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TRICO BANCSHARES /
Form 8-K
October 30, 2008

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):

October 29, 2008

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

California	0-10661	94-2792841
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(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 October 29, 2008, TriCo Bancshares announced its quarterly earnings for the period ended September 30, 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 October 29, 2008

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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: October 29, 2008

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
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99.1	Press release dated October 29, 2008

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. - (October 29, 2008) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,235,000 for the quarter ended September 30, 2008. This represents an 8.2% decrease when compared with earnings of \$6,793,000 for the quarter ended September 30, 2007. Diluted earnings per share for the quarter ended September 30, 2008 decreased 7.1% to \$0.39 from \$0.42 for the quarter ended September 30, 2007. The decrease in earnings from the prior year quarter was primarily due to the Company's decision to increase by \$1,900,000 the provision for loan losses to \$2,600,000 that was partially offset by an \$879,000 increase in net interest income to \$22,719,000 for the quarter ended September 30, 2008.

Total assets of the Company increased \$22,944,000 (1.2%) to \$1,976,467,000 at September 30, 2008 from \$1,953,523,000 at September 30, 2007. Total loans of the Company increased \$28,160,000 (1.8%) to \$1,563,236,000 at September 30, 2008 from \$1,535,076,000 at September 30, 2007. Total deposits of the Company increased \$31,699,000 (2.1%) to \$1,563,841,000 at September 30, 2008 from \$1,532,142,000 at September 30, 2007. Diluted earnings per share for the nine months ended September 30, 2008 and 2007 were \$0.78 and \$1.22, respectively, on earnings of \$12,557,000 and \$19,992,000, respectively.

Net interest income on a fully tax-equivalent (FTE) basis during the third quarter of 2008 increased \$858,000 (3.9 %) from the same period in 2007 to \$22,899,000. The increase in net interest income (FTE) was due to a \$84,463,000 (4.9%) increase in average balances of interest-earning assets to \$1,806,010,000 that was substantially offset by a 0.05% decrease in net interest margin (FTE) to 5.07%.

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The Company provided \$2,600,000 for loan losses in the third quarter of 2008 versus \$700,000 in the third quarter of 2007. In the third quarter of 2008, the Company recorded \$2,293,000 of net loan charge-offs versus \$560,000 of net loan charge-offs in the third quarter of 2007. Included in the \$2,293,000 of net loan charge-offs during the third quarter of 2008 were \$1,000,000 on home equity lines and loans and \$910,000 on auto indirect loans.

At September 30, 2008, the sum of the Company's allowance for loan losses of \$24,588,000 and the reserve for unfunded commitments of \$3,365,000 represented 164% of non-performing loans net of government agency guarantees. Non-performing loans, defined as non-accruing loans and accruing loans delinquent 90 days or more, net of government guarantees at September 30, 2008 increased \$2,233,000 (15.1%) to \$17,041,000 from \$14,808,000 at June 30, 2008.

Noninterest income for the third quarter of 2008 decreased \$55,000 (0.8%) from the third quarter of 2007, mainly due to a \$430,000 decrease in the value of mortgage servicing rights to a negative \$571,000 from a negative \$141,000 in the third quarter of 2007. The negative impact of the decrease in the value of mortgage servicing rights was partially offset by a \$261,000 (6.8%) increase in service charges on deposit accounts to \$4,080,000, and a \$148,000 (14.6%) increase in ATM fees and interchange to \$1,164,000. The increases in service charges on deposit accounts and ATM fees and interchange revenue were primarily due to increased numbers of customers. The following table summarizes the components of noninterest income for the quarters ended September 30, 2008 and 2007 (dollars in thousands).

	Three months ended September 30,	
	2008	2007
Service charges on deposit accounts	\$4,080	\$3,819
ATM fees and interchange revenue	1,164	1,016
Other service fees	551	523
Change in value of mortgage servicing rights	(571)	(141)
Gain on sale of loans	341	211
Commissions on sale of nondeposit investment products	594	583
Increase in cash value of life insurance	360	405
Other noninterest income	273	431

Total noninterest income	\$6,792	\$6,847
	=====	

Noninterest expense for the third quarter of 2008 decreased \$163,000 (1.0%) compared to the third quarter of 2007. Salaries and benefits expense increased \$456,000 (5.1%) to \$9,431,000 due to increases in all areas including salaries, commissions and incentives, and benefits. Other noninterest expense decreased \$619,000 (8.0%) due to decreases over a broad range of other expense categories. The following table summarizes the components of noninterest expense for the quarters ended September 30, 2008 and 2007 (dollars in thousands).

	Three months ended September 30,	
	2008	2007

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Base salaries, net of		
deferred loan origination costs	\$6,331	\$6,143
Incentive compensation	675	451
Benefits and other compensation costs	2,425	2,38
Total salaries and benefits expense	9,431	8,975
Occupancy	1,289	1,178
Equipment	1,017	1,052
Data processing and software	600	564
ATM network charges	506	463
Advertising and marketing	451	620
Telecommunications	402	412
Professional fees	300	408
Courier service	258	285
Postage	185	178
Intangible amortization	133	122
Assessments	118	82
Operational losses	81	128
Provisions for losses - unfunded commitments	(100)	0
Other	1,918	2,285
Total other noninterest expense	7,158	7,777
Total noninterest expense	\$16,589	\$16,752
Average full time equivalent staff	668	646
Noninterest expense to revenue (FTE)	55.89%	58.01%

As of September 30, 2008, the Company had repurchased 166,600 shares of its common stock under its stock repurchase plan announced on August 21, 2007, which left 333,400 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We are pleased with our performance during the 3rd quarter of 2008, as we continue to grow earnings per share, increase our capital levels, maintain strong credit quality and carefully manage our resources to maintain a safe and sound banking institution during these challenging economic times. We are benefiting and taking advantage of market disruptions and recent consolidations within the financial industry and as a result we continue to grow and expand our customer base throughout our branch network. During the quarter, we increased loan balances by \$19.9 million and our deposits increased by \$52.8 million."

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

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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			
	September 30, 2008	June 30, 2008	March 31 2008	
Statement of Income Data				
Interest income	\$29,971	\$30,332	\$31,130	\$
Interest expense	7,252	7,471	9,765	
Net interest income	22,719	22,861	21,365	
Provision for loan losses	2,600	8,800	4,100	
Noninterest income:				
Service charges and fees	5,224	5,826	5,128	
Other income	1,568	1,454	1,722	
Total noninterest income	6,792	7,280	6,850	
Noninterest expense:				
Base salaries net of deferred loan origination costs	6,331	6,316	6,333	
Incentive compensation expense	675	830	560	
Employee benefits and other compensation expense	2,425	2,499	2,587	
Total salaries and benefits expense	9,431	9,645	9,480	
Intangible amortization	133	133	122	
Provision for losses - unfunded commitments	(100)	550	825	
Other expense	7,125	7,516	7,146	
Total noninterest expense	16,589	17,844	17,573	
Income before taxes	10,322	3,497	6,542	
Net income	\$6,235	\$2,274	\$4,048	
Share Data				
Basic earnings per share	\$0.40	\$0.14	\$0.26	
Diluted earnings per share	0.39	0.14	0.25	
Book value per common share	12.14	11.86	12.02	
Tangible book value per common share	\$11.10	\$10.81	\$10.97	
Shares outstanding	15,744,881	15,744,881	15,744,950	15,9
Weighted average shares	15,744,881	15,744,881	15,842,085	15,9
Weighted average diluted shares	15,951,668	15,953,288	16,081,722	16,2
Credit Quality				
Non-performing loans, net of				

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government agency guarantees	\$17,041	\$14,808	\$9,850
Other real estate owned	1,178	1,178	836
Loans charged-off	2,578	4,176	2,385
Loans recovered	\$285	\$274	\$337
Allowance for losses to total loans(1)	1.79%	1.80%	1.44%
Allowance for losses to NPLs(1)	164%	187%	226%
Allowance for losses to NPAs(1)	153%	174%	209%
Selected Financial Ratios			
Return on average total assets	1.26%	0.46%	0.81%
Return on average equity	13.04%	4.74%	8.37%
Average yield on loans	6.92%	6.99%	7.22%
Average yield on interest-earning assets	6.68%	6.71%	6.80%
Average rate on interest-bearing liabilities	2.06%	2.11%	2.78%
Net interest margin (fully tax-equivalent)	5.07%	5.06%	4.74%
Total risk based capital ratio	12.4%	12.3%	12.1%
Tier 1 Capital ratio	11.1%	11.0%	10.9%
(1) Allowance for losses includes allowance for loan losses and reserve for unfunded commitments			

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

Three months ended

	September 30, 2008	June 30, 2008	March 31, 2008
Balance Sheet Data			
Cash and due from banks	\$67,300	\$76,658	\$74,713
Federal funds sold	-	-	-
Securities, available-for-sale	241,900	253,129	272,276
Federal Home Loan Bank Stock	9,147	9,010	8,885
Loans			
Commercial loans	189,837	178,104	157,832
Consumer loans	513,132	518,200	525,065
Real estate mortgage loans	770,553	751,651	729,704
Real estate construction loans	89,714	95,369	135,343
Total loans, gross	1,563,236	1,543,324	1,547,944
Allowance for loan losses	(24,588)	(24,281)	(19,383)
Premises and equipment	19,094	19,580	20,069
Cash value of life insurance	46,061	45,701	45,341
Goodwill	15,519	15,519	15,519
Intangible assets	786	920	1,053
Other assets	38,012	40,930	32,933
Total assets	1,976,467	1,980,490	1,999,350
Deposits			
Noninterest-bearing demand deposits	334,015	347,336	358,684
Interest-bearing demand deposits	228,441	215,530	216,478
Savings deposits	374,640	382,918	398,763
Time certificates	626,745	565,269	554,550
Total deposits	1,563,841	1,511,053	1,528,475
Federal funds purchased	67,000	123,750	102,300
Reserve for unfunded commitments	3,365	3,465	2,915
Other liabilities	30,048	29,250	31,355
Other borrowings	79,873	85,048	103,767
Junior subordinated debt	41,238	41,238	41,238
Total liabilities	1,785,365	1,793,804	1,810,050

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Total shareholders' equity	191,102	186,686	189,300
Accumulated other comprehensive gain (loss)	(2,455)	(2,980)	25
Average loans	1,549,009	1,546,257	1,535,357
Average interest-earning assets	1,806,010	1,819,222	1,817,212
Average total assets	1,974,392	1,986,674	1,988,666
Average deposits	1,545,435	1,507,252	1,511,604
Average total equity	\$191,211	\$192,005	\$193,449