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TRICO BANCSHARES /
Form 8-K
July 30, 2007

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, 2007

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 July 26, 2007 TriCo Bancshares announced its quarterly earnings for the
period ended June 30, 2007. 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, 2007

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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: July 30, 2007

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 July 26, 2007

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. - (July 26, 2007) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,755,000 for the quarter ended June 30, 2007. This represents a 3.0% increase when compared with earnings of \$6,557,000 for the quarter ended June 30, 2006. Diluted earnings per share for the quarter ended June 30, 2007 increased 2.5% to \$0.41 from \$0.40 for the quarter ended June 30, 2006. Total assets of the Company increased \$15,871,000 (0.9%) to \$1,887,027,000 at June 30, 2007 from \$1,871,156,000 at June 30, 2006. Total loans of the Company increased \$51,620,000 (3.6%) to \$1,507,628,000 at June 30, 2007 from \$1,456,008,000 at June 30, 2006. Total deposits of the Company decreased \$3,561,000 (0.2%) to \$1,510,879,000 at June 30, 2007 from \$1,514,440,000 at June 30, 2006. Diluted earnings per share for the six months ended June 30, 2007 and 2006 were \$0.80 and \$0.80, respectively, on earnings of \$13,199,000 and \$13,092,000, respectively.

The improvement in results from the year-ago quarter was due to a \$950,000 (4.4%) increase in fully tax-equivalent (FTE) net interest income to \$22,308,000, a \$54,000 (9.7%) decrease in the provision for loan losses to \$500,000, and a \$498,000 (7.6%) increase in noninterest income to \$7,029,000. These contributing factors were partially offset by a \$1,167,000 (7.2%) increase in noninterest expense to \$17,443,000 for the quarter ended June 30, 2007.

The increase in net interest income (FTE) was due to a \$21,915,000 (1.3%) increase in average balances of interest-earning assets to \$1,698,620,000 and a

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0.15% increase in net interest margin (FTE) to 5.25%. This increase in net interest margin was mainly due to an 0.16% increase in the impact of net noninterest-bearing funds from the year-ago three month period that was partially offset by a 0.01% decrease in net interest spread as the average yield on interest-earning assets increased 0.51% while the average rate paid on interest-bearing liabilities increased 0.52% from the year-ago three month period.

The Company provided \$500,000 for loan losses in the second quarter of 2007 versus \$554,000 in the second quarter of 2006. During the second quarter of 2007, the Company recorded \$396,000 of net loan charge offs versus \$305,000 of net loan charge-offs in the year earlier quarter. The \$396,000 of net loan charge-offs during the second quarter of 2007 represented 0.11% of average loan balances on an annualized basis. At June 30, 2007, the combination of the Company's allowance for loan losses (\$16,999,000) and reserve for unfunded commitments (\$2,040,000) represented 143% of non-performing loans net of government agency guarantees (\$13,360,000). The \$13,360,000 of non-performing loans net of government guarantees at June 30, 2007 represents an increase of \$7,369,000 from the \$5,991,000 balance of such loans at March 31, 2007. \$7,175,000 of the \$7,369,000 increase was related to two residential real estate construction loans to a single borrower that matured, were well secured and in the process of refinance at June 30, 2007 with an entity other than the Company. The loans were paid off in-full on July 26, 2007.

The increase in noninterest income from the year-ago quarter was mainly due to a \$152,000 (4.1%) increase in service charges on deposit accounts to \$3,858,000, a \$150,000 (16.7%) increase in ATM fees and interchange to \$1,046,000, and a \$115,000 improvement in change in value of mortgage servicing rights to \$73,000. The increase in service charges on deposit accounts was primarily due to 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 improvement in change in value of mortgage servicing rights is primarily due to a slowdown in refinance activity which extends the estimated life of existing mortgages and enhances the value of the related mortgage servicing rights.

Noninterest expense for the second quarter of 2007 increased \$1,167,000 (7.2%) compared to the second quarter of 2006. Salaries and benefits expense increased \$1,001,000 (11.6%) to \$9,619,000, mainly due to annual salary increases, and a 1.5% increase in average full time equivalent staff made up primarily of new employees at the Company's recently opened branches. Other categories of noninterest expense such as equipment, occupancy and ATM network charges also increased, in part, due to these newly opened branches. Intangible amortization decreased \$228,000 (65%) to \$122,000 during the second quarter of 2007 as the core deposit intangible related to the purchase of several branches in 1997 became fully amortized in the fourth quarter of 2006.

As of June 30, 2007, the Company had repurchased 394,371 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 105,629 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We are pleased with our results for the second quarter of 2007 as TriCo realized a small improvement over the second quarter of 2006 results and a nicer improvement over the first quarter of 2007 results. We continue to believe that the slowdown in real estate value appreciation and real estate activity in general is affecting both wholesale and retail banking growth rates. However, we are optimistic about the prospects of our Company as we continue to add customers and expand our franchise in a profitable manner despite the challenging interest rate

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environment and competitive pressures."

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 31-year history in the banking industry. Tri Counties Bank operates 32 traditional branch locations and 23 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 62 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 FINA
(Unaudited. Dollars in thousands, except
Three months end

	June 30, 2007	March 31, 2007	December 31, 2006
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Statement of Income Data			
Interest income	\$31,986	\$30,661	\$31,545
Interest expense	9,895	9,216	9,821
Net interest income	22,091	21,445	21,724
Provision for loan losses	500	482	-
Noninterest income:			
Service charges and fees	5,375	5,061	4,940
Other income	1,654	1,539	1,687
Total noninterest income	7,029	6,600	6,627
Noninterest expense:			
Salaries and benefits	9,619	9,742	9,405
Intangible amortization	122	123	350
Provision for losses - unfunded commitments	74	117	-
Other expense	7,628	6,978	7,247
Total noninterest expense	17,443	16,960	17,002
Income before taxes	11,177	10,603	11,349
Net income	\$6,755	\$6,444	\$6,918
Share Data			
Basic earnings per share	\$0.42	\$0.41	\$0.44
Diluted earnings per share	0.41	0.39	0.42

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Book value per common share	11.22	10.96	10.69
Tangible book value per common share	\$10.16	\$9.89	\$9.60
Shares outstanding	15,917,291	15,910,291	15,857,207
Weighted average shares	15,916,313	15,878,929	15,857,166
Weighted average diluted shares	16,463,389	16,415,845	16,396,320
Credit Quality			
Non-performing loans, net of			
government agency guarantees	\$13,360	\$5,991	\$4,512
Other real estate owned	187	187	-
Loans charged-off	751	739	498
Loans recovered	\$355	\$238	\$419
Allowance for losses to total loans(1)	1.26%	1.26%	1.24%
Allowance for losses to NPLs(1)	143%	315%	416%
Allowance for losses to NPAs(1)	141%	305%	416%
Selected Financial Ratios			
Return on average total assets	1.44%	1.38%	1.46%
Return on average equity	15.11%	14.79%	16.23%
Average yield on loans	7.93%	7.63%	7.81%
Average yield on interest-earning assets	7.58%	7.30%	7.43%
Average rate on interest-bearing liabilities	3.02%	2.85%	2.97%
Net interest margin (fully tax-equivalent)	5.25%	5.12%	5.13%
Total risk based capital ratio	11.8%	11.8%	11.3%
Tier 1 Capital ratio	10.8%	10.8%	10.3%

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

TRICO BANCSHARES - CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited. Dollars in thousands)
Three months ended

	June 30, 2007	March 31, 2007	December 31, 2006
Balance Sheet Data			
Cash and due from banks	\$93,636	\$75,263	\$102,220
Federal funds sold	1,715	-	794
Securities, available-for-sale	175,891	188,478	198,361
Federal Home Loan Bank Stock	8,543	8,442	8,320
Loans			
Commercial loans	159,822	142,083	153,105
Consumer loans	526,575	516,550	525,513
Real estate mortgage loans	687,744	687,088	679,661
Real estate construction loans	133,487	149,893	151,600
Total loans, gross	1,507,628	1,495,614	1,509,879
Allowance for loan losses	(16,999)	(16,895)	(16,914)
Premises and equipment	20,891	20,924	21,830
Cash value of life insurance	44,346	43,941	43,536
Goodwill	15,519	15,519	15,519
Intangible assets	1,421	1,543	1,666
Other assets	34,436	33,492	34,755
Total assets	1,887,027	1,866,321	1,919,966
Deposits			
Noninterest-bearing demand deposits	366,321	364,401	420,025
Interest-bearing demand deposits	226,591	235,497	230,671
Savings deposits	387,422	381,069	374,605

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Time certificates	530,545	555,882	573,848
Total deposits	1,510,879	1,536,849	1,599,149
Federal funds purchased	80,500	38,000	38,000
Reserve for unfunded commitments	2,040	1,966	1,849
Other liabilities	28,878	32,524	30,383
Other borrowings	44,892	41,347	39,911
Junior subordinated debt	41,238	41,238	41,238
Total liabilities	1,708,427	1,691,924	1,750,530
Total shareholders' equity	178,600	174,397	169,436
Accumulated other comprehensive loss	(4,779)	(3,988)	(4,521)
Average loans	1,506,913	1,490,055	1,498,040
Average interest-earning assets	1,698,620	1,692,574	1,711,743
Average total assets	1,871,260	1,865,448	1,890,765
Average deposits	1,500,733	1,534,473	1,550,979
Average total equity	\$178,836	\$174,262	\$170,518