TriCo Bancshares Annual Report 1983

Dear Shareholder:

TriCo Bancshares' 1983 performance reflects substantial increases in earnings and growth in assets over the previous year. While we are not satisfied with the present level of earnings which were $544,000 after taxes and reserves for 1983, we do feel that the improvement in our earnings and the direction in our earnings trend is significant. Total assets of your Company are $122 million and show an approximately $16 million increase during the year 1983. We believe this is a very acceptable growth and are quite happy with this aspect of our business.

1983 represents a year of adjustments for your Company. We have focused our attention on the quality of assets and the quality of employees. While Tri Counties Bank (the "Bank") experienced significant growth and a gain in our earnings —the more important issues during this past year were continued efforts on the part of your Board, management and staff to improve the quality of our assets and the quality of our assets in personnel. Don Carter, Executive Vice President, has relocated to Redding and is heading all operations in the Redding area. The purpose of this move was to provide a senior management presence in a most significant market of the Bank and to coordinate the activities of all branch and department personnel in the the Redding area. Other changes have also occurred in the past year. Substantial improvement to the Bank's loan administration came with the addition of Larry Sparks, Vice President, and the promotion of Keith Orme, Vice President, to give capable and experienced assistance to our Senior Vice President-Loan Administrator, Jim Mabry. Larry Sparks comes to us with 18 years of experience with a major California bank. He is concentrating on loan collection and delinquencies and is also following bankruptcy activities and the more critical loan problems. Keith Orme, who is working as Special Assistant to the President, is focusing on the sale of other real estate properties acquired through foreclosure or negotiated settlement and is managing the lease program. We have also evaluated all operating personnel and have made consolidations or cutbacks where appropriate. I believe the present bank staff is more properly utilized than ever before.

Interest rate deregulation and increased competitive pressures in the financial services industry have made marketing a major focus for us in the future. We will continue to focus those efforts on individual and small business banking services in Northern California. At the present time, we are emphasizing the training of staff and have held several training and business development seminars for key personnel during the past year. These activities will continue during 1984 and our emphasis will be on the quality of customer service and the development of business skills.

TriCo Bancshares and Tri Counties Bank continue to be dedicated to providing excellent banking and financial services through a high quality staff for all Northern California businesses and individuals.

Sincerely yours,

Robert H Steveson

Robert H. Steveson
President & Chief
Executive Officer

BOARD OF DIRECTORS

Robert Steveson
President and
Chief Executive Officer,
Tri Counties Bank and
TriCo Bancshares,
Chico

Wendell Lundberg
Chairman of the Board.
Owner, Wehah Farms,
rice and grain
operations
Richvale

Alex Vereschagin, Jr.
Vice-Chairman of the
Board. Secretary/
Treasurer, Vereschagin
Oil Company, petroleum
distribution company,
Orland

J. Herod Hall, M.D.
Secretary of the Board.
Physician and surgeon,
Chico

Robert Stern
President,
R.J. Stern Co., Inc.,
retail store,
Oroville

Everett Beich,
Owner, Beich
Companies, mobile
home park commercial
development companies,
Chico

Donald Casey, M.D.
Retired physician,
Chico

DeWayne Caviness, M.D.
Physician and surgeon
Chico

Gerald Compton
President, Avag, Inc.,
agricultural flying
service
Richvale

Vernon Fish
President,
Vernon E. Fish
Properties, Inc.,
development company,
Chico

Sankey M. Hall, Jr.
Director, HallVan Hook
Funeral Chapel, Hall
Petroleum Company,
Owner/Director,
Lambert Funeral Home
Chico & Roseville

Fred Hignell, III
Principal Partner
Hignell & Hignell, Inc.,
investment &
development company,
Chico

Wayne Meeks
Owner,
Wayne Meeks Red Bluff
Ford-Mercury,
Red Bluff

Donald Murphy
Vice President & General
Manager,
J.H. McKnight Ranch,
Nelson

ACCOUNTANTS' REPORT

Board of Directors and Shareholders
TriCo Bancshares and Subsidiaries
Chico, California

We have examined the consolidated balance sheet of TriCo Bancshares and Subsidiaries as of December 31, 1983, and the related consolidated statement of income, changes in shareholders' equity, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of TriCo Bancshares for the years ended December 31, 1982 and 1981, were examined by other auditors whose report dated January 28, 1983, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of TriCo Bancshares and Subsidiaries as of December 31, 1983, and the consolidated results of their operations and changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Touche Ross & Co.

Touche Ross & Co.
Certified Public Accountants

San Francisco, California
January 27, 1984

CONSOLIDATED BALANCE SHEETS

December 31, 1983 and 1982
(in thousands, except share amounts)

Assets	1983	1982
Cash and due from banks	$ 9,606	$ 6,553
Federal funds sold	—	3,400
Investment securities (approximate market value: $17,768 and $9,743)	18,412	9,798
Loans:		
Commercial	32,114	33,805
Consumer installment	26,058	19,021
Real estate mortgages	17,141	15,215
Real estate construction	4,618	4,214
	79,931	72,255
Less: Allowance for loan losses	801	1,092
Net loans	79,130	71,163
Premises and equipment, net	6,198	6,415
Accrued interest receivable	1,628	1,922
Other real estate	4,010	3,721
Other assets	3,181	3,144
Total assets	$122,165	$106,116

Liabilities and Shareholders' Equity	1983	1982
Deposits:		
Interest-bearing	$ 84,523	$68,898
Non-interest bearing	24,065	24,176
Total Deposits	108,588	93,074
Accrued interest payable and other liabilities	1,893	1,657
Deferred income taxes	485	434
Long-term debt	3,613	4,014
Total liabilities	114,579	99,179
Commitments and contingencies (Note L)		
Shareholders' equity:		
Common stock, no par value; shares authorized 20,000,000; shares issued and outstanding 745,730 and 738,063 shares	6,037	5,932
Retained earnings	1,549	1,005
Total shareholders' equity	7,586	6,937
Total liabilities and shareholders' equity	$122,165	$106,116

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 1983, 1982 and 1981
(in thousands, except share amounts)

	1983	1982	1981
Interest Income:			
Interest and fees on loans	**$11,945**	$11,349	$ 9,720
Interest on investment securities	**1,288**	1,032	1,169
Interest on federal funds sold	**211**	53	101
Total interest income	**13,444**	12,434	10,990
Interest Expense:			
Interest on deposits	**6,673**	6,269	5,399
Interest on short-term borrowings	**15**	87	182
Interest on long-term debt	**351**	419	312
Total interest expense	**7,039**	6,775	5,893
Net interest income	**6,405**	5,659	5,097
Provision for loan losses	**983**	860	530
Net interest income after provision for loan losses	**5,422**	4,799	4,567
Other income:			
Service charges	**1,465**	1,120	667
Gain on sale of loans	**—**	—	300
Gain on sale of other real estate, net	**110**	244	—
Gain on security transactions	**143**	268	89
Total other income	**1,718**	1,632	1,056
Other expenses:			
Salaries and employee benefits	**3,246**	3,133	2,430
Other operating expenses	**3,198**	3,000	2,498
Total other expenses	**6,444**	6,133	4,928
Income before provision for income taxes	**696**	298	695
Provision for income taxes	**152**	80	160
Net income	**$ 544**	$ 218	$ 535
Income per share (Note A)	**$ .73**	$ .30	$ .75

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended December 31, 1983, 1982 and 1981
(in thousands except number of shares)

	Common Stock			
	Number of Shares	**Amount**	**Retained Earnings**	**Total**
Balance, January 1, 1981	569,122	$4,188	$ 569	$4,757
Sale of common stock	42,055	699		699
Exercise of stock options	12,700	92		92
10% stock dividend, less cash paid for fractional shares	61,975	309	(317)	(8)
Net income			535	535
Balance, December 31, 1981	685,852	5,288	787	6,075
Capital notes converted to common stock	41,211	570		570
Exercise of stock options	11,000	74		74
Net income			218	218
Balance, December 31, 1982	738,063	5,932	1,005	6,937
Capital notes converted to common stock	9,222	128		128
Net Income		—	544	544
Retirement of Stock	(1,555)	(23)		(23)
Balance, December 31, 1983	745,730	$6,037	$1,549	$7,586

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years ended December 31, 1983, 1982 and 1981
(in thousands)

	1983	1982	1981
Financial resources were provided by (applied to):			
Operations and shareholders' equity transactions:			
Net Income	**$ 544**	$ 218	$ 535
Noncash items:			
Depreciation and amortization	**414**	669	563
Provision for loan losses	**983**	860	530
Provision for deferred income taxes	**51**	11	164
Gain on sale of loans and other real estate	**(110)**	(244)	(300)
Financial resources provided by operations	**1,882**	1,514	1,492
Capital notes converted to common stock	**105**	570	—
Sale of common stock	—	—	699
Exercise of stock options and other, net	—	74	84
	1,987	2,158	2,275
Deposits and other financing activities:			
Deposits:			
Non interest bearing	**(111)**	(54,519)	324
Interest bearing	**15,625**	64,038	4,860
Deposits acquired in purchase of Shasta County Bank	—	—	38,696
	15,514	9,519	43,880
Long-term debt incurred to acquire Shasta County Bank	—	—	3,718
	15,514	9,519	47,598
Other activities—(increase) decrease in net non-earning assets:			
Cash and due from banks	**(3,053)**	(605)	(1,324)
Premises and equipment, net	**(160)**	(245)	(348)
Other real estate, net	**(179)**	(2,839)	—
Net premises and equipment acquired in Shasta County Bank merger	—	—	(4,131)
Other assets and liabilities (net) acquired in Shasta County Bank merger	—	—	(3,226)
Other, net	**55**	60	(1,895)
	(3,337)	(3,629)	(10,924)
Increase in financial resources invested in earning assets	**$14,164**	$ 8,048	$38,949
Increase (decrease) in earning assets:			
Interest-bearing deposits in other banks	—	—	(700)
Federal funds sold	**(3,400)**	3,400	(2,000)
Investment securities	**8,614**	(571)	(2,635)
Loans, net	**8,950**	5,219	7,709
Net loans acquired in Shasta County Bank merger	—	—	32,449
Investment securities acquired in Shasta County Bank merger	—	—	4,126
Total increase in earning assets	**$14,164**	$ 8,048	$38,949

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A—Summary of Significant Accounting Policies:

Basis of Presentation

On September 7, 1982, the Company completed a plan of corporate reorganization, whereby Tri Counties Bank became a wholly owned subsidiary of TriCo Bancshares, a newly-formed bank holding company. To effect the reorganization, each share of the Bank's outstanding common stock was converted into one share of TriCo Bancshares common stock.

The consolidated financial statements include the accounts of TriCo Bancshares (the Company), its wholly owned subsidiary, Tri Counties Bank (the Bank) and the wholly owned subsidiaries of the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made in the 1982 and 1981 financial statements to conform to classifications used in 1983.

Cash

The Bank is required to maintain an average cash reserve balance with the Federal Reserve Bank.

Investment Securities

Investment securities are carried at cost, adjusted for the accretion of discounts and amortization of premiums using the straight line method. Gains and losses (determined on a specific identification basis) on sales and exchanges of investment securities are presented separately in the statement of income.

Loans

Loans are stated net of undisbursed funds. Interest on loans is accrued principally on a simple-interest basis. Interest on loans is not accrued if, in management's judgment, principal amounts are considered doubtful of collection.

Allowance for Loan Losses

The allowance for loan losses represents management's recognition of the assumed risks of extending credit and its evaluation of the overall quality of the loan portfolio. Although it is not possible to anticipate loan losses with complete accuracy, the evaluation of the quality of the loan portfolio includes such factors as the borrower's financial condition and repayment history, the value of any existing collateral, and the existence of third-party guarantees. Other factors considered by management include past loan loss experience and external business and economic conditions beyond the borrower's control.

The allowance for loan losses is increased by provisions for loan losses charged to operating expense and recoveries of previously charged-off loans, and is reduced for actual loans charged-off.

Intangible Assets

Intangible assets (included in other assets) represent the purchased deposit account base (core deposits) acquired in connection with the acquisition of Shasta County Bank. Core deposits represent the present value of the expected future benefits to be realized from the acquired bank's deposit base, comprised principally of demand and savings deposits. Core deposits are amortized over 10 years using the straight-line method.

Premises and Equipment

Premises (including those acquired under capital lease) and equipment are stated at cost less accumulated depreciation and amortization. Land is carried at cost. Depreciation and amortization expenses are computed using the straight-line method over the shorter of the estimated useful life of the asset or lease term.

Other Real Estate

Other real estate is stated at cost and consists of properties acquired through foreclosure or in satisfaction of borrower obligations. These assets are recorded at the lower of the obligation satisfied or the property's fair market value determined as of the date of acquisition. Any required writedown to fair market value at the date of acquisition is charged to the allowance for loan losses.

Subsequent to acquisition, other real estate is periodically appraised and compared to the applicable carrying amount. Any decline in value below the applicable carrying amount of a property is charged to current operations by a provision to an allowance for other real estate losses.

A valuation allowance for such decline of $76,000 and $90,000 was established for the years ended December 31, 1983, and 1982, respectively. Prior to 1982, a valuation allowance was not required.

Net gains and losses realized on the disposition of other real estate are included in other income or expense as appropriate. Net expenses incurred during the period prior to disposition are included in other operating expenses.

Income Taxes

The provision for income taxes includes amounts attributable to all significant timing differences between revenues and expenses reported for financial statement purposes and for income tax purposes, after excluding nontaxable revenues and nondeductible expenses. The principal timing differences result from the use of the cash method of accounting for tax purposes, recognition of gain or loss on sales of participation loans, and differences in the method of calculating or timing of the provision for loan and other real estate losses.

Income Per Share

Income per share is computed based on the weighted average number of shares of common stock and common stock equivalents assumed outstanding during each year. The assumed conversion of the convertible capital notes results in elimination of the related interest expense, net of tax effect, in the computation of income per share. In 1983 and 1982, the conversion of the capital notes was not assumed for computation purposes because the effect of such conversion would be antidilutive. The weighted average number of shares used in the computation of income per share were 747,345, 718,769, and 888,678 for 1983, 1982, and 1981, respectively. Fully diluted income per share is not presented because the effects of such computations are not material in any of the years presented.

Note B—Investment Securities:

Comparative book and estimated market values of investment securities at December 31, 1983 and 1982 were as follows:

	1983		1982	
	Book Value	**Market Value**	Book Value	Market Value
		(in thousands)		
U.S. Treasury and other U.S. Government agencies and corporations	**$18,104**	**$17,497**	$9,355	$9,318
State and political subdivisions	**308**	**271**	443	425
	$18,412	**$17,768**	$9,798	$9,743

Investment securities with an aggregate book value of $4,820,000 and $4,793,000 at December 31, 1983 and 1982, respectively, were pledged to secure public deposits as required by law.

The Bank generally intends to hold investment securities to maturity, and therefore, a valuation allowance has not been provided for the excess of adjusted book value over market value.

Note C—Allowance for Loan Losses:

Transactions in the allowance for loan losses were as follows:

	Year Ended December 31,		
	1983	1982	1981
	(in thousands)		
Balance, beginning of year	**$1,092**	$626	$ 73
Provision charged to operations	**983**	860	530
Allowance for losses on loans acquired from Shasta County Bank		—	350
Loans charged off	**(1,354)**	(551)	(357)
Recoveries of loans previously charged off	**80**	157	30
Balance, end of year	**$ 801**	$1,092	$626

Loans classified as nonaccrual amounted to approximately $2,625,000, $746,000, and $402,000 at December 31, 1983, 1982, and 1981 respectively.

Note D—Premises and Equipment:

Premises and equipment are comprised of:

	December 31,	
	1983	1982
	(in thousands)	
Premises (including $831,000 acquired under capital lease)	**$4,613**	$4,567
Furniture and equipment	**1,745**	1,630
	6,358	6,197
Less accumulated:		
Depreciation	**(1,168)**	(818)
Amortization of capital lease	**(108)**	(80)
	5,082	5,299
Land	**1,116**	1,116
	$6,198	$6,415

Depreciation and amortization of premises and equipment amounted to $393,000, $383,000, and $281,000 in 1983, 1982, and 1981 respectively.

Note E—Income Taxes:

The provisions (credit) for income taxes included in the statements of income are comprised of:

	Year Ended December 31, 1983	1982	1981
		(in thousands)	
Taxes applicable to income net of tax credits:			
Federal	**$ 79**	$ 52	$ 94
State	**73**	28	66
	$152	$ 80	$160
Current:			
Federal	**$ —**	$ —	$ (5)
State	**73**	69	1
	73	69	(4)
Deferred:			
Federal	**79**	38	95
State	**-0-**	(27)	69
	79	11	164
	$152	$ 80	$160

The components of deferred income tax expense are as follows:

	1983	1982	1981
		(in thousands)	
Items applied to reduce deferred income taxes:			
Net operating loss	**$ —**	$ —	$(346)
Tax credits	**(155)**	—	(91)
Accrual income deferred for tax purposes, net	**(426)**	45	551
Provision for loan losses	**370**	(193)	(108)
Provision for loss on other real estate	**(40)**	(47)	—
Amortization of core deposits	**56**	—	—
Use of accelerated depreciation methods for tax purposes	**59**	56	30
Gain (Loss) on sale of participation loans	—	(9)	134
Capitalized leases	**(15)**	—	—
Direct financing leases	**151**	—	—
Restoration of deferred taxes, applicable to utilization of prior year's net operating loss	**75**	162	—
Other differences	**4**	(3)	(6)
	$ 79	$ 11	$164

A reconciliation of the federal statutory income tax rate to the Company's consolidated effective tax rate is as follows:

	1983	1982	1981
Federal statutory income tax rate	**46.0%**	46.0%	46.0%
State income taxes, net of federal tax benefit	**6.3**	6.3	6.3
Investment tax credits	**(22.2)**	(4.5)	(13.1)
Tax-exempt interest on municipal obligations	**(6.2)**	(19.4)	(5.9)
Tax bracket rate differential	**(2.9)**	(6.6)	(5.5)
Other	**.8**	5.0	(4.8)
Effective tax rate	**21.8%**	26.8%	23.0%

Investment tax credits utilized to reduce the provision for income taxes for the years ended December 31, 1983, 1982, and 1981 were $155,000, $13,000, and $91,000 respectively.

The Company has a net operating loss carryforward of approximately $880,000 and tax credit carryforwards of $420,000 available to offset future federal taxable income and related income taxes on its federal income tax returns. The net operating loss carryforward expires principally in 1986. The tax credit carryforwards expire in varying amounts between 1990 and 1998.

Note F—Long-term Debt:

Long-term debt at December 31, 1983 and 1982 consisted of:

	1983	1982
	(in thousands)	
9½% convertible subordinated capital notes payable in annual installments of $458,000, including interest; balance due March 27, 1988. Notes are convertible into common stock of the Company at $13.82 per share (subject to certain adjustments as defined in the Note agreement). Notes may be prepaid in whole or in part at par value any time prior to maturity, subject to the holder's prior right of conversion.	**$2,482**	$2,874
9% subordinated capital notes due April 1, 1989, with interest payable semiannually. Notes may be prepaid in whole or in part at any time.	**150**	150
10% mortgage payable in monthly installments of $4,000, including interest, through December 1, 2003, collateralized by a first deed of trust on certain bank premises.	**395**	401
Capital lease obligation on premises; effective interest rate of 12%; payable monthly in varying amounts through December 1, 2009.	**586**	589
	$3,613	$4,014

The aggregate maturities of long-term debt, excluding the capital lease obligation, are as follows:

	(in thousands)
1984	$ 228
1985	249
1986	273
1987	299
1988	1,474
1989 and after	504

Annual principal payments under the 9½% convertible subordinated capital notes are subject to the maintenance of certain capitalization levels and prior consent of the Bank's regulatory authorities under the laws of the California Financial Code and Federal Deposit Insurance Act. During 1983, approval for payment of the second installment of principal on the 9½% convertible subordinated capital notes was received and such payment for $207,000 was made. The remaining principal reduction resulted from retirement of capital notes in connection with the settlement of a loan and conversions of notes into shares of common stock.

Future minimum annual lease payments remaining under the capital lease obligation are as follows:

	(in thousands)
1984	$ 74
1985	74
1986	75
1987	75
1988	76
1989 and after	1,807
Net minimum lease payments	2,181
Less amount representing interest	1,595
Present value of net minimum lease payments	$ 586

Note G—Other Operating Expenses:

The components of other operating expenses are as follows:

	Year Ended December 31,		
	1983	1982	1981
		(in thousands)	
Equipment and data processing	**$ 687**	$ 631	$ 686
Occupancy	**425**	374	377
Advertising	**62**	242	160
Stationery and supplies	**170**	281	306
Postage	**143**	147	110
Other	**1,711**	1,325	859
	$3,198	$3,000	$2,498

Note H—Pension Plan:

The Company has a defined benefit pension plan for the benefit of substantially all of its employees. The Company's policy is to fund pension costs accrued. Total pension expense in 1983, 1982, and 1981 was approximately $92,000, $79,000, and $65,000 respectively, which includes amortization of past service cost over 30 years. The plan was amended effective January 1, 1981, in connection with the acquisition of Shasta County Bank. During 1981, the formula for future service benefits was changed, and certain actuarial assumptions were revised to more accurately reflect the plan's actual and anticipated experience. The combined effect of these changes was to reduce the provision for pension expense from approximately 15% of covered payroll to approximately 5% of covered payroll in 1981.

Accumulated plan benefits and plan net assets at January 1, are summarized below:

	1983	1982	1981
		(in thousands)	
Actuarial present value of accumulated plan benefits:			
Vested	**$ 51**	$ 24	$ 7
Nonvested	**43**	33	19
Total	**94**	57	26
Net assets available for plan benefits	**$280**	$182	$107

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was six percent for 1983, 1982, and 1981, respectively.

Note I—Stock Option Plan:

The Company has an incentive stock option plan which provides for the granting of options to key employees, entitling them to purchase shares of the Company's common stock at fair market value on the date the option is granted. The options are exercisable no later than five years from the date of grant and are non-transferable. No charges to income are made in connection with this plan.

Stock option transactions in 1983, 1982 and 1981 were as follows:

	Shares Available for Grant	Options Outstanding		
		Shares	Price Per Share	Total
Balance, January 1, 1981	3,288	38,032	$5.38–$13.82	$346,285
Options exercised in 1981	—	(13,970)	5.38– 13.82	(91,500)
Options terminated in 1981	688	(688)	13.82	(9,500)
Balance, December 31, 1981	3,976	23,374	6.76– 13.82	245,285
Options exercised in 1982	—	(11,000)	6.76	(74,285)
Options terminated in 1982	688	(688)	13.82	(9,500)
Balance, December 31, 1982	4,664	11,686	13.82	161,500
Options exercised in 1983	—	—	—	—
Options terminated in 1983	—	—	—	—
Balance, December 31, 1983	4,664	11,686*	$13.82	$161,500

*All exercisable at December 31, 1983.

Note J—Restrictions on Subsidiary Bank Dividends:

The Bank is subject to legal limitations on the amount of dividends that can be paid without the prior approval of the Superintendent of Banks. The limitation for a given year equals the Bank's net profit (as defined) for the current year combined with the retained net profit from the two preceding years. As of December 31, 1983, the Bank's retained net profits available for distribution without the approval of the State Superintendent of Banks was $1,282,000. The Bank's net restricted assets as of December 31, 1983, was $6,243,000.

Note K—Related Party Transactions:

Certain directors and officers and companies with which they are associated were customers of, and had banking transactions with, the Bank in the ordinary course of business. It is the Bank's policy that all loans and commitments to lend to officers and directors be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other borrowers. Such loans are summarized as follows:

Loans outstanding January 1, 1983	$1,474,000
Loan proceeds disbursed	3,190,000
Loan repayments	(2,640,000)
Loans outstanding December 31, 1983	$2,024,000

Note L—Commitments and Contingencies:

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities that are not presented in the accompanying financial statements. The commitments and contingent liabilities include various guarantees, commitments to extend credit, and standby letters of credit. At December 31, 1983, undisbursed commercial and real estate loans amounted to $5,871,000 and $1,263,000, respectively. Standby letters of credit and guarantees totaled $1,900,000 at December 31, 1983. The Bank does not anticipate any material losses as a result of the commitments and contingent liabilities.

The Bank has available unused lines of credit totaling $7,000,000 for Federal Fund transactions.

The Bank is a defendent in legal actions arising from normal business activities. Management believes that those actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Bank's financial position.

During 1983, the Board of Directors of the Bank negotiated a stipulation and consent to the issuance of an order to change certain banking practices. Among other requirements, the Bank agreed to increase capital by $2,500,000; to achieve and maintain a ratio of adjusted capital and reserves to total adjusted assets of not less than 7% and 7.5% as of March 31, 1984, and September 30, 1984, respectively; to reduce classified assets to stipulated levels; and to maintain a reserve for loan losses of not less than 1% of the Bank's total loans.

Note M—TriCo Bancshares Financial Statements:

TriCo Bancshares (Parent Only) Balance Sheets

December 31, 1983 and 1982

Assets	**1983**	1982
	(in thousands)	
Cash	**$ 39**	$ 141
Investment in Tri Counties Bank	**7,525**	6,768
Other Assets	**22**	28
Total Assets	**$7,586**	$6,937

Liabilities and Shareholders' Equity	**1983**	1982
Liabilities:	—	—
Shareholders' Equity:		
Common stock, no par value authorized 20,000,000 shares; issued and outstanding 745,730 and 738,064	**$6,037**	$5,932
Retained Earnings	**1,549**	1,005
Total shareholders' equity	**7,586**	6,937
Total Liabilities and Shareholders' Equity	**$7,586**	$6,937

Statements of Income

	1983	1982
	(in thousands)	
Administration Expense	**$ 85**	$ 6
Loss before equity in net income of Tri Counties Bank	**85**	6
Equity in net income of Tri Counties Bank	**629**	224
Net Income	**$544**	$218

Statements of Changes in Financial Position

	1983	1982
	(in thousands)	
Resources used:		
In operations:		
Net income	**$ 544**	$218
Items not requiring (providing) funds—		
Equity in net income of Tri Counties Bank	**(629)**	(224)
Amortization of organizational costs	**6**	3
Resources used in operation	**(79)**	(3)
Equity Transactions		
Dividend from Tri Counties Bank	—	100
Exercise of stock options	—	74
Retirement of common stock	**(23)**	—
	$(102)	$171
Resources provided:		
Increase (decrease) in assets		
Cash	**(102)**	141
Organizational expense	—	30
	$(102)	$171

Note N—Subsequent Events:

In 1984, the Company executed a $2.5 million Term Loan Agreement secured by 100% of the outstanding common stock of the Bank. The Company contributed the proceeds of the loan to the Bank. The Agreement provides for quarterly principal payments of $78,125 commencing March 15, 1985, and for quarterly interest payments at prime plus one to two percent commencing March 15, 1984. The Agreement requires the Company to maintain a net worth to total assets ratio of at least .07 to 1 and restricts payments of cash dividends or distribution of assets to its stockholders. Additionally, the Bank is restricted from paying cash dividends in excess of the amount required to service the loan.

In 1984, the Board of Directors declared a 5% stock dividend to stockholders of record as of February 28, 1984. To capitalize this dividend, a transfer from retained earnings to common stock will be made to equal $14 for each share to be issued in payment thereof.

COMMON STOCK INFORMATION

The Common Stock of TriCo Bancshares (the "Common Stock") is not listed on any exchange nor is it listed with the National Association of Securities Dealers Automatic Quotation System. There has been a limited trading market in the Common Stock since the formation of the holding company. TriCo Bancshares (the "Company") is not aware of any securities dealer which makes a market in the Common Stock of the Company.

The following table summarizes those trades of the Company's Common Stock of which the Company has knowledge, setting forth the high ask and low bid prices for the periods indicated. The prices indicated below may not necessarily represent actual transactions. No cash dividends have been paid to date by the Company. See Note N to the consolidated financial statements for information concerning restrictions on the Company's ability to pay cash dividends. As there was no market for the Company's stock prior to the formation of the holding company and as the Company is merely a holding company for the Bank, the table includes trades in the Bank's Common Stock which occurred prior to the formation of the holding company. As the Bank is now a wholly-owned subsidiary of the Company, there is no longer a market for the Bank's Common Stock.

	Prices of the Company's Common Stock	
Quarter Ended:	**High**	**Low**
March 31, 1982	18.00	16.00
June 30, 1982	19.00	14.50
September 30, 1982	19.00	13.00
December 31, 1982	16.00	13.00
March 31, 1983	17.00	14.50
June 30, 1983	17.00	13.00
September 30, 1983	14.00	12.00
December 31, 1983	15.00	12.00

The approximate number of holders of record of the Common Stock of the Company at December 31, 1983 was 1,570.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As the Company has not commenced any business operations independent of the Bank, its only subsidiary, the following discussion pertains primarily to the activities of the Bank.

(A) Results of Operations.

The following is a summary of operations for the five years ended December 31, 1983 and management's discussion and analysis of the significant changes in income and expense accounts presented therein for the most recent two years—each as compared with its respective prior period. This information should be read in conjunction with the financial statements and notes related thereto appearing elsewhere in this Annual Report.

	Year Ended December 31, (in thousands, except per share amounts)				
Interest Income:	**1983**	1982(1)	1981(1)	1980(1)	1979(1)
Interest and fees on loans	$11,945	$11,349	$ 9,720	$3,443	$2,466
Interest on investment securities	1,288	1,032	1,169	643	417
Interest on time deposits and federal funds sold	211	53	101	140	82
Total interest income	13,444	12,434	10,990	4,226	2,965
Interest Expense:					
Interest on deposits	6,673	6,269	5,399	2,137	1,193
Interest on short-term borrowings	15	87	182	26	29
Interest on long-term debt	351	419	312	—	—
Total interest expense	7,039	6,775	5,893	2,163	1,222
Net interest income	6,405	5,659	5,097	2,063	1,743
Less provision for loan losses	983	860	530	61	78
Net interest income after provision for loan losses	5,422	4,799	4,567	2,002	1,665
Other income:					
Gain on security transactions	143	268	89	67	—
Service charges and other	1,575	1,364	967	302	176
Total other income	1,718	1,632	1,056	369	176
Other expenses:					
Salaries and employee benefits	3,246	3,133	2,430	1,054	789
Other operating expenses	3,198	3,000	2,498	1,052	695
Total other expense	6,444	6,133	4,928	2,106	1,484
Income before provision for income taxes	696	298	695	265	357
Provision for income taxes	152	80	160	54	142
Net income	$ 544	$ 218	$ 535	$ 211	$ 215

	1983	1982	1981	1980	1979
Earnings per share	$ .73	$ .30	$ .75	$ .38	$ .38

Selected Balance Sheet Information

	(in thousands)				
	1983	1982(1)	1981(1)	1980(1)	1979(1)
Total assets	$122,012	$106,116	$96,713	$45,788	$34,063
Long term obligations	$ 3,613	$ 4,014	$ 4,862	$ 586	—

(1) Certain reclassifications have been made in the 1982, 1981, 1980 and 1979 summary of operations to conform to classifications used in 1983.

Net Interest Income.

The most significant element affecting earnings in 1983 was the growth of net interest income. The increase of $746,000 when compared to 1982 is the primary result of the continued growth in interest-earning assets. Although the yield on earning assets decreased from 15.82% in 1982 to 14.25% in 1983, the expense on interest-bearing liabilities also decreased from 9.90% to 8.06% for the same period of time.

The following tables analyze the changes in net interest income. The first table presents an analysis of volume and rate change on net interest income by segregating the volume and rate components of interest income and expense. The second table provides an analysis of change in net yield on earning assets setting forth average assets, liabilities and stockholders' equity; interest income earned and interest expense paid; average rates earned and paid; and the net interest margin.

	1983 over 1982			1982 over 1981		
	Volume	**Yield/ Rate**	**Total**	Volume	Yield/ Rate	Total
			(amounts in thousands)			
Increase (decrease) in interest income:						
Loans(1)	**$ 1,649**	**$(1,053)**	**$ 596**	$1,347	$ 262	$1,609
Investment securities	**332**	**(76)**	**256**	(173)	36	(137)
Federal funds sold	**173**	**(15)**	**158**	(15)	(33)	(48)
Total	**2,154**	**(1,144)**	**1,010**	1,159	265	1,424
Increase (decrease) in interest expense:						
Demand deposits (interest-bearing)	**2,497**	**152**	**2,649**	112	3	115
Savings deposits	**(316)**	**24**	**(292)**	86	4	90
Time deposits	**(455)**	**(1,498)**	**(1,953)**	922	(257)	665
Short-term borrowings	**(47)**	**(25)**	**(72)**	(53)	(42)	(95)
Long-term borrowings	**(36)**	**(32)**	**(68)**	97	10	107
Total	**1,643**	**(1,379)**	**264**	1,164	(282)	882
Increase (decrease) in net interest income	**$ 511**	**$ 235**	**$ 746**	$ (5)	$547	$ 542

Assets	1983 Average Balance (2)	1983 Income/ Expense	1983 Yield/ Rate	1982 Average Balance	1982 Income/ Expense	1982 Yield/ Rate
			(amounts in thousands)			
Earning assets:						
Loans(3)	**$ 78,797**	**$11,945**	**15.16%**	$67,924	$11,349	16.71%
Federal funds sold	**2,421**	**211**	**8.72%**	438	53	12.10%
Investment securities	**13,137**	**1,288**	**9.80%**	9,751	1,032	10.58%
Total earning assets	**94,355**	**$13,444**	**14.25%**	78,113	12,434	15.92%
Cash and due from banks	**8,727**			5,323		
Premises and equipment	**6,286**			6,484		
Other assets	**11,244**			9,903		
Less: Allowance for loan losses	**(507)**			(695)		
Total	**$120,105**			$99,128		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Demand deposits (interest-bearing)	**$ 36,079**	**$ 2,937**	**8.14%**	$ 5,403	$ 288	5.33%
Savings deposits	**13,629**	**744**	**5.45%**	19,435	1,036	5.33%
Time deposits	**33,552**	**2,992**	**8.92%**	38,649	4,945	12.79%
Short-term borrowings	**164**	**15**	**9.13%**	681	87	12.78%
Long-term debt	**3,890**	**351**	**9.02%**	4,293	419	9.76%
Total interest-bearing liabilities	**87,314**	**7,039**	**8.06%**	68,461	6,775	9.90%
Demand deposits	**24,692**			21,945		
Other liabilities	**1,405**			2,166		
Shareholders' equity	**6,694**			6,556		
Total	**$120,105**			$99,128		
Net interest income		**$6,405**			$5,659	
Net interest margin			**6.19%**			6.02%
Net yield on earning assets(4)			**6.79%**			7.24%

(1) Non-accrual loans are included in calculations on this table.
(2) Average balances are computed principally on the basis of daily balances in 1983, and month end balances in 1982.
(3) Non-accrual loans are included in amount set forth in this table.
(4) Net yield on interest-earning assets is computed by dividing net interest earnings by total interest-earning assets. Net interest earnings is the difference between the total interest earned and the total interest paid.

Interest Income.

Interest income for 1983 increased $1,010,000 or 8% over 1982 due to increased income from loans, investment securities and federal funds sold. This increase is primarily the result of two factors, the positive effect of increased volume of earning assets and the negative impact of lower average rates.

The Bank experienced continued growth in its loan portfolio in 1983, an increase of 11% over 1982. Average rates decreased to 15.16% in 1983 from 16.71% in 1982. Interest and fees on loans increased 5% to $11,945,000 in 1983 from $11,349,000 in 1982.

Growth in the Bank's investment portfolio and average federal funds sold in 1983 is a result of management's election to increase the Bank's liquidity. Management expects continued growth in the investment portfolio in 1984. Interest income from investment securities increased $256,000 in 1983; interest income from federal funds sold increased $158,000 in 1983.

Interest Expense.

Interest paid on deposits increased to $6,673,000 in 1983 from $6,269,000 in 1982, an increase of 6%. Interest expense on interest-bearing deposits increased $2,649,000, interest expense on savings and time decreased $2,245,000, interest on short term borrowing decreased $72,000, and interest on long term borrowing decreased $68,000.

The rapid growth of money market deposit accounts in 1983 substantially affected the cost of deposits. Money market deposit accounts increased to $38,972,000 at December 31, 1983, from $15,832,000 at December 31, 1982, an increase of 146%. Interest expense on interest-bearing demand deposits increased due to two factors, a shift of funds from non-interest bearing demand deposits to interest-earning accounts, and new funds coming into the Bank. Management believes that the major shift from non-interest-earning deposits has occurred, but additional growth in interest-bearing deposits will continue from new funds in 1984.

Savings deposits decreased to an average of $13,629,000 in 1983 from an average of $19,435,000 in 1982, resulting in a decrease in savings interest expense of $316,000. Management believes most of these deposits were shifted to money market deposit accounts with higher interest rates.

Time deposits decreased to an average of $33,552,000 from an average of $38,649,000 in 1982. Average interest rates paid decreased to 8.92% in 1983 from 12.79% in 1982. These two factors combined to reduce interest expense on time deposits by $1,953,000. Management believes that a major portion of the reduction in time deposits represents a shift to money market deposit accounts, and that the major shift has occurred. The volume of time deposits is expected to remain constant or increase slightly in 1984.

Interest expense on short-term borrowing decreased primarily due to the reduced need to purchase federal funds in 1983, and the reduced interest paid to the Federal Reserve Bank for treasury tax and loan funds on deposit. Due to a change in processing, tax and loan funds are submitted directly to the Federal Reserve Bank reducing costs by $71,000 in 1983.

Interest expense on long-term borrowing decreased primarily due to partial repayment of principal made on the capital notes in 1983, and the conversion of capital notes to common stock. In 1983, $128,000 of capital notes were converted to common stock, compared to $570,000 in 1982.

Net Yield on Earning Assets.

The net yield on earning assets declined to 6.79% in 1983 from 7.24% in 1982. Net yield decreased primarily due to two factors, an increase in the proportion of funding provided by interest-bearing deposits and a change in the mix of interest-earning assets. The ratio of the average interest-bearing liabilities to the average earning assets rose to 93% in 1983 compared to 88% in 1982. The growth of money market deposit accounts contributed to the increased proportion of funding provided by interest-bearing sources. The second factor reducing net yield was the change in the mix of earning assets. This change resulted from management's election to increase federal funds sold and the investment security portfolio in order to improve liquidity. Funds invested in federal funds and investment securities earn less than funds invested in the Bank's loan portfolio; this reduces the net yield on earning assets.

The shift of time deposits with a higher interest rate to money market deposit accounts with a lower interest rate had a positive effect on the net yield.

Management expects the net yield per earning asset to decrease slightly in 1984. Major shifts to money market deposit accounts have occurred, and new money market deposit accounts are expected to increase at a higher proportion than non-interest-bearing deposits.

Other Income.

Income from service charges increased to $1,465,000 in 1983, from $1,120,000 in 1982 and $667,000 in 1981. This increase of 31% and 68% reflects increases in the pricing of transaction services and a concerted effort by branch personnel to collect all charges due. The increased revenue demonstrates the willingness of the Bank's depositors to accept a price which recovers a greater percentage of the costs associated with providing services for their accounts.

The Bank recognized net gains on the sale of real estate of $110,000 in 1983 and $244,000 in 1982. The Bank acquires such real estate in settlement of or from foreclosure on loans. Management is unable to predict whether the Bank will recognize gains in the future from disposition of such real estate.

Other Expenses.

Salary and benefits increased slightly 1983. The increase of 29% in 1982 over 1981 resulted from the merger with Shasta County Bank.

Other operating expenses include the costs of occupancy, equipment, advertising, stationery and supplies. Total other operating expenses increased slightly in 1983.

Provision for Income Taxes.

The effective tax rate on income (including securities transactions) was 21.8% in 1983, 26.8% in 1982, and 23.0% in 1981. The effective tax rate is less than the statutory tax rate in 1983, principally due to investment tax credits of $146,000 from a leasing program instituted in July 1983. See Note E to consolidated financial statements.

Securities Transactions.

During each of the years 1980 through 1983, net gains were recorded on the sale of fixed rate securities from the Bank's investment portfolio. The Bank does not actively trade in the securities market but does elect to sell certain securities when it is to its advantage during periods of declining interest rates.

Return on Assets and Equity:

The following sets forth certain ratios for the Company for the last two years:

	1983	1982
Return on assets	**.44%**	.22%
Return on shareholders' equity	**7.17%**	3.33%
Shareholders' equity to assets	**6.21%**	6.61%

Reclassifications.

Certain reclassifications have been made in the 1982 and 1981 consolidated financial statements to conform to classifications used in 1983.

(B) Balance Sheet Analysis.

Loans.

Total loans increased 11% to $79,931,000 in 1983, from $72,255,000 in 1982. The mix of loans also changed. Consumer loans increased to 33% of the total loans. Real estate construction and real estate mortgage loans remained unchanged at 6% and 21% respectively. Commercial loans decreased to 40% of total loans in 1983 from 47% in 1982.

Federal Funds Sold.

Federal funds sold increased to an average balance of $2,471,000 in 1983, from $438,000 in 1982. This substantial increase resulted from management's election to maintain a higher balance in federal funds and the investment portfolio to improve the Bank's liquidity.

Premises and Equipment.

The Bank is in the process of building a structure for the Willows branch office in 1984. Site improvements and building costs are estimated at $407,000.

Deposits.

Deposit accounts increased to $108,588,000 in 1983 from $93,074,000 in 1982. The mix of accounts changed with interest-bearing deposit accounts increasing to 60% of the demand deposits. Total demand deposits increased $23,830,000, which was partially responsible for the decline of the average savings and time certificates of deposit totalling $7,516,000. Management believes that some of these deposits were transferred to the money market deposit accounts because such accounts allow more flexibility while earning interest at competitive rates. As further deregulation of the financial industry becomes effective, the Bank will be able to compete more effectively for the funds available to increase the Bank's core deposit base, although this may also result in higher interest costs.

Capital Resources.

Shareholders' equity increased 9% from 1982 to 1983. This increase consisted primarily of net income and the conversion of Capital Notes into the Common Stock of the Company.

(C) Asset Quality.

Loans.

The composition of the loan portfolio at the end of the last three years is reflected in the following table:

Loan Portfolio Composite

	December 31,		
	1983	1982	1981
	(in thousands)		
Commercial, financial and agricultural	**$30,302**	$33,805	$30,981
Consumer installment	**26,058**	19,021	16,288
Real estate mortgage	**17,141**	15,215	14,892
Real estate construction	**4,618**	4,214	5,334
Lease financing	**1,812**	-0-	-0-
Total loans	**$79,931**	$72,255	$67,495

Nonaccrual, Past Due and Restructured Loans.

The following table sets forth the nonaccrual loans, loans carried on an accrual basis but past due more than 90 days, and loans, the terms of which have been restructured, as of December 31, 1983 and 1982:

	December 31,	
	1983	1982
	(in thousands)	
Nonaccrual loans	**$2,625**	$ 746
Past due loans (90 days or more)	**1,326**	3,838
Restructured loans.	**164**	—
Total	**$4,115**	$4,584

Nonperforming loans decreased by $469,000 during 1983. Management believes that the decrease is the result of a more aggressive collection policy and lower interest rates. The increase in nonaccrual and decrease in past due loans of 90 days or more results from a more aggressive and timely review and reclassification of past due loans. Commercial, real estate (other than 1-4 single family dwellings), and consumer loans are reviewed on an individual basis for reclassification to nonaccrual status when any one of the following occurs: the loan becomes 90 days past due as to interest or principal, the full timely collection of additional interest or principal becomes uncertain, the loan is classified doubtful by internal auditors or bank regulatory agencies, or a portion of the principal balance has been charged off. Approximately $214,000 of additional interest income would have been recorded if loans classified as nonaccrual had been current in 1983; approximately $165,000 of interest income is included in 1983, from loans later classified as nonaccrual. The reclassification of loans as nonperforming does not necessarily reflect management's judgment as to collectibility.

Allowance for Loan Losses Activity.

The Bank has agreed with the Federal Deposit Insurance Corporation to maintain a minimum of one percent of loans as an allowance for loan loss. One percent has been determined by management to be adequate in relation to the risk of future losses inherent in the loan portfolio. In determining adequacy of the loan loss allowance, management relies primarily on its ongoing review of the loan portfolio, both to ascertain whether there are probable losses to be written off and to assess the loan portfolio in the aggregate. Problem loans are examined on an individual basis to determine estimated probable loss. In addition, management considers current and projected loan mix and loan volumes, historical net loan loss experience for each loan category, and current and anticipated economic conditions affecting each loan category. The determination also takes into consideration the judgments of independent auditors and bank regulatory agencies that review the loan portfolio as a part of the regular bank examination process.

The Bank's total charge-offs increased to $1,354,000 in 1983, from $551,000 in 1982. This increase was primarily the result of several large loans that were in deteriorating condition at December 31, 1982. This resulted in an increased loan loss allowance at December 31, 1982, and a correspondingly high charge-off when these loans were written off in early 1983. Management believes that the increase in loan charge-offs in 1982 and 1983 stems in large part from the current economic conditions in northern California. The Bank has been forced to foreclose on a number of loans during the years 1980 through 1983 due to these conditions and the amount of other real estate owned by the Bank has as a result, also increased significantly to $4,010,000 in 1983 from $3,721,000 in 1982 and $638,000 in 1981. Total charge-offs in 1984 are expected to decrease, primarily in commercial loans. Real estate and consumer loan charge-offs may increase slightly.

The following table summarizes, for the years indicated, the activity in the allowance for loan losses:

Allowance for Loan Loss Activity

Year Ended December 31,	**1983**	1982
	(in thousands)	
Balance, beginning of year	**$1,092**	$ 626
Provision charged to operations	**983**	860
Loans charged off:		
Commercial	**(1,012)**	(254)
Consumer installment	**(237)**	(162)
Real estate mortgage	**(105)**	(22)
Real estate construction	—	(113)
Total loans charged off	**(1,354)**	(551)
Recoveries:		
Commercial	**35**	127
Consumer installment	**18**	29
Real estate mortgage	**27**	1
Real estate construction	—	—
Total recoveries	**80**	157
Net loans charged-off	**(1,274)**	(394)
Balance, end of year	**801**	1,092
Average total loans	**$78,797**	$67,924
Ratios:		
Net charge-offs during period to average loans outstanding during period	**1.62%**	.58%
Provision for loan losses to average loans outstanding	**1.25%**	1.27%
Allowance to loans at year-end	**1.00%**	1.51%

Liquidity.

Liquidity relates to the Bank's ability to generate adequate cash to meet its needs. The principal cash requirements of the Bank are to cover downward fluctuations in its deposit accounts and unexpected loan demand.

Another indication of potential demand on the Bank's liquidity is the maturity distribution of certificates of deposit in denominations of $100,000 or more which is set forth in the following table. These deposits are generally more rate sensitive than other deposits and therefore more likely to be withdrawn to obtain higher yields elsewhere if available.

Certificates of Deposit in Denominations of $100,000 or More— Time remaining until maturity:

	Amount as of December 31,	
	1983	1982
	(in thousands)	
Less than three months	**$7,034**	$11,112
3 months to 6 months	**1,210**	813
6 months to 12 months	**1,256**	803
More than 12 months	**221**	120
Total	**$9,721**	$12,848

Management believes that the Bank's investment portfolio, together with the Bank's lines of credit with other institutions and the surplus funds anticipated due to MMDA deposits, is sufficiently liquid to cover potential fluctuations in deposit accounts and loan demand. The Bank has maintained a quality portfolio and has selected maturities to provide a proper balance of liquidity and attractive yields. The maturity distribution of the portfolio is presented in the following tables:

Investment Securities Maturities— December 31, 1983

	Within One Year	After One but within 5 Years	After 5 but within 10 Years	After 10 Years	Total
	(amounts in thousands)				
U.S. Treasury and other U.S. Government agencies and corporations	$1,436	$10,604	$6,064	$ —	$18,104
State and political subdivisions	40	10	258	—	308
Total book value	$1,476	$10,614	$6,322	$ —	$18,412
Average Yield	9.54%	10.22%	10.65%	—	10.31%

Investment Securities Maturities— December 31, 1982

	Within One Year	After One but within 5 Years	After 5 but within 10 Years	After 10 Years	Total
	(amounts in thousands)				
U.S. Treasury and other U.S. Government agencies and corporations	$ 500	$6,854	$2,001	$ —	$ 9,355
State and political subdivisions	134	40	269	—	443
Total book value	$ 634	$6,894	$2,270	$ —	$ 9,798
Average Yield	8.12%	9.92%	10.09%	—	9.84%

Loan demand also affects the Company's liquidity position. The following tables present the maturities and sensitivity to changes in interest rates of commercial and real estate construction loans at December 31, 1983 and 1982:

Loan Maturities— December 31, 1983

	Within One Year	After One but within 5 Years	After 5 Years	Total
	(amounts in thousands)			
Commercial loans	$19,870	$5,313	$5,119	$30,302
Real estate construction loans	4,618	—	—	4,618
Total	$24,488	$5,313	$5,119	$34,920
Loans with predetermined interest rates		$2,384	$ 897	
Loans tied to prime		2,929	4,222	
Total		$5,313	$5,119	

Loan Maturities— December 31, 1982

	Within One Year	After One but within 5 Years	After 5 Years	Total
	(amounts in thousands)			
Commercial loans	$24,030	$4,847	$4,928	$33,805
Real estate construction loans	3,892	322	—	4,214
Total	$27,922	$5,169	$4,928	$38,019
Loans with predetermined interest rates		$2,433	$2,883	
Loans tied to prime		2,736	2,045	
Total		$5,169	$4,928	

See Notes L and N to the consolidated financial statements for information regarding certain indebtedness incurred by the Company which will affect the Company's liquidity in the future.

TriCo Bancshares—Executive Officers

Robert H. Steveson	President & Chief Executive Officer
D.V. Carter	Executive Vice President—Finance (Chief Financial Officer)
Joan Jones	Vice President
J. Herod Hall, M.D.	Secretary

Administration—Tri Counties Bank

Robert H. Steveson	President & Chief Executive Officer
D.V. Carter	Executive Vice President
Joan Jones	Senior Vice President & Cashier
James Mabry	Sr. Vice President & Loan Administrator
Larry Sparks	Vice President Loan Supervisor
Keith Orme	Vice President & Assistant to the President Leasing Manager
Janet K. Hannis	Assistant Vice President Sales Administrator
Kathleen Pisani	Executive Secretary
Fred Drake	Auditor
Fred Bryant	Compliance Officer & Credit Supervisor
Ruth Irvine	Assistant Vice President Personnel

Form 10-K

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, 1983, 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, P.O. Box 2207, Chico, CA 95927.

Managers—Tri Counties Bank

Park Plaza Branch/Chico
David Raven
Vice President
Manager

Pillsbury Branch/Chico
Jim Burnell
Manager

Durham Branch
Dan Herbert
Manager

Orland Branch
Erika Bender
Manager

Willows Branch
Carroll Taresh
Vice President
Manager

Redding Branch
James Cowee
Manager

Bieber Branch
Fall River Branch
Charles Parrott
Manager

Cottonwood Branch
John Barker
Manager

Palo Cedro Branch
Julie Jones
Operations Supervisor

Burney Branch
Robert Jones
Manager

Department Managers—Tri Counties Bank

Data Processing
Chico
Larry Hall
Vice President
Manager

Leasing Department
Chico
Keith Orme
Manager

Money Facts
Redding
Berna Hoppe
Manager

Real Estate Department
Redding
Ron Bee
Manager

SBA Department
Redding
Debbie Norris
Manager

Locations

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& Park Plaza Branch
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1810 Market Street
Redding, CA 96001
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1275 Main Street
Burney, CA 96013
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