TriCo Bancshares (TCBK)

Updated April 24th, 2025, by Kody Kester

Key Metrics

Current Price:	$39	**5 Year CAGR Estimate:**	11.2%	**Market Cap:**	$1.3B
Fair Value Price:	$44	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date[1]:**	06/06/25
% Fair Value:	90%	**5 Year Valuation Multiple Estimate:**	2.2%	**Dividend Payment Date:**	06/20/25
Dividend Yield:	3.4%	**5 Year Price Target**	$58	**Years Of Dividend Growth:**	12
Dividend Risk Score:	C	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

Since its founding in 1975, TriCo Bancshares has blossomed into a major community bank in California. The company operates as the holding company for Tri Counties Bank. As of March 31st, 2025, TCBK's asset base was $9.8 billion.

The Chico, California-based bank has nearly six dozen bank branch locations throughout the Golden State in 31 counties. These locations are as far north as Yreka (in Siskiyou County bordering Oregon) and as far south as San Diego.

The company provides a wide variety of personal, small business, and commercial banking services to the communities that it serves. These include personal checking and savings accounts, residential and commercial mortgage loans, auto loans, personal loans, agricultural loans, and real estate construction loans. TCBK also offers safe deposit boxes, treasury management services, and brokerage services through an arrangement with Raymond James Financial Services, Inc. Advanced online/mobile banking, ~40,000 surcharge-free ATMs nationwide, and banker support by phone seven days a week make the bank an appealing option for new and existing customers alike.

It's also worth noting that the bank has a corporate history of being a measured and opportunistic acquirer. In July 2018, the company acquired FNB Bancorp. At the time, this further complemented TCBK's presence in Northern California and added $1.2 billion to its asset base. In March 2022, the company also acquired Valley Republic Bancorp and its $1.4 billion in assets. The rationale for this deal was that it expanded TCBK's lending capabilities and product offerings.

On April 24th, TCBK released its financial results for the first quarter ended March 31st, 2025. The company's net interest income decreased by 0.2% year-over-year to $82.5 million during the quarter. TCBK's net interest margin expanded by five basis points over the year-ago period to 3.73% in the quarter. This was offset by a modest decline in the company's loans outstanding for the quarter. Noninterest income grew by 1.9% year-over-year to $16.1 million during the quarter. TCBK's diluted EPS fell by 3.6% over the year-ago period to $0.80. This topped the analyst consensus by $0.02 in the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.90	$1.94	$2.21	$2.54	$3.00	$2.16	$3.94	$3.83	$3.52	$3.46	***$3.35***	***$4.48***
DPS	$0.52	$0.60	$0.66	$0.70	$0.82	$0.88	$1.00	$1.10	$1.20	$1.32	***$1.32***	***$1.77***
Shares[2]	22.8	22.9	23.0	30.4	30.5	29.7	29.7	33.3	33.3	33.0	***32.9***	***36.4***

Like most community banks, TCBK has been hurt by the macroenvironment in recent years. However, we continue to believe that diluted EPS will compound by 6% annually through 2030. This is based on our expectations that the company's net interest margin has largely stabilized. Coupled with bolt-on acquisitions, this is the path toward achieving our annual diluted EPS growth forecast over the medium term.

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[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	14.4	17.6	17.2	13.2	13.4	16.3	10.9	13.3	12.2	12.5	***11.6***	***13.0***
Avg. Yld.	1.9%	1.8%	1.7%	2.1%	2.0%	2.5%	2.3%	2.2%	2.8%	3.1%	***3.4%***	***3.0%***

Since our previous update, TCBK's P/E ratio has dipped from 13.4 to 11.6 amid the broader market selloff. For more perspective, the bank's valuation multiple has varied from as low as the low- double-digits to as much as the high teens since 2015. The company's average P/E ratio in that time was 14.1. Looking ahead, we're lowering our fair value multiple a bit from 14.1 to the five-year average of 13 as we believe the latter is a better representation of TCBK's fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	27%	31%	30%	28%	27%	41%	25%	29%	34%	38%	***39%***	***39%***

As alluded to earlier, TCBK's sheer number of surcharge-free ATMs that are within its network and its top-notch mobile app are factors that boost it competitively. So, the bank not only stands out among community bank peers but can even give regional and national banks a run for their money.

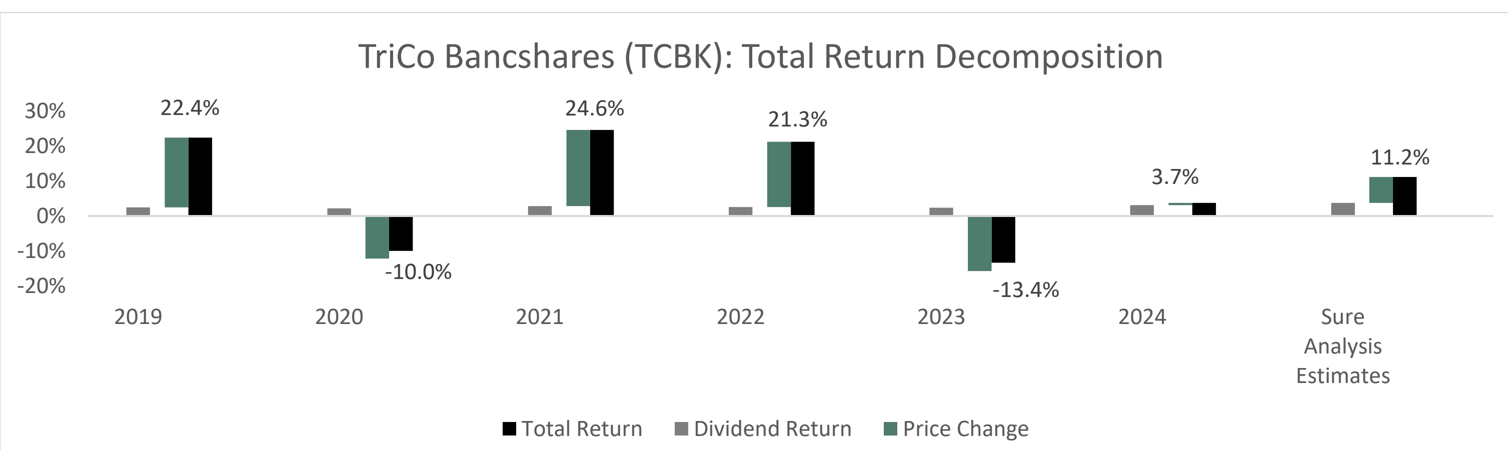
Like its peers, TCBK experienced difficulties during the Great Recession. The company's diluted EPS plunged from $1.64 in 2006 and bottomed out in 2010 at $0.37. It wasn't until 2013 that diluted EPS advanced beyond pre-Great Recession levels. That prompted the company to cut its dividend payment by 30.8% from $0.52 in 2009 to $0.36 in 2011.

Since that time, though, TCBK has consistently grown its payout. The company is far from immune to the risk of another dividend cut. However, it is in a better position to weather an economic downturn in the future. This is because the payout ratio will be around 39% for 2025. As of March 31st, the company also maintained $4.1 billion in liquidity. This comfortably covered estimated uninsured deposits, with a coverage ratio of 160%.

Final Thoughts & Recommendation

TCBK's 3.4% dividend yield, 6.0% annual diluted EPS growth potential, and 2.2% annual valuation multiple upside could lead to 11.2% annual total returns through 2030. The community bank's dividend is moderately safe, and the return potential could be decent from here. However, given that there are peers with safer dividends and more compelling valuations, we're reiterating our hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	197	208	220	260	305	308	329	403	411	389
SG&A Exp.	78	85	87	99	112	115	109	134	139	136
D&A Exp.	7	8	8	11	17	18	17	18	19	16
Net Profit	44	45	41	68	92	65	118	125	117	115
Net Margin	22.2%	21.6%	18.4%	26.3%	30.1%	21.1%	35.7%	31.2%	28.6%	29.6%
Free Cash Flow	49	37	40	84	99	112	129	159	134	105
Income Tax	29	28	37	25	35	23	46	48	44	40

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,221	4,518	4,761	6,352	6,471	7,640	8,615	9,931	9,910	9,674
Cash & Equivalent	303	306	205	228	277	670	768	107	99	85
Accounts Receivable	11	12	14	19	19	20	19	32	37	35
Goodwill & Int.	78	80	76	250	244	239	233	321	315	311
Total Liabilities	3,769	4,041	4,256	5,525	5,565	6,714	7,615	8,885	8,750	8,453
Accounts Payable	1	1	1	2	2	1	1	1	8	
Long-Term Debt	69	74	179	73	76	85	108	366	734	216
Shareholder's Equity	452	477	506	827	907	925	1,000	1,046	1,160	1,221
LTD/E Ratio	0.15	0.16	0.35	0.09	0.08	0.09	0.11	0.35	0.63	0.18

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.1%	1.0%	0.9%	1.2%	1.4%	0.9%	1.4%	1.4%	1.2%	1.2%
Return on Equity	10.1%	9.6%	8.2%	10.2%	10.6%	7.1%	12.2%	12.3%	10.6%	9.7%
Shares Out.	22.8	22.9	23.0	30.4	30.5	29.7	29.7	33.3	33.3	33.2
Revenue/Share	8.57	8.99	9.46	9.66	9.97	10.25	11.02	12.30	12.33	11.72
FCF/Share	2.14	1.62	1.73	3.11	3.21	3.73	4.32	4.87	4.02	3.16

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.