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

April 26, 2006

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, 2006 TriCo Bancshares announced its quarterly earnings for the period ended March 31, 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

(c) Exhibits

99.1 Press release dated April 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: April 26, 2006

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, 2006 |

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, 2006) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,535,000 for the quarter ended March 31, 2006. This represents a 24.7% increase when compared with earnings of \$5,239,000 for the quarter ended March 31, 2005. Diluted earnings per share for the quarter ended March 31, 2006 increased 25.0% to \$0.40 from \$0.32 for the quarter ended March 31, 2005. Total assets of the Company increased \$173,914,000 (10.5%) to \$1,829,526,000 at March 31, 2006 versus \$1,655,612,000 at March 31, 2005. Total loans of the Company increased \$217,675,000 (18.4%) to \$1,400,108,000 at March 31, 2006 versus \$1,182,433,000 at March 31, 2005. Total deposits of the Company increased \$128,642,000 (9.2%) to \$1,527,391,000 at March 31, 2006 versus \$1,398,749,000 at March 31, 2005.

Richard Smith, President and Chief Executive Officer, commented, "We are pleased with the performance of our company during the quarter ended March 31, 2006. Loan growth during this most recent quarter was good and consistent with the pattern we have seen during the first quarter of recent years. The credit quality of our loan portfolio remained excellent during this most recent quarter. Deposit growth of nine 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 January 2006 opening of our full service branch in the Wal-Mart supercenter at 1150 Harter Road in Yuba City, California, the March 2006 opening of our full service branch in the Raley's supermarket at

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25025 Blue Ravine Road in Folsom, California, and the April 2006 opening of our full service branch in the Bel Air supermarket at 3250 Arena Boulevard in North Natomas, California. The Folsom and North Natomas branches represent our ninth and tenth branches in the Sacramento metropolitan area, and our fiftieth and fifty-first branches overall."

The improvement in results from the year-ago quarter was due to a \$2,712,000 (14.5%) increase in fully tax-equivalent net interest income to \$21,468,000, and a \$1,121,000 (21.0%) increase in noninterest income. These contributing factors were partially offset by a \$400,000 (400%) increase in provision for loan losses to \$500,000 and a \$1,309,000 (8.7%) increase in noninterest expense to \$16,422,000 for the quarter ended March 31, 2006.

The \$2,712,000 increase in net interest income (FTE) was due to increased average balances of earning assets (up \$182,749,000 or 12.5% to \$1,646,777,000) and a 9 basis point increase in net interest margin (FTE) to 5.21% in the quarter ended March 31, 2006 compared to 5.12% in the year-ago quarter.

The \$400,000 increase in provision for loan losses was mainly due to loan growth as credit quality remained excellent. Net loan charge-offs during the quarter were \$82,000. Nonperforming loans, net of government agency guarantees, were \$4,048,000 at March 31, 2006 compared to \$2,961,000 and \$4,072,000 at December 31, 2005 and March 31, 2005, respectively. The Company's allowance for losses, which consists of the allowance for loan losses and the reserve for unfunded commitments, was \$18,457,000 or 1.32% of total loans outstanding and 456% of nonperforming loans.

The \$1,121,000 (21.0%) increase in noninterest income from the year-ago quarter was mainly due to a \$440,000 (14.5%) increase in service charges on deposit accounts to \$3,474,000, a \$180,000 (81.8%) gain in the increase in cash value of life insurance, and a \$218,000 increase related to the change in value of mortgage servicing rights. 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 gain in the increase in cash value of life insurance was due to higher earning rates on the related insurance policies. The increase related to the change in value of mortgage servicing rights is due to the adoption of market value accounting for mortgage servicing rights effective January 1, 2006 and the related change in market value from January 1, 2006 to March 31, 2006.

Noninterest expense for the first quarter of 2006 increased \$1,309,000 (8.7%) to \$16,422,000 compared to the first quarter of 2005. Salaries and benefits expense increased \$787,000 (9.4%) to \$9,156,000. 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 (February 2005), Folsom-East Bidwell (March 2005), Roseville-Pleasant Grove (November 2005), Yuba City-Marketplace (January 2006), and Folsom-Empire Ranch/Blue Ravine (March 2006). Other categories of noninterest expense such as equipment, occupancy, ATM network charges, and other also increased, in part, due to these newly opened branches. Advertising and marketing expense increased \$98,000 (28.7%) to \$440,000. Also, on January 1, 2006 the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123R), using the modified-prospective transition method, and began expensing the grant-date fair value of all unvested stock options outstanding as of December 31, 2005 over their remaining vesting periods. As such, the Company included \$139,000 of expense related to vesting of stock options in noninterest expense during the first quarter of 2006 compared to no such expense during the first

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quarter of 2005. The after-tax effect of adopting SFAS 123R was a reduction of net income of \$100,000 and \$0, and a reduction in diluted earnings per share of \$0.006 and \$0, for the first quarters of 2006 and 2005, respectively.

As of March 31, 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.

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 19 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 58 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

| | March 31, 2006 | December 31, 2005 | September 30, 2005 | Jun 2 |
|---------------------------|-------------------|----------------------|-----------------------|----------|
| Statement of Income Data | | | | |
| Interest income | \$27,978 | \$26,876 | \$25,334 | |
| Interest expense | 6,773 | 6,100 | 5,519 | |
| Net interest income | 21,205 | 20,776 | 19,815 | |
| Provision for loan losses | 500 | 561 | 947 | |
| Noninterest income: | | | | |
| Service charges and fees | 4,857 | 4,790 | 4,795 | |
| Other income | 1,591 | 1,832 | 1,837 | |
| Total noninterest income | 6,448 | 6,622 | 6,632 | |
| Noninterest expense: | | | | |

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| | | | | |
|--|------------|------------|------------|----|
| Salaries and benefits | 9,156 | 8,565 | 8,584 | |
| Intangible amortization | 346 | 346 | 346 | |
| Provision for losses - unfunded commitments | - | 139 | 3 | |
| Other expense | 6,920 | 6,750 | 6,747 | |
| Total noninterest expense | 16,422 | 15,800 | 15,680 | |
| Income before taxes | 10,731 | 11,037 | 9,820 | |
| Net income | \$6,535 | \$6,734 | \$5,961 | |
| Share Data | | | | |
| Basic earnings per share | \$0.42 | \$0.43 | \$0.38 | |
| Diluted earnings per share | 0.40 | 0.41 | 0.37 | |
| Book value per common share | 9.68 | 9.52 | 9.30 | |
| Tangible book value per common share | \$8.44 | \$8.25 | \$8.04 | |
| Shares outstanding | 15,778,090 | 15,707,835 | 15,728,106 | 15 |
| Weighted average shares | 15,736,544 | 15,711,257 | 15,687,547 | 15 |
| Weighted average diluted shares | 16,379,595 | 16,336,888 | 16,330,035 | 16 |
| Credit Quality | | | | |
| Non-performing loans, net of government agency guarantees | \$4,048 | \$2,961 | \$3,048 | |
| Other real estate owned | - | - | - | |
| Loans charged-off | 357 | 392 | 479 | |
| Loans recovered | \$275 | \$261 | \$436 | |
| Allowance for losses to total loans(1) | 1.32% | 1.30% | 1.32% | |
| Allowance for losses to NPLs(1) | 456% | 609% | 573% | |
| Allowance for losses to NPAs(1) | 456% | 609% | 573% | |
| Selected Financial Ratios | | | | |
| Return on average total assets | 1.43% | 1.51% | 1.37% | |
| Return on average equity | 16.93% | 18.00% | 16.26% | |
| Average yield on loans | 7.24% | 7.11% | 6.93% | |
| Average yield on interest-earning assets | 6.86% | 6.72% | 6.51% | |
| Average rate on interest-bearing liabilities | 2.11% | 1.94% | 1.79% | |
| Net interest margin (fully tax-equivalent) | 5.21% | 5.21% | 5.10% | |
| Total risk based capital ratio | 11.1% | 10.8% | 11.2% | |
| Tier 1 Capital ratio | 10.0% | 9.8% | 10.1% | |

(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

| | March 31, 2006 | December 31, 2005 | September 30, 2005 | June 30, 2005 |
|--------------------------------|-------------------|----------------------|-----------------------|------------------|
| Balance Sheet Data | | | | |
| Cash and due from banks | \$78,742 | \$90,562 | \$85,413 | \$79,000 |
| Federal funds sold | - | 2,377 | 218 | - |
| Securities, available-for-sale | 244,441 | 260,278 | 271,134 | 288,000 |
| Federal Home Loan Bank Stock | 7,691 | 7,602 | 7,516 | 7,000 |
| Loans | | | | |
| Commercial loans | 134,049 | 143,175 | 141,057 | 137,000 |
| Consumer loans | 510,809 | 508,233 | 494,277 | 456,000 |

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| | | | | |
|-------------------------------------|-----------|-----------|-----------|--------|
| Real estate mortgage loans | 630,821 | 623,511 | 600,875 | 573, |
| Real estate construction loans | 124,429 | 110,116 | 91,881 | 82, |
| Total loans, gross | 1,400,108 | 1,385,035 | 1,328,090 | 1,250, |
| Allowance for loan losses | (16,644) | (16,226) | (15,796) | (14, |
| Premises and equipment | 21,068 | 21,291 | 21,223 | 21, |
| Cash value of life insurance | 42,168 | 41,768 | 41,519 | 41, |
| Goodwill | 15,519 | 15,519 | 15,519 | 15, |
| Intangible assets | 4,061 | 4,407 | 4,373 | 4, |
| Other assets | 32,372 | 28,662 | 27,647 | 27, |
| Total assets | 1,829,526 | 1,841,275 | 1,786,856 | 1,720, |
| Deposits | | | | |
| Noninterest-bearing demand deposits | 354,514 | 368,412 | 346,456 | 332, |
| Interest-bearing demand deposits | 249,064 | 244,193 | 243,926 | 236, |
| Savings deposits | 432,087 | 438,177 | 449,893 | 466, |
| Time certificates | 491,726 | 446,015 | 398,024 | 365, |
| Total deposits | 1,527,391 | 1,496,797 | 1,438,299 | 1,400, |
| Federal funds purchased | 45,800 | 96,800 | 103,200 | 83, |
| Reserve for unfunded commitments | 1,813 | 1,813 | 1,674 | 1, |
| Other liabilities | 29,046 | 23,744 | 24,412 | 24, |
| Other borrowings | 31,441 | 31,390 | 31,711 | 27, |
| Junior subordinated debt | 41,238 | 41,238 | 41,238 | 41, |
| Total liabilities | 1,676,729 | 1,691,782 | 1,640,534 | 1,577, |
| Total shareholders' equity | 152,797 | 149,493 | 146,322 | 142, |
| Accumulated other | | | | |
| comprehensive loss | (5,330) | (3,825) | (2,538) | (1, |
| Average loans | 1,384,541 | 1,344,654 | 1,284,977 | 1,209, |
| Average interest-earning assets | 1,646,777 | 1,615,901 | 1,574,392 | 1,511, |
| Average total assets | 1,822,441 | 1,784,018 | 1,744,015 | 1,679, |
| Average deposits | 1,498,825 | 1,473,625 | 1,421,055 | 1,407, |
| Average total equity | \$154,410 | \$149,619 | \$146,660 | \$143, |