UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q
Quarterly Report Pursuant Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarterly Period Ended June 30, 2009 Commission file number 0-10661

TRICO BANCSHARES
(Exact name of registrant as specified in its charter)

California	94-2792841
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)

63 Constitution Drive, Chico, California 95973
(Address of principal executive offices) (Zip code)

(530) 898-0300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Act (check one).

Large accelerated filer ____ Accelerated filer X

Non-accelerated filer ____ Small reporting company ____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Title of Class: Common stock, no par value

Outstanding shares as of July 31, 2009: 15,787,753

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FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements about TriCo Bancshares (the "Company") for which it claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on Management's current knowledge and belief and include information concerning the Company's possible or assumed future financial condition and results of operations. When you see any of the words "believes", "expects", "anticipates", "estimates", or similar expressions, it may mean the Company is making forward-looking statements. A number of factors, some of which are beyond the Company's ability to predict or control, could cause future results to differ materially from those contemplated. The reader is directed to the Company's annual report on Form 10-K for the year ended December 31, 2008, and Part II, Item 1A of this report for further discussion of factors which could affect the Company's business and cause actual results to differ materially from those suggested by any forward-looking statement made in this report. Such Form 10-K and this report should be read to put any forward-looking statements in context and to gain a more complete understanding of the risks and uncertainties involved in the Company's business. Any forward-looking statement may turn out to be wrong and cannot be guaranteed. The Company does not intend to update any forward-looking statement after the date of this report.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TRICO BANCSHARES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data; unaudited)

	At June 30, 2009	At June 30, 2008	At Dece 20
Assets:			
Cash and due from banks	$55,071	$76,658	$64
Cash at Federal Reserve and other banks	127,852	-	21
Cash and cash equivalents	182,923	76,658	86
Securities available-for-sale	252,104	253,129	266
Federal Home Loan Bank stock, at cost	9,274	9,010	9
Loans, net of allowance for loan losses of $33,624, $24,281 and $27,590	1,518,611	1,519,043	1,563
Foreclosed assets, net of allowance for losses of $318, $214 and $230	2,622	1,178	1
Premises and equipment, net	18,208	19,580	18
Cash value of life insurance	47,365	45,701	46
Accrued interest receivable	7,575	7,802	7
Goodwill	15,519	15,519	15
Other intangible assets, net	454	920	
Other assets	33,186	31,950	26
Total Assets	$2,087,841	$1,980,490	$2,043
Liabilities:			
Deposits:			
Noninterest-bearing demand	$358,618	$347,336	$401
Interest-bearing	1,378,767	1,163,717	1,268
Total deposits	1,737,385	1,511,053	1,669
Federal funds purchased	-	123,750	
Accrued interest payable	5,094	5,119	6
Reserve for unfunded commitments	3,140	3,465	2
Other liabilities	27,107	24,131	24
Other borrowings	73,898	85,048	102

Junior subordinated debt	41,238	41,238	41
Total Liabilities	1,887,862	1,793,804	1,845
Commitments and contingencies			
Shareholders' Equity			
Common stock, no par value: 50,000,000 shares authorized; issued and outstanding:			
15,782,753 at June 30, 2009	79,257		
15,744,881 at June 30, 2008		78,306	
15,756,101 at December 31, 2008			78
Retained earnings	118,400	111,360	117
Accumulated other comprehensive income (loss), net	2,322	(2,980)	2
Total Shareholders' Equity	199,979	186,686	197
Total Liabilities and Shareholders' Equity	$2,087,841	$1,980,490	$2,043

See accompanying notes to unaudited condensed consolidated financial statements.

TRICO BANCSHARES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data; unaudited)

	Three months ended June 30, 2009	2008	Six months e 2009
Interest and dividend income:			
Loans, including fees	$25,218	$27,015	50,731
Debt securities:			
Taxable	2,896	2,892	5,979
Tax exempt	263	299	527
Dividends	-	125	-
Cash at Federal Reserve and other banks	55	1	77
Total interest income	28,432	30,332	57,314
Interest expense:			
Deposits	4,778	5,650	9,980
Federal funds purchased	-	711	-
Other borrowings	112	524	354
Junior subordinated debt	396	586	836
Total interest expense	5,286	7,471	11,170
Net interest income	23,146	22,861	46,144
Provision for loan losses	7,850	8,800	15,650
Net interest income after provision for loan losses	15,296	14,061	30,494
Noninterest income:			
Service charges and fees	6,182	5,826	11,234
Gain on sale of loans	948	316	1,589

Commissions on sale of non-deposit investment products	492	525	981
Increase in cash value of life insurance	270	360	550
Other	104	253	257
Total noninterest income	7,996	7,280	14,611
Noninterest expense:			
Salaries and related benefits	10,069	9,645	19,858
Other	9,275	8,199	16,687
Total noninterest expense	19,344	17,844	36,545
Income before income taxes	3,948	3,497	8,560
Provision for income taxes	1,436	1,223	3,166
Net income	$2,512	$2,274	$5,394
Average shares outstanding	15,782,753	15,744,881	15,778,689
Diluted average shares outstanding	15,997,437	15,953,288	16,008,462
Per share data:			
Basic earnings	$0.16	$0.14	$0.34
Diluted earnings	$0.16	$0.14	$0.34
Dividends paid	$0.13	$0.13	$0.26

See accompanying notes to unaudited condensed consolidated financial statements.

TRICO BANCSHARES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except share and per share data; unaudited)

	Shares of Common Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	To
Balance at December 31, 2007	15,911,550	$78,775	$111,655	($1,552)	$188,
Comprehensive income:					
Net income			6,322		6,
Change in net unrealized gain on Securities available for sale, net				(1,428)	(1,
Total comprehensive income					4,
Cumulative effect of change in Accounting principle, net of tax			(522)		(
Stock option vesting		356			
Repurchase of common stock	(166,669)	(825)	(1,996)		(2,
Dividends paid ($0.26 per share)			(4,099)		(4,
Balance at June 30, 2008	15,744,881	$78,306	$111,360	($2,980)	$186,

Balance at December 31, 2008	15,756,101	$78,246	$117,630	$2,056	$197,
Comprehensive income:					
Net income			5,394		5,
Change in net unrealized loss on Securities available for sale, net				266	
Total comprehensive income					5,
Stock option vesting		262			
Stock option exercise	53,213	828			
Tax benefit of stock options exercised		53			
Repurchase of common stock	(26,561)	(132)	(520)		(
Dividends paid ($0.26 per share)			(4,104)		(4,
Balance at June 30, 2009	15,782,753	$79,257	$118,400	$2,322	$199,

See accompanying notes to unaudited condensed consolidated financial statements.

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TRICO BANCSHARES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands; unaudited)

	For the six months ended June 30 2009	2008
Operating activities:		
Net income	$5,394	$6,322
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	1,680	1,745
Amortization of intangible assets	198	256
Provision for loan losses	15,650	12,900
Amortization of investment securities premium, net	186	170
Originations of loans for resale	(97,153)	(41,412)
Proceeds from sale of loans originated for resale	97,917	41,574
Gain on sale of loans	(1,589)	(574)
Change in value of mortgage servicing rights	(98)	172
Provision for losses on other real estate owned	162	34
Loss on sale of other real estate owned	4	-
Loss on sale of fixed assets	8	2
Increase in cash value of life insurance	(550)	(720)
Stock option expense	262	356
Stock option tax benefits	(53)	-
Change in:		
Reserve for unfunded commitments	575	1,375
Interest receivable	360	752
Interest payable	(1,052)	(2,752)
Other assets and liabilities, net	(2,751)	(4,589)
Net cash provided by operating activities	19,150	15,611
Investing activities:		
Proceeds from maturities of securities available-for-sale	44,126	26,883
Purchases of securities available-for-sale	(29,396)	(50,219)
Purchases of Federal Home Loan Bank stock	(39)	(244)

Loan originations and principal collections, net	26,722	1,667
Proceeds from sale of premises and equipment	1	1
Purchases of premises and equipment	(802)	(1,421)
Proceeds from sale of other real estate owned	673	-
Net cash (used in) provided by investing activities	41,285	(23,333)
Financing activities:		
Net increase (decrease) in deposits	68,115	(34,170)
Net increase in Federal funds purchased	-	67,750
Payments of principal on long-term other borrowings	(39)	(39)
Net change in short-term other borrowings	(28,068)	(31,039)
Stock option tax benefits	53	-
Repurchase of common stock	-	(2,821)
Dividends paid	(4,104)	(4,099)
Exercise of stock options	176	-
Net cash provided by (used in) financing activities	36,133	(4,418)
Net change in cash and cash equivalents	96,568	(12,140)
Cash and cash equivalents and beginning of period	86,355	88,798
Cash and cash equivalents at end of period	$182,923	$76,658
Supplemental disclosure of noncash activities:		
Loans transferred to other real estate owned	$2,276	$1,025
Unrealized net gain (loss) on securities available for sale	$459	($2,464)
Market value of shares tendered by employees in-lieu of cash to pay for exercise options and/or related taxes	$652	-
Supplemental disclosure of cash flow activity:		
Cash paid for interest expense	$12,222	$19,988
Cash paid for income taxes	$8,567	$8,100

See accompanying notes to unaudited condensed consolidated financial statements.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General Summary of Significant Accounting Policies The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The interim results are not necessarily indicative of the results expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes as well as other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

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

Nature of Operations

The Company operates 32 branch offices and 25 in-store branch offices in the California counties of Butte, Contra Costa, Del Norte, Fresno, Glenn, Kern, Lake, Lassen, Madera, Mendocino, Merced, Napa, Nevada, Placer, Sacramento, Shasta, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Yolo and Yuba. The Company's operating policy since its inception has emphasized retail banking. Most of the Company's customers are retail customers and small to medium sized businesses.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to the adequacy of the allowance for loan losses, investments, intangible assets, income taxes and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The allowance for loan losses, goodwill and other intangible assessments, income taxes, and the valuation of mortgage servicing rights are the only accounting estimates that materially affect the Company's consolidated financial statements.

Significant Group Concentration of Credit Risk

The Company grants agribusiness, commercial, consumer, and residential loans to customers located throughout the northern San Joaquin Valley, the Sacramento Valley and northern mountain regions of California. The Company has a diversified loan portfolio within the business segments located in this geographical area. The Company currently classifies all its operation into one business segment that it denotes as community banking.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks and federal funds sold.

Investment Securities

The Company classifies its debt and marketable equity securities into one of three categories: trading, available-for-sale or held-to-maturity. Trading securities are bought and held principally for the purpose of selling in the near term. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All other securities not included in trading or held-to-maturity are classified as available-for-sale. During the six months ended June 30, 2009, and throughout 2008, the Company did not have any securities classified as either held-to-maturity or trading.

The amortized cost and estimated fair values of investments in debt and equity securities are summarized in the following tables:

June 30, 2

	Amortized Cost	Gross Unrealized Gains	U
Securities Available-for-Sale		(in thousan	
Obligations of U.S. government corporations and agencies	$222,225	$7,114	
Obligations of states and political subdivisions	22,289	231	
Corporate debt securities	1,000	-	
Total securities available-for-sale	$245,514	$7,345	

	December 31,		
	Amortized Cost	Gross Unrealized Gains	U
Securities Available-for-Sale		(in thousan	
Obligations of U.S. government corporations and agencies	$236,786	$6,193	
Obligations of states and political subdivision	22,644	293	
Corporate debt securities	1,000	-	
Total securities available-for-sale	$260,430	$6,486	

The amortized cost and estimated fair value of debt securities at June 30, 2009 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. At June 30, 2009, obligations of U.S. government corporations and agencies with a cost basis totaling $222,225,000 consist almost entirely of mortgage-backed securities whose contractual maturity, or principal repayment, will follow the repayment of the underlying mortgages. For purposes of the following table, the entire outstanding balance of these mortgage-backed securities issued by U.S. government corporations and agencies is categorized based on final maturity date. At June 30, 2009, the Company estimates the average remaining life of these mortgage-backed securities issued by U.S. government corporations and agencies to be approximately 3.4 years. Average remaining life is defined as the time span after which the principal balance has been reduced by half.

	Amortized Cost	Estimated Fair Value
Investment Securities	(in thousands)	
Due in one year	$410	$411
Due after one year through five years	55,064	56,043
Due after five years through ten years	28,750	29,441
Due after ten years	161,289	166,209
Totals	$245,514	$252,104

Available-for-sale securities are recorded at fair value. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are reported as a separate component of other accumulated comprehensive income (loss) in shareholders' equity until realized. During the six months ended June 30, 2009, and throughout 2008, the Company did not sell any investment securities.

Investment securities with an aggregate carrying value of $219,789,000 and $231,056,000 at June 30, 2009 and December 31, 2008, respectively, were pledged as collateral for specific borrowings, lines of credit and local agency deposits.

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Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

	Less than 12 months		12 months or mo	
June 30, 2009	Fair Value	Unrealized Loss	Fair Value	Unreali Loss
			(in thousan	
Securities Available-for-Sale:				
Obligations of U.S. government corporations and agencies	-	-	-	
Obligations of states and political subdivisions	3,427	(108)	1,910	(17
Corporate debt securities	1,000	(469)	-	
Total securities available-for-sale	$4,427	($577)	$1,910	($17

	Less than 12 months		12 months or mo	
December 31, 2008	Fair Value	Unrealized Loss	Fair Value	Unreali Loss
			(in thousan	
Securities Available-for-Sale:				
Obligations ofm U.S. government corporations and agencies	$130	($1)	$18	($
Obligations of states and political subdivisions	6,882	(272)	-	
Corporate debt securities	1,000	(81)	-	
Total securities available-for-sale	$8,012	($354)	$18	($

Obligations of U.S. government corporations and agencies: Unrealized losses on investments in obligations of U.S. government corporations and agencies are caused by interest rate increases. The contractual cash flows of these securities are guaranteed by U.S. Government Sponsored Entities (principally Fannie Mae and Freddie Mac). It is expected that the securities would not be settled at a price less than the amortized cost of the investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. At June 30, 2009, no debt securities representing obligations of U.S. government corporations and agencies had unrealized losses.

Obligations of states and political subdivisions: The unrealized losses on investments in obligations of states and political subdivisions were caused by increases in required yields by investors in these types of securities. It is expected that the securities would not be settled at a price less than the amortized cost of the investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. At June 30, 2009, 11 debt securities representing obligations of states and political subdivisions had unrealized losses with aggregate depreciation of 5.4% from the Company's amortized cost basis.

Obligations of corporation debt securities: The unrealized losses on investments in corporate debt securities were caused by increases in required yields by investors in these types of securities. It is expected that the securities would not be settled at a price less than the amortized cost of the investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. At June 30, 2009, 1 corporate debt security had an unrealized loss with aggregate depreciation of 46.9% from the Company's amortized cost basis.

Premiums and discounts are amortized or accreted over the life of the related investment security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned. Realized gains and losses for securities are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Unrealized losses due to fluctuations in fair value of securities held to maturity or available for sale are recognized through earnings when it is determined that an other than temporary decline in value has occurred.

Federal Home Loan Bank Stock
The Bank is a member of the Federal Home Loan Bank of San Francisco ("FHLB"), and as a condition of membership, it is required to purchase stock. The amount of FHLB stock required to be purchased is based on the borrowing capacity desired by the Bank. While technically equity securities, there is no market for the FHLB stock. Therefore, the shares are considered as restricted investment securities. Such investment is carried at cost.

Loans Held for Sale
Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors of current investor yield requirements. Net unrealized losses are recognized through a valuation allowance by charges to income. At June 30, 2009, June 30, 2008, and December 31, 2008, the Company's balance of loans held for sale was immaterial.

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Company. The carrying value of mortgage loans sold is reduced by the cost allocated to the associated mortgage servicing rights. Gains or losses on the sale of loans that are held for sale are recognized at the time of the sale and determined by the difference between net sale proceeds and the net book value of the loans less the estimated fair value of any retained mortgage servicing rights.

Loans

Loans are reported at the principal amount outstanding, net of unearned income and the allowance for loan losses. Loan origination and commitment fees and certain direct loan origination costs are deferred, and the net amount is amortized as an adjustment of the related loan's yield over the actual life of the loan. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Accrual of interest on loans is generally discontinued either when reasonable doubt exists as to the full, timely collection of interest or principal or when a loan becomes contractually past due by 90 days or more with respect to interest or principal. When loans are 90 days past due, but in management's judgment are well secured and in the process of collection, they may be classified as accrual. When a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of Management, the loans are estimated to be fully collectible as to both principal and interest. All impaired loans are classified as nonaccrual loans. At June 30, 2009, $8,632,000 of loans are classified as troubled debt restructured. The Company had obligations to lend $1,663,000 of additional funds on the restructured loans as of June 30, 2009.

Reserve for Unfunded Commitments

The reserve for unfunded commitments is established through a provision for losses - unfunded commitments charged to noninterest expense. The reserve for unfunded commitments is an amount that Management believes will be adequate to absorb probable losses inherent in existing commitments, including unused portions of revolving lines of credits and other loans, standby letters of credits, and unused deposit account overdraft privilege. The reserve for unfunded commitments is based on evaluations of the collectibility, and prior loss experience of unfunded commitments. The evaluations take into consideration such factors as changes in the nature and size of the loan portfolio, overall loan portfolio quality, loan concentrations, specific problem loans and related unfunded commitments, and current economic conditions that may affect the borrower's or depositor's ability to pay.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans and deposit related overdrafts are charged against the allowance for loan losses when Management believes that the collectibility of the principal is unlikely or, with respect to consumer installment loans, according to an established delinquency schedule. The allowance is an amount that Management believes will be adequate to absorb probable losses inherent in existing loans and leases, based on evaluations of the collectibility, impairment and prior loss experience of loans and leases. The evaluations take into consideration such factors as changes in the nature and size of the portfolio, overall portfolio quality, loan concentrations, specific problem loans, and current economic conditions that may affect the borrower's ability to pay. The Company defines a loan as impaired when it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's original effective interest rate. As a practical expedient, impairment may be measured based on the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through a valuation allowance.

Credit risk is inherent in the business of lending. As a result, the Company maintains an allowance for loan losses to absorb losses inherent in the Company's loan portfolio. This is maintained through periodic charges to earnings. These charges are shown in the Consolidated Income Statements as provision for loan losses. All specifically identifiable and quantifiable losses are immediately charged off against the allowance. However, for a variety of reasons, not all losses are immediately known to the Company and, of those that are known, the full extent of the loss may not be quantifiable at that point in time. The balance of the Company's allowance for loan losses is meant to be an estimate of these unknown but probable losses inherent in the portfolio. For purposes of this discussion, "loans" shall include all loans and lease contracts that are part of the Company's portfolio.

The Company formally assesses the adequacy of the allowance on a quarterly basis. Determination of the adequacy is based on ongoing assessments of the probable risk in the outstanding loan portfolio, and to a lesser extent the Company's loan commitments. These assessments include the periodic re-grading of credits based on changes in their individual credit characteristics including delinquency, seasoning, recent financial performance of the borrower, economic factors, changes in the interest rate environment, growth of the portfolio as a whole or by segment, and other factors as warranted. Loans are initially graded when originated. They are re-graded as they are renewed, when there is a new loan to the same borrower, when identified facts demonstrate heightened risk of nonpayment, or if they become delinquent. Re-grading of larger problem loans occurs at least quarterly. Confirmation of the quality of the grading process is obtained by independent credit reviews conducted by consultants specifically hired for this purpose and by various bank regulatory agencies.

The Company's method for assessing the appropriateness of the allowance for loan losses includes specific allowances for identified problem loans and leases as determined by SFAS 114, formula allowance factors for pools of credits, and allowances for changing environmental factors (e.g., interest rates, growth, economic conditions, etc.). Allowance factors for loan pools are based on the previous 5 years historical loss experience by product type. Allowances for specific loans are based on SFAS 114 analysis of individual credits. Allowances for changing environmental factors are Management's best estimate of the probable impact these changes have had on the loan portfolio as a whole. This process is explained in detail in the notes to the Company's audited consolidated financial statements in its Annual Report on Form 10-K for the year ended December 31, 2008.

Based on the current conditions of the loan portfolio, Management believes that the allowance for loan losses ($33,624,000) and the reserve for unfunded commitments ($3,140,000), which collectively stand at $36,764,000 at June 30, 2009, are adequate to absorb probable losses inherent in the Company's loan portfolio. No assurance can be given, however, that adverse economic conditions or other circumstances will not result in increased losses in the portfolio.

The following tables summarize the activity in the allowance for loan losses, reserve for unfunded commitments, and allowance for losses (which is comprised of the allowance for loan losses and the reserve for unfunded commitments) for the periods indicated (dollars in thousands):

Allowance for loan losses:	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Balance at beginning of period	$32,774	$19,383	$27,590	$17,331
Provision for loan losses	7,850	8,800	15,650	12,900
Loans charged off:				
Real estate mortgage:				
Residential	(484)	(167)	(574)	(221)
Commercial	(103)	-	(145)	(19)
Consumer:				
Home equity lines	(2,163)	(789)	(3,468)	(948)
Home equity loans	(80)	(161)	(185)	(250)
Auto indirect	(628)	(623)	(1,293)	(1,172)
Other consumer	(203)	(277)	(518)	(579)
Commercial	(579)	(254)	(1,058)	(389)
Construction:				
Residential	(3,068)	(1,905)	(3,068)	(2,983)
Commercial	-	-	-	-
Total loans charged off	(7,308)	(4,176)	(10,309)	(6,561)
Recoveries of previously charged-off loans:				
Real estate mortgage:				
Residential	-	-	-	-
Commercial	16	14	31	28
Consumer:				
Home equity lines	7	-	9	-
Home equity loans	-	-	-	-
Auto indirect	124	69	260	191
Other consumer	155	181	351	374
Commercial	6	10	38	18
Construction:				
Residential	-	-	4	-
Commercial	-	-	-	-
Total recoveries of previously charged off loans	308	274	693	611
Net charge-offs	(7,000)	(3,902)	(9,616)	(5,950)
Balance at end of period	$33,624	$24,281	$33,624	$24,281
Reserve for unfunded commitments:				
Balance at beginning of period	$2,740	$2,915	$2,565	$2,090
Provision for losses - unfunded commitments	400	550	575	1,375
Balance at end of period	$3,140	$3,465	$3,140	$3,465
Balance at end of period:				
Allowance for loan losses			$33,624	$24,281
Reserve for unfunded commitments			3,140	3,465
Allowance for losses			$36,764	$27,746
As a percentage of total loans:				
Allowance for loan losses			2.17%	1.57%
Reserve for unfunded commitments			.20%	0.23%
Allowance for losses			2.37%	1.80%

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Mortgage Servicing Rights

Mortgage servicing rights (MSRs) represent the Company's right to a future stream of cash flows based upon the contractual servicing fee associated with servicing mortgage loans. Our MSRs arise from residential mortgage loans that we originate and sell, but retain the right to service the loans. For sales of residential mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on the fair values of the loan and the servicing right. The net gain from the retention of the servicing right is included in gain on sale of loans in noninterest income when the loan is sold. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. MSRs are included in other assets. Servicing fees are recorded in noninterest income when earned.

The determination of fair value of our MSRs requires management judgment because they are not actively traded. The determination of fair value for MSRs requires valuation processes which combine the use of discounted cash flow models and extensive analysis of current market data to arrive at an estimate of fair value. The cash flow and prepayment assumptions used in our discounted cash flow model are based on empirical data drawn from the historical performance of our MSRs, which we believe are consistent with assumptions used by market participants valuing similar MSRs, and from data obtained on the performance of similar MSRs. The key assumptions used in the valuation of MSRs include mortgage prepayment speeds and the discount rate. These variables can, and generally will, change from quarter to quarter as market conditions and projected interest rates change. The key risks inherent with MSRs are prepayment speed and changes in interest rates. The Company uses an independent third party to determine fair value of MSRs.

The following tables summarize the activity in, and the main assumptions we used to determine the fair value of mortgage servicing rights for the periods indicated (dollars in thousands):

	Six months ended June 30,	
	2009	2008
Mortgage servicing rights:		
Balance at beginning of period	$2,972	$4,088
Additions	825	412
Change in fair value	98	(172)
Balance at end of period	$3,895	$4,328
Servicing fees received	$546	$506
Balance of loans serviced at:		
Beginning of period	$431,195	$406,743
End of period	$468,360	$417,080
Weighted-average prepayment speed (CPR)	16.3%	10.7%
Discount rate	9.0%	10.0%

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

Premises and Equipment

Land is carried at cost. Buildings and equipment, including those acquired under capital lease, are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expenses are computed using the straight-line method over the estimated useful lives of the related assets or lease terms. Asset lives range from 3-10 years for furniture and equipment and 15-40 years for land improvements and buildings.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, management periodically performs valuations and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other noninterest expense.

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of net assets of businesses acquired. Goodwill and other intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually. Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

The Company has identifiable intangible assets consisting of core deposit premiums and minimum pension liability. Core deposit premiums are amortized using an accelerated method over a period of ten years. Intangible assets related to minimum pension liability are adjusted annually based upon actuarial estimates.

The following table summarizes the Company's goodwill intangible as of June 30, 2009 and December 31, 2008.

(Dollars in Thousands)	December 31, 2008	Additions	Reductions	June 30, 2009
Goodwill	$15,519	-	-	$15,519

The following table summarizes the Company's core deposit intangibles as of June 30, 2009 and December 31, 2008.

(Dollars in Thousands)	December 31, 2008	Additions	Reductions	June 30, 2009
Core deposit intangibles	$3,365	-	-	$3,365
Accumulated amortization	(2,712)	-	(199)	(2,911)

Core deposit intangibles, net	$653	-	($199)	$ 454

Core deposit intangibles are amortized over their expected useful lives. Such lives are periodically reassessed to determine if any amortization period adjustments are indicated. The following table summarizes the Company's estimated core deposit intangible amortization for each of the five succeeding years:

Years Ended	Estimated Core Deposit Intangible Amortization (Dollars in thousands)
2009	$328
2010	$260
2011	$65
Thereafter	-

Impairment of Long-Lived Assets and Goodwill
Long-lived assets, such as premises and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

On December 31 of each year, goodwill is tested for impairment, and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Currently, and historically, the Company is comprised of only one reporting unit that operates within the business segment it has identified as "community banking".

Income Taxes
The Company's accounting for income taxes is based on an asset and liability approach. The Company recognizes the amount of taxes payable or refundable for the current year, and deferred tax assets and liabilities for the future tax consequences that have been recognized in its financial statements or tax returns. The measurement of tax assets and liabilities is based on the provisions of enacted tax laws.

Stock-Based Compensation
The following table shows the number, weighted-average exercise price, intrinsic value, weighted average remaining contractual life, average remaining vesting period, and remaining compensation cost to be recognized over the remaining vesting period of options exercisable, options not yet exercisable, and total options outstanding as of June 30, 2009:

(dollars in thousands except exercise price)	Currently Exercisable	Currently Not Exercisable	Total Outstanding
Number of options	1,176,438	195,150	1,371,588
Weighted average exercise price	$13.80	$20.16	$14.70
Intrinsic value	$4,042	$61	$4,103
Weighted average remaining contractual term (yrs.)	2.15	3.21	3.01

The options for 195,150 shares that are not currently exercisable as of June 30, 2009 are expected to vest, on a weighted-average basis, over the next 3.21 years, and the Company is expected to recognize $1,400,000 of compensation costs related to these options as they vest.

Earnings Per Share
Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustments to income that would result from assumed issuance. Potential common shares that may be issued by the Company relate solely from outstanding stock options, and are determined using the treasury stock method.

Earnings per share have been computed based on the following:

	Three months ended June 30,		Six months ended Ju	
(in thousands)	2009	2008	2009	200
Net income	$2,512	$2,274	$5,394	$6,32
Average number of common shares outstanding	15,783	15,745	15,779	15,79
Effect of dilutive stock options	214	208	229	22
Average number of common shares outstanding used to calculate diluted earnings per share	15,997	15,953	16,008	16,01

There were 553,000 and 658,000 options excluded from the computation of diluted earnings per share for the three month periods ended June 30, 2009 and 2008, respectively, because the effect of these options was antidilutive.

There were 553,000 and 541,000 options excluded from the computation of diluted earnings per share for the six month periods ended June 30, 2009 and 2008, respectively, because the effect of these options was antidilutive.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

The components of other comprehensive income (loss) and related tax effects are as follows:

(in thousands)	Three months ended June 30, 2009	2008	Six Months Ended Jun 2009	20
Unrealized holding losses on available-for-sale securities	($1,988)	($5,185)	$460	($2,
Tax effect	836	2,180	194	1,
Unrealized holding losses on available-for-sale securities, net of tax	($1,152)	($3,005)	$266	($1,

The components of accumulated other comprehensive income (loss), included in shareholders' equity, are as follows:

	June 30, 2009	December 31, 2008
	(in thousands)	
Net unrealized gains on available-for-sale securities	$6,590	$6,131
Tax effect	(2,771)	(2,578)
Unrealized holding gains on available-for-sale securities, net of tax	3,819	3,553
Minimum pension liability	(2,677)	(2,677)
Tax effect	1,126	1,126
Minimum pension liability, net of tax	(1,551)	(1,551)
Joint beneficiary agreement liability	94	94
Tax effect	(40)	(40)
Joint beneficiary agreement liability, net of tax	54	54
Accumulated other comprehensive income	$2,322	$2,056

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Retirement Plans

The Company has supplemental retirement plans for current and former directors and key executives. These plans are non-qualified defined benefit plans and are unsecured and unfunded. The Company has purchased insurance on the lives of the participants and intends (but is not required) to use the cash values of these policies to pay the retirement obligations. The following table sets forth the net periodic benefit cost recognized for the plans:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2009	2008	2009	2008
Net pension cost included the following components:				
Service cost-benefits earned during the period	$99	$139	$198	$278
Interest cost on projected benefit obligation	174	166	348	332
Amortization of net obligation at transition	-	-	-	-
Amortization of prior service cost	38	45	76	90
Recognized net actuarial loss	25	37	50	74
Net periodic pension cost	$336	$387	$672	$774

During the six months ended June 30, 2009 and 2008, the Company contributed and paid out as benefits $388,000 and $314,000, respectively, to participants under the plans. For the year ending December 31, 2009, the Company currently expects to contribute and pay out as benefits $730,000 to participants under the plans.

Fair Value Measurement

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available-for-sale and mortgage servicing rights are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or impairment write-downs of individual assets.

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, municipal bonds and corporate debt securities. Securities classified as Level 3 include asset-backed securities in less liquid markets.

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The Company does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered impaired and an allowance for loan losses is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment in accordance with SFAS 114, Accounting by Creditors for Impairment of a Loan (SFAS 114). The fair value of impaired loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. At June 30, 2009, substantially all of the total impaired loans were evaluated based on the fair value of the collateral. In accordance with SFAS 157, impaired loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value which uses substantially observable data, the Company records the impaired loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value, or the appraised value contains a significant assumption, and there is no observable market price, the Company records the impaired loan as nonrecurring Level 3.

Mortgage servicing rights are carried at fair value. A valuation model, which utilizes a discounted cash flow analysis using a discount rate and prepayment speed assumptions is used in the completion of the fair value measurement. While the prepayment speed assumption is currently quoted for comparable instruments, the discount rate assumption currently requires a significant degree of management judgment. As such, the Company classifies mortgage servicing rights subjected to recurring fair value adjustments as Level 3.

Goodwill and identified intangible assets are subject to impairment testing. A projected cash flow valuation method is used in the completion of impairment testing. This valuation method requires a significant degree of management judgment as there are unobservable inputs for these assets. In the event the projected undiscounted net operating cash flows are less than the carrying value, the asset is recorded at fair value as determined by the valuation model. As such, the Company classifies goodwill and other intangible assets subjected to nonrecurring fair value adjustments as Level 3.

The table below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis (in thousands):

Fair value at June 30, 2009	Total	Level 1	Level 2	Level 3
Securities available-for-sale	$252,104	-	$252,104	-
Mortgage servicing rights	3,895	-	-	$3,895

Total assets measured at fair value	$255,999	-	$252,104	$3,895

The table below presents the recorded amount of assets and liabilities measured at fair value on a nonrecurring basis (in thousands):

Fair value at June 30, 2009	Total	Level 1	Level 2	Level 3
Impaired loans	$40,094	-	-	$40,094
Total assets measured at fair value	$40,094	-	-	$40,094

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value. Cash and due from banks, fed funds purchased and sold, accrued interest receivable and payable, and short-term borrowings are considered short-term instruments. For these short-term instruments their carrying amount approximates their fair value.

Securities
For all securities, fair values are based on quoted market prices or dealer quotes.

Loans
The fair value of variable rate loans is the current carrying value. The interest rates on these loans are regularly adjusted to market rates. The fair value of other types of fixed rate loans is estimated by discounting the future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings for the same remaining maturities. The allowance for loan losses is a reasonable estimate of the valuation allowance needed to adjust computed fair values for credit quality of certain loans in the portfolio.

Cash Value of Life Insurance
The fair values of insurance policies owned are based on the insurance contract's cash surrender value.

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Deposit Liabilities and Long-Term Debt
The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. These values do not consider the estimated fair value of the Company's core deposit intangible, which is a significant unrecognized asset of the Company. The fair value of time deposits and debt is based on the discounted value of contractual cash flows.

Securities Sold under Agreements to Repurchase and Federal Funds Purchased or Sold For short-term instruments, including securities sold under agreements to repurchase and federal funds purchased or sold, the carrying amount is a reasonable estimate of fair value.

Other Borrowings
The fair value of other borrowings is calculated based on the discounted value of the contractual cash flows using current rates at which such borrowings can currently be obtained.

Junior Subordinated Debentures
The fair value of junior subordinated debentures is estimated using a discounted cash flow model. The future cash flows of these instruments are extended to the next available redemption date or maturity date as appropriate based upon the

spreads of recent issuances or quotes from brokers for comparable bank holding companies compared to the contractual spread of each junior subordinated debenture measured at fair value.

Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit worthiness of the counter parties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligation with the counter parties at the reporting date.

Fair values for financial instruments are management's estimates of the values at which the instruments could be exchanged in a transaction between willing parties. These estimates are subjective and may vary significantly from amounts that would be realized in actual transactions. In addition, other significant assets are not considered financial assets including, any mortgage banking operations, deferred tax assets, and premises and equipment. Further, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on the fair value estimates and have not been considered in any of these estimates. The estimated fair values of the Company's financial instruments are as follows:

	June 30, 2009		December 31,
(in thousands)	Carrying Amount	Fair Value	Carrying Amount
Financial assets:			
Cash and due from banks	$55,071	$55,071	$64,375
Cash at Federal Reserve and other banks	127,852	127,852	21,980
Securities available-for-sale	252,104	252,104	266,561
Federal Home Loan Bank stock, at cost	9,274	9,274	9,235
Loans, net	1,518,611	1,551,729	1,563,259
Cash value of life insurance	47,365	47,365	46,815
Accrued interest receivable	7,575	7,575	7,935
Financial liabilities:			
Deposits	1,737,385	1,696,777	1,669,270
Accrued interest payable	5,094	5,094	6,146
Federal funds purchased	-	-	-
Other borrowings	73,898	78,685	102,005
Junior subordinated debt	41,238	17,097	41,238
Off-balance sheet:	Contract Amount	Fair Value	Contract Amount
Commitments	$614,022	$6,140	$637,940
Standby letters of credit	7,424	74	5,425
Overdraft privilege commitments	37,825	378	35,883

Subsequent Events

The Company has evaluated events subsequent to the balance sheet through August

7, 2009, the date the financial statements were issued, and has determined that there were no recognized or non-recognized subsequent events that require recognition or disclosure in these financial statements.

Recent Accounting Pronouncements

In February 2008, the FASB issued Financial Accounting Standards Board Staff Position FAS SFAS157-2 (FSP 157-2), Effective Date of FASB Statement No. 157. FSP SFAS 157-2 delayed the Company's January 1, 2008, effective date of FAS 157 for all nonfinancial assets and nonfinancial liabilities, except those recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until January 1, 2009. Implementation of this standard did not have a material effect on the Company's financial statements.

In March 2008, the FASB issued FASB Statement of Financial Accounting Standards No. 161, Disclosures About Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133 (SFAS 161). SFAS 161 amends SFAS 133, Accounting for Derivative Instruments and Hedging Activities, to amend and expand the disclosure requirements of SFAS 133 to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under SFAS 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. SFAS 161 is effective for the Company on January 1, 2009 and did not have a significant impact on the Company's financial statements.

In May 2008, the FASB issued FASB Statement of Financial Accounting Standards No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). The hierarchical guidance provided by SFAS 162 did not have a significant impact on the Company's financial statements.

In April 2009, the FASB issued Financial Accounting Standards Board Staff Position FAS SFAS 157-4 (FSP SFAS 157-4), Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. FSP SFAS 157-4 affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active. FSP SFAS 157-4 requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. FSP SFAS 157-4 also amended SFAS 157, Fair Value Measurements, to expand certain disclosure requirements. The Company adopted the provisions of FSP SFAS 157-4 during the first quarter of 2009. Adoption of FSP SFAS 157-4 did not significantly impact the Company's financial statements.

In April 2009, the FASB issued Financial Accounting Standards Board Staff Position FAS SFAS 115-2 and SFAS 124-2 (FSP SFAS 115-2 and SFAS 124-2), Recognition and Presentation of Other-Than-Temporary Impairments. FSP SFAS 115-2 and SFAS 124-2 (i) changes existing guidance for determining whether an impairment is other than temporary to debt securities and (ii) replaces the existing requirement that the entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert: (a) it does not have the intent to sell the security; and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. Under FSP SFAS 115-2 and SFAS 124-2, declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. The Company adopted the provisions of FSP SFAS 115-2 and SFAS 124-2 during the first quarter of 2009. Adoption of FSP SFAS 115-2 and SFAS 124-2 did not significantly impact the Company's financial statements.

In April 2009, the FASB issued Financial Accounting Standards Board Staff Position FAS SFAS 107-1 and APB 28-1 (FSP SFAS 107-1 and APB 28-1), Interim Disclosures about Fair Value of Financial Instruments. FSP SFAS 107-1 and APB 28-1 amends SFAS 107, Disclosures about Fair Value of Financial Instruments, to require an entity to provide disclosures about fair value of financial instruments in interim financial information and amends Accounting Principles Board (APB) Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. Under FSP SFAS 107-1 and APB 28-1, a publicly traded company shall include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. In addition, entities must disclose, in the body or in the accompanying notes of its summarized financial information for interim reporting periods and in its financial statements for annual reporting periods, the fair value of all financial instruments for which it is practicable to estimate that value, whether recognized or not recognized in the statement of financial position, as required by SFAS 107. The new interim disclosures required by FSP SFAS 107-1 and APB 28-1 are included in the Company's interim financial statements beginning with the second quarter of 2009.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, Subsequent Events (SFAS 165). SFAS 165 is effective with interim or annual financial periods ending after June 15, 2009. The objective of SFAS 165 is to establish general standards for the accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, SFAS 165 sets forth (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

TRICO BANCSHARES
Financial Summary
(In thousands, except per share amounts; unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008

Net Interest Income (FTE)	$23,288	$23,029	$46,439	$44,575
Provision for loan losses	(7,850)	(8,800)	(15,650)	(12,900)
Noninterest income	7,996	7,280	14,611	14,130
Noninterest expense	(19,344)	(17,844)	(36,545)	(35,417)
Provision for income taxes (FTE)	(1,578)	(1,391)	(3,461)	(4,066)
Net income	$2,512	$2,274	$5,394	$6,322
Earnings per share:				
Basic	$0.16	$0.14	$0.34	$0.40
Diluted	$0.16	$0.14	$0.34	$0.39
Per share:				
Dividends paid	$0.13	$0.13	$0.26	$0.26
Book value at period end	$12.67	$11.86		
Tangible book value at period end	$11.66	$10.81		
Average common shares outstanding	15,783	15,745	15,779	15,793
Average diluted shares outstanding	15,997	15,953	16,008	16,018
Shares outstanding at period end	15,783	15,745		
At period end:				
Loans, net	$1,518,611	$1,519,043		
Total assets	2,087,841	1,980,490		
Total deposits	1,737,385	1,511,053		
Other borrowings	73,898	85,048		
Junior subordinated debt	41,238	41,238		
Shareholders' equity	$199,979	$186,686		
Financial Ratios:				
During the period (annualized):				
Return on assets	0.48%	0.46%	0.52%	0.64%
Return on equity	4.94%	4.74%	5.32%	6.56%
Net interest margin(1)	4.82%	5.06%	4.86%	4.90%
Net loan charge-offs to average loans	1.80%	1.01%	1.23%	0.77%
Efficiency ratio(1)	61.83%	58.87%	59.86%	60.33%
At Period End:				
Equity to assets	9.58%	9.43%		
Total capital to risk-adjusted assets	12.87%	12.26%		
Allowance for losses to loans(2)	2.37%	1.80%		

(1) Fully taxable equivalent (FTE).
(2) Allowance for losses includes allowance for loan losses and reserve for unfunded commitments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As TriCo Bancshares (the "Company") has not commenced any business operations independent of Tri Counties Bank (the "Bank"), the following discussion pertains primarily to the Bank. Average balances, including such balances used in calculating certain financial ratios, are generally comprised of average daily balances for the Company. Within Management's Discussion and Analysis of Financial Condition and Results of Operations, interest income and net interest income are generally presented on a fully tax-equivalent (FTE) basis. The presentation of interest income and net interest income on a FTE basis is a common practice within the banking industry. Interest income and net interest income are shown on a non-FTE basis in the Part I - Financial Information section of this Form 10-Q, and a reconciliation of the FTE and non-FTE presentations is provided below in the discussion of net interest income.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to the adequacy of the allowance for loan losses, intangible assets, and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. (See caption "Allowance for Loan Losses" for a more detailed discussion).

Results of Operations

The following discussion and analysis is designed to provide a better understanding of the significant changes and trends related to the Company and the Bank's financial condition, operating results, asset and liability management, liquidity and capital resources and should be read in conjunction with the Condensed Consolidated Financial Statements of the Company and the Notes thereto located at Item 1 of this report.

Following is a summary of the components of fully taxable equivalent ("FTE") net income for the periods indicated (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Net Interest Income (FTE)	$23,288	$23,029	$46,439	$44,575
Provision for loan losses	(7,850)	(8,800)	(15,650)	(12,900)
Noninterest income	7,996	7,280	14,611	14,130
Noninterest expense	(19,344)	(17,844)	(36,545)	(35,417)
Provision for income taxes (FTE)	(1,578)	(1,391)	(3,461)	(4,066)
Net income	$2,512	$2,274	$5,394	$6,322

The Company had quarterly earnings of $2,512,000, or $0.16 per diluted share, for the three months ended June 30, 2009. This represents an increase of $238,000 (10.5%) when compared with earnings of $2,274,000 for the quarter ended June 30, 2008. Diluted earnings per share for the quarter ended June 30, 2009 increased 14.3% to $0.16 compared to $0.14 for the quarter ended June 30, 2008.

The Company reported earnings of $5,394,000, or $0.34 per diluted share, for the six months ended June 30, 2009. These results represent a decrease of $928,000 (14.7%) when compared with earnings of $6,322,000 for the six months ended June 30, 2008. Diluted earnings per share for the six months ended June 30, 2009 decreased 12.8% to $0.34 compared to $0.39 for the six months ended June 30, 2008.

Net Interest Income
The Company's primary source of revenue is net interest income, or the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Following is a summary of the components of net interest income for the periods indicated (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Interest income	$28,432	$30,332	$57,314	$61,462
Interest expense	(5,286)	(7,471)	(11,170)	(17,236)
FTE adjustment	142	168	295	349
Net interest income (FTE)	$23,288	$23,029	$46,439	$44,575
Average interest-earning assets	$1,933,633	$1,819,222	$1,910,377	$1,818,217
Net interest margin (FTE)	4.82%	5.06%	4.86%	4.90%

Net interest income (FTE) during the second quarter of 2009 increased $259,000 (1.1%) from the same period in 2008 to $23,288,000. The increase in net interest income (FTE) was due to an $114,411,000 (6.3%) increase in average balances of interest-earning assets to $1,933,633,000 that was partially offset by a 0.24% decrease in net interest margin (FTE) to 4.82% from the quarter ended June 30, 2008.

Net interest income (FTE) during the first six months of 2009 increased $1,864,000 (4.2%) from the same period in 2008 to $46,439,000. The increase in net interest income (FTE) was due to a $92,160,000 (5.1%) increase in average balances of interest-earning assets to $1,910,377,000 that was partially offset by a 0.04% decrease in net interest margin (FTE) to 4.86% from 4.90% from the six month period ended June 30, 2008.

Interest and Fee Income
Interest and fee income (FTE) for the second quarter of 2009 decreased $1,926,000 (6.3%) from the second quarter of 2008. The decrease was due to a 0.80% decrease in the yield on average interest-earning assets to 5.91% that was partially offset by a $114,411,000 (6.3%) increase in average interest-earning assets to $1,933,633,000. The growth in average interest-earning assets was mainly due to a $109,805,000 increase in average balance of interest-earning cash at the Federal Reserve and other banks. The decrease in the yield on average interest-earning assets was mainly due to a 0.51% decrease in yield on loans to 6.48% and the large increase in interest-bearing cash balances that earned only 0.20% during the quarter.

Interest and fee income (FTE) for the six months ended June 30, 2009 decreased $4,202,000 (6.8%) from the same period of 2008. The decrease was due to a 0.77% decrease in the yield on average interest-earning assets to 6.03% that was partially offset by a $92,160,000 (5.1%) increase in average interest-earning assets to $1,910,377,000. The growth in interest-earning assets was primarily due to a $20,257,000 (1.3%) increase in average loan balances to $1,561,064,000, and a $77,592,000 increase in average balance of interest-earning cash at the Federal Reserve and other banks. The decrease in the yield on average interest-earning assets was mainly due to a 0.61% decrease in yield on loans to 6.50% and the large increase in interest-bearing cash balances that earned only 0.20% during the six months ended June 30, 2009. The decrease in loan yields from the six months ended June 30, 2009 was mainly due to a 4.00% decrease in the prime lending rate from 7.25% at December 31, 2007 to 3.25% at June 30, 2009.

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Interest Expense

Interest expense decreased $2,185,000 (29.2%) to $5,286,000 in the second quarter of 2009 compared to the second quarter of 2008. The average balance of interest-bearing liabilities increased $72,837,000 (5.1%) to $1,489,202,000 in the second quarter of 2009 compared to the second quarter of 2008. The increase in the average balance of interest-bearing liabilities was due primarily to increased deposits of $214,226,000 (18.5%) offset by a decrease of $141,389,000 in the average balances of Federal funds purchased and other borrowings, respectively, from the second quarter of 2008. The average rate paid on interest-bearing liabilities in the quarter ended June 30, 2009 decreased 0.69% to 1.42% compared to the quarter ended June 30, 2008 as a result of lower market rates for almost all types of interest-bearing liabilities.

Interest expense decreased $6,066,000 (35.2%) to $11,170,000 for the six months ended June 30, 2009 compared to $17,236,000 for the six months ended June 30, 2008. The average balance of interest-bearing liabilities increased $53,730,000 (3.8%) to $1,465,509,000 for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. The increase in the average balance of interest-bearing liabilities was due primarily to increased deposits of $189,529,000 (16.4%) offset by a decrease of $135,799,000 in the average balances of Federal funds purchased and other borrowings from the six months ended June 30, 2008. The average rate paid on interest-bearing liabilities in the six month period ended June 30, 2009 decreased 0.92% to 1.52% compared to the six months ended June 30, 2008 as a result of lower market rates for almost all types of interest-bearing liabilities.

Net Interest Margin (FTE)

The following table summarizes the components of the Company's net interest margin for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Yield on interest-earning assets	5.91%	6.71%	6.03%	6.80%
Rate paid on interest-bearing Liabilities	1.42%	2.11%	1.52%	2.44%
Net interest spread	4.49%	4.60%	4.51%	4.36%
Impact of all other net noninterest-bearing funds	0.33%	0.46%	0.35%	0.54%
Net interest margin	4.82%	5.06%	4.86%	4.90%

Net interest margin for the three months ended June 30, 2009 decreased 0.24% compared to the three months ended June 30, 2008. This decrease in net interest margin was mainly due to a 0.13% decrease in the impact of net noninterest-bearing funds to 0.33% and a decrease of 0.11% in net interest spread compared to the three months ended June 30, 2008. The average yield on interest-earning assets decreased 0.80% while the average rate paid on interest-bearing liabilities decreased 0.69% from the three months ended June 30, 2008.

Net interest margin for the six months ended June 30, 2009 decreased 0.04% compared to the six months ended June 30, 2008. This decrease in net interest margin was mainly due to a 0.19% decrease in the impact of net noninterest-bearing funds to 0.35% offset by an increase of 0.15% in net interest spread compared to the six months ended June 30, 2008. The average yield on interest-earning assets decreased 0.77% while the average rate paid on interest-bearing liabilities decreased 0.92% from the six months ended June 30, 2008.

Summary of Average Balances, Yields/Rates and Interest Differential The following table presents, for the periods indicated, information regarding the Company's consolidated average assets, liabilities and shareholders' equity, the amounts of interest income from average interest-earning assets and resulting yields, and the amount of interest expense paid on interest-bearing liabilities. Average loan balances include nonperforming loans. Interest income includes proceeds from loans on nonaccrual loans only to the extent cash payments have been received and applied to interest income. Yields on securities and certain loans have been adjusted upward to reflect the effect of income thereon exempt from federal income taxation at the current statutory tax rate (dollars in thousands).

	For the three months ended				
	June 30, 2009			June 30, 20	
	Average Balance	Interest Income/ Expense	Rates Earned Paid	Average Balance	Inter Incom Expen
Assets:					
Loans	$1,555,778	$25,218	6.48%	$1,546,257	$27,
Investment securities - taxable	245,489	2,896	4.72%	247,508	3,
Investment securities - nontaxable	22,407	405	7.23%	25,303	
Cash at Federal Reserve and other banks	109,959	55	0.20%	154	
Total interest-earning assets	1,933,633	28,574	5.91%	1,819,222	30,
Other assets	155,242			167,452	
Total assets	$2,088,875			$1,986,674	
Liabilities and shareholders' equity:					
Interest-bearing demand deposits	$283,777	$444	0.63%	$215,661	$
Savings deposits	425,759	759	0.71%	392,938	1,
Time deposits	664,863	3,575	2.15%	551,574	4,

Federal funds purchased	-	-	-	130,263	
Other borrowings	73,565	112	0.61%	84,691	
Junior subordinated debt	41,238	396	3.84%	41,238	
Total interest-bearing liabilities	1,489,202	5,286	1.42%	1,416,365	7,
Noninterest-bearing deposits	361,035			347,079	
Other liabilities	35,042			31,225	
Shareholders' equity	203,596			192,005	
Total liabilities and shareholders' equity	$2,088,875			$1,986,674	
Net interest spread(1)			4.49%		
Net interest income and interest margin(2)		$23,288	4.82%		$23,

(1) Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

(2) Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets.

	For the six months ended				
	June 30, 2009			June 30, 20	
	Average Balance	Interest Income/ Expense	Rates Earned Paid	Average Balance	Inter Incom Expen
Assets:					
Loans	$1,561,064	$50,731	6.50%	$1,540,807	$54,
Investment securities - taxable	248,960	5,979	4.80%	251,143	6,
Investment securities - nontaxable	22,508	822	7.31%	26,014	
Cash at Federal Reserve and other banks	77,845	77	0.20%	253	
Total interest-earning assets	1,910,377	57,609	6.03%	1,818,217	61,
Other assets	158,657			169,453	
Total assets	$2,069,034			$1,987,670	
Liabilities and shareholders' equity:					
Interest-bearing demand deposits	$270,957	$786	0.58%	$217,074	$
Savings deposits	417,254	1,652	0.79%	390,214	2,
Time deposits	660,103	7,542	2.29%	551,497	9,
Federal funds purchased	-	-	-	116,914	1,
Other borrowings	75,957	354	0.93%	94,842	1,
Junior subordinated debt	41,238	836	4.05%	41,238	1,
Total interest-bearing liabilities	1,465,509	11,170	1.52%	1,411,779	17,
Noninterest-bearing deposits	363,755			350,643	

Other liabilities	36,909			32,521	
Shareholders' equity	202,861			192,727	
Total liabilities and shareholders' equity	$2,069,034			$1,987,670	
Net interest spread(1)			4.51%		
Net interest income and interest margin(2)		$46,439	4.86%		$44,

(1) Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.
(2) Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets.

Summary of Changes in Interest Income and Expense due to Changes in Average Asset and Liability Balances and Yields Earned and Rates Paid

The following tables set forth a summary of the changes in interest income (FTE) and interest expense from changes in average asset and liability balances (volume) and changes in average interest rates for the periods indicated. Changes not solely attributable to volume or rates have been allocated in proportion to the respective volume and rate components (dollars in thousands).

	Three months ended June 30, 2009 compared with three months ended June 30, 2008		
	Volume	Rate	Total
Increase (decrease) in interest income:			
Loans	$166	$(1,963)	$(1,797)
Investment securities	(63)	(120)	(183)
Cash at Federal Reserve and other banks	469	(415)	54
Total interest-earning assets	572	(2,498)	(1,926)
Increase (decrease) in interest expense:			
Interest-bearing demand deposits	43	267	310
Savings deposits	98	(511)	(413)
Time deposits	892	(1,661)	(769)
Federal funds purchased	(711)	-	(711)
Other borrowings	(69)	(343)	(412)
Junior subordinated debt	-	(190)	(190)
Total interest-bearing liabilities	254	(2,439)	(2,185)
Increase in Net Interest Income	$318	$(59)	$259

	Six months ended June 30, 2009 compared with six months ended June 30, 2008		
	Volume	Rate	Total

Increase (decrease) in interest income:			
Loans	$720	$(4,730)	$(4,010)
Investment securities	(145)	(121)	(266)
Cash at Federal Reserve and other banks	919	(845)	74
Total interest-earning assets	1,494	(5,696)	(4,202)
Increase (decrease) in interest expense:			
Interest-bearing demand deposits	54	511	565
Savings deposits	185	(1,207)	(1,022)
Time deposits	1,955	(4,345)	(2,390)
Federal funds purchased	(1,523)	-	(1,523)
Other borrowings	(316)	(917)	(1,233)
Junior subordinated debt	-	(463)	(463)
Total interest-bearing liabilities	352	(6,418)	(6,066)
Increase in Net Interest Income	$1,142	$722	$1,864

Provision for Loan Losses

The Company provided $7,850,000 for loan losses in the second quarter of 2009 versus $8,800,000 in the second quarter of 2008. In the second quarter of 2009, the Company recorded $7,000,000 of net loan charge-offs versus $3,902,000 of net loan charge-offs in the second quarter of 2008. In addition, net charge-offs of $2,236,000 on home equity lines and loans and $504,000 on auto indirect loans were taken during the second quarter of 2009. During the second quarter of 2009, the Company also increased its allowance for loan losses by $850,000 from the first quarter of 2009 with such additional reserves allocated primarily to consumer loans, residential real estate and construction lending.

The Company provided $15,650,000 for loan losses during the six months ended June 30, 2009 versus $12,900,000 during the six months ended June 30, 2008. In the six months ended June 30, 2009, the Company recorded $9,616,000 of net loan charge-offs versus $5,950,000 of net loan charge-offs in the six months ended June 30, 2008. A total net of $3,644,000 in home equity lines and loans and $1,033,000 on auto indirect loans have been charged-off during the six months ended June 30, 2009. During the six months ended June 30, 2009, the Company increased its allowance for loan losses by $6,034,000 from December 31, 2008 with such additional reserves allocated primarily to consumer loans, residential real estate and construction lending.

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Noninterest Income

The following table summarizes the components of noninterest income for the periods indicated (dollars in thousands).

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Service charges on deposit accounts	$4,136	$3,963	$7,721	$7,801
ATM fees and interchange revenue	1,222	1,168	2,320	2,247

Other service fees	553	527	1,095	1,078
Change in value of mortgage servicing rights	271	168	98	(172)
Gain on sale of loans	948	316	1,589	574
Commissions on sale of nondeposit investment products	492	525	981	945
Increase in cash value of life insurance	270	360	550	720
Gain from VISA IPO	-	-	-	396
Other noninterest income	104	253	257	541
Total noninterest income	$7,996	$7,280	$14,611	$14,130

Noninterest income for the second quarter of 2009 increased $716,000 (9.8%) from the second quarter of 2008, mainly due to a $632,000 (200%) increase in gain on sale of loans to $948,000. Also contributing to the increase in noninterest income was a $173,000 (4.4%) increase in service charges on deposit accounts to $4,136,000, and a $103,000 (61.3%) increase in the change in value of mortgage servicing rights to $271,000. These increases were offset a decrease of $90,000 (25.0%) in the cash value of life insurance to $270,000 and a decrease in other noninterest income of $149,000 (58.9%) to $104,000. The increases in service charges on deposit accounts and ATM fees and interchange revenue were primarily due to increased numbers of customers. The increase in gain on sale of loans is primarily due to increased refinancing activity during the quarter. The improvement in change in value of mortgage servicing rights is primarily due to a decrease in refinance activity at the end of the quarter which extends the estimated life of new mortgages and enhances the value of the related mortgage servicing rights.

Noninterest income for the six months ended June 30, 2009 increased $481,000 (3.4%) to $14,611,000 from the same period in 2008. The increase in noninterest income from the six months ended June 30, 2009 was mainly due to a $1,015,000 gain on sale of loans to $1,589,000 (177%), offset by a decrease of $170,000 in the cash value of life insurance to $550,000 (23.6%) and a decrease in the gain on VISA IPO of $396,000 (100%) to $0. The increase in gain on sale of loans is primarily due to increased refinancing activity in the low interest rate environment that existed for most of the six month period ended June 30, 2009.

Noninterest Expense

The following table summarizes the components of noninterest expense for the periods indicated (dollars in thousands).

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Base salaries, net of deferred loan origination costs	$6,568	$6,316	$13,144	$12,649
Incentive compensation	1,024	830	1,612	1,390
Benefits and other compensation costs	2,477	2,499	5,102	5,086

Total salaries and related benefits	10,069	9,645	19,858	19,125
Occupancy	1,269	1,228	2,504	2,416
Equipment	905	998	1,822	1,980
Telecommunications	433	630	765	1,227
Data processing and software	686	596	1,304	1,211
Provisions for losses - unfunded commitments	400	550	575	1,375
ATM network charges	589	529	1,105	1,023
Professional fees	423	509	734	1,002
Advertising and marketing	514	434	912	753
Courier service	100	275	273	538
Postage	228	216	507	498
Intangible amortization	64	133	198	256
Operational losses	90	92	127	205
Provision for OREO losses	-	-	162	-
Assessments	1,288	83	1,590	165
Other	2,286	1,926	4,109	3,643
Total other noninterest expense	9,275	8,199	16,687	16,292
Total noninterest expense	$19,344	$17,844	$36,545	$35,417
Average full time equivalent staff	639	626	630	626
Noninterest expense to revenue (FTE)	61.83%	58.87%	59.86%	60.33%

Noninterest expense for the second quarter of 2009 increased $1,500,000 (8.4%) compared to the second quarter of 2008. Salaries and benefits expense increased $424,000 (4.4%) to $10,069,000 mainly due to annual salary increases, increased FTE and increased incentive compensation expense related to increased production of sold loans. Other noninterest expense increased $1,076,000 (13.1%) primarily due to a $1,205,000 (1452%) increase in assessments. The FDIC special assessment, which is due on September 30, 2009 and recorded in the quarter ended June 30, 2009, totaled $933,000. The remainder of the increase in assessments is due to increasing deposits and premium rates on FDIC insurance. The increase in assessments was partially offset by decreases in telecommunications of $197,000 (31.3%) to $433,000 and courier service of $175,000 (63.6%) to $100,000.

Noninterest expense for the six months ended June 30, 2009 increased $1,128,000 (3.2%) compared to the six months ended June 30, 2008. Salaries and benefits expense increased $733,000 (3.8%) to $19,858,000 mainly due to annual salary increases, increased FTE and increased incentive compensation expense related to increased production of sold loans. Other noninterest expense increased $395,000 (2.4%) primarily due to assessments increasing $1,425,000 (864%) to $1,590,000 offset by a decrease of $800,000 (58.2%) in provision for losses on unfunded commitments to $575,000 and a decrease in telecommunications by $462,000 (37.7%) to $765,000.

Provision for Income Tax

The effective tax rate for the three months ended June 30, 2009 was 36.4% and reflects an increase from 35.0% for the three months ended June 30, 2008. The effective tax rate for the six months ended June 30, 2009 was 37.0% and reflects no change from 37.0% for the six months ended June 30, 2008. The provision for income taxes for all periods presented is primarily attributable to the respective level of earnings and the incidence of allowable deductions, particularly from increase in cash value of life insurance, tax-exempt loans and state and municipal securities.

Classified Assets

The Company closely monitors the markets in which it conducts its lending operations and continues its strategy to control exposure to loans with high credit risk. Asset reviews are performed using grading standards and criteria similar to those employed by bank regulatory agencies. Assets receiving lesser grades fall under the "classified assets" category, which includes all nonperforming assets and potential problem loans, and receive an elevated level of attention regarding collection.

The following is a summary of classified assets on the dates indicated (dollars in thousands):

	At June 30, 2009			At December 31, 2008		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
Classified loans	$100,865	$4,884	$95,981	63,850	$5,379	$58,471
Other classified assets	2,622	-	2,622	1,185		1,185
Total classified assets	$103,487	$4,884	$98,603	$65,035	$5,379	$59,656
Allowance for loan losses/classified loans			35.0%			47.2%

Classified assets, net of guarantees of the U.S. Government, including its agencies and its government-sponsored agencies, increased $38,947,000 (65%) to $98,603,000 at June 30, 2009 from $59,656,000 at December 31, 2008.

Nonperforming Loans

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 and timely collection of additional interest or principal becomes uncertain, the loan is classified as doubtful by internal credit review or bank regulatory agencies, a portion of the principal balance has been charged off, or the Company takes possession of the collateral. Loans that are placed on nonaccrual even though the borrowers continue to repay the loans as scheduled are classified as "performing nonaccrual" and are included in total nonperforming loans. The reclassification of loans as nonaccrual does not necessarily reflect Management's judgment as to whether they are collectible.

Interest income is not accrued on loans where Management has determined that the borrowers will be unable to meet contractual principal and/or interest obligations, unless the loan is well secured and in the process of collection. When a loan is placed on nonaccrual, any previously accrued but unpaid interest is reversed. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of Management, the loans are estimated to be fully collectible as to both principal and interest.

Interest income on nonaccrual loans, which would have been recognized during the six months ended June 30, 2009 and 2008, if all such loans had been current in accordance with their original terms, totaled $2,186,000 and $952,000, respectively. Interest income actually recognized on these loans during the six months ended June 30, 2009 and 2008 was $605,000 and $415,000, respectively.

The Company's policy is to place loans 90 days or more past due on nonaccrual status. In some instances when a loan is 90 days past due Management does not place it on nonaccrual status because the loan is well secured and in the process of collection. A loan is considered to be in the process of collection if, based on a probable specific event, it is expected that the loan will be repaid or brought current. Generally, this collection period would not exceed 30 days. Loans where the collateral has been repossessed are classified as OREO or, if the collateral is personal property, the loan is classified as other assets on the Company's financial statements.

Management considers both the adequacy of the collateral and the other resources of the borrower in determining the steps to be taken to collect nonaccrual loans. Alternatives that are considered are foreclosure, collecting on guarantees, restructuring the loan or collection lawsuits.

As shown in the following table, total nonperforming assets net of guarantees of the U.S. Government, including its agencies and its government-sponsored agencies, increased $17,285,000 (60%) to $45,995,000 during the first six months of 2009. Nonperforming assets net of guarantees represent 2.20% of total assets. All nonaccrual loans are considered to be impaired when determining the need for a specific valuation allowance. The Company continues to make a concerted effort to work problem and potential problem loans to reduce risk of loss.

	At June 30, 2009			At December 31, 200		
	Gross	Guaranteed	Net	Gross	Guaranteed	N
(dollars in thousands):						
Performing nonaccrual loans	$24,886	$4,884	$19,982	$22,600	$5,102	$17,4
Nonperforming, nonaccrual loans	21,321	-	21,321	9,994	154	9,8
Total nonaccrual loans	46,187	4,884	41,303	32,594	5,256	27,3
Loans 90 days past due and still accruing	2,070	-	2,070	187	-	1
Total nonperforming loans	48,257	4,884	43,373	32,781	5,256	27,5
Other real estate owned	2,622	-	2,622	1,185	-	1,1
Total nonperforming assets	$50,879	$4,884	$45,995	$33,966	$5,256	$28,7
Nonperforming loans to total loans			2.79%			1.
Nonperforming assets to total assets			2.20%			1.
Allowance for loan losses/nonperforming loans			78%			1

Capital Resources

The current and projected capital position of the Company and the impact of capital plans and long-term strategies are reviewed regularly by Management.

The Company adopted and announced a stock repurchase plan on August 21, 2007 for the repurchase of up to 500,000 shares of the Company's common stock from time to time as market conditions allow. The 500,000 shares authorized for repurchase under this plan represented approximately 3.2% of the Company's approximately 15,815,000 common shares outstanding as of August 21, 2007. The Company did not repurchase any shares during the three months ended June 30, 2009. This plan has no stated expiration date for the repurchases. As of June 30, 2009, the Company had repurchased 166,600 shares under this plan, which left 333,400 shares available for repurchase under the plan.

The Company's primary capital resource is shareholders' equity, which was $199,979,000 at June 30, 2009. This amount represents an increase of $2,047,000 from December 31, 2008, the net result of comprehensive income for the period of $5,660,000, the effect of stock option vesting of $262,000, the exercise of stock options for $828,000 and the tax benefit from the exercise of stock options of $53,000 that were partially offset by the repurchase of common stock with value of $652,000, and dividends paid of $4,104,000. The Company's ratio of equity to total assets was 9.58%, 9.43% and 9.69% as of June 30, 2009, June 30, 2008, and December 31, 2008, respectively.

The following summarizes the ratios of capital to risk-adjusted assets for the periods indicated:

	At June 30,		At December 31,	Minimum Regulatory
	2009	2008	2008	Requirement
Tier I Capital	11.61%	11.01%	11.17%	4.00%
Total Capital	12.87%	12.26%	12.42%	8.00%
Leverage ratio	10.68%	10.80%	11.09%	4.00%

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Liquidity

The discussion of "Liquidity" under Item 3 of this report is incorporated herein by reference.

Off-Balance Sheet Items

The Bank has certain ongoing commitments under operating and capital leases. These commitments do not significantly impact operating results. As of June 30, 2009 commitments to extend credit and commitments related to the Bank's deposit overdraft privilege product were the Bank's only financial instruments with off-balance sheet risk. The Bank has not entered into any contracts for financial derivative instruments such as futures, swaps, options, etc. Commitments to extend credit were $621,446,000 and $643,365,000 at June 30, 2009 and December 31, 2008, respectively, and represent 40.0% of the total loans outstanding at June 30, 2009 and 40.4% at December 31, 2008. Commitments related to the Bank's deposit overdraft privilege product totaled $37,825,000 and $35,883,000 at June 30, 2009 and December 31, 2008, respectively.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Asset and Liability Management

The goal for managing the assets and liabilities of the Company is to maximize shareholder value and earnings while maintaining a high quality balance sheet without exposing the Company to undue interest rate risk. The Board of Directors has overall responsibility for the Company's interest rate risk management policies. The Company has an Asset and Liability Management Committee (ALCO) which establishes and monitors guidelines to control the sensitivity of earnings to changes in interest rates.

Activities involved in asset/liability management include but are not limited to lending, accepting and placing deposits, investing in securities and issuing debt. Interest rate risk is the primary market risk associated with asset/liability management. Sensitivity of earnings to interest rate changes arises when yields on assets change in a different time period or in a different amount from that of interest costs on liabilities. To mitigate interest rate risk, the structure of the balance sheet is managed with the goal that movements of interest rates on assets and liabilities are correlated and contribute to earnings even in periods of volatile interest rates. The asset/liability management policy sets limits on the acceptable amount of variance in net interest margin, net income and market value of equity under changing interest environments. Market value of equity is the net present value of estimated cash flows from the Company's assets, liabilities and off-balance sheet items. The Company uses simulation models to forecast net interest margin, net income and market value of equity.

Simulation of net interest margin, net income and market value of equity under various interest rate scenarios is the primary tool used to measure interest rate risk. Using computer-modeling techniques, the Company is able to estimate the potential impact of changing interest rates on net interest margin, net income and market value of equity. A balance sheet forecast is prepared using inputs of actual loan, securities and interest-bearing liability (i.e. deposits/borrowings) positions as the beginning base.

In the simulation of net interest margin and net income under various interest rate scenarios, the forecast balance sheet is processed against seven interest rate scenarios. These seven interest rate scenarios include a flat rate scenario, which assumes interest rates are unchanged in the future, and six additional rate ramp scenarios ranging from +300 to -300 basis points around the flat scenario in 100 basis point increments. These ramp scenarios assume that interest rates increase or decrease evenly (in a "ramp" fashion) over a twelve-month period and remain at the new levels beyond twelve months.

In the simulation of market value of equity under various interest rate scenarios, the forecast balance sheet is processed against seven interest rate scenarios. These seven interest rate scenarios include the flat rate scenario described above, and six additional rate shock scenarios ranging from +300 to -300 basis points around the flat scenario in 100 basis point increments. These rate shock scenarios assume that interest rates increase or decrease immediately (in a "shock" fashion) and remain at the new level in the future.

At June 30, 2009, the results of the simulations noted above indicate that given a "flat" balance sheet scenario, and if deposit rates track general interest rate changes by approximately 50%, the Company's balance sheet is slightly liability sensitive. "Liability sensitive" implies that earnings decrease when interest rates rise, and increase when interest rates decrease. The magnitude of all the simulation results noted above is within the Bank's policy guidelines. The asset liability management policy limits aggregate market risk, as measured in this fashion, to an acceptable level within the context of risk-return trade-offs.

The simulation results noted above do not incorporate any management actions, which might moderate the negative consequences of interest rate deviations. Therefore, they do not reflect likely actual results, but serve as conservative estimates of interest rate risk.

At June 30, 2009 and 2008, the Company had no material derivative financial instruments.

Liquidity

The Company's principal source of asset liquidity is cash at Federal Reserve and other banks and marketable investment securities available for sale. At June 30, 2009, cash at Federal Reserve and other banks and investment securities available for sale totaled $379,956,000, representing an increase of $91,415,000 (31.7%) from December 31, 2008, and an increase of $126,827,000 (50.1%) from June 30, 2008. In addition, the Company generates additional liquidity from its operating activities. The Company's profitability during the first six months of 2009 generated cash flows from operations of $19,150,000 compared to $15,611,000 during the first six months of 2008. Additional cash flows may be provided by financing activities, primarily the acceptance of deposits and borrowings from banks. Sales and maturities of investment securities produced cash inflows of $44,126,000 during the six months ended June 30, 2009 compared to $26,883,000 for the six months ended June 30, 2008. During the six months ended June 30, 2009, the Company invested $29,435,000 in securities and received $26,722,000 of net loan principal reductions, compared to $50,463,000 invested in securities and $1,667,000 of net loan principal reductions, respectively, during the first six months of 2008. These changes in investment and loan balances contributed to net cash provided by investing activities of $41,285,000 during the six months ended June 30, 2009, compared to net cash used in investing activities of $23,333,000 during the six months ended June 30, 2008. Financing activities provided net cash of $36,133,000 during the six months ended June 30, 2009, compared to net cash used in financing activities of $4,418,000 during the six months ended June 30, 2008. Deposit balance increases accounted for $68,115,000 of financing sources of funds during the six months ended June 30, 2009, compared to $34,170,000 of funds used by decreases in deposits during the six months ended June 30, 2008. A net decrease in short-term other borrowings accounted for $28,068,000 of financing uses of funds during the six months ended June 30, 2009, compared to $31,039,000 of funds used by a decrease in short-term other borrowings during the six months ended June 30, 2008. Dividends paid used $4,104,000 and $4,099,000 of cash during the six months ended June 30, 2009 and 2008, respectively. Federal funds did not use or provide cash during the six months ended June 30, 2009 as compared to an increase of Federal funds purchased providing $67,750,000 of cash during the six months ended June 30, 2008. Also, the Company's liquidity is dependent on dividends received from the Bank. Dividends from the Bank are subject to certain regulatory restrictions.

Item 4. Controls and Procedures

The Chief Executive Officer, Richard Smith, and the Chief Financial Officer, Thomas Reddish, evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of June 30, 2009 ("Evaluation Date"). Based on that evaluation, they each concluded that as of the Evaluation Date the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

No changes in the Company's internal control over financial reporting were identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15(e) under the Exchange Act during the second quarter of 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

Due to the nature of the banking business, the Bank is at times party to various legal actions; all such actions are of a routine nature and arise in the normal course of business of the Bank.

Item 1A - Risk Factors

There have been no material changes to the risk factors previously disclosed in Item 1A to Part I of our Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows information concerning the common stock repurchased by the Company during the second quarter of 2009 pursuant to the Company's stock repurchase plan adopted on August 21, 2007, which is discussed in more detail under "Capital Resources" in this report and is incorporated herein by reference:

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum num of shares t be purchase plans or pr
Apr. 1-30, 2008	-	-	-	333,400
May 1-31, 2008	-	-	-	333,400
Jun. 1-30, 2008	-	-	-	333,400
Total	-	-	-	333,400

Item 4 - Submission of Matters to a Vote of Security Holders

(a) The Company's Annual Meeting of Shareholders was held on May 19, 2009.
(b) and (c) The following twelve directors (the entire board of directors) were elected at the meeting:

	Votes For	Votes Against/Withheld	Abstentions
Donald J. Amaral	13,312,263	198,195	N/A
William J. Casey	13,252,335	258,268	N/A
L. Gage Chrysler III	13,297,154	213,645	N/A
Craig S. Compton	13,259,230	251,228	N/A
John S.A. Hasbrook	13,263,241	247,217	N/A
Michael W. Koehnen	13,260,553	249,905	N/A
Donald E. Murphy	13,302,407	208,110	N/A
Steve G. Nettleton	13,311,608	198,850	N/A
Richard P. Smith	13,313,219	197,239	N/A
Carroll R. Taresh	13,291,347	219,111	N/A
Alex A. Vereschagin, Jr.	13,257,718	252,740	N/A
W. Virginia Walker	13,300,482	209,976	N/A

The shareholders approved the TriCo Bancshares 2009 Equity Incentive Plan. 10,365,872 shares were voted for approval, 551,116 shares were voted against and 130,636 shares abstained.

The shareholders ratified the appointment of Moss Adams LLP as independent public accountants of the Company for 2009. 13,352,993 shares were voted for the ratification, 45,370 shares were voted against and 118,910 shares abstained.

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Item 6 - Exhibits

3.1* Restated Articles of Incorporation, filed as Exhibit 3.1 to TriCo's Form 8-K dated March 10, 2009.

3.2* Bylaws of TriCo Bancshares, as amended, filed as Exhibit 3.2 to TriCo's Form 8-K dated March 10, 2009.

10.1*Rights Agreement dated June 25, 2001, between TriCo and Mellon Investor Services LLC filed as Exhibit 1 to TriCo's Form 8-A dated July 25, 2001.

10.2*Form of Change of Control Agreement dated as of August 23, 2005, between TriCo, Tri Counties Bank and each of Dan Bailey, Bruce Belton, Craig Carney, Gary Coelho, Rick Miller, Richard O'Sullivan, Thomas Reddish, and Ray Rios filed as Exhibit 10.2 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

10.5*TriCo's 1995 Incentive Stock Option Plan filed as Exhibit 4.1 to TriCo's Form S-8 Registration Statement dated August 23, 1995 (No. 33-62063).

10.6*TriCo's 2001 Stock Option Plan, as amended, filed as Exhibit 10.7 to TriCo's QuarterlyReport on Form 10-Q for the quarter ended June 30, 2005.

10.7*TriCo's 2009 Equity Incentive plan, included as Appendix A to TriCo's definitive proxy statement filed on April 4, 2009.

10.8*Amended Employment Agreement between TriCo and Richard Smith dated as of August 23, 2005 filed as Exhibit 10.8 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

10.9*Tri Counties Bank Executive Deferred Compensation Plan restated April 1, 1992, and January 1, 2005 filed as Exhibit 10.9 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

10.10*Tri Counties Bank Deferred Compensation Plan for Directors effective January 1, 2005 filed as Exhibit 10.10 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

10.11*2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors effective January 1, 2005 filed as Exhibit 10.11 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

10.13*Tri Counties Bank Supplemental Retirement Plan for Directors dated September 1, 1987, as restated January 1, 2001, and amended and restated January 1, 2004 filed as Exhibit 10.12 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

10.14*2004 TriCo Bancshares Supplemental Retirement Plan for Directors effective January 1, 2004 filed as Exhibit 10.13 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

10.15*Tri Counties Bank Supplemental Executive Retirement Plan effective September 1, 1987, as amended and restated January 1, 2004 filed as Exhibit 10.14 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

10.16*2004 TriCo Bancshares Supplemental Executive Retirement Plan effective January 1, 2004 filed as Exhibit 10.15 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

10.17*Form of Joint Beneficiary Agreement effective March 31, 2003 between Tri Counties Bank and each of George Barstow, Dan Bay, Ron Bee, Craig Carney, Robert Elmore, Greg Gill, Richard Miller, Richard O'Sullivan, Thomas Reddish, Jerald Sax, and Richard Smith, filed as Exhibit 10.14 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

10.18*Form of Joint Beneficiary Agreement effective March 31, 2003 between Tri Counties Bank and each of Don Amaral, William Casey, Craig Compton, John Hasbrook, Michael Koehnen, Donald Murphy, Carroll Taresh, and Alex Vereschagin, filed as Exhibit 10.15 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

10.19*Form of Tri-Counties Bank Executive Long Term Care Agreement effective June 10, 2003 between Tri Counties Bank and each of Craig Carney, Richard Miller, Richard O'Sullivan, and Thomas Reddish, filed as Exhibit 10.16 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

10.20*Form of Tri-Counties Bank Director Long Term Care Agreement effective June 10, 2003 between Tri Counties Bank and each of Don Amaral, William Casey, Craig Compton, John Hasbrook, Michael Koehnen, Donald Murphy, Carroll Taresh, and Alex Vereschagin, filed as Exhibit 10.17 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

10.21*Form of Indemnification Agreement between TriCo Bancshares/Tri Counties Bank and each of the directors of TriCo Bancshares/Tri Counties Bank effective on the date that each director is first elected, filed as Exhibit 10.18 to TriCo'S Annual Report on Form 10-K for the year ended December 31, 2003.

10.22*Form of Indemnification Agreement between TriCo Bancshares/Tri Counties Bank and each of Dan Bailey, Craig Carney, W.R. Hagstrom, Rick Miller, Richard O'Sullivan, Thomas Reddish, Ray Rios, and Richard Smith filed as Exhibit 10.21 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

21.1 Tri Counties Bank, a California banking corporation, TriCo Capital Trust I, a Delaware business trust, and TriCo Capital Trust II, a Delaware business trust, are the only subsidiaries of Registrant

31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO

31.1 Rule 13a-14(a)/15d-14(a) Certification of CFO

32.1 Section 1350 Certification of CEO

32.2 Section 1350 Certification of CFO

* Previously filed and incorporated by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRICO BANCSHARES
(Registrant)

Date: August 7, 2009 By/s/Thomas J. Reddish

Thomas J. Reddish
Executive Vice President and Chief Financial Officer
(Duly authorized officer and Principal financial officer)

EXHIBITS

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification of CEO

I, Richard P. Smith, certify that;

1. I have reviewed this report on Form 10-Q of TriCo Bancshares;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data;

and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/Richard P. Smith

Richard P. Smith
President and Chief Executive Officer

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Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification of CFO

I, Thomas J. Reddish, certify that;

1. I have reviewed this report on Form 10-Q of TriCo Bancshares;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially

affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/Thomas J. Reddish

Thomas J. Reddish
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Section 1350 Certification of CEO

In connection with the Quarterly Report of TriCo Bancshares (the "Company") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard P. Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Richard P. Smith

Richard P. Smith
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to TriCo Bancshares and will be retained by TriCo Bancshares and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Section 1350 Certification of CFO

In connection with the Quarterly Report of TriCo Bancshares (the "Company") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and

Exchange Commission on the date hereof (the "Report"), I, Thomas J. Reddish, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Thomas J. Reddish

Thomas J. Reddish
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to TriCo Bancshares and will be retained by TriCo Bancshares and furnished to the Securities and Exchange Commission or its staff upon request.