TRICO BANCSHARES /
Form 8-K
July 31, 2006

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, 2006

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, 2006 TriCo Bancshares announced its quarterly earnings for the period ended June 30, 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 July 26, 2006

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 26, 2006 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, 2006

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES QUARTERLY EARNINGS

CHICO, Calif. - (July 26, 2006) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of $6,557,000 for the quarter ended June 30, 2006. This represents a 14.3% increase when compared with earnings of $5,737,000 for the quarter ended June 30, 2005. Diluted earnings per share for the quarter ended June 30, 2006 increased 14.3% to $0.40 from $0.35 for the quarter ended June 30, 2005. Total assets of the Company increased $150,513,000 (8.8%) to $1,871,156,000 at June 30, 2006 from $1,720,643,000 at June 30, 2005. Total loans of the Company increased $205,956,000 (16.5%) to $1,456,008,000 at June 30, 2006 from $1,250,052,000 at June 30, 2005. Total deposits of the Company increased $114,263,000 (8.2%) to $1,514,440,000 at June 30, 2005 from $1,400,177,000 at June 30, 2005. Diluted earnings per share for the six months ended June 30, 2006 and 2005 were $0.80 and $0.67, respectively, on earnings of $13,092,000 and $10,976,000, respectively.

The improvement in results from the year-ago quarter was due to a $1,997,000 (10.3%) increase in fully tax-equivalent net interest income to $21,358,000, and a $221,000 (3.5%) increase in noninterest income to $6,531,000. These contributing factors were partially offset by a $759,000 (4.9%) increase in noninterest expense to $16,276,000 for the quarter ended June 30, 2006.

The increase in net interest income (FTE) was due to a $165,037,000 (10.9%) increase in average balances of interest-earning assets to $1,676,705,000 that was minimally offset by a 0.02% decrease in net interest margin (FTE) to 5.10%.

The decrease in net interest margin was mainly due to an 0.18% increase in the impact of net noninterest-bearing funds to 0.53% from 0.35% in the year-ago quarter that was offset by a 0.20% decrease in net interest spread as the average yield on interest-earning assets increased 0.68% while the average rate paid on interest-bearing liabilities increased 0.88% from the year-ago three month period.

The Company provided $554,000 for loan losses in the second quarter of 2006 versus $561,000 in the second quarter of 2005. During the second quarter of 2006, the Company recorded $305,000 of net loan charge offs versus $232,000 of net loan charge-offs in the year earlier quarter. The $305,000 of net loan charge-offs during the second quarter of 2006 represented 0.085% of average loan balances on an annualized basis. At June 30, 2006, the Company's combined allowance for loan losses ($16,893,000) and reserve for unfunded commitments ($1,849,000) represented 479% of non-performing loans net of government agency guarantees ($3,913,000).

The increase in noninterest income from the year-ago quarter was mainly due to a $364,000 (10.9%) increase in service charges on deposit accounts to $3,706,000 and a $115,000 (14.7%) increase in ATM fees and interchange to $896,000 that were partially offset by a $136,000 (20.6%) decrease in commissions on sale of nondeposit investment products to $524,000, and a $116,000 (27.0%) decrease in gain on sale of loans to $313,000. The increase in service charges on deposit accounts was primarily due to the introduction of a business overdraft privilege product in March 2005 and 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 decrease in gain on sale of loans is due to a slowdown in residential mortgage refinance activity.

Noninterest expense for the second quarter of 2006 increased $759,000 (4.9%) compared to the second quarter of 2005. Salaries and benefits expense increased $210,000 (2.5%) to $8,618,000. The increase in salaries and benefits expense was mainly due to annual salary increases, and new employees at the Company's recently opened branches in Lincoln Roseville-Pleasant Grove (November 2005), Yuba City-Marketplace (January 2006), Folsom-Empire Ranch (March 2006), Natomas-Arena Blvd (April 2006), Antelope (May 2006), and Anderson (June 2006) that were partially offset by reduced performance incentive expenses. Other categories of noninterest expense including occupancy and ATM network charges also increased, in part, due to these newly opened branches. Advertising and marketing expense increased $198,000 (59.1%) to $533,000. Professional fees increase $236,000 (86.1%) to $510,000 due to increased audit fees and increased legal fees related to loan collection efforts.

As of June 30, 2006, the Company had repurchased 374,371 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 125,629 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We continue to execute our growth strategy within the Central Valley of California as evidenced by the opening of five branches during the first six months of 2006. These openings represent a 10% increase in our branch locations and a significant increase in our Sacramento-area market presence. We believe this strategy will allow us to continue to grow our Company in a profitable manner despite the current environment of a flat yield curve, increased competition for deposits and a slowdown in mortgage refinance activity. We are encouraged by the strong loan growth, the continued excellent credit quality of our loan portfolio and the steady increase in service charge and fee revenue we achieved during the most recent quarter."

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 30-year history in the banking industry. Tri Counties Bank operates 32 traditional branch locations and 21 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 60 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 per share data)
Three months ended

	June 30, 2006	March 31, 2006	December 31, 2005	Se 20
Statement of Income Data				
Interest income	$29,379	$27,978	$26,876	
Interest expense	8,275	6,773	6,100	
Net interest income	21,104	21,205	20,776	
Provision for loan losses	554	500	561	
Noninterest income:				
Service charges and fees	4,956	4,857	4,790	
Other income	1,575	1,591	1,832	
Total noninterest income	6,531	6,448	6,622	
Noninterest expense:				
Salaries and benefits	8,618	9,156	8,565	
Intangible amortization	350	346	346	
Provision for losses - unfunded commitments	36	-	139	
Other expense	7,272	6,920	6,750	
Total noninterest expense	16,276	16,422	15,800	
Income before taxes	10,805	10,731	11,037	
Net income	$6,557	$6,535	$6,734	
Share Data				
Basic earnings per share	$0.42	$0.42	$0.43	
Diluted earnings per share	0.40	0.40	0.41	
Book value per common share	9.96	9.68	9.52	

Tangible book value per common share	$8.75	$8.44	$8.25	
Shares outstanding	15,855,107	15,778,090	15,707,835	15
Weighted average shares	15,798,565	15,736,544	15,711,257	15
Weighted average diluted shares	16,388,855	16,379,595	16,336,888	16
Credit Quality				
Non-performing loans, net of government agency guarantees	$3,913	$4,048	$2,961	
Other real estate owned	-	-	-	
Loans charged-off	564	357	392	
Loans recovered	$259	$275	$261	
Allowance for losses to total loans(1)	1.29%	1.32%	1.30%	
Allowance for losses to NPLs(1)	479%	456%	609%	
Allowance for losses to NPAs(1)	479%	456%	609%	
Selected Financial Ratios				
Return on average total assets	1.42%	1.43%	1.51%	
Return on average equity	16.68%	16.93%	18.00%	
Average yield on loans	7.44%	7.24%	7.11%	
Average yield on interest-earning assets	7.07%	6.86%	6.72%	
Average rate on interest-bearing liabilities	2.50%	2.11%	1.94%	
Net interest margin (fully tax-equivalent)	5.10%	5.21%	5.21%	
Total risk based capital ratio	11.1%	11.1%	10.8%	
Tier 1 Capital ratio	10.1%	10.0%	9.8%	

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

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

	Three months ended			
	June 30, 2006	March 31, 2006	December 31, 2005	Sep 200
Cash and due from banks	$84,663	$78,742	$90,562	$85,
Federal funds sold	526	-	2,377	
Securities, available-for-sale	221,828	244,441	260,278	271,
Federal Home Loan Bank Stock	8,103	7,691	7,602	7,
Loans				
Commercial loans	146,952	134,049	143,175	141,
Consumer loans	517,588	510,809	508,233	494,
Real estate mortgage loans	642,422	630,821	623,511	600,
Real estate construction loans	149,046	124,429	110,116	91,
Total loans, gross	1,456,008	1,400,108	1,385,035	1,328,
Allowance for loan losses	(16,893)	(16,644)	(16,226)	(15,
Premises and equipment	21,597	21,068	21,291	21,
Cash value of life insurance	42,571	42,168	41,768	41,
Goodwill	15,519	15,519	15,519	15,
Intangible assets	3,711	4,061	4,407	4,
Other assets	33,523	32,372	28,662	27,
Total assets	1,871,156	1,829,526	1,841,275	1,786,
Deposits				
Noninterest-bearing demand deposits	354,576	354,514	368,412	346,
Interest-bearing demand deposits	235,100	249,064	244,193	243,
Savings deposits	388,847	432,087	438,177	449,
Time certificates	535,917	491,726	446,015	398,

Total deposits	1,514,440	1,527,391	1,496,797	1,438,
Federal funds purchased	96,700	45,800	96,800	103,
Reserve for unfunded commitments	1,849	1,813	1,813	1,
Other liabilities	24,964	29,046	23,744	24,
Other borrowings	33,971	31,441	31,390	31,
Junior subordinated debt	41,238	41,238	41,238	41,
Total liabilities	1,713,162	1,676,729	1,691,782	1,640,
Total shareholders' equity	157,994	152,797	149,493	146,
Accumulated other comprehensive loss	(5,629)	(5,330)	(3,825)	(2,
Average loans	1,427,735	1,384,541	1,344,654	1,284,
Average interest-earning assets	1,676,705	1,646,777	1,615,901	1,574,
Average total assets	1,850,487	1,822,441	1,784,018	1,744,
Average deposits	1,497,571	1,498,825	1,473,625	1,421,
Average total equity	$157,232	$154,410	$149,619	$146,