TRICO BANCSHARES /
Form 8-K
February 04, 2009

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):

February 2, 2009

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 February 2, 2009 TriCo Bancshares announced its quarterly earnings for the period ended December 31, 2008. 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 February 2, 2009

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 3, 2009 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 February 2, 2009

PRESS RELEASE
For Immediate Release

Contact: Richard P. Smith
President & CEO (530) 898-0300

TRICO BANCSHARES ANNOUNCES ANNUAL AND QUARTERLY EARNINGS FOR THE PERIODS ENDED DECEMBER 31, 2008

CHICO, Calif. - (February 2, 2009) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced annual earnings of $16,798,000 for the year ended December 31, 2008. This represents a 34.6% decrease when compared with earnings of $25,693,000 for the year ended December 31, 2007. Diluted earnings per share for the year ended December 31, 2008 decreased 33.1% to $1.05 from $1.57 for the year ended December 31, 2007. Total assets of the Company increased $63 million (3.2%) to $2.043 billion at December 31, 2008 versus $1.980 billion at December 31, 2007. Total loans of the Company increased $39 million (2.5%) to $1.591 billion at December 31, 2008 versus $1.552 billion at December 31, 2007. Total deposits of the Company increased $124 million (8.0%) to $1.669 billion at December 31, 2008 versus $1.545 billion at December 31, 2007.

Net income for the quarter ended December 31, 2008 decreased $1,460,000 (25.6%) to $4,241,000 from $5,701,000 in the quarter ended December 31, 2007. Diluted earnings per share decreased 25.7% to $0.26 in the quarter ended December 31, 2008 from $0.35 in the quarter ended December 31, 2007.

The $1,460,000 decrease in earnings for the quarter ended December 31, 2008 over the year-ago quarter was due to a $4,100,000 (304%) increase in provision for loan losses and a decrease of $949,000 (13.3%) in noninterest income, that were partially offset by an increase of $1,305,000 (6.1%) in net interest income and a decrease of $1,019,000 (5.7%) in noninterest expense.

The $1,305,000 increase in net interest income to $22,615,000 was due to a $64 million (3.6%) increase in average balance of interest-earning assets and a 10 basis point increase in fully tax-equivalent net interest margin to 4.95% during the quarter ended December 31, 2008 versus 4.85% during the quarter ended December 31, 2007.

The provision for loan loss was $5,450,000 and $1,350,000 during the quarters ended December 31, 2008 and December 31, 2007, respectively. Net loan charge-offs were $2,448,000 during the quarter ended December 31, 2008 compared to $1,158,000 during the quarter ended December 31, 2007. The $2,448,000 of net loan charge-offs during the quarter ended December 31, 2008 were comprised of $1,140,000 of home equity lines of credit and loans, $378,000 of indirect auto loans, $330,0000 of residential mortgages, $189,000 of residential construction, $175,000 of small business loans, and $236,000 of other loans. The $1,158,000 of net loan charge-offs during the quarter ended December 31, 2007 were comprised of $436,000 of home equity lines of credit and loans, $556,000 of indirect auto loans, $84,000 of small business loans, and $82,000 of other loans. Nonperforming loans, net of government agency guarantees, were $27,525,000 at December 31, 2008 compared to $17,041,000 and $7,511,000 at September 30, 2008 and December 31, 2007, respectively. The increase in nonperforming loans during the quarter ended December 31, 2008 was mainly due to a single $5,683,000 real estate construction loan that was previously classified and substantially reserved that was deemed nonperforming during the most recent quarter due to continued downward pressure on residential real estate values and the unlikely near-term development of this single family residential development. In addition, approximately $1.6 million of agriculture loans, $1.1 million of Home equity lines of credit and $900,000 and residential 1st mortgages became nonperforming in the most recent quarter. The $1.6 million increase in agriculture nonperforming loans was due to a single loan that is well secured. At December 31, 2008, the Company's allowance for losses, which consists of the allowance for loan losses ($27,590,000) and the reserve for unfunded commitments ($2,565,000), was $30,155,000 or 1.90% of total loans outstanding and 110% of nonperforming loans at December 31, 2008 compared to $19,421,000 or 1.25% of total loans outstanding and 259% of nonperforming loans at December 31, 2007.

The $949,000 decrease in noninterest income was primarily due to an $853,000 decrease in change in value of mortgage servicing rights and a $351,000 decrease in service charges on deposit accounts that were partially offset by a $524,000 increase in increase in cash value of life insurance. The decrease in change in value of mortgage servicing rights is mainly due to recent decreases in mortgage rates, which in turn leads to higher anticipated mortgage refinances, which in turn lead to estimated shorter average lives of servicing assets and thus lower values for mortgage servicing rights. The decrease in service charges on deposit products is mainly due to lower returned item fees which appear to be due to general economic conditions and the effects of such on our customers' behavior. The increase in cash value of life insurance is based on returns on such life insurance polices as reported by the life insurance companies. The following table summarizes the components of noninterest income for the quarters ended December 31, 2008 and 2007 (dollars in thousands).

	Three months ended December 31,	
	2008	2007
Service charges on deposit accounts	$3,862	$4,213
ATM fees and interchange revenue	1,104	1,057
Other service fees	528	540
Change in value of mortgage servicing rights	(1,117)	(264)
Gain on sale of loans	212	238
Commissions on sale of nondeposit investment products	530	698

Increase in cash value of life insurance	754	230
Other noninterest income	292	402
Total noninterest income	$6,165	$7,114

The $1,019,000 decrease in noninterest expense during the quarter ended December 31, 2008 compared to the year-ago quarter was mainly due to an $850,000 decrease in change in reserve for unfunded commitments and a $315,000 decrease in the "other" category of other noninterest expense. The decrease in change in reserve for unfunded commitments is based on the Company's projection of reduced future usage of unfunded commitments and the associated reduced future losses. The decrease in the "other" category of other noninterest income is due to reduced business activity in many areas including home equity lending, travel and meals.

The following table summarizes the components of noninterest expense for the quarters ended December 31, 2008 and 2007 (dollars in thousands).

	Three months ended December 31,	
	2008	2007
Base salaries, net of deferred loan origination costs	$6,394	$6,504
Incentive compensation	794	873
Benefits and other compensation costs	2,368	2,353
Total salaries and benefits expense	$9,556	$9,730
Equipment and data processing	$1,597	$1,597
Occupancy	1,224	1,260
ATM network charges	552	468
Professional fees	552	299
Advertising and marketing	547	562
Operational losses	291	141
Assessments	287	83
Telecommunications	285	467
Courier service	273	356
Postage	248	314
Intangible amortization	135	122
Change in reserve for unfunded commitments	(800)	50
Other	1,985	2,302
Total other noninterest expense	$7,176	$8,021
Total noninterest expense	$16,732	$17,751
Average full time equivalent staff	630	645
Noninterest expense to revenue (FTE)	57.8%	62.6%

As of December 31, 2008, the Company has repurchased 166,600 shares of its common stock under its stock repurchase plan adopted on August 21, 2007, which left 333,400 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "Earnings for the fourth quarter of 2008 are reflective of the challenging economic conditions facing our bank and nation. We continue to remain focused upon the key measurements of banking success that we define as maintaining a strong capital position, building reserves for loans losses, maintaining ample liquidity, controlling our non-interest expenses and focusing on the needs of our customers. While our annual earnings per share this year are lower than in 2007, bank revenues were higher in 2008 than 2007. This strong revenue stream continues to provide the bank with the necessary earnings to successfully execute our banking strategies during these deep recessionary periods." Smith added, "At year end our bank achieved new milestones by exceeding $2 billion in total assets for the first time in our history. We also achieved record ending balances in total loans and deposits. Our strong, loyal and growing customer base continues to provide the impetus for future growth and expansion."

In addition to the historical information contained herein, this press release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The reader of this press release should understand that all such forward-looking statements are subject to various uncertainties and risks that could affect their outcome. The Company's actual results could differ materially from those suggested by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, variances in the actual versus projected growth in assets, return on assets, interest rate fluctuations, economic conditions in the Company's primary market area, demand for loans, regulatory and accounting changes, loan losses, expenses, rates charged on loans and earned on securities investments, rates paid on deposits, competition effects, fee and other noninterest income earned as well as other factors detailed in the Company's reports filed with the Securities and Exchange Commission which are incorporated herein by reference, including the Form 10-K for the year ended December 31, 2007. These reports and this entire press release should be read to put such forward-looking statements in context and to gain a more complete understanding of the uncertainties and risks involved in the Company's business. Any forward-looking statement may turn out to be wrong and cannot be guaranteed. The Company does not intend to update any of the forward-looking statements after the date of this release.

TriCo Bancshares and Tri Counties Bank are headquartered in Chico, California. Tri Counties Bank has a 33-year history in the banking industry. Tri Counties Bank operates 32 traditional branch locations and 25 in-store branch locations in 23 California counties. Tri Counties Bank offers financial services and provides a diversified line of products and services to consumers and businesses, which include demand, savings and time deposits, consumer finance, online banking, mortgage lending, and commercial banking throughout its market area. It operates a network of 64 ATMs and a 24-hour, seven days a week telephone customer service center. Brokerage services are provided at the Bank's offices by the Bank's association with Raymond James Financial, Inc. For further information please visit the Tri Counties Bank web-site at http://www.tricountiesbank.com.

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

	Three months ended			
	December 31, 2008	September 30, 2008	June 30, 2008	
Statement of Income Data				
Interest income	$29,679	$29,971	$30,332	$
Interest expense	$7,064	7,252	7,471	

Net interest income	$22,615	22,719	22,861	
Provision for loan losses	$5,450	2,600	8,800	
Noninterest income:				
Service charges and fees	$4,377	5,224	5,826	
Other income	$1,788	1,568	1,454	
Total noninterest income	$6,165	6,792	7,280	
Noninterest expense:				
Base salaries net of deferred loan origination costs	$6,394	6,331	6,316	
Incentive compensation expense	$794	675	830	
Employee benefits and other compensation expense	$2,368	2,425	2,499	
Total salaries and benefits expense	$9,556	9,431	9,645	
Intangible amortization	$135	133	133	
Provision for losses – unfunded commitments	($800)	(100)	550	
Other expense	$7,841	7,125	7,516	
Total noninterest expense	$16,732	16,589	17,844	
Income before taxes	$6,598	10,322	3,497	
Net income	$4,241	$6,235	$2,274	
Share Data				
Basic earnings per share	$0.27	$0.40	$0.14	
Diluted earnings per share	0.26	0.39	0.14	
Book value per common share	12.56	12.14	11.86	
Tangible book value per common share	$11.54	$11.10	$10.81	
Shares outstanding	15,756,101	15,744,881	15,744,881	15,7
Weighted average shares	15,750,857	15,744,881	15,744,881	15,8
Weighted average diluted shares	16,068,456	15,951,668	15,953,288	16,0
Credit Quality				
Non-performing loans, net of government agency guarantees	$27,525	$17,041	$14,808	
Other real estate owned	1,185	1,178	1,178	
Loans charged-off	2,780	2,578	4,176	
Loans recovered	$332	$285	$274	
Allowance for losses to total loans(1)	1.90%	1.79%	1.80%	
Allowance for losses to NPLs(1)	110%	164%	187%	
Allowance for losses to NPAs(1)	105%	153%	174%	
Selected Financial Ratios				
Return on average total assets	0.85%	1.26%	0.46%	
Return on average equity	8.66%	13.04%	4.74%	
Average yield on loans	6.73%	6.92%	6.99%	
Average yield on interest-earning assets	6.48%	6.68%	6.71%	
Average rate on interest-bearing liabilities	2.07%	2.06%	2.11%	
Net interest margin (fully tax-equivalent)	4.95%	5.07%	5.06%	
Total risk based capital ratio	12.4%	12.4%	12.3%	
Tier 1 Capital ratio	11.2%	11.1%	11.0%	

(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, 2008	September 30, 2008	June 30, 2008

Balance Sheet Data			
Cash and due from banks	$86,355	$67,300	$76,658
Federal funds sold	-	-	-
Securities, available-for-sale	266,561	241,900	253,129
Federal Home Loan Bank Stock	9,235	9,147	9,010
Loans			
Commercial loans	189,645	189,837	178,104
Consumer loans	514,448	513,132	518,200
Real estate mortgage loans	802,527	770,553	751,651
Real estate construction loans	84,229	89,714	95,369
Total loans, gross	1,590,849	1,563,236	1,543,324
Allowance for loan losses	(27,590)	(24,588)	(24,281)
Premises and equipment	18,841	19,094	19,580
Cash value of life insurance	46,815	46,061	45,701
Goodwill	15,519	15,519	15,519
Intangible assets	653	786	920
Other assets	35,952	38,012	40,930
Total assets	2,043,190	1,976,467	1,980,490
Deposits			
Noninterest-bearing demand deposits	401,247	334,015	347,336
Interest-bearing demand deposits	241,560	228,441	215,530
Savings deposits	380,799	374,640	382,918
Time certificates	645,664	626,745	565,269
Total deposits	1,669,270	1,563,841	1,511,053
Federal funds purchased	-	67,000	123,750
Reserve for unfunded commitments	2,565	3,365	3,465
Other liabilities	30,180	30,048	29,250
Other borrowings	102,005	79,873	85,048
Junior subordinated debt	41,238	41,238	41,238
Total liabilities	1,845,258	1,785,365	1,793,804
Total shareholders' equity	197,932	191,102	186,686
Accumulated other			
comprehensive gain (loss)	2,056	(2,455)	(2,980)
Average loans	1,565,343	1,549,009	1,546,257
Average interest-earning assets	1,840,915	1,806,010	1,819,222
Average total assets	1,995,239	1,974,392	1,986,674
Average deposits	1,625,574	1,545,435	1,507,252
Average total equity	$195,828	$191,211	$192,005