



TRICO BANCSHARES

PRESS RELEASE
For Immediate Release

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TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. – (October 29, 2009) – TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$2,255,000 for the quarter ended September 30, 2009. This represents a 63.8% decrease when compared with earnings of \$6,235,000 for the quarter ended September 30, 2008. Diluted earnings per share for the quarter ended September 30, 2009 decreased 64.1% to \$0.14 from \$0.39 for the quarter ended September 30, 2008. The decrease in earnings from the prior year quarter was primarily due to the Company's decision to increase by \$5,400,000 the provision for loan losses to \$8,000,000 for the quarter ended September 30, 2009.

Total assets of the Company increased \$119,199,000 (6.0%) to \$2,095,666,000 at September 30, 2009 from \$1,976,467,000 at September 30, 2008. Total loans of the Company decreased \$32,024,000 (2.0%) to \$1,531,212,000 at September 30, 2009 from \$1,563,236,000 at September 30, 2008. Total deposits of the Company increased \$188,054,000 (12.0%) to \$1,751,895,000 at September 30, 2009 from \$1,563,841,000 at September 30, 2008. Diluted earnings per share for the nine months ended September 30, 2009 and 2008 were \$0.48 and \$0.78, respectively, on earnings of \$7,649,000 and \$12,557,000, respectively.

Net interest income on a fully tax equivalent basis (FTE) increased \$368,000 (1.6%) to \$23,257,000 during the third quarter of 2009 from the same period in 2008. The increase in net interest income (FTE) was due to a \$163,033,000 (9.0%) increase in average balances of interest-earning assets to \$1,969,043,000 that was partially offset by a 0.35% decrease in net interest margin (FTE) to 4.72% from the quarter ended September 30, 2008. The decrease in margin was mainly due to increased balances of interest-earning cash at the Federal Reserve Bank.

The Company provided \$8,000,000 for loan losses in the third quarter of 2009 versus \$2,600,000 in the third quarter of 2008. In the third quarter of 2009, the Company recorded \$7,073,000 of net loan charge-offs versus \$2,293,000 of net loan charge-offs in the third quarter of 2008. Included in the \$7,073,000 of net loan charge-offs during the third quarter of 2009 were \$2,293,000 on residential construction, \$2,095,000 on home equity lines and loans, \$1,488,000 on commercial (non-real estate), and \$855,000 on auto indirect loans.

At September 30, 2009, the sum of the Company's allowance for loan losses of \$34,551,000 and the reserve for unfunded commitments of \$3,640,000 represented 82% 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 September 30, 2009 increased \$3,234,000 (7.5%) to \$46,607,000 from \$43,373,000 at June 30, 2009.

Noninterest income for the third quarter of 2009 increased \$1,001,000 (14.7%) from the third quarter of 2008, mainly due to a \$864,000 (253%) increase in gain on sale of loans to \$1,205,000. Also contributing to the increase in noninterest income was a \$127,000 (3.1%) increase in service charges on deposit accounts to \$4,207,000, a \$123,000 (10.6%) increase in ATM fees and interchange revenue to \$1,287,000, and a \$155,000 (27.1%) increase in the change in value of mortgage servicing rights to (\$416,000). These increases were offset by a decrease of \$214,000 (36.0%) in commission on sale of nondeposit investment products to \$380,000. The increases in service charges on deposit accounts and ATM fees and interchange revenue were primarily due to increased numbers of customers. The increase in gain on sale of loans is primarily due to increased refinancing activity during the quarter. The

following table summarizes the components of noninterest income for the quarters ended September 30, 2009 and 2008 (dollars in thousands).

| | Three months ended | |
|--|--------------------|----------------|
| | September 30, | |
| | 2009 | 2008 |
| Service charges on deposit accounts | \$4,207 | \$4,080 |
| ATM fees and interchange revenue | 1,287 | 1,164 |
| Other service fees | 567 | 551 |
| Change in value of mortgage servicing rights | (416) | (571) |
| Gain on sale of loans | 1,205 | 341 |
| Commissions on sale of nondeposit investment products | 380 | 594 |
| Increase in cash value of life insurance | 270 | 360 |
| Other noninterest income | 293 | 273 |
| Total noninterest income | <u>\$7,793</u> | <u>\$6,792</u> |

Noninterest expense for the third quarter of 2009 increased \$2,788,000 (16.8%) compared to the third quarter of 2008. Salaries and benefits expense increased \$832,000 (8.8%) to \$10,263,000 mainly due to annual salary increases and increased incentive compensation expense related to increased production of sold loans. Other noninterest expense increased \$1,956,000 (27.3%) primarily due to a \$579,000 (491%) increase in assessments and a \$600,000 increase in provision for losses on unfunded commitments. The following table summarizes the components of noninterest expense for the quarters ended September 30, 2009 and 2008 (dollars in thousands).

| | Three months ended | |
|--|--------------------|-----------------|
| | September 30, | |
| | 2009 | 2008 |
| Base salaries, net of deferred loan origination costs | \$6,827 | \$6,331 |
| Incentive compensation | 980 | 675 |
| Benefits and other compensation costs | 2,456 | 2,425 |
| Total salaries and benefits expense | <u>10,263</u> | <u>9,431</u> |
| Occupancy | 1,316 | 1,289 |
| Equipment | 953 | 1,017 |
| Data processing and software | 655 | 600 |
| ATM network charges | 642 | 506 |
| Advertising and marketing | 558 | 451 |
| Telecommunications | 428 | 402 |
| Professional fees | 478 | 300 |
| Courier service | 189 | 258 |
| Postage | 258 | 185 |
| Intangible amortization | 65 | 133 |
| Assessments | 697 | 118 |
| Operational losses | 97 | 81 |
| Provisions for losses – unfunded commitments | 500 | (100) |
| Other | 2,278 | 1,918 |
| Total other noninterest expense | <u>9,114</u> | <u>7,158</u> |
| Total noninterest expense | <u>\$19,377</u> | <u>\$16,589</u> |
| Average full time equivalent staff | 645 | 668 |
| Noninterest expense to revenue (FTE) | 62.41% | 58.01% |

As of September 30, 2009, 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, “While diluted earnings per share were much lower than the prior year’s quarter due to increased provisioning for loan losses, total bank revenues exceeded the prior year’s levels. This increasing revenue stream provides the bank with the earnings necessary to increase loan loss reserves, increase our capital levels, pay increased premiums for deposit insurance and remain profitable during these challenging economic times.” Smith added, “Our levels of liquidity, capital and reserves for loan losses remain strong as we progress through this deep recessionary period.”

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 26 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 66 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 | | | | |
|--|---|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2009 | June 30, 2009 | March 31, 2009 | December 31, 2008 | September 30, 2008 |
| Statement of Income Data | | | | | |
| Interest income | \$27,889 | \$28,432 | \$28,882 | \$29,679 | \$29,971 |
| Interest expense | 4,784 | 5,286 | 5,884 | 7,064 | 7,252 |
| Net interest income | 23,105 | 23,146 | 22,998 | 22,615 | 22,719 |
| Provision for loan losses | 8,000 | 7,850 | 7,800 | 5,450 | 2,600 |
| Noninterest income: | | | | | |
| Service charges and fees | 5,645 | 6,182 | 5,052 | 4,377 | 5,224 |
| Other income | 2,148 | 1,814 | 1,563 | 1,788 | 1,568 |
| Total noninterest income | 7,793 | 7,996 | 6,615 | 6,165 | 6,792 |
| Noninterest expense: | | | | | |
| Base salaries net of deferred loan origination costs | 6,827 | 6,568 | 6,576 | 6,394 | 6,331 |
| Incentive compensation expense | 980 | 1,024 | 588 | 794 | 675 |
| Employee benefits and other compensation expense | 2,456 | 2,477 | 2,625 | 2,368 | 2,425 |
| Total salaries and benefits expense | 10,263 | 10,069 | 9,789 | 9,556 | 9,431 |
| Intangible amortization | 65 | 64 | 134 | 135 | 133 |
| Provision for losses - unfunded commitments | 500 | 400 | 175 | (800) | (100) |
| Other expense | 8,549 | 8,811 | 7,103 | 7,841 | 7,125 |
| Total noninterest expense | 19,377 | 19,344 | 17,201 | 16,732 | 16,589 |
| Income before taxes | 3,521 | 3,948 | 4,612 | 6,598 | 10,322 |
| Net income | \$2,255 | \$2,512 | \$2,882 | \$4,241 | \$6,235 |
| Share Data | | | | | |
| Basic earnings per share | \$0.14 | \$0.16 | \$0.18 | \$0.27 | \$0.40 |
| Diluted earnings per share | 0.14 | 0.16 | 0.18 | 0.26 | 0.39 |
| Book value per common share | 12.79 | 12.67 | 12.71 | 12.56 | 12.14 |
| Tangible book value per common share | \$11.78 | \$11.66 | \$11.69 | \$11.54 | \$11.10 |
| Shares outstanding | 15,787,753 | 15,782,753 | 15,782,753 | 15,756,101 | 15,744,881 |
| Weighted average shares | 15,787,264 | 15,782,753 | 15,774,624 | 15,750,857 | 15,744,881 |
| Weighted average diluted shares | 16,015,952 | 15,997,437 | 16,019,488 | 16,068,456 | 15,951,668 |
| Credit Quality | | | | | |
| Non-performing loans, net of government agency guarantees | \$46,607 | \$43,373 | \$34,360 | \$27,525 | \$17,041 |
| Foreclosed assets, net of allowance | 2,372 | 2,622 | 2,407 | 1,185 | 1,178 |
| Loans charged-off | 7,471 | 7,308 | 3,001 | 2,780 | 2,578 |
| Loans recovered | \$398 | \$308 | \$385 | \$332 | \$285 |
| Allowance for losses to total loans ⁽¹⁾ | 2.49% | 2.37% | 2.27% | 1.90% | 1.79% |
| Allowance for losses to NPLs ⁽¹⁾ | 82% | 85% | 103% | 110% | 164% |
| Allowance for losses to NPAs ⁽¹⁾ | 78% | 80% | 97% | 105% | 153% |
| Selected Financial Ratios | | | | | |
| Return on average total assets | 0.43% | 0.48% | 0.56% | 0.85% | 1.26% |
| Return on average equity | 4.43% | 4.94% | 5.70% | 8.66% | 13.04% |
| Average yield on loans | 6.48% | 6.48% | 6.52% | 6.73% | 6.92% |
| Average yield on interest-earning assets | 5.70% | 5.91% | 6.15% | 6.48% | 6.68% |
| Average rate on interest-bearing liabilities | 1.27% | 1.42% | 1.63% | 2.07% | 2.06% |
| Net interest margin (fully tax-equivalent) | 4.72% | 4.82% | 4.91% | 4.95% | 5.07% |
| Total risk based capital ratio | 13.2% | 12.9% | 12.7% | 12.4% | 12.4% |
| Tier 1 capital ratio | 11.9% | 11.6% | 11.4% | 11.2% | 11.1% |
| (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 | | | | |
|---|-----------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2009 | June 30, 2009 | March 31, 2009 | December 31, 2008 | September 30, 2008 |
| Balance Sheet Data | | | | | |
| Cash and due from banks | \$234,570 | \$182,923 | \$137,241 | \$86,355 | \$67,300 |
| Securities, available-for-sale | 230,962 | 252,104 | 279,122 | 266,561 | 241,900 |
| Federal Home Loan Bank Stock | 9,274 | 9,274 | 9,235 | 9,235 | 9,147 |
| Loans | | | | | |
| Commercial loans | 171,583 | 172,732 | 169,765 | 189,645 | 189,837 |
| Consumer loans | 473,411 | 486,548 | 499,168 | 514,448 | 513,132 |
| Real estate mortgage loans | 814,132 | 813,898 | 813,889 | 802,527 | 770,553 |
| Real estate construction loans | 72,086 | 79,057 | 84,134 | 84,229 | 89,714 |
| Total loans, gross | 1,531,212 | 1,552,235 | 1,566,956 | 1,590,849 | 1,563,236 |
| Allowance for loan losses | (34,551) | (33,624) | (32,774) | (27,590) | (24,588) |
| Premises and equipment | 18,102 | 18,208 | 18,537 | 18,841 | 19,094 |
| Cash value of life insurance | 47,635 | 47,365 | 47,095 | 46,815 | 46,061 |
| Goodwill | 15,519 | 15,519 | 15,519 | 15,519 | 15,519 |
| Intangible assets | 389 | 454 | 519 | 653 | 786 |
| Other assets | 42,554 | 43,383 | 36,902 | 35,952 | 38,012 |
| Total assets | 2,095,666 | 2,087,841 | 2,078,352 | 2,043,190 | 1,976,467 |
| Deposits | | | | | |
| Noninterest-bearing demand deposits | 349,949 | 358,618 | 371,639 | 401,247 | 334,015 |
| Interest-bearing demand deposits | 314,160 | 291,641 | 269,807 | 241,560 | 228,441 |
| Savings deposits | 473,915 | 431,424 | 426,001 | 380,799 | 374,640 |
| Time certificates | 613,871 | 655,702 | 659,259 | 645,664 | 626,745 |
| Total deposits | 1,751,895 | 1,737,385 | 1,726,706 | 1,669,270 | 1,563,841 |
| Federal funds purchased | - | - | - | - | 67,000 |
| Reserve for unfunded commitments | 3,640 | 3,140 | 2,740 | 2,565 | 3,365 |
| Other liabilities | 30,759 | 32,201 | 31,041 | 30,180 | 30,048 |
| Other borrowings | 66,197 | 73,898 | 76,081 | 102,005 | 79,873 |
| Junior subordinated debt | 41,238 | 41,238 | 41,238 | 41,238 | 41,238 |
| Total liabilities | 1,893,729 | 1,887,862 | 1,877,806 | 1,845,258 | 1,785,365 |
| Total shareholders' equity | 201,937 | 199,979 | 200,546 | 197,932 | 191,102 |
| Accumulated other comprehensive gain (loss) | 3,934 | 2,322 | 3,474 | 2,056 | (2,455) |
| Average loans | 1,538,239 | 1,555,778 | 1,566,350 | 1,565,343 | 1,549,009 |
| Average interest-earning assets | 1,969,043 | 1,933,633 | 1,887,121 | 1,840,915 | 1,806,010 |
| Average total assets | 2,099,053 | 2,088,875 | 2,049,193 | 1,995,239 | 1,974,392 |
| Average deposits | 1,744,336 | 1,735,434 | 1,688,704 | 1,625,574 | 1,545,435 |
| Average total equity | \$203,452 | \$203,596 | \$202,126 | \$195,828 | \$191,211 |