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TRICO BANCSHARES /
Form 8-K
July 30, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

July 26, 2007

TriCo Bancshares
(Exact name of registrant as specified in its charter)

| | | |
|---|--------------------------------|--|
| California | 0-10661 | 94-2792841 |
| ----- (State or other jurisdiction of incorporation or organization) | ----- (Commission File No.) | ----- (I.R.S. Employer Identification No.) |

63 Constitution Drive, Chico, California 95973

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (530) 898-0300

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17
CFR 230.425)
- Soliciting material pursuant to rule 14a-12 under the Exchange Act (17
CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))

Item 2.02: Results of Operations and Financial Condition

On July 26, 2007 TriCo Bancshares announced its quarterly earnings for the
period ended June 30, 2007. A copy of the press release is attached as Exhibit
99.1 to this Form 8-K and is incorporated herein by reference.

Item 9.01: Exhibits

(c) Exhibits

99.1 Press release dated July 26, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRICO BANCSHARES

Date: July 30, 2007

By: /s/ Thomas J. Reddish

Thomas J. Reddish, Executive Vice
President and Chief Financial Officer
(Principal Financial and Accounting
Officer)

INDEX TO EXHIBITS

| Exhibit No. | Description |
|-------------|-----------------------------------|
| ----- | ----- |
| 99.1 | Press release dated July 26, 2007 |

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. - (July 26, 2007) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,755,000 for the quarter ended June 30, 2007. This represents a 3.0% increase when compared with earnings of \$6,557,000 for the quarter ended June 30, 2006. Diluted earnings per share for the quarter ended June 30, 2007 increased 2.5% to \$0.41 from \$0.40 for the quarter ended June 30, 2006. Total assets of the Company increased \$15,871,000 (0.9%) to \$1,887,027,000 at June 30, 2007 from \$1,871,156,000 at June 30, 2006. Total loans of the Company increased \$51,620,000 (3.6%) to \$1,507,628,000 at June 30, 2007 from \$1,456,008,000 at June 30, 2006. Total deposits of the Company decreased \$3,561,000 (0.2%) to \$1,510,879,000 at June 30, 2007 from \$1,514,440,000 at June 30, 2006. Diluted earnings per share for the six months ended June 30, 2007 and 2006 were \$0.80 and \$0.80, respectively, on earnings of \$13,199,000 and \$13,092,000, respectively.

The improvement in results from the year-ago quarter was due to a \$950,000 (4.4%) increase in fully tax-equivalent (FTE) net interest income to \$22,308,000, a \$54,000 (9.7%) decrease in the provision for loan losses to \$500,000, and a \$498,000 (7.6%) increase in noninterest income to \$7,029,000. These contributing factors were partially offset by a \$1,167,000 (7.2%) increase in noninterest expense to \$17,443,000 for the quarter ended June 30, 2007.

The increase in net interest income (FTE) was due to a \$21,915,000 (1.3%) increase in average balances of interest-earning assets to \$1,698,620,000 and a

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0.15% increase in net interest margin (FTE) to 5.25%. This increase in net interest margin was mainly due to an 0.16% increase in the impact of net noninterest-bearing funds from the year-ago three month period that was partially offset by a 0.01% decrease in net interest spread as the average yield on interest-earning assets increased 0.51% while the average rate paid on interest-bearing liabilities increased 0.52% from the year-ago three month period.

The Company provided \$500,000 for loan losses in the second quarter of 2007 versus \$554,000 in the second quarter of 2006. During the second quarter of 2007, the Company recorded \$396,000 of net loan charge offs versus \$305,000 of net loan charge-offs in the year earlier quarter. The \$396,000 of net loan charge-offs during the second quarter of 2007 represented 0.11% of average loan balances on an annualized basis. At June 30, 2007, the combination of the Company's allowance for loan losses (\$16,999,000) and reserve for unfunded commitments (\$2,040,000) represented 143% of non-performing loans net of government agency guarantees (\$13,360,000). The \$13,360,000 of non-performing loans net of government guarantees at June 30, 2007 represents an increase of \$7,369,000 from the \$5,991,000 balance of such loans at March 31, 2007. \$7,175,000 of the \$7,369,000 increase was related to two residential real estate construction loans to a single borrower that matured, were well secured and in the process of refinance at June 30, 2007 with an entity other than the Company. The loans were paid off in-full on July 26, 2007.

The increase in noninterest income from the year-ago quarter was mainly due to a \$152,000 (4.1%) increase in service charges on deposit accounts to \$3,858,000, a \$150,000 (16.7%) increase in ATM fees and interchange to \$1,046,000, and a \$115,000 improvement in change in value of mortgage servicing rights to \$73,000. The increase in service charges on deposit accounts was primarily due to growth in customer count. The increase in ATM fees and interchange was due to growth in customer count and expansion of ATM network as part of new branch openings. The improvement in change in value of mortgage servicing rights is 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.

Noninterest expense for the second quarter of 2007 increased \$1,167,000 (7.2%) compared to the second quarter of 2006. Salaries and benefits expense increased \$1,001,000 (11.6%) to \$9,619,000, mainly due to annual salary increases, and a 1.5% increase in average full time equivalent staff made up primarily of new employees at the Company's recently opened branches. Other categories of noninterest expense such as equipment, occupancy and ATM network charges also increased, in part, due to these newly opened branches. Intangible amortization decreased \$228,000 (65%) to \$122,000 during the second quarter of 2007 as the core deposit intangible related to the purchase of several branches in 1997 became fully amortized in the fourth quarter of 2006.

As of June 30, 2007, the Company had repurchased 394,371 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 105,629 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We are pleased with our results for the second quarter of 2007 as TriCo realized a small improvement over the second quarter of 2006 results and a nicer improvement over the first quarter of 2007 results. We continue to believe that the slowdown in real estate value appreciation and real estate activity in general is affecting both wholesale and retail banking growth rates. However, we are optimistic about the prospects of our Company as we continue to add customers and expand our franchise in a profitable manner despite the challenging interest rate

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environment and competitive pressures."

In addition to the historical information contained herein, this press release contains certain forward-looking statements. The reader of this press release should understand that all such forward-looking statements are subject to various uncertainties and risks that could affect their outcome. The Company's actual results could differ materially from those suggested by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, variances in the actual versus projected growth in assets, return on assets, loan losses, expenses, rates charged on loans and earned on securities investments, rates paid on deposits, competition effects, fee and other noninterest income earned as well as other factors. This entire press release should be read to put such forward-looking statements in context and to gain a more complete understanding of the uncertainties and risks involved in the Company's business.

TriCo Bancshares and Tri Counties Bank are headquartered in Chico, California. Tri Counties Bank has a 31-year history in the banking industry. Tri Counties Bank operates 32 traditional branch locations and 23 in-store branch locations in 22 California counties. Tri Counties Bank offers financial services and provides a diversified line of products and services to consumers and businesses, which include demand, savings and time deposits, consumer finance, online banking, mortgage lending, and commercial banking throughout its market area. It operates a network of 62 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 FINA
(Unaudited. Dollars in thousands, except
Three months end

| | June 30, 2007 | March 31, 2007 | December 31, 2006 |
|--|------------------|-------------------|----------------------|
| <hr style="border-top: 1px dashed black;"/> | | | |
| Statement of Income Data | | | |
| Interest income | \$31,986 | \$30,661 | \$31,545 |
| Interest expense | 9,895 | 9,216 | 9,821 |
| Net interest income | 22,091 | 21,445 | 21,724 |
| Provision for loan losses | 500 | 482 | - |
| Noninterest income: | | | |
| Service charges and fees | 5,375 | 5,061 | 4,940 |
| Other income | 1,654 | 1,539 | 1,687 |
| Total noninterest income | 7,029 | 6,600 | 6,627 |
| Noninterest expense: | | | |
| Salaries and benefits | 9,619 | 9,742 | 9,405 |
| Intangible amortization | 122 | 123 | 350 |
| Provision for losses - unfunded commitments | 74 | 117 | - |
| Other expense | 7,628 | 6,978 | 7,247 |
| Total noninterest expense | 17,443 | 16,960 | 17,002 |
| Income before taxes | 11,177 | 10,603 | 11,349 |
| Net income | \$6,755 | \$6,444 | \$6,918 |
| Share Data | | | |
| Basic earnings per share | \$0.42 | \$0.41 | \$0.44 |
| Diluted earnings per share | 0.41 | 0.39 | 0.42 |

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| | | | |
|--|------------|------------|------------|
| Book value per common share | 11.22 | 10.96 | 10.69 |
| Tangible book value per common share | \$10.16 | \$9.89 | \$9.60 |
| Shares outstanding | 15,917,291 | 15,910,291 | 15,857,207 |
| Weighted average shares | 15,916,313 | 15,878,929 | 15,857,166 |
| Weighted average diluted shares | 16,463,389 | 16,415,845 | 16,396,320 |
| Credit Quality | | | |
| Non-performing loans, net of | | | |
| government agency guarantees | \$13,360 | \$5,991 | \$4,512 |
| Other real estate owned | 187 | 187 | - |
| Loans charged-off | 751 | 739 | 498 |
| Loans recovered | \$355 | \$238 | \$419 |
| Allowance for losses to total loans(1) | 1.26% | 1.26% | 1.24% |
| Allowance for losses to NPLs(1) | 143% | 315% | 416% |
| Allowance for losses to NPAs(1) | 141% | 305% | 416% |
| Selected Financial Ratios | | | |
| Return on average total assets | 1.44% | 1.38% | 1.46% |
| Return on average equity | 15.11% | 14.79% | 16.23% |
| Average yield on loans | 7.93% | 7.63% | 7.81% |
| Average yield on interest-earning assets | 7.58% | 7.30% | 7.43% |
| Average rate on interest-bearing liabilities | 3.02% | 2.85% | 2.97% |
| Net interest margin (fully tax-equivalent) | 5.25% | 5.12% | 5.13% |
| Total risk based capital ratio | 11.8% | 11.8% | 11.3% |
| Tier 1 Capital ratio | 10.8% | 10.8% | 10.3% |

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

TRICO BANCSHARES - CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited. Dollars in thousands)
Three months ended

| | June 30, 2007 | March 31, 2007 | December 31, 2006 |
|-------------------------------------|------------------|-------------------|----------------------|
| Balance Sheet Data | | | |
| Cash and due from banks | \$93,636 | \$75,263 | \$102,220 |
| Federal funds sold | 1,715 | - | 794 |
| Securities, available-for-sale | 175,891 | 188,478 | 198,361 |
| Federal Home Loan Bank Stock | 8,543 | 8,442 | 8,320 |
| Loans | | | |
| Commercial loans | 159,822 | 142,083 | 153,105 |
| Consumer loans | 526,575 | 516,550 | 525,513 |
| Real estate mortgage loans | 687,744 | 687,088 | 679,661 |
| Real estate construction loans | 133,487 | 149,893 | 151,600 |
| Total loans, gross | 1,507,628 | 1,495,614 | 1,509,879 |
| Allowance for loan losses | (16,999) | (16,895) | (16,914) |
| Premises and equipment | 20,891 | 20,924 | 21,830 |
| Cash value of life insurance | 44,346 | 43,941 | 43,536 |
| Goodwill | 15,519 | 15,519 | 15,519 |
| Intangible assets | 1,421 | 1,543 | 1,666 |
| Other assets | 34,436 | 33,492 | 34,755 |
| Total assets | 1,887,027 | 1,866,321 | 1,919,966 |
| Deposits | | | |
| Noninterest-bearing demand deposits | 366,321 | 364,401 | 420,025 |
| Interest-bearing demand deposits | 226,591 | 235,497 | 230,671 |
| Savings deposits | 387,422 | 381,069 | 374,605 |

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| | | | |
|---|-----------|-----------|-----------|
| Time certificates | 530,545 | 555,882 | 573,848 |
| Total deposits | 1,510,879 | 1,536,849 | 1,599,149 |
| Federal funds purchased | 80,500 | 38,000 | 38,000 |
| Reserve for unfunded commitments | 2,040 | 1,966 | 1,849 |
| Other liabilities | 28,878 | 32,524 | 30,383 |
| Other borrowings | 44,892 | 41,347 | 39,911 |
| Junior subordinated debt | 41,238 | 41,238 | 41,238 |
| Total liabilities | 1,708,427 | 1,691,924 | 1,750,530 |
| Total shareholders' equity | 178,600 | 174,397 | 169,436 |
| Accumulated other comprehensive loss | (4,779) | (3,988) | (4,521) |
| Average loans | 1,506,913 | 1,490,055 | 1,498,040 |
| Average interest-earning assets | 1,698,620 | 1,692,574 | 1,711,743 |
| Average total assets | 1,871,260 | 1,865,448 | 1,890,765 |
| Average deposits | 1,500,733 | 1,534,473 | 1,550,979 |
| Average total equity | \$178,836 | \$174,262 | \$170,518 |