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TRICO BANCSHARES /
Form 8-K
July 29, 2009

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 28, 2009

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 28, 2009 TriCo Bancshares announced its quarterly earnings for the period ended June 30, 2009. 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 28, 2009

SIGNATURES

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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 29, 2009

By: /s/Richard P. Smith

Richard P. Smith, President
and Chief Executive Officer

INDEX TO EXHIBITS

| Exhibit No. | Description |
|-------------|-----------------------------------|
| ----- | ----- |
| 99.1 | Press release dated July 28, 2009 |

PRESS RELEASE
For Immediate Release

Contact: Richard P. Smith
President & CEO (530) 898-0300

CORRECTING and REPLACING TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

CHICO, Calif.--(BUSINESS WIRE)--This replaces an earlier version released on July 28, 2009 to correct that the Income before taxes for the three months ended June 30, 2009 was \$3,948 (sted \$1,436), as set forth in the Statement of Income Data.

The corrected release reads:

TRICO BANCSHARES ANNOUNCES QUARTERLY EARNINGS

TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced quarterly earnings of \$2,512,000 for the quarter ended June 30, 2009. This represents a 10.5% increase when compared with earnings of \$2,274,000 for the quarter ended June 30, 2008. Diluted earnings per share for the quarter ended June 30, 2009 increased 14.3% to \$0.16 from \$0.14 for the quarter ended June 30, 2008. The increase in earnings from the prior year quarter was due to a \$285,000 increase in net interest income to \$23,146,000, a \$950,000 decrease in the provision for loan losses to \$7,850,000, and a \$716,000 increase in noninterest income to \$7,996,000 that were partially offset by a \$1,500,000 increase in noninterest expense to \$19,344,000. The \$1,500,000 increase in noninterest expense was primarily due to a \$1,205,000 increase in FDIC insurance assessments of which \$933,000 related to an FDIC special assessment recorded in the second quarter of 2009. This special assessment is equivalent to \$0.03 diluted earnings per share for the quarter ended June 30, 2009.

Total assets of the Company increased \$107,351,000 (5.4%) to \$2,087,841,000 at June 30, 2009 from \$1,980,490,000 at June 30, 2008. Total loans of the Company increased \$8,911,000 (0.6%) to \$1,552,235,000 at June 30, 2009 from \$1,543,324,000 at June 30, 2008. Total deposits of the Company increased \$226,332,000 (15.0%) to \$1,737,385,000 at June 30, 2009 from \$1,511,053,000 at June 30, 2008. Diluted earnings per share for the six months ended June 30, 2009 and 2008 were \$0.34 and \$0.39, respectively, on earnings of \$5,394,000 and \$6,322,000, respectively.

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Net interest income on a fully tax-equivalent (FTE) basis during the second quarter of 2009 increased \$259,000 (1.1%) from the same period in 2008 to \$23,288,000. The increase in net interest income (FTE) was due to an \$114,411,000 (6.3%) increase in average balances of interest-earning assets to \$1,933,633,000 that was partially offset by a 0.24% decrease in net interest margin (FTE) to 4.82% from the second quarter of 2008.

The Company provided \$7,850,000 for loan losses in the second quarter of 2009 versus \$8,800,000 in the second quarter of 2008. In the second quarter of 2009, the Company recorded \$7,000,000 of net loan charge-offs versus \$3,902,000 of net loan charge-offs in the second quarter of 2008. At June 30, 2009, the sum of the Company's allowance for loan losses of \$33,624,000 and the reserve for unfunded commitments of \$3,140,000 represented 85% of non-performing loans net of government agency guarantees. Non-performing loans, defined as non-accruing loans and accruing loans delinquent 90 days or more, net of government guarantees at June 30, 2009, increased \$9,013,000 (26.2%) to \$43,373,000 from \$34,360,000 at March 31, 2009.

Noninterest income for the second quarter of 2009 increased \$716,000 (9.8%) from the second quarter of 2008, mainly due to a \$632,000 (200%) increase in gain on sale of loans to \$948,000. Also contributing to this increase in noninterest income was a \$173,000 (4.4%) increase in service charges on deposit accounts to \$4,136,000 and a \$103,000 (61.3%) increase in the change in value of mortgage servicing rights to \$271,000. The increases in service charges on deposit accounts and ATM fees and interchange revenue were primarily due to an increased number of customers. The improvement in change in value of mortgage servicing rights was primarily due to a slowdown in refinancing activity at the end of the quarter ended June 30, 2009 that extends the estimated life of existing mortgages and enhances the value of the related mortgage servicing rights. The following table summarizes the components of noninterest income for the quarters ended June 30, 2009 and 2008 (dollars in thousands).

| | Three months ended June 30, | |
|---|--------------------------------|---------|
| | 2009 | 2008, |
| Service charges on deposit accounts | \$4,136 | \$3,963 |
| ATM fees and interchange revenue | 1,222 | 1,168 |
| Other service fees | 553 | 527 |
| Change in value of mortgage servicing rights | 271 | 168 |
| Gain on sale of loans | 948 | 316 |
| Commissions on sale of nondeposit investment products | 492 | 525 |
| Increase in cash value of life insurance | 270 | 360 |
| Other noninterest income | 104 | 253 |
| | | |
| Total noninterest income | \$7,996 | \$7,280 |

Noninterest expense for the second quarter of 2009 increased \$1,500,000 (8.4%) compared to the second quarter of 2008. Salaries and benefits expense increased \$424,000 (4.4%) in the second quarter of 2009 compared to \$9,645,000 in the second quarter of 2008, mainly due to annual salary increases, increased full time equivalent staff, and increased incentive compensation related to production of mortgage loans sold. Other noninterest expense increased \$1,076,000 (13.1%) in the second quarter of 2009 primarily due to a \$1,205,000 increase in FDIC insurance assessments. The following table summarizes the components of noninterest expense for the quarters ended June 30, 2009 and 2008

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(dollars in thousands).

| | Three months ended June 30, | |
|--|--------------------------------|-----------------|
| | 2009 | 2008 |
| Base salaries, net of | | |
| deferred loan origination costs | \$6,568 | \$6,316 |
| Incentive compensation | 1,024 | 830 |
| Benefits and other compensation costs | 2,477 | 2,499 |
| Total salaries and benefits expense | 10,069 | 9,645 |
| Occupancy | 1,269 | 1,228 |
| Equipment | 905 | 998 |
| Telecommunications | 433 | 630 |
| Data processing and software | 686 | 596 |
| Provisions for losses - unfunded commitments | 400 | 550 |
| ATM network charges | 589 | 529 |
| Professional fees | 423 | 509 |
| Advertising and marketing | 514 | 434 |
| Courier service | 100 | 275 |
| Postage | 228 | 216 |
| Intangible amortization | 64 | 133 |
| Operational losses | 90 | 92 |
| Assessments | 1,288 | 83 |
| Other | 2,286 | 1,926 |
| Total other noninterest expense | 9,275 | 8,199 |
| Total noninterest expense | \$19,344 | \$17,844 |
| Average full time equivalent staff | 639 | 626 |
| Noninterest expense to revenue (FTE) | 61.83% | 58.87% |

As of June 30, 2009, the Company had repurchased 166,600 shares of its common stock under its stock repurchase plan announced on August 21, 2007, which left 333,400 shares available for repurchase under the plan. No shares were purchased during the quarter.

Richard Smith, President and Chief Executive Officer commented, "We are pleased with our accomplishments and results for this quarter. While economic conditions remain challenging, we continue to increase bank revenues, add significant numbers of new customers and increase our core deposits. Our consistent revenue generation is allowing us to provide for expected loan losses while we remain profitable during this deep recessionary period. While there are some signs of economic improvement in our markets, we believe high levels of unemployment and a generally poor business environment will continue in the near term."

In addition to the historical information contained herein, this press release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, interest rate fluctuations, economic conditions in the Company's primary market area, demand for loans, regulatory and accounting changes, 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

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detailed in the Company's reports filed with the Securities and Exchange Commission which are incorporated herein by reference, including the Form 10-K for the year ended December 31, 2008. These reports and 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. Any forward-looking statement may turn out to be wrong and cannot be guaranteed. The Company does not intend to update any of the forward-looking statements after the date of this release.

TriCo Bancshares and Tri Counties Bank are headquartered in Chico, California. Tri Counties Bank has a 34-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 FINANCIAL DATA (Unaudited. Dollars in thousands, except share data)

| | Three months ended | | |
|---|--------------------|-------------------|----------------------|
| | June 30, 2009 | March 31, 2009 | December 31, 2008 |
| | | | |
| Statement of Income Data | | | |
| Interest income | \$28,432 | \$28,882 | \$29,679 |
| Interest expense | 5,286 | 5,884 | 7,064 |
| Net interest income | 23,146 | 22,998 | 22,615 |
| Provision for loan losses | 7,850 | 7,800 | 5,450 |
| Noninterest income: | | | |
| Service charges and fees | 6,182 | 5,052 | 4,377 |
| Other income | 1,814 | 1,563 | 1,788 |
| Total noninterest income | 7,996 | 6,615 | 6,165 |
| Noninterest expense: | | | |
| Base salaries net of deferred loan origination costs | 6,568 | 6,576 | 6,394 |
| Incentive compensation expense | 1,024 | 588 | 794 |
| Employee benefits and other compensation expense | 2,477 | 2,625 | 2,368 |
| Total salaries and benefits expense | 10,069 | 9,789 | 9,556 |
| Intangible amortization | 64 | 134 | 135 |
| Provision for losses - unfunded commitments | 400 | 175 | (800) |
| Other expense | 8,811 | 7,103 | 7,841 |
| Total noninterest expense | 19,344 | 17,201 | 16,732 |
| Income before taxes | 3,948 | 4,612 | 6,598 |

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| | | | | |
|--|--|------------|------------|-----|
| Net income | \$2,512 | \$2,882 | \$4,241 | |
| Share Data | | | | |
| Basic earnings per share | \$0.16 | \$0.18 | \$0.27 | |
| Diluted earnings per share | 0.16 | 0.18 | 0.26 | |
| Book value per common share | 12.67 | 12.71 | 12.56 | |
| Tangible book value per common share | \$11.66 | \$11.69 | \$11.54 | |
| Shares outstanding | 15,782,753 | 15,782,753 | 15,756,101 | 15, |
| Weighted average shares | 15,782,753 | 15,774,624 | 15,750,857 | 15, |
| Weighted average diluted shares | 15,997,437 | 16,019,488 | 16,068,456 | 15, |
| Credit Quality | | | | |
| Non-performing loans, net of government agency guarantees | \$43,373 | \$34,360 | \$27,525 | |
| Foreclosed assets, net of allowance | 2,622 | 2,407 | 1,185 | |
| Loans charged-off | 7,308 | 3,001 | 2,780 | |
| Loans recovered | \$308 | \$385 | \$332 | |
| Allowance for losses to total loans(1) | 2.37% | 2.27% | 1.90% | |
| Allowance for losses to NPLs(1) | 85% | 103% | 110% | |
| Allowance for losses to NPAs(1) | 80% | 97% | 105% | |
| Selected Financial Ratios | | | | |
| Return on average total assets | 0.48% | 0.56% | 0.85% | |
| Return on average equity | 4.94% | 5.70% | 8.66% | |
| Average yield on loans | 6.48% | 6.52% | 6.73% | |
| Average yield on interest-earning assets | 5.91% | 6.15% | 6.48% | |
| Average rate on interest-bearing liabilities | 1.42% | 1.63% | 2.07% | |
| Net interest margin (fully tax-equivalent) | 4.82% | 4.91% | 4.95% | |
| Total risk based capital ratio | 12.9% | 12.7% | 12.4% | |
| Tier 1 Capital ratio | 11.6% | 11.4% | 11.2% | |
| (1) | Allowance for losses includes allowance for loan losses and reserve for unfunded commitments | | | |

TRICO BANCSHARES - CONSOLIDATED FINANCIAL DATA
(Unaudited. Dollars in thousands, except share data)

| | Three months ended | | |
|--------------------------------|--------------------|-------------------|---------------------|
| | June 30, 2009 | March 31, 2009 | December 31 2008 |
| Balance Sheet Data | | | |
| Cash and due from banks | \$182,923 | \$137,241 | \$86,355 |
| Securities, available-for-sale | 252,104 | 279,122 | 266,561 |
| Federal Home Loan Bank Stock | 9,274 | 9,235 | 9,235 |
| Loans | | | |
| Commercial loans | 172,732 | 169,765 | 189,645 |
| Consumer loans | 486,548 | 499,168 | 514,448 |
| Real estate mortgage loans | 813,898 | 813,889 | 802,527 |
| Real estate construction loans | 79,057 | 84,134 | 84,229 |
| Total loans, gross | 1,552,235 | 1,566,956 | 1,590,849 |
| Allowance for loan losses | (33,624) | (32,774) | (27,590) |
| Premises and equipment | 18,208 | 18,537 | 18,841 |
| Cash value of life insurance | 47,365 | 47,095 | 46,815 |
| Goodwill | 15,519 | 15,519 | 15,519 |
| Intangible assets | 454 | 519 | 653 |
| Other assets | 43,383 | 36,902 | 35,952 |
| Total assets | 2,087,841 | 2,078,352 | 2,043,190 |

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| | | | |
|-------------------------------------|-----------|-----------|-----------|
| Deposits | | | |
| Noninterest-bearing demand deposits | 358,618 | 371,639 | 401,247 |
| Interest-bearing demand deposits | 291,641 | 269,807 | 241,560 |
| Savings deposits | 431,424 | 426,001 | 380,799 |
| Time certificates | 655,702 | 659,259 | 645,664 |
| Total deposits | 1,737,385 | 1,726,706 | 1,669,270 |
| Federal funds purchased | - | - | - |
| Reserve for unfunded commitments | 3,140 | 2,740 | 2,565 |
| Other liabilities | 32,201 | 31,041 | 30,180 |
| Other borrowings | 73,898 | 76,081 | 102,005 |
| Junior subordinated debt | 41,238 | 41,238 | 41,238 |
| Total liabilities | 1,887,862 | 1,877,806 | 1,845,258 |
| Total shareholders' equity | 199,979 | 200,546 | 197,932 |
| Accumulated other | | | |
| comprehensive gain (loss) | 2,322 | 3,474 | 2,056 |
| Average loans | 1,555,778 | 1,566,350 | 1,565,343 |
| Average interest-earning assets | 1,933,633 | 1,887,121 | 1,840,915 |
| Average total assets | 2,088,875 | 2,049,193 | 1,995,239 |
| Average deposits | 1,735,434 | 1,688,704 | 1,625,574 |
| Average total equity | \$203,596 | \$202,126 | \$195,828 |