



TRICO BANCSHARES

PRESS RELEASE
For Immediate Release

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TRICO BANCSHARES ANNOUNCES ANNUAL AND QUARTERLY EARNINGS FOR THE PERIODS ENDED DECEMBER 31, 2009

CHICO, Calif. – (January 26, 2010) – TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced annual earnings of \$9,962,000 for the year ended December 31, 2009. This represents a 40.7% decrease when compared with earnings of \$16,798,000 for the year ended December 31, 2008. Diluted earnings per share for the year ended December 31, 2009 decreased 41.0% to \$0.62 from \$1.05 for the year ended December 31, 2008. Total assets of the Company increased \$127 million (6.2%) to \$2.170 billion at December 31, 2009 versus \$2.043 billion at December 31, 2008. Total loans of the Company decreased \$91 million (5.7%) to \$1.500 billion at December 31, 2009 versus \$1.591 billion at December 31, 2008. Total deposits of the Company increased \$159 million (9.5%) to \$1.828 billion at December 31, 2009 versus \$1.669 billion at December 31, 2008.

Net income for the quarter ended December 31, 2009 decreased \$1,928,000 (45.5%) to \$2,313,000 from \$4,241,000 for the quarter ended December 31, 2008. Diluted earnings per share decreased 46.2% to \$0.14 in the quarter ended December 31, 2009 from \$0.26 in the quarter ended December 31, 2008.

The \$1,928,000 decrease in earnings for the quarter ended December 31, 2009 over the year-ago quarter was primarily due to a \$2,350,000 (43.1%) increase in provision for loan losses and a \$2,796,000 (16.7%) increase in noninterest expense, that were partially offset by a \$1,760,000 (28.6%) increase in noninterest income. Net interest income decreased \$146,000 (0.7%) for the quarter ended December 31, 2009, from the year-ago quarter. The effective tax rate in the quarter ended December 31, 2009 was 24.6% versus 35.7% in the year-ago quarter due to a higher percentage of tax free revenue to total net income before taxes in the fourth quarter of 2009 versus the year-ago quarter. The main components of tax free revenue include the increase in cash value of life insurance, which is federal and state tax free, interest on municipal bonds which is federal tax free, and interest earned on loans that qualify for the state tax deduction related to enterprise zones.

The \$146,000 decrease in net interest income to \$22,469,000 was mainly due to a 40 basis point decrease in the fully tax-equivalent net interest margin to 4.55% during the quarter ended December 31, 2009 versus 4.95% during the quarter ended December 31, 2008. Much of the 40 basis point decrease in net interest margin is due to the fact that despite historically low deposit rates, deposit balances continue to grow while the ability to deploy these growing deposits into some interest-earning asset other than short-term low-yield interest-earning cash at the Federal Reserve Bank has been limited. This limitation is the result of weak loan demand and investment yields that have been unattractive due to their interest rate risk profile.

The following table details the components of the net interest income and net interest margin on a fully tax-equivalent basis for the quarters ended December 31, 2009 and 2008:

(Dollars in thousands)	Quarter ended December 31, 2009			Quarter ended December 31, 2008		
	Average Balance	Income	Yield/Rate	Average Balance	Income	Yield/Rate
Assets:						
Loans	\$1,508,472	\$24,356	6.46%	\$1,565,343	\$26,365	6.74%
Securities	232,881	2,745	4.71%	265,223	3,441	5.19%
Cash at Fed and other banks	\$246,658	154	0.25%	10,349	31	1.18%
Total earning assets	1,988,011	27,255	5.48%	1,840,915	29,837	6.48%
Other assets	147,611			154,324		
Total assets	2,135,622			1,995,239		
Liabilities and shareholders' equity:						
Interest-bearing demand						
deposits	\$339,924	\$709	0.83%	\$242,390	\$311	0.51%
Savings deposits	484,638	762	0.63%	380,172	1,044	1.10%
Time deposits	597,091	2,254	1.51%	598,373	4,503	3.01%
Federal funds purchased	-	-		16,841	46	1.09%
Junior sub debt	41,238	319	3.09%	41,238	520	5.04%
Other borrowings	69,593	617	3.55%	84,952	640	3.01%
Total interest-bearing liabilities	1,532,484	4,661	1.22%	1,363,966	7,064	2.07%
Noninterest-bearing						
deposits	362,618			404,639		
Other liabilities	35,264			30,806		
Shareholders' equity	205,256			195,828		
Total liabilities and shareholders' equity	\$2,135,622			\$1,995,239		
Net interest rate spread			4.27%			4.41%
Net interest income/net interest margin (FTE)		\$22,594	4.55%		\$22,773	4.95%
FTE adjustment		(125)			(158)	
Net interest income before FTE adjustment		\$22,469			\$22,615	

The provision for loan loss was \$7,800,000 and \$5,450,000 during the quarters ended December 31, 2009 and December 31, 2008, respectively. Net loan charge-offs were \$6,878,000 during the quarter ended December 31, 2009 compared to \$2,448,000 during the quarter ended December 31, 2008. The \$6,878,000 of net loan charge-offs during the quarter ended December 31, 2009 were comprised of \$2,355,000 of home equity lines of credit and loans, \$541,000 of indirect auto loans, \$10,000 of residential mortgages, \$2,350,000 of residential construction, \$290,000 of small business loans, and \$1,332,000 of other loans. The \$2,350,000 of net residential construction loan charge-offs were primarily comprised of \$850,000 for a SFR land acquisition loan in the Sacramento Valley, \$565,000 on a condominium construction loan in the Sacramento Valley, \$524,000 for a SFR land acquisition, development, and construction loan in the Sacramento Valley, and \$234,000 for a SFR lot loan in the Sacramento Valley. In comparison, the \$2,448,000 of net loan charge-offs during the quarter ended December 31, 2008 were comprised of \$1,140,000 of home equity lines of credit and loans, \$378,000 of indirect auto loans, \$330,000 of residential mortgages, \$189,000 of residential construction, \$175,000 of small business loans, and \$236,000 of other loans.

Nonperforming loans, net of government agency guarantees, were \$44,896,000 at December 31, 2009 compared to \$46,607,000 and \$27,525,000 at September 30, 2009 and December 31, 2008, respectively. The \$1,711,000 decrease in nonperforming loans, net of government guarantees, during the fourth quarter of 2009 was the result of new nonperforming loans of \$14,691,000, advances on existing nonperforming loans of \$206,000, recoveries on existing nonperforming loans of \$381,000, less gross charge-offs of \$7,258,000, and reductions to existing nonperforming loans of \$9,730,000.

The primary causes of the \$14,691,000 in new nonperforming loans during the third quarter of 2009 were increases of \$1,382,000 in residential real estate, \$3,044,000 in commercial real estate, \$2,787,000 in home equity lines and loans, \$684,000 in auto loans, \$164,000 in other consumer loans, \$1,599,000 in Commercial (C&I) loans, \$4,437,000 in residential construction loans and \$448,000 in commercial construction loans.

The \$3,044,000 in new nonperforming commercial real estate loans were primarily made up of a \$499,000 commercial office building in the Sacramento Valley, a \$464,000 commercial office building in the Sacramento Valley, and the transfer of a \$1,439,000 condominium construction loan in the Sacramento Valley from the residential construction loan category to the commercial real estate category as described below.

The \$1,599,000 in new nonperforming commercial (C&I) loans were primarily made up of a \$487,000 line of credit to a developer in the Sacramento Valley, and a \$198,000 line of credit to a contractor in the Sacramento Valley. The remainder is made up of several small loans or lines to commercial borrowers.

The \$4,437,000 in new nonperforming residential construction loans were primarily made up of a \$2,500,000 SFR land acquisition loan in the Sacramento Valley which was also charged down to \$1,649,000 during the quarter, a \$700,000 SFR land acquisition loan in the Sacramento Valley, a \$524,000 SFR land acquisition loan in the Sacramento Valley which was also charged off during the quarter, a \$403,000 SFR construction loan for a single home in Northern California, and a \$283,000 land loan in the Sacramento Valley.

The primary causes of the \$9,730,000 in reductions to existing non-performing loans were paydowns or upgrades of \$251,000 in residential real estate, \$448,000 in commercial real estate, \$664,000 in home equity lines and loans, \$641,000 in auto loans, \$3,080,000 in Commercial (C&I) loans, and \$4,617,000 in residential construction loans.

The \$3,080,000 in paydowns or upgrades of nonperforming commercial (C&I) loans were primarily made up of a paydown of \$2,186,000 on a production loan to a dairy in the San Joaquin Valley, and a \$807,000 paydown on a line of credit to a subcontractor in the Sacramento Valley.

The \$4,617,000 in paydowns or upgrades of nonperforming residential construction loans were primarily made up of a \$3,689,000 condominium construction loan of which \$2,250,000 was upgraded to performing status, and the remaining \$1,439,000 was transferred to the commercial real estate category as the project is now rented out and generating income. An additional \$876,000 SFR lot development loan was transferred to OREO accounting for the bulk of the \$1,354,000 increase in OREO.

At December 31, 2009, the Company's allowance for losses, which consists of the allowance for loan losses (\$35,473,000) and the reserve for unfunded commitments (\$3,640,000), was \$39,113,000 or 2.61% of total loans outstanding and 87% of nonperforming loans versus \$30,155,000 or 1.90% of total loans outstanding and 110% of nonperforming loans at December 31, 2008.

The following table details the components of noninterest income during the fourth quarters of 2009 and 2008:

(Dollars in thousands)	Q4'09	Q4'08
Noninterest income:		
Service charges on deposit accounts	\$4,153	\$3,862
ATM fees and interchange	1,317	1,104
Other service fees	402	259
Mortgage banking service fees	306	269
Change in value of mortgage servicing rights	(235)	(1,117)
Service charges and fees	<u>5,943</u>	<u>4,377</u>
Gain on sale of investments	-	-
Gain on sale of loans	673	212
Commission on sale on NDIP	271	530
Increase in CV of life insurance	1,059	754
Other	(21)	292
Total noninterest income	<u>\$7,925</u>	<u>\$6,165</u>

Noninterest income increased \$1,760,000 (28.5%) to \$7,925,000 during the quarter ended December 31, 2009 versus \$6,165,000 in the year-ago quarter. Service charges on deposit accounts were up \$291,000 (7.5%) due primarily to increased per item overdraft fees implemented during 2009. ATM fees and interchange, and other service fees were up \$213,000 (19.3%) and \$143,000 (55.2%) due to increased debit card usage and an expanded customer base. Overall, mortgage banking activities, which includes amortization of mortgage servicing rights, mortgage servicing fees, change in value of mortgage servicing rights, and gain on sale of loans, accounted for \$744,000 of noninterest income in the fourth quarter of 2009 compared to a \$636,000 reduction of noninterest income in the fourth quarter of 2008. The increased contribution from mortgage banking activities was due to increased loan sales during the fourth quarter of 2009 and a significant decrease in the value of mortgage rights at the end of 2008. Commissions on sale of nondeposit investment products decreased \$259,000 (48.9%) in the fourth quarter of 2009 compared to the year-ago quarter due to lesser demand for these products and decreased resources focused in that area. Increase in cash value of life insurance was \$305,000 (40.5%) higher than in the year-ago quarter due to higher than expected earning rates on the related life insurance policies in the fourth quarter of 2009. Other noninterest income decreased \$313,000 (107%) due primarily to decreases in deposit sweep income, official check float commission rebates, lease brokerage income, and a nonrecurring loss on disposal of fixed assets related to branch remodels in the fourth quarter of 2009.

The following table summarizes the components of noninterest expense for the quarters ended December 31, 2009 and 2008:

(Dollars in thousands)	Q4'09	Q4'08
Salaries and benefits expense:		
Base salaries net of deferred origination costs	\$7,031	\$6,394
Incentive compensation expense	308	794
Benefits and other compensation costs	2,350	2,368
Total salaries and benefits expense	<u>9,689</u>	<u>9,556</u>
Other noninterest expense:		
Equipment and data processing	1,804	1,597
Occupancy	1,276	1,224
Advertising	706	547
ATM network charges	687	552
Telecommunications	496	285
Professional fees	571	552
Courier service	221	273
Postage	226	248
Intangible amortization	65	135
Operational losses	90	291
Assessments	1,465	287
Change in reserve for unfunded commitments	-	(800)
Net foreclosed assets expense	100	63
Other	2,132	1,922
Total other noninterest expense	<u>9,839</u>	<u>7,176</u>
Total noninterest expense	<u>\$19,528</u>	<u>\$16,732</u>
Average full time equivalent employees	658	630

The \$2,796,000 increase in noninterest expense during the quarter ended December 31, 2009 compared to the year-ago quarter was mainly due to increased deposit insurance assessments, and the absence of a reduction in the reserve for unfunded commitments as was present in the year-ago quarter. The changes in certain other categories of noninterest expense, such as equipment and data processing and telecommunications, from the year-ago quarter are indicative of the Company's efforts to use technology to become more efficient. Salaries and benefits expense increased \$133,000 (1.4%) due to annual salary increases and an increase in the number of full time equivalent employees that were substantially offset by a decrease in incentive compensation.

As of December 31, 2009, the Company has repurchased 166,600 shares of its common stock under its stock repurchase plan adopted on August 21, 2007, which left 333,400 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "While earnings per share are lower in 2009 versus 2008, total bank revenues reached record levels in 2009. This strong and growing revenue stream continues to provide the support necessary to expand upon our already strong capital and liquidity positions, allows for increases in our loan loss provisions, and provides us the opportunity to continue to make loans available in our marketplace." Smith added, "We persist in the belief that economic conditions in California will remain under considerable pressure and unemployment levels will remain at very high levels throughout 2010. While economic conditions create growth challenges, we continue to benefit from the addition of many new customers, as evidenced by our strong core deposit growth, that prefer our local, relationship oriented, community focused banking model."

In addition to the historical information contained herein, this press release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The reader of this press release should understand that all such forward-looking statements are subject to various uncertainties and risks that could affect their outcome. The Company's actual results could differ materially from those suggested by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, variances in the actual versus projected growth in assets, return on assets, interest rate fluctuations, economic conditions in the Company's primary market area, demand for loans, regulatory and accounting changes, loan losses, expenses, rates charged on loans and earned on securities investments, rates paid on deposits, competition effects, fee and other noninterest income earned as well as other factors detailed in the Company's reports filed with the Securities and Exchange Commission which are incorporated herein by reference, including the Form 10-K for the year ended December 31, 2008. These reports and this entire press release should be read to put such forward-looking statements in context and to gain a more complete understanding of the uncertainties and risks involved in the Company's business. Any forward-looking statement may turn out to be wrong and cannot be guaranteed. The Company does not intend to update any of the forward-looking statements after the date of this release.

TriCo Bancshares and Tri Counties Bank are headquartered in Chico, California. Tri Counties Bank has a 34-year history in the banking industry. It operates 32 traditional branch locations and 25 in-store branch locations in 23 California counties. Tri Counties Bank offers financial services and provides a diversified line of products and services to consumers and businesses, which include demand, savings and time deposits, consumer finance, online banking, mortgage lending, and commercial banking throughout its market area. It operates a network of 64 ATMs and a 24-hour, seven days-a-week telephone customer service center. Brokerage services are provided by the Bank's investment services affiliate, Raymond James Financial Services, Inc. For further information please visit the Tri Counties Bank web site at <http://www.tricountiesbank.com>.

TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA

(Unaudited. Dollars in thousands, except share data)

	Three months ended				
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Statement of Income Data					
Interest income	\$27,130	\$27,889	\$28,432	\$28,882	\$29,679
Interest expense	4,661	4,784	5,286	5,884	7,064
Net interest income	22,469	23,105	23,146	22,998	22,615
Provision for loan losses	7,800	8,000	7,850	7,800	5,450
Noninterest income:					
Service charges and fees	5,943	5,645	6,182	5,052	4,377
Other income	1,982	2,148	1,814	1,563	1,788
Total noninterest income	7,925	7,793	7,996	6,615	6,165
Noninterest expense:					
Base salaries net of deferred loan origination costs	7,031	6,827	6,568	6,576	6,394
Incentive compensation expense	308	980	1,024	588	794
Employee benefits and other compensation expense	2,350	2,456	2,477	2,625	2,368
Total salaries and benefits expense	9,689	10,263	10,069	9,789	9,556
Intangible amortization	65	65	64	134	135
Provision for losses - unfunded commitments	-	500	400	175	(800)
Other expense	9,774	8,549	8,811	7,103	7,841
Total noninterest expense	19,528	19,377	19,344	17,201	16,732
Income before taxes	3,066	3,521	3,948	4,612	6,598
Net income	\$2,313	\$2,255	\$2,512	\$2,882	\$4,241
Share Data					
Basic earnings per share	\$0.15	\$0.14	\$0.16	\$0.18	\$0.27
Diluted earnings per share	0.14	0.14	0.16	0.18	0.26
Book value per common share	12.71	12.79	12.67	12.71	12.56
Tangible book value per common share	\$11.71	\$11.78	\$11.66	\$11.69	\$11.54
Shares outstanding	15,787,753	15,787,753	15,782,753	15,782,753	15,756,101
Weighted average shares	15,787,753	15,787,264	15,782,753	15,774,624	15,750,857
Weighted average diluted shares	16,012,078	16,015,952	15,997,437	16,019,488	16,068,456
Credit Quality					
Non-performing loans, net of government agency guarantees	\$44,896	\$46,607	\$43,373	\$34,360	\$27,525
Foreclosed assets, net of allowance	3,726	2,372	2,622	2,407	1,185
Loans charged-off	7,258	7,471	7,308	3,001	2,780
Loans recovered	\$380	\$398	\$308	\$385	\$332
Allowance for losses to total loans ⁽¹⁾	2.61%	2.49%	2.37%	2.27%	1.90%
Allowance for losses to NPLs ⁽¹⁾	87%	82%	85%	103%	110%
Allowance for losses to NPAs ⁽¹⁾	80%	78%	80%	97%	105%
Selected Financial Ratios					
Return on average total assets	0.43%	0.43%	0.48%	0.56%	0.85%
Return on average equity	4.51%	4.43%	4.94%	5.70%	8.66%
Average yield on loans	6.46%	6.48%	6.48%	6.52%	6.73%
Average yield on interest-earning assets	5.48%	5.70%	5.91%	6.15%	6.48%
Average rate on interest-bearing liabilities	1.22%	1.27%	1.42%	1.63%	2.07%
Net interest margin (fully tax-equivalent)	4.55%	4.72%	4.82%	4.91%	4.95%

(1) Allowance for losses includes allowance for loan losses and reserve for unfunded commitments.

TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA

(Unaudited. Dollars in thousands)

	Three months ended				
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Balance Sheet Data					
Cash and due from banks	\$346,589	\$234,570	\$182,923	\$137,241	\$86,355
Securities, available-for-sale	211,622	230,962	252,104	279,122	266,561
Federal Home Loan Bank Stock	9,274	9,274	9,274	9,235	9,235
Loans					
Commercial loans	163,181	171,583	172,732	169,765	189,645
Consumer loans	458,083	473,411	486,548	499,168	514,448
Real estate mortgage loans	820,016	814,132	813,898	813,889	802,527
Real estate construction loans	58,931	72,086	79,057	84,134	84,229
Total loans, gross	1,500,211	1,531,212	1,552,235	1,566,956	1,590,849
Allowance for loan losses	(35,473)	(34,551)	(33,624)	(32,774)	(27,590)
Premises and equipment	18,742	18,102	18,208	18,537	18,841
Cash value of life insurance	48,694	47,635	47,365	47,095	46,815
Goodwill	15,519	15,519	15,519	15,519	15,519
Intangible assets	325	389	454	519	653
Other assets	55,017	42,554	43,383	36,902	35,952
Total assets	2,170,520	2,095,666	2,087,841	2,078,352	2,043,190
Deposits					
Noninterest-bearing demand deposits	377,334	349,949	358,618	371,639	401,247
Interest-bearing demand deposits	359,179	314,160	291,641	269,807	241,560
Savings deposits	511,671	473,915	431,424	426,001	380,799
Time certificates	580,328	613,871	655,702	659,259	645,664
Total deposits	1,828,512	1,751,895	1,737,385	1,726,706	1,669,270
Federal funds purchased	-	-	-	-	-
Reserve for unfunded commitments	3,640	3,640	3,140	2,740	2,565
Other liabilities	29,728	30,759	32,201	31,041	30,180
Other borrowings	66,753	66,197	73,898	76,081	102,005
Junior subordinated debt	41,238	41,238	41,238	41,238	41,238
Total liabilities	1,969,871	1,893,729	1,887,862	1,877,806	1,845,258
Total shareholders' equity	200,649	201,937	199,979	200,546	197,932
Accumulated other comprehensive gain (loss)	2,278	3,934	2,322	3,474	2,056
Average loans	1,508,472	1,538,239	1,555,778	1,566,350	1,565,343
Average interest-earning assets	1,988,011	1,969,043	1,933,633	1,887,121	1,840,915
Average total assets	2,135,622	2,099,053	2,088,875	2,049,193	1,995,239
Average deposits	1,784,271	1,744,336	1,735,434	1,688,704	1,625,574
Average total equity	\$205,256	\$203,452	\$203,596	\$202,126	\$195,828
Total risk based capital ratio	13.4%	13.2%	12.9%	12.7%	12.4%
Tier 1 capital ratio	12.1%	11.9%	11.6%	11.4%	11.2%
Tier 1 leverage ratio	10.5%	10.6%	10.7%	10.9%	11.1%
Tangible capital ratio	8.6%	8.9%	8.9%	8.9%	9.0%