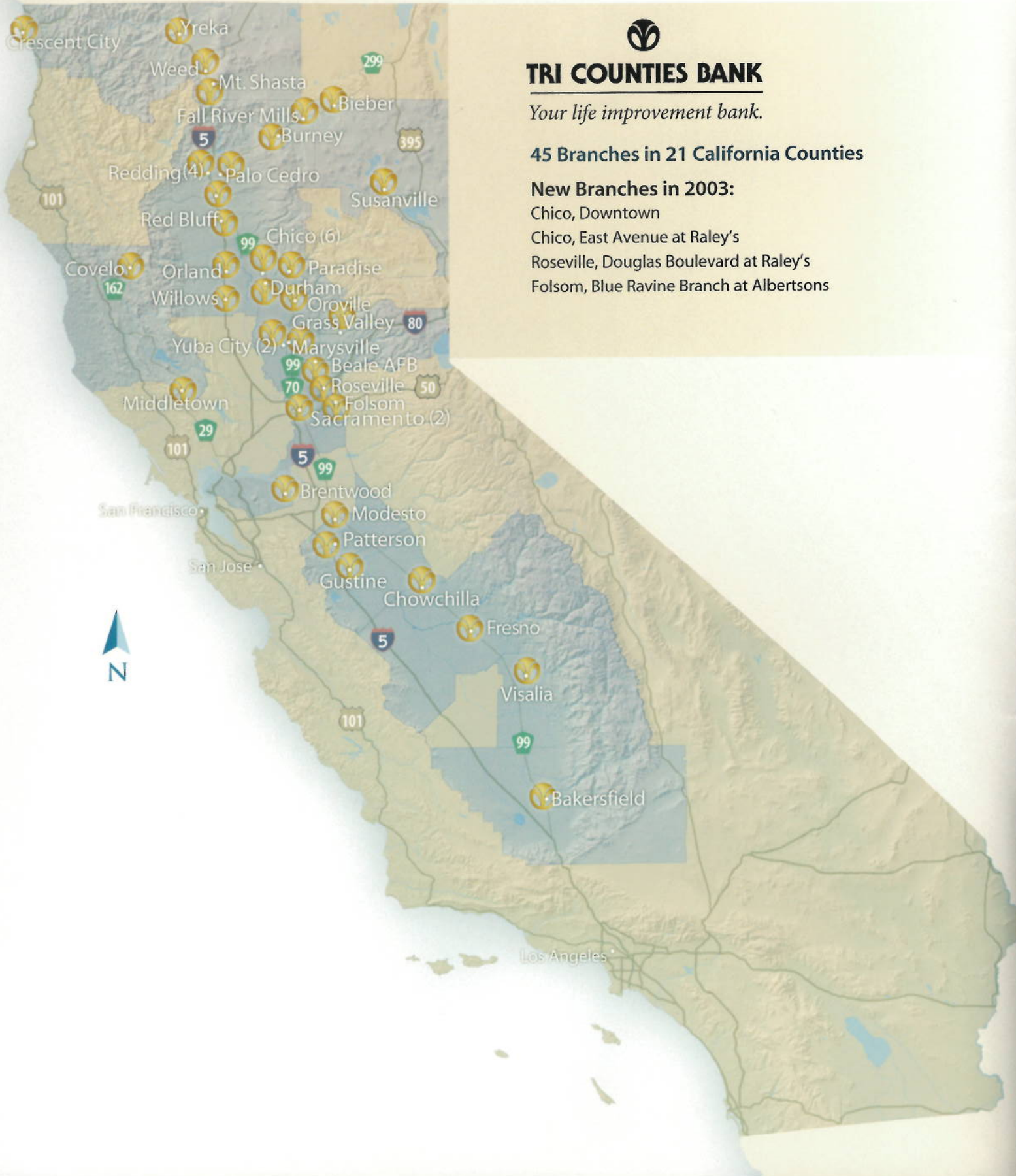


TRICO BANCSHARES  
2003 ANNUAL REPORT



**TRI COUNTIES BANK**



## **TRI COUNTIES BANK**

*Your life improvement bank.*

**45 Branches in 21 California Counties**

### **New Branches in 2003:**

- Chico, Downtown
- Chico, East Avenue at Raley's
- Roseville, Douglas Boulevard at Raley's
- Folsom, Blue Ravine Branch at Albertsons

# TRICO BANCSHARES

In 1975, with \$1 million in capital, a group of business people, farmers and professionals chartered Tri Counties Bank in Chico, California. Six years later TriCo Bancshares, a holding company, was formed with the Bank as its subsidiary. On July 31, 2003, the Company formed a subsidiary business trust, TriCo Capital Trust I, to issue trust-preferred securities. Tri Counties Bank and TriCo Capital Trust I currently are the only subsidiaries of TriCo. At year end 2003, the Company had capital exceeding \$127 million.

The Bank has grown from the original branch in Chico to thirty-three traditional branches and twelve in-store branches in twenty-one California counties from the San Joaquin Valley to the Oregon border. In 2003, the Bank added four new branches: Downtown Chico, acquired in the April merger with North State National Bank; the Esplanade In-store branch, formerly an ATM service center; the Douglas Boulevard In-store branch in Roseville; and the Blue Ravine In-store branch in Folsom. Throughout the years of expansion, Tri Counties Bank has remained committed to customer-oriented retail and wholesale banking by developing banking products and utilizing current technology to meet customer needs and desires. During this evolution of product and technology, Tri Counties Bank has maintained its most outstanding feature: old-fashioned, personal customer service. Customers are always welcome in our branches and are greeted by a courteous, friendly and professional staff.

The Bank provides customer convenience through traditional and in-store branches with extended hours. Also, customers can perform most common banking

functions through the 24-hour telephone banking system, as well as via the Internet. Personalized service is available seven days a week from customer service representatives in the Bank's Telephone Banking Center. Retail banking services include home equity loans and lines of credit tailored to match customer needs, installment loans, checking accounts with added value, the Check Card, which allows the customer to access checking account funds at ATMs and worldwide wherever Visa is accepted, a variety of savings options, mutual funds and annuity products through Raymond James Financial Services, Inc., and MasterCard credit cards.

The Bank's business customers are primarily small to medium-sized enterprises and agribusinesses within the Bank's service area. Business customers can rely on a personal business banker who acts as a guide to financial services and expediter of business loans. Business banking services include loans, lines of credit and small business loans, merchant card services, which allow the customer's business to accept credit, debit and ATM card payments, electronic banking products, which enable customers to initiate a wide variety of banking functions from a personal computer or touch-tone phone, business checking services, business savings and investments, equipment leasing and business retirement products.

Tri Counties Bank relies substantially on local promotional activity, personal contacts by its officers, directors and employees, extended hours, personalized service and its reputation in the communities it serves, to compete with other financial institutions.



## Five Year Selected Financial Data (in thousands, except share data)

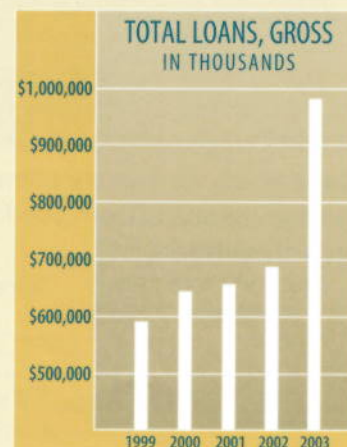
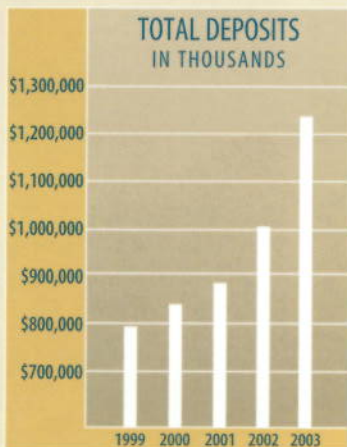
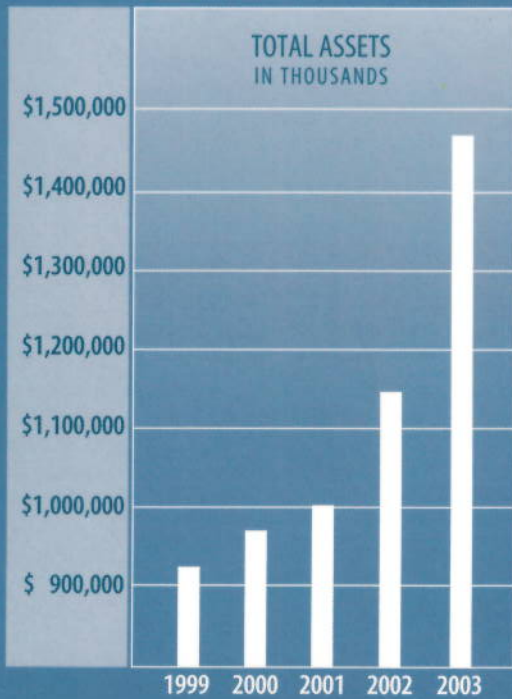
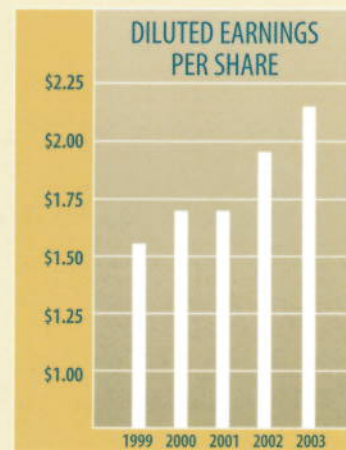
	2003	2002	2001	2000	1999
<b>STATEMENT OF OPERATIONS DATA:<sup>1</sup></b>					
Interest income	\$ 73,969	\$ 64,696	\$ 71,998	\$ 76,327	\$ 67,808
Interest expense	13,089	12,914	23,486	28,543	24,370
Net interest income	60,880	51,782	48,512	47,784	43,438
Provision for loan losses	1,250	2,800	4,400	5,000	3,550
Net interest income after provision for loan losses	59,630	48,982	44,112	42,784	39,888
Noninterest income	22,909	19,180	16,238	14,922	12,775
Noninterest expense	55,527	45,971	40,607	37,846	34,726
Income before income taxes	27,012	22,191	19,743	19,860	17,937
Provision for income taxes	10,124	8,122	7,324	7,237	6,534
Net income	\$ 16,888	\$ 14,069	\$ 12,419	\$ 12,623	\$ 11,403
<b>SHARE DATA:<sup>2</sup></b>					
Diluted earnings per share	\$ 2.14	\$ 1.96	\$ 1.72	\$ 1.72	\$ 1.56
Cash dividend paid per share	0.80	0.80	0.80	0.79	0.70
Common shareholders' equity at year end	16.33	14.02	12.42	11.87	10.22
<b>BALANCE SHEET DATA at year end:</b>					
Total loans, gross	\$ 981,241	\$ 687,522	\$ 658,732	\$640,391	\$587,979
Total assets	1,468,755	1,144,574	1,005,447	972,071	924,796
Total deposits	1,236,823	1,005,237	880,393	837,832	794,110
Total shareholders' equity	127,960	99,014	86,933	85,233	73,123
<b>SELECTED FINANCIAL RATIOS:</b>					
Return on average assets	1.27%	1.35%	1.27%	1.35%	1.26%
Return on average common shareholders' equity	14.24%	15.03%	14.19%	16.03%	15.59%
Leverage ratio	8.68%	8.27%	8.17%	8.41%	7.78%
Total risk-based capital ratio	11.56%	11.97%	11.68%	12.20%	11.77%
Net interest margin <sup>3</sup>	5.23%	5.61%	5.58%	5.70%	5.40%
Allowance for loan losses to total loans outstanding at end of year	1.40%	2.09%	1.98%	1.82%	1.88%

<sup>1</sup> Tax-exempt securities are presented on an actual yield basis.

<sup>2</sup> Retroactively adjusted to reflect 3-for-2 stock split effected in 1998.

<sup>3</sup> Calculated on a tax equivalent basis.





## PRESIDENT'S MESSAGE

TriCo Bancshares had phenomenal growth during 2003. Total assets grew over 28% to \$1,468,755,000 from \$1,144,574,000 at year-end 2002. Deposits grew 23% to \$1,236,823,000 from \$1,005,237,000. Loans grew 44% to \$967,468,000 from \$673,145,000. Gains were primarily through internal growth and can be credited to a strong sales culture committed to our customers' financial success. In addition, the Company acquired North State National Bank, Chico, on April 4, 2003, for a combination of cash, stock and options. This added assets of \$140,000,000, deposits of \$126,000,000 and loans of \$77,000,000, as well as adding to earnings.

The North State National Bank merger was in accord with our merger and acquisitions strategy of in-market expansion and market share leadership. Tri Counties Bank, our wholly owned subsidiary, now enjoys a 27% share in our Chico home market. This is the largest market share by a considerable margin. Our four major competitors have shares of 16% and 14%.

Diluted earnings per share for 2003 grew 9.1% to \$2.14 from \$1.96 in 2002. Shareholders' equity grew 28.6% to \$127,960,000 from \$99,014,000. Market capitalization grew to nearly \$250,000,000 from \$175,000,000. The \$0.80 annual cash dividend plus stock price appreciation provided TriCo Bancshares investors with a total return of over 40%.

Non-performing loans were substantially reduced during 2003. At year end, Tri Counties Bank retained a 313% allowance for loan losses to non-performing loans. This amounts to a 1.40% allowance for loan losses to total loans. 2003 charge-offs amounted to 0.34% of average loans outstanding.

Earnings increases were achieved while opening new in-store branches in the Sacramento suburbs of Roseville at Raley's and Folsom at Albertsons and expanding a Chico Raley's convenience facility into full in-store branch. Although Tri Counties Bank has acquired four banks and purchased ten bank branches, we prefer de-novo expansion. In-store branches provide a low-cost opportunity for increased customer acquisition. They are the cornerstones of the Tri Counties Bank retail sales culture to increase consumer loans and deposits. Several more in-store branches are planned for 2004. In-store branches are well underway at Raley's Supermarkets in Turlock and in the Sacramento suburbs of Lincoln and Elk Grove.

We will continue to differentiate ourselves from the competition by offering high levels of service and convenience with more branch locations and extended weekday, weekend and holiday hours. As always, we remain focused on shareholder value which we measure primarily through earnings per share and growth in earnings per share. Thank you for your continued confidence in our ability to achieve these results.

Sincerely,



Richard P. Smith  
President and Chief Executive Officer



Chico Downtown Branch,  
acquired through merger  
with North State National Bank



# MANAGEMENT TEAM



**Richard O'Sullivan**  
Executive Vice President  
Wholesale Banking

**Richard P. Smith**  
President and CEO

**Craig Carney**  
Senior Vice President  
Chief Credit Officer

**Rick Hagstrom**  
Executive Vice President  
Risk Management

**Thomas Reddish**  
Executive Vice President  
Chief Financial Officer

**Andrew Mastorakis**  
Executive Vice President  
Retail Banking

**Rick Miller**  
Senior Vice President  
Director of Human Resources

**Ray Rios**  
Vice President  
Manager  
Information Systems



# BOARD OF DIRECTORS



**William J. Casey**\*†‡  
Chairman of the Board  
Board Member Since 1989  
Health Care Consultant,  
Chico



**Donald E. Murphy**\*†‡  
Vice Chairman of the Board  
Board Member Since 1975  
Vice President and General Manager  
J.H. McKnight Ranch,  
Nelson



**Wendell J. Lundberg**\*†‡  
Secretary of the Board  
Board Member Since 1975  
Owner, Wehah Farms  
Rice and Grain Operations,  
Richvale



**Alex A. Vereschagin, Jr.**\*†‡  
Board Member Since 1975  
Secretary-Treasurer, Plaza Farms and  
General Partner, Vereschagin Co.,  
Orland



**Craig S. Compton**†‡  
Board Member Since 1989  
President, AVAG, Inc.  
Aerial Application Business,  
Richvale



**Steve G. Nettleton** †‡  
Board Member Since 2003  
Former President,  
Chico Heat Baseball Club, LLC  
Board Member CSUC Foundation and  
Enloe Hospital,  
Chico



**Richard P. Smith**†‡  
Board Member Since 1999  
President & CEO  
TriCo Bancshares & Tri Counties Bank,  
Chico



**Donald J. Amaral** ‡  
Board Member Since 2003  
Retired Healthcare Industry CEO  
Board Member Coram Healthcare



**Carroll R. Taresh**†‡  
Board Member Since 1998  
Executive Officer  
Tri Counties Bank,  
Chico  
Retired 1996



**Michael W. Koehnen**†  
Board Member Since 2002  
Owner, CF Koehnen & Sons  
Orchard & Apiary Operations,  
Ordbend  
Nominee for TriCo Bancshares  
Board 2004



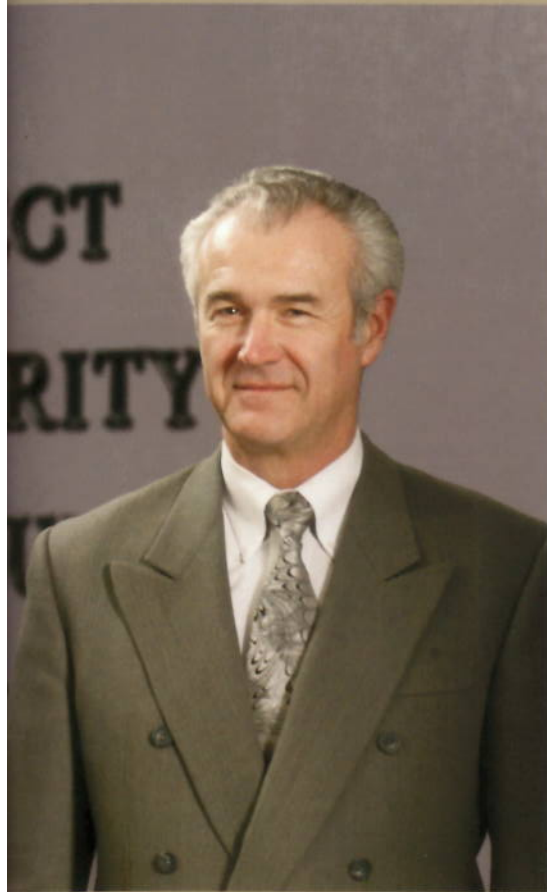
**John S.A. Hasbrook**†  
Board Member Since 2002  
President  
Hasbrook Fetter Farms, Inc.,  
Winters  
Nominee for TriCo Bancshares  
Board 2004

\* Charter Board Member  
† Tri Counties Bank Board Member  
‡ TriCo Bancshares Board Member





## CHAIRMAN'S MESSAGE



TriCo Bancshares and Tri Counties Bank continue to pursue a growth strategy focused on California's Central Valley. This region is 450 miles long and 40 to 60 miles wide and stretches from Shasta County in the north to Kern County in the south. It is the number one agricultural area in the United States. It is also one of the country's fastest growing areas, with an overall population increase about 50% higher than the rest of California. Much is spillover from the larger Bay Area and Southern California economies, as home prices are among the lowest in the state.

Because the Central Valley has many newcomers and is not yet over-banked, it presents excellent opportunities for Tri Counties Bank. Our full-service branches in high-traffic supermarkets take advantage of this opportunity, and at relatively low cost. We currently operate twelve in-store branches throughout the Central Valley and several more are planned for 2004. This planned expansion builds on a record of success.

As Tri Counties Bank has grown, TriCo Bancshares has become more of a true public company. Management now interacts with investors on a consistent basis. During the past year, our CEO and CFO met on both coasts with investment houses specializing in financial services. Also during the year, TriCo Bancshares was added to the America's Community Bankers Nasdaq Index, in addition to the Russell 2000 Index.

Our growth presents your Board with greater corporate governance responsibilities. A major issue is compliance with the Sarbanes-Oxley Act passed by Congress in 2002 for public company accounting reform and investor protection. Many publicly traded companies are now splitting the duties of the chairman and chief executive officer. As longtime shareholders are aware, independent directors have served as the Bank's Chairman since its founding.

Michael W. Koehnen and John S.A. Hasbrook have served shareholders well as members of the Tri Counties Bank Board of Directors, bringing us varied backgrounds and experience. The Board is nominating them for election to the TriCo Bancshares corporate board at the 2004 Annual Meeting.

Your Board wishes to compliment Tri Counties Bank management for increasing earnings while growing the Bank both in branches and in assets. Our stock appreciation is due largely to their efforts.

TriCo Bancshares is a successful business. We have every reason to expect its continued growth.

Sincerely,

A handwritten signature in black ink, which appears to read "William J. Casey". The signature is written in a cursive, flowing style.

William J. Casey  
Chairman of the Board



# BUILDING COMMUNITY

Tri Counties Bank is committed to being "Your Life Improvement Bank" everywhere we do business. We donate to local causes, and our employees and directors work beside our neighbors making our communities stronger. That's what a community bank should be.

EVERY DAY  
IS FOR  
SHARING

DURHAM SPORTS BOOSTER • SUPERIOR AG • GOLDEN EMPIRE COUNCIL BOY SCOUTS • BETHEL CHRISTIAN SCHOOL • WILLOWS CHAMBER OF COMMERCE • CHICO POLICE  
• BOYS & GIRLS CLUB • TOWNSEND OPERA PLAYERS • CR ATHLETICS • ROCKY MOUNTAIN ELKS FOUNDATION • BIDWELL JUNIOR HIGH SCHOOL • DIABETES SOCIETY OF YU  
• CHICO ROTARY CLUB • SANI-FOOD MARKET INC.'S CHRISTMAS FAMILY • ROTARY CLUB OF MIDDLETOWN • FEDERATED CHURCH • DURHAM HIGH CROSS COUNTRY TEA  
DAYS • DEL NORTE SHERIFF'S DEPT CHILD SAFETY • CALIFORNIA WOMEN FOR AGRICULTURE • ORLAND ROTARY • ROUND VALLEY INDIAN TRIBES DOMESTIC VIOLEN  
FOUNDATION OF RICHVALE • AMERICAN CANCER SOCIETY • HONEY LAKE VALLEY RIDERS INC • GUSTINE HIGH SCHOOL RENAISSANCE • ROMERO PARENT/TEACHER CLUB  
SCHOOL • BEAR RIVER HIGH SCHOOL ATHLETIC PROGRAM • NEVADA UNION HIGH SCHOOL • NEWMAN PERFORMING ARTS • HANDI-RIDERS • PARADISE HIGH SCHO  
DEPARTMENT • JOAQUIN MURRIETA • DURHAM HIGH SCHOOL • BIGGS HIGH SCHOOL • CALIFORNIA PAL • MS WALK • SOUTHERN SIERRA COUNCIL  
SCHOOL MUSIC DEPT • SECRET  
HEAD START SCHOOL • SHASTA  
COMMUNITY FOUNDATION  
CHAMPION CHRISTIAN  
COMMUNITY COUNCIL •  
JOACHIM'S CATHOLIC  
RESCUE • SCOUR &  
OCTOBER • BUTTE  
HIGH SCHOOL • BEAR  
RURAL HUMAN  
LIONS • ROUND  
KIWANIS • LASSEN  
MOUNTAIN CLUB •  
SOBERGRAD • DURHAM  
BOOSTERS • FOOTHILL  
COUNTIES • MIDDLETOWN  
ORLAND PANTRY HOLIDAY  
BISHOP QUINN HIGH SCHOOL  
SCHOOL MUSIC DEPARTMENT •  
HIGH SCHOOL SCHOLARSHIP • COUGAR  
• CHOWCHILLA-MADERA COUNTY FAIR • LEADERSHIP REDDING • SUTTER UNION HIGH SCHOOL • WILLOWS HIGH SCHOOL BOOSTERS • PARKINSON'S UNITY WALK • ROUND  
• SHASTA FAMILY YMCA • WILLOWS YOUTH FOOTBALL • REDDING PEACE OFFICER'S ASSOC • COTTONWOOD LIONS-FLAG PROGRAM • WESTSIDE AUTO CLUB • NEWMAN FA  
• DURHAM FOOTBALL • GUSTINE HIGH SCHOOL ATHLETIC BOOSTERS • YUBA SUTTER CHAMBER OF COMMERCE • COTTONWOOD LITTLE LEAGUE • BUTTE COUNTY FAIR  
COUNTY FAIR • PARADISE JUNIOR FOOTBALL • WEED YOUTH BASEBALL • GLENN COUNTY FAIR • YREKA FIREMAN'S BENEFIT • MONTAGUE ROTARY • BUTTE COUNTY FAIR  
4TH • CHICO MEALS ON WHEELS • HABITAT FOR HUMANITY OF BUTTE COUNTY • WILLOWS HIGH SCHOOL BOOSTERS • FAIRCHILD MEDICAL CENTER • GUSTINE FFA CHA  
COUNTY ARTS COUNCIL • SIERRA CASCADE GIRL SCOUT COUNCIL • INTERMOUNTAIN JUNIOR RODEO ASSOC • EAGLES WRESTLING CLUB • GREATER REDDING CHAMBER OF  
OF COMMERCE • LIONS CLUB • CHICO AREA RECREATION & PARK DISTRICT • GLENN COUNTY FAIR • FOUR STAR RODEO CO • GLENN COUNTY FARM BUREAU • PATT  
FOUNDATION • OPTIMAL HOSPICE FOUNDATION • AMERICAN HEART ASSOCIATION • BULLARD HIGH SCHOOL-SOBER GRAD KNIGHT • BURNEY BASIN DAYS • FORT CROOK H  
• OROVILLE ECONOMIC DEVELOPMENT CORP • SHASTA DISTRICT FAIR • DOWNTOWN CHICO BUSINESS ASSOCIATION • SOUNDS OF THE FOOTHILLS CHORUS • TOWNSEND  
SCHOOL BOOSTER CLUB • PENINSULA GUJARATI ASSOCIATION • FRESNO STATE DUGOUT CLUB • NEW LIFE IN CHRIST CHURCH • ST THOMAS MORE SCHOOL • WEED HIG  
COMMUNITY CENTER • SUSANVILLE POLICE EXPLORERS • FREMONT RIDEOUT FOUNDATION • CHOWCHILLA DISTRICT CHAMBER OF COMMERCE • PARADISE INTERMEDIA  
• CANYON OAKS MEN'S CLUB • ORLAND HIGH SCHOOL BOOSTERS • CDC OF TULARE COUNTY • PARADISE JUNIOR FOOTBALL • ORLAND CHAMBER OF COMMERCE • BUTT  
TEHAMA DISTRICT JR LIVESTOCK • CITY OF RED BLUFF PARKS & RECREATION • SILVER DOLLAR FAIR • YUBA SUTTER FAIR • INTERMOUNTAIN FAIR • ORLAND BUSINESS IMPRO  
COLLEGE • OUR LADY OF MIRACLES • KNIGHTS OF COLUMBUS • D.A.R.E. PROGRAM • FALL RIVER-BIG VALLEY CATTLEMEN'S ASSOC • CHICO EASTSIDE LITTLE LEAGUE • BUT  
GOLDEN FAIR • 41ST DISTRICT AGRICULTURAL ASSOC • DESPERADO HORSE CLUB • TULARE COUNTY FAIR • LASSEN COUNTY FAIR JUNIOR LIVESTOCK AUCTION COMMITTEE  
• TEHAMA COUNTY WOMENS FASTPITCH LEAGUE • RED BLUFF PARK & RECREATION • BAKERSFIELD TRACK CLUB • BIG BROTHERS & BIG SISTERS • COVELO FFA • NORCAL  
BASKETBALL LEAGUE • CHICO WESTSIDE LITTLE LEAGUE • HUHS/FFA • ORLAND LITTLE LEAGUE • FOOTHILL AREA LITTLE LEAGUE • S.E.S. SWING FOR CHILDREN • EAST  
FOUNDATION • CRUZ'N CLASSIC CAR SHOW • GUSTINE FREEDOM RUN • STORM BASEBALL • SPORTS BOOSTERS • NO. CALIFORNIA EDUCATIONAL TELEVISION • YUBA SU  
SWIMMING • MAYERS INTERMOUNTAIN HEALTH FOUNDATION • CHICO RICE BASEBALL CLUB • ROUND VALLEY CHAMBER OF COMMERCE • GUSTINE YOUTH BASEBALL  
INTERMOUNTAIN DUCKS UNLIMITED • ANDERSON YOUTH SOCCER LEAGUE • BUTTE UNITED FLAMES • CHOWCHILLA WESTERN STAMPEDE • CCPRA QUEEN PAGEANT • YRE  
FALL FESTIVAL • MT SHASTA YOUTH SOCCER • CITY OF SUSANVILLE • MIDGETS • UC REGENTS • WEST VALLEY HIGH SCHOOL • CHICO WOMEN'S BOWLING ASSOC • ROUND  
INCORPORATED • EXCHANGE CLUB OF PARADISE • EARLY RISERS KIWANIS CLUB OF YUBA CITY • SIERRA CASCADE LOGGING CONFERENCE • YREKA ROTARY CLUB • CALI  
FOUNDATION • REDDING RATTLERS • NOR CAL ROAD KNIGHTS • CHICO RUGBY CLUB • CHICO STATE UNIVERSITY • ROCKY MOUNTAIN ELKS FOUNDATION • CE





ER'S ASSOCIATION • INTERMOUNTAIN HOSPICE • SALVATION ARMY • ECONOMIC DEVELOPMENT CORP  
 TTER • KIWANIS CLUB OF BAKERSFIELD • RICHVALE FOUNDATION • MT SHASTA GYMNASTICS BOOSTERS  
 SKIYOU OPPORTUNITY CENTER'S CYCLING FOR RECYCLING • AMERICAN CANCER SOCIETY'S DAFFODIL  
 DISTANCE • FAITH CHRISTIAN SCHOOL SENIOR PROJECT • DURHAM DUCKS UNLIMITED • COMMUNITY  
 DOWNS INTERMEDIATE CARDINALS • DUNSMUIR ELEMENTARY BAND • SOBER GRAD NIGHT-BURNEY HIGH  
 D NIGHT • CALIFORNIA STATE UNIVERSITY • DUCKS UNLIMITED GUSTINE • ORLAND VOLUNTEER FIRE  
 IDE CHILDREN'S RESEARCH HOSPITAL • CHILDREN'S WISH FOUNDATION INTERNATIONAL • CHICO HIGH  
 LEAGUE • BIG VALLEY SOBER GRAD • NONE FORGOTTEN SOBER LIVING HOMES INC • SHASTA COUNTY  
 IM ASSOCIATION • CASA DE ESPERANZA • MT SHASTA EDUCATION FOUNDATION • SHASTA REGIONAL  
 ASSOCIATION • COMMUNITY EMERGENCY FUND • CHICO CHRISTIAN SCHOOLS • NOTRE DAME SCHOOL •  
 SOCIETY • BOY SCOUTS OF AMERICA • GUSTINE ROTARY • BULLDOG SPORTS FOUNDATION • PALERMO  
 UNTY • SAN JOAQUIN VALLEY N.A.P.M.W. • NATIONAL CHILD SAFETY COUNCIL • SPECIAL OLYMPICS • ST  
 CERT ASSOCIATION • THE ACTING COMPANY • SPECIAL OLYMPICS • BUTTE COUNTY SHERIFF'S SEARCH &  
 UN VOLUNTEER FIRE CO • THE GOOD SHEPHERDS STUDIO • YOUTH 4 CHANGE • FRIENDS OF DARE • PINK  
 RUISIN WITH THE CATS • MAGALIA COMMUNITY CHURCH • COLLEGE OF REDWOODS • NEVADA UNION  
 SUNSHINE KIDS CLUB • SISKIYOU MOTORCYCLE ASSOCIATION • HAMILTON HIGH SOBER GRAD NIGHT •  
 D 2003 • NUESTRO SCHOOL • FIVECO GLEANERS FOOD BANK • FAMILY SOLUTIONS • CHICO BREAKFAST  
 READING PROGRAM • SIERRA VIEW PTA • BUTTEVILLE ELEMENTARY HALLOWEEN CARNIVAL • ORLAND  
 TIGER TURNERS JUNIOR OLYMPICS • ENTERPRISE HIGH SCHOOL • ROTARY FOUNDATION POLIO PLUS  
 GH SCHOOL WASHINGTON DC TRIP • SIERRA CASCADE GIRL SCOUT COUNCIL • MERCY HIGH SCHOOL  
 MIRACLES • AMERICAN LEGION • CHICO COMMUNITY SCHOLARSHIP ASSOC • PLEASANT VALLEY SPORTS  
 FRIENDS OF THE LIBRARY • HAMILTON HIGH SOBER GRAD NIGHT • UNITED WAY OF BUTTE & GLENN  
 FOUNDATION • GUSTINE ELEMENTARY SCHOOL HALLOWEEN CARNIVAL • MT SHASTA LIONS' CLUB •  
 ASSOCIATION • DURHAM ROTARY CLUB • WILLOWS FIRE DEPARTMENT • ROTARY CLUB OF WILLOWS  
 ENCE DAY • ALZHEIMER'S ASSOCIATION • GOLD NUGGET MUSEUM • NEWMAN CENTER • ORLAND HIGH  
 HOLARSHIP • AMERICAN CANCER SOCIETY RELAY FOR LIFE • ETNA HIGH SCHOOL SCHOLARSHIP • YREKA  
 OF COMMERCE • PHEASANTS FOREVER • PARADISE PIRANHAS SWIM TEAM • CENTRAL VALLEY THUNDER  
 EY INDIAN HEALTH CENTER • LASSEN COUNTY OFFICE OF EDUCATION • STUDENTS IN FREE ENTERPRISES  
 TIVAL • SIERRA CASCADE GIRL SCOUT COUNCIL • TULARE COUNTY 4-H FAIR JUNIOR LIVESTOCK AUCTION  
 CIATION • DURHAM SPORTS BOOSTER • KERN COUNTY FAIR • PARADISE ALLIANCE CHURCH • LASSEN  
 U • FRIENDS OF ROUND VALLEY PUBLIC LIBRARY • CHICO CHAMBER OF COMMERCE • CITIZENS FOR THE  
 ALL RIVER JOINT UNIFIED SCHOOL DISTRICT • DURHAM BASEBALL FUND • CHICO SHRINE CLUB • LASSEN  
 ERCE • KERN COUNTY CATTLEWOMEN • SUSANVILLE RODEO ASSOCIATION • OROVILLE AREA CHAMBER  
 OTARY CLUB • INTERMOUNTAIN FAIR • FALL RIVER CATTLEWOMEN • BURNEY-FALL RIVER EDUCATION  
 CAL SOCIETY • CHICO COMMUNITY SHELTER PARTNERSHIP • PARADISE RIDGE CHAMBER OF COMMERCE  
 PLAYERS • PUNJABI AMERICAN HERITAGE SOCIETY • SUSANVILLE SYMPHONY SOCIETY • NATOMAS HIGH  
 OOL • ROTARY CLUB OF BURNEY • PARADISE ROTARY CLUB • YREKA CHAMBER OF COMMERCE • WEED  
 OOL • SHASTA DISTRICT FAIR • PARADISE HIGH SCHOOL ATHLETIC DEPT • JUNIOR LIVESTOCK AUCTION  
 EGE • GHS CHEERLEADERS BOOSTERS • PALO CEDRO CHAMBER OF COMMERCE • FALL RIVER HOSPICE •  
 NT ASSOCIATION • WILLOWS RECREATION DEPARTMENTS • KIWANIS OF RIVERPARK • SACRAMENTO CITY  
 LEGE BASEBALL • FRIENDS OF YUBA CITY PARKS • COTTONWOOD CHAMBER OF COMMERCE • SISKIYOU  
 WCHILLA-MADERA FAIR • REDDING RODEO ASSOCIATION • SOROPTIMIST INTERNATIONAL OF REDDING  
 RDER YOUTH SOFTBALL INC • FRESNO STATE DUGOUT CLUB • AMERICAN COED PARENTS INC • YOUTH  
 ING LITTLE LEAGUE • AAU CHICO VIKINGS • SHASTA DAM LITTLE LEAGUE • FEATHER RIVER HEALTH  
 OLD SOX • AMERICAN LEGION PIT RIVER CHANNEL CATS • OFF THE WALL SOCCER • CHICO AQUAJETS  
 FTBALL • MT SHASTA YOUTH BASEBALL • NORTH STATE STAMPEDE • FALL RIVER CENTURY • SVQHA •  
 ARGES YOUTH FOOTBALL • REDDING TRADE CLUB • BULLDOG SPORTS FOUNDATION • GLENN COUNTY  
 EY COMMUNITY RODEO • WILLOWS HIGH SCHOOL • PARADISE RECREATION DISTRICT • YOUTH FOCUS  
 A DEER ASSOCIATION • AMERICAN LEGION BASEBALL LEAGUE • TEEN CHALLENGE • OPTIMAL HOSPICE  
 CALIFORNIA WOMEN'S CONFERENCE • MT SHASTA ROTARY CLUB • SHASTA COLLEGE THEATER •



In honor of the 100th anniversary of flight, Tri Counties Bank pilot Dan Fregin took three Chico youngsters and their parents for a plane ride. Jacob Sabin, Jerryd Vineyard and Marcellous Allen are members of the Chico Boys and Girls Club.



**Andrew Mastorakis**  
Executive Vice President, Retail Banking

As the "Life Improvement Bank" we at Tri Counties Bank promise our customers that we'll get to know them and their specific needs, and guide them with the right financial tools for their path to financial success. This is not a passive activity for our dedicated bankers, but one which we take pride to actively seek.

Like many of our large competitors, we have a wide array of financial products and services to meet the needs of business and individual customers alike. Our dedication to our customers' financial success, along with our superior "professional service," is what sets us apart from all competitors.

Our commitment to Small Business owners and

business professionals led to some important enhancements in the last couple of years. In 2003, we expanded our dedicated Small Business Banker Team and appointed Rex Barney as the Sales Manager. We created additional loan products, such as our Business Express Line which gives professionals the convenience of an "evergreen" line of credit, and improved Merchant Card offerings. Another new service tailored to small business customers is Business E-cash, a "real-time" online service that helps our business clients save time and money, as well as pay their bills online using TCB Payables. Results in 2003 are highlighted by an 8% increase in Business customers, and 73% increase in Business loan outstandings.



Our new **Business Banking Group** focuses on acquiring and serving small business owners and professionals. from left: **Rex Barney**, Vice President, Business Services Manager; **Kevin Finney**, Business Services Officer; Tri Counties Bank customer, **Dr. Roy Bishop**, Argyll Medical Group, Chico; **Brian Endamano**, Chico Downtown Branch Manager.



Front Row from left: **Cher Matthews**, Vice President, Redding Area Manager; **Andrea Stile**, Marketing Manager; **Monica Canchola**, Vice President, Operations Administration;  
Back Row from left: **Guy Watson**, Vice President, Regional Manager, Northern Branches; **J.Kay Armstrong**, Vice President, Call Center Manager;  
**Andrew Mastorakis**, Executive Vice President, Retail Banking; **A.J. Elias**, Vice President, Regional Manager, In-store Branches;  
**Cindy Bennington-Foor**, Vice President, Regional Manager, Southern Branches

We experienced continued growth in our consumer banking division. Consumer loan balances grew 58% over last year primarily due to our focused growth in Home Equity lending.

Deposits grew over 23%, largely driven by low-cost core deposits. Households grew by 8% for the year.

Tri Counties Bank online enrollments nearly doubled, so that now nearly 25% of our customer base enjoys online banking with us. Direct Banking services were further enhanced with an improved Bill Pay service, resulting in a 150% increase in enrollments, and online viewing of account transactions. Always looking for ways to improve the banking experience, we've redesigned our

account statements in an easy-to-read format featuring account summary, special announcements and promotions. Customers who used to get their cancelled checks returned to them now receive an 8 1/2" x 11" page with laser images of their canceled checks, pre-punched for easy storage in any binder. Imaged checks are a convenient way to keep records and can also be viewed, front and back, at Tri Counties Bank Online Banking. Check imaging is a tremendous operational improvement.

Our bankers continue to provide Tri Counties Bank customers with exceptional service and guidance, fulfilling our promise to each customer: "Get on your path to financial success. We'll lead the way."

## NEW BRANCH OPENINGS

Our expansion into the Sacramento Valley continued in 2003 with three new supermarket branches. In April we expanded our self-service branch inside Raley's in Chico to a full-service branch, showcasing some of our newest technology. Tri Counties also opened inside Raley's in Roseville on Douglas Blvd. in November. We closed the year with our third new branch inside Albertsons in Folsom.

In-store branches are a cost-effective way to get a fast and solid start in a new market. An in-store branch can expect access to 15,000 to 60,000 potential banking customers who shop in the host supermarket, providing a base of new households and deposits in a short time.

The market can later be supported by a traditional branch.

We offer customers the convenient option to "bank where you shop and shop where you bank" and we do it better than anyone. Unlike some large bank attempts at in-store banking, these branches are not afterthoughts. They are well-planned and we use every resource to open them. The new staff is supported on-site for an interim period by managers and seasoned in-store bankers. Our grand opening week includes ribbon-cutting with the local chamber of commerce, grand opening special offers and festivities. Our well-trained, energetic and friendly staff members walk the aisles introducing the Bank to store customers. The new



Our newest customers are excited to see us seven days a week, and as late as 8:00 p.m.. Save time, save money, see your banker more often!



*Bank where you shop, shop where you bank,  
with Tri Counties, your "Life Improvement Bank."*



communities emerging from the growth in the Central Valley provide a bountiful opportunity for Tri Counties Bank because they are full of new residents particularly receptive to a new banking relationship.

Adding the "Life Improvement Bank" brand of service insures our continued success in these supermarket branches. We have several new supermarket branches planned again in 2004, many in the Sacramento Valley. Traditional free-standing branches are planned to more fully support these new markets.



### Key Assumptions for Opening In-store Branches

- Initial investment of \$200,000 in leasehold improvements fully amortized straight line over 5 years.
- Operating expenses of \$25,000 per month (including overhead charges)
- Deposit growth Year One of \$1 million per month, Year Two of \$500,000 per month, Year Three of \$200,000, and 10% growth in Year Four and beyond
- Loan-to-deposit ratio in the branch of 20%, primarily home equity
- Cost of funds in branch of 1.1% (based on current interest rates)
- Life of branch deposits of 5 years
- Cost of capital of 11%



# A CHANGING CENTRAL VALLEY

The changes in the Central Valley are providing a tremendous opportunity for Tri Counties Bank, both retail and wholesale, as people and businesses are finding affordable real estate here.

Priced out of much of Southern California, the Bay Area and coastal communities, people are heading inland. In the San Joaquin Valley, the median home price is \$169,500, about half the statewide figure. The San Joaquin Valley is constructing more new housing in the state than any other place outside Southern California, according to the Construction Industry Research Board. Kern County last year logged more than 5,500 housing starts, twice as many as Bakersfield saw five years ago. The Central Valley Sacramento Metro Area is also booming with development. Placer County is the second-fastest-growing county in the state, second only to Riverside County.

Job growth in the Central Valley has been faster than the rest of the state. While agricultural employers — though still very important in the valley — are cutting jobs because of mechanization and foreign competition, in the last two years the San Joaquin Valley's nonfarm payrolls have risen 2.7% between December 2001 and December 2003. Southern California has remained static, while the Bay Area had a 4.3% loss in nonfarm jobs. The need in the Central Valley for skilled workers in manufacturing, health care and technology is greater than ever.

Four Central Valley cities are currently considered by an Inc. Magazine survey to be in the top 25 of best cities of their size for business in the United States. The March 2004 survey, which looks at job growth, diversification of the economy and affordability, ranked Fresno No. 4 of the top

25 medium-size cities. Bakersfield, Modesto and Stockton are ranked No. 5, No. 10 and No. 11 respectively. These cities are working hard to manage their growth and are in a good position for rapid expansion during the economic recovery.

There's also good news in the state's economy. California's merchandise exports rose 13.9% in the final three months of 2003, the strongest year-over-year quarterly gain in three years, according to government trade statistics released February 2004. Agricultural products jumped nearly 20% last year to \$4.8 billion. Technology makers saw their overseas shipments surge 10.5% over the same quarter in 2002, their biggest gain since 2000. For all of last year, the state's merchandise exports totaled \$94 billion, up 1.9% from 2002, according to the report, based on federal government data and prepared by the Massachusetts Institute for Social and Economic Research, which publishes official state-by-state trade statistics. Exports to China account for much of the good news; California exports to China increased 22% last year.

Health services, with more than 84,000 employees, has become the third-largest industry in the San Joaquin Valley, behind government and farm jobs, according to New Valley Connexions, a program of the Great Valley Center. Because of the enormous opportunity for training and job placement, the health-care sector was targeted as a part of a grant from the state's Workforce Investment Act.

Retailers are also benefitting from the new population growth, as residents who spend less on housing have more disposable income.





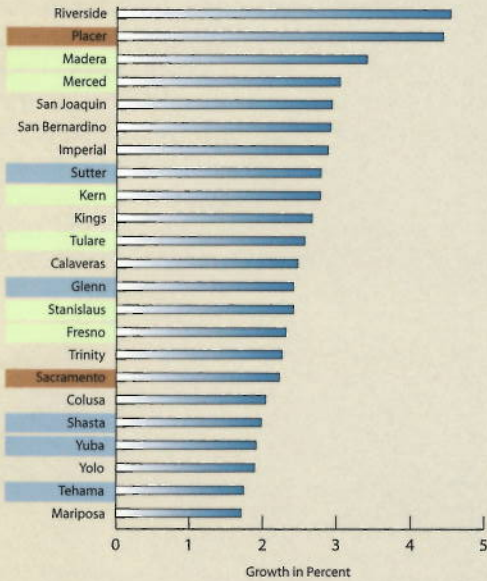
## THE CENTRAL VALLEY COUNTIES

North Valley: Shasta, Tehama, Glenn, Colusa, Butte, Yuba and Sutter

Sacramento Metro area: Placer, Sacramento, Yolo

San Joaquin Valley: Kern, Fresno, Madera, Kings, Merced, Stanislaus, San Joaquin, Tulare

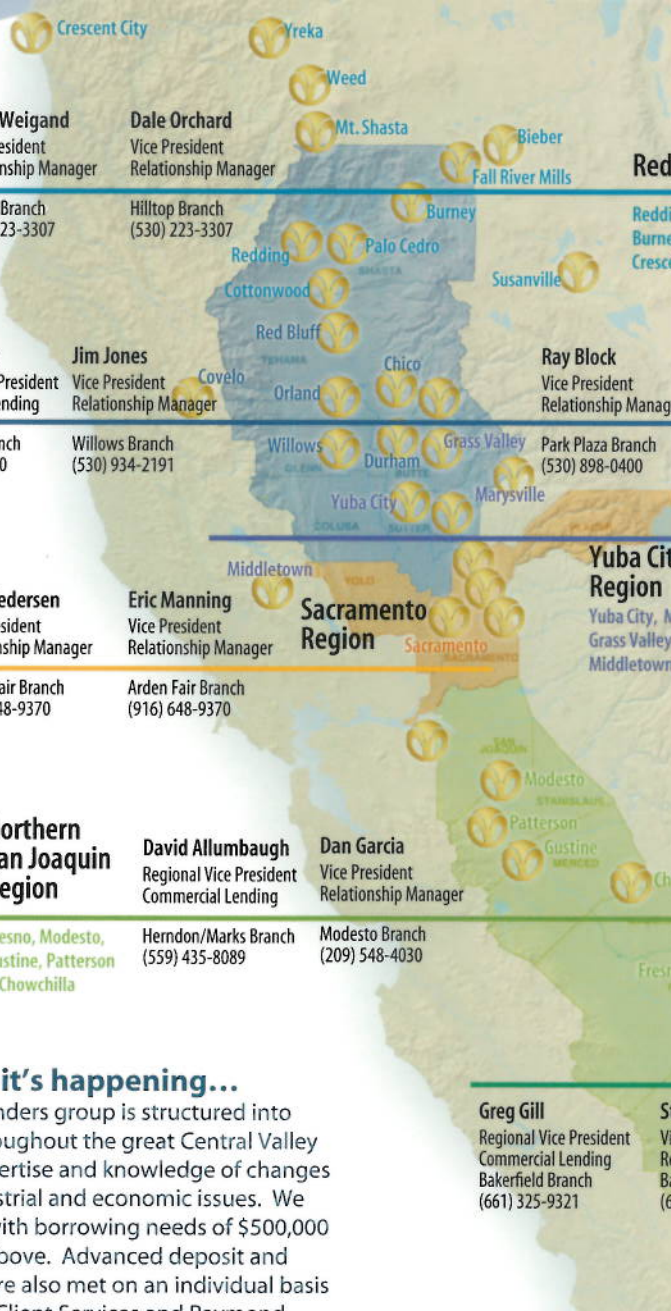
Tri Counties Bank has a presence in 13 of the 23 counties that grew faster than the rest of the state between July 1, 2002, and July 1, 2003.



While agriculture, along with the businesses that support it, is still the Central Valley's most significant industry, there is tremendous growth in other sectors, such as retail, construction, health care and manufacturing.



# WHOLESALE BANKING



**Nolan Hawkins**  
Regional Vice President  
Commercial Lending

Hilltop Branch  
(530) 223-3307

**Doug Weigand**  
Vice President  
Relationship Manager

Hilltop Branch  
(530) 223-3307

**Dale Orchard**  
Vice President  
Relationship Manager

Hilltop Branch  
(530) 223-3307

## Redding Region

Redding, Palo Cedro, Cottonwood, Burney, Fall River Mills, Bieber, Susanville, Crescent City, Mt. Shasta, Weed & Yreka

## Chico Region

**Dave Raven**  
Regional Vice President  
Commercial Lending

Covelo, Red Bluff, Chico, Durham, Willows & Orland

**Jim Jones**  
Vice President  
Relationship Manager

Willows Branch  
(530) 934-2191

**Ray Block**  
Vice President  
Relationship Manager

Park Plaza Branch  
(530) 898-0400

**Bill Ide**  
Vice President  
Relationship Manager

Park Plaza Branch  
(530) 898-0400

**Joe Drakulic**  
Vice President  
Relationship Manager

Chico Downtown Branch  
(530) 893-8861

**Dan Douglas**  
Vice President  
Relationship Manager

Chico Downtown Branch  
(530) 893-8861

**Manny Morgado**  
Regional Vice President  
Commercial Lending

Arden Fair Branch  
(916) 648-9370

**Kurt Pedersen**  
Vice President  
Relationship Manager

Arden Fair Branch  
(916) 648-9370

**Eric Manning**  
Vice President  
Relationship Manager

Arden Fair Branch  
(916) 648-9370

## Yuba City Region

Yuba City, Marysville, Grass Valley & Middletown

**Bob Elmore**  
Regional Vice President  
Commercial Lending  
Yuba City Branch  
(530) 671-5563

**Kathleen Foret**  
Commercial Credit  
Officer  
Yuba City Branch  
(530) 671-5563

**Juanita Alarcon**  
Assistant Commercial  
Credit Officer  
Yuba City Branch  
(530) 671-5563

## Sacramento Region

## Northern San Joaquin Region

Fresno, Modesto, Gustine, Patterson & Chowchilla

**David Allumbaugh**  
Regional Vice President  
Commercial Lending

Herndon/Marks Branch  
(559) 435-8089

**Dan Garcia**  
Vice President  
Relationship Manager

Modesto Branch  
(209) 548-4030

## Southern San Joaquin Region

Bakersfield, Visalia

**Greg Gill**  
Regional Vice President  
Commercial Lending  
Bakersfield Branch  
(661) 325-9321

**Stephen Van Schaack**  
Vice President  
Relationship Manager  
Bakersfield Branch  
(661) 325-9321

**Harroll D. Wiley**  
Vice President  
Relationship Manager  
Visalia Branch  
(559) 741-2940

## We are where it's happening...

The Commercial Lenders group is structured into regions located throughout the great Central Valley to provide local expertise and knowledge of changes in agricultural, industrial and economic issues. We service customers with borrowing needs of \$500,000 to \$5,000,000 and above. Advanced deposit and investment needs are also met on an individual basis through Corporate Client Services and Raymond James Financial at Tri Counties Bank.





**Richard O'Sullivan**  
Executive Vice President  
Wholesale Banking

Tri Counties Bank is well positioned to take advantage of the progress in California's Central Valley. 2003 was a year of significant commercial loan growth, improved credit quality and expansion. Five new commercial lenders were added to the team in the new and expanding markets of Sacramento and the San Joaquin Valley. They have all achieved better than expected results in their first year and bring us a large amount of credit experience and local

market knowledge.

We believe that local knowledge, underwriting and account management are key components of a successful commercial banking strategy. Tri Counties Bank can provide better service and faster response time through enhanced understanding of borrower needs and credit issues. Members of our Wholesale Banking Group are also highly involved in their local communities with volunteer efforts. In addition to strong regional representation, major borrowers and prospects in each marketplace are routinely called on and recognized by Senior Management. This dedication to customer relationships distinguishes us from the competition.

A recruiting initiative was also undertaken in the Non-Deposit Investment Products department which provides retirement and financial planning as well as insurance through Raymond James Financial Services. In order to service all markets with the same financial services as our North Valley core markets, a plan was implemented to recruit seven additional investment Representatives in a period of 18 to 24 months. This project started mid-year and three new Reps have been placed in San Joaquin Valley Branches, with several prospects in line to meet the goal. Early results have been good and,

as these new Reps come on line and begin to produce, it is expected that the NDIP program will flourish and be a much more significant contributor to non-interest income. This strategy enables us to take advantage of improving financial markets and the consolidation occurring in the brokerage industry.

Corporate Client Services, the Bank's high-end online banking service for commercial customers, continues to add deposit relationships to the Bank. We believe that when a commercial loan customer becomes a deposit customer with CCS, Tri Counties Bank truly becomes their primary financial service provider. Our Corporate eCash, automated clearing house and other services are delivered through individual calls by Corporate Client Officers who demonstrate and set up the software and train personnel on site. Corporate Client Services provides tools for greater security, control, efficiency in managing cash and in most cases provides significant cost savings. Corporate Client Services is increasingly becoming a deposit-gathering tool and we look forward to strong growth going forward.

In the coming year, we plan to increase Equipment Leasing volume and reduce risk by selling all leases to a third party Bank or leasing company. This strategy eliminates underwriting risk and expense and focuses on the delivery of a broader array of leasing product through the existing lending channels of the Bank.

Auto Indirect Finance provided for significant loan growth in 2003. The portfolio grew \$24 million to \$62 million total. We have established relationships with over 300 dealers throughout Northern California and the Central Valley. Credit quality and volume are closely monitored; adjustments in pricing and underwriting are made as necessary. We anticipate another \$20 to \$24 million in growth for this portfolio in 2004.



### Corporate Client Services

Our online commercial banking service provides tools for greater security, control and efficiency with an easy-to-use interface.

Toni Wilson and Lisa Bee help guide our clients' personnel through the learning curve and provide ongoing support.



### Raymond James Financial Services

Dan Bay, Vice President, Branch Manager Raymond James Financial, has expanded his team of representatives to better serve the Bank's expanding branch system.

Front row: Laura Hawkins, Eddie Crame, Dan Bay, Jerry Sax.  
Back Row: John Grimmert, Miste Boyer, Sonny Mike, Bella Daneilo.



## Common Stock Information

The Company's common stock is traded on the NASDAQ National Market System ("NASDAQ") under the symbol "TCBK." The following table shows the high and the low prices for the common stock, for each quarter in the past two years, as reported by NASDAQ:

2003:	High	Low
First quarter	\$26.77	\$24.31
Second quarter	\$26.00	\$24.10
Third quarter	\$29.87	\$25.20
Fourth quarter	\$34.18	\$29.81
2002:		
First quarter	\$21.05	\$18.05
Second quarter	\$27.40	\$21.10
Third quarter	\$27.45	\$21.60
Fourth quarter	\$25.25	\$22.01

As of February 24, 2004, there were approximately 1,817 shareholders of record of the Company's common stock.

Effective April 4, 2003, the Company (i) issued 723,512 shares of its common stock pursuant to a registration statement on Form S-4, (ii) issued options to purchase 79,587 shares of its common stock, and (iii) paid \$13,090,057 in cash to the former shareholders of North State National Bank. Additional information concerning this acquisition is found under Item 1 of this report.

The Company has paid cash dividends on its common stock in every quarter since March 1990, and it is currently the intention of the Board of Directors of the Company to continue payment of cash dividends on a quarterly basis. There is no assurance, however, that any dividends will be paid since they are dependent upon earnings, financial condition and capital requirements of the Company and the Bank. As of December 31, 2003, \$23.9 million was available for payment of dividends by the Company to its shareholders, under applicable laws and regulations. The Company paid cash dividends of \$0.20 per common share in each of the quarters ended March 31, June 30, September 30 and December 31, 2003 and 2002.

As discussed in Note 10 to the consolidated financial statements included as Item 8 of this report, in June 2001, the Company announced that its Board of Directors adopted and entered into a Shareholder Rights Plan designed to protect and maximize shareholder value and to assist the Board of Directors in ensuring fair and equitable benefit to all shareholders in the event of a hostile bid to acquire the Company.

The Company adopted a new stock repurchase plan on July 31, 2003, for the repurchase of up to 250,000 shares of the Company's common stock from time to time as market conditions allow. The 250,000 shares 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 new plan has no stated expiration date for the repurchases. As of December 31, 2003, the Company had purchased 27,500 shares under this plan. The following table shows the repurchases made by the Company under this plan during the fourth quarter of 2003:

Period	(a) Total number of Shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares that may yet be purchased under the plans or programs
Oct. 1-31, 2003	-	-	-	241,900
Nov. 1-30, 2003	1,700	\$32.00	1,700	240,200
Dec. 1-31, 2003	17,700	\$32.22	17,700	222,500



To the Board of Directors  
TriCo Bancshares and Subsidiaries:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of TriCo Bancshares and Subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended (not presented herein); and in our report dated January 29, 2004, we expressed an unqualified opinion on those consolidated financial statements. The consolidated financial statements of TriCo Bancshares for the year ended December 31, 2001 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated January 18, 2002.

In our opinion, the information set forth in the accompanying 2003 and 2002 condensed consolidated financial statements is fairly stated, in all material respects, in relation to the 2003 and 2002 consolidated financial statements from which it has been derived.

**KPMG LLP**

Sacramento, California  
January 29, 2004

## Consolidated Balance Sheets

(in thousands, except share amounts)

	At December 31,	
	2003	2002
<b>Assets:</b>		
Cash and due from banks	\$80,603	\$67,170
Federal funds sold	326	8,100
Cash and cash equivalents	80,929	75,270
Investment securities available for sale	316,436	338,024
<b>Loans</b>		
Commercial	142,252	125,982
Consumer	319,029	201,858
Real estate mortgages	458,369	319,969
Real estate construction	61,591	39,713
Allowance for loan losses	981,241 (13,773)	687,522 (14,377)
Loans, net of allowance for loan losses	967,468	673,145
Premises and equipment, net	19,521	17,224
Cash value of life insurance	38,980	15,208
Other real estate owned	932	932
Accrued interest receivable	6,027	5,644
Intangible assets	21,604	4,043
Other assets	16,858	15,084
<b>Total Assets</b>	<b>\$1,468,755</b>	<b>\$1,144,574</b>
<b>Liabilities:</b>		
<b>Deposits:</b>		
Noninterest-bearing demand	\$298,462	\$232,499
Interest-bearing demand	220,875	182,816
Savings	441,461	297,926
Time certificates, \$100,000 and over	94,500	90,404
Other time certificates	181,525	201,592
<b>Total deposits</b>	<b>1,236,823</b>	<b>1,005,237</b>
Fed funds purchased	39,500	-
Accrued interest payable	2,638	2,927
Other liabilities	18,328	14,472
Long-term debt and other borrowings	22,887	22,924
Junior subordinated debt	20,619	-
<b>Total Liabilities</b>	<b>1,340,795</b>	<b>1,045,560</b>
<b>Shareholders' Equity:</b>		
Common stock, no par value: Authorized 20,000,000 shares;		
Issued and outstanding:		
7,834,124 at December 31, 2003	69,767	
7,060,965 at December 31, 2002		50,472
Retained earnings	56,379	46,239
Accumulated other comprehensive income, net	1,814	2,303
<b>Total Shareholders' Equity</b>	<b>127,960</b>	<b>99,014</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,468,755</b>	<b>\$1,144,574</b>



## Consolidated Statements of Income

(in thousands, except earnings per share)

	Years ended December 31,		
	2003	2002	2001
<b>Interest Income:</b>			
Interest and fees on loans	\$60,997	\$52,472	\$58,730
Interest on federal funds sold	129	606	1,506
Interest on investment securities available for sale			
Taxable	10,903	9,430	9,543
Tax exempt	1,940	2,188	2,219
<b>Total interest income</b>	<b>73,969</b>	<b>64,696</b>	<b>71,998</b>
<b>Interest Expense:</b>			
Interest on interest-bearing demand deposits	488	469	1,487
Interest on savings	3,441	2,710	4,759
Interest on time certificates of deposit	7,328	8,441	15,261
Interest on short-term borrowing	189	2	7
Interest on long-term debt	1,288	1,292	1,972
Interest on junior subordinated debt	355	-	-
<b>Total interest expense</b>	<b>13,089</b>	<b>12,914</b>	<b>23,486</b>
<b>Net Interest Income</b>	<b>60,880</b>	<b>51,782</b>	<b>48,512</b>
Provision for loan losses	1,250	2,800	4,400
<b>Net Interest Income After Provision for Loan Losses</b>	<b>59,630</b>	<b>48,982</b>	<b>44,112</b>
<b>Noninterest Income:</b>			
Service charges and fees	14,541	11,286	8,095
Gain on sale of investments	197	-	36
Gain on sale of loans	4,168	3,641	2,095
Commissions on sale of non-deposit investment products	1,766	2,467	2,576
Other	2,237	1,786	1,680
Gain on sale of insurance company stock	-	-	1,756
<b>Total Noninterest Income</b>	<b>22,909</b>	<b>19,180</b>	<b>16,238</b>
<b>Noninterest Expense:</b>			
Salaries and related benefits	29,714	24,290	21,199
Other	25,813	21,681	19,408
<b>Total Noninterest Expense</b>	<b>55,527</b>	<b>45,971</b>	<b>40,607</b>
<b>Income Before Income Taxes</b>	<b>27,012</b>	<b>22,191</b>	<b>19,743</b>
Provision for income taxes	10,124	8,122	7,324
<b>Net Income</b>	<b>\$16,888</b>	<b>\$14,069</b>	<b>\$12,419</b>
<b>Comprehensive Income:</b>			
Change in unrealized (loss) gain on securities available for sale, net	(529)	2,931	441
Net change in minimum pension liability	40	27	(772)
<b>Comprehensive Income</b>	<b>\$16,399</b>	<b>\$17,027</b>	<b>\$12,088</b>
Average Shares Outstanding	7,641	7,019	7,073
Diluted Average Shares Outstanding	7,879	7,193	7,219
<b>Per Share Data</b>			
Basic Earnings	\$2.21	\$2.00	\$1.76
Diluted Earnings	\$2.14	\$1.96	\$1.72
Dividends Paid	\$0.80	\$0.80	\$0.80



## Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2003, 2002, 2001  
(in thousands, except share amounts)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total
Balance, December 31, 2000	\$50,428	\$35,129	(\$324)	\$85,233
Net income for the period		12,419		12,419
Stock issued, including stock option tax benefits	1,872			1,872
Repurchase of common stock	(2,621)	(3,997)		(6,618)
Dividends		(5,642)		(5,642)
Unrealized gain on securities available for sale, net			441	441
Change in minimum pension liability, net			(772)	(772)
Balance, December 31, 2001	\$49,679	\$37,909	(\$655)	\$86,933
Net income for the period		14,069		14,069
Stock issued, including stock option tax benefits	863			863
Repurchase of common stock	(70)	(119)		(189)
Dividends		(5,620)		(5,620)
Unrealized gain on securities available for sale, net			2,931	2,931
Change in minimum pension liability, net			27	27
Balance, December 31, 2002	\$50,472	\$46,239	\$2,303	\$99,014
Net income for the period		16,888		16,888
Issuance of stock and options related to merger	18,383			18,383
Stock issued, including stock option tax benefits	1,157			1,157
Repurchase of common stock	(245)	(608)		(853)
Dividends		(6,140)		(6,140)
Unrealized gain on securities available for sale, net			(529)	(529)
Change in minimum pension liability, net			40	40
Balance December 31, 2003	\$69,767	\$56,379	\$1,814	\$127,960





# Consolidated Statements of Cash Flows

(in thousands)

	For the year ended December 31,		
	2003	2002	2001
<b>Operating Activities:</b>			
Net income	\$16,888	\$14,069	\$12,419
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment, and amortization	3,059	2,608	2,708
Amortization of intangible assets	1,207	911	911
Provision for loan losses	1,250	2,800	4,400
Amortization of investment securities premium, net	3,514	1,841	398
Investment security gains, net	(197)	-	(1,792)
Originations of loans for resale	(175,640)	(177,796)	(125,675)
Proceeds from sale of loans originated for resale	177,860	179,415	126,961
Gain on sale of loans	(4,168)	(3,641)	(2,095)
Amortization of mortgage servicing rights	1,356	713	223
Provision for mortgage servicing rights valuation allowance	600	-	-
Loss (gain) on sale of fixed assets	2	8	(9)
Gain on sale of other real estate owned, net	(113)	(8)	(80)
Provision for losses on other real estate owned	-	-	18
Change in assets and liabilities:			
Decrease (increase) in interest receivable	159	(122)	1,413
Decrease in interest payable	(289)	(561)	(1,757)
Increase (decrease) in other assets and liabilities	310	2,069	(2,821)
<b>Net Cash Provided by Operating Activities</b>	<b>25,798</b>	<b>22,306</b>	<b>15,222</b>
<b>Investing Activities:</b>			
Net cash obtained in mergers and acquisitions	7,450	-	-
Proceeds from maturities of securities available for sale	205,021	131,592	85,619
Proceeds from sale of securities available for sale	22,320	-	14,119
Purchases of securities available for sale	(169,163)	(241,794)	(93,125)
Net increase in loans	(220,016)	(31,203)	(21,678)
Proceeds from sale of premises and equipment	20	17	32
Purchases of property and equipment	(2,746)	(3,121)	(1,951)
Proceeds from sale of other real estate owned	726	79	1,757
Investment in subsidiary	619	-	-
Purchase of life insurance	(22,475)	-	-
<b>Net Cash Used by Investing Activities</b>	<b>(179,482)</b>	<b>(144,430)</b>	<b>(15,227)</b>
<b>Financing Activities:</b>			
Net increase in deposits	105,537	124,844	42,561
Net increase (decrease) in federal funds purchased	39,500	-	(500)
Payments of principal on long-term debt agreements	(37)	(32)	(11,027)
Issuance of junior subordinated debt	20,619	-	-
Repurchase of Common Stock	(853)	(189)	(6,618)
Dividends paid	(6,140)	(5,620)	(5,642)
Exercise of stock options/issuance of Common Stock	717	427	1,005
<b>Net Cash Provided by Financing Activities</b>	<b>159,343</b>	<b>119,430</b>	<b>19,779</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>5,659</b>	<b>(2,694)</b>	<b>19,774</b>
<b>Cash and Cash Equivalents and Beginning of Period</b>	<b>75,270</b>	<b>77,964</b>	<b>58,190</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$80,929</b>	<b>\$75,270</b>	<b>\$77,964</b>
<b>Supplemental Disclosure of Non-Cash Activities:</b>			
Unrealized (loss) gain on securities available for sale	(\$990)	\$5,073	\$699
Loans transferred to other real estate owned	613	932	325
<b>Supplemental Disclosure of Cash Flow Activity:</b>			
Cash paid for interest expense	13,378	13,475	25,243
Cash paid for income taxes	8,160	7,900	9,089
Income tax benefit from stock option exercises	440	\$436	\$867
<b>The acquisition of North State National Bank Involved the following:</b>			
Common stock issued	18,383		
Liabilities assumed	126,648		
Fair value of assets acquired, other than cash and cash equivalents	(118,697)		
Core deposit intangible	(3,365)		
Goodwill	(15,519)		
Net cash and cash equivalents received	\$7,450		



## TriCo Bancshares—Executive Officers

Richard P. Smith ..... **President &  
Chief Executive Officer**  
Thomas J. Reddish ..... **Executive Vice President &  
Chief Financial Officer**  
Wendell J. Lundberg .... **Secretary**

## Tri Counties Bank—Executive Officers

Richard P. Smith ..... **President &  
Chief Executive Officer**  
Richard O'Sullivan ..... **Executive Vice President  
Wholesale Banking**  
Andrew Mastorakis ..... **Executive Vice President  
Retail Banking**  
Thomas J. Reddish ..... **Executive Vice President &  
Chief Financial Officer**  
Rick Hagstrom ..... **Executive Vice President  
Risk Management**  
Craig Carney ..... **Senior Vice President  
Chief Credit Officer**  
Rick Miller ..... **Senior Vice President  
Director of Human Resources**  
Ray Rios ..... **Vice President  
Manager Information Systems**

## TriCo Bancshares Headquarters

63 Constitution Drive  
Chico, California 95973  
Telephone (530) 898-0300

## Notice of Annual Meeting

Tuesday, May 4, 2004, at 6:00 P.M.  
63 Constitution Drive  
Chico, California 95973

## Shareholder Relations

Suzanne Youngs  
63 Constitution Drive  
Chico, California 95973  
(530) 898-0300

## Transfer Agent

Mellon Investor Services  
Overpeck Centre  
85 Challenger Road  
Ridgefield Park, NJ 07660

Internet Address: [www.mellon-investor.com](http://www.mellon-investor.com)

## Stock Listing

NASDAQ Stock Exchange  
Symbol: "TCBK"

The Company will provide to any interested party, without charge, a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission, including the financial statements and schedules thereto.

The report may be obtained by written request to:  
**Corporate Secretary, TriCo Bancshares, 63 Constitution Drive, Chico, CA 95973.**

## Tri Counties Bank Locations Traditional Branches

**Arden Fair**  
1760 Challenge Way  
Suite 100  
Sacramento, CA 95815  
(916) 648-9370

**Bakersfield**  
5201 California Avenue,  
Suite 102  
Bakersfield, CA 93309  
(661) 325-9321

**Bieber**  
Bridge & Market Streets  
Bieber, CA 96009  
(530) 294-5211

**Burney**  
37093 Main Street  
Burney, CA 96013  
(530) 335-2215

**Chico Downtown**  
525 Salem Street  
Chico, CA 95928  
(530) 893-8861

**Chico Mall**  
1950 E. 20th St.  
Suite 725  
Chico, CA 95928  
(530) 898-0370

**Park Plaza**  
780 Mangrove Ave.  
Chico, CA 95927  
(530) 898-0400

**Pillsbury**  
2171 Pillsbury Road  
Chico, CA 95927  
(530) 898-0470

**Chowchilla**  
305 Trinity Avenue  
Chowchilla, CA 93610  
(559) 665-4868

**Cottonwood**  
3349 Main Street  
Cottonwood, CA 96022  
(530) 347-3751

**Covelo**  
76405 Covelo Road  
Covelo, CA 95428  
(707) 983-6142

**Crescent City**  
936 Third Street  
Crescent City, CA 95531  
(707) 464-4145

**Durham**  
9411 Midway  
Durham, CA 95938  
(530) 898-0430

**Fall River Mills**  
43308 State Highway 299E  
Fall River Mills, CA 96028  
(530) 336-6291

**Herndon Marks**  
7020 North Marks Ave.  
Suite 101  
Fresno, CA 93711  
(559) 435-8089

**Gustine**  
319 Fifth Street  
Gustine, CA 95322  
(209) 854-3761

**Marysville**  
729 E Street  
Marysville, CA 95901  
(530) 749-1639

**Middletown**  
21097 Calistoga Street  
Middletown, CA 95461  
(707) 987-3196

**Mt. Shasta**  
204 Chestnut Street  
Mt. Shasta, CA 96067  
(530) 926-2653

**Modesto**  
3320 Tully Road,  
Modesto, CA 95350  
(209) 548-4030

**Orland**  
100 East Walker Street  
Orland, CA 95963  
(530) 865-5524

**Oroville**  
1180 Oro Dam Boulevard  
Oroville, CA 95965  
(530) 438-0140

**Palo Cedro**  
9125 Deschutes Road  
Palo Cedro, CA 96073  
(530) 547-4494

**Paradise**  
6848 "Q" Skyway  
Paradise, CA 95969  
(530) 872-2992

**Patterson**  
17 Plaza  
Patterson, CA 95363  
(209) 892-4098

**California Street**  
1845 California Street  
Redding, CA 96001  
(530) 245-5930

**Hilltop**  
1250 Hilltop Drive  
Redding, CA 96049  
(530) 223-3307

**Susanville**  
1605 Main Street  
Susanville, CA 96130  
(530) 257-4151

**Visalia**  
2914 W. Main Street  
Visalia, CA 93291  
(559) 741-2940

**Weed**  
303 Main Street  
Weed, CA 96094  
(530) 938-4401

**Willows**  
210 North Tehama Street  
P.O. Box 1158  
Willows, CA 95988  
(530) 934-2191

**Yreka**  
165 S. Broadway  
Yreka, CA 96097  
(530) 842-2761

**Yuba City**  
1441 Colusa Avenue  
Yuba City, CA 95993  
(530) 671-5563

**East Ave In-Store  
Inside Albertsons**  
146 W. East Avenue  
Chico, CA 95973  
(530) 898-0380

**Esplanade In-Store  
Inside Raley's**  
211 W. East Avenue  
Chico, CA 95973  
(530) 879-5830

**Beale Air Force Base In-Store  
Inside Commissary**  
17601-25th Street  
Bldg 256  
BAFB, CA 95902  
(530) 788-7851

**Blue Ravine In-Store  
Inside Albertsons**  
1003 East Bidwell  
Folsom, CA 95630  
(916) 984-2270

**Grass Valley In-Store  
Inside Albertsons**  
12054 Nevada City Hwy  
Grass Valley, CA 95949  
(530) 477-9740

**Red Bluff In-Store  
Inside Raley's**  
727 South Main Street  
Red Bluff, CA 96080  
(530) 529-7080

**Hartnell Ave In-Store  
Inside Raley's**  
110 Hartnell Avenue  
Redding, CA 96002  
(530) 224-3431

**Lake Blvd In-Store  
Inside Raley's**  
201 Lake Boulevard  
Redding, CA 96003  
(530) 245-4651

**Douglas Blvd. In-Store  
Inside Raley's**  
1915 Douglas Blvd.  
Roseville, CA 95661  
(916) 784-6661

**North Natomas In-Store  
Inside Raley's**  
4650 Natomas Boulevard  
Sacramento, CA 95835  
(916) 419-4301

**Yuba City In-Store  
Inside Raley's**  
700 Onstott Road  
Yuba City, CA 95991  
(530) 751-8416

## Administration Office

63 Constitution Drive  
Chico, CA 95973  
(530) 898-0300  
Fax: (530) 898-0310

## Coming in 2004

**Geer Road In-Store  
Inside Raley's**  
2900 Geer Road  
Turlock, CA 95382  
(209) 668-1882

## In-Store Branches

**Brentwood In-Store  
Inside Raley's**  
2400 Sand Creek Road  
Brentwood, CA 94513  
(925) 634-5500



SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For the fiscal year  
ended December 31, 2003

Commission File Number 0-10661

TriCo Bancshares  
(Exact name of Registrant as specified in its charter)

<u>California</u> (State or other jurisdiction of incorporation or organization)	<u>94-2792841</u> (I.R.S. Employer Identification No.)
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<u>63 Constitution Drive, Chico, California</u> (Address of principal executive offices)	<u>95973</u> (Zip Code)
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Registrant's telephone number, including area code:(530) 898-0300  
Securities registered pursuant to Section 12(b) of the Act: None.  
Securities registered pursuant to Section 12(g) of the Act:

Common Stock, without par value  
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period as Registrant was required to file such reports) and (2) has not been delinquent in filing such reports during the preceding 90 days.



**TRI COUNTIES BANK**  
*Your life improvement bank.*

