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TRICO BANCSHARES /
Form 8-K
February 01, 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):

January 31, 2006

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 January 31, 2006 TriCo Bancshares announced its quarterly earnings for the period ended December 31, 2005. 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, 2006

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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: January 31, 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
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99.1	Press release dated January 31, 2006

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, 2005

CHICO, Calif. - (January 31, 2006) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced record annual earnings of \$23,671,000 for the year ended December 31, 2005. This represents a 17.3% increase when compared with earnings of \$20,182,000 for the year ended December 31, 2004. Diluted earnings per share for the year ended December 31, 2005 increased 16.9% to \$1.45 from \$1.24 for the year ended December 31, 2004. Total assets of the Company increased \$213 million (13.1%) to \$1.841 billion at December 31, 2005 versus \$1.628 billion at December 31, 2004. Total loans of the Company increased \$212 million (18.1%) to \$1.385 billion at December 31, 2005 versus \$1.173 billion at December 31, 2004. Total deposits of the Company increased \$148 million (11.0%) to \$1.497 billion at December 31, 2005 versus \$1.349 billion at December 31, 2004.

Net income for the quarter ended December 31, 2005 increased 25.8% to \$6,734,000 from \$5,355,000 in the quarter ended December 31, 2004. Diluted earnings per

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share increased 24.2% to \$0.41 in the quarter ended December 31, 2005 from \$0.33 in the quarter ended December 31, 2004.

Richard Smith, President and Chief Executive Officer commented, "We are very pleased with the results TriCo achieved during the quarter and year ended December 31, 2005. During this time of rapidly increasing short-term interest rates, steady to lower longer-term interest rates, and increased regulatory and compliance requirements, our team members were able to achieve record financial results for our Company. Almost all aspects of the Company's performance were strong in 2005 including very strong loan and deposit growth while maintaining strong credit quality and net interest margin. On top of all that, we continued to restrain growth of total noninterest expenses while opening three new in-store branches, and remodeling and expanding our Sacramento-Arden Fair office during 2005."

The increase in earnings for the quarter ended December 31, 2005 over the year-ago quarter was due to a \$2,103,000 (11.3%) increase in net interest income to \$20,766,000, and an \$886,000 (15.5%) increase in noninterest income to \$6,622,000, which were partially offset by a \$744,000 increase in provision for loan loss to \$561,000 from a \$183,000 reversal, or negative, provision for loan losses during the quarter ended December 31, 2004. Noninterest expense decreased \$15,000 (0.1%) to \$15,800,000 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 5.21% during the quarter ended December 31, 2005 versus 5.28% during the quarter ended December 31, 2004. The fully tax-equivalent net interest margin was 5.10% during the quarter ended September 30, 2005.

The increase in noninterest income was primarily due to a \$524,000 (12.3%) increase in service charges and fees to \$4,790,000 during the quarter ended December 31, 2005 from the quarter ended December 31, 2004, which was due to the introduction of a business overdraft privilege product during 2005. Other noninterest income increased \$362,000 (24.6%) to \$1,832,000 due mainly to a \$185,000 increase in income from cash value of life insurance to \$467,000, and a \$141,000 increase in gain on sale of loans to \$484,000, offset by a \$105,000 decrease in commission on sale of nondeposit investment products to \$515,000.

The \$744,000 increase in provision for loan loss from the quarter ended December 31, 2004 was mainly due to growth in loan balances during the quarter ended December 31, 2005 as credit quality of the loan portfolio remained high. Net loan charge-offs during the quarter ended December 31, 2005 were \$131,000. Nonperforming loans, net of government agency guarantees, were \$2,961,000 at December 31, 2005 compared to \$4,906,000 and at December 31, 2004. The Company's allowance for losses, which consists of the allowance for loan losses and the reserve for unfunded commitments, was \$18,039,000 or 1.30% of total loans outstanding and 609% of nonperforming loans at December 31, 2005 compared to \$16,057,000 or 1.37% of total loans outstanding and 327% of nonperforming loans at December 31, 2004.

The \$15,000 decrease in noninterest expense during the quarter ended December 31, 2005 was mainly due to a \$315,000 (4.2%) decrease in other noninterest expenses to \$7,235,000 offset by a \$300,000 (3.6%) increase in salaries and benefits expense to \$8,565,000. The decrease in other noninterest expense was mainly due to a \$344,000 decrease in provision for losses - unfunded commitments to \$139,000, while efficiencies in operations kept other noninterest expenses approximately the same as the year-ago quarter. The increase in salaries and benefits expense was the result of regular salary increases, incentive compensation related to the loan and deposit growth noted above, and the opening

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of branches in Woodland, Lincoln, Folsom, Sacramento and Roseville in November 2004, February 2005, March 2005, September 2005 and November 2005, respectively.

Mr. Smith continued, "We continue to differentiate ourselves from the competition by offering high levels of service and convenience to our markets with more branch locations, and extended weekday, weekend and holiday hours. Today, we opened our 49th and newest branch inside the Wal-Mart Supercenter at 1150 Harter Road in Yuba City, California. We currently anticipate that we will continue to grow within the Central Valley of California by maximizing revenue growth and new customer opportunities within this region. As always, we remain focused on shareholder value which we measure primarily through earnings per share and growth in earnings per share."

As of January 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.

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 17 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 58 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

December 31, September 30, June 30, Ma

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	2005	2005	2005
Statement of Income Data			
Interest income	\$26,876	\$25,334	\$23,910
Interest expense	6,100	5,519	4,789
Net interest income	\$20,776	19,815	19,121
Provision (benefit) for loan losses	561	947	561
Noninterest income:			
Service charges and fees	4,790	4,795	4,505
Other income	1,832	1,837	1,805
Total noninterest income	6,622	6,632	6,310
Noninterest expense:			
Salaries and benefits	8,565	8,584	8,408
Intangible amortization	346	346	346
Provision for losses - unfunded commitments	139	3	39
Other expense	6,750	6,747	6,724
Total noninterest expense	15,800	15,680	15,517
Income before taxes	11,037	9,820	9,353
Net income	\$6,734	\$5,961	\$5,737
Share Data			
Basic earnings per share	\$0.43	\$0.38	\$0.37
Diluted earnings per share	0.41	0.37	0.35
Book value per common share	9.52	9.30	9.10
Tangible book value per common share	\$8.25	\$8.04	\$7.81
Shares outstanding	15,707,835	15,728,106	15,684,092
Weighted average shares	15,711,257	15,687,547	15,701,867
Weighted average diluted shares	16,336,888	16,330,035	16,288,728
Credit Quality			
Non-performing loans, net of government agency guarantees	\$2,961	\$3,048	\$2,922
Other real estate owned	-	-	-
Loans charged-off	392	479	513
Loans recovered	\$261	\$436	\$281
Allowance for losses to total loans(1)	1.30%	1.32%	1.32%
Allowance for losses to NPLs(1)	609%	573%	567%
Allowance for losses to NPAs(1)	609%	573%	567%
Selected Financial Ratios			
Return on average total assets	1.51%	1.37%	1.37%
Return on average equity	18.00%	16.26%	16.03%
Average yield on loans	7.11%	6.93%	6.85%
Average yield on interest-earning assets	6.72%	6.51%	6.39%
Average rate on interest-bearing liabilities	1.94%	1.79%	1.62%
Net interest margin (fully tax-equivalent)	5.21%	5.10%	5.12%
Total risk based capital ratio	10.8%	11.2%	11.5%
Tier 1 Capital ratio	9.8%	10.1%	10.5%

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

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

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	December 31, 2005	September 30, 2005	June 30, 2005
Balance Sheet Data			
Cash and due from banks	\$90,562	\$85,413	\$79,287
Federal funds sold	2,377	218	235
Securities, available-for-sale	260,278	271,134	288,902
Federal Home Loan Bank Stock	7,602	7,516	7,440
Loans			
Commercial loans	143,175	141,057	137,620
Consumer loans	508,233	494,277	456,247
Real estate mortgage loans	623,511	600,875	573,836
Real estate construction loans	110,116	91,881	82,349
Total loans, gross	1,385,035	1,328,090	1,250,052
Allowance for loan losses	(16,226)	(15,796)	(14,892)
Premises and equipment	21,291	21,223	21,182
Cash value of life insurance	41,768	41,519	41,099
Goodwill	15,519	15,519	15,519
Intangible assets	4,407	4,373	4,719
Other assets	28,662	27,647	27,100
Total assets	1,841,275	1,786,856	1,720,643
Deposits			
Noninterest-bearing demand deposits	368,412	346,456	332,887
Interest-bearing demand deposits	244,193	243,926	236,134
Savings deposits	438,177	449,893	466,062
Time certificates	446,015	398,024	365,094
Total deposits	1,496,797	1,438,299	1,400,177
Federal funds purchased & repurchase agreements	96,800	103,200	83,000
Reserve for unfunded commitments	1,813	1,674	1,671
Other liabilities	23,744	24,412	24,161
Other borrowings	31,390	31,711	27,628
Junior subordinated debt	41,238	41,238	41,238
Total liabilities	1,691,782	1,640,534	1,577,875
Total shareholders' equity	149,493	146,322	142,768
Accumulated other comprehensive loss	(3,825)	(2,538)	(1,468)
Average loans	1,344,654	1,284,977	1,209,061
Average interest-earning assets	1,615,901	1,574,392	1,511,668
Average total assets	1,784,018	1,744,015	1,679,653
Average deposits	1,473,625	1,421,055	1,407,586
Average total equity	\$149,619	\$146,660	\$143,196