



February 20, 2018

On behalf of Scott Valley Bank and Mechanics Bank, it is our great pleasure to announce that our two strong, independent and historic community banks are coming together to create a new standard for community banking in California and Oregon. Mechanics Bank has entered into a definitive agreement to acquire Scott Valley Bank. Completion of the proposed merger will be subject to regulatory approval and certain other conditions.

Mechanics Bank and Scott Valley Bank share a lot of similarities. Both of our institutions were formed more than a century ago under the direction of local business leaders to serve the needs of workers and business owners who had limited access to financial services. Both of our banks not only survived the Great Depression and two world wars, but also grew and prospered in step with our growing communities. We both have proud, deeply-rooted legacies with the same values and operating principles. All of this makes our proposed merger a natural union and a promising combination for all our clients.

When the merger is completed, you will find the same individual attention that you've come to appreciate along with the flexibility and responsiveness of a bank committed to long term relationships. With approximately \$6.3 billion in combined assets and more than 46 banking offices throughout California and Oregon, we are poised to create an even better community banking experience, one with the scale to deliver the best products and services tailored to your needs.

For now, we will continue to operate as independent banks until the merger is completed. Our foremost priority is to continue to deliver the exceptional service you receive from your local branch and bankers. Upon completion of the merger, our combined bank will operate under the Mechanics Bank name.

We realize you're likely to have questions about how this merger might impact your accounts at Scott Valley Bank. We will be providing updates about our integration as we move forward, alerting you well in advance of any changes to accounts, processes or procedures. In the meantime, please don't hesitate to contact your Scott Valley Bank banker for more information, or to learn more about Mechanics Bank, please visit mechanicsbank.com.

Thank you for your continued trust and commitment during this exciting time! We look forward to meeting all your banking and financial needs for many more decades to come.

Sincerely,

J. Craig Van Selow
President & Chief Executive Officer
Scott Valley Bank

John DeCero
President & Chief Executive Officer
Mechanics Bank

Scott Valley Bank
Founded 1858



ADMINISTRATIVE SERVICES • 2544 Westside Road • Yreka, California 96097 • 530-842-5701 • Fax : 530-842-6842

scottvalleybank.com

