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TRICO BANCSHARES /
Form 8-K
October 25, 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):

October 24, 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 October 24, 2007 TriCo Bancshares announced its quarterly earnings for the
period ended September 30, 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 October 24, 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: October 24, 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 October 24, 2007 |

[GRAPHIC OMITTED]

PRESS RELEASE
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif. - (October 24, 2007) - TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$6,793,000 for the quarter ended September 30, 2007. This represents a decrease of \$27,000 (0.4%) when compared with earnings of \$6,820,000 for the quarter ended September 30, 2006. Diluted earnings per share for the quarter ended September 30, 2007 were \$0.42 compared to \$0.42 for the quarter ended September 30, 2006. Total assets of the Company increased \$49,519,000 (2.6%) to \$1,953,523,000 at September 30, 2007 from \$1,904,004,000 at September 30, 2006. Total loans of the Company increased \$27,917,000 (1.9%) to \$1,535,076,000 at September 30, 2007 from \$1,507,159,000 at September 30, 2006. Total deposits of the Company increased \$6,968,000 (0.5%) to \$1,532,142,000 at September 30, 2007 from \$1,525,174,000 at September 30, 2006. Diluted earnings per share for the nine months ended September 30, 2007 and 2006 were \$1.22 and \$1.22, respectively, on earnings of \$19,992,000 and \$19,912,000, respectively.

The decrease in earnings from the quarter ended September 30, 2006 was due to a \$5,000 (0.02%) decrease in fully tax-equivalent (FTE) net interest income to \$21,840,000, and a \$465,000 (198%) increase in the provision for loan losses to \$700,000 that were substantially offset by a \$198,000 (3.0%) increase in noninterest income to \$6,847,000 and a \$274,000 (1.6%) decrease in noninterest expense to \$16,752,000 for the quarter ended September 30, 2007.

The \$5,000 (0.02%) decrease in net interest income (FTE) was due to a 0.07%

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decrease in net interest margin (FTE) to 5.12% that was substantially offset by a \$20,381,000 (1.2%) increase in average balances of interest-earning assets to \$1,721,547,000. This decrease in net interest margin was mainly due to a 0.18% decrease in net interest spread as the average yield on interest-earning assets increased 0.14% while the average rate paid on interest-bearing liabilities increased 0.32% from the quarter ended September 30, 2006. The effect of the 0.18% decrease in net interest spread was partially offset by a 0.11% increase in the impact of net noninterest-bearing funds from the quarter ended September 30, 2006.

The Company provided \$700,000 for loan losses in the third quarter of 2007 versus \$235,000 in the third quarter of 2006. During the third quarter of 2007, the Company recorded \$560,000 of net loan charge-offs versus \$135,000 of net loan charge-offs in the year earlier quarter. The \$560,000 of net loan charge-offs during the third quarter of 2007 represented 0.15% of average loan balances on an annualized basis. At September 30, 2007, the combination of the Company's allowance for loan losses (\$17,139,000) and reserve for unfunded commitments (\$2,040,000) represented 255% of non-performing loans net of government agency guarantees (\$7,507,000).

The increase in noninterest income from the quarter ended September 30, 2006 was mainly due to a \$136,000 (30.4%) increase in commissions on sale of nondeposit investment products to \$583,000, a \$116,000 (3.1%) increase in service charges on deposit accounts to \$3,819,000, and an \$89,000 (9.6%) increase in ATM fees and interchange to \$1,016,000, that were partially offset by a \$53,000 (20.1%) decrease in gain on sale of loans to \$211,000. The increase in commissions on sale of nondeposit investment products was primarily due to improved market conditions and increased resources focused in this area. The increase in service charges on deposit accounts was primarily due to 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 was due to a slowdown in residential mortgage refinance activity.

The \$274,000 decrease in noninterest expense for the third quarter of 2007 compared to the third quarter of 2006 was mainly due to a \$301,000 (3.2%) decrease in salaries and benefits expense to \$8,975,000. The decrease in salaries and benefits expense was mainly due to reduced commission and incentive expense that was partially offset by annual salary increases, and new employees at the Company's recently opened branches. The reduced commission and incentive expense was due to the Company's employees not earning certain bonus and incentive compensation which is tied to the Company satisfying internal targeted performance goals. The Company did not meet such goals for the third quarter of 2007 and thus did not incur the related compensation expense.

Richard Smith, President and Chief Executive Officer commented, "We are pleased with our results for the quarter ended September 30, 2007, given the difficult market conditions in residential real estate and continued margin pressures that we have faced throughout 2007. During the third quarter, the nation's liquidity crisis and rate reductions by the Federal Reserve added to operating challenges. Despite this, TriCo's performance held up remarkably well. Most importantly, credit quality remains good and demonstrates our ability to manage through the residential real estate downturn. We have been minimally affected by the pronounced slowdown in the California residential real estate market. While we did achieve modest loan growth in the most recent quarter, we find ourselves having to fund this growth with higher paying deposits or other borrowings."

On August 21, 2007, the Company announced the completion of its stock repurchase plan originally adopted on July 31, 2003 and amended on April 9, 2004. Under this plan, the Company repurchased a total of 500,000 shares of its common stock with the final 105,629 shares being repurchased during August 2007 at an average price of \$20.97 per share. Also on August 21, 2007, the Board of Directors adopted a new plan to repurchase, as conditions warrant, up to 500,000 shares of

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the Company's common stock on the open market. As of September 30, 2007, the Company had not repurchased any shares of its common stock under its stock repurchase plan announced on August 21, 2007, which left 500,000 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 25 in-store branch locations in 23 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 64 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 FINA
(Unaudited. Dollars in thousands, except
Three months end

| | September 30, 2007 | June 30, 2007 | March 31, 2007 | D |
|--|-----------------------|------------------|-------------------|---|
| | | | | |
| Statement of Income Data | | | | |
| Interest income | \$32,442 | \$31,986 | \$30,661 | |
| Interest expense | 10,602 | 9,895 | 9,216 | |
| Net interest income | 21,840 | 22,091 | 21,445 | |
| Provision for loan losses | 700 | 500 | 482 | |
| Noninterest income: | | | | |
| Service charges and fees | 5,218 | 5,375 | 5,061 | |
| Other income | 1,629 | 1,654 | 1,539 | |
| Total noninterest income | 6,847 | 7,029 | 6,600 | |
| Noninterest expense: | | | | |
| Salaries and benefits | 8,975 | 9,619 | 9,742 | |
| Intangible amortization | 122 | 122 | 123 | |
| Provision for losses - unfunded commitments | - | 74 | 117 | |
| Other expense | 7,655 | 7,628 | 6,978 | |
| Total noninterest expense | 16,752 | 17,443 | 16,960 | |
| Income before taxes | 11,235 | 11,177 | 10,603 | |
| Net income | \$6,793 | \$6,755 | \$6,444 | |

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| | | | |
|--|------------|------------|------------|
| Share Data | | | |
| Basic earnings per share | \$0.43 | \$0.42 | \$0.41 |
| Diluted earnings per share | 0.42 | 0.41 | 0.39 |
| Book value per common share | 11.50 | 11.22 | 10.96 |
| Tangible book value per common share | \$10.44 | \$10.16 | \$9.89 |
| Shares outstanding | 15,891,300 | 15,917,291 | 15,910,291 |
| Weighted average shares | 15,889,061 | 15,916,313 | 15,878,929 |
| Weighted average diluted shares | 16,310,631 | 16,463,389 | 16,415,845 |
| Credit Quality | | | |
| Non-performing loans, net of | | | |
| government agency guarantees | \$7,507 | \$13,360 | \$5,991 |
| Other real estate owned | 187 | 187 | 187 |
| Loans charged-off | 843 | 751 | 739 |
| Loans recovered | \$283 | \$355 | \$238 |
| Allowance for losses to total loans(1) | 1.25% | 1.26% | 1.26% |
| Allowance for losses to NPLs(1) | 255% | 143% | 315% |
| Allowance for losses to NPAs(1) | 249% | 141% | 305% |
| Selected Financial Ratios | | | |
| Return on average total assets | 1.44% | 1.44% | 1.38% |
| Return on average equity | 14.92% | 15.11% | 14.79% |
| Average yield on loans | 7.93% | 7.93% | 7.63% |
| Average yield on interest-earning assets | 7.58% | 7.58% | 7.30% |
| Average rate on interest-bearing liabilities | 3.18% | 3.02% | 2.85% |
| Net interest margin (fully tax-equivalent) | 5.12% | 5.25% | 5.12% |
| Total risk based capital ratio | 11.7% | 11.8% | 11.8% |
| Tier 1 Capital ratio | 10.7% | 10.8% | 10.8% |

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

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

| | September 30, 2007 | June 30, 2007 | March 31, 2007 | D |
|--------------------------------|-----------------------|------------------|-------------------|---|
| Balance Sheet Data | | | | |
| Cash and due from banks | \$70,791 | \$93,636 | \$75,263 | |
| Federal funds sold | 488 | 1,715 | - | |
| Securities, available-for-sale | 239,242 | 175,891 | 188,478 | |
| Federal Home Loan Bank Stock | 8,652 | 8,543 | 8,442 | |
| Loans | | | | |
| Commercial loans | 165,559 | 159,822 | 142,083 | |
| Consumer loans | 542,875 | 526,575 | 516,550 | |
| Real estate mortgage loans | 697,670 | 687,744 | 687,088 | |
| Real estate construction loans | 128,972 | 133,487 | 149,893 | |
| Total loans, gross | 1,535,076 | 1,507,628 | 1,495,614 | |
| Allowance for loan losses | (17,139) | (16,999) | (16,895) | |
| Premises and equipment | 20,804 | 20,891 | 20,924 | |
| Cash value of life insurance | 44,751 | 44,346 | 43,941 | |
| Goodwill | 15,519 | 15,519 | 15,519 | |
| Intangible assets | 1,298 | 1,421 | 1,543 | |
| Other assets | 34,041 | 34,436 | 33,492 | |
| Total assets | 1,953,523 | 1,887,027 | 1,866,321 | |

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| | | | |
|-------------------------------------|-----------|-----------|-----------|
| Deposits | | | |
| Noninterest-bearing demand deposits | 345,467 | 366,321 | 364,401 |
| Interest-bearing demand deposits | 214,726 | 226,591 | 235,497 |
| Savings deposits | 386,866 | 387,422 | 381,069 |
| Time certificates | 585,083 | 530,545 | 555,882 |
| Total deposits | 1,532,142 | 1,510,879 | 1,536,849 |
| Federal funds purchased | 66,000 | 80,500 | 38,000 |
| Reserve for unfunded commitments | 2,040 | 2,040 | 1,966 |
| Other liabilities | 29,382 | 28,878 | 32,524 |
| Other borrowings | 99,996 | 44,892 | 41,347 |
| Junior subordinated debt | 41,238 | 41,238 | 41,238 |
| Total liabilities | 1,770,798 | 1,708,427 | 1,691,924 |
| Total shareholders' equity | 182,725 | 178,600 | 174,397 |
| Accumulated other | | | |
| comprehensive loss | (3,628) | (4,779) | (3,988) |
| Average loans | 1,517,419 | 1,506,913 | 1,490,055 |
| Average interest-earning assets | 1,721,547 | 1,698,620 | 1,692,574 |
| Average total assets | 1,891,992 | 1,871,260 | 1,865,448 |
| Average deposits | 1,499,793 | 1,500,733 | 1,534,473 |
| Average total equity | \$182,080 | \$178,836 | \$174,262 |