TRICO BANCSHARES /
Form 8-K
February 02, 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):

January 31, 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 January 31, 2007 TriCo Bancshares announced its quarterly earnings for the period ended December 31, 2006. 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 January 31, 2007

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: February 2, 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 January 31, 2007

PRESS RELEASE
For Immediate Release

Contact: Thomas J. Reddish
Executive Vice President & CFO
(530) 898-0300

TRICO BANCSHARES ANNOUNCES RECORD ANNUAL AND QUARTERLY EARNINGS FOR THE PERIODS ENDED DECEMBER 31, 2006

CHICO, Calif. - (January 31, 2007) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced record annual earnings of $26,830,000 for the year ended December 31, 2006. This represents a 13.4% increase when compared with earnings of $23,671,000 for the year ended December 31, 2005. Diluted earnings per share for the year ended December 31, 2006 increased 13.1% to $1.64 from $1.45 for the year ended December 31, 2005. Total assets of the Company increased $79 million (4.3%) to $1.920 billion at December 31, 2006 versus $1.841 billion at December 31, 2005. Total loans of the Company increased $125 million (9.0%) to $1.510 billion at December 31, 2006 versus $1.385 billion at December 31, 2005. Total deposits of the Company increased $102 million (6.8%) to $1.599 billion at December 31, 2006 versus $1.497 billion at December 31, 2005.

Net income for the quarter ended December 31, 2006 increased 2.7% to $6,918,000 from $6,734,000 in the quarter ended December 31, 2005. Diluted earnings per share increased 2.4% to $0.42 in the quarter ended December 31, 2006 from $0.41 in the quarter ended December 31, 2005.

The increase in earnings for the quarter ended December 31, 2006 over the year-ago quarter was due to a $948,000 (4.6%) increase in net interest income to $21,724,000, and a $561,000 (100%) decrease in provision for loan losses to $0, which were partially offset by a $1,202,000 (7.6%) increase in noninterest expense to $17,002,000 from the year-ago quarter. Noninterest income for the quarter ended December 31, 2006 increased $5,000 (0.1%) to $6,627,000 from the year-ago quarter.

The increase in net interest income was due to the loan growth noted above, which was partially offset by a decrease in fully tax-equivalent net interest margin to 5.13% during the quarter ended December 31, 2006 versus 5.21% during the quarter ended December 31, 2005. The fully tax-equivalent net interest margin was 5.19% during the quarter ended September 30, 2006.

The $561,000 decrease in provision for loan loss from the quarter ended December 31, 2006 was mainly due to slower growth in loan balances during the quarter ended December 31, 2006 as credit quality of the loan portfolio remained high. Net loan charge-offs during the quarter ended December 31, 2006 were $79,000 compared to $131,000 in the year-ago quarter. Nonperforming loans, net of government agency guarantees, were $4,512,000 at December 31, 2006 compared to $2,961,000 and at December 31, 2005. The Company's allowance for losses, which consists of the allowance for loan losses and the reserve for unfunded commitments, was $18,763,000 or 1.24% of total loans outstanding and 416% of nonperforming loans at December 31, 2006 compared to $18,039,000 or 1.30% of total loans outstanding and 609% of nonperforming loans at December 31, 2005.

The $1,202,000 increase in noninterest expense during the quarter ended December 31, 2006 was mainly due to an $840,000 (9.8%) increase in salaries and benefits expense to $9,405,000 and a $497,000 (7.4%) increase in other noninterest expenses to $7,247,000. The increases in salaries and benefits expense was primarily the result of regular salary increases, the opening of branches in Roseville, Yuba City, Folsom, Antelope, Anderson, and Elk Grove in November 2005, January 2006, March 2006, May 2006, June 2006 and August 2006, respectively, and $110,000 of employee stock option expense. The increase in other noninterest expense was primarily due to inflation and the effect of the new branches noted above.

The increase in noninterest income was primarily due to a $150,000 (3.1%) increase in service charges and fees to $4,940,000 during the quarter ended December 31, 2006 from the quarter ended December 31, 2005. Other noninterest income decreased $145,000 (7.9%) to $1,687,000 due mainly to a $77,000 increase in income from cash value of life insurance to $544,000, offset by a $135,000 decrease in gain on sale of loans to $349,000 and a $98,000 decrease in commission on sale of nondeposit investment products to $417,000.

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

Richard Smith, President and Chief Executive Officer commented, "When we consider the fierce competition that currently exists for deposits, the fact that the current spread between short-term interest rates and long-term interest rates makes it harder for banks to be profitable, and the slowdown in real estate activity, we get a greater appreciation for the effort our team members put forth to achieve these record quarterly and annual results. We continue to believe these results reflect our ability to deliver, and our market's acceptance of, our values of service and convenience."

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 22 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 FINANCIAL DATA
(Unaudited. Dollars in thousands, except share data)

	Three months ended			
	December 31, 2006	September 30, 2006	June 30, 2006	
Statement of Income Data				
Interest income	$31,545	$31,421	$29,379	
Interest expense	9,821	9,576	8,275	
Net interest income	21,724	21,845	21,104	
Provision for loan losses	-	235	554	
Noninterest income:				
Service charges and fees	4,940	5,056	4,956	
Other income	1,687	1,593	1,575	
Total noninterest income	6,627	6,649	6,531	
Noninterest expense:				
Salaries and benefits	9,405	9,276	8,618	
Intangible amortization	350	350	350	
Provision for losses - unfunded commitments	-	-	36	
Other expense	7,247	7,400	7,272	
Total noninterest expense	17,002	17,026	16,276	
Income before taxes	11,349	11,233	10,805	
Net income	$6,918	$6,820	$6,557	
Share Data				
Basic earnings per share	$0.44	$0.43	$0.42	
Diluted earnings per share	0.42	0.42	0.40	
Book value per common share	10.69	10.41	9.96	
Tangible book value per common share	$9.60	$9.22	$8.75	
Shares outstanding	15,857,207	15,857,107	15,855,107	15
Weighted average shares	15,857,166	15,855,933	15,798,565	15
Weighted average diluted shares	16,396,320	16,365,858	16,388,855	16
Credit Quality				

Non-performing loans, net of government agency guarantees	$4,512	$4,523	$3,913
Other real estate owned	-	-	-
Loans charged-off	498	368	564
Loans recovered	$419	$233	$259
Allowance for losses to total loans(1)	1.24%	1.25%	1.29%
Allowance for losses to NPLs(1)	416%	417%	479%
Allowance for losses to NPAs(1)	416%	417%	479%
Selected Financial Ratios			
Return on average total assets	1.46%	1.45%	1.42%
Return on average equity	16.23%	16.64%	16.68%
Average yield on loans	7.81%	7.82%	7.44%
Average yield on interest-earning assets	7.43%	7.44%	7.07%
Average rate on interest-bearing liabilities	2.97%	2.86%	2.50%
Net interest margin (fully tax-equivalent)	5.13%	5.19%	5.10%
Total risk based capital ratio	11.3%	11.1%	11.1%
Tier 1 Capital ratio	10.3%	10.1%	10.1%

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

TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA
(Unaudited. Dollars in thousands, except share data)
Three months ended

	December 31, 2006	September 30, 2006	June 30, 2006	Marc 20
Balance Sheet Data				
Cash and due from banks	$102,220	$78,281	$84,663	$78,
Federal funds sold	794	1,387	526	
Securities, available-for-sale	198,361	209,886	221,828	244,
Federal Home Loan Bank Stock	8,320	8,206	8,103	7,
Loans				
Commercial loans	153,105	153,705	146,952	134,
Consumer loans	525,513	527,185	517,588	510,
Real estate mortgage loans	679,661	661,962	642,422	630,
Real estate construction loans	151,600	164,307	149,046	124,
Total loans, gross	1,509,879	1,507,159	1,456,008	1,400,
Allowance for loan losses	(16,914)	(16,993)	(16,893)	(16,
Premises and equipment	21,830	21,556	21,597	21,
Cash value of life insurance	43,536	42,991	42,571	42,
Goodwill	15,519	15,519	15,519	15,
Intangible assets	1,666	3,361	3,711	4,
Other assets	34,755	32,651	33,523	32,
Total assets	1,919,966	1,904,004	1,871,156	1,829,
Deposits				
Noninterest-bearing demand deposits	420,025	357,754	354,576	354,
Interest-bearing demand deposits	230,671	229,143	235,100	249,
Savings deposits	374,605	369,933	388,847	432,
Time certificates	573,848	568,344	535,917	491,
Total deposits	1,599,149	1,525,174	1,514,440	1,527,
Federal funds purchased	38,000	106,500	96,700	45,
Reserve for unfunded commitments	1,849	1,849	1,849	1,
Other liabilities	30,383	28,254	24,964	29,

Other borrowings	39,911	35,848	33,971	31,
Junior subordinated debt	41,238	41,238	41,238	41,
Total liabilities	1,750,530	1,738,863	1,713,162	1,676,
Total shareholders' equity	169,436	165,141	157,994	152,
Accumulated other comprehensive loss	(4,521)	(3,607)	(5,629)	(5,
Average loans	1,498,040	1,477,551	1,427,735	1,384,
Average interest-earning assets	1,711,743	1,701,166	1,676,705	1,646,
Average total assets	1,890,765	1,880,029	1,850,487	1,822,
Average deposits	1,550,979	1,501,630	1,497,571	1,498,
Average total equity	$170,518	$163,919	$157,232	$154,