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TRICO BANCSHARES /
Form 8-K
October 30, 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):

October 29, 2009

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, 2009, TriCo Bancshares announced its quarterly earnings for the period ended September 30, 2009. 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, 2009

SIGNATURES

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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, 2009

By: /s/Thomas J. Reddish

Thomas J. Reddish, Executive Vice President
and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
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99.1	Press release dated October 29, 2009

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. - (October 29, 2009) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$2,255,000 for the quarter ended September 30, 2009. This represents a 63.8% decrease when compared with earnings of \$6,235,000 for the quarter ended September 30, 2008. Diluted earnings per share for the quarter ended September 30, 2009 decreased 64.1% to \$0.14 from \$0.39 for the quarter ended September 30, 2008. The decrease in earnings from the prior year quarter was primarily due to the Company's decision to increase by \$5,400,000 the provision for loan losses to \$8,000,000 for the quarter ended September 30, 2009.

Total assets of the Company increased \$119,199,000 (6.0%) to \$2,095,666,000 at September 30, 2009 from \$1,976,467,000 at September 30, 2008. Total loans of the Company decreased \$32,024,000 (2.0%) to \$1,531,212,000 at September 30, 2009 from \$1,563,236,000 at September 30, 2008. Total deposits of the Company increased \$188,054,000 (12.0%) to \$1,751,895,000 at September 30, 2009 from \$1,563,841,000 at September 30, 2008. Diluted earnings per share for the nine months ended September 30, 2009 and 2008 were \$0.48 and \$0.78, respectively, on earnings of \$7,649,000 and \$12,557,000, respectively.

Net interest income on a fully tax equivalent basis (FTE) increased \$368,000 (1.6%) to \$23,257,000 during the third quarter of 2009 from the same period in 2008. The increase in net interest income (FTE) was due to a \$163,033,000 (9.0%) increase in average balances of interest-earning assets to \$1,969,043,000 that was partially offset by a 0.35% decrease in net interest margin (FTE) to 4.72% from the quarter ended September 30, 2008. The decrease in margin was mainly due to increased balances of interest-earning cash at the Federal Reserve Bank.

The Company provided \$8,000,000 for loan losses in the third quarter of 2009 versus \$2,600,000 in the third quarter of 2008. In the third quarter of 2009, the Company recorded \$7,073,000 of net loan charge-offs versus \$2,293,000 of net loan charge-offs in the third quarter of 2008. Included in the \$7,073,000 of net loan charge-offs during the third quarter of 2009 were \$2,293,000 on residential construction, \$2,095,000 on home equity lines and loans, \$1,488,000 on commercial (non-real estate), and \$855,000 on auto indirect loans.

At September 30, 2009, the sum of the Company's allowance for loan losses of

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\$34,551,000 and the reserve for unfunded commitments of \$3,640,000 represented 82% 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, 2009 increased \$3,234,000 (7.5%) to \$46,607,000 from \$43,373,000 at June 30, 2009.

Noninterest income for the third quarter of 2009 increased \$1,001,000 (14.7%) from the third quarter of 2008, mainly due to a \$864,000 (253%) increase in gain on sale of loans to \$1,205,000. Also contributing to the increase in noninterest income was a \$127,000 (3.1%) increase in service charges on deposit accounts to \$4,207,000, a \$123,000 (10.6%) increase in ATM fees and interchange revenue to \$1,287,000, and a \$155,000 (27.1%) increase in the change in value of mortgage servicing rights to (\$416,000). These increases were offset by a decrease of \$214,000 (36.0%) in commission on sale of nondeposit investment products to \$380,000. The increases in service charges on deposit accounts and ATM fees and interchange revenue were primarily due to increased numbers of customers. The increase in gain on sale of loans is primarily due to increased refinancing activity during the quarter. The following table summarizes the components of noninterest income for the quarters ended September 30, 2009 and 2008 (dollars in thousands).

	Three months ended September 30,	
	2009	2008
Service charges on deposit accounts	\$4,207	\$4,080
ATM fees and interchange revenue	1,287	1,164
Other service fees	567	551
Change in value of mortgage servicing rights	(416)	(571)
Gain on sale of loans	1,205	341
Commissions on sale of nondeposit investment products	380	594
Increase in cash value of life insurance	270	360
Other noninterest income	293	273

Total noninterest income	\$7,793	\$6,792
	=====	

Noninterest expense for the third quarter of 2009 increased \$2,788,000 (16.8%) compared to the third quarter of 2008. Salaries and benefits expense increased \$832,000 (8.8%) to \$10,263,000 mainly due to annual salary increases and increased incentive compensation expense related to increased production of sold loans. Other noninterest expense increased \$1,956,000 (27.3%) primarily due to a \$579,000 (491%) increase in assessments and a \$600,000 increase in provision for losses on unfunded commitments. The following table summarizes the components of noninterest expense for the quarters ended September 30, 2009 and 2008 (dollars in thousands).

	Three months ended September 30,	
	2009	2008
Base salaries, net of deferred loan origination costs	\$6,827	\$6,331
Incentive compensation	980	675
Benefits and other compensation costs	2,456	2,425

Total salaries and benefits expense	10,263	9,431

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Occupancy	1,316	1,289
Equipment	953	1,017
Data processing and software	655	600
ATM network charges	642	506
Advertising and marketing	558	451
Telecommunications	428	402
Professional fees	478	300
Courier service	189	258
Postage	258	185
Intangible amortization	65	133
Assessments	697	118
Operational losses	97	81
Provisions for losses - unfunded commitments	500	(100)
Other	2,278	1,918
Total other noninterest expense	9,114	7,158
Total noninterest expense	\$19,377	\$16,589
Average full time equivalent staff	645	668
Noninterest expense to revenue (FTE)	62.41%	58.01%

As of September 30, 2009, 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, "While diluted earnings per share were much lower than the prior year's quarter due to increased provisioning for loan losses, total bank revenues exceeded the prior year's levels. This increasing revenue stream provides the bank with the earnings necessary to increase loan loss reserves, increase our capital levels, pay increased premiums for deposit insurance and remain profitable during these challenging economic times." Smith added, "Our levels of liquidity, capital and reserves for loan losses remain strong as we progress through this deep recessionary period."

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, 2008. 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

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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 34-year history in the banking industry. It operates 32 traditional branch locations and 26 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 66 ATMs and a 24-hour, seven days-a-week telephone customer service center. Brokerage services are provided by the Bank's investment services affiliate, Raymond James Financial Services, 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, 2009	June 30, 2009	March 31, 2009	
Statement of Income Data				
Interest income	\$27,889	\$28,432	\$28,882	
Interest expense	4,784	5,286	5,884	
Net interest income	23,105	23,146	22,998	
Provision for loan losses	8,000	7,850	7,800	
Noninterest income:				
Service charges and fees	5,645	6,182	5,052	
Other income	2,148	1,814	1,563	
Total noninterest income	7,793	7,996	6,615	
Noninterest expense:				
Base salaries net of deferred loan origination costs	6,827	6,568	6,576	
Incentive compensation expense	980	1,024	588	
Employee benefits and other compensation expense	2,456	2,477	2,625	
Total salaries and benefits expense	10,263	10,069	9,789	
Intangible amortization	65	64	134	
Provision for losses - unfunded commitments	500	400	175	
Other expense	8,549	8,811	7,103	
Total noninterest expense	19,377	19,344	17,201	
Income before taxes	3,521	3,948	4,612	
Net income	\$2,255	\$2,512	\$2,882	
Share Data				
Basic earnings per share	\$0.14	\$0.16	\$0.18	
Diluted earnings per share	0.14	0.16	0.18	
Book value per common share	12.79	12.67	12.71	
Tangible book value per common share	\$11.78	\$11.66	\$11.69	
Shares outstanding	15,787,753	15,782,753	15,782,753	15,
Weighted average shares	15,787,264	15,782,753	15,774,624	15,
Weighted average diluted shares	16,015,952	15,997,437	16,019,488	16,
Credit Quality				
Non-performing loans, net of government agency guarantees	\$46,607	\$43,373	\$34,360	

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Foreclosed assets, net of allowance	2,372	2,622	2,407
Loans charged-off	7,471	7,308	3,001
Loans recovered	\$398	\$308	\$385
Allowance for losses to total loans(1)	2.49%	2.37%	2.27%
Allowance for losses to NPLs(1)	82%	85%	103%
Allowance for losses to NPAs(1)	78%	80%	97%
Selected Financial Ratios			
Return on average total assets	0.43%	0.48%	0.56%
Return on average equity	4.43%	4.94%	5.70%
Average yield on loans	6.48%	6.48%	6.52%
Average yield on interest-earning assets	5.70%	5.91%	6.15%
Average rate on interest-bearing liabilities	1.27%	1.42%	1.63%
Net interest margin (fully tax-equivalent)	4.72%	4.82%	4.91%
Total risk based capital ratio	13.2%	12.9%	12.7%
Tier 1 capital ratio	11.9%	11.6%	11.4%

(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, 2009	June 30, 2009	March 31 2009
=====			
Balance Sheet Data			
Cash and due from banks	\$234,570	\$182,923	\$137,241
Securities, available-for-sale	230,962	252,104	279,122
Federal Home Loan Bank Stock	9,274	9,274	9,235
Loans			
Commercial loans	171,583	172,732	169,765
Consumer loans	473,411	486,548	499,168
Real estate mortgage loans	814,132	813,898	813,889
Real estate construction loans	72,086	79,057	84,134
Total loans, gross	1,531,212	1,552,235	1,566,956
Allowance for loan losses	(34,551)	(33,624)	(32,774)
Premises and equipment	18,102	18,208	18,537
Cash value of life insurance	47,635	47,365	47,095
Goodwill	15,519	15,519	15,519
Intangible assets	389	454	519
Other assets	42,554	43,383	36,902
Total assets	2,095,666	2,087,841	2,078,352
Deposits			
Noninterest-bearing demand deposits	349,949	358,618	371,639
Interest-bearing demand deposits	314,160	291,641	269,807
Savings deposits	473,915	431,424	426,001
Time certificates	613,871	655,702	659,259
Total deposits	1,751,895	1,737,385	1,726,706
Federal funds purchased	-	-	-
Reserve for unfunded commitments	3,640	3,140	2,740
Other liabilities	30,759	32,201	31,041
Other borrowings	66,197	73,898	76,081
Junior subordinated debt	41,238	41,238	41,238

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Total liabilities	1,893,729	1,887,862	1,877,806
Total shareholders' equity	201,937	199,979	200,546
Accumulated other comprehensive gain (loss)	3,934	2,322	3,474
Average loans	1,538,239	1,555,778	1,566,350
Average interest-earning assets	1,969,043	1,933,633	1,887,121
Average total assets	2,099,053	2,088,875	2,049,193
Average deposits	1,744,336	1,735,434	1,688,704
Average total equity	\$203,452	\$203,596	\$202,126