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TRICO BANCSHARES /
Form 8-K
October 22, 2004

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 21, 2004

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 21, 2004 TriCo Bancshares announced their quarterly earnings for the period ended September 30, 2004. 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

99.1 Press release dated October 21, 2004

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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 21, 2004

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 21, 2004

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES RECORD HIGH EARNINGS IN THIRD QUARTER 2004

CHICO, Calif. - (October 21, 2004) - TriCo Bancshares (NASDAQ: TCBK), parent company (the "Company") of Tri Counties Bank (the "Bank"), today announced record quarterly earnings of \$5,203,000 for the quarter ended September 30, 2004. This represents a 19.9% increase when compared with earnings of \$4,338,000 for the quarter ended September 30, 2003. Diluted earnings per share for the quarter ended September 30, 2004 increased 18.5% to \$0.32 from \$0.27 for the quarter ended September 30, 2003. Total assets of the Company increased \$132 million (9.2%) to \$1.573 billion at September 30, 2004 versus \$1.441 billion at September 30, 2003. Total loans of the Company increased \$196 million (21.1%) to \$1.126 billion at September 30, 2004 versus \$930 million at September 30, 2003. Total deposits of the Company increased \$96 million (8.0%) to \$1.292 billion at September 30, 2004 versus \$1.196 billion at September 30, 2003. Diluted earnings per share for the nine months ended September 30, 2004 and 2003 were \$0.91 and \$0.78, respectively, on earnings of \$14,827,000 and \$12,205,000, respectively.

"Tri Counties Bank continues to grow at an outstanding level and we are prepared to handle our anticipated rapid rate of expansion next year," said Richard Smith, President and Chief Executive Officer. "We are opening six new branches in the Sacramento area in the next year. We are excited about the opportunities this creates to add customers that enhance our source of low cost deposits,

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service charges and fee revenue. Additionally, loan demand continues to be strong and the credit quality of our loan portfolio remains high."

The increase in earnings for the quarter ended September 30, 2004 over the year-ago quarter was due to a \$2,657,000 (16.8%) increase in net interest income to \$18,457,000, and a \$1,155,000 (22.2%) increase in noninterest income to \$6,361,000. The increase in net interest income was due to a \$222 million (25.3%) increase in average loan balances to \$1.098 billion, and a 0.11% increase in fully tax-equivalent net interest margin to 5.35% during the quarter ended September 30, 2004 compared to the year-ago quarter.

The following table shows the components of noninterest income for the three-month periods ended September 30, 2004 and 2003, and the changes therein:

	Three Months Ended September 30,		
	2004	2003	Change
Service charges on deposit accounts	\$ 3,399	\$ 3,208	\$ 191
ATM fees and surcharges	693	566	127
Other service fees	342	(56)	398
Mortgage servicing valuation provision	-	(600)	600
Gain on sale of loans	258	936	(678)
Commissions on sale of nondeposit investment products	578	396	182
Gain on sale of investments	-	97	(97)
Gain on sale of fixed assets	8	-	8
Gain on sale of other real estate	384	-	384
Increase in cash value of life insurance	352	446	(94)
Other noninterest income	347	213	134
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Total noninterest income	\$ 6,361	\$ 5,206	\$ 1,155

Service charges on deposit accounts, ATM fees and surcharges, other service fees and mortgage servicing valuation provision increased \$1,316,000 (42.2%) to \$4,434,000 during the quarter ended September 30, 2004 compared to \$3,118,000 in the year-ago quarter. The increases in these categories are primarily due to an increase in number of customers as a result of the Bank's continued de-novo expansion and penetration of existing markets, and a decrease in mortgage refinance activity which resulted in higher net service fees, and value of servicing, related to mortgages the Company services for others. During the third quarter of 2003, when refinance activity was high, the Company recorded a \$600,000 valuation allowance for its mortgage servicing portfolio. During the first quarter of 2004, as refinance activity slowed, the Company recovered \$30,000 of the \$600,000 valuation allowance. During the second quarter of 2004, as refinance activity continued to slow, the Company recovered the remaining \$570,000 of this valuation allowance. As of September 30, 2004, the Company serviced \$371 million of residential mortgage loans for others, \$363 million of which is subject to potential valuation allowance. As of September 30, 2004, this servicing portfolio has an estimated market value of \$3.5 million, and is recorded in the Company's consolidated financial statements at \$3.5 million. The decrease in gain on sale of loans is also due to the slowdown in mortgage refinance activity that peaked in the middle of 2003.

The increases in net interest income and noninterest income were partially

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offset by a \$1,150,000 (767%) increase in provision for loan losses to \$1,300,000, and a \$1,040,000 (7.4%) increase in noninterest expense to \$15,089,000 in the quarter ended September 30, 2004 versus the year-ago quarter. The increase in provision for loan losses is mainly due to loan growth of \$48 million during the quarter ended September 30, 2004 as loan quality remains high and loan charge-offs were moderate. During the quarter ended September 30, 2004, net loan charge-offs were \$613,000 or 0.22% of average outstanding loans on an annualized basis. As of September 30, 2004, nonperforming loans net of government guarantees, and the allowance for loan losses were 0.44% and 1.44%, respectively, of outstanding loans. The ratio of the allowance for loan losses to nonperforming loans was 329% at September 30, 2004. The increase in noninterest expense was mainly due to salary and benefit expense related to the addition of de-novo branches in Roseville (November 2003), Folsom (December 2003), and Turlock (April 2004), and regular salary increases.

As previously announced on March 11, 2004, the Board of Directors of TriCo Bancshares approved a two-for-one stock split of its common stock at its meeting held on March 11, 2004. The stock split was effected in the form of a stock dividend and provided each stockholder of record at the close of business on April 9, 2004 one additional share for every share of TriCo common stock held on that date. Shares resulting from the split were distributed on April 30, 2004. As of September 30, 2004, the Company had 15,698,000 common shares outstanding. All per share amounts for prior periods have been restated to reflect the stock split.

As of October 21, 2004, the Company had purchased 222,600 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which leaves 277,400 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 28-year history in the banking industry. Tri Counties Bank operates 33 traditional branch locations and 12 in-store branch locations in 21 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 57 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>.

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

	September 30, 2004	June 30, 2004	March 31, 2004	Dec
Statement of Income Data				
Interest income	\$ 21,951	\$ 20,628	\$ 19,912	
Interest expense	3,494	3,087	3,014	
Net interest income	18,457	17,541	16,898	
Provision for loan losses	1,300	1,300	650	
Noninterest income:				
Service charges and fees	4,434	4,910	4,083	
Other income	1,927	2,032	1,672	
Total noninterest income	6,361	6,942	5,755	
Noninterest expense:				
Salaries and benefits	8,319	8,440	8,167	
Intangible amortization	343	343	331	
Other expense	6,427	6,629	5,848	
Total noninterest expense	15,089	15,412	14,346	
Income before taxes	8,429	7,771	7,657	
Net income	\$ 5,203	\$ 4,847	\$ 4,777	
Share Data(1)				
Basic earnings per share	\$ 0.33	\$ 0.31	\$ 0.31	
Diluted earnings per share	0.32	0.30	0.29	
Book value per common share	8.64	8.20	8.28	
Tangible book value per common share	\$ 7.33	\$ 6.87	\$ 6.92	
Shares outstanding	15,697,817	15,639,897	15,635,522	
Weighted average shares	15,672,300	15,639,556	15,616,540	
Weighted average diluted shares	16,247,422	16,215,160	16,212,845	
Credit Quality				
Non-performing loans, net of government agency guarantees	\$ 4,931	\$ 3,886	\$ 5,265	
Other real estate owned	-	628	924	
Loans charged-off	687	177	188	
Loans recovered	\$ 74	\$ 110	\$ 62	
Allowance for loan losses to total loans	1.44%	1.44%	1.44%	
Allowance for loan losses to NPLs	329%	400%	272%	
Allowance for loan losses to NPAs	329%	344%	231%	
Selected Financial Ratios				
Return on average total assets	1.34%	1.29%	1.33%	
Return on average equity	15.57%	14.97%	14.80%	
Average yield on loans	6.87%	6.82%	6.90%	
Average yield on earning assets	6.35%	6.18%	6.30%	
Average rate on earning liabilities	1.25%	1.14%	1.18%	
Net interest margin (fully tax-equivalent)	5.35%	5.27%	5.35%	
Total risk based capital ratio	12.4%	12.4%	11.5%	
Tier 1 Capital ratio	11.0%	10.9%	10.3%	

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

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

	September 30, 2004	June 30, 2004	March 31, 2004	De
Balance Sheet Data				
Cash and due from banks	\$ 64,318	\$ 65,512	\$ 55,568	
Fed funds sold	-	-	-	
Securities, available-for-sale	292,966	309,163	312,657	
Loans				
Commercial loans	151,998	146,262	131,759	
Consumer loans	384,560	357,901	334,221	
Real estate mortgage loans	527,808	518,696	465,429	
Real estate construction loans	62,057	55,605	62,656	
Total loans, gross	1,126,423	1,078,464	994,065	
Allowance for loan losses	(16,216)	(15,529)	(14,297)	
Premises and equipment	20,118	18,996	19,288	
Cash value of life insurance	40,196	39,844	39,412	
Intangible assets	20,589	20,931	21,274	
Other assets	25,103	27,792	22,476	
Total assets	1,573,497	1,545,173	1,450,443	
Deposits				
Noninterest bearing demand deposits	298,319	282,292	260,299	
Interest bearing demand deposits	224,619	224,552	222,986	
Savings deposits	474,345	476,798	488,915	
Time certificates	294,858	283,710	267,739	
Total deposits	1,292,141	1,267,352	1,239,939	
Fed funds purchased & repurchase agreements	57,300	66,000	16,300	
Other liabilities	19,971	19,397	21,194	
Other borrowings	27,159	22,866	22,877	
Junior subordinated debt	41,238	41,238	20,619	
Total liabilities	1,437,809	1,416,853	1,320,929	
Total shareholders' equity	135,688	128,320	129,514	
Accumulated other comprehensive income (loss)	1,155	(1,984)	2,426	
Average loans	1,098,442	1,029,425	970,793	
Average interest earning assets	1,399,342	1,351,774	1,281,032	
Average total assets	1,552,743	1,505,261	1,440,953	
Average deposits	1,275,599	1,252,472	1,231,704	
Average total equity	\$ 133,628	\$ 129,481	\$ 129,133	