

Edgar Filing: TRICO BANCSHARES / - Form 8-K

TRICO BANCSHARES /  
Form 8-K  
April 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):

April 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 April 21, 2004

Item 12: Results of Operations and Financial Condition

-----

On April 21, 2004 TriCo Bancshares announced their quarterly earnings for the period ended March 31, 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: April 21, 2004

By: /s/ Thomas J. Reddish

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

Edgar Filing: TRICO BANCSHARES / - Form 8-K

Officer)

INDEX TO EXHIBITS

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

PRESS RELEASE  
For Immediate Release

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

TRICO BANCSHARES ANNOUNCES RECORD QUARTERLY EARNINGS

Chico, CA - April 21, 2004. TriCo Bancshares (NASDAQ: TCBK), parent company of Tri Counties Bank, today announced record quarterly earnings of \$4,777,000 for the quarter ended March 31, 2004. This represents a 32.2% increase when compared with earnings of \$3,613,000 for the quarter ended March 31, 2003. Diluted earnings per share for the quarter ended March 31, 2004 increased 18.0% to \$0.59 from \$0.50 for the quarter ended March 31, 2003. (Adjusting for the 2-for-1 stock split announced on March 11, 2004, payable on April 30, 2004 to shareholders of record on April 9, 2004, the diluted earnings per share for the quarters ended March 31, 2004 and 2003 are \$0.29 and \$0.25, respectively.) Total assets of the Company increased \$274 million (23.3%) to \$1.450 billion at March 31, 2004 versus \$1.177 billion at March 31, 2003. Total loans of the Company increased \$300 million (43.3%) to \$994 million at March 31, 2004 versus \$694 million at March 31, 2003. Total deposits of the Company increased \$207 million (20.0%) to \$1.240 billion at March 31, 2004 versus \$1.033 billion at March 31, 2003.

Included in the results for the quarter ended March 31, 2004 was the effect of the Company's acquisition of North State National Bank on April 4, 2003. On April 4, 2003, North State National Bank had assets of \$140 million, loans totaling \$77 million, and deposits totaling \$126 million. Richard Smith, President and Chief Executive Officer commented, "We are very pleased with the performance of our company during the quarter ended March 31, 2004. We continue to see good loan demand, particularly in the consumer sector, while the credit quality of our loan portfolio remains high. We are also encouraged by our ability to grow noninterest income despite a slowdown in the mortgage refinance market. While the slowdown in mortgage refinancing has decreased our gain on sale of loan revenue it has also increased the value of, and the revenue from, our servicing those loans that we sold over the last few years. In addition, the continued expansion of our franchise has allowed us to increase our sale of nondeposit investment products, and add households that increase our source of low cost deposits, and service charge and fee revenue. We will continue to execute our growth strategy throughout the Central Valley of California as evidenced by the opening this week of our full service branch in the Raley's supermarket at 2900 Geer Road in Turlock, California."

The increase in earnings for the quarter ended March 31, 2004 over the year-ago quarter was due to a \$3,664,000 (27.7%) increase in net interest income to \$16,898,000, and a \$359,000 (6.7%) increase in noninterest income to \$5,755,000. The increase in net interest income was due to a \$291 million

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

(42.8%) increase in average loan balances to \$971 million, and an 18 basis point increase in fully tax-equivalent net interest margin to 5.35% in the quarter ended March 31, 2004 compared to the year-ago quarter. The \$359,000 increase in noninterest income was mainly due to a \$581,000 (16.6%) increase in service charges and fees, a \$94,000 (21.0%) increase in commission on sale of nondeposit investment products, and a \$192,000 increase in other noninterest income. These contributing factors were partially offset by a \$508,000 (44.8%) decrease in gain on sale of loans. The decrease in gain on sale of loans was due to the slowdown in the residential mortgage refinance market that started during the second half of 2003. The increase in service charges and fees is mainly due to increases in the number of deposit households, ATM surcharge and card interchange fee revenue, and mortgage servicing fee revenue. The increase in other noninterest income is mainly due to a higher level of increase in cash value of life insurance due to additional life insurance that was purchased during the first half of 2003.

The increases in net interest income and noninterest income were partially offset by a \$500,000 (333%) increase in provision for loan losses to \$650,000, and a \$1,695,000 (13.4%) increase in noninterest expense to \$14,346,000 in the quarter ended March 31, 2004 versus the year-ago quarter. The increase in provision for loan losses is mainly due to loan growth as loan quality remains high and loan charge-offs remain low. During the quarter ended March 31, 2004, net loan charge-offs as a percentage of average outstanding loans was 0.05% on an annualized basis. As of March 31, 2004, nonperforming loans net of government guarantees and the allowance for loan losses were 0.53% and 1.44%, respectively, of outstanding loans. The increase in noninterest expense was mainly due to salary expense related to the addition of a branch in Chico through the North State acquisition (April 2003), de-novo branches in Roseville (November 2003) and Folsom (December 2003), regular salary increases, and incentive compensation related to the loan and deposit growth.

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 will be effected in the form of a stock dividend and will entitle each stockholder of record at the close of business on April 9, 2004 to receive one additional share for every share of TriCo common stock held on that date. Shares resulting from the split will be distributed on April 30, 2004. As of March 11, 2004, the Company had 7,817,761 common shares outstanding.

Also at its meeting on March 11, 2004, the Board of Directors of TriCo Bancshares approved an increase in the maximum number of shares to be repurchased under the Company's stock repurchase plan originally announced on July 31, 2003 from 250,000 to 500,000 to be effective on April 9, 2004, solely to conform with the two-for-one stock split noted above. The 250,000 shares originally authorized for repurchase under this plan represented approximately 3.2% of the Company's approximately 7,852,000 common shares outstanding as of July 31, 2003. This plan has no stated expiration date for the repurchases, which may occur from time to time as market conditions allow. As of April 21, 2004, the Company had purchased 111,300 shares under this plan, which leaves 138,700 shares available for repurchase under the plan. As a result of the 2-for-1 stock split on April 30, 2004, assuming no additional shares are repurchased between April 21, 2004 and April 30, 2004, there will be 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

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

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 data)

	Three months ended		
	March 31, 2004	December 31, 2003	September 30, 2003
<b>Statement of Income Data</b>			
Interest income	\$ 19,912	\$ 20,354	\$ 19,105
Interest expense	3,014	3,224	3,305
Net interest income	16,898	17,130	15,800
Provision for loan losses	650	800	150
Noninterest income:			
Service charges and fees	4,081	3,939	3,117
Other income	1,674	1,814	2,089
Total noninterest income	5,755	5,753	5,206
Noninterest expense:			
Salaries and benefits	8,167	7,741	7,460
Intangible amortization	331	330	325
Other expense	5,848	6,388	6,264
Total noninterest expense	14,346	14,459	14,049
Net income before taxes	7,657	7,624	6,807
Net income	\$ 4,777	\$ 4,683	\$ 4,338
<b>Share Data(1)</b>			
Basic earnings per share	\$ 0.31	\$ 0.30	\$ 0.28
Diluted earnings per share	0.29	0.29	0.27
Book value per common share	\$ 8.28	\$ 8.17	\$ 7.95
Shares outstanding	15,635,522	15,668,248	15,692,002
Weighted average shares	15,616,540	15,693,494	15,700,748

Edgar Filing: TRICO BANCSHARES / - Form 8-K

Weighted average diluted shares	16,212,845	16,296,892	16,189,928
Credit Quality			
Non-performing loans, net of government agency guarantees	\$ 5,265	\$ 4,394	\$ 6,072
Other real estate owned	924	932	1,545
Loans charged-off	188	859	551
Loans recovered	\$ 62	\$ 372	\$ 406
Allowance for loan losses to total loans	1.44%	1.40%	1.45%
Allowance for loan losses to NPLs	272%	313%	222%
Allowance for loan losses to NPAs	231%	259%	177%
Selected Financial Ratios			
Return on average total assets	1.33%	1.29%	1.25%
Return on average equity	14.80%	14.71%	14.09%
Average yield on loans	6.90%	7.17%	7.41%
Average yield on earning assets	6.30%	6.41%	6.32%
Average rate on earning liabilities	1.18%	1.26%	1.36%
Net interest margin (fully tax-equivalent)	5.35%	5.41%	5.24%
Total risk based capital ratio	11.5%	11.6%	11.7%
Tier 1 Capital ratio	10.3%	10.4%	10.6%

- (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 data)

	Three months ended			
	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Balance Sheet Data				
Cash and due from banks	\$ 55,568	\$ 80,603	\$ 66,747	\$ 66,747
Fed funds sold	-	326	1,900	1,900
Securities, available-for-sale	312,657	316,436	350,941	350,941
Loans				
Commercial loans	131,759	142,252	152,477	142,252
Consumer loans	334,221	319,029	297,186	297,186
Real estate mortgage loans	465,429	458,369	420,312	420,312
Real estate construction loans	62,656	61,591	60,066	60,066
Total loans, gross	994,065	981,241	930,041	930,041
Allowance for loan losses	(14,297)	(13,773)	(13,460)	(13,460)
Premises and equipment	19,288	19,521	19,787	19,787
Cash value of life insurance	39,412	38,980	38,644	38,644
Intangible assets	21,274	21,604	21,992	21,992
Other assets	22,476	23,817	24,611	24,611
Total assets	1,450,443	1,468,755	1,441,203	1,441,203
Deposits				
Noninterest bearing demand deposits	260,299	298,462	267,148	267,148
Interest bearing demand deposits	222,986	220,875	211,219	211,219
Savings deposits	488,915	441,461	426,340	426,340
Time certificates	267,739	276,025	291,145	291,145
Total deposits	1,239,939	1,236,823	1,195,852	1,195,852
Fed funds purchased & repurchase				

Edgar Filing: TRICO BANCSHARES / - Form 8-K

agreements	16,300	39,500	55,700	1
Other liabilities	21,194	20,966	21,312	2
Other borrowings	22,877	22,887	22,894	2
Junior subordinated debt	20,619	20,619	20,619	
Total liabilities	1,320,929	1,340,795	1,316,377	1,23
Total shareholders' equity	129,514	127,960	124,826	12
Accumulated other				
comprehensive income	2,426	1,814	1,223	
Average loans	970,793	951,669	876,068	80
Average interest earning assets	1,281,032	1,285,905	1,226,453	1,19
Average total assets	1,440,953	1,447,137	1,384,672	1,33
Average deposits	1,231,704	1,216,223	1,185,059	1,14
Average total equity	\$ 129,133	\$ 127,374	\$ 123,168	\$ 12