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TRICO BANCSHARES /  
Form 8-K  
July 31, 2006

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, 2006

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 July 26, 2006 TriCo Bancshares announced its quarterly earnings for the period ended June 30, 2006. 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 July 26, 2006

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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 26, 2006

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. | Description                       |
|-------------|-----------------------------------|
| -----       | -----                             |
| 99.1        | Press release dated July 26, 2006 |

PRESS RELEASE  
For Immediate Release

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

TRICO BANCSHARES QUARTERLY EARNINGS

CHICO, Calif. - (July 26, 2006) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,557,000 for the quarter ended June 30, 2006. This represents a 14.3% increase when compared with earnings of \$5,737,000 for the quarter ended June 30, 2005. Diluted earnings per share for the quarter ended June 30, 2006 increased 14.3% to \$0.40 from \$0.35 for the quarter ended June 30, 2005. Total assets of the Company increased \$150,513,000 (8.8%) to \$1,871,156,000 at June 30, 2006 from \$1,720,643,000 at June 30, 2005. Total loans of the Company increased \$205,956,000 (16.5%) to \$1,456,008,000 at June 30, 2006 from \$1,250,052,000 at June 30, 2005. Total deposits of the Company increased \$114,263,000 (8.2%) to \$1,514,440,000 at June 30, 2005 from \$1,400,177,000 at June 30, 2005. Diluted earnings per share for the six months ended June 30, 2006 and 2005 were \$0.80 and \$0.67, respectively, on earnings of \$13,092,000 and \$10,976,000, respectively.

The improvement in results from the year-ago quarter was due to a \$1,997,000 (10.3%) increase in fully tax-equivalent net interest income to \$21,358,000, and a \$221,000 (3.5%) increase in noninterest income to \$6,531,000. These contributing factors were partially offset by a \$759,000 (4.9%) increase in noninterest expense to \$16,276,000 for the quarter ended June 30, 2006.

The increase in net interest income (FTE) was due to a \$165,037,000 (10.9%) increase in average balances of interest-earning assets to \$1,676,705,000 that was minimally offset by a 0.02% decrease in net interest margin (FTE) to 5.10%.

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The decrease in net interest margin was mainly due to an 0.18% increase in the impact of net noninterest-bearing funds to 0.53% from 0.35% in the year-ago quarter that was offset by a 0.20% decrease in net interest spread as the average yield on interest-earning assets increased 0.68% while the average rate paid on interest-bearing liabilities increased 0.88% from the year-ago three month period.

The Company provided \$554,000 for loan losses in the second quarter of 2006 versus \$561,000 in the second quarter of 2005. During the second quarter of 2006, the Company recorded \$305,000 of net loan charge offs versus \$232,000 of net loan charge-offs in the year earlier quarter. The \$305,000 of net loan charge-offs during the second quarter of 2006 represented 0.085% of average loan balances on an annualized basis. At June 30, 2006, the Company's combined allowance for loan losses (\$16,893,000) and reserve for unfunded commitments (\$1,849,000) represented 479% of non-performing loans net of government agency guarantees (\$3,913,000).

The increase in noninterest income from the year-ago quarter was mainly due to a \$364,000 (10.9%) increase in service charges on deposit accounts to \$3,706,000 and a \$115,000 (14.7%) increase in ATM fees and interchange to \$896,000 that were partially offset by a \$136,000 (20.6%) decrease in commissions on sale of nondeposit investment products to \$524,000, and a \$116,000 (27.0%) decrease in gain on sale of loans to \$313,000. The increase in service charges on deposit accounts was primarily due to the introduction of a business overdraft privilege product in March 2005 and 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 decrease in gain on sale of loans is due to a slowdown in residential mortgage refinance activity.

Noninterest expense for the second quarter of 2006 increased \$759,000 (4.9%) compared to the second quarter of 2005. Salaries and benefits expense increased \$210,000 (2.5%) to \$8,618,000. The increase in salaries and benefits expense was mainly due to annual salary increases, and new employees at the Company's recently opened branches in Lincoln Roseville-Pleasant Grove (November 2005), Yuba City-Marketplace (January 2006), Folsom-Empire Ranch (March 2006), Natomas-Arena Blvd (April 2006), Antelope (May 2006), and Anderson (June 2006) that were partially offset by reduced performance incentive expenses. Other categories of noninterest expense including occupancy and ATM network charges also increased, in part, due to these newly opened branches. Advertising and marketing expense increased \$198,000 (59.1%) to \$533,000. Professional fees increase \$236,000 (86.1%) to \$510,000 due to increased audit fees and increased legal fees related to loan collection efforts.

As of June 30, 2006, the Company had repurchased 374,371 shares of its common stock under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which left 125,629 shares available for repurchase under the plan.

Richard Smith, President and Chief Executive Officer commented, "We continue to execute our growth strategy within the Central Valley of California as evidenced by the opening of five branches during the first six months of 2006. These openings represent a 10% increase in our branch locations and a significant increase in our Sacramento-area market presence. We believe this strategy will allow us to continue to grow our Company in a profitable manner despite the current environment of a flat yield curve, increased competition for deposits and a slowdown in mortgage refinance activity. We are encouraged by the strong loan growth, the continued excellent credit quality of our loan portfolio and the steady increase in service charge and fee revenue we achieved during the most recent quarter."

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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 21 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,<br>2006 | March 31,<br>2006 | December 31,<br>2005 | Se<br>20 |
|--|------------------|-------------------|----------------------|----------|
| Statement of Income Data                       |                  |                   |                      |          |
| Interest income                                | \$29,379         | \$27,978          | \$26,876             |          |
| Interest expense                               | 8,275            | 6,773             | 6,100                |          |
| Net interest income                            | 21,104           | 21,205            | 20,776               |          |
| Provision for loan losses                      | 554              | 500               | 561                  |          |
| Noninterest income:                            |                  |                   |                      |          |
| Service charges and fees                       | 4,956            | 4,857             | 4,790                |          |
| Other income                                   | 1,575            | 1,591             | 1,832                |          |
| Total noninterest income                       | 6,531            | 6,448             | 6,622                |          |
| Noninterest expense:                           |                  |                   |                      |          |
| Salaries and benefits                          | 8,618            | 9,156             | 8,565                |          |
| Intangible amortization                        | 350              | 346               | 346                  |          |
| Provision for losses -<br>unfunded commitments | 36               | -                 | 139                  |          |
| Other expense                                  | 7,272            | 6,920             | 6,750                |          |
| Total noninterest expense                      | 16,276           | 16,422            | 15,800               |          |
| Income before taxes                            | 10,805           | 10,731            | 11,037               |          |
| Net income                                     | \$6,557          | \$6,535           | \$6,734              |          |
| Share Data                                     |                  |                   |                      |          |
| Basic earnings per share                       | \$0.42           | \$0.42            | \$0.43               |          |
| Diluted earnings per share                     | 0.40             | 0.40              | 0.41                 |          |
| Book value per common share                    | 9.96             | 9.68              | 9.52                 |          |

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|  |            |            |            |    |
|--|------------|------------|------------|----|
| Tangible book value per common share         | \$8.75     | \$8.44     | \$8.25     |    |
| Shares outstanding                           | 15,855,107 | 15,778,090 | 15,707,835 | 15 |
| Weighted average shares                      | 15,798,565 | 15,736,544 | 15,711,257 | 15 |
| Weighted average diluted shares              | 16,388,855 | 16,379,595 | 16,336,888 | 16 |
| Credit Quality                               |            |            |            |    |
| Non-performing loans, net of                 |            |            |            |    |
| government agency guarantees                 | \$3,913    | \$4,048    | \$2,961    |    |
| Other real estate owned                      | -          | -          | -          |    |
| Loans charged-off                            | 564        | 357        | 392        |    |
| Loans recovered                              | \$259      | \$275      | \$261      |    |
| Allowance for losses to total loans(1)       | 1.29%      | 1.32%      | 1.30%      |    |
| Allowance for losses to NPLs(1)              | 479%       | 456%       | 609%       |    |
| Allowance for losses to NPAs(1)              | 479%       | 456%       | 609%       |    |
| Selected Financial Ratios                    |            |            |            |    |
| Return on average total assets               | 1.42%      | 1.43%      | 1.51%      |    |
| Return on average equity                     | 16.68%     | 16.93%     | 18.00%     |    |
| Average yield on loans                       | 7.44%      | 7.24%      | 7.11%      |    |
| Average yield on interest-earning assets     | 7.07%      | 6.86%      | 6.72%      |    |
| Average rate on interest-bearing liabilities | 2.50%      | 2.11%      | 1.94%      |    |
| Net interest margin (fully tax-equivalent)   | 5.10%      | 5.21%      | 5.21%      |    |
| Total risk based capital ratio               | 11.1%      | 11.1%      | 10.8%      |    |
| Tier 1 Capital ratio                         | 10.1%      | 10.0%      | 9.8%       |    |

(1) 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,<br>2006 | March 31,<br>2006 | December 31,<br>2005 | Sep<br>200 |
|-------------------------------------|------------------|-------------------|----------------------|------------|
| Cash and due from banks             | \$84,663         | \$78,742          | \$90,562             | \$85,      |
| Federal funds sold                  | 526              | -                 | 2,377                |            |
| Securities, available-for-sale      | 221,828          | 244,441           | 260,278              | 271,       |
| Federal Home Loan Bank Stock        | 8,103            | 7,691             | 7,602                | 7,         |
| Loans                               |                  |                   |                      |            |
| Commercial loans                    | 146,952          | 134,049           | 143,175              | 141,       |
| Consumer loans                      | 517,588          | 510,809           | 508,233              | 494,       |
| Real estate mortgage loans          | 642,422          | 630,821           | 623,511              | 600,       |
| Real estate construction loans      | 149,046          | 124,429           | 110,116              | 91,        |
| Total loans, gross                  | 1,456,008        | 1,400,108         | 1,385,035            | 1,328,     |
| Allowance for loan losses           | (16,893)         | (16,644)          | (16,226)             | (15,       |
| Premises and equipment              | 21,597           | 21,068            | 21,291               | 21,        |
| Cash value of life insurance        | 42,571           | 42,168            | 41,768               | 41,        |
| Goodwill                            | 15,519           | 15,519            | 15,519               | 15,        |
| Intangible assets                   | 3,711            | 4,061             | 4,407                | 4,         |
| Other assets                        | 33,523           | 32,372            | 28,662               | 27,        |
| Total assets                        | 1,871,156        | 1,829,526         | 1,841,275            | 1,786,     |
| Deposits                            |                  |                   |                      |            |
| Noninterest-bearing demand deposits | 354,576          | 354,514           | 368,412              | 346,       |
| Interest-bearing demand deposits    | 235,100          | 249,064           | 244,193              | 243,       |
| Savings deposits                    | 388,847          | 432,087           | 438,177              | 449,       |
| Time certificates                   | 535,917          | 491,726           | 446,015              | 398,       |

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|   |           |           |           |        |
|---|-----------|-----------|-----------|--------|
| Total deposits                          | 1,514,440 | 1,527,391 | 1,496,797 | 1,438, |
| Federal funds purchased                 | 96,700    | 45,800    | 96,800    | 103,   |
| Reserve for unfunded commitments        | 1,849     | 1,813     | 1,813     | 1,     |
| Other liabilities                       | 24,964    | 29,046    | 23,744    | 24,    |
| Other borrowings                        | 33,971    | 31,441    | 31,390    | 31,    |
| Junior subordinated debt                | 41,238    | 41,238    | 41,238    | 41,    |
| Total liabilities                       | 1,713,162 | 1,676,729 | 1,691,782 | 1,640, |
| Total shareholders' equity              | 157,994   | 152,797   | 149,493   | 146,   |
| Accumulated other<br>comprehensive loss | (5,629)   | (5,330)   | (3,825)   | (2,    |
| Average loans                           | 1,427,735 | 1,384,541 | 1,344,654 | 1,284, |
| Average interest-earning assets         | 1,676,705 | 1,646,777 | 1,615,901 | 1,574, |
| Average total assets                    | 1,850,487 | 1,822,441 | 1,784,018 | 1,744, |
| Average deposits                        | 1,497,571 | 1,498,825 | 1,473,625 | 1,421, |
| Average total equity                    | \$157,232 | \$154,410 | \$149,619 | \$146, |