



# TRICO BANCSHARES

PRESS RELEASE  
For Immediate Release

Contact: Thomas J. Reddish  
EVP & CFO (530) 898-0300

## TRICO BANCSHARES QUARTERLY EARNINGS

CHICO, Calif. – (July 26, 2006) – TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,557,000 for the quarter ended June 30, 2006. This represents a 14.3% increase when compared with earnings of \$5,737,000 for the quarter ended June 30, 2005. Diluted earnings per share for the quarter ended June 30, 2006 increased 14.3% to \$0.40 from \$0.35 for the quarter ended June 30, 2005. Total assets of the Company increased \$150,513,000 (8.8%) to \$1,871,156,000 at June 30, 2006 from \$1,720,643,000 at June 30, 2005. Total loans of the Company increased \$205,956,000 (16.5%) to \$1,456,008,000 at June 30, 2006 from \$1,250,052,000 at June 30, 2005. Total deposits of the Company increased \$114,263,000 (8.2%) to \$1,514,440,000 at June 30, 2006 from \$1,400,177,000 at June 30, 2005. Diluted earnings per share for the six months ended June 30, 2006 and 2005 were \$0.80 and \$0.67, respectively, on earnings of \$13,092,000 and \$10,976,000, respectively.

The improvement in results from the year-ago quarter was due to a \$1,997,000 (10.3%) increase in fully tax-equivalent net interest income to \$21,358,000, and a \$221,000 (3.5%) increase in noninterest income to \$6,531,000. These contributing factors were partially offset by a \$759,000 (4.9%) increase in noninterest expense to \$16,276,000 for the quarter ended June 30, 2006.

The increase in net interest income (FTE) was due to a \$165,037,000 (10.9%) increase in average balances of interest-earning assets to \$1,676,705,000 that was minimally offset by a 0.02% decrease in net interest margin (FTE) to 5.10%. The decrease in net interest margin was mainly due to an 0.18% increase in the impact of net noninterest-bearing funds to 0.53% from 0.35% in the year-ago quarter that was offset by a 0.20% decrease in net interest spread as the average yield on interest-earning assets increased 0.68% while the average rate paid on interest-bearing liabilities increased 0.88% from the year-ago three month period.

The Company provided \$554,000 for loan losses in the second quarter of 2006 versus \$561,000 in the second quarter of 2005. During the second quarter of 2006, the Company recorded \$305,000 of net loan charge offs versus \$232,000 of net loan charge-offs in the year earlier quarter. The \$305,000 of net loan charge-offs during the second quarter of 2006 represented 0.085% of average loan balances on an annualized basis. At June 30, 2006, the Company's combined allowance for loan losses (\$16,893,000) and reserve for unfunded commitments (\$1,849,000) represented 479% of non-performing loans net of government agency guarantees (\$3,913,000).

The increase in noninterest income from the year-ago quarter was mainly due to a \$364,000 (10.9%) increase in service charges on deposit accounts to \$3,706,000 and a \$115,000 (14.7%) increase in ATM fees and interchange to \$896,000 that were partially offset by a \$136,000 (20.6%) decrease in commissions on sale of nondeposit investment products to \$524,000, and a \$116,000 (27.0%) decrease in gain on sale of loans to \$313,000. The increase in service charges on deposit accounts was primarily due to the introduction of a business overdraft privilege product in March 2005 and growth in customer count. The increase in ATM fees and interchange was due to growth in customer count and expansion of ATM network as part of new branch openings. The decrease in gain on sale of loans is due to a slowdown in residential mortgage refinance activity.

Noninterest expense for the second quarter of 2006 increased \$759,000 (4.9%) compared to the second quarter of 2005. Salaries and benefits expense increased \$210,000 (2.5%) to \$8,618,000. The

increase in salaries and benefits expense was mainly due to annual salary increases, and new employees at the Company's recently opened branches in Lincoln Roseville-Pleasant Grove (November 2005), Yuba City-Marketplace (January 2006), Folsom-Empire Ranch (March 2006), Natomas-Arena Blvd (April 2006), Antelope (May 2006), and Anderson (June 2006) that were partially offset by reduced performance incentive expenses. Other categories of noninterest expense including occupancy and ATM network charges also increased, in part, due to these newly opened branches. Advertising and marketing expense increased \$198,000 (59.1%) to \$533,000. Professional fees increase \$236,000 (86.1%) to \$510,000 due to increased audit fees and increased legal fees related to loan collection efforts.

As of June 30, 2006, the Company had repurchased 374,371 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 125,629 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We continue to execute our growth strategy within the Central Valley of California as evidenced by the opening of five branches during the first six months of 2006. These openings represent a 10% increase in our branch locations and a significant increase in our Sacramento-area market presence. We believe this strategy will allow us to continue to grow our Company in a profitable manner despite the current environment of a flat yield curve, increased competition for deposits and a slowdown in mortgage refinance activity. We are encouraged by the strong loan growth, the continued excellent credit quality of our loan portfolio and the steady increase in service charge and fee revenue we achieved during the most recent quarter."

In addition to the historical information contained herein, this press release contains certain forward-looking statements. 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, 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. 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.

TriCo Bancshares and Tri Counties Bank are headquartered in Chico, California. Tri Counties Bank has a 30-year history in the banking industry. Tri Counties Bank operates 32 traditional branch locations and 21 in-store branch locations in 22 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 60 ATMs and a 24-hour, seven days a week telephone customer service center. Brokerage services are provided at the Bank's offices by the Bank's association with Raymond James Financial, 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 per share data)

	Three months ended				
	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005	June 30, 2005
<b>Statement of Income Data</b>					
Interest income	\$29,379	\$27,978	\$26,876	\$25,334	\$23,910
Interest expense	8,275	6,773	6,100	5,519	4,789
Net interest income	21,104	21,205	20,776	19,815	19,121
Provision for loan losses	554	500	561	947	561
Noninterest income:					
Service charges and fees	4,956	4,857	4,790	4,795	4,505
Other income	1,575	1,591	1,832	1,837	1,805
Total noninterest income	6,531	6,448	6,622	6,632	6,310
Noninterest expense:					
Salaries and benefits	8,618	9,156	8,565	8,584	8,408
Intangible amortization	350	346	346	346	346
Provision for losses - unfunded commitments	36	-	139	3	39
Other expense	7,272	6,920	6,750	6,747	6,724
Total noninterest expense	16,276	16,422	15,800	15,680	15,517
Income before taxes	10,805	10,731	11,037	9,820	9,353
Net income	\$6,557	\$6,535	\$6,734	\$5,961	\$5,737
<b>Share Data</b>					
Basic earnings per share	\$0.42	\$0.42	\$0.43	\$0.38	\$0.37
Diluted earnings per share	0.40	0.40	0.41	0.37	0.35
Book value per common share	9.96	9.68	9.52	9.30	9.10
Tangible book value per common share	\$8.75	\$8.44	\$8.25	\$8.04	\$7.81
Shares outstanding	15,855,107	15,778,090	15,707,835	15,728,106	15,684,092
Weighted average shares	15,798,565	15,736,544	15,711,257	15,687,547	15,701,867
Weighted average diluted shares	16,388,855	16,379,595	16,336,888	16,330,035	16,288,728
<b>Credit Quality</b>					
Non-performing loans, net of government agency guarantees	\$3,913	\$4,048	\$2,961	\$3,048	\$2,922
Other real estate owned	-	-	-	-	-
Loans charged-off	564	357	392	479	513
Loans recovered	\$259	\$275	\$261	\$436	\$281
Allowance for losses to total loans <sup>(1)</sup>	1.29%	1.32%	1.30%	1.32%	1.32%
Allowance for losses to NPLs <sup>(1)</sup>	479%	456%	609%	573%	567%
Allowance for losses to NPAs <sup>(1)</sup>	479%	456%	609%	573%	567%
<b>Selected Financial Ratios</b>					
Return on average total assets	1.42%	1.43%	1.51%	1.37%	1.37%
Return on average equity	16.68%	16.93%	18.00%	16.26%	16.03%
Average yield on loans	7.44%	7.24%	7.11%	6.93%	6.85%
Average yield on interest-earning assets	7.07%	6.86%	6.72%	6.51%	6.39%
Average rate on interest-bearing liabilities	2.50%	2.11%	1.94%	1.79%	1.62%
Net interest margin (fully tax-equivalent)	5.10%	5.21%	5.21%	5.10%	5.12%
Total risk based capital ratio	11.1%	11.1%	10.8%	11.2%	11.5%
Tier 1 Capital ratio	10.1%	10.0%	9.8%	10.1%	10.5%

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

## TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA

(Unaudited. Dollars in thousands, except per share data)

	Three months ended				
	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005	June 30, 2005
<b>Balance Sheet Data</b>					
Cash and due from banks	\$84,663	\$78,742	\$90,562	\$85,413	\$79,287
Federal funds sold	526	-	2,377	218	235
Securities, available-for-sale	221,828	244,441	260,278	271,134	288,902
Federal Home Loan Bank Stock	8,103	7,691	7,602	7,516	7,440
<b>Loans</b>					
Commercial loans	146,952	134,049	143,175	141,057	137,620
Consumer loans	517,588	510,809	508,233	494,277	456,247
Real estate mortgage loans	642,422	630,821	623,511	600,875	573,836
Real estate construction loans	149,046	124,429	110,116	91,881	82,349
Total loans, gross	1,456,008	1,400,108	1,385,035	1,328,090	1,250,052
Allowance for loan losses	(16,893)	(16,644)	(16,226)	(15,796)	(14,892)
Premises and equipment	21,597	21,068	21,291	21,223	21,182
Cash value of life insurance	42,571	42,168	41,768	41,519	41,099
Goodwill	15,519	15,519	15,519	15,519	15,519
Intangible assets	3,711	4,061	4,407	4,373	4,719
Other assets	33,523	32,372	28,662	27,647	27,100
Total assets	1,871,156	1,829,526	1,841,275	1,786,856	1,720,643
<b>Deposits</b>					
Noninterest-bearing demand deposits	354,576	354,514	368,412	346,456	332,887
Interest-bearing demand deposits	235,100	249,064	244,193	243,926	236,134
Savings deposits	388,847	432,087	438,177	449,893	466,062
Time certificates	535,917	491,726	446,015	398,024	365,094
Total deposits	1,514,440	1,527,391	1,496,797	1,438,299	1,400,177
Federal funds purchased	96,700	45,800	96,800	103,200	83,000
Reserve for unfunded commitments	1,849	1,813	1,813	1,674	1,671
Other liabilities	24,964	29,046	23,744	24,412	24,161
Other borrowings	33,971	31,441	31,390	31,711	27,628
Junior subordinated debt	41,238	41,238	41,238	41,238	41,238
Total liabilities	1,713,162	1,676,729	1,691,782	1,640,534	1,577,875
Total shareholders' equity	157,994	152,797	149,493	146,322	142,768
<b>Accumulated other</b>					
comprehensive loss	(5,629)	(5,330)	(3,825)	(2,538)	(1,468)
Average loans	1,427,735	1,384,541	1,344,654	1,284,977	1,209,061
Average interest-earning assets	1,676,705	1,646,777	1,615,901	1,574,392	1,511,668
Average total assets	1,850,487	1,822,441	1,784,018	1,744,015	1,679,653
Average deposits	1,497,571	1,498,825	1,473,625	1,421,055	1,407,586
Average total equity	\$157,232	\$154,410	\$149,619	\$146,660	\$143,196