

TRICO BANCSHARES /
Form 10-Q
November 07, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended: September 30, 2014

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____.

Commission File Number: 000-10661

TriCo Bancshares

(Exact Name of Registrant as Specified in Its Charter)

CALIFORNIA
(State or Other Jurisdiction of

94-2792841
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

63 Constitution Drive

Chico, California 95973

(Address of Principal Executive Offices)(Zip Code)

(530) 898-0300

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding for each of the issuer's classes of common stock, as of the latest practical date:

Common stock, no par value: 22,714,964 shares outstanding as of October 31, 2014

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FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements about TriCo Bancshares (the "Company") that are subject to the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the current knowledge and belief of the Company's management ("Management") and include information concerning the Company's possible or assumed future financial condition and results of operations. When you see any of the words "believes", "expects", "anticipates", "estimates", or similar expressions, it may mean the Company is making forward-looking statements. A number of factors, some of which are beyond the Company's ability to predict or control, could cause future results to differ materially from those contemplated. The reader is directed to the Company's filings with the U.S. Securities and Exchange Commission, including the Company's annual report on Form 10-K for the year ended December 31, 2013, and Part II, Item 1A of this report for further discussion of factors which could affect the Company's business and cause actual results to differ materially from those suggested by any forward-looking statement made in this report. Such Form 10-K and this report should be read to put any forward-looking statements in context and to gain a more complete understanding of the risks and uncertainties 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 forward-looking statement after the date of this report.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****TRICO BANCSHARES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data; unaudited)

	At September 30, 2014	At December 31, 2013
Assets:		
Cash and due from banks	\$ 74,476	\$ 76,915
Cash at Federal Reserve and other banks	295,203	521,453
Cash and cash equivalents	369,679	598,368
Investment securities:		
Available for sale	84,962	104,647
Held to maturity	443,509	240,504
Restricted equity securities	11,582	9,163
Loans held for sale	2,724	2,270
Loans	1,765,871	1,672,007
Allowance for loan losses	(37,920)	(38,245)
Total loans, net	1,727,951	1,633,762
Foreclosed assets, net	5,096	6,262
Premises and equipment, net	32,181	31,612
Cash value of life insurance	53,596	52,309
Accrued interest receivable	6,862	6,516
Goodwill	15,519	15,519
Other intangible assets, net	726	883
Mortgage servicing rights	5,985	6,165
Other assets	34,571	36,086
Total assets	\$ 2,794,943	\$ 2,744,066
Liabilities and Shareholders Equity:		
Liabilities:		
Deposits:		
Noninterest-bearing demand	\$ 762,452	\$ 789,458
Interest-bearing	1,674,904	1,621,025
Total deposits	2,437,356	2,410,483
Accrued interest payable	753	938
Reserve for unfunded commitments	2,220	2,415

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Other liabilities	33,331	31,711
Other borrowings	12,665	6,335
Junior subordinated debt	41,238	41,238
Total liabilities	2,527,563	2,493,120
Commitments and contingencies (Note 18)		
Shareholders' equity:		
Common stock, no par value: 50,000,000 shares authorized; issued and outstanding:		
16,139,414 at September 30, 2014	92,692	
16,076,662 at December 31, 2013		89,356
Retained earnings	172,892	159,733
Accumulated other comprehensive income, net of tax	1,796	1,857
Total shareholders' equity	267,380	250,946
Total liabilities and shareholders' equity	\$ 2,794,943	\$ 2,744,066

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**TRICO BANCSHARES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share data; unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Interest and dividend income:				
Loans, including fees	\$ 24,980	\$ 25,123	\$ 73,151	\$ 73,078
Investment securities:				
Taxable	3,623	1,742	9,885	4,022
Tax exempt	115	172	368	423
Dividends	200	121	508	257
Interest bearing cash at Federal Reserve and other banks	213	378	796	1,318
Total interest and dividend income	29,131	27,536	84,708	79,098
Interest expense:				
Deposits	772	854	2,322	2,634
Other borrowings		1	2	3
Junior subordinated debt	310	314	920	936
Total interest expense	1,082	1,169	3,244	3,573
Net interest income	28,049	26,367	81,464	75,525
Reversal of provision for loan losses	(2,977)	(393)	(2,624)	(887)
Net interest income after reversal of provision loan losses	31,026	26,760	84,088	76,412
Noninterest income:				
Service charges and fees	6,090	6,662	17,071	19,284
Gain on sale of loans	509	1,083	1,487	4,967
Commissions on sale of non-deposit investment products	703	692	2,317	2,294
Increase in cash value of life insurance	490	531	1,287	1,337
Other	797	159	2,599	1,594
Total noninterest income	8,589	9,127	24,761	29,476
Noninterest expense:				
Salaries and related benefits	13,369	12,861	39,989	38,712
Other	12,011	10,755	33,824	30,014
Total noninterest expense	25,380	23,616	73,813	68,726

Income before income taxes	14,235	12,271	35,036	37,162
Provision for income taxes	6,001	4,910	14,578	14,999
Net income	\$ 8,234	\$ 7,361	\$ 20,458	\$ 22,163
Earnings per share:				
Basic	\$ 0.51	\$ 0.46	\$ 1.27	\$ 1.38
Diluted	\$ 0.50	\$ 0.45	\$ 1.25	\$ 1.37
See accompanying notes to unaudited condensed consolidated financial statements.				

Table of Contents**TRICO BANCSHARES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In thousands; unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net income	\$ 8,234	\$ 7,361	\$ 20,458	\$ 22,163
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on available for sale securities arising during the period	(398)	83	(77)	(2,027)
Change in minimum pension liability	6		16	
Other comprehensive income (loss)	(392)	83	(61)	(2,027)
Comprehensive income	\$ 7,842	\$ 7,444	\$ 20,397	20,136

See accompanying notes to unaudited condensed consolidated financial statements.

TRICO BANCSHARES**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(In thousands, except share and per share data; unaudited)

	Shares of Common Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2012	16,000,838	\$ 85,561	\$ 141,639	\$ 2,159	\$ 229,359
Net income			22,163		22,163
Other comprehensive loss				(2,027)	(2,027)
Stock option vesting		849			849
Stock option forfeiture		(22)			(22)
Stock options exercised	248,765	3,240			3,240
Tax benefit of stock options exercised		356			356
Repurchase of common stock	(172,941)	(930)	(2,560)		(3,490)
Dividends paid (\$ 0.31 per share)			(4,976)		(4,976)
Balance at September 30, 2013	16,076,662	\$ 89,054	\$ 156,266	\$ 132	\$ 245,452
Balance at December 31, 2013	16,076,662	\$ 89,356	\$ 159,733	\$ 1,857	\$ 250,946

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Net income		20,458		20,458
Other comprehensive loss			(61)	(61)
Stock option vesting		745		745
RSU vesting		49		49
PSU vesting		16		16
Stock options exercised	166,020	2,875		2,875
Tax benefit of stock options exercised		225		225
Repurchase of common stock	(103,268)	(574)	(1,977)	(2,551)
Dividends paid (\$ 0.33 per share)				