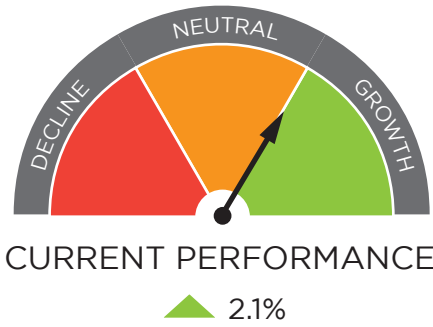


ECONOMIC SNAPSHOT™

An overview of our local economy.

PERFORMANCE THIS QUARTER

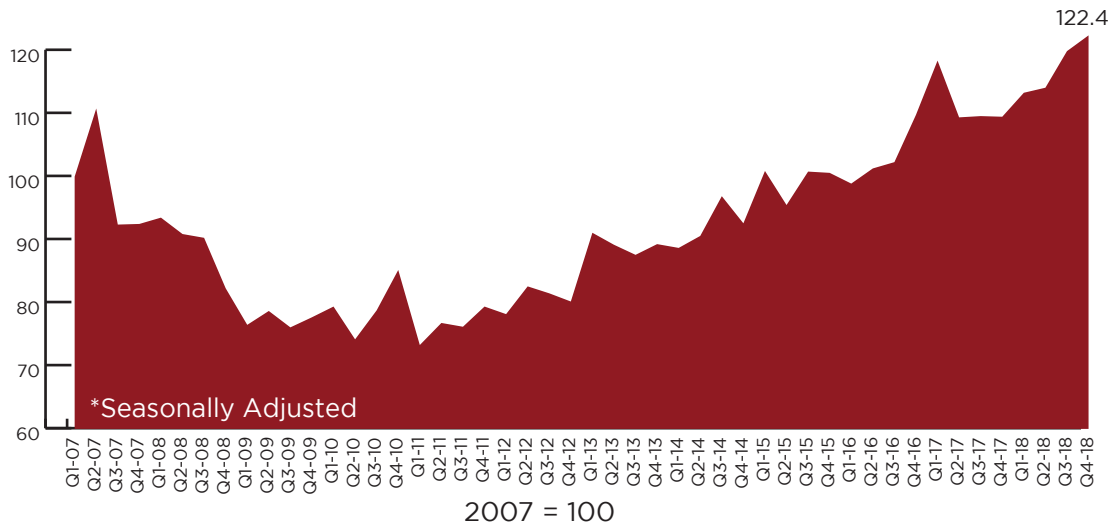


SALES TAX	BUILDING	HOUSING	TOT	EMPLOYMENT
▼ .2%	▼ 32.3%	▲ 5.1%	▲ 23.8%	▲ 1.4%
Performance Compared to One Year Ago				
▼ 3%	▲ 14.8%	▲ 9.2%	▲ 31.4%	▲ 3.2%

Detailed reports and Chico Business Confidence Survey™ at www.goldenvalley.bank



CHANGES OVER THE YEARS



CURRENT TRENDS



As you can imagine, the Camp Fire catastrophe has had an enormous impact on the local economy, particularly housing prices, TOT revenue, and building permits. In Q4 18, overall performance was up 2.1% with strong increases in three out of five components.

Sales tax revenue was over \$5.7 million, down just slightly from the previous quarter. Transient Occupancy Tax (hotel bed tax) had its largest quarterly increase since 2007, up 23.8% from Q3 18. Building permit valuations were down, which could be simply due to some projects not getting permitted in time while the City stepped up to help with the Paradise recovery. Employment increased another 1,340 jobs with over 100k Butte County residents currently employed. Average home sales price was nearly \$386k, the highest level since 2007. There were 545 closed sales in Q4 18, up from 387 in the previous quarter.

Optimism remains strong among our local business leaders. Make sure to read the newest December 2018 Chico Business Confidence Survey.

Mark Francis, President & CEO



ECONOMIC SNAPSHOT

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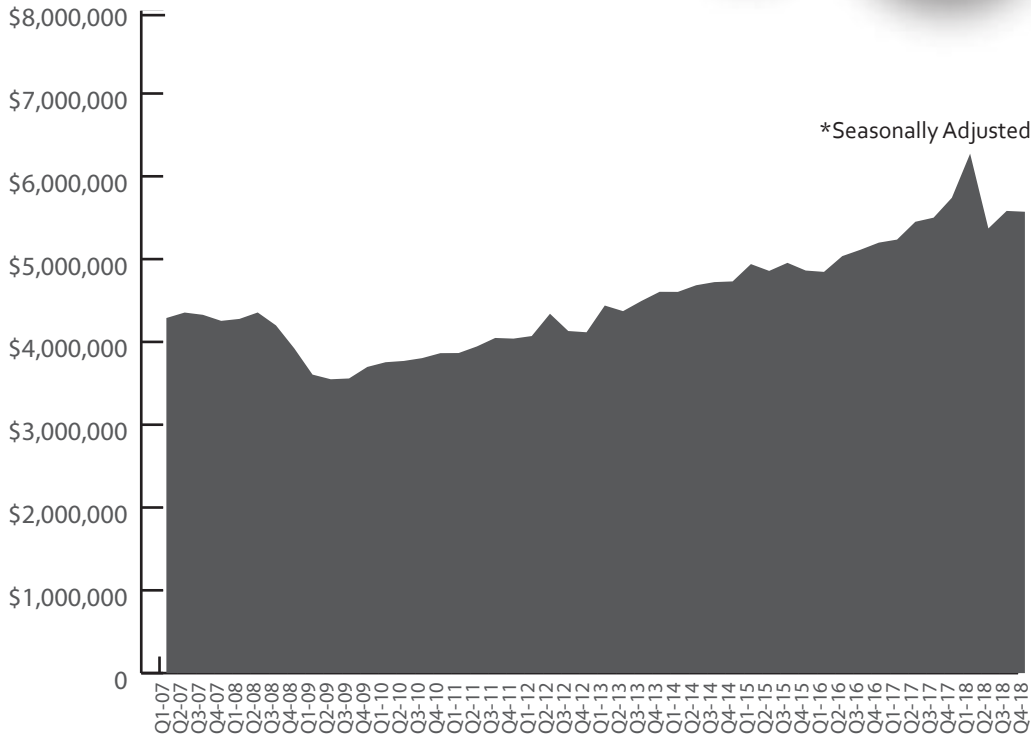
SALES TAX
2007=100

.2%

Q3 2018
130.2

Q4 2018
129.9

SALES TAX AT A GLANCE...



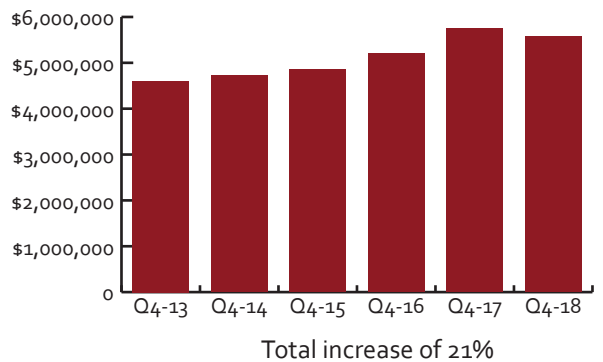
- ▶ Sales Tax revenue was \$5,571,998 in Q4 18, down .2% from the previous quarter.
- ▶ Current revenue is down 3% from one year ago and up 7.2% from two years ago.
- ▶ Total revenue in 2018 was nearly \$22.8 million, the highest grossing year since 2007.
- ▶ Sales tax revenue has increased 29.9% or over \$1.2 million beyond a full recovery compared to Q1 2007.

4TH QUARTER TREND

Total sales tax revenue was pretty flat from the previous quarter. We think that the shock of the Camp Fire slowed large retail purchases and partially was offset by victims clearing the shelves of many local retailers. Revenue has continued to remain strong over the past few years with some of the highest producing quarters since the base year in Q1 2007. Looking back to the recession low in Q3 09, revenue is now up 57.1% or over \$2 million per quarter.

In December 2018, 67% of local business leaders expected their sales to increase over the next 12 months. View the latest Chico Business Confidence Survey at www.GoldenValley.Bank

Q4 SALES TAX PERFORMANCE



Mark Francis
President and CEO | Golden Valley Bank

More Snapshot information available at www.goldenvalley.bank



ECONOMIC SNAPSHOT

An overview of our local economy.



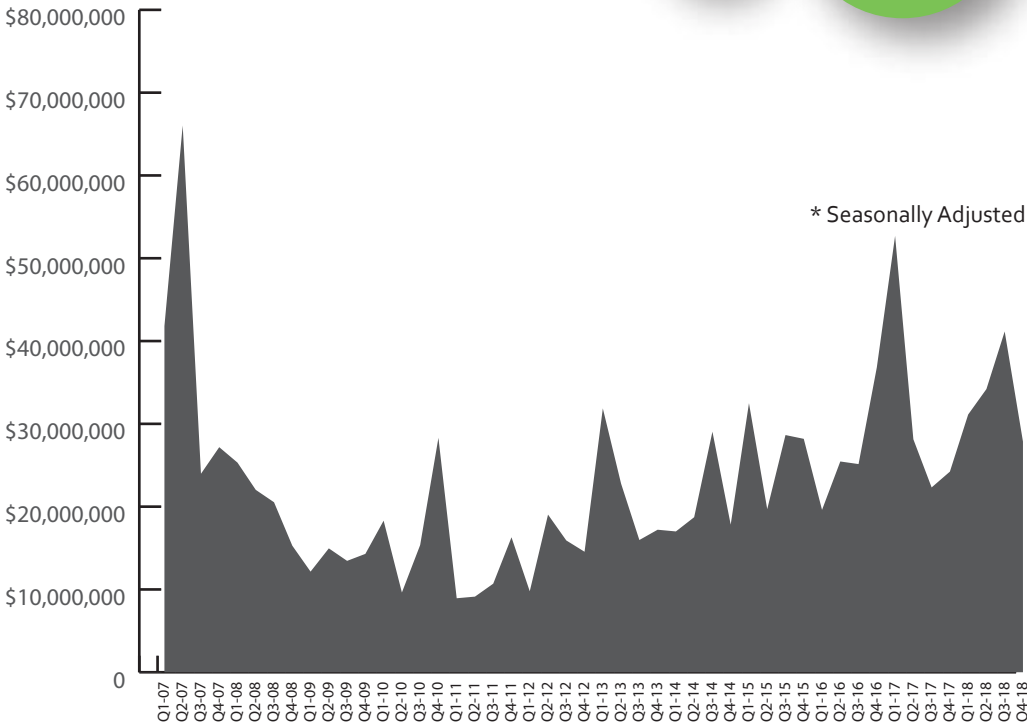
BUILDING PERMITS
2007=100

32.3%

Q3 2018
98.4

Q4 2018
66.6

BUILDING PERMITS AT A GLANCE...



- Total value of permits issued was over \$27.8 million in Q4 18, down 32.3% from the previous quarter.
- Current valuation is up 14.8% from a year ago and down 24.4% from two years ago.
- Total valuation of permits issued in 2018 was over \$134 million, the second highest grossing year since 2007.
- New Residential permits increased to 91% of all permits issued in Q4 18, up from 64% in the previous quarter.

4TH QUARTER TREND

Building performance slowed down in Q4 2018 following a period of strong growth prior to fee changes last August. A slower quarter after a fee increase is pretty standard. All of this permit activity is a precursor to increasing building activity over the next 12 months.

There were 110 new homes permitted which accounted for 91% of the total valuation in Q4 2018, up from 64% in the previous quarter. Commercial valuation decreased to 3% of total valuation, down from 19% in the previous quarter. Compared to a year ago, current valuation of all permits issued remains up 14.8%, or over \$3.6 million.

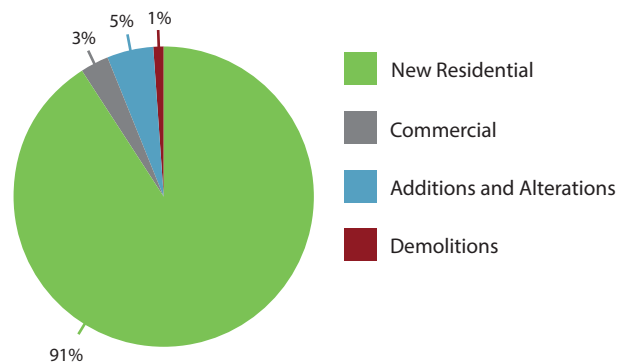
Performance is expected to remain strong in the coming quarters as demand continues to be high and supply remains low.

Mark Francis
President and CEO | Golden Valley Bank
More Snapshot information available at www.goldenvalley.bank



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PERCENTAGE OF PERMITS



ECONOMIC SNAPSHOT

An overview of our local economy.



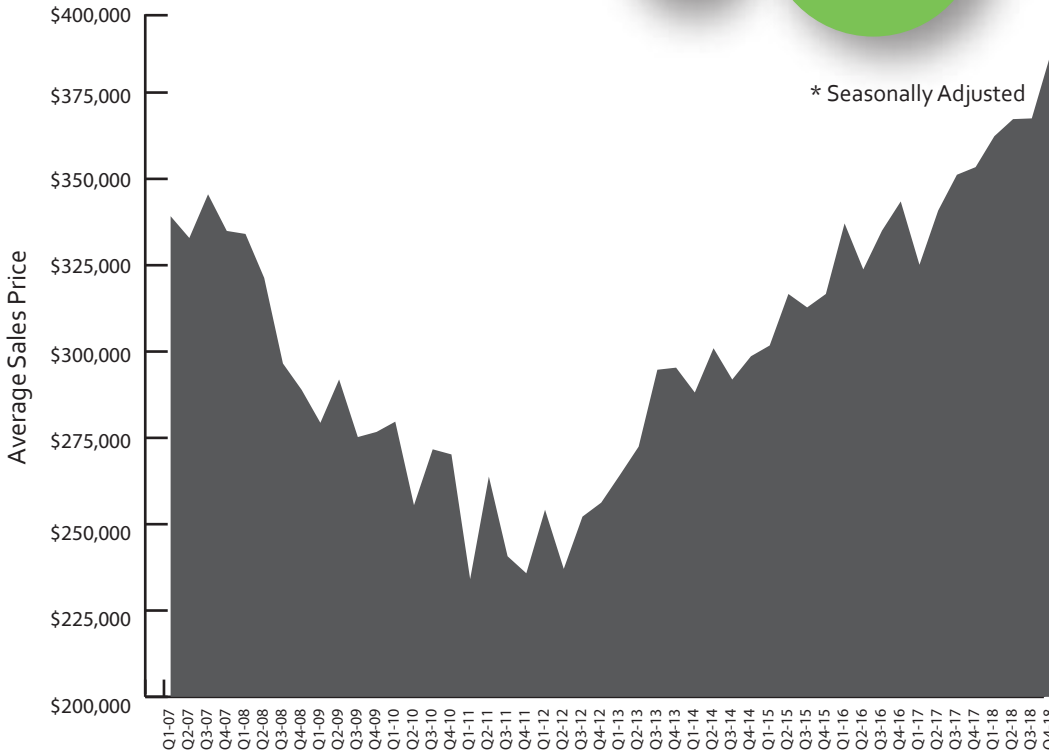
HOUSING
2007=100

▲
5.1%

Q3 2018
108.3

Q4 2018
113.8

HOUSING MARKET AT A GLANCE...



Average home sales price was \$385,990 in Q4 18, up 5.1% from the previous quarter.

Current prices are up 9.2% from a year ago and up 12.3% from two years ago.

There were 545 closed sales in Q4 18, up from 387 closed sales in Q3 18.

Residential properties stayed on the market an average of 48 days, equal to the previous quarter.

4TH QUARTER TREND

The aftermath of the Camp Fire has blown up housing prices all over the County but especially in Chico. Average home sales prices are currently at the highest level since 2007. The full effect of the Fire wasn't felt in Q4 but will be in the Q1 19 as prices continue to skyrocket.

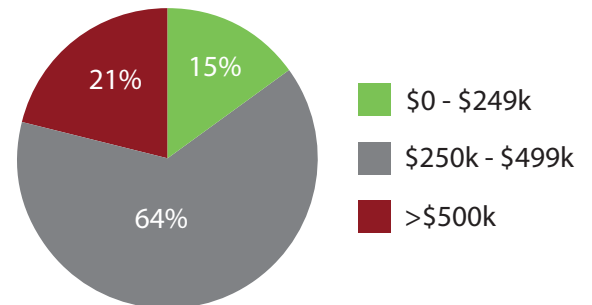
The average sales price was nearly \$386,000 in Q4 18 with significantly more closed sales and properties continuing to sell quickly. There were 545 closed sales in Q4 18, up from 387 in the previous quarter and up from 353 a year ago. Properties spent an average of 48 days on the market, equal to the previous quarter and up from 34 days a year ago.

Properties priced over \$500k increased to 21% of all closed sales, up from 14% in the previous quarter.

Mark Francis
President and CEO | Golden Valley Bank

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PERCENTAGE OF SALES



ECONOMIC SNAPSHOT

An overview of our local economy.



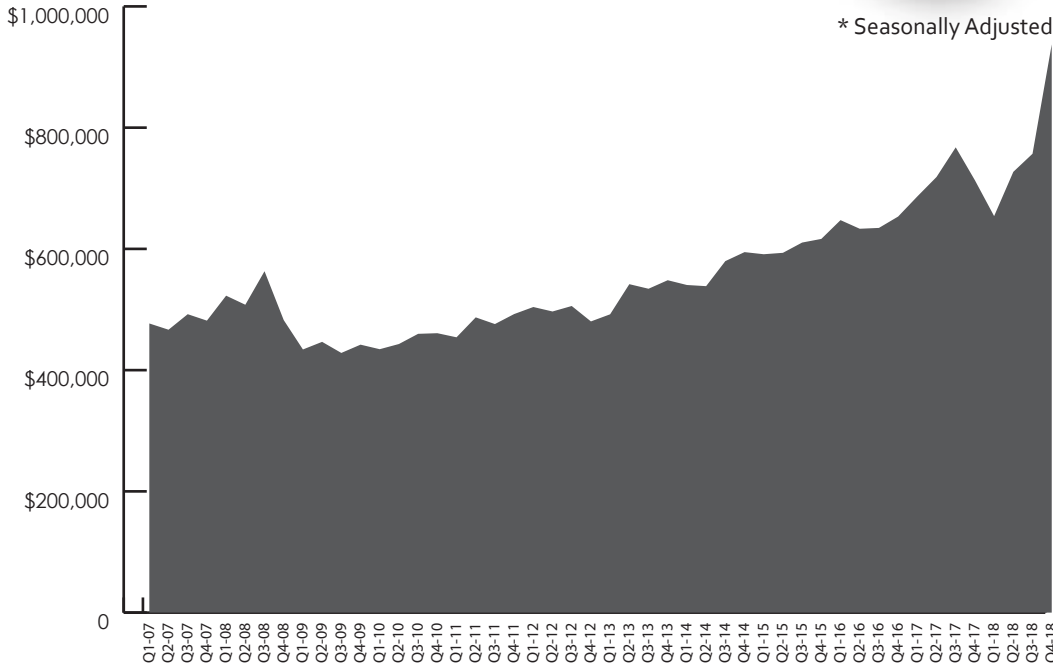
TOT
TRANSIENT OCCUPANCY TAX
2007=100

23.8%

Q3 2018
158.7

Q4 2018
196.5

TOT AT A GLANCE...



- TOT revenue was \$937,343 in Q4 18, up 23.8% from the previous quarter.
- Revenue was up 31.4% from a year ago and up 43.4% from two years ago.
- Total revenue in 2018 was over \$3 million, the highest grossing year since 2007.
- TOT revenue has increased nearly \$509k or 118.8% since the recession low of Q3 09.

4TH QUARTER TREND

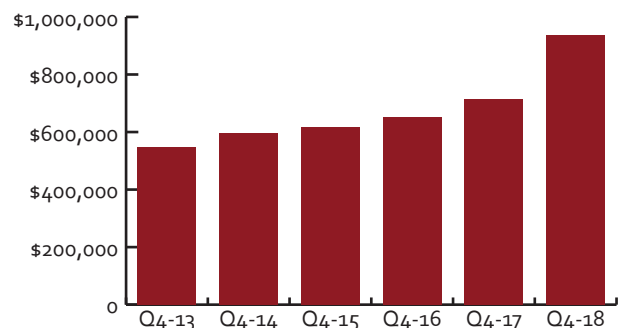
Transient Occupancy Tax in Q4 18 showed the largest quarterly increase since 2007, a result of the Camp Fire. Total TOT revenue was up 23.8% from the previous quarter, with over \$937k in revenue. Many of our neighbors have been, and continue to be displaced by the Fire which has had a major impact on the local hotel industry.

TOT can only be charged up to 30 consecutive days, so we may see a decrease in the coming quarters as the tax cannot be collected on many of the rooms.

Total revenue in 2018 was over \$3 million, up from \$1.9 million collected in 2007. With the addition of a couple new hotels in Chico, we expect TOT to remain a strong component of the local tax base.

Mark Francis
President and CEO | Golden Valley Bank
More Snapshot information available at www.goldenvalley.bank

Q4 TOT PERFORMANCE



Total increase of 70.9%

ECONOMIC SNAPSHOT

An overview of our local economy.



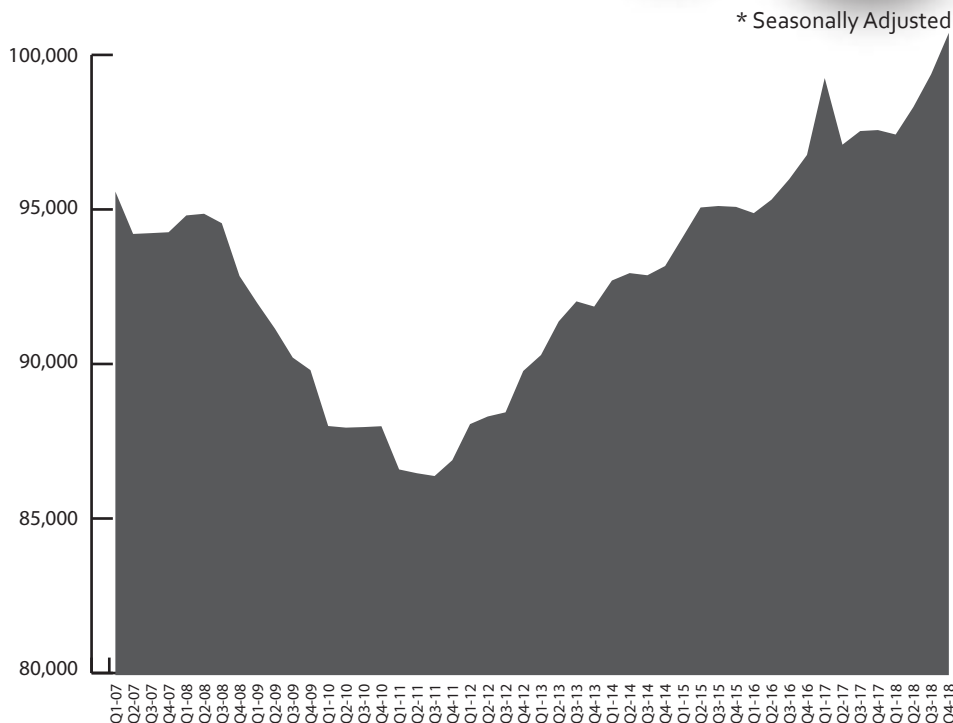
EMPLOYMENT
2007=100

▲
1.4%

Q3 2018
104

Q4 2018
105.4

EMPLOYMENT AT A GLANCE...



- There were 100,782 Butte County residents employed in Q4 18, up 1,340 jobs from the previous quarter.
- Employment is up 3,146 jobs compared to one year ago and up 3,951 jobs compared to two years ago.
- Employment is up 14,341 jobs or 16.6% since the recession low of Q3 11.
- Government employment increased 1% while Service Providing employment decreased 1%.

4TH QUARTER TREND

Employment in Butte County continues to march along with consistent increases the last three quarters and was at its highest level in the history of the Snapshot. There were over 100k County residents employed in Q4 18, an increase of 1.4% from the previous quarter.

Increasing employment is the biggest factor of any successful economy. The 4th quarter did not reflect the full impact of employment in Paradise, something we'll take a look at in the next report. In December 2018, 95% of local business leaders stated they expect their employment levels to increase or remain the same over the next year.

Make sure to view the full results of the Chico Business Confidence Survey on our website.

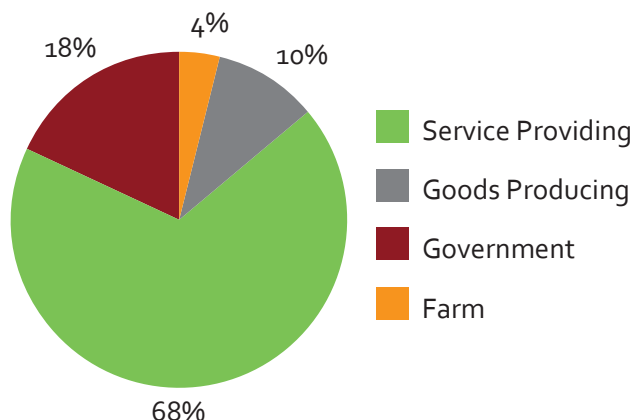
Mark Francis
President and CEO | Golden Valley Bank

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INDUSTRY BREAKDOWN

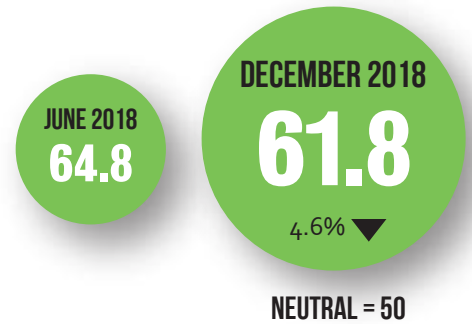


BUSINESS CONFIDENCE SURVEY

Optimism among local business leaders noticed a slight decrease in December 2018, down 4.6% from June 2018.

Many responses remained similar to the previous survey with just minor adjustments to the positive outlook on expected sales, profits, and employment. The most notable changes were noticed in the outlook for general business conditions in Chico, Butte County, and the U.S. over the next 12 months with less leaders expecting better conditions and more expecting conditions to remain the same or get worse.

Overall, optimism remained strong in December 2018 with a rating of 61.8.

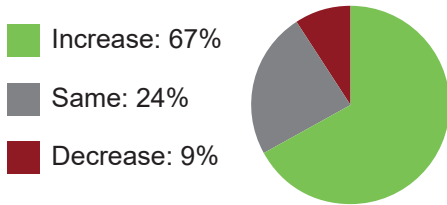


WHAT LOCAL BUSINESS LEADERS ARE SAYING

What are expectations for the next 12 months?

SALES

How are top line sales expected to change in the next 12 months?



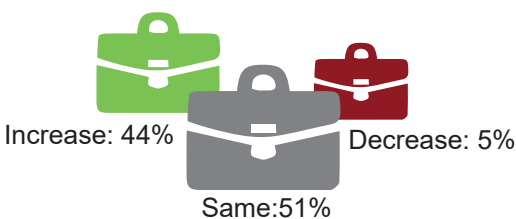
PROFITS

How is profit expected to change in the next 12 months?



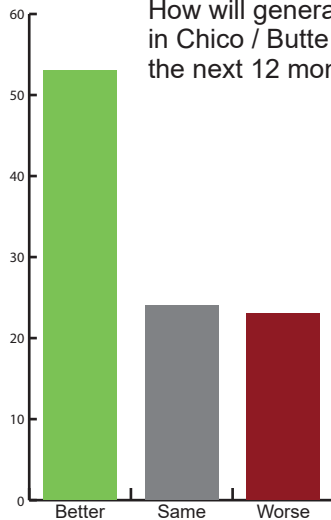
EMPLOYMENT

How is the level of employment expected to change in the next 12 months?



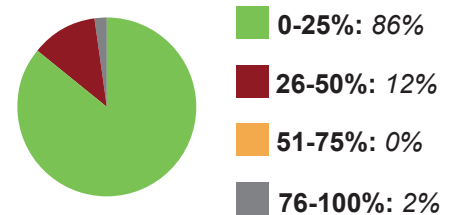
LOCAL BUSINESS CONDITIONS

How will general business conditions in Chico / Butte County change in the next 12 months?



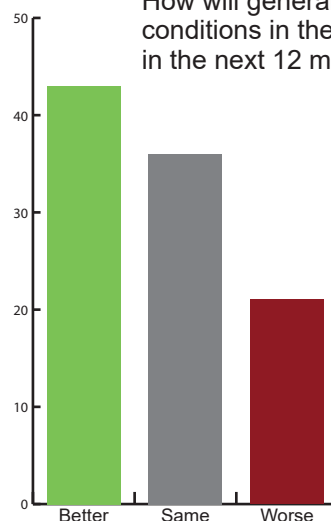
HOT TOPIC!

What percentage of your employees have been displaced by the Camp Fire?



US BUSINESS CONDITIONS

How will general business conditions in the U.S. change in the next 12 months?



Want to participate in our next survey?
Email mfrancis@goldenvally.bank for more information!

