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TRICO BANCSHARES /  
Form 8-K  
October 28, 2005

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 26, 2005

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

|  |                       |   |
|--|-----------------------|---|
| California   | 0-10661               | 94-2792841                              |
| -----  | -----                 | -----                                   |
| (State or other<br>jurisdiction of<br>incorporation or organization) | (Commission File No.) | (I.R.S. Employer<br>Identification No.) |

63 Constitution Drive, Chico, California 95973

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(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

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On October 26, 2005 TriCo Bancshares announced its quarterly earnings for the period ended September 30, 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

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(c) Exhibits

99.1 Press release dated October 26, 2005

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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 27, 2005

By: /s/ Thomas J. Reddish

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Thomas J. Reddish, Executive Vice  
President and Chief Financial Officer  
(Principal Financial and Accounting  
Officer)

INDEX TO EXHIBITS

| Exhibit No.<br>----- | Description<br>-----                 |
|----------------------|--------------------------------------|
| 99.1                 | Press release dated October 26, 2005 |

PRESS RELEASE  
For Immediate Release

Contact: Thomas J. Reddish  
Executive Vice President & CFO  
(530) 898-0300

TRICO BANCSHARES ANNOUNCES RECORD EARNINGS IN  
THIRD QUARTER 2005

CHICO, Calif. - (October 26, 2005) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced record quarterly earnings of \$5,961,000 for the quarter ended September 30, 2005. This represents a 14.6% increase when compared with earnings of \$5,203,000 for the quarter ended September 30, 2004. Diluted earnings per share for the quarter ended September 30, 2005 increased 15.6% to \$0.37 from \$0.32 for the quarter ended September 30, 2004. Total assets of the Company increased \$212,310,000 (13.5%) to \$1,786,856,000 at September 30, 2005 from \$1,574,546,000 at September 30, 2004. Total loans of the Company increased \$201,667,000 (17.9%) to \$1,328,090,000 at September 30, 2005 from \$1,126,423,000 at September 30, 2004. Total deposits of the Company increased \$146,158,000 (11.3%) to \$1,438,299,000 at September 30, 2005 from \$1,292,141,000 at September 30, 2004. Diluted earnings per share for the nine months ended September 30, 2005 and 2004 were \$1.04 and \$0.91, respectively, on earnings of \$16,937,000 and \$14,827,000, respectively.

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The improvement in results from the year-ago quarter was due to a \$1,374,000 (7.3%) increase in fully tax-equivalent (FTE) net interest income to \$20,086,000, a \$219,000 (18.8%) decrease in provision for loan losses to \$947,000, and a \$271,000 (4.3%) increase in noninterest income to \$6,632,000. These contributing factors were partially offset by a \$457,000 (3.0%) increase in noninterest expense to \$15,680,000 for the quarter ended September 30, 2005.

The increase in net interest income (FTE) was due to a \$175,050,000 (12.5%) increase in average balances of interest-earning assets to \$1,574,392,000 offset by a 0.25% decrease in net interest margin (FTE) to 5.10%. The decrease in net interest margin from the year-ago quarter was mainly due to rising short-term interest rates, and steady to declining long-term interest rates, during the period from June 30, 2004 to September 30, 2005.

The \$219,000 decrease in provision for loan losses was due to the continued excellent credit quality of the Company's loan portfolio. Net loan charge-offs during the quarter were \$43,000. Nonperforming loans, net of government agency guarantees, were \$3,048,000 at September 30, 2005 compared to \$4,906,000 and \$4,931,000 at December 31, 2004 and September 30, 2004, respectively. The Company's allowance for losses, which consists of the allowance for loan losses and the reserve for unfunded commitments, was \$17,470,000 or 1.32% of total loans outstanding and 573% of nonperforming loans at September 30, 2005 compared to \$16,216,000 or 1.44% of total loans outstanding and 329% of nonperforming loans at September 30, 2004.

Included in the results for the year-ago quarter ended September 30, 2004 was \$384,000 from gain on sale of other real estate. Excluding this item, noninterest income for the quarter ended September 30, 2004 would have been \$5,977,000, and the \$6,632,000 of noninterest income for the quarter ended September 30, 2005 would have represented a \$655,000 (11.0%) increase.

Noninterest expense for the third quarter of 2005 increased \$457,000 (3.0%) to \$15,680,000 from \$15,223,000 in the third quarter of 2004. The increase in noninterest expense was the result of a \$265,000 (3.2%) increase in salary and benefit expense to \$8,584,000 and a \$192,000 (2.8%) net increase in other noninterest expense categories to \$7,096,000. The increase in salary and benefits expense was the net result of annual salary increases, new employees from the opening of de-novo branches in Woodland (November 2004), and Lincoln (February 2005), offset by reduced incentive commissions, overtime, and workers compensation expense. Included in the \$192,000 net increase in other noninterest income categories was a \$293,000 increase in advertising expense, and a \$408,000 decrease in professional fees.

As of September 30, 2005, the Company had repurchased 351,100 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 148,900 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We are pleased with the performance of our company during the quarter ended September 30, 2005. Loan and deposit balances increased 17.9% and 11.3%, respectively, when compared to year-ago quarter end balances. Our net interest margin and credit quality have remained excellent and stable throughout 2005. As a result, our earnings and our growth in earnings remain strong while we continue to execute our ambitious expansion strategy. The grand opening of our Sacramento Financial Center was received very positively by the Sacramento community. We are confident this branch will perform well as the hub connecting all of our in-store branches in the Sacramento region. Riding closely on the heels of our

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Sacramento hub, our next new branch will open on November 2 inside a newly constructed Wal-Mart Super Center in Roseville, which is a strong market that we have specifically targeted for future growth. Additional plans for expansion include three new in-store branches in the first quarter of 2006 in Sacramento, Yuba City and Redding, adding more convenience and service for our strong foundation in these communities." Tri Counties Bank has been aggressively opening new branches throughout Sacramento for the past five years. The bank announced last summer its plan to open six additional branches in the Sacramento area, three of which have already started serving customers inside Raley's and Bel Air supermarkets in Woodland, Lincoln and Folsom. 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 15 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

| September 30,<br>2005 | June 30,<br>2005 | March 31,<br>2005 | Dec |
|-----------------------|------------------|-------------------|-----|
|-----------------------|------------------|-------------------|-----|

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|   |            |            |            |
|---|------------|------------|------------|
| Statement of Income Data                                  |            |            |            |
| Interest income   | \$25,334   | \$23,910   | \$22,636   |
| Interest expense  | 5,519      | 4,789      | 4,121      |
| Net interest income                                       | 19,815     | 19,121     | 18,515     |
| Provision (benefit) for loan losses                       | 947        | 561        | 100        |
| Noninterest income:                                       |            |            |            |
| Service charges and fees                                  | 4,795      | 4,505      | 4,062      |
| Other income  | 1,837      | 1,805      | 1,265      |
| Total noninterest income                                  | 6,632      | 6,310      | 5,327      |
| Noninterest expense:                                      |            |            |            |
| Salaries and benefits                                     | 8,584      | 8,408      | 8,369      |
| Intangible amortization                                   | 346        | 346        | 343        |
| Provision for losses - unfunded commitments               | 3          | 39         | 100        |
| Other expense   | 6,747      | 6,724      | 6,301      |
| Total noninterest expense                                 | 15,680     | 15,517     | 15,113     |
| Income before taxes                                       | 9,820      | 9,353      | 8,629      |
| Net income  | \$5,961    | \$5,737    | \$5,239    |
| Share Data(1)   |            |            |            |
| Basic earnings per share                                  | \$0.38     | \$0.37     | \$0.33     |
| Diluted earnings per share                                | 0.37       | 0.35       | 0.32       |
| Book value per common share                               | 9.30       | 9.10       | 8.87       |
| Tangible book value per common share                      | \$8.04     | \$7.81     | \$7.57     |
| Shares outstanding  | 15,728,106 | 15,684,092 | 15,733,517 |
| Weighted average shares                                   | 15,687,547 | 15,701,867 | 15,729,725 |
| Weighted average diluted shares                           | 16,330,035 | 16,288,728 | 16,366,705 |
| Credit Quality  |            |            |            |
| Non-performing loans, net of government agency guarantees | \$3,048    | \$2,922    | \$4,072    |
| Other real estate owned                                   | -          | -          | -          |
| Loans charged-off   | 479        | 513        | 295        |
| Loans recovered   | \$436      | \$281      | \$233      |
| Allowance for losses to total loans(2)                    | 1.32%      | 1.32%      | 1.37%      |
| Allowance for losses to NPLs(2)                           | 573%       | 567%       | 398%       |
| Allowance for losses to NPAs(2)                           | 573%       | 567%       | 398%       |
| Selected Financial Ratios                                 |            |            |            |
| Return on average total assets                            | 1.37%      | 1.37%      | 1.29%      |
| Return on average equity                                  | 16.26%     | 16.03%     | 14.83%     |
| Average yield on loans                                    | 6.93%      | 6.85%      | 6.69%      |
| Average yield on interest-earning assets                  | 6.51%      | 6.39%      | 6.25%      |
| Average rate on interest-bearing liabilities              | 1.79%      | 1.62%      | 1.43%      |
| Net interest margin (fully tax-equivalent)                | 5.10%      | 5.12%      | 5.12%      |
| Total risk based capital ratio                            | 11.2%      | 11.5%      | 11.9%      |
| Tier 1 Capital ratio                                      | 10.1%      | 10.5%      | 10.8%      |

- (1) Share and per share data for all periods have been adjusted to reflect the 2-for-1 stock March 11, 2004 payable on April 30, 2004 to shareholders of record on April 9, 2004.
- (2) 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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September 30, June 30, March 31, Dec  
2005 2005 2005

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Balance Sheet Data

|   |           |           |           |
|---|-----------|-----------|-----------|
| Cash and due from banks                         | \$85,413  | \$79,287  | \$77,365  |
| Federal funds sold                              | 218       | 235       | 181       |
| Securities, available-for-sale                  | 271,134   | 288,902   | 293,730   |
| Federal Home Loan Bank Stock                    | 7,516     | 7,440     | 6,781     |
| Loans   |           |           |           |
| Commercial loans                                | 141,057   | 137,620   | 125,354   |
| Consumer loans                                  | 494,277   | 456,247   | 425,437   |
| Real estate mortgage loans                      | 600,875   | 573,836   | 556,059   |
| Real estate construction loans                  | 91,881    | 82,349    | 75,583    |
| Total loans, gross                              | 1,328,090 | 1,250,052 | 1,182,433 |
| Allowance for loan losses                       | (15,796)  | (14,892)  | (14,563)  |
| Premises and equipment                          | 21,223    | 21,182    | 20,599    |
| Cash value of life insurance                    | 41,519    | 41,099    | 40,699    |
| Goodwill  | 15,519    | 15,519    | 15,519    |
| Intangible assets                               | 4,373     | 4,719     | 5,065     |
| Other assets                                    | 27,647    | 27,100    | 27,803    |
| Total assets                                    | 1,786,856 | 1,720,643 | 1,655,612 |
| Deposits  |           |           |           |
| Noninterest-bearing demand deposits             | 346,456   | 332,887   | 312,738   |
| Interest-bearing demand deposits                | 243,926   | 236,134   | 238,787   |
| Savings deposits                                | 449,893   | 466,062   | 484,660   |
| Time certificates                               | 398,024   | 365,094   | 362,564   |
| Total deposits                                  | 1,438,299 | 1,400,177 | 1,398,749 |
| Federal funds purchased & repurchase agreements | 103,200   | 83,000    | 20,700    |
| Reserve for unfunded commitments                | 1,674     | 1,671     | 1,632     |
| Other liabilities                               | 24,412    | 24,161    | 25,483    |
| Other borrowings                                | 31,711    | 27,628    | 28,176    |
| Junior subordinated debt                        | 41,238    | 41,238    | 41,238    |
| Total liabilities                               | 1,640,534 | 1,577,875 | 1,515,978 |
| Total shareholders' equity                      | 146,322   | 142,768   | 139,634   |
| Accumulated other comprehensive income (loss)   | (2,538)   | (1,468)   | (2,242)   |
| Average loans                                   | 1,284,977 | 1,209,061 | 1,167,039 |
| Average interest-earning assets                 | 1,574,392 | 1,511,668 | 1,464,028 |
| Average total assets                            | 1,744,015 | 1,679,653 | 1,628,827 |
| Average deposits                                | 1,421,055 | 1,407,586 | 1,363,064 |
| Average total equity                            | \$146,660 | \$143,196 | \$141,264 |