

TRICO BANCSHARES 2002 ANNUAL REPORT





Tri Counties Bank Country



NEW BRANCHES IN 2002:
Oroville, Brentwood, Fresno,
Sacramento North Natomas



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 sole subsidiary. At year end 2002, the Company had capital exceeding \$99 million.

The Bank has grown from the original branch in Chico to thirty-two traditional branches and ten in-store branches in twenty Northern California counties from the San Joaquin Valley to the Oregon border. In 2002, the Bank opened four new branches: a traditional branch in Oroville and Fresno, and an in-store branch in Brentwood and Sacramento (North Natomas).

Throughout the years of expansion, Tri Counties Bank has remained committed to customer-oriented retail 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 expeditor 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.



NASDAQ SYMBOL: TCBK
www.tcbk.com

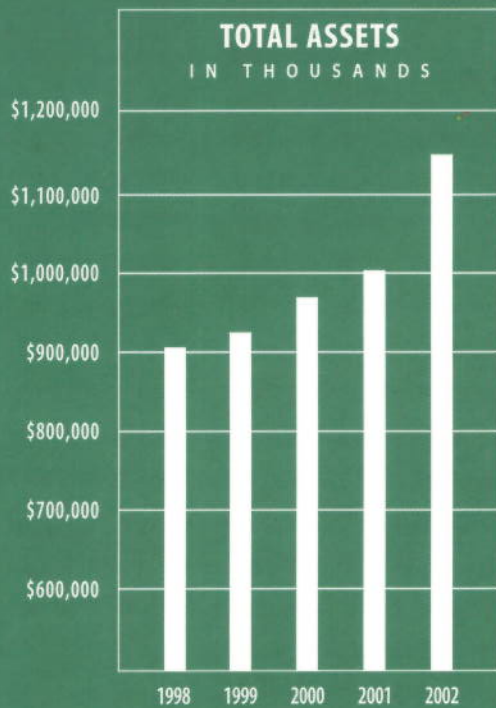
Five Year Selected Financial Data (in thousands, except share data)

	2002	2001	2000	1999	1998
STATEMENT OF OPERATIONS DATA:¹					
Interest income	\$ 64,696	\$ 71,998	\$ 76,327	\$ 67,808	\$ 64,404
Interest expense	12,914	23,486	28,543	24,370	25,296
Net interest income	51,782	48,512	47,784	43,438	39,108
Provision for loan losses	2,800	4,400	5,000	3,550	4,200
Net interest income after provision for loan losses	48,982	44,112	42,784	39,888	34,908
Noninterest income	19,180	16,238	14,922	12,775	13,494
Noninterest expense	45,971	40,607	37,846	34,726	34,583
Income before income taxes	22,191	19,743	19,860	17,937	13,819
Provision for income taxes	8,122	7,324	7,237	6,534	5,049
Net income	\$ 14,069	\$ 12,419	\$ 12,623	\$ 11,403	\$ 8,770
SHARE DATA:²					
Diluted earnings per share	\$ 1.96	\$ 1.72	\$ 1.72	\$ 1.56	\$ 1.21
Cash dividend paid per share	0.80	0.80	0.79	0.70	0.49
Common shareholders' equity at year end	14.02	12.42	11.87	10.22	10.22
BALANCE SHEET DATA at year end:					
Total loans, gross	\$ 687,522	\$ 658,732	\$640,391	\$587,979	\$532,433
Total assets	1,144,574	1,005,447	972,071	924,796	904,599
Total deposits	1,005,237	880,393	837,832	794,110	769,173
Total shareholders' equity	99,014	86,933	85,233	73,123	72,029
SELECTED FINANCIAL RATIOS:					
Return on average assets	1.35%	1.27%	1.35%	1.26%	1.03%
Return on average common shareholders' equity	15.03%	14.19%	16.03%	15.59%	12.80%
Leverage ratio	8.27%	8.17%	8.41%	7.78%	7.29%
Total risk-based capital ratio	11.97%	11.68%	12.22%	11.77%	11.83%
Net interest margin ³	5.61%	5.58%	5.70%	5.40%	5.19%
Allowance for loan losses to total loans outstanding at end of year	2.09%	1.98%	1.82%	1.88%	1.54%

¹ Tax-exempt securities are presented on an actual yield basis.

² Retroactively adjusted to reflect 3-for-2 stock split effected in 1998.

³ Calculated on a tax equivalent basis.



President's Message

I am pleased to report that TriCo Bancshares, the parent company, and Tri Counties Bank, our wholly owned subsidiary, continue to improve the financial success and well-being of our shareholders, customers, communities and employees.

During 2002, earnings per diluted share increased 14.0% to \$1.96 from \$1.72. A record net income of \$14,069,000 was achieved despite continued historic low interest rates and the opening of four new branches. These are located in Oroville (Butte county seat), Brentwood (west of Stockton), North Natomas (north of Sacramento) and Fresno. Along with significant deposit growth in our existing communities, these new markets helped us grow assets and deposits over 14.0%. Year-end assets were \$1.144 billion and deposits \$1.005 billion.

Total shareholders' equity increased to \$99,014,000 at year-end. Market capital was over \$175,000,000, up from \$130,000,000. The 2002 \$0.80 annual cash dividend alone provided a return on investment over 3.0%, and combined with our stock price appreciation, total return on investment was 32.5%. Shareholders can take pride in the 2002 performance of their TriCo Bancshares investment.

During 2002, Tri Counties Bank gained many new customers through a renewed emphasis on branch banking. As a community bank offering a wide range of financial services, we differentiate ourselves by special expertise in non-deposit investment products, home equity, mortgage and small business lending. Tri Counties Bank continues an exceptionally strong program in annuity sales.



We anticipate continued growth by increasing our share in existing markets and by entering new markets within the wide geographic area currently served. The North State National Bank merger announced for early 2003 will give us local deposit market-share leadership. In addition, we will add quality loan clientele similar to our own. Like Tri Counties Bank, North State National Bank has supported a variety of community causes. We will take on these causes as our own.

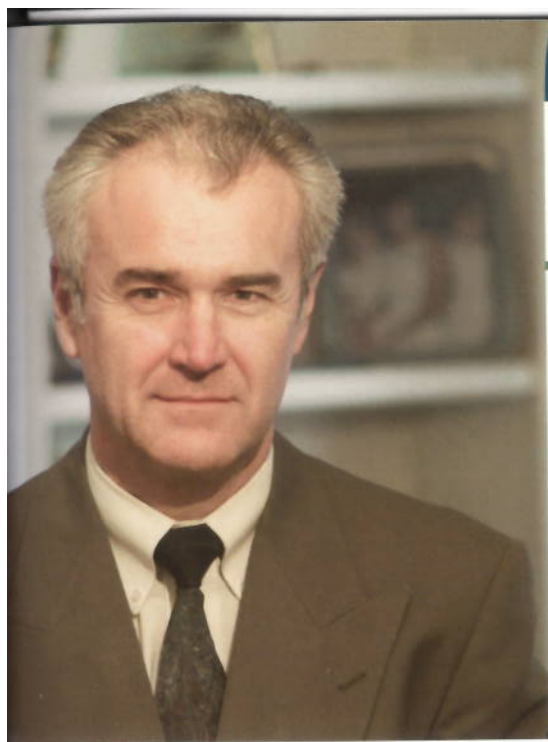
Our plan is to continue expansion while growing revenues faster than expenses and maintaining high credit standards. Thank you for your confidence and support.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard P. Smith". The signature is fluid and cursive, written over a white background.

Richard P. Smith
President and Chief Executive Officer

Chairman's Message



The Board of Directors incorporated TriCo Bancshares October 13, 1981, and Tri Counties Bank became a wholly owned subsidiary. All Bank directors also became directors of the new Holding Company. Tri Counties Bank is currently twelve times larger than in 1981. It is now advantageous to have two separate boards serving the varying interests of our shareholders, customers, employees and communities. The Tri Counties Bank board will oversee day-to-day banking operations. The TriCo Bancshares board will focus on strategic initiatives and on the corporate governance particularly important to the shareholders of this publicly held Holding Company.

On June 30, TriCo Bancshares was added to the Russell 2000 Small-cap Index, giving us greater visibility to index fund buyers and institutions.

Your Board thanks Brian D. Leidig for over twenty years of wise counsel and warm friendship. Brian, who retired from both boards June 30, joined us in March 1981 when Tri Counties Bank acquired Shasta County Bank, Redding.

A definitive agreement was signed October 7 to acquire North State National Bank, a two-office bank headquartered in Chico with assets over \$140 million. This acquisition is expected to increase earnings

per share immediately. It will also make Tri Counties Bank the largest bank in our home market. Steve Nettleton, their Chairman of the Board and principal shareholder, will join both our boards.

Donald Amaral recently joined the TriCo Bancshares board. Don built an enviable record of creating shareholder value as chairman, president, chief executive officer and chief financial officer of a number of national corporations. He currently serves as an outside director on one other Board of Directors.

On December 10, Michael W. Koehnen and John S. Hasbrook joined the Tri Counties Bank Board of Directors. Mike and John will contribute valuable knowledge and personal relationships to the Bank. We are delighted to welcome these young, vital and well-respected members of the Central Valley agricultural community.

Your board has pride and confidence in our new management team. During 2002, they exceeded every measure of success. TriCo Bancshares and Tri Counties Bank are well positioned to move forward.

Sincerely,

A handwritten signature in black ink, which appears to read "Will Casey". The signature is fluid and cursive, with a large, stylized "W" and "C".

William J. Casey
Chairman of the Board

Management Team



Richard P. Smith
President and CEO

Thomas Reddish
Vice President,
Chief Financial Officer

Richard O'Sullivan
Executive Vice President,
Wholesale Banking

Rick Miller
Senior Vice President,
Director of Human Resources

Board of Directors



William J. Casey
Chairman
of the Board
TriCo Bancshares and
Tri Counties Bank
Health Care Consultant,
Chico



Wendell J. Lundberg
Secretary
of the Board
TriCo Bancshares and
Tri Counties Bank
Owner, Wehah Farms
Rice and Grain
Operations,
Richvale



Robert H. Steveson
Vice Chairman
of the Board
TriCo Bancshares and
Tri Counties Bank,
Chico



Donald E. Murphy
Vice Chairman
of the Board
TriCo Bancshares and
Tri Counties Bank
Vice President and
General Manager,
J.H. McKnight Ranch,
Nelson



Craig Carney
Senior Vice President,
Chief Credit Officer

Andrew Mastorakis
Executive Vice President,
Retail Banking

Ray Rios
Vice President,
Manager Information Systems



Richard P. Smith
Board Member
TriCo Bancshares and
Tri Counties Bank
President and Chief
Executive Officer,
TriCo Bancshares and
Tri Counties Bank,
Chico



**Alex A.
Vereschagin, Jr.**
Board Member
TriCo Bancshares and
Tri Counties Bank
Secretary-Treasurer,
Plaza Farms
and General Partner,
Vereschagin Co.,
Orland



John S. Hasbrook
Board Member
Tri Counties Bank
President,
Hasbrook-Fetter Farms, Inc.
Winters



Craig S. Compton
Board Member
TriCo Bancshares and
Tri Counties Bank
President, AVAG, Inc.
Aerial Application
Business,
Richvale



Carroll Taresh
Board Member
TriCo Bancshares and
Tri Counties Bank
Retired Banking
Executive,
Chico

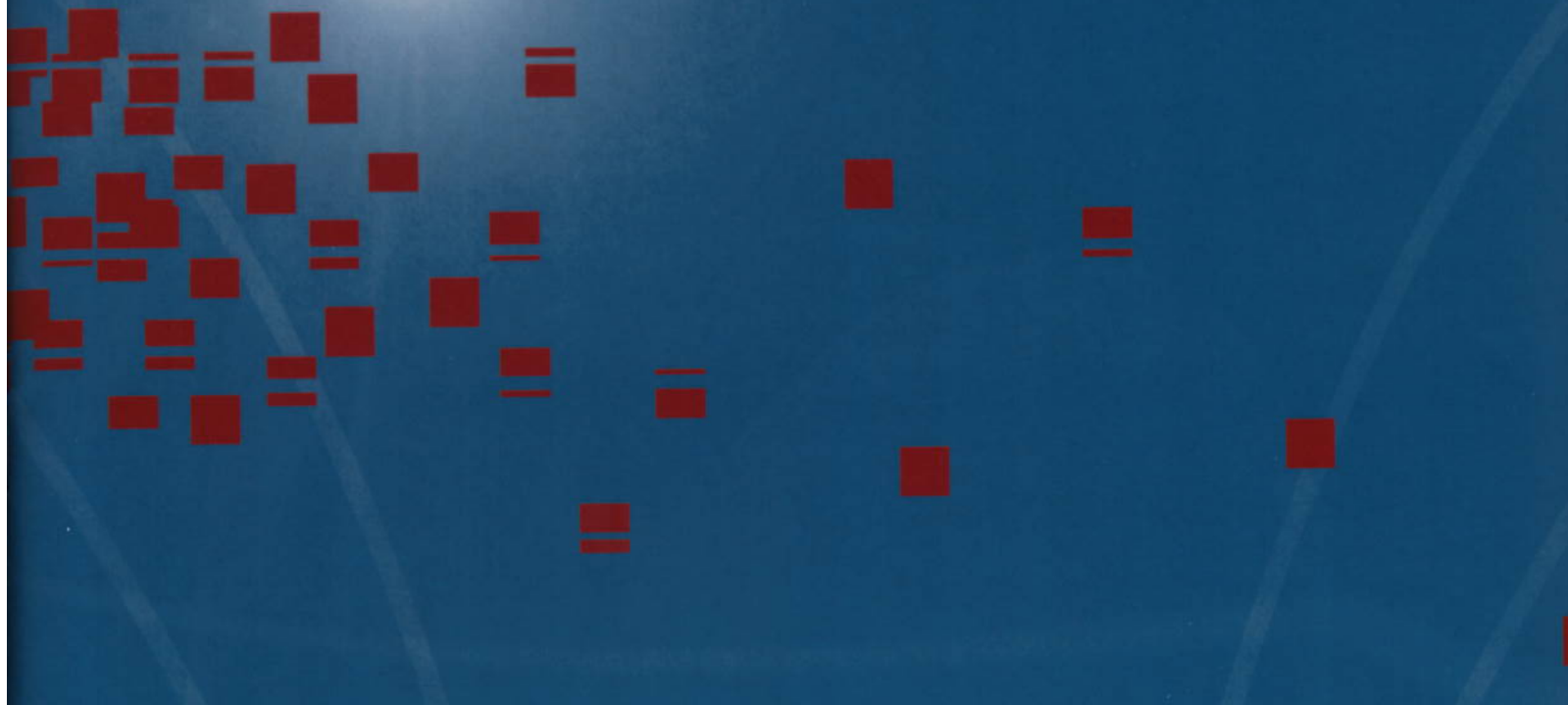


Michael W. Koehnen
Board Member
Tri Counties Bank
Owner,
C.F. Koehnen & Sons,
Orchard and Apiary
Operations,
Ordbend

ovement



Tri Counties Bank is honored to support causes like the EOC Sanctuary, the only shelter for runaway, homeless children in the entire Central California Valley. Since 1992, the Sanctuary has provided Safe Place shelter for more than 10,000 runaway children and incredibly has reunited more than 7,500 with their families. Over 90% of the children served are between eleven and fifteen years of age and reside in Fresno. Last year, the Sanctuary helped more than 1,200 children get off the street and into shelter. The Sanctuary is administered by the Fresno County Economic Opportunities Commission (EOC), a private, non-profit community action agency.



our communities

Retail Banking



Retail Banking experienced continued success with existing programs as well as with the new initiatives we have pursued. Our continued growth in 2002 tells us that we have, in fact, delivered on our promise to be "your life improvement bank." Our primary goal was to increase our household base. Exceeding our targets, our base grew over 5,800 households, a more than 10% gain. Low-cost deposits increased through this extraordinary household growth. Our overall deposit growth of 14.2% was comprised of low-cost deposits, such as checking and savings, growing at 18.2% versus higher-cost time deposits growing at 5.4%.

The success of our four de novo branch openings confirmed management's confidence in the Bank's expansion potential. Whether we were known in the market or not, we found that the application of our new branch launch strategy—a trained team using a process which included top management support—was the determining factor in the strong start of a new branch. We've been able to achieve one-year targets in deposits and new households within the first three or four months. This fast start contributes to the on-going success of the branch.

Realizing the potential of supermarket banking, an achievement difficult for many banks, has largely contributed to the overall success of the Bank in 2002. We are currently exploring additional opportunities in this exciting and fast-paced area of banking.

from left:

Karen Fields
Vice President,
Regional Manager,
In-store Branches

Cindy Bennington-Foor
Vice President,
Regional Manager,
Southern Branches

Monica Canchola
Vice President,
Operations Administration

Andrew Mastorakis
Executive Vice President,
Retail Banking

J. Kay Armstrong
Vice President,
Call Center Manager

Guy Watson
Vice President,
Regional Manager,
Northern Branches

Andrea Stile
Marketing Manager

We have maintained retail consumer loan growth with an increase of 18.8% in spite of continued declining interest rates and refinancing activity. Our long-range goal is to grow same branch consumer loan balances by 10% year-over-year.

We experienced early success in the launch of our Business Banking Group, developed to better serve small and micro-business customers (those with sales under \$3 million per year). We experienced growth of nearly \$20 million in loans outstanding.

Our new Overdraft Privilege is a valued service—a safety net against unforeseen expenses and emergencies. This beneficial service has contributed toward the Bank's increase in revenue.

We look forward to 2003 as we continue to develop this diversified growth.



This effective Operations staff is combined with a beneficial service to create revenue growth.

Bonnie Burger, Operations Account Manager
Lisa Bee, Overdraft Privilege Coordinator
Monica Canchola, Vice President, Operations Administration

Convenience
Commitment
Community



2002's de novo branch openings were our most successful to date.

above: Sacramento North Natomas from left: Sacramento North Natomas, Oroville, Brentwood, Fresno



Rick Hagstrom
Vice President,
Manager, Real Estate Department

Mortgage Lending
volume in 2002 reached a
record of over \$200,000,000.
This is a 44% increase over
2001, also a record year.



Judy Mason
Vice President,
Manager, Central Operations

Imaging checks and statements allows immediate response to customer inquiries and reduces the number of research requests coming into the Operations Center. The Bank saves time and money while providing instant personal service.



Our promise to be our customers' "life improvement bank" is the core of our mission statement. As their financial services provider, we do everything in our power to put them on the path to financial success. We have invested considerable time and effort to train a team of banking experts who can deliver on this promise.

Our front-line team members have been taught how to talk to customers and learn their true needs. Often, we are able to guide customers to financial solutions they did not know were available.

Our customers guide us as well. Listening to customer needs results in new products and services. These on going customer dialogs enable us to provide meaningful life-improving banking solutions.

Businesses, retirees and homeowners may be considered our key customer segments, but within these groups are varied individuals. We intend to find the perfect set of banking products for each and every one of them.

Ownership



our customers



Dan Bay
Vice President,
Non-deposit Investment Services



Nolan Hawkins,
Vice President,
Commercial Lending
Redding

Brenda Dunn,
Corporate Client Services



Bob Elmore
Vice President,
Commercial Lending
Yuba City

Darryl Kushner
Equipment Leasing



Greg Gill
Vice President,
Commercial Lending
Bakersfield



Toni Wilson,
Corporate Client Services

Dave Raven,
Vice President,
Commercial Lending
Chico



Richard O'Sullivan
Executive Vice President,
Wholesale Banking

The Wholesale Banking Group operates from six regional hubs located in Chico, Redding, Yuba City, Sacramento, Bakersfield and Fresno. Each hub is staffed locally with Relationship Managers and Credit Analysts who are chartered with business development and ongoing relationship management. Loan documentation is drawn at the Chico Headquarters.

Business types sought as commercial customers include agriculture, manufacturing and assembling, wholesalers, distributors, retailers, basic service industries and providers, construction and standing real estate, developers and builders.

A Tri Counties Bank commercial customer typically has borrowing needs between \$500,000 and \$5,000,000. They may also have large cash deposit balances requiring higher return and/or sophisticated cash management capability. These customers are generally businesses with sales over \$2,000,000, or are high net worth individuals who borrow larger sums to finance investments that are usually real estate oriented. Commercial customers require a high degree of individualized service from the specialists found in our Wholesale Banking Group for loans, deposits, investments and insurance. Members of our Wholesale Banking Group often become an essential part of the customer's business.

Relationship Managers initiate customer affiliations through a direct calling program, assessing the customer's needs and making recommendations. The Relationship Manager delivers loan products, including working capital lines of credit, asset-based

financing, equipment term loans and leases, crop loans, agricultural ground development financing, real estate construction and permanent loans, planned development financing and other custom-tailored products.

Corporate Client Services Officers support corporate clients with sophisticated Cash Management. eCash Management allows customers to do most regular banking transactions anytime from their desktop using the internet. Cash Control Sweep Investment accounts enable commercial customers to maximize their daily investments automatically, using their checking balances when they exceed a predetermined minimum. Other Cash Management services include business deposit accounts and controlled disbursements.

Investment Representatives provide non-deposit investment products, retirement and financial planning, as well as insurance through Raymond James Financial Services.

The Manager of the branch where deposit and loan accounts are domiciled, joins all of these Tri Counties Bank specialists as one team, to support the development and maintenance of the customer relationship.

In addition to having strong regional representation, major borrowers and prospects in each marketplace are routinely called on and recognized by Senior Management. This dedication to customer calling distinguishes Tri Counties Bank from others in the marketplace.

We believe that community involvement, local knowledge, underwriting and account management are key components of the wholesale banking strategy. This strategy provides better service for key commercial customers, better understanding of borrower needs and credit issues, better response time and credit structures, better underwriting and credit quality and better referral and business development.





Team spirit lives at Tri Counties Bank! In fact, it's built into our culture. Since 1998, everybody—staff, management, even the board of directors—experiences TEAM TRICO physical and mental training. This training expands each individual's perception of what is personally possible. It also demonstrates how critical team members are to each other's success.

Management policy carries the team spirit concept into performance evaluations. Employee performance ratings are based on personal best, not on peer comparisons. Team members contribute to and rejoice in each other's triumphs.

How does team spirit affect the bottom line? Our emphasis on cooperative problem solving results in superior customer service. When a new branch opens, an experienced team rallies to open it right, maintaining the Tri Counties Bank brand. (And every team member loves driving "Turbie," our signature VW, around the new market area!) Walk into one of our newest offices and you feel the same Tri Counties Bank spirit of great service that all our customers enjoy. The response from the new communities we enter has been tremendous. They've shown their approval by bringing us their banking business.



our employees

Common Stock Information

Market Information

The Common Stock of the Company trades on the NASDAQ National Market under the symbol "TCBK." The shares were first listed in the NASDAQ Stock Market in April 1993.

The following table summarizes the Common Stock high and low trading prices and volume of shares traded by quarter as reported by NASDAQ.

Quarter Ended: ¹	Prices of the Company's Common Stock		Approximate Trading Volume (in shares)
	High	Low	
March 31, 2001	\$ 16.63	\$ 14.88	707,000
June 30, 2001	17.33	14.81	667,900
September 30, 2001	19.80	16.75	530,000
December 31, 2001	19.74	17.93	874,200
March 31, 2002	21.05	18.05	264,200
June 30, 2002	27.40	21.10	964,500
September 30, 2002	27.45	21.60	644,000
December 31, 2002	25.25	22.01	800,800

¹ Quarterly trading activity has been compiled from NASDAQ trading reports.

Holders

As of December 31, 2002, there were approximately 1,701 holders of record of the Company's Common Stock.

Dividends

The Company has paid quarterly dividends since March 1990. The Company paid quarterly dividends of \$0.20 per share in each quarter of 2002 and 2001.

The holders of Common Stock of the Company are entitled to receive cash dividends when and as declared by the Board of Directors, out of funds legally available therefore, subject to the restrictions set forth in the California General Corporation Law (the "Corporation Law"). The Corporation Law provides that a corporation may make a distribution to its shareholders if the corporation's retained earnings equal at least the amount of the proposed distribution.

The Company, as sole shareholder of the Bank, is entitled to receive dividends when and as declared by the Bank's Board of Directors, out of funds legally available therefore, subject to the powers of the FDIC and the restrictions set forth in the California Financial Code (the "Financial Code"). The Financial Code provides that a bank may not make any distributions in excess of the lesser of: (i) the bank's retained earnings, or (ii) the bank's net income for the last three fiscal years, less the amount of any distributions made by the bank to its shareholders during such period. However, a bank may, with the prior approval of the California Superintendent of Banks (the "Superintendent"), make a distribution to its shareholders of up to the greater of (A) the bank's retained earnings, (B) the bank's net income for its last fiscal year, or (C) the bank's net income for its current fiscal year. If the Superintendent determines that the shareholders' equity of a bank is inadequate or that a distribution by the bank to its shareholders would be unsafe or unsound, the Superintendent may order a bank to refrain from making a proposed distribution. The FDIC may also order a bank to refrain from making a proposed distribution when, in its opinion, the payment of such would be an unsafe or unsound practice. The Bank paid dividends totaling \$5,779,000 to the Company in 2002. As of December 31, 2002, and subject to the limitations and restrictions under applicable law, the Bank had funds available for dividends in the amount of \$15,390,000.

The Federal Reserve Act limits the loans and advances that the Bank may make to its affiliates. For purposes of such Act, the Company is an affiliate of the Bank. The Bank may not make any loans, extensions of credit or advances to the Company if the aggregate amount of such loans, extensions of credit, advances and any repurchase agreements and investments exceeds 10% of the capital stock and surplus of the Bank. Any such permitted loan or advance by the Bank must be secured by collateral of a type and value set forth in the Federal Reserve Act.

**The Board of Directors
TriCo Bancshares and Subsidiary:**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of TriCo Bancshares and Subsidiary as of December 31, 2002, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated January 17, 2003, we expressed an unqualified opinion on those consolidated financial statements. The consolidated financial statements of TriCo Bancshares as of December 31, 2001, and for the two years then ended 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 2002 condensed consolidated financial statements is fairly stated, in all material respects, in relation to the 2002 consolidated financial statements from which it has been derived.

KPMG LLP

Sacramento, California
January 17, 2003

Consolidated Balance Sheets

(in thousands, except share amounts)

	December 31,	
	2002	2001
Assets		
Cash and due from banks	\$ 67,170	\$ 59,264
Federal funds sold	8,100	18,700
Cash and cash equivalents	75,270	77,964
Investment securities	338,024	224,590
Loans:		
Commercial	125,982	130,054
Consumer	201,858	155,046
Real estate mortgages	319,969	326,897
Real estate construction	39,713	46,735
	687,522	658,732
Less: Allowance for loan losses	(14,377)	(13,058)
Net loans	673,145	645,674
Premises and equipment, net	17,224	16,457
Cash value of life insurance	15,208	14,602
Other real estate owned	932	71
Accrued interest receivable	5,644	5,522
Deferred income taxes	8,429	9,334
Intangible assets	4,043	5,070
Other assets	6,655	6,163
Total assets	\$ 1,144,574	\$ 1,005,447
Liabilities:		
Deposits:		
Noninterest-bearing demand	\$232,499	\$ 190,386
Interest-bearing demand	182,816	165,542
Savings	297,926	247,399
Time	291,996	277,066
Total deposits	1,005,237	880,393
Accrued interest payable	2,927	3,488
Other liabilities	14,472	11,677
Long-term debt and other borrowings	22,924	22,956
Total liabilities	1,045,560	918,514
Shareholders' equity:		
Common stock, no par value: authorized 20,000,000 shares; issued and outstanding 7,060,965 and 7,000,980 shares, respectively	50,472	49,679
Retained earnings	46,293	37,909
Accumulated other comprehensive income (loss)	2,303	(655)
Total shareholders' equity	99,014	86,933
Total liabilities and shareholders' equity	\$ 1,144,574	\$ 1,005,447

Consolidated Statements of Income

(in thousands, except earnings per share)

	Years Ended December 31,		
	2002	2001	2000
Interest income:			
Interest and fees on loans	\$52,472	\$58,730	\$61,835
Interest on federal funds sold	606	1,506	538
Interest on investment securities—taxable	9,430	9,543	11,704
Interest on investment securities—tax exempt	2,188	2,219	2,250
Total interest income	64,696	71,998	76,327
Interest expense:			
Interest on interest-bearing demand deposits	469	1,487	2,360
Interest on savings	2,710	4,759	6,837
Interest on time certificates of deposit	8,441	15,261	15,806
Interest on short-term borrowing	2	7	623
Interest on long-term debt	1,292	1,972	2,917
Total interest expense	12,914	23,486	28,543
Net interest income	51,782	48,512	47,784
Provision for loan losses	2,800	4,400	5,000
Net interest income after provision for loan losses	48,982	44,112	42,784
Noninterest income:			
Service charges and fees	11,286	8,095	7,484
Commissions on sale of non-deposit investment products	2,467	2,576	2,784
Gain on sale of loans	3,641	2,095	802
Other	1,786	1,680	2,342
Gain on sale of investments	—	36	—
Gain on sale of insurance company stock	—	1,756	—
Gain on receipt of insurance company stock	—	—	1,510
Total noninterest income	19,180	16,238	14,922
Noninterest expenses:			
Salaries and related expenses	24,290	21,199	19,863
Other, net	21,681	19,408	17,983
Total noninterest expenses	45,971	40,607	37,846
Income before income taxes	22,191	19,743	19,860
Provision for income taxes	8,122	7,324	7,237
Net income	\$14,069	\$12,419	\$12,623
Comprehensive Income:			
Change in unrealized gain on securities available for sale, net	2,931	441	5,209
Net change in minimum pension liability	27	(772)	—
Comprehensive Income	\$17,027	\$12,088	\$17,832
Average Shares Outstanding	7,019	7,072	7,192
Diluted Average Shares Outstanding	7,193	7,219	7,341
Per Share Data			
Basic Earnings	\$2.00	\$1.76	\$1.76
Earnings	\$1.96	\$1.72	\$1.72
Dividends Paid	\$0.80	\$0.80	\$0.79

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2002, 2001 and 2000 (in thousands, except share amounts)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total
Balance, December 31, 1999	\$50,043	\$28,613	(\$5,533)	\$73,123
Net income for the period		12,623		12,623
Stock issued, including stock option tax benefits	665			665
Repurchase of common stock	(349)	(427)		(776)
Dividends		(5,680)		(5,680)
Unrealized gain on securities available for sale, net			5,209	5,209
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

Consolidated Statements of Cash Flows

(in thousands)

	For the year ended December 31,		
	2002	2001	2000
Operating Activities:			
Net income	\$ 14,069	\$ 12,419	\$ 12,623
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment, and amortization	2,608	2,708	2,641
Amortization of intangible assets	911	911	965
Provision for loan losses	2,800	4,400	5,000
Amortization of investment securities premium, net	1,841	398	217
Deferred income taxes	(1,247)	(660)	(650)
Investment security gains, net	—	(1,792)	(1,510)
Originations of loans for resale	(177,796)	(125,675)	(50,254)
Proceeds from sale of loans originated for resale	179,415	126,961	50,798
Gain on sale of loans	(3,641)	(2,095)	(802)
Amortization of mortgage servicing rights	713	223	186
Amortization of stock options	—	—	69
Loss (gain) on sale of fixed assets	8	(9)	77
Gain on sale of other real estate owned, net	(8)	(80)	(83)
Provision for losses on other real estate owned	—	18	25
Change in assets and liabilities:			
(Increase) decrease in interest receivable	(122)	1,413	(859)
(Decrease) increase in interest payable	(561)	(1,757)	1,052
Increase (decrease) in other assets and liabilities	3,316	(2,161)	(132)
Net Cash Provided by Operating Activities	22,306	15,222	19,363
Investing Activities:			
Proceeds from maturities of securities available for sale	131,592	85,619	39,663
Proceeds from sales of securities available for sale	—	14,119	—
Purchases of securities available for sale	(241,794)	(93,125)	(27,567)
Net increase in loans	(31,203)	(21,678)	(58,330)
Proceeds from sale of premises and equipment	17	32	40
Purchases of property and equipment	(3,121)	(1,951)	(2,998)
Proceeds from sale of other real estate owned	79	1,757	928
Net Cash Used by Investing Activities	(144,430)	(15,227)	(48,264)
Financing Activities:			
Net increase in deposits	124,844	42,561	43,722
Net (decrease) increase in federal funds purchased	—	(500)	500
Borrowings under long-term debt agreements	—	—	35,000
Payments of principal on long-term debt agreements	(32)	(11,027)	(46,522)
Repurchase of Common Stock	(189)	(6,618)	(776)
Dividends paid	(5,620)	(5,642)	(5,680)
Exercise of stock options/issuance of Common Stock	427	1,005	411
Net Cash Provided by Financing Activities	119,430	19,779	26,655
Net (Decrease) Increase in Cash and Cash Equivalents	(2,694)	19,774	(2,246)
Cash and Cash Equivalents and Beginning of Period	77,964	58,190	60,436
Cash and Cash Equivalents at End of Period	\$ 75,270	\$ 77,964	\$ 58,190
Supplemental Disclosure of Noncash Activities:			
Loans transferred to other real estate owned	932	325	1,551
Supplemental Disclosure of Cash Flow Activity:			
Cash paid for interest expense	13,475	25,243	27,491
Cash paid for income taxes	7,900	9,089	7,573
Income tax benefit from stock option exercises	\$ 436	\$ 867	\$ 254

TriCo Bancshares—Executive Officers

Richard P. Smith President &
Chief Executive Officer

Thomas J. Reddish 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

Craig Carney Senior Vice President
Chief Credit Officer

Thomas J. Reddish Vice President &
Chief Financial Officer

TriCo Bancshares Headquarters

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

Notice of Annual Meeting

Tuesday, May 13, 2003, 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

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, 2002, 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 Traditional Branch Locations

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 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

Fresno
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

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

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

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

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

Tri Counties Bank In-store Branch Locations

At Raley's
2400 Sand Creek Road
Brentwood, CA 94513
(925) 634-5500

At Albertsons
146 W. East Avenue
Chico, CA 95973
(530) 898-0381

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

At Albertsons
12054 Nevada City Hwy
Grass Valley, CA 95949
(530) 477-9740

At Raley's
727 South Main Street
Red Bluff, CA 96080
(530) 529-7081

At Raley's
110 Hartnell Avenue
Redding, CA 96002
(530) 224-3431

At Raley's
201 Lake Boulevard
Redding, CA 96003
(530) 245-4651

At Raley's
4650 Natomas Boulevard
Sacramento, CA 95835
(916) 419-4301

At Raley's
700 Onstott Road
Yuba City, CA 95991
(530) 751-8416

Tri Counties Bank Administration Office

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

Coming in 2003

At Raley's
211 W. East Avenue
Chico, CA 95973

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, 2002

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.)
<u>63 Constitution Drive, Chico, California</u> (Address of principal executive offices)	<u>95973</u> (Zip Code)

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 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 for the 90 days.

Indicate by





TriCo Bancshares

63 Constitution Drive
Chico, California 95973
(530) 898-0300
Fax: (530) 898-0310
www.tcbk.com