



# TRICO BANCSHARES

PRESS RELEASE  
For Immediate Release

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## TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. – (July 24, 2008) – TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$2,274,000 for the quarter ended June 30, 2008. This represents a 66.3% decrease when compared with earnings of \$6,755,000 for the quarter ended June 30, 2007. Diluted earnings per share for the quarter ended June 30, 2008 decreased 65.8% to \$0.14 from \$0.41 for the quarter ended June 30, 2007. The decrease in earnings from the prior year quarter was primarily due to the Company's decision to increase by \$8,300,000 the provision for loan losses to \$8,800,000 and a \$476,000 increase in the provision for credit losses on unfunded commitments to \$550,000 for the quarter ended June 30, 2008.

Total assets of the Company increased \$93,463,000 (5.0%) to \$1,980,490,000 at June 30, 2008 from \$1,887,027,000 at June 30, 2007. Total loans of the Company increased \$35,696,000 (2.4%) to \$1,543,324,000 at June 30, 2008 from \$1,507,628,000 at June 30, 2007. Total deposits of the Company increased \$174,000 (0.01%) to \$1,511,053,000 at June 30, 2008 from \$1,510,879,000 at June 30, 2007. Diluted earnings per share for the six months ended June 30, 2008 and 2007 were \$0.39 and \$0.80, respectively, on earnings of \$6,322,000 and \$13,199,000, respectively.

Net interest income (FTE) during the second quarter of 2008 increased \$721,000 (3.2%) from the same period in 2007 to \$23,029,000. The increase in net interest income (FTE) was due to a \$120,602,000 (7.1%) increase in average balances of interest-earning assets to \$1,819,222,000 that was partially offset by a 0.19% decrease in net interest margin (FTE) to 5.06% from the second quarter of 2007.

The Company provided \$8,800,000 for loan losses in the second quarter of 2008 versus \$500,000 in the second quarter of 2007. In the second quarter of 2008, the Company recorded \$3,902,000 of net loan charge-offs versus \$396,000 of net loan charge-offs in the second quarter of 2007. During the second quarter of 2008, the Company re-appraised all of its larger residential development projects. As a result of this effort, the Company charged-off \$1,007,000 on a twenty-eight unit residential condominium project and \$640,000 on a twenty-seven lot residential construction project. In addition, net charge-offs of \$950,000 on home equity lines and loans and \$554,000 on auto indirect loans were taken during the second quarter of 2008. During the second quarter of 2008, the Company also increased its allowance for loan losses by \$4,898,000 from the first quarter of 2008 with such additional reserves allocated primarily to consumer loans, residential real estate and construction lending.

At June 30, 2008, the sum of the Company's allowance for loan losses of \$24,281,000 and the reserve for unfunded commitments of \$3,465,000 represented 187% of non-performing loans net of government agency guarantees. Non-performing loans, defined as non-accruing loans and accruing loans delinquent 90 days or more, net of government guarantees at June 30, 2008 increased \$4,958,000 (50.3%) to \$14,808,000 from \$9,850,000 at March 31, 2008.

Noninterest income for the second quarter of 2008 increased \$251,000 (3.6%) from the second quarter of 2007, mainly due to a \$241,000 increase in value of mortgage servicing rights to a positive \$168,000 from a negative \$73,000 for the second quarter of 2007. Also contributing to this increase in noninterest income was a \$105,000 (2.7%) increase in service charges on deposit accounts to \$3,963,000 and a \$122,000 (11.7%) increase in ATM fees and interchange to \$1,168,000. The increases in service charges on deposit accounts and ATM fees and interchange revenue were primarily due to increased number of customers. The improvement in change in value of mortgage servicing rights was primarily due to a slowdown in refinance activity which extends the estimated life of existing mortgages and enhances the value of the related mortgage servicing rights. The following table summarizes the components of noninterest income for the quarters ended June 30, 2008 and 2007 (dollars in thousands).

	Three months ended	
	June 30,	
	2008	2007
Service charges on deposit accounts	\$3,963	\$3,858
ATM fees and interchange revenue	1,168	1,046
Other service fees	527	544
Change in value of mortgage servicing rights	168	(73)
Gain on sale of loans	316	279
Commissions on sale of nondeposit investment products	525	550
Increase in cash value of life insurance	360	405
Other noninterest income	253	420
Total noninterest income	<u>\$7,280</u>	<u>\$7,029</u>

Noninterest expense for the second quarter of 2008 increased \$401,000 (2.3%) compared to the second quarter of 2007. Salaries and benefits expense increased \$26,000 (0.3%) in the second quarter of 2008 compared to \$9,645,000 in the second quarter of 2007, mainly due to annual salary increases and increased benefit costs that were substantially offset by reduced incentive compensation. Other noninterest expense increased \$375,000 (4.8%) in the second quarter of 2008 primarily due to a \$476,000 increase in provision for credit losses on unfunded commitments. The following table summarizes the components of noninterest expense for the quarters ended June 30, 2008 and 2007 (dollars in thousands).

	Three months ended	
	June 30,	
	2008	2007
Base salaries, net of deferred loan origination costs	\$6,316	\$5,940
Incentive compensation	830	1,281
Benefits and other compensation costs	2,499	2,398
Total salaries and benefits expense	<u>9,645</u>	<u>9,619</u>
Occupancy	1,228	1,178
Equipment	998	1,072
Telecommunications	630	419
Data processing and software	596	499
Provisions for losses – unfunded commitments	550	74
ATM network charges	529	498
Professional fees	509	462
Advertising and marketing	434	600
Courier service	275	284
Postage	216	203
Intangible amortization	133	122
Operational losses	92	125
Assessments	83	84
Other	1,926	2,204
Total other noninterest expense	<u>8,199</u>	<u>7,824</u>
Total noninterest expense	<u>\$17,844</u>	<u>\$17,443</u>
Average full time equivalent staff	626	630
Noninterest expense to revenue (FTE)	58.87%	59.46%

As of June 30, 2008, the Company had repurchased 166,600 shares of its common stock under its stock repurchase plan announced on August 21, 2007, which left 333,400 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "Due to the continued economic uncertainty in California, during the second quarter of 2008 we remained focused upon building our loan loss reserves to position ourselves in managing through this difficult economic cycle. Since the beginning of the year our allowance for losses to total loans has increased from 1.25% to 1.80% at June 30, 2008. Although this has lowered our earnings per share, we believe that operating with higher loan loss reserves combined with our strong capital position best serves the interest of our shareholders and customers in the long term. Our net interest income and noninterest income have remained strong during the second quarter of 2008 and exceeded the levels during the second quarter of 2007. We continue to add new bank customers as we execute our core business strategies."

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, 2007. 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 33-year history in the banking industry. Tri Counties Bank 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 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 share data)

	Three months ended				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Statement of Income Data</b>					
Interest income	\$30,332	\$31,130	\$32,179	\$32,442	\$31,986
Interest expense	7,471	9,765	10,869	10,602	9,895
Net interest income	22,861	21,365	21,310	21,840	22,091
Provision for loan losses	8,800	4,100	1,350	700	500
Noninterest income:					
Service charges and fees	5,826	5,128	5,546	5,218	5,375
Other income	1,454	1,722	1,568	1,629	1,654
Total noninterest income	7,280	6,850	7,114	6,847	7,029
Noninterest expense:					
Base salaries net of deferred loan origination costs	6,316	6,333	6,504	6,142	5,940
Incentive compensation expense	830	560	873	452	1,281
Employee benefits and other compensation expense	2,499	2,587	2,353	2,381	2,398
Total salaries and benefits expense	9,645	9,480	9,730	8,975	9,619
Intangible amortization	133	122	122	122	122
Provision for losses - unfunded commitments	550	825	50	-	74
Other expense	7,516	7,146	7,849	7,655	7,628
Total noninterest expense	17,844	17,573	17,751	16,752	17,443
Income before taxes	3,497	6,542	9,323	11,235	11,177
Net income	\$2,274	\$4,048	\$5,701	\$6,793	\$6,755
<b>Share Data</b>					
Basic earnings per share	\$0.14	\$0.26	\$0.36	\$0.43	\$0.42
Diluted earnings per share	0.14	0.25	0.35	0.42	0.41
Book value per common share	11.86	12.02	11.87	11.50	11.22
Tangible book value per common share	\$10.81	\$10.97	\$10.82	\$10.44	\$10.16
Shares outstanding	15,744,881	15,744,950	15,911,550	15,891,300	15,917,291
Weighted average shares	15,744,881	15,842,085	15,908,151	15,889,061	15,916,313
Weighted average diluted shares	15,953,288	16,081,722	16,265,571	16,310,631	16,463,389
<b>Credit Quality</b>					
Non-performing loans, net of government agency guarantees	\$14,808	\$9,850	\$7,511	\$7,507	\$13,360
Other real estate owned	1,178	836	187	187	187
Loans charged-off	4,176	2,385	1,425	843	751
Loans recovered	\$274	\$337	\$267	\$283	\$355
Allowance for losses to total loans <sup>(1)</sup>	1.80%	1.44%	1.25%	1.25%	1.26%
Allowance for losses to NPLs <sup>(1)</sup>	187%	226%	259%	255%	143%
Allowance for losses to NPAs <sup>(1)</sup>	174%	209%	252%	249%	141%
<b>Selected Financial Ratios</b>					
Return on average total assets	0.46%	0.81%	1.17%	1.44%	1.44%
Return on average equity	4.74%	8.37%	12.08%	14.92%	15.11%
Average yield on loans	6.99%	7.22%	7.64%	7.93%	7.93%
Average yield on interest-earning assets	6.71%	6.80%	7.29%	7.58%	7.58%
Average rate on interest-bearing liabilities	2.11%	2.78%	3.16%	3.18%	3.02%
Net interest margin (fully tax-equivalent)	5.06%	4.74%	4.85%	5.12%	5.25%
Total risk based capital ratio	12.3%	12.1%	11.9%	11.7%	11.8%
Tier 1 Capital ratio	11.0%	10.9%	10.9%	10.7%	10.8%

(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				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
<b>Balance Sheet Data</b>					
Cash and due from banks	\$76,658	\$74,713	\$88,798	\$70,791	\$93,636
Federal funds sold	-	-	-	488	1,715
Securities, available-for-sale	253,129	272,276	232,427	239,242	175,891
Federal Home Loan Bank Stock	9,010	8,885	8,766	8,652	8,543
<b>Loans</b>					
Commercial loans	178,104	157,832	164,815	165,559	159,822
Consumer loans	518,200	525,065	535,819	542,875	526,575
Real estate mortgage loans	751,651	729,704	716,013	697,670	687,744
Real estate construction loans	95,369	135,343	135,319	128,972	133,487
Total loans, gross	1,543,324	1,547,944	1,551,966	1,535,076	1,507,628
Allowance for loan losses	(24,281)	(19,383)	(17,331)	(17,139)	(16,999)
Premises and equipment	19,580	20,069	20,492	20,804	20,891
Cash value of life insurance	45,701	45,341	44,981	44,751	44,346
Goodwill	15,519	15,519	15,519	15,519	15,519
Intangible assets	920	1,053	1,176	1,298	1,421
Other assets	40,930	32,933	33,827	34,041	34,436
Total assets	1,980,490	1,999,350	1,980,621	1,953,523	1,887,027
<b>Deposits</b>					
Noninterest-bearing demand deposits	347,336	358,684	378,680	345,467	366,321
Interest-bearing demand deposits	215,530	216,478	216,952	214,726	226,591
Savings deposits	382,918	398,763	383,226	386,866	387,422
Time certificates	565,269	554,550	566,365	585,083	530,545
Total deposits	1,511,053	1,528,475	1,545,223	1,532,142	1,510,879
Federal funds purchased	123,750	102,300	56,000	66,000	80,500
Reserve for unfunded commitments	3,465	2,915	2,090	2,040	2,040
Other liabilities	29,250	31,355	31,066	29,382	28,878
Other borrowings	85,048	103,767	116,126	99,996	44,892
Junior subordinated debt	41,238	41,238	41,238	41,238	41,238
Total liabilities	1,793,804	1,810,050	1,791,743	1,770,798	1,708,427
Total shareholders' equity	186,686	189,300	188,878	182,725	178,600
Accumulated other comprehensive gain (loss)	(2,980)	25	(1,552)	(3,628)	(4,779)
Average loans	1,546,257	1,535,357	1,530,729	1,517,419	1,506,913
Average interest-earning assets	1,819,222	1,817,212	1,776,770	1,721,547	1,698,620
Average total assets	1,986,674	1,988,666	1,949,096	1,891,992	1,871,260
Average deposits	1,507,252	1,511,604	1,545,369	1,499,793	1,500,733
Average total equity	\$192,005	\$193,449	\$188,753	\$182,080	\$178,836