market or otherwi
Determination Date. A Participant is a

Key Employee as of a Determination Date if the Participant meets the requirements of IRC 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the r
section shall be interpreted and consistently applied by the Committee in accordance with IRC 409A.

4.5 Distribution Upon a Change in Control

If timely and properly elected on the Deferral Election Form, a Participant shall be entitled to a Plan Benefit equal to the Participant's Account if th

4.6 Benefit Payment Elections and Subsequent Modifications Thereto

Other than for those circumstances that specifically provide to the contrary, a Plan Benefit shall be paid in accordance with the Participant's most

A Participant must irrevocably elect the time and form for the payment of his or her Plan Benefit by submitting a valid Distribution Election For
according to Section 3.1(b) or 3.1(c), as the case may be.

A Participant can elect payment of his or her Plan Benefit upon a Change in Control that occurs prior to Separation from Service by submitting a
submitted to the Committee according to Section 3.1(b) or 3.1(c), as the case may be. If a Participant does not elect payment or if a Change in Control
in Section 5.4.

Using the Distribution Election Form, a Participant can elect the following forms of payment:

(i) A lump sum.

(ii) Substantially equal annual payments for a period as designated by the Participant of five (5), ten (10) or fifteen (15) year
preceding the month of the annual payment by the number of years remaining in the designated installment period.

A Participant may irrevocably elect one form of payment of the entire Plan Benefit upon a Change in Control prior to Separation from Service, a
Distribution Election Form. A Participant's election as to the form of payment upon his or her Separation from Service shall apply to payment in the even
submitted Distribution Election Form submitted to the Committee. In the event that a Participant has not submitted a valid Distribution Election Form, pa

A Participant may modify his or her Distribution Election as to the form of payment upon a Change in Control and/or Separation from Service, pro

(a) The modified election shall not be effective until twelve (12) months after the date made;

(b) For payments beginning as a result of the Participant's Separation from Service, payments beginning at a fixed time or on a fixed schedu
least five years from the date such payment would have been made in the absence of the modified election; and

(c) With respect to payments beginning at a fixed time or on a fixed schedule, a Participant must modify his or her Distribution Election at lea

A Participant's right to receive annual installment payments under this Section 5.6 shall be treated as the right to receive a single payment as p Form to the Committee (or one or more officers designated by the Committee).

Notwithstanding any provision in the immediately preceding paragraph to the contrary, the Committee may authorize changes to the times an provided under IRC 409A and the related guidance issued in Treasury regulations and by the Internal Revenue Service.

4.7 Withholding Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from such payments under federal, state or local Code, or any successor provision thereto.

4.8 Commencement of Payments

Subject to the provisions of Section 5.4 with respect to a Specified Employee, payment of a Participant's Plan Benefit shall commence as soon a by the Participant in the most recent valid Distribution Election Form or (b) absent such a valid Distribution Election Form, Separation from Service. All p

4.9 Payment to Guardian

If a Plan Benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Co incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distr

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4.10 Cashouts

The Committee may, in its discretion, require a mandatory lump sum payment of amounts deferred under this Plan that do not exceed the ap evidenced in writing no later than the date of such payment, and provided that the payment results in the termination and liquidation of the Participa compensation are treated as having been deferred under this Plan in accordance with IRC 409A.

ARTICLE VI – BENEFICI

4.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (primary as well due under the Plan. Each beneficiary designation shall be in written form prescribed by the Committee and will be effective only when filed with the Com

4.2 Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any designated Beneficiary by the filing of a new Beneficiar cancel all Beneficiary designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or

4.3 No Beneficiary Designation

In the absence of a valid or effective Beneficiary designation, or if all designated Beneficiaries predecease the Participant or die prior to complete

4.4 Effect of Payment

The payment to the deemed Beneficiary shall completely discharge Employer's obligations under this Plan.

ARTICLE VII – ADM

4.1 Committee and Duties

This Plan shall be administered by the Committee. The Committee shall have the authority to make, amend, interpret, and enforce all appropriat may arise in connection with the Plan.

4.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to t

4.3 Binding Effect of Decisions

The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation, and ap any interest in the Plan.

4.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense, or liability ar

ARTICLE VIII – CLAIM

4.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the Claimant with notice of its determination regarding the claim within a reasonable period of time, but in no event later than ninety (90) days following additional ninety (90) days from the end of the initial ninety (90) day period in which to make its determination on the claim. If such an extension is requi and the date by which the Committee expects to render a determination on the claim.

4.2 Denial of Claim

If the claim or request is denied, the written notice of denial should state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan’s claim review procedure.

4.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within ninety (90) days may request a review by filing a writte reviewed by the Committee who may, but shall not be required to, grant the claimant a

hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

4.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumsta
the reason and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX – AMENDMENT AN

4.1 Amendment

The Board may at any time amend the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease or restrict t 1, 2014, no amendment shall change the Interest Rate credited to amounts already held in an Account under the Plan, thirty (30) days advance writte held in a separate Account which shall be credited with the new Interest Rate.

4.2 Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting, or other effects of the continuance of

(a) Partial Termination. The Board may partially terminate the Plan by instructing the Committee not to accept any additional Deferrals prior to the effective date of such Partial Termination and all Participants' Plan Benefits shall be paid at the time and in the manner otherwise specified i

(b) Complete Termination. Subject to the provisions of IRC 409A and Treasury regulation 1.409A-3(j)(4)(ix), the Board may complete Elections. In the event of Complete Termination, Participants shall cease participation in the Plan and shall not accrue any further benefits. Except as sentence, the Employer shall pay out to each Participant (or Participant's Beneficiary) his or her Account in a single lump sum as if that Participant h provided all of the following requirements are satisfied:

(i) The Complete Termination and liquidation of the Plan do not occur proximate to a downturn in the financial health of the Emp

(ii) The Employer terminates all arrangements sponsored by the Employer that would be aggregated with any terminated arrang

(iii) No payments are made within twelve (12) months of the termination, other than payments that would have been payable if th

(iv) All payments are made within twenty-four (24) months of the termination; and

(v) The Employer does not adopt a new deferred compensation plan that would be aggregated with any terminated arrangeme the Employer takes all necessary action to irrevocably terminate and liquidate the Plan.

Notwithstanding any provision in the Plan to the contrary, interest earned on the unpaid balance in each Participant's Account shall be the Interes

ARTICLE X – MISC

4.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "manageme 1974, as amended ("ERISA"), and therefore to be exempt from the provisions of ERISA Title I, Parts 2, 3, and 4.

4.2 Unsecured General Creditor

Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or as or the proceeds therefrom owned or which may be acquired by the Employer. Except as may be provided in Section 10.3, such policies, annuity contr assigns, or held in any way as collateral security for the fulfilling of the obligations of the Employer under this Plan. Any and all of the Employer's asse shall be that of an unfunded and unsecured promise to pay money in the future.

4.3 Trust Fund

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one (1
trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under th
such benefits shall remain the obligation of, and shall be paid by, the Employer.

4.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encu
all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be s
other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

4.5 Not a Contract of Employment

The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant. The
Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of

4.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment
be requested by the Employer.

4.7 Terms

Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they
the plural or the singular, as the case may be, in all cases where they would so apply.

4.8 Captions

The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or constru

4.9 Governing Law

The provisions of this Plan shall be construed, interpreted, and governed in all respects in accordance with applicable federal law and, to the exte

4.10 Validity

If any provision of this Plan shall be held illegal or invalid for any reason, the remaining provisions shall nevertheless continue in full force and eff

4.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient in writing and hand delivered, or sent by
of delivery or, if such delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

4.12 Successors

The provisions of this Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used he substantially all of the business and assets of TriCo Bancshares, and successors of any such corporation or other business entity.

Signatures on the foll

SIGNATURE P

The Restated 2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors

TRICO

By:

Title:

Date:

TRI CC

By:

Title:

Date:

TRICO BANCSH
RESTRICTED STOCK UNIT

TriCo Bancshares, a California corporation (the "***Company***"), pursuant to its 2019 Equity Incentive Plan (the "***Plan***"), hereby grants to the holder listed below (the "***Pa*** of which is a right to receive one (1) share of Common Stock, on the terms and conditions set forth herein and in the Restricted Stock Unit Award Agreement attach Plan shall have the same defined meanings in this Grant Notice and the Award Agreement.

Participant: **[insert name]**

Grant Date: **October 21, 2022**

Number of Units/Shares Subject to Award: **xx**

	The Award will vest in three (3) equal annual installments on each of the first three
	applicable vesting date, or as otherwise provided herein.
Vesting Schedule:	**For vesting dates that fall on weekends and holidays, this date will be the next busi*
Payment Date	1/3 of the RSUs (to the extent vested) shall be paid out on the first anniversary of the 1/3 of the RSUs (to the extent vested) shall be paid on the second anniversary of the 1/3 of the RSUs (to the extent vested) shall be paid out on the third anniversary of th

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, the Participant agrees to be bound by the terms a Award Agreement, and the Grant Notice in their entirety and has had an opportunity to obtain the advice of counsel prior to executing below. The Participant hereby Agreement, the Grant Notice or relating to the Units.

TRICO BANCSHARES		**PARTIC**
By:	0000356171-23-000010image_01a.jpg	By:
Name:	Richard P. Smith	Print N
Title:	President & CEO	
Address:	63 Constitution Drive	Addres
	Chico, CA 95973	

ATTACHMENTS: TriCo Bancshares 2019 Equity Incentive Plan, as amended; Restricted Stock Unit Award Agreement. The prospectus for the Plan prepared in con the Human Resources section of the Company's intranet.

Trico Bancsh

2019 EQUITY INCEN

RESTRICTED STOCK UNIT A

Pursuant to the Restricted Stock Unit Award Grant Notice ("***Grant Notice***") and this Restricted Stock Unit Award Agreement ("***Award Agreement***"), Tr number of RSUs specified in the Grant Notice (collectively, the "***Award***"). Except where indicated otherwise, defined terms not explicitly defined in t understand that the shares of Common Stock issued with respect to the Award is subject to minimum holding requirements described in Section 10(f) of

The details of your Award are as follows:

1. Number of Restricted Stock Units and Shares of Common Stock. The number of RSUs subject to your Award is set forth in the Grar equivalents, as described in Section 3 below. The number of RSUs subject to your Award and the number of shares of Common Stock deliverable with r

2. Vesting. The RSUs shall vest, if at all, as provided in the vesting schedule set forth in your Grant Notice; provided, however, that vesting any reason, with or without cause, you shall forfeit and the Company shall automatically reacquire all RSUs which are not, as of the time of such termina

<u>Death/Disability</u>. If you die or become Permanently Disabled (as defined below) while you are eligible to vest in RSUs under this Award, the beneficiary on file with the Company's stock administration department or Human Resources, or if no beneficiary has been designated or survives Permanent Disability). Any shares will be distributed no later than the end of the calendar year immediately following the calendar year which contains y shares in the name of your beneficiary or estate within 60 days of the Company's receipt of any required documentation.

"**Permanently Disabled**" means your "permanent disability" as such term is defined in the long-term disability insurance provided by the Comp indefinitely be unable to perform the essential functions of Participant's position with or without reasonable accommodation, and you satisfied the Releas

<u>Release/Certification</u>. You shall meet the "Release/Certification Requirements," if: (i) within 55 days following your termination of Continuous Serv

and terms as the Company shall specify, and such release becomes irrevocable, and (ii) in all cases, you have complied with all other terms of the Awar

Except as otherwise set forth in this Section 2 or as determined by the Committee under the terms of Section 11 of the Plan, in the event of a Cha

3. Dividends. If the Company pays dividends with respect to the Common Stock (the date of any such payment is a "***Dividend Date***"), then dollar value of dividends paid on an actual share of Common Stock on the Dividend Date, multiplied by the number of outstanding RSUs held by you Date of a share of Common Stock, and the resulting quotient shall be the number of additional RSUs "***Additional RSUs***" that will be credited to this A outstanding hereunder on the Dividend Date), forfeiture restrictions, restrictions on transferability, and settlement provisions as apply to the RSUs that a

4. Rights as a Shareholder. You shall have no rights as a shareholder with respect to any shares of Common Stock which may be issue evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made as provided in Section 1.

5. Payment. Subject to Section 11 below, you will not be required to make any payment to the Company with respect to your receipt of the A

6. Delivery of Shares. Subject to Sections 7 and 11 below, the Company will issue you one share of Common Stock for each RSU which v the vesting date (the actual date of such issuance during such period shall be solely determined by the Company). The form of delivery (e.g., a stoc Company, in its sole discretion, to deposit for your benefit with a Company-designated brokerage firm or, at the Company's discretion, any other broker to the settlement of the Award. Except as provided by the preceding sentence, a certificate for the shares of Common Stock as to which the Award is se

7. Restrictions on Grant of the Award and Issuance of Shares. The grant of the Award and issuance of shares of Common Stock upo securities. No shares of Common Stock may be issued hereunder if the issuance of such shares of Common Stock would constitute a violation of any a which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, de

counsel to be necessary to the lawful issuance of any shares of Common Stock subject to the Award shall relieve the Company of any liability in respec settlement of the Award, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance wi Further, regardless of whether the transfer or issuance of the shares of Common Stock to be issued pursuant to the Units has been registered under t upon the sale, pledge, or other transfer of the shares of Common Stock (including the placement of appropriate legends on stock certificates and the i restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any State, or any other law.

8. Transfer Restrictions. Prior to the time that the shares of Common Stock subject to your Award have been delivered to you, you may Common Stock that may be issued in respect of your RSUs as security for a loan, nor may you transfer, pledge, sell or otherwise dispose of such shar Your Award is not transferable, except by will or by the laws of descent and distribution. Notwithstanding the foregoing, by delivering written notice to the to receive any distribution of shares of Common Stock in respect of vested RSUs pursuant to this Agreement.

9. Award Not a Service Contract. Your Award is not an employment or service contract, and nothing in your Award shall be deemed to Company or any Affiliate to continue such service. In addition, nothing in your Award shall obligate the Company or any Affiliate, their respective sharel any Affiliate.

10. Unsecured Obligation. Your Award is unfunded, and even as a holder of vested RSUs, you shall be considered an unsecured credito contained in this Award Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiducia

11. Withholding of Taxes. At the time the Grant Notice is executed, or at any time thereafter as requested by the Company, you hereby required to satisfy the U.S. federal, state, and local taxes required by law to be withheld with respect to any taxable event arising as a result of your pa the right to deduct or withhold, or require you to remit an amount sufficient to satisfy applicable Tax-Related Items or to take such other action as may agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from your wages or other cash compensation paid to you; or

(b) withholding from proceeds of the sale of shares of Common Stock acquired upon vesting and settlement of the Units, either through

(c) withholding in shares of Common Stock to be issued upon vesting and settlement of the Units; or

(d) direct payment from you.

The Company does not have any duty or obligation to minimize your liability for Tax-Related Items arising from the Award, and, will not be liable to you any Affiliate may be required to withhold as a result of his or her participation in the Plan that cannot be satisfied by the means previously described. T you fail to comply with your Tax-Related Items obligations.

You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to the income tax conse representatives for an assessment of such tax consequences. YOU UNDERSTAND THAT THE TAX LAWS AND REGULATION ARE SUBJECT TO CI WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

12. Notices. Any notices provided for in your Award or the Plan shall be given in writing or shall be delivered electronically, and shall be deem the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

13. Miscellaneous.

(a) The rights and obligations of the Company with respect to your Award shall be transferable to any one or more persons or entities, ar

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Con

(c) All obligations of the Company under the Plan and this Agreement will be binding on any successor to the Company, whether the e business and/or assets of the Company.

(d) You agree that the Company does not have any duty or obligation to minimize your liability for tax withholding obligations arising from

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14. Headings. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part

15. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, su of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the

16. Compliance with Code Section 409A.

(a) It is intended that the RSUs granted hereunder be exempt from or comply with the requirements of Code Section 409A, so that nc
409A. The vesting and settlement of such RSUs are intended to qualify for the "short-term deferral" exemption from Code Section 409A. Each installm
each eligible vested RSU shall be settled, per the terms of the Plan, the Grant Notice and this Award Agreement, within the short-term deferral period
provision of the Plan, this Award Agreement, the Grant Notice or the Plan:

(i) The Plan, this Agreement and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and c
(including any regulations or guidance that may be issued after the date hereof), and any ambiguities herein shall be interpreted to so comply.

(ii) The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilate
avoid the imposition of any additional tax or income recognition under Code Section 409A; *provided*, *however*, that the Company makes no representa
RSUs.

(b) **Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to
compensation" within the meaning of Code Section 409A shall be paid unless and until you have incurred a "separation from service" within the meanir
date of your separation from service, no amount that constitutes a deferral of compensation which is payable on account of the your separation from
following your termination of an employment shall be paid to you before the date which is the first day of the seventh month after the date of your sepa
would, but for this Section, become payable prior to a delayed payment date will be accumulated and paid on the delayed payment date.

17. Restrictions on Contracts and Payments for Insured Depository Institutions in Troubled Status. The parties acknowledge and agr
payment of executive compensation and benefits by insured depository institutions in "troubled" condition, do not currently apply to the Company or y
regulatory authority require the Company to seek or demand repayment or return of any payments made to you under this Award Agreement and the P
receipt of a written notice from the Company indicating that payments received by you under this Award Agreement and the Plan are subject to recaptur

18. Authorization to Release Necessary Personal Information. You hereby authorize and direct the Company to collect, use and transfer i
your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number, salary, jo
or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be trar
including any requisite transfer to a brokerage firm or other third party assisting with administration of the Award or with whom shares acquired upon
transfer of the Data to the Company or any Affiliate, or to any third parties is necessary for your participation in the Plan. You may at any time withdra
consent may affect your ability to realize benefits from the Award, and your ability to participate in the Plan.

19. BONUS RECOUPMENT. In consideration of the grant of this Award, you agree that this Award is subject to any clawback policy adopted b

20. Counterparts. The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together sh

21. Administration. The Committee shall have the power to interpret the Plan and this Award Agreement and to adopt such rules for the adm
taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon you, the Compa
interpretation made in good faith with respect to the Plan, this Award Agreement or the Units.

22. Governing Law. The interpretation, performance and enforcement of this Award Agreement shall be governed by the laws of the State of

23. Governing Plan Document. Grant Notice, this Award Agreement, and the Units evidenced hereby (i) are made and granted pursuant to t

Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pu
proposals, written or oral, and all other communications between the parties related to the subject matter. In the event of any conflict between the provis

TRICO BANCSH
PERFORMANCE AWARD

TriCo Bancshares, a California corporation (the "***Company***"), pursuant to its 2019 Equity Incentive Plan (the "***Plan***"), hereby grants to the holder listed "***Units***" or "***PSUs***"), each of which is a right to receive the value of one (1) share of Common Stock, on the terms and conditions set forth herein and Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Award Agreement.

Participant:	**[insert name]**
Grant Date:	October 21, 2022
Target Number of Units:	____, subject to adjustment as provided by the Award Agre
Maximum Number of Units:	# which is 150% of the Target Number of Units, subject to a
Performance Period:*	Three years beginning **October 21, 2022** and ending **Octo** **For performance periods that fall on weekends and holidays, this date*
Performance Measure:	The difference, measured in percentage points, for the Perf accordance with Section 2.2 of the Award Agreement.
Benchmark Index:	The KBW Regional Banking Index (Ticker Symbol ^KRX)
Relative Return Factor:	A percentage (rounded to the nearest 1/10th of 1% and n positive or negative) equal to (i) the Company Total Shareh
Vesting Date:	The "Vesting Date" is the date upon which the Committee Agreement. The Vesting Date shall occur within 45 days fol

Vested Units:	Provided that there has been no Termination of Continuou Vested Units, if any (not to exceed the Maximum Number nearest whole share), as illustrated by Appendix A.
Settlement Date:	For each Vested Unit, except as otherwise provided by the be solely determined by the Company.

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, the Participant agrees to be bound provisions of the Plan, the Award Agreement, and the Grant Notice in their entirety and has had an opportunity to obtain the advice of counsel prior to upon any questions arising under the Plan, the Award Agreement, the Grant Notice or relating to the Units.

TRICO BANCSHARES		**PARTI**
By:	0000356171-23-000010image_0a.jpg	By:
Name:	Richard P. Smith	Print N
Title:	President & CEO	
Address:	63 Constitution Drive	Addres
	Chico, CA 95973	

ATTACHMENTS: TriCo Bancshares 2019 Equity Incentive Plan, as amended; Performance Award Agreement. The prospectus for the Plan prepare Award is available in the Human Resources section of the Company's intranet.

TRICO BANCSH
PERFORMANCE AWARD

TriCo Bancshares (the "***Company***") has granted to the Participant named in the Performance Award Grant Notice (the "***Grant Notice***"), to which thi "***PSUs***") subject to the terms and conditions set forth in the Grant Notice and this Award Agreement. This Award has been granted pursuant to the TriC hereby understands that the shares of Common Stock issued with respect to the Award is subject to minimum holding requirements described in Sectio

Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings assigned under the Plan.

1. <u>The Award</u>.

The Company hereby awards to the Participant the Target Number of Units set forth in the Grant Notice, which, depending on the extent as zero (0) Units or as many as the Maximum Number of Units. Subject to the terms of this Award Agreement and the Plan, each Unit, to the extent it Committee, the Fair Market Value thereof in cash. Unless and until a Unit has vested and become a Vested Unit as set forth in the Grant Notice, the shares of Common Stock). Prior to settlement of any earned and vested Units, such Units will represent an unfunded and unsecured obligation of the C

2. <u>Performance Measurement</u>.

2.1 Level of Performance Measure Attained. As soon as practicable following completion of the Performance Period, but in any Performance Period, the resulting Relative Return Factor and the number of Units which have become Vested Units.

2.2 Components of Performance Measure. The components of Performance Measure shall be determined for the Performance Peri

(a) "***Company Total Shareholder Return***" means the percentage point increase or decrease in (i) the Average Per Share Clos 30 trading day period ending on the first day of the Performance Period.

(b) "***Average Per Share Closing Price***" means the average of the daily closing prices per share of Common Stock as repor applicable 30 trading day period described in (a) above. The Average Per Share Closing Price shall be adjusted in each case to reflect an assumed re from share repurchases or redemptions by the Company) paid to shareholders during the 30 trading day period ending on the first day of the Performance Period and during the Performance Period.

(c) "***Benchmark Index Total Return***" means the percentage point increase or decrease in (i) the Average Closing Index Value
day period ending on the first day of the Performance Period.

(d) "***Average Closing Index Value***" means the average of the daily closing index values of the Benchmark Index for all trading

3. Vesting.

3.1 Normal Vesting. Except as otherwise provided by this Award Agreement, Units shall vest and become Vested Units as provided in

3.2 Vesting Upon a Change in Control. In the event of a Change in Control, vesting shall be determined in accordance with Section 7

3.3 Vesting Upon Involuntary Termination Following a Change in Control. In the event that upon or within twelve (12) months foll
shall be determined in accordance with Section 7.2.

3.4 Vesting Upon Death/Disability. If you die or become Permanently Disabled (as defined below) while you are eligible to vest in PS
Common Stock (after applicable tax withholding, if any) to your designated beneficiary on file with the Company's stock administration department or H
then to your estate (in the case of death) or to you (in the case of Permanent Disability). Any shares will be distributed no later than the end of the caler
issued due to death, our administrative practice is to register such shares in the name of your beneficiary or estate within 60 days of the Company's rec

"**Permanently Disabled**" means your "permanent disability" as such term is defined in the long-term disability insurance provided by the C
to indefinitely be unable to perform the essential functions of Participant's position with or without reasonable accommodation, and you sat

Release/Certification. You shall meet the "Release/Certification Requirements," if: (i) within 55 days following your termination of Continuo
terms as the Company shall specify, and such release becomes irrevocable, and (ii) in all cases, you have complied with all other terms of

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3.5 No Vesting on Termination of Continuous Service. In the event that a Participant's Continuous Service with the Company termi
the Company under Section 11 of the Plan, the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the t

3.6 Definitions. The following terms shall have the meanings set forth below:

(a) "**Termination of Continuous Service**" means that the Participant's Continuous Service with the Company is terminated
Continuous Service does not include the Participant's military leave, sick leave or other bona fide leave of absence (such as temporary employment wi
provided either in contract or by statute. Notwithstanding the foregoing, Participant's Continuous Service shall be deemed to have terminated, and Parti
the Parties reasonably anticipate that Participant will have a permanent reduction in the level of bona fide services provided to the Company, to a le
immediately preceding thirty-six (36) month period. Notwithstanding anything to the contrary, the term "**Termination of Continuous Service**" shall (i), e
promulgated thereunder, as amended from time to time, (ii) not be deemed to occur if a Participant (A) who is an Employees, ceases to be an Employee
who is both an Employee and a Director ceases to be an Employee, but continues to provide services as a Director, or ceases to provide services as D
Participant's cessation of Continuous Service as a Director or Employee (whichever is later), as applicable), and (iii) not be deemed to occur solely bec
to be a Consultant and simulates becomes an Employee.

(b) "**Involuntary Termination**" means that a Participant experiences a Termination of Continuous Service by the Company witho

(c) Termination of Continuous Service for "**Cause**" means Termination of Continuous Service of the Participant by reason of any

(i) A termination "for cause", as such term may be defined in any written employment or consulting agreement (or similar

(ii) A material breach of the Participant's written employment or consulting agreement (or similar agreement) entered into

(iii) A material violation of any written policies or procedures of Company;

(iv) A breach of duty of loyalty to the Company;

(v) The Participant engages in any activity that brings disrepute or discredit on Company;

(vi) The Participant commits any act which is unlawful or materially detrimental to the business and affairs of Company;

(vii) The Participant commits any act of fraud, theft or embezzlement or other abuse of the property, information or funds of

(viii) The Participant is convicted of any felony or a crime involving deceit, moral turpitude or fraud.

(d) The Participant's Termination of Continuous Service for "**Good Reason**" means Participant experiences any of the following

(i) a material diminution in the Participant's base compensation;

(ii) a material diminution in the Participant's authority, duties, or responsibilities;

(iii) a material change (of at least 50 miles) in geographic location at which the Participant must perform the services; or

(iv) any other action or inaction that constitutes a material breach of the terms of an applicable employment or consulting a

If Participant wishes to resign for Good Reason, (A) the Participant must provide the Company with a written notice describing the event which is giving Company must fail to cure such condition within 30 days of receipt of such notice and (C) Participant must resign within 30 days of the expiration of such

4. **Settlement of the Award**.

4.1 **Issuance of Shares of Common Stock or Cash Equivalent.** Subject to the provisions of Section 4.3 and Section 5 below, the Common Stock. Shares of Common Stock issued in settlement of Vested Units shall not be subject to any restriction on transfer other than any such re with respect to all or any portion of the Vested Units may be made in a lump sum cash payment in an amount equal to the Fair Market Value, determin Units.

4.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, which the Participant has an account relationship of which the Company has notice any or all shares of Common Stock acquired by the Participant purs

Common Stock as to which the Award is settled shall be registered in the name of the Participant, or, if applicable, in the names of the Participant's heirs

4.3 Restrictions on Grant of the Award and Issuance of Shares. The grant of the Award and issuance of shares of Common Stock securities. No shares of Common Stock may be issued hereunder if the issuance of such shares of Common Stock would constitute a violation of any a which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, relieve the Company of any liability in respect of the failure to issue such shares of Common Stock as to which such requisite authority shall not have be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto pursuant to the Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any State, the Com appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Comp securities laws of any State, or any other law.

4.4 Fractional Shares. The Company shall not be required to issue fractional shares of Common Stock upon the settlement of the Awa

5. <u>Tax Withholding and Advice</u>.

5.1 In General. Subject to Section 5.2, at the time the Grant Notice is executed, or at any time thereafter as requested by the Company adequate provision for, any sums required to satisfy the U.S. federal, state, and local taxes required by law to be withheld with respect to any taxable ev

5.2 Withholding of Taxes. The Company or any Affiliate, as appropriate, shall have the authority and the right to deduct or withho reasonably necessary to satisfy such Tax-Related Items. In this regard, the Participant authorizes the Company and any Affiliate, or their respective age

(a) withholding from the Participant's wages or other cash compensation paid to the Participant; or

(b) withholding from proceeds of the sale of shares of Common Stock acquired upon vesting and settlement of the Units, either t

(c) withholding in shares of Common Stock to be issued upon vesting and settlement of the Units; or

(d) direct payment from the Participant.

The Company does not have any duty or obligation to minimize the Participant's liability for Tax-Related Items arising from the Award, and, will not be Related Items that the Company or any Affiliate may be required to withhold as a result of his or her participation in the Plan that cannot be satisfied by with the settlement of the Units if the Participant fails to comply with his or her Tax-Related Items obligations.

5.3 Tax Advice. The Participant represents, warrants and acknowledges that the Company has made no warranties or representat Participant is in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. THE PARTICIPA HIS OR HER OWN TAX ADVISOR REGARDING THE UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT

6. <u>Authorization to Release Necessary Personal Information</u>.

The Participant hereby authorizes and directs the Participant's service recipient to collect, use and transfer in electronic or other form, an participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, date of birth, social security number, awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing the Participant's part assisting in the implementation, administration and management of the Plan, including any requisite transfer to a brokerage firm or other third party ass of such shares of Common Stock may be deposited. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Co the consents herein, by contacting the Company's stock administration department in writing. The Participant further acknowledges that withdrawal of co

7. <u>Change in Control</u>.

In the event of a Change in Control, this Section 7 shall determine the treatment of the Units which have not otherwise become Vested Un

7.1 Effect of Change in Control on Award. In the event of a Change in Control which occurs more than 12 months following the Gran

Period"). The number and vesting of Units shall be determined for the Adjusted Performance Period in accordance with the following:

(a) **Vested Units.** In the Committee's determination of the number of Vested Units for the Adjusted Performance Period, the follo

(i) The Company Total Shareholder Return shall be determined as provided by Section 2.2, except that the Average Pe the price per share of Common Stock to be paid to the holder thereof in accordance with the definitive agreement governing the transaction constituti Stock Marketfor the last trading day of the Adjusted Performance Period), adjusted to reflect an assumed reinvestment, as of the applicable ex-dividend Company) paid to shareholders during the Adjusted Performance Period, as illustrated in Section 2.2.

(ii) The Benchmark Index Total Return shall be determined as provided by Section 2.2, except that for the purposes of c Performance Period.

(b) **Vested Units.** As of the last day of the Adjusted Performance Period and provided that the Participant has not Termination c "***Accelerated Units***"), with such portion determined by multiplying the total number of Units by a fraction, the numerator of which equals the number Performance Period determined without regard to this Section. The Accelerated Units shall be settled in accordance Section 4 immediately prior to the c

7.2 Involuntary Termination Following Change in Control. If Section 7.1 does not apply, in the event that upon or within twelve (Participant experiences an Involuntary Termination, the Units determined in accordance with Section 7.1(a) (as if Section 7.1 applied) shall be deemed V date of the Participant's Termination of Continuous Service as the Vesting Date, provided that payment for each Vested Unit shall be made in the am share of Common Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of co

7.3 Internal Revenue Code Section 280G. Notwithstanding any provision of this Award Agreement to the contrary, in the event that compensation or benefit payable to Participant, will be a non-deductible expense to the Company by reason of Code Section 280G, the Company shall 280G.

8. Adjustments for Changes in Capital Structure.

The number of Units awarded pursuant to this Award Agreement is subject to adjustment as provided in Section 11(a) of the Plan and other occurrence of an event described in Plan Section 11(a), any and all new, substituted or additional securities or other property to which a holder of a meaning of the terms "shares of Common Stock" for all purposes of the Award. The Participant shall be notified of such adjustments and such adjustme

9. No Entitlement or claims for compensation.

9.1 The Participant's rights, if any, in respect of or in connection with the Units are derived solely from the discretionary decision of the expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Units or other Awards expected compensation, and in no way represents any portion of the Participant's salary, compensation, or other remuneration for purposes of pension

9.2 Neither the Plan nor the Units shall be deemed to give the Participant a right to remain an Employee, Director or Consultant of tl
without cause, and for any reason, subject to applicable laws, the Company's Articlesof Incorporationand Bylaws and the Participant's written employ
damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, this Awa

10. Rights as a Shareholder.

The Participant shall have no rights as a shareholder with respect to any shares of Common Stock which may be issued in settlement of t
on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, Dividend Equivalents,

11. Miscellaneous Provisions.

11.1 Bonus Recoupment. In consideration of the grant of this Award, you agree that this Award is subject to any clawback policy adopt

11.2 Amendment. The Committee may amend this Award Agreement at any time; provided, however, that no such amendment ma
amendment is necessary to comply with applicable law, including, but not limited to, Code Section 409A. No amendment or addition to this Award Agree

11.3 Nontransferability of the Award. Prior to the issuance of shares of Common Stock on the applicable Settlement Date, no righ
pledged, encumbered, or hypothecated to or in favor of any party other than the Company or shall become subject to any lien, obligation, or liability o
transferred or otherwise disposed of other than by will or the laws of descent and distribution. All rights with respect to the Award shall be exercisable du

11.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further action as may reasona

11.5 Binding Effect. This Award Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to t
and assigns.

11.6 Notices. Any notice required to be given or delivered to the Company under the terms of this Award Agreement shall be in writin
writing and addressed to the Participant at the address maintained for the Participant in the Company's records or at the address of the local office of th

11.7 Construction of Award Agreement. The Grant Notice, this Award Agreement, and the Units evidenced hereby (i) are made and g
part of Participant's Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgate
hereof and supersede all proposals, written or oral, and all other communications between the parties related to the subject matter. In the event of ar
Sections in this Award Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Award Agreement or to affect th

11.8 Governing Law. The interpretation, performance and enforcement of this Award Agreement shall be governed by the laws of the S

11.9 Section 409A.

(a) **Compliance with Code Section 409A.** It is intended that the Performance Share Units granted hereunder be exempt from c

Code Section 409A, so that none of the Units, or the resulting shares of Common Stock or compensation, if any, shall be subject to the additional tax i Section 409A. Each installment of Units that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A- short-term deferral period, as defined in Code Section 409A, the applicable Treasury Regulations and related guidance issued thereunder. Notwithstand

(i) The Plan, this Award Agreement and the Grant Notice shall be interpreted in accordance with, and incorporate the thereunder (including any regulations or guidance that may be issued after the date hereof), and any ambiguities herein shall be interpreted to so compl

(ii) The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, otherwise avoid the imposition of any additional tax or income recognition under Code Section 409A; *provided*, *however*, that the Company makes applying to the Units.

(b) **Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth here which constitutes a "deferral of compensation" within the meaning of Code Section 409A shall be paid unless and until the Participant has incurred a " within the meaning of Code Section 409A as of the date of the Participant's separation from service, no amount that constitutes a deferral of compens Section 409A if issued to Participant on or within the six (6) month period following Participant's separation from service shall be paid to the Participant service or, if earlier, ten (10) days following the date of the Participant's death following such separation from service. All such amounts that would, but f

11.10 Restrictions on Contracts and Payments for Insured Depository Institutions in Troubled Status. The parties acknowledge a for and payment of executive compensation and benefits by insured depository institutions in "troubled" condition, do not currently apply to the Compa required by a regulatory authority require the Company to seek or demand repayment or return of any payments made to the Participant under this Aw than thirty (30) days following the Participant's receipt of a written notice from the Company indicating that payments received by the Participant under t

11.11 Administration. The Committee shall have the power to interpret the Plan and this Award Agreement and to adopt such rules for actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon the Parti determination or interpretation made in good faith with respect to the Plan, this Award Agreement or the Units.

11.12 Counterparts. The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which toge

11.13 Severability. If any provision of this Award Agreement is held to be unenforceable for any reason, it shall be adjusted rather t Agreement shall be deemed valid and enforceable to the full extent possible.

APPENDIX

ILLUSTRATION OF RELATIVE RETURN FACTOR AN

Percentage Point Difference of Company TSR Over/Under Benchmark Index Total Return
25 and Over

20
15
10
9
8
7
6
5
4
3
2
1
0
-1
-2
-3
-4
-5
-6
-7
-8
-9
-10
-15
-20
-25
-25 and less

APPENDIX A (CON

ILLUSTRATIONS OF CALCULATI
PER 1,000 TARGE

Company Total Shareholder Return Exceeds Benchmark Index Total Return

Assumptions:

Target Number of Units

TCBK:

Average Per Share Closing Price (beginning)

Average Per Share Closing Price (ending)

KBW Regional Banking Index:

Average Closing Index Value (beginning)

Average Closing Index Value (ending)

Computations:

Company Total Shareholder Return	((30.00 / 25.00) - 1)
Benchmark Index Total Return	((90.00 / 80.00) - 1)
Relative Return Factor	100 + (2.0 x (20.0 –
Vested Units	1,000 x 115.0%

APPENDIX A (CON

ILLUSTRATIONS OF CALCULATI
PER 1,000 TARGE

Company Total Shareholder Return Is Less Than Benchmark Index Total Return

Assumptions:	
Target Number of Units	
TCBK:	
Average Per Share Closing Price (beginning)	
Average Per Share Closing Price (ending)	
KBW Regional Banking Index:	
Average Closing Index Value (beginning)	
Average Closing Index Value (ending)	
Computations:	
Company Total Shareholder Return	((30.00 / 25.00) - 1)
Benchmark Index Total Return	((100.00 / 80.00) - 1
Relative Return Factor	100 + (2.0 x (20.0 –
Vested Units	1,000 x 90.0%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-238924) 333-272332) and Form S-8 (No. 333-236916, No. 333-190047, No. 333-160405, No. 333-115
Company and the effectiveness of internal control over financial reporting of the Company which report expresses an unqualified opinion on the consolidated financial statements and the effectiveness of

/s/ Moss Adams LLP

Sacramento, San Francisco, California
March 1, 2023 February 29, 2024

Exhibit 31.1

Rule 13a-14/15d-14 Certification of CEO

I, Richard P. Smith, certify that;

1. I have reviewed this annual report on Form 10-K of TriCo Bancshares;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circum

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relati

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and p

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter (the Registrant's fourth fiscal qua

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2023 February 29, 2024

Exhibit 31.2

Rule 13a-14/15d-14 Certification of CFO

I, Peter G. Wiese, certify that;

1. I have reviewed this annual report on Form 10-K of TriCo Bancshares;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circum

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relati

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and p

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter (the Registrant's fourth fiscal qua

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2023 February 29, 2024

/s/ Peter G. Wiese

Peter G. Wiese

Executive Vice President and

Exhibit 32.1

Section 1350 Certification of CEO

In connection with the Annual Report of TriCo Bancshares (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commissi
906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard P. Smith

Richard P. Smith
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to TriCo Bancshares and will be retained by TriCo Bancshares and furnished to the Securities and Exchange Commi

Exhibit 32.2

Section 1350 Certification of CFO

In connection with the Annual Report of TriCo Bancshares (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commissi
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter G. Wiese

Peter G. Wiese
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to TriCo Bancshares and will be retained by TriCo Bancshares and furnished to the Securities and Exchange Commi

TRICO BANCSH

COMPENSATION CLAW

I. Purpose and Scope

The Board of Directors the ("**Board**") of TriCo Bancshares believes that it is in the best interests of the Company and its shareholders to create a
philosophy. The Board has therefore adopted this compensation clawback policy (the "**Policy**"), which provides for the recovery of erroneously awarded

This Policy is designed to comply with, and shall be interpreted to be consistent with Rule 5608 of the Nasdaq Stock Market ("**Nasdaq**"), Section 10D c
Rules") and other SEC and Nasdaq regulations and rules and guidance thereunder.

Certain capitalized terms are defined below in Section XIII – Definitions.

II. Administration

This Policy shall be administered by the Compensation Committee of the Board (the "**Committee**").

Any determinations made by the Committee shall be final and binding. In addition, the Company shall file all disclosures with respect to this Policy in ac
by Nasdaq. The Committee has the power and authority to enforce the terms and conditions of this Policy and to use any and all of the Company's reso

III. Covered Executives

This Policy applies to the Company's current and former Covered Executives, as determined by the Committee in accordance with the Clawback Rules.

IV. Events That Trigger Recoupment Under This Policy

The Company will be required to recoup any excess Compensation received by any Covered Executive during the three completed fiscal years (togethe
dates) immediately preceding the date the Company is deemed (as determined pursuant to the immediately following sentence) to be required to pre
Covered Executive for the Covered Accounting Restatement. For purposes of immediately preceding sentence, the Company is deemed to be require
officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Comp
Company to prepare a Covered Accounting Restatement (each, a "**Triggering Event**").

V. Excess Compensation: Amount Subject to Recovery

The amount of Compensation to be recovered shall be the excess of the Compensation received by the Covered Executive over the amount of Comp
restated amounts, as determined by the Committee. For purposes of this Policy, Compensation shall be deemed "received", either wholly or in pa
Compensation occurs after the end of such fiscal year. Amounts required to be recouped under this Policy shall be calculated on a pre-tax basis. The da

a. If the *grant* of an award of Compensation is based, either wholly or in part, on the satisfaction of a Financial Reporting Measure performan

b. If the *vesting* of an equity award of Compensation occurs *only* upon the satisfaction of a Financial Reporting Measure performance conditi

c. If the *earning* of a non-equity incentive plan award of Compensation is based on the satisfaction of the relevant Financial Reporting Meas
satisfied; and

d. If the *earning* of a cash award of Compensation is based on the satisfaction of a Financial Reporting Measure performance goal, then the

It is specifically understood that, to the extent that the impact of the Covered Accounting Restatement on the amount of Compensation received ca
Company's share price is not clear), then such excess amount of Compensation shall be determined based on the Committee's reasonable estimate of
The Company shall maintain documentation for the determination of such excess amount and provide such documentation to Nasdaq.

VI. Method of Recovery

The Committee shall determine, in its sole discretion, the methods for recovering excess Compensation hereunder, which methods may include, without

a. requiring reimbursement of cash Compensation previously paid;

b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
c. offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
d. cancelling outstanding vested or unvested equity awards; and/or
e. taking any other remedial and recovery action permitted by law, as determined by the Committee.

Notwithstanding anything in this Section VI, and subject to applicable law, the Committee may cause recoupment under this Policy from any amount of (

I. Impracticability

The Committee shall recover any excess Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered (before concluding that it would be im reasonable attempt to recover such erroneously awarded Compensation, document such reasonable attempt(s) to recover, and provide that documenta that it would be impracticable to recover any amount of erroneously awarded Compensation based on violation of home country law, the Committee sh common shares are trading, that recovery would result in such a violation, and must provide such opinion to the exchange or association); or (C) recove fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a), and the regulations promulgated thereunder.

II. Other Recoupment Rights; Acknowledgement

The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Dat right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Comp legal remedies available to the Company. The Company shall provide notice and seek written acknowledgement of this Policy from each Covered Exec or obtain such acknowledgement shall have no impact on the applicability or enforceability of this Policy to, or against, any Covered Executive.

III. No Indemnification of Covered Executives

Notwithstanding any right to indemnification under any plan, policy or agreement of the Company or any of its affiliates, the Company shall not indemnif reimburse a Covered Executive for premiums of any third-party insurance purchased to fund any potential recovery obligations.

IV. Indemnification

To the extent allowable pursuant to applicable law, each member of the Board and the Committee and any officer or other employee to whom authority t or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceedi failure to act pursuant to this Policy and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proce same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall be in addition to, and Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

V. Effective Date

This Policy shall be effective as of October 2, 2023. This Policy shall apply to any Compensation that is received by Covered Executives on or after the

VI. Amendment and Termination; Interpretation

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect and comply with f authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. regulations, rules and guidance of the SEC thereunder, and related securities regulations and Nasdaq rules. To the extent of any inconsistency betwe

amended to incorporate such regulations, rules and guidance unless the Board or the Committee shall expressly determine otherwise. This Policy shall
representatives, to the fullest extent of the law. For the avoidance of doubt, this Policy shall be in addition to (and not in substitution of) any other clawba

VII. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

1. "**Company**" means TriCo Bancshares, its subsidiaries, and their successors.

2. "**Compensation**" means any compensation that (A) was approved, awarded or granted to, or earned by a Covered Executive while the Compan
to, or earned by the Covered Executive following on or after the Effective Date (including any award under any long-term or short-term incentive
each case, is granted, earned, or vested based wholly or in part upon the attainment of any Financial Reporting Measure (i.e., any measures tha
measure that is derived wholly or in part from such measures, including share price and total shareholder return). Compensation may include (bu

   a. Annual bonuses and other short- and long-term cash incentives;
   b. Stock options;
   c. Stock appreciation rights;
   d. Restricted shares;
   e. Restricted share units;
   f. Performance shares; and
   g. Performance shares units.

3. A "**Covered Accounting Restatement**" means any accounting restatement of the Company's financial statements due to the Company's mat
required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial s
current period or left uncorrected in the current period (commonly referred to as "little r" restatements). A Covered Accounting Restatement does
the error is also immaterial to the current period; (B) the retrospective application of a change in accounting principle; (C) the retrospective
reclassification due to a discontinued operation; (E) retrospective application of a change in reporting entity, such as from a reorganization of en
structure.

4. "**Covered Executive**" means any person who:

   a. Has received applicable Compensation:
      i. During the Three-Year Recovery Period; and
      ii. After beginning service as an Executive Officer; and
   b. Has served as an Executive Officer at any time during the performance period for such Compensation.

5. “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

6. “**Executive Officer(s)**” means an “executive officer” as defined in Exchange Act Rule 10D-1(d) and the Nasdaq Rule 5608, and includes any controller), any vice president of the issuer in charge of a principal business unit, division, or function (such as credit, administration, or finance), (with any executive officers of the Company’s parent(s) or subsidiaries being deemed Covered Executives of the Company if they perform such the Policy by the Board in its sole discretion. All executive officers of the Company identified by the Board pursuant to 17 CFR 229.401(b) shall be

7. “**Financial Reporting Measure(s)**” means any measures that are determined and presented in accordance with the accounting principles used i and total shareholder return, including, but not limited to, financial reporting measures including “non-GAAP financial measures” for purposes o Reporting Measures may or may not be included in a filing with the SEC, and may be presented outside the Company’s financial statements, Reporting Measures include, without limitation:

   a. Company share price;
   b. Total shareholder return;
   c. Revenues;
   d. Net income;
   e. Earnings before interest, taxes, depreciation, and amortization (EBITDA);
   f. Funds from operations;

   g. Liquidity measures such as working capital or operating cash flow;
   h. Return measures such as return on invested capital or return on assets; and
   i. Earnings measures such as earnings per share.

APPENDIX

Acknowledgment of Compensa

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the TriCo Bancshares Compensa Executive” or become a “Covered Executive.”

In the event of any inconsistency between the Policy and the terms of any agreement to which I am a party, or the terms of any compensation plan, govern. In the event it is determined by the Committee that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to th Acknowledgment without definition shall have the meaning set forth in the Policy.

By: Date:
[Name]
[Title]

SMRH:4867-2849-7016.1

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