

Edgar Filing: TRICO BANCSHARES / - Form 8-K

TRICO BANCSHARES /  
Form 8-K  
July 26, 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):

July 25, 2005

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 July 25, 2005 TriCo Bancshares announced its quarterly earnings for the period ended June 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

-----  
(c) Exhibits

99.1 Press release dated July 25, 2005

Edgar Filing: TRICO BANCSHARES / - Form 8-K

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 25, 2005

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 July 25, 2005

PRESS RELEASE  
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES RECORD EARNINGS IN  
SECOND QUARTER 2005

CHICO, Calif. - (July 25, 2005) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced record quarterly earnings of \$5,737,000 for the quarter ended June 30, 2005. This represents an 18.4% increase when compared with earnings of \$4,847,000 for the quarter ended June 30, 2004. Diluted earnings per share for the quarter ended June 30, 2005 increased 16.7% to \$0.35 from \$0.30 for the quarter ended June 30, 2004. Total assets of the Company increased \$174,554,000 (11.3%) to \$1,720,643,000 at June 30, 2005 from \$1,546,089,000 at June 30, 2004. Total loans of the Company increased \$171,588,000 (15.9%) to \$1,250,052,000 at June 30, 2005 from \$1,078,464,000 at June 30, 2004. Total deposits of the Company increased \$132,825,000 (10.5%) to \$1,400,177,000 at June 30, 2005 from \$1,267,352,000 at June 30, 2004. Diluted earnings per share for the six months ended June 30, 2005 and 2004 were \$0.67 and \$0.59, respectively, on earnings of \$10,976,000 and \$9,624,000, respectively.

The increase in earnings from the quarter ended June 30, 2004 was due to a

## Edgar Filing: TRICO BANCSHARES / - Form 8-K

\$1,580,000 (9.0%) increase in net interest income to \$19,121,000, and a \$744,000 (57.0%) decrease in provision for loan losses. These contributing factors were partially offset by a \$632,000 (9.1%) decrease in noninterest income to \$6,310,000 and a \$110,000 (0.7%) increase in noninterest expense to \$15,517,000 for the quarter ended June 30, 2005 compared to the quarter ended June 30, 2004.

The increase in net interest income was the net effect of a \$159,894,000 (11.8%) increase in the average balance of interest-earning assets to \$1,511,668,000 and a 0.15% decrease in net interest margin on those interest-earning assets to 5.12% versus the quarter ended June 30, 2004. The decrease in net interest margin is mainly due to rising short-term interest rates, and steady to declining long-term interest rates, during the period from June 30, 2004 to June 30, 2005.

The \$744,000 decrease in provision for loan losses was due to the continued improvement in the credit quality of the Company's loan portfolio. Net loan charge-offs during the quarter were \$232,000. Nonperforming loans, net of government agency guarantees, were \$2,922,000 at June 30, 2005 compared to \$4,931,000 and \$3,886,000 at December 31, 2004 and June 30, 2004, respectively. The Company's allowance for losses, which consists of the allowance for loan losses and the reserve for unfunded commitments, was \$16,563,000 or 1.32% of total loans outstanding and 567% of nonperforming loans compared to \$15,529,000 or 1.44% of total loans outstanding and 327% of nonperforming loans at June 30, 2004.

Included in the results for the quarter ended June 30, 2004 was a \$570,000 recovery of mortgage servicing rights valuation allowance, and \$182,000 from gain on sale of other real estate. Excluding these items, noninterest income for the quarter ended June 30, 2004 would have been \$6,190,000, and the \$6,310,000 of noninterest income for the quarter ended June 30, 2005 would have represented a \$120,000 (1.9%) increase.

Noninterest expense for the second quarter of 2005 increased \$110,000 (0.7%) to \$15,517,000 from \$15,407,000 in the second quarter of 2004. The increase in noninterest expense was the result of a \$32,000 (0.4%) decrease in salary and benefit expense to \$8,408,000 offset by a \$142,000 net increase in other noninterest expense categories. The decrease in salary and benefits expense was the net result of annual salary increases, and 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 \$142,000 net increase in other noninterest income categories was a \$101,000 increase in advertising expense, and a \$324,000 decrease in professional fees.

As of June 30, 2005, the Company had repurchased 341,100 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 158,900 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 June 30, 2005. Loan growth during this most recent quarter was strong, and the credit quality of our loan portfolio remained excellent and continued to improve. Deposit growth of nearly eleven percent from the year-ago quarter end and another quarter of double-digit growth in earnings per share when compared to the year-ago quarter are evidence that our growth strategy has been effective. We will continue to execute our growth strategy throughout the Central Valley of California as evidenced by the announcement of the start of construction of a new Sacramento banking and financial center on June 1, 2005." The location for the new financial center is across from Arden Fair Mall on Challenge Way, a popular and

## Edgar Filing: TRICO BANCSHARES / - Form 8-K

convenient area for entertainment, shopping and dining. The anticipated grand opening is currently planned for September 2005. The Arden Fair branch will remain open during construction. "We are acting on our promise to open more branches in the Sacramento area," said Mr. Smith, "We have taken the time needed to build an infrastructure, now we are ready to fully present the Tri Counties Bank community banking philosophy to the Sacramento market. Our Arden Fair hub will connect the network of branches we have in place throughout Sacramento and will solidify our goal to become the community bank of choice in the Sacramento Valley." 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

	June 30, 2005	March 31, 2005	December 31, 2004	Sept
Statement of Income Data				
Interest income	\$23,910	\$22,636	\$22,441	
Interest expense	4,789	4,121	3,768	
Net interest income	19,121	18,515	18,673	
Provision (benefit) for loan losses	561	100	(183)	

Edgar Filing: TRICO BANCSHARES / - Form 8-K

Noninterest income:			
Service charges and fees	4,505	4,062	4,266
Other income	1,805	1,265	1,470
Total noninterest income	6,310	5,327	5,736
Noninterest expense:			
Salaries and benefits	8,408	8,369	8,265
Intangible amortization	346	343	343
Provision for losses - unfunded commitments	39	100	483
Other expense	6,724	6,301	6,724
Total noninterest expense	15,517	15,113	15,815
Income before taxes	9,353	8,629	8,777
Net income	\$5,737	\$5,239	\$5,355
Share Data (1)			
Basic earnings per share	\$0.37	\$0.33	\$0.34
Diluted earnings per share	0.35	0.32	0.33
Book value per common share	9.10	8.87	8.79
Tangible book value per common share	\$7.81	\$7.57	\$7.45
Shares outstanding	15,684,092	15,733,517	15,723,317
Weighted average shares	15,701,867	15,729,725	15,712,605
Weighted average diluted shares	16,288,728	16,366,705	16,396,447
Credit Quality			
Non-performing loans, net of government agency guarantees	\$2,922	\$4,072	\$4,906
Other real estate owned	-	-	-
Loans charged-off	513	295	579
Loans recovered	\$281	\$233	\$120
Allowance for losses to total loans(2)	1.32%	1.37%	1.37%
Allowance for losses to NPLs(2)	567%	398%	296%
Allowance for losses to NPAs(2)	567%	398%	296%
Selected Financial Ratios			
Return on average total assets	1.37%	1.29%	1.35%
Return on average equity	16.03%	14.83%	15.44%
Average yield on loans	6.85%	6.69%	6.82%
Average yield on interest-earning assets	6.39%	6.25%	6.33%
Average rate on interest-bearing liabilities	1.62%	1.43%	1.35%
Net interest margin (fully tax-equivalent)	5.12%	5.12%	5.28%
Total risk based capital ratio	11.5%	11.9%	11.9%
Tier 1 Capital ratio	10.5%	10.8%	10.7%

- (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.
- (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

	June 30, 2005	March 31, 2005	December 31, 2004	Sept
Balance Sheet Data				
Cash and due from banks	\$79,287	\$77,365	\$70,037	

Edgar Filing: TRICO BANCSHARES / - Form 8-K

Federal funds sold	235	181	-
Securities, available-for-sale	288,902	293,730	286,013
Federal Home Loan Bank Stock	7,440	6,781	6,781
Loans			
Commercial loans	137,620	125,354	140,332
Consumer loans	456,247	425,437	410,198
Real estate mortgage loans	573,836	556,059	544,373
Real estate construction loans	82,349	75,583	78,064
Total loans, gross	1,250,052	1,182,433	1,172,967
Allowance for loan losses	(14,892)	(14,563)	(14,525)
Premises and equipment	21,182	20,599	19,853
Cash value of life insurance	41,099	40,699	40,479
Goodwill	15,519	15,519	15,519
Intangible assets	4,719	5,065	5,408
Other assets	27,100	27,803	24,974
Total assets	1,720,643	1,655,612	1,627,506
Deposits			
Noninterest-bearing demand deposits	332,887	312,738	311,275
Interest-bearing demand deposits	236,134	238,787	230,763
Savings deposits	466,062	484,660	474,414
Time certificates	365,094	362,564	332,381
Total deposits	1,400,177	1,398,749	1,348,833
Federal funds purchased & repurchase agreements	83,000	20,700	46,400
Reserve for unfunded commitments	1,671	1,632	1,532
Other liabilities	24,161	25,483	23,219
Other borrowings	27,628	28,176	28,152
Junior subordinated debt	41,238	41,238	41,238
Total liabilities	1,577,875	1,515,978	1,489,374
Total shareholders' equity	142,768	139,634	138,132
Accumulated other			
comprehensive income (loss)	(1,468)	(2,242)	(352)
Average loans	1,209,061	1,167,039	1,142,483
Average interest-earning assets	1,511,668	1,464,028	1,433,641
Average total assets	1,679,653	1,628,827	1,592,464
Average deposits	1,407,586	1,363,064	1,343,273
Average total equity	\$143,196	\$141,264	\$138,727