

Edgar Filing: TRICO BANCSHARES / - Form 8-K

TRICO BANCSHARES /  
Form 8-K  
July 22, 2004

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 21, 2004

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

Item 7(c): Exhibits

-----  
99.1 Press release dated July 21, 2004

Item 12: Results of Operations and Financial Condition

-----  
On July 21, 2004 TriCo Bancshares announced their quarterly earnings for the period ended June 30, 2004. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

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 21, 2004

By: /s/ Thomas J. Reddish

-----  
Thomas J. Reddish, Executive Vice  
President and Chief Financial Officer

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

(Principal Financial and Accounting  
Officer)

## INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press release dated July 21, 2004

PRESS RELEASE  
For Immediate Release

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

## TRICO BANCSHARES ANNOUNCES RECORD HIGH EARNINGS IN SECOND QUARTER 2004

CHICO, Calif. - (July 21, 2004) - TriCo Bancshares (NASDAQ: TCBK), parent company (the "Company") of Tri Counties Bank (the "Bank"), today announced record quarterly earnings of \$4,847,000 for the quarter ended June 30, 2004. This represents a 13.9% increase when compared with earnings of \$4,254,000 for the quarter ended June 30, 2003. Diluted earnings per share for the quarter ended June 30, 2004 increased 11.1% to \$0.30 from \$0.27 for the quarter ended June 30, 2003. Total assets of the Company increased \$184 million (13.5%) to \$1.545 billion at June 30, 2004 versus \$1.361 billion at June 30, 2003. Total loans of the Company increased \$226 million (26.5%) to \$1.078 billion at June 30, 2004 versus \$852 million at June 30, 2003. Total deposits of the Company increased \$94 million (8.0 %) to \$1.267 billion at June 30, 2004 versus \$1.174 billion at June 30, 2003. Diluted earnings per share for the six months ended June 30, 2004 and 2003 were \$0.59 and \$0.52, respectively, on earnings of \$9,624,000 and \$7,867,000, respectively.

"Tri Counties Bank is the largest community bank in California headquartered north of Sacramento, and our strategy to expand our franchise by opening new branches in addition to acquiring other banks continues to be tremendously successful as indicated by our record high earnings," said Richard Smith, President and Chief Executive Officer. "In April of 2004 we opened another full-service branch in Turlock, Calif., which has already exceeded projections. Additionally, loan demand continues to be strong, the credit quality of our loan portfolio remains high, and our expansion into California's Central Valley has allowed us to increase sales of nondeposit investment products, and add households that enhance our source of low cost deposits, service charges and fee revenue."

The increase in earnings for the quarter ended June 30, 2004 over the year-ago quarter was due to a \$2,825,000 (19.2%) increase in net interest income to \$17,541,000, and a \$388,000 (5.9%) increase in noninterest income to \$6,942,000. The increase in net interest income was due to a \$228 million (28.4%) increase in average loan balances to \$1.029 billion, and a 0.25% increase in fully tax-equivalent net interest margin to 5.27% during the quarter ended June 30, 2004 compared to the year-ago quarter.

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

The following table shows the components of noninterest income for the three-month periods ended June 30, 2004 and 2003, and the changes therein:

	Three Months Ended June 30,		
	2004	2003	Change
Service charges on deposit accounts	\$ 3,407	\$ 3,192	\$ 215
ATM fees and surcharges	664	597	67
Other service fees	269	196	73
Mortgage servicing valuation recovery	570	-	570
Gain on sale of loans	433	1,319	(886)
Commissions on sale of nondeposit investment products	616	461	155
Gain on sale of investments	-	100	(100)
Gain on sale of fixed assets	89	-	89
Gain on sale of other real estate	182	60	122
Increase in cash value of life insurance	432	376	56
Other noninterest income	280	253	27
	-----	-----	-----
Total noninterest income	\$ 6,942	\$ 6,554	\$ 388

Service charges on deposit accounts, ATM fees and surcharges, and other service fees increased \$355,000 (8.9%) to \$4,340,000 during the quarter ended June 30, 2004 compared to \$3,985,000 in the year-ago quarter. The increases in these categories are primarily due to an increase in number of customers as a result of the Bank's continued de-novo expansion and penetration of existing markets. The mortgage servicing valuation recovery and the decrease in gain on sale of loans are due to the slowdown in mortgage refinance activity that peaked in the middle of 2003. During the third quarter of 2003, when refinance activity was high, the Company recorded a \$600,000 valuation allowance for its mortgage servicing portfolio. During the first quarter of 2004, as refinance activity slowed, the Company recovered \$30,000 of the \$600,000 valuation allowance. During the second quarter of 2004, as refinance activity continued to slow, the Company recovered the remaining \$570,000 of this valuation allowance. As of June 30, 2004, the Company serviced \$372 million of residential mortgage loans for others, \$360 million of which is subject to potential valuation allowance. As of June 30, 2004, this servicing portfolio has an estimated market value of \$3.7 million, and is recorded in the Company's consolidated financial statements at \$3.5 million.

The increases in net interest income and noninterest income were partially offset by a \$1,150,000 (767%) increase in provision for loan losses to \$1,300,000, and a \$1,044,000 (7.3%) increase in noninterest expense to \$15,412,000 in the quarter ended June 30, 2004 versus the year-ago quarter. The increase in provision for loan losses is mainly due to loan growth of \$84 million during the quarter ended June 30, 2004 as loan quality remains high and loan charge-offs remain low. During the quarter ended June 30, 2004, net loan charge-offs were \$67,000 or 0.026% of average outstanding loans on an annualized basis. As of June 30, 2004, nonperforming loans net of government guarantees, and the allowance for loan losses were 0.36% and 1.44%, respectively, of outstanding loans. The increase in noninterest expense was mainly due to salary and benefit expense related to the addition of de-novo branches in Roseville (November 2003), Folsom (December 2003), and Turlock (April 2004), and regular salary increases.

As previously announced on March 11, 2004, the Board of Directors of TriCo Bancshares approved a two-for-one stock split of its common stock at its meeting held on March 11, 2004. The stock split was effected in the form of a stock dividend and provided each stockholder of record at the close of business on April 9, 2004 one additional share for every share of TriCo common stock held on

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

that date. Shares resulting from the split were distributed on April 30, 2004. As of June 30, 2004, the Company had 15,640,000 common shares outstanding. All per share amounts for prior periods have been restated to reflect the stock split.

As of July 21, 2004, the Company had purchased 222,600 shares under its stock repurchase plan announced on July 31, 2003 and amended on April 9, 2004, which leaves 277,400 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 28-year history in the banking industry. Tri Counties Bank operates 33 traditional branch locations and 13 in-store branch locations in 21 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 57 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  
(Dollars in thousands, except per share amounts)  
Three months ended

	June 30, 2004	March 31, 2004	December 31, 2003	Sept 2003
<hr/>				
Statement of Income Data				
Interest income	\$ 20,628	\$ 19,912		\$ 20,354
Interest expense	3,087	3,014		3,224
Net interest income	17,541	16,898		17,130
Provision for loan losses	1,300	650		800
Noninterest income:				
Service charges and fees	4,910	4,081		3,939

Edgar Filing: TRICO BANCSHARES / - Form 8-K

Other income	2,032	1,674	1,814
Total noninterest income	6,942	5,755	5,753
Noninterest expense:			
Salaries and benefits	8,440	8,167	7,741
Intangible amortization	343	331	330
Other expense	6,629	5,848	6,388
Total noninterest expense	15,412	14,346	14,459
Income before taxes	7,771	7,657	7,624
Net income	\$ 4,847	\$ 4,777	\$ 4,683
Share Data (1)			
Basic earnings per share	\$ 0.31	\$ 0.31	\$ 0.30
Diluted earnings per share	0.30	0.29	0.29
Book value per common share	\$ 8.20	8.28	8.17
Tangible book value per common share	\$ 6.87	\$ 6.92	\$ 6.79
Shares outstanding	15,639,897	15,635,522	15,668,248
Weighted average shares	15,639,556	15,616,540	15,693,494
Weighted average diluted shares	16,215,160	16,212,845	16,296,892
Credit Quality			
Non-performing loans, net of government agency guarantees	\$ 3,886	\$ 5,265	\$ 4,394
Other real estate owned	628	924	932
Loans charged-off	177	188	859
Loans recovered	\$ 110	\$ 62	\$ 372
Allowance for loan losses to total loans	1.44%	1.44%	1.40%
Allowance for loan losses to NPLs	400%	272%	313%
Allowance for loan losses to NPAs	344%	231%	259%
Selected Financial Ratios			
Return on average total assets	1.29%	1.33%	1.29%
Return on average equity	14.97%	14.80%	14.71%
Average yield on loans	6.82%	6.90%	7.17%
Average yield on earning assets	6.18%	6.30%	6.41%
Average rate on earning liabilities	1.14%	1.18%	1.26%
Net interest margin (fully tax-equivalent)	5.27%	5.35%	5.41%
Total risk based capital ratio	12.4%	11.5%	11.6%
Tier 1 Capital ratio	10.9%	10.3%	10.4%

(1) Share and per share data for all periods have been adjusted to reflect the 2-for-1 stock split announced March 11, 2004 payable on April 30, 2004 to shareholders of record on April 9, 2004.

TRICO BANCSHARES - CONSOLIDATED FINANCIAL STATEMENTS  
(Dollars in thousands, except per share amounts)  
Three months ended

	June 30, 2004	March 31, 2004	December 31, 2003	Sep
Balance Sheet Data				
Cash and due from banks	\$ 65,512	\$ 55,568	\$ 80,603	
Fed funds sold	-	-	326	
Securities, available-for-sale	309,163	312,657	316,436	
Loans				
Commercial loans	146,262	131,759	142,252	
Consumer loans	357,901	334,221	319,029	

Edgar Filing: TRICO BANCSHARES / - Form 8-K

Real estate mortgage loans	518,696	465,429	458,369
Real estate construction loans	55,605	62,656	61,591
Total loans, gross	1,078,464	994,065	981,241
Allowance for loan losses	(15,529)	(14,297)	(13,773)
Premises and equipment	18,996	19,288	19,521
Cash value of life insurance	39,844	39,412	38,980
Intangible assets	20,931	21,274	21,604
Other assets	27,792	22,476	23,817
Total assets	1,545,173	1,450,443	1,468,755
Noninterest bearing demand deposits	282,292	260,299	298,462
Interest bearing demand deposits	224,552	222,986	220,875
Savings deposits	476,798	488,915	441,461
Time certificates	283,710	267,739	276,025
Total deposits	1,267,352	1,239,939	1,236,823
Fed funds purchased & repurchase agreements	66,000	16,300	39,500
Other liabilities	19,397	21,194	20,966
Other borrowings	22,866	22,877	22,887
Junior subordinated debt	41,238	20,619	20,619
Total liabilities	1,416,853	1,320,929	1,340,795
Total shareholders' equity	128,320	129,514	127,960
Accumulated other comprehensive (loss) income	(1,984)	2,426	1,814
Average loans	1,029,425	970,793	951,669
Average interest earning assets	1,351,774	1,281,032	1,285,905
Average total assets	1,505,261	1,440,953	1,447,137
Average deposits	1,252,472	1,231,704	1,216,223
Average total equity	\$ 129,481	\$ 129,133	\$ 127,374