

TRICO BANCSHARES ANNOUNCES QUARTERLY RESULTS

CHICO, Calif. – (October 30, 2017) – TriCo Bancshares (NASDAQ: TCBK) (the "Company"), parent company of Tri Counties Bank, today announced earnings of \$11,897,000, or \$0.51 per diluted share, for the three months ended September 30, 2017. For the three months ended September 30, 2016 the Company reported earnings of \$12,199,000, or \$0.53 per diluted share.

The following is a summary of the components of the Company's consolidated net income, average common shares, and average diluted common shares outstanding for the periods indicated:

| (dollars and shares in thousands)       | Three months ended<br>September 30, |          | \$ Change | % Change |
|-----------------------------------------|-------------------------------------|----------|-----------|----------|
|                                         | 2017                                | 2016     |           |          |
| Net Interest Income                     | \$44,084                            | \$42,270 | \$1,814   | 4.3%     |
| Reversal of (provision for) loan losses | (765)                               | 3,973    | (4,738)   |          |
| Noninterest income                      | 12,930                              | 11,066   | 1,864     | 16.8%    |
| Noninterest expense                     | (37,222)                            | (37,416) | 194       | (0.5%)   |
| Provision for income taxes              | (7,130)                             | (7,694)  | 564       | (7.3%)   |
| Net income                              | \$11,897                            | \$12,199 | (\$302)   | (2.5%)   |
| Average common shares                   | 22,932                              | 22,825   | 107       | 0.5%     |
| Average diluted common shares           | 23,244                              | 23,099   | 145       | 0.6%     |

The following is a summary of certain of the Company's consolidated assets and deposits as of the dates indicated:

| Ending balances<br>(\$'s in thousands) | As of September 30, |             | \$ Change | % Change |
|----------------------------------------|---------------------|-------------|-----------|----------|
|                                        | 2017                | 2016        |           |          |
| Total assets                           | \$4,656,435         | \$4,467,131 | \$189,304 | 4.2%     |
| Total loans                            | 2,931,613           | 2,712,226   | 219,387   | 8.1%     |
| Total investments                      | 1,231,759           | 1,168,314   | 63,445    | 5.4%     |
| Total deposits                         | \$3,927,456         | \$3,836,012 | \$91,444  | 2.4%     |

| Qtrly avg balances<br>(\$'s in thousands) | As of September 30, |             | \$ Change | % Change |
|-------------------------------------------|---------------------|-------------|-----------|----------|
|                                           | 2017                | 2016        |           |          |
| Total assets                              | \$4,572,424         | \$4,407,322 | \$165,102 | 3.7%     |
| Total loans                               | 2,878,944           | 2,669,954   | 208,990   | 7.8%     |
| Total investments                         | 1,250,207           | 1,199,941   | 50,266    | 4.2%     |
| Total deposits                            | \$3,878,183         | \$3,784,748 | \$93,435  | 2.5%     |

Performance highlights for the Company during the three months ended September 30, 2017 included the following:

- Loan balances increased \$105,220,000 representing a 3.7% increase in total loans, and an annualized growth rate of 14.9%, during the three months ended September 30, 2017.
- Service charge and fee income increased \$1,453,000, or 18.1%, compared to the three months ended September 30, 2016.
- The average rate of interest paid on deposits, including the effect of noninterest-bearing deposits, remained low at 0.11%.
- Total noninterest expense decreased \$194,000, or 0.5%, compared to the three months ended September 30, 2016.

Included in the Company's results of operations for the three months ended September 30, 2017 is a gain of \$961,000 recorded in noninterest income from the sale of \$24,797,000 of available for sale mortgage backed investment securities on September 28, 2017.

Also, included in the Company's results of operations for the three months ended September 30, 2017 is \$150,000 of excess tax benefits (a reduction of tax expense) related to equity compensation instruments during this time period. Prior to January 1, 2017, generally accepted accounting principles required these types of excess tax benefits, and tax deficiencies, be recorded directly to shareholders' equity, and not affect tax expense. During the three month period ended September 30, 2016, the Company recorded no equity compensation related tax benefit or deficiency to shareholders' equity.

Included in the Company's results of operations for the three months ended September 30, 2016 is the impact of the sale on August 22, 2016, of two performing loans with recorded book value of \$166,000, and 48 nonperforming loans with recorded book value, including pre-sale write downs and purchase discounts, of approximately \$2,757,000. The loans sold on August 22, 2016 had contractual amounts outstanding of \$6,558,000. Net sale proceeds of \$4,980,000 resulted in the recovery of loan balances previously charged off of \$1,727,000, additional loan charge offs of \$159,000, and interest income of \$488,000 from the recovery of interest payments previously applied to principal balances.

Also, included in the Company's results of operations for the three months ended September 30, 2016 was a \$716,000 valuation allowance expense related to a closed branch building held for sale, the value of which was written down to current market value, and subsequently sold during the three months ended September 30, 2016. Net proceeds from the sale of this building were \$1,218,000, and resulted in no gain or additional loss being recorded upon the sale of this building.

In addition to the nonrecurring income statement items noted above, there were other expense and revenue items during the three months ended September 30, 2017 and 2016 of less significance that may be considered nonrecurring, and these items are described below in various sections of this announcement.

The Company's primary source of revenue is net interest income, or the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Included in the Company's net interest income is interest income from municipal bonds that is almost entirely exempt from Federal income tax. These municipal bonds are classified as investments – nontaxable, and the Company may present the interest income from these bonds on a fully tax equivalent (FTE) basis.

Loans acquired through purchase, or acquisition of other banks, are classified by the Company as Purchased Not Credit Impaired (PNCI), Purchased Credit Impaired – cash basis (PCI – cash basis), or Purchased Credit Impaired – other (PCI – other). Loans not acquired in an acquisition or otherwise “purchased” are classified as “originated”. Often, such purchased loans are purchased at a discount to face value, and part of this discount is accreted into (added to) interest income over the remaining life of the loan. A loan may also be purchased at a premium to face value, in which case, the premium is amortized into (subtracted from) interest income over the remaining life of the loan. Generally, as time goes on, the effects of loan discount accretion and loan premium amortization decrease as the purchased loans mature or pay off early. Upon the early pay off of a loan, any remaining (unaccreted) discount or (unamortized) premium is immediately taken into interest income; and as loan payoffs may vary significantly from quarter to quarter, so may the impact of discount accretion and premium amortization on interest income. Further details regarding interest income from loans, including fair value discount accretion, may be found under the heading “Supplemental Loan Interest Income Data” in the Consolidated Financial Data table at the end of this announcement.

Following is a summary of the components of net interest income for the periods indicated (dollars in thousands):

|                                           | Three months ended |          |           |          |
|-------------------------------------------|--------------------|----------|-----------|----------|
|                                           | September 30,      |          |           |          |
| (dollars and shares in thousands)         | 2017               | 2016     | \$ Change | % Change |
| Interest income                           | \$45,913           | \$43,709 | \$2,204   | 5.0%     |
| Interest expense                          | (1,829)            | (1,439)  | (390)     | 27.1%    |
| FTE adjustment                            | 624                | 587      | 37        | 6.4%     |
| Net interest income (FTE)                 | \$44,708           | \$42,857 | \$1,851   | 4.3%     |
| Net interest margin (FTE)                 | 4.24%              | 4.23%    |           |          |
| Purchased loan discount accretion:        |                    |          |           |          |
| Amount (included in interest income)      | \$1,364            | \$2,229  |           |          |
| Effect on average loan yield              | 0.19%              | 0.33%    |           |          |
| Effect on net interest margin (FTE)       | 0.13%              | 0.22%    |           |          |
| Interest income recovered via loan sales: |                    |          |           |          |
| Amount (included in interest income)      | -                  | \$488    |           |          |
| Effect on average loan yield              | 0.00%              | 0.07%    |           |          |
| Effect on net interest margin (FTE)       | 0.00%              | 0.05%    |           |          |

The following table shows the components of net interest income and net interest margin on a fully tax-equivalent (FTE) basis for the periods indicated:

ANALYSIS OF CHANGE IN NET INTEREST MARGIN ON EARNING ASSETS  
(unaudited, dollars in thousands)

|                                               | Three Months Ended<br>September 30, 2017 |                    |                | Three Months Ended<br>June 30, 2017 |                    |                | Three Months Ended<br>September 30, 2016 |                    |                |
|-----------------------------------------------|------------------------------------------|--------------------|----------------|-------------------------------------|--------------------|----------------|------------------------------------------|--------------------|----------------|
|                                               | Average<br>Balance                       | Income/<br>Expense | Yield/<br>Rate | Average<br>Balance                  | Income/<br>Expense | Yield/<br>Rate | Average<br>Balance                       | Income/<br>Expense | Yield/<br>Rate |
| Assets                                        |                                          |                    |                |                                     |                    |                |                                          |                    |                |
| Earning assets                                |                                          |                    |                |                                     |                    |                |                                          |                    |                |
| Loans                                         | \$ 2,878,944                             | \$ 37,268          | 5.18%          | \$ 2,783,686                        | \$ 36,418          | 5.23%          | \$ 2,669,954                             | \$ 35,769          | 5.36%          |
| Investments - taxable                         | 1,114,112                                | 7,312              | 2.63%          | 1,077,703                           | 7,231              | 2.68%          | 1,073,030                                | 6,687              | 2.49%          |
| Investments - nontaxable                      | 136,095                                  | 1,665              | 4.89%          | 136,256                             | 1,667              | 4.89%          | 126,910                                  | 1,565              | 4.93%          |
| Cash at Federal Reserve and<br>other banks    | 85,337                                   | 292                | 1.37%          | 137,376                             | 353                | 1.03%          | 185,552                                  | 275                | 0.59%          |
| Total earning assets                          | 4,214,488                                | 46,537             | 4.42%          | 4,135,021                           | 45,669             | 4.42%          | 4,055,446                                | 44,296             | 4.37%          |
| Other assets, net                             | 357,937                                  |                    |                | 357,368                             |                    |                | 351,875                                  |                    |                |
| Total assets                                  | <u>\$ 4,572,424</u>                      |                    |                | <u>\$ 4,492,389</u>                 |                    |                | <u>\$ 4,407,322</u>                      |                    |                |
| Liabilities and shareholders' equity          |                                          |                    |                |                                     |                    |                |                                          |                    |                |
| Interest-bearing                              |                                          |                    |                |                                     |                    |                |                                          |                    |                |
| Demand deposits                               | \$ 949,348                               | 206                | 0.09%          | \$ 936,482                          | 201                | 0.09%          | \$ 888,377                               | 111                | 0.05%          |
| Savings deposits                              | 1,365,249                                | 419                | 0.12%          | 1,353,132                           | 410                | 0.12%          | 1,357,359                                | 426                | 0.13%          |
| Time deposits                                 | 310,325                                  | 403                | 0.52%          | 321,515                             | 363                | 0.45%          | 340,709                                  | 338                | 0.40%          |
| Other borrowings                              | 65,234                                   | 149                | 0.91%          | 20,011                              | 13                 | 0.26%          | 18,951                                   | 2                  | 0.05%          |
| Trust preferred securities                    | 56,784                                   | 652                | 4.59%          | 56,736                              | 623                | 4.39%          | 56,584                                   | 562                | 3.97%          |
| Total interest-bearing liabilities            | 2,746,941                                | 1,829              | 0.27%          | 2,687,876                           | 1,610              | 0.24%          | 2,661,981                                | 1,439              | 0.22%          |
| Noninterest-bearing deposits                  | 1,253,261                                |                    |                | 1,240,390                           |                    |                | 1,198,302                                |                    |                |
| Other liabilities                             | 64,834                                   |                    |                | 66,898                              |                    |                | 66,464                                   |                    |                |
| Shareholders' equity                          | 507,389                                  |                    |                | 497,225                             |                    |                | 480,575                                  |                    |                |
| Total liabilities and shareholders'<br>equity | <u>\$ 4,572,424</u>                      |                    |                | <u>\$ 4,492,389</u>                 |                    |                | <u>\$ 4,407,322</u>                      |                    |                |
| Net interest rate spread                      |                                          |                    | 4.15%          |                                     |                    | 4.18%          |                                          |                    | 4.15%          |
| Net interest income/net interest margin (FTE) |                                          | 44,708             | 4.24%          |                                     | 44,059             | 4.26%          |                                          | 42,857             | 4.23%          |
| FTE adjustment                                |                                          | (624)              |                |                                     | (625)              |                |                                          | (587)              |                |
| Net interest income (not FTE)                 |                                          | <u>\$ 44,084</u>   |                |                                     | <u>\$ 43,434</u>   |                |                                          | <u>\$ 42,270</u>   |                |
| Purchase loan discount accretion effect:      |                                          |                    |                |                                     |                    |                |                                          |                    |                |
| Amount (included in interest income)          |                                          | \$1,364            |                |                                     | \$2,170            |                |                                          | \$2,229            |                |
| Effect on avg loan yield                      |                                          | 0.19%              |                |                                     | 0.31%              |                |                                          | 0.33%              |                |
| Effect on net interest margin                 |                                          | 0.13%              |                |                                     | 0.21%              |                |                                          | 0.22%              |                |
| Loan sale effect:                             |                                          |                    |                |                                     |                    |                |                                          |                    |                |
| Amount (included in interest income)          |                                          | -                  |                |                                     | -                  |                |                                          | \$488              |                |
| Effect on avg loan yield                      |                                          | 0.00%              |                |                                     | 0.00%              |                |                                          | 0.07%              |                |
| Effect on net interest margin                 |                                          | 0.00%              |                |                                     | 0.00%              |                |                                          | 0.05%              |                |

Net interest income (FTE) during the three months ended September 30, 2017 increased \$1,851,000 (4.3%) to \$44,708,000 compared to \$42,857,000 during the three months ended September 30, 2016. The increase in net interest income (FTE) was due primarily to increases in the average balance of loans and investments, and an increase in yield on investments – taxable, that were partially offset by a decrease in yield on loans and an increase in other borrowings compared to the three months ended September 30, 2016.

During the three months ended September 30, 2017, loan interest income increased \$1,499,000 (4.2%) to \$37,268,000. The increase in loan interest income was due to a \$208,990,000 (7.8%) increase in the average balance of loans that was partially offset by an 18 basis point decrease in the average yield on loans to 5.18% compared to 5.36% during the three months ended September 30, 2016. Included in loan interest income for the quarter ended September 30, 2017 was \$1,364,000 of purchased loan discount accretion. Included in loan interest income for the quarter ended September 30, 2016 was \$2,229,000 of purchased loan discount accretion, and

\$488,000 of interest income recovered upon the sale of certain nonperforming loans. During the three months ended September 30, 2017, investment interest income (FTE) increased \$725,000 (8.8%) from the year-ago quarter to \$8,977,000. The increase in investment interest income was due to a \$50,267,000 (4.2%) increase in the average balance of investments and a 12 basis point increase in the average investment yield to 2.87% compared to 2.75% in the year-ago quarter. The increase in loan and investment balances noted above was funded primarily by a \$93,436,000 (2.5%) increase in the average balance of total deposits, a \$100,215,000 (54.0%) decrease in the average balance of interest earning cash at banks, and a \$46,283,000 (244%) increase in other borrowings during the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Despite the 54.0% decrease in the average balance of interest earning cash at banks, interest income from cash at banks increased \$17,000 (6.2%) to \$292,000 due to a 78 basis point increase in the average yield on cash at banks to 1.37% during the three months ended September 30, 2017 compared to 0.59% during the three months ended September 30, 2016. While the average balance of total deposits grew \$93,435,000 (2.5%) from the three months ended September 30, 2016 to the three months ended September 30, 2017, the average balance of interest bearing deposits grew \$38,477,000 (1.5%), and the average rate paid on those interest bearing deposits increased 2 basis points to 0.16%. The \$46,283,000 increase in the average balance of other borrowings was due to the addition of borrowings from the FHLB, and resulted in an 86 basis point increase in the average rate paid on other borrowings during the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The average rate paid on junior subordinated debt increased 62 basis points to 4.59% during the three months ended September 30, 2017 compared to 3.97% during the three months ended September 30, 2016. The changes in the average balances of interest bearing assets and liabilities, and their respective yields and rates, from the three months ended September 30, 2016 to the three months ended September 30, 2017 is indicative of moderate to strong loan demand and loan origination capabilities of the Company from September 30, 2016 to September 30, 2017, and the increases in short-term interest rates during this time frame that did not result in significant increases in deposit rates or long-term fixed-rate loan rates. For more information related to loan interest income, including loan purchase discount accretion, see the *Supplemental Loan Interest Income Data* in the tables at the end of this announcement.

The table below that sets forth a summary of the changes in interest income and interest expense from changes in average asset and liability balances (volume) and changes in average interest yields and rates for each category of interest earning asset and interest paying liability for the periods indicated:

| Three months ended September 30, 2017<br>compared with three months ended September<br>30, 2016 |          |            |          |
|-------------------------------------------------------------------------------------------------|----------|------------|----------|
|                                                                                                 | Volume   | Yield/Rate | Total    |
| Increase (decrease) in interest income:                                                         |          |            |          |
| Loans                                                                                           | \$ 2,800 | \$ (1,301) | \$ 1,499 |
| Investments - taxable                                                                           | 256      | 369        | 625      |
| Investments - nontaxable                                                                        | 113      | (13)       | 100      |
| Federal funds sold                                                                              | (148)    | 165        | 17       |
| Total                                                                                           | 3,021    | (780)      | 2,241    |
| Increase (decrease) in interest expense:                                                        |          |            |          |
| Demand deposits (interest-bearing)                                                              | 8        | 87         | 95       |
| Savings deposits                                                                                | 3        | (10)       | (7)      |
| Time deposits                                                                                   | (30)     | 95         | 65       |
| Other borrowings                                                                                | 6        | 141        | 147      |
| Junior subordinated debt                                                                        | 2        | 88         | 90       |
| Total                                                                                           | (11)     | 401        | 390      |
| Increase (decrease) in net interest income                                                      | \$ 3,032 | \$ (1,181) | \$ 1,851 |

The Company recorded a provision for loan losses of \$765,000 during the three months ended September 30, 2017 compared to a reversal of provision for loan losses of \$3,973,000 during the three months ended September 30, 2016. The \$765,000 provision for loan losses during the three months ended September 30, 2017 was primarily due to an increase in nonperforming loans, and an increase in the concentration of nonowner-occupied commercial real estate secured loans that were partially offset by continued low historical loan loss experience, and stable to improving economic environmental factors. Nonperforming loans were \$21,955,000, or 0.75% of loans outstanding

as of September 30, 2017, and represented an increase from 0.73% of loans outstanding at December 31, 2016, and a decrease from 0.77% of loans outstanding as of September 30, 2016. Net loan charge-offs during the three months ended September 30, 2017 were \$161,000, and included \$187,000 of charge-offs related to purchased credit impaired (PCI-other) loans for which an allowance was previously provided. Excluding these PCI loan charge-offs, charge-offs for the three months ended September 30, 2017 would have been \$675,000, and charge-offs, net of recoveries, would have been a net recovery of \$26,000.

The following table presents the key components of noninterest income for the periods indicated:

| (dollars in thousands)                       | Three months ended<br>September 30, |          | \$ Change | % Change |
|----------------------------------------------|-------------------------------------|----------|-----------|----------|
|                                              | 2017                                | 2016     |           |          |
| Service charges on deposit accounts          | 4,160                               | 3,641    | \$519     | 14.3%    |
| ATM fees and interchange                     | 4,209                               | 3,851    | 358       | 9.3%     |
| Other service fees                           | 917                                 | 792      | 125       | 15.8%    |
| Mortgage banking service fees                | 514                                 | 537      | (23)      | (4.3%)   |
| Change in value of mortgage servicing rights | (325)                               | (799)    | 474       | (59.3%)  |
| Total service charges and fees               | 9,475                               | 8,022    | 1,453     | 18.1%    |
| Gain on sale of loans                        | 606                                 | 953      | (347)     | (36.4%)  |
| Commission on nondeposit investment products | 672                                 | 747      | (75)      | (10.0%)  |
| Increase in cash value of life insurance     | 732                                 | 709      | 23        | 3.2%     |
| Gain on sale of investment securities        | 961                                 | -        | 961       |          |
| Change in indemnification asset              | -                                   | (10)     | 10        | (100.0%) |
| Gain on sale of foreclosed assets            | 37                                  | 69       | (32)      | (46.4%)  |
| Other noninterest income                     | 447                                 | 576      | (129)     | (22.4%)  |
| Total other noninterest income               | 3,455                               | 3,044    | 411       | 13.5%    |
| Total noninterest income                     | \$12,930                            | \$11,066 | \$1,864   | 16.8%    |

Noninterest income increased \$1,864,000 (16.8%) to \$12,930,000 during the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The increase in noninterest income was due primarily to a \$519,000 (14.3%) increase in service charges on deposit accounts, a \$358,000 (9.3%) increase in ATM fees and interchange income, a \$474,000 improvement in change in value of mortgage servicing rights, and a \$961,000 gain on sale of investment securities that were partially offset by a \$347,000 decrease in gain on sale of loans. The \$519,000 increase in service charges on deposit accounts was due primarily to increased fee generation from both consumer and business checking customers. The \$358,000 increase in ATM fees and interchange revenue was due primarily to the Company's continued focus in this area, and growth in electronic payments volume. The \$474,000 improvement in change in value of mortgage servicing rights (MSRs) was due primarily to an increase in the discount rate used by investors to calculate the present value of future servicing fee income that caused the fair value of the servicing asset to decrease during the three months ended September 30, 2016 while no similar discount rate increase occurred during the three months ended September 30, 2017. The \$347,000 decrease in gain on sale of loans was due primarily to decreased residential mortgage refinance activity compared to the year-ago quarter.

The following table presents the key components of the Company's noninterest expense for the periods indicated:

| (dollars in thousands)                                                             | Three months ended<br>September 30, |          | \$ Change | % Change |
|------------------------------------------------------------------------------------|-------------------------------------|----------|-----------|----------|
|                                                                                    | 2017                                | 2016     |           |          |
| Base salaries, overtime and temporary help, net of deferred loan origination costs | 13,600                              | 13,419   | \$181     | 1.3%     |
| Commissions and incentives                                                         | 2,609                               | 2,798    | (189)     | (6.8%)   |
| Employee benefits                                                                  | 4,724                               | 4,643    | 81        | 1.7%     |
| Total salaries and benefits expense                                                | 20,933                              | 20,860   | 73        | 0.3%     |
| Occupancy                                                                          | 2,799                               | 2,667    | 132       | 4.9%     |
| Equipment                                                                          | 1,816                               | 1,607    | 209       | 13.0%    |
| Provision for losses unfunded                                                      | 390                                 | 25       | 365       | 1460.0%  |
| Data processing and software                                                       | 2,495                               | 2,068    | 427       | 20.6%    |
| Telecommunications                                                                 | 716                                 | 702      | 14        | 2.0%     |
| ATM & POS network charges                                                          | 1,425                               | 1,915    | (490)     | (25.6%)  |
| Professional fees                                                                  | 901                                 | 1,018    | (117)     | (11.5%)  |
| Advertising and marketing                                                          | 1,039                               | 1,049    | (10)      | (1.0%)   |
| Postage                                                                            | 325                                 | 381      | (56)      | (14.7%)  |
| Courier service                                                                    | 235                                 | 280      | (45)      | (16.1%)  |
| Intangible amortization                                                            | 339                                 | 359      | (20)      | (5.6%)   |
| Operational losses                                                                 | 301                                 | 497      | (196)     | (39.4%)  |
| Provision for OREO losses                                                          | 134                                 | 8        | 126       | 1575.0%  |
| OREO Expense                                                                       | 41                                  | 37       | 4         | 10.8%    |
| Assessments                                                                        | 427                                 | 654      | (227)     | (34.7%)  |
| Other                                                                              | 2,906                               | 3,289    | (383)     | (11.6%)  |
| Total other noninterest expense                                                    | 16,289                              | 16,556   | (267)     | (1.6%)   |
| Total noninterest expense                                                          | \$37,222                            | \$37,416 | (\$194)   | (0.5%)   |
| Average full time equivalent employees                                             | 993                                 | 1,022    | (29)      | (2.8%)   |

Salary and benefit expenses increased \$73,000 (0.3%) to \$20,933,000 during the three months ended September 30, 2017 compared to \$20,860,000 during the three months ended September 30, 2016. Base salaries, net of deferred loan origination costs increased \$181,000 (1.3%) to 13,600,000. The increase in base salaries was due primarily to annual merit increases that were substantially offset by a 2.8% decrease in average full time equivalent employees to 993 from 1,022 in the year-ago quarter. Commissions and incentive compensation decreased \$189,000 (6.8%) to \$2,609,000 during the three months ended September 30, 2017 compared to the year-ago quarter due primarily to a decrease in commissions on loans. Benefits & other compensation expense increased \$81,000 (1.7%) to \$4,724,000 during the three months ended September 30, 2017 due primarily to increases in group medical and workers compensation insurance, and employee stock ownership plan (ESOP) expense.

Other noninterest expense decreased \$267,000 (1.6%) to \$16,289,000 during the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The decrease in other noninterest expense was due primarily to a \$490,000 decrease in ATM & POS network charges, a \$227,000 decrease in deposit insurance and other assessments, and a \$384,000 decrease in other noninterest expense that were partially offset by increases of \$427,000 in data processing and software expense, \$365,000 in change in reserve for unfunded commitments, and \$341,000 in occupancy and equipment expense. The \$490,000 decrease in ATM & POS network charges was due to nonrecurring ATM & POS network charges that occurred during the third quarter of 2016 related to system enhancements. The \$227,000 decrease in assessments was due the lowering of FDIC deposit insurance rates during the third quarter of 2016. The \$384,000 decrease in other noninterest expense was due to a \$716,000 valuation allowance expense taken during the third quarter of 2016 on a closed branch building that was also sold during the third quarter of 2016 without further loss or gain. The \$365,000 increase in change in reserve for unfunded commitments was due primarily to a larger increase in unfunded loan commitments during the three months ended September 30, 2017, compared to the three months ended September 30, 2016. The \$341,000 increase in occupancy and equipment expense was due primarily to increased depreciation expense on equipment and maintenance and repair expense on facilities and equipment.

The effective combined Federal and State income tax rate on income was 37.5% and 38.7% for the three months ended September 30, 2017 and 2016, respectively. The effective combined Federal and State income tax rate was greater than the Federal statutory tax rate of 35.0% due to State income tax expense of \$2,010,000 and \$2,123,000, respectively, in these periods that were partially offset by the effects of tax-exempt income of \$1,041,000 and \$978,000, respectively, from investment securities, \$732,000 and \$709,000, respectively, from increase in cash value of life insurance, low-income housing tax credits of \$94,000 and \$62,000, respectively, and \$150,000 and \$0, respectively, of equity compensation excess tax benefits. The low income housing tax credits and the equity compensation excess tax benefits represent direct reductions in tax expense. These offsetting items helped to reduce the effective combined Federal and State income tax rate from the combined Federal and State statutory income tax rate of approximately 42.0%.

President and CEO of the Company commented, "Our bank enjoyed a solid quarter of performance. We continue to see strong loan growth which contributed to higher levels of net interest income during the quarter. Loan balances grew by \$105 million or 3.7% during the quarter. Service charges and fees also increased significantly over 3<sup>rd</sup> quarter 2016 results from \$8.022 million to \$9.475 or 18.1%. Improvements in service charge and fee income are largely a result of our new deposit product lineup that was implemented during the first quarter of 2017. Notably, our deposits costs are largely unchanged over the past year. In addition, our total noninterest expenses decreased \$194,000 or 0.5% compared to September 30, 2016."

Smith added, "Due to the recent firestorms throughout Northern California many people have expressed their support and concerns. Thank you! Currently, all of our branches are open and operating with full staffing levels. We will be there to help our communities as they recover from these devastating fires. Our Santa Rosa community was hardest hit by the fires and many homes have been destroyed. We expect a significant need for banking services in the Santa Rosa area in the years ahead."

In addition to the historical information contained herein, this press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to various uncertainties and risks that could affect their outcome. The Company's actual results could differ materially. 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, competitive effects, fee and other noninterest income earned, the outcome of litigation, 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, 2016. 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. The Company does not intend to update any of the forward-looking statements after the date of this release.

Established in 1975, Tri Counties Bank is a wholly-owned subsidiary of TriCo Bancshares (NASDAQ: TCBK) headquartered in Chico, California, providing a unique brand of customer **Service with Solutions** available in traditional stand-alone and in-store bank branches in communities throughout Northern and Central California. Tri Counties Bank provides an extensive and competitive breadth of consumer, small business and commercial banking financial services, along with convenient around-the-clock ATM, online and mobile banking access. Brokerage services are provided by the Bank's investment services through affiliation with Raymond James Financial Services, Inc. Visit [www.TriCountiesBank.com](http://www.TriCountiesBank.com) to learn more.

# TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA

(Unaudited. Dollars in thousands, except share data)

|                                                                | Three months ended    |                  |                   |                      |                       |
|----------------------------------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
|                                                                | September 30,<br>2017 | June 30,<br>2017 | March 31,<br>2017 | December 31,<br>2016 | September 30,<br>2016 |
| <b>Statement of Income Data</b>                                |                       |                  |                   |                      |                       |
| Interest income                                                | \$45,913              | \$45,044         | \$43,484          | \$44,615             | \$43,709              |
| Interest expense                                               | 1,829                 | 1,610            | 1,491             | 1,460                | 1,439                 |
| Net interest income                                            | 44,084                | 43,434           | 41,993            | 43,155               | 42,270                |
| Provision (benefit from reversal of provision) for loan losses | 765                   | (796)            | (1,557)           | (1,433)              | (3,973)               |
| Noninterest income:                                            |                       |                  |                   |                      |                       |
| Service charges and fees                                       | 9,475                 | 9,479            | 8,907             | 9,800                | 8,022                 |
| Other income                                                   | 3,455                 | 3,431            | 2,796             | 2,662                | 3,044                 |
| Total noninterest income                                       | 12,930                | 12,910           | 11,703            | 12,462               | 11,066                |
| Noninterest expense:                                           |                       |                  |                   |                      |                       |
| Base salaries net of deferred loan origination costs           | 13,600                | 13,657           | 13,390            | 14,074               | 13,419                |
| Incentive compensation expense                                 | 2,609                 | 2,173            | 2,198             | 1,864                | 2,798                 |
| Employee benefits and other compensation expense               | 4,724                 | 4,664            | 5,305             | 4,616                | 4,644                 |
| Total salaries and benefits expense                            | 20,933                | 20,494           | 20,893            | 20,554               | 20,860                |
| Other noninterest expense                                      | 16,289                | 15,410           | 14,929            | 16,009               | 16,556                |
| Total noninterest expense                                      | 37,222                | 35,904           | 35,822            | 36,563               | 37,416                |
| Income before taxes                                            | 19,027                | 21,236           | 19,431            | 20,487               | 19,893                |
| Net income                                                     | \$11,897              | \$13,589         | \$12,079          | \$12,533             | \$12,199              |
| <b>Share Data</b>                                              |                       |                  |                   |                      |                       |
| Basic earnings per share                                       | \$0.52                | \$0.59           | \$0.53            | \$0.55               | \$0.53                |
| Diluted earnings per share                                     | \$0.51                | \$0.58           | \$0.52            | \$0.54               | \$0.53                |
| Book value per common share                                    | \$22.09               | \$21.76          | \$21.28           | \$20.87              | \$21.11               |
| Tangible book value per common share                           | \$19.04               | \$18.70          | \$18.20           | \$17.77              | \$17.99               |
| Shares outstanding                                             | 22,941,464            | 22,925,069       | 22,873,305        | 22,867,802           | 22,827,277            |
| Weighted average shares                                        | 22,931,855            | 22,899,600       | 22,870,467        | 22,845,623           | 22,824,868            |
| Weighted average diluted shares                                | 23,244,235            | 23,240,112       | 23,231,778        | 23,115,708           | 23,098,534            |
| <b>Credit Quality</b>                                          |                       |                  |                   |                      |                       |
| Nonperforming originated loans                                 | \$11,689              | \$10,581         | \$13,234          | \$12,894             | \$13,083              |
| Total nonperforming loans                                      | 21,955                | 17,429           | 19,511            | 20,128               | 20,952                |
| Foreclosed assets, net of allowance                            | 3,071                 | 3,489            | 3,529             | 3,986                | 4,124                 |
| Loans charged-off                                              | 862                   | 2,512            | 409               | 635                  | 664                   |
| Loans recovered                                                | \$701                 | \$434            | \$480             | \$1,087              | \$2,612               |
| <b>Selected Financial Ratios</b>                               |                       |                  |                   |                      |                       |
| Return on average total assets                                 | 1.04%                 | 1.21%            | 1.08%             | 1.13%                | 1.11%                 |
| Return on average equity                                       | 9.38%                 | 10.93%           | 9.97%             | 10.47%               | 10.15%                |
| Average yield on loans                                         | 5.18%                 | 5.23%            | 5.06%             | 5.38%                | 5.36%                 |
| Average yield on interest-earning assets                       | 4.42%                 | 4.42%            | 4.27%             | 4.42%                | 4.37%                 |
| Average rate on interest-bearing liabilities                   | 0.27%                 | 0.24%            | 0.22%             | 0.22%                | 0.22%                 |
| Net interest margin (fully tax-equivalent)                     | 4.24%                 | 4.26%            | 4.13%             | 4.28%                | 4.23%                 |
| <b>Supplemental Loan Interest Income Data:</b>                 |                       |                  |                   |                      |                       |
| Discount accretion PCI - cash basis loans                      | \$398                 | \$386            | \$112             | \$483                | \$777                 |
| Discount accretion PCI - other loans                           | 407                   | 797              | 631               | 658                  | 569                   |
| Discount accretion PNCI loans                                  | 559                   | 987              | 798               | 637                  | 883                   |
| All other loan interest income                                 | 35,904                | 34,248           | 33,373            | 34,463               | 33,540                |
| Total loan interest income                                     | \$37,268              | \$36,418         | \$34,914          | \$36,241             | \$35,769              |

# TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA

(Unaudited. Dollars in thousands)

|                                             | Three months ended    |                  |                   |                      |                       |
|---------------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
|                                             | September 30,<br>2017 | June 30,<br>2017 | March 31,<br>2017 | December 31,<br>2016 | September 30,<br>2016 |
| <b>Balance Sheet Data</b>                   |                       |                  |                   |                      |                       |
| Cash and due from banks                     | \$188,034             | \$167,649        | \$323,706         | \$305,612            | \$315,088             |
| Securities, available for sale              | 678,236               | 672,569          | 571,719           | 550,233              | 510,209               |
| Securities, held to maturity                | 536,567               | 559,518          | 580,137           | 602,536              | 641,149               |
| Restricted equity securities                | 16,956                | 16,956           | 16,956            | 16,956               | 16,956                |
| Loans held for sale                         | 2,733                 | 2,537            | 1,176             | 2,998                | 7,777                 |
| Loans:                                      |                       |                  |                   |                      |                       |
| Commercial loans                            | 227,479               | 225,743          | 212,685           | 217,047              | 217,110               |
| Consumer loans                              | 361,320               | 360,782          | 357,593           | 366,111              | 381,250               |
| Real estate mortgage loans                  | 2,194,874             | 2,106,567        | 2,066,372         | 2,054,016            | 1,994,679             |
| Real estate construction loans              | 147,940               | 133,301          | 124,542           | 122,419              | 119,187               |
| Total loans, gross                          | 2,931,613             | 2,826,393        | 2,761,192         | 2,759,593            | 2,712,226             |
| Allowance for loan losses                   | (28,747)              | (28,143)         | (31,017)          | (32,503)             | (33,484)              |
| Foreclosed assets                           | 3,071                 | 3,489            | 3,529             | 3,986                | 4,124                 |
| Premises and equipment                      | 54,995                | 51,558           | 49,508            | 48,406               | 49,448                |
| Cash value of life insurance                | 97,142                | 96,410           | 95,783            | 95,912               | 95,281                |
| Goodwill                                    | 64,311                | 64,311           | 64,311            | 64,311               | 64,311                |
| Other intangible assets                     | 5,513                 | 5,852            | 6,204             | 6,563                | 6,923                 |
| Mortgage servicing rights                   | 6,419                 | 6,596            | 6,860             | 6,595                | 6,208                 |
| Accrued interest receivable                 | 12,656                | 11,605           | 11,236            | 12,027               | 10,819                |
| Other assets                                | 86,936                | 62,635           | 66,654            | 74,743               | 60,096                |
| Total assets                                | \$4,656,435           | \$4,519,935      | \$4,527,954       | \$4,517,968          | \$4,467,131           |
| Deposits:                                   |                       |                  |                   |                      |                       |
| Noninterest-bearing demand deposits         | \$1,283,949           | \$1,261,355      | \$1,254,431       | \$1,275,745          | \$1,221,503           |
| Interest-bearing demand deposits            | 965,480               | 956,690          | 947,006           | 887,625              | 910,638               |
| Savings deposits                            | 1,367,597             | 1,346,016        | 1,370,015         | 1,397,036            | 1,366,892             |
| Time certificates                           | 310,430               | 314,361          | 327,432           | 335,154              | 336,979               |
| Total deposits                              | 3,927,456             | 3,878,422        | 3,898,884         | 3,895,560            | 3,836,012             |
| Accrued interest payable                    | 867                   | 781              | 770               | 818                  | 774                   |
| Reserve for unfunded commitments            | 2,989                 | 2,599            | 2,734             | 2,719                | 2,908                 |
| Other liabilities                           | 62,850                | 59,868           | 66,938            | 67,364               | 69,695                |
| Other borrowings                            | 98,730                | 22,560           | 15,197            | 17,493               | 19,235                |
| Junior subordinated debt                    | 56,810                | 56,761           | 56,713            | 56,667               | 56,617                |
| Total liabilities                           | \$4,149,702           | \$4,020,991      | \$4,041,236       | \$4,040,621          | \$3,985,241           |
| Total shareholders' equity                  | \$506,733             | \$498,944        | \$486,718         | \$477,347            | \$481,890             |
| Accumulated other comprehensive gain (loss) | (4,612)               | (4,501)          | (7,402)           | (7,913)              | 4,953                 |
| Average loans                               | \$2,878,944           | \$2,783,686      | \$2,758,544       | \$2,695,743          | \$2,669,954           |
| Average interest-earning assets             | 4,214,488             | 4,135,021        | 4,130,469         | 4,094,011            | 4,055,446             |
| Average total assets                        | 4,572,424             | 4,492,389        | 4,493,657         | 4,445,310            | 4,407,322             |
| Average deposits                            | 3,878,183             | 3,851,519        | 3,862,793         | 3,820,773            | 3,784,748             |
| Average total equity                        | 507,389               | 497,225          | 484,811           | 478,993              | 480,575               |
| Total risk based capital ratio              | 14.4%                 | 14.8%            | 15.0%             | 14.8%                | 14.8%                 |
| Tier 1 capital ratio                        | 13.6%                 | 13.9%            | 14.0%             | 13.7%                | 13.7%                 |
| Tier 1 common equity ratio                  | 12.1%                 | 12.3%            | 12.4%             | 12.2%                | 12.1%                 |
| Tier 1 leverage ratio                       | 11.0%                 | 11.0%            | 10.8%             | 10.6%                | 10.6%                 |
| Tangible capital ratio                      | 9.5%                  | 9.6%             | 9.3%              | 9.1%                 | 9.3%                  |

During the three months ended September 30, 2017, the Company changed its classification of 1<sup>st</sup> and 2<sup>nd</sup> lien non-owner occupied 1-4 residential real estate mortgage loans from commercial real estate mortgage loans to residential real estate mortgage loans and consumer home equity loans, respectively. This change in loan category classification was made to better align the Company's financial reporting classifications with regulatory reporting classifications, and to properly classify these loans for regulatory risk-based capital ratio calculations. As a result of these reclassifications, at September 30, 2017, loans with balances of \$60,957,000, and \$5,620,000, that would have been classified as commercial real estate mortgage loans prior to this change, were classified as residential real estate mortgage loans, and consumer home equity loans, respectively; and the Company's Total risk based capital ratio, Tier 1 capital ratio, and Tier 1 common equity ratio were all recalculated to be 0.10%-0.20% higher than they would have been prior to this change. Similar loan reclassifications, and related regulatory capital ratio recalculations, have been retroactively applied to amounts reported in previous periods and reflected in the table above. These reclassifications did not affect previously reported net income or total shareholders' equity.

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