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TRICO BANCSHARES /
Form 8-K
April 27, 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):

April 26, 2007

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

| | | |
|--|-----------------------|---|
| California | 0-10661 | 94-2792841 |
| ----- | ----- | ----- |
| (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 April 26, 2007 TriCo Bancshares announced its quarterly earnings for the period ended March 31, 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 April 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: April 26, 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 |
|-------------|------------------------------------|
| ----- | ----- |
| 99.1 | Press release dated April 26, 2007 |

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. - (April 26, 2007) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,444,000 for the quarter ended March 31, 2007. This represents a 1.4% decrease when compared with earnings of \$6,535,000 for the quarter ended March 31, 2006. Diluted earnings per share for the quarter ended March 31, 2007 decreased 2.5% to \$0.39 from \$0.40 for the quarter ended March 31, 2006. Total assets of the Company increased \$36,795,000 (2.0%) to \$1,866,321,000 at March 31, 2007 versus \$1,829,526,000 at March 31, 2006. Total loans of the Company increased \$95,506,000 (6.8%) to \$1,495,614,000 at March 31, 2007 versus \$1,400,108,000 at March 31, 2006. Total deposits of the Company increased \$9,458,000 (0.6%) to \$1,536,849,000 at March 31, 2007 versus \$1,527,391,000 at March 31, 2006.

Richard Smith, President and Chief Executive Officer, commented, "Our results for the first quarter of 2007 are reflective of the continued challenging interest rate environment and competitive pressures. Also, while we are happy to report that we are not involved in subprime lending, we also believe that the slowdown in real estate value appreciation and real estate activity in general is affecting both wholesale and retail banking growth rates. We are optimistic about the prospects of our Company as we continue to add customers and expand our franchise in a profitable manner despite this challenging environment."

The decrease in earnings from the year-ago quarter was primarily due to a

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\$538,000 (3.3%) increase in noninterest expense to \$16,960,000, offset by a \$198,000 (0.9%) increase in fully tax-equivalent net interest income to \$21,666,000 and a \$152,000 (2.4%) increase in noninterest income for the quarter ended March 31, 2007.

The \$198,000 (0.9%) increase in net interest income (FTE) from the year-ago quarter was due to a \$45,797,000 (2.8%) increase in average balances of earning assets to \$1,692,574,000 and a 0.09% decrease in net interest margin (FTE) to 5.12%.

The \$152,000 (2.4%) increase in noninterest income from the year-ago quarter was mainly due to a \$131,000 (16.0%) increase in ATM fees and interchange revenue to \$949,000 and an \$85,000 (2.4%) increase in service charges on deposit accounts to \$3,559,000. The increase in these areas is mainly due to the expansion of the Company's ATM network and growth in number of customers.

The \$538,000 (3.3%) increase in noninterest expense from the year-ago quarter was due to a \$586,000 (6.4%) increase in salaries and benefits expense to \$9,742,000 that was partially offset by a \$48,000 (0.7%) decrease in other noninterest expenses. The increase in salaries and benefits expense was mainly due to annual salary increases, and a 4.1% increase in average full time equivalent staff made up primarily of new employees at the Company's recently opened branches. The decrease in other noninterest expense was mainly due to a \$223,000 (64%) decrease in intangible amortization to \$123,000 that was partially offset by a \$117,000 provision for losses related to unfunded commitments. The decrease in intangible amortization was due to the core deposit intangible related to the purchase of several branches in 1997 becoming fully amortized in the fourth quarter of 2006.

The provision for loan losses was \$482,000 for the three months ended March 31, 2007 compared to \$500,000 for the year-ago quarter. Net loan charge-offs during the quarter ended March 31, 2007 were \$501,000 compared to \$82,000 in the year-ago quarter. Nonperforming loans, net of government agency guarantees, were \$5,991,000 at March 31, 2007 compared to \$4,512,000 and \$4,048,000 at December 31, 2006 and March 31, 2006, respectively. The Company's allowance for losses at March 31, 2007, which consists of the allowance for loan losses and the reserve for unfunded commitments, was \$18,861,000 or 1.26% of total loans outstanding and 315% of nonperforming loans.

As of March 31, 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.

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 32-year history in the banking industry. Tri Counties Bank operates 32 traditional branch locations and 22 in-store branch locations in 22 California counties. Tri Counties Bank offers financial services and

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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 FINANCIAL STATEMENTS
(Unaudited. Dollars in thousands, except per share amounts)
Three months end

| | March 31, 2007 | December 31, 2006 | September 30, 2006 |
|---|-------------------|----------------------|-----------------------|
| <hr/> | | | |
| Statement of Income Data | | | |
| Interest income | \$30,661 | \$31,545 | \$31,421 |
| Interest expense | 9,216 | 9,821 | 9,576 |
| Net interest income | 21,445 | 21,724 | 21,845 |
| Provision for loan losses | 482 | - | 235 |
| Noninterest income: | | | |
| Service charges and fees | 5,061 | 4,940 | 5,056 |
| Other income | 1,539 | 1,687 | 1,593 |
| Total noninterest income | 6,600 | 6,627 | 6,649 |
| Noninterest expense: | | | |
| Salaries and benefits | 9,742 | 9,405 | 9,276 |
| Intangible amortization | 123 | 350 | 350 |
| Provision for losses - unfunded commitments | 117 | - | - |
| Other expense | 6,978 | 7,247 | 7,400 |
| Total noninterest expense | 16,960 | 17,002 | 17,026 |
| Income before taxes | 10,603 | 11,349 | 11,233 |
| Net income | \$6,444 | \$6,918 | \$6,820 |
| Share Data | | | |
| Basic earnings per share | \$0.41 | \$0.44 | \$0.43 |
| Diluted earnings per share | 0.39 | 0.42 | 0.42 |
| Book value per common share | 10.96 | 10.69 | 10.41 |
| Tangible book value per common share | \$9.89 | \$9.60 | \$9.22 |
| Shares outstanding | 15,910,291 | 15,857,207 | 15,857,107 |
| Weighted average shares | 15,878,929 | 15,857,166 | 15,855,933 |
| Weighted average diluted shares | 16,415,845 | 16,396,320 | 16,365,858 |
| Credit Quality | | | |
| Non-performing loans, net of government agency guarantees | \$5,991 | \$4,512 | \$4,523 |
| Other real estate owned | 187 | - | - |
| Loans charged-off | 739 | 498 | 368 |
| Loans recovered | \$238 | \$419 | \$233 |
| Allowance for losses to total loans(1) | 1.26% | 1.24% | 1.25% |
| Allowance for losses to NPLs(1) | 315% | 416% | 417% |
| Allowance for losses to NPAs(1) | 305% | 416% | 417% |
| Selected Financial Ratios | | | |
| Return on average total assets | 1.38% | 1.46% | 1.45% |
| Return on average equity | 14.79% | 16.23% | 16.64% |
| Average yield on loans | 7.63% | 7.81% | 7.82% |

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| | | | |
|--|-------|-------|-------|
| Average yield on interest-earning assets | 7.30% | 7.43% | 7.44% |
| Average rate on interest-bearing liabilities | 2.85% | 2.97% | 2.86% |
| Net interest margin (fully tax-equivalent) | 5.12% | 5.13% | 5.19% |
| Total risk based capital ratio | 11.8% | 11.3% | 11.1% |
| Tier 1 Capital ratio | 10.8% | 10.3% | 10.1% |

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

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

| | March 31, 2007 | December 31, 2006 | September 30, 2006 |
|--------------------------------------|-------------------|----------------------|-----------------------|
| Balance Sheet Data | | | |
| Cash and due from banks | \$75,263 | \$102,220 | \$78,281 |
| Federal funds sold | - | 794 | 1,387 |
| Securities, available-for-sale | 188,478 | 198,361 | 209,886 |
| Federal Home Loan Bank Stock | 8,442 | 8,320 | 8,206 |
| Loans | | | |
| Commercial loans | 142,083 | 153,105 | 153,705 |
| Consumer loans | 516,550 | 525,513 | 527,185 |
| Real estate mortgage loans | 687,088 | 679,661 | 661,962 |
| Real estate construction loans | 149,893 | 151,600 | 164,307 |
| Total loans, gross | 1,495,614 | 1,509,879 | 1,507,159 |
| Allowance for loan losses | (16,895) | (16,914) | (16,993) |
| Premises and equipment | 20,924 | 21,830 | 21,556 |
| Cash value of life insurance | 43,941 | 43,536 | 42,991 |
| Goodwill | 15,519 | 15,519 | 15,519 |
| Intangible assets | 1,543 | 1,666 | 3,361 |
| Other assets | 33,492 | 34,755 | 32,651 |
| Total assets | 1,866,321 | 1,919,966 | 1,904,004 |
| Deposits | | | |
| Noninterest-bearing demand deposits | 364,401 | 420,025 | 357,754 |
| Interest-bearing demand deposits | 235,497 | 230,671 | 229,143 |
| Savings deposits | 381,069 | 374,605 | 369,933 |
| Time certificates | 555,882 | 573,848 | 568,344 |
| Total deposits | 1,536,849 | 1,599,149 | 1,525,174 |
| Federal funds purchased | 38,000 | 38,000 | 106,500 |
| Reserve for unfunded commitments | 1,966 | 1,849 | 1,849 |
| Other liabilities | 32,524 | 30,383 | 28,254 |
| Other borrowings | 41,347 | 39,911 | 35,848 |
| Junior subordinated debt | 41,238 | 41,238 | 41,238 |
| Total liabilities | 1,691,924 | 1,750,530 | 1,738,863 |
| Total shareholders' equity | 174,397 | 169,436 | 165,141 |
| Accumulated other comprehensive loss | (3,988) | (4,521) | (3,607) |
| Average loans | 1,490,055 | 1,498,040 | 1,477,551 |
| Average interest-earning assets | 1,692,574 | 1,711,743 | 1,701,166 |
| Average total assets | 1,865,448 | 1,890,765 | 1,880,029 |
| Average deposits | 1,534,473 | 1,550,979 | 1,501,630 |
| Average total equity | \$174,262 | \$170,518 | \$163,919 |