



Our mission exists for only one purpose: improving the financial success and well-being of our shareholders, customers, and employees.

Tri Counties Bank purpose: improving the financial success and well-being of our shareholders, customers, and employees.

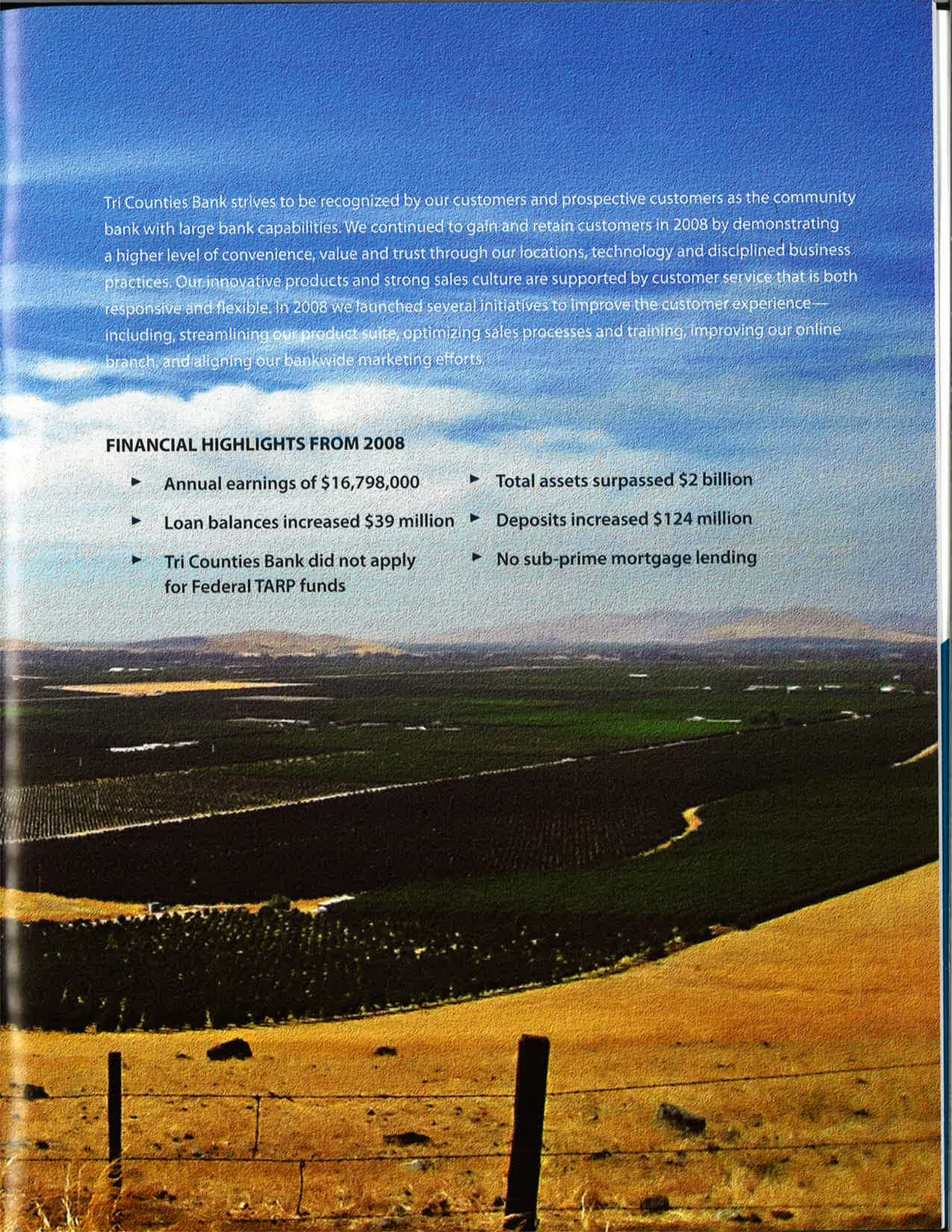
Economic Crisis
BILLIONS UP OR BILLIONS
A special report
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**“Discipline is the bridge
between goals and
accomplishment.”**

—Jim Rohn





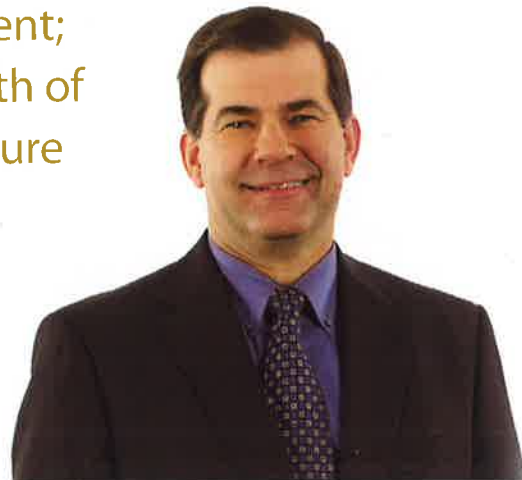
Tri Counties Bank strives to be recognized by our customers and prospective customers as the community bank with large bank capabilities. We continued to gain and retain customers in 2008 by demonstrating a higher level of convenience, value and trust through our locations, technology and disciplined business practices. Our innovative products and strong sales culture are supported by customer service that is both responsive and flexible. In 2008 we launched several initiatives to improve the customer experience—including, streamlining our product suite, optimizing sales processes and training, improving our online branch, and aligning our bankwide marketing efforts.

FINANCIAL HIGHLIGHTS FROM 2008

- ▶ Annual earnings of \$16,798,000
- ▶ Loan balances increased \$39 million
- ▶ Tri Counties Bank did not apply for Federal TARP funds
- ▶ Total assets surpassed \$2 billion
- ▶ Deposits increased \$124 million
- ▶ No sub-prime mortgage lending

SHAREHOLDER MESSAGE

“Our financial performance is not what we would expect from ourselves in an ordinary environment; at the same time, it does reflect the core strength of our banking franchise and the conservative nature of our banking philosophy.”



2008 was a landmark year for banks throughout the world. The events of the past year were so significant that they should be permanently encapsulated in this report as a placeholder and future reference for our shareholders. The combination of over-stimulus in monetary policy, loose lending practices on Wall Street, and a general belief by many investors that real estate values only appreciate, led to a financial fire storm that brought the U.S. economy to a virtual standstill by year-end. During the year, the federal government was so concerned about the stability of the United States banking system that it made capital injections available to help banks weather the storm. Under this so called Troubled Asset Relief Program (TARP), the U.S. Treasury offered to purchase preferred shares from banks for capital injections of up to 3% of the banks total assets.

Prior to this action by the federal government, banking was already facing many other challenges which had begun to materialize toward the end of 2007. During the last four months of 2007, the Federal Reserve began to lower the Fed funds rate as slower economic growth was apparent. As 2008 began, a rapidly slowing economy led to significant rate cuts by the Federal Reserve. At the same time, residential real estate values started falling. This led to a squeeze on profitability as bank net interest margins lowered and they began writing down loans to reflect much lower real estate market values. This cycle continued as strained net interest margins, slower loan growth and higher expenses due to increased loan charge-offs eroded confidence in the banking system. By late summer of 2008, the credit markets began to seize, forcing the Federal Reserve and U.S. Treasury to take aggressive actions. While credit markets have improved to some degree, confidence in the banking system remains tenuous and systemic risks are anticipated into 2009.

As if decreasing home values weren't enough, gas prices in the United States surged in the summer months to historically high levels. Food costs also increased due to higher transportation costs, higher production costs, and an increase in the demand for biofuels (ethanol programs). Consumer confidence fell sharply as a result of these negative events, which slowed consumer spending and led the United States into recession by year-end.

In our 2007 annual report, Tri Counties Bank used a theme of navigating through rough waters. While we felt strongly that challenging times lay ahead, we could not have predicted the events of the past year. We prepared for a strong storm, what we received was an economic tsunami. Our year-end financial results reflect our passage through this challenging operating environment. Our financial performance is not what we would expect from ourselves in an ordinary environment; at the same time, it does reflect the core strength of our banking franchise and the conservative nature of our banking philosophy.

Tri Counties Bank avoided common pitfalls that others suffered during the banking crisis of 2008. We did not originate any sub-prime mortgages. We did not invest in Freddie Mac or Fannie Mae preferred stock. We did not exceed the regulatory limits for high concentrations of real estate loans, and we did not apply for government assistance through the TARP program. Tri Counties Bank elected not to participate in the TARP program because we feel our diversified loan portfolio and already strongly capitalized banking institution has us well positioned to withstand the economic challenges ahead.

In addition to the continual decline in real estate market values, we have seen increases in unemployment, strained businesses



challenged by slower sales and higher operating expenses, and a surge in oil prices that has added additional strain on businesses' ability to cost-effectively deliver goods and services. As a result of these factors, we have significantly increased our provisions for loan losses, charged-off higher levels of loans than in previous years, reinforced our already strong capital levels, carefully managed our expenses, and generally prepared ourselves for even tougher times in 2009. These areas will remain our focus in the year ahead.

Tri Counties Bank did have many important accomplishments in 2008. We increased our already strong capital position. We improved our liquidity position, as bank deposits increased by \$124 million. We continued to make loans in our marketplace with ending loan balances reaching record levels. We maintained a strong net interest margin of 4.95% at year-end 2008; increased our loan loss reserves to 1.89% of total loans; controlled our overhead expenses, as 2008 total non-interest expenses were lower than 2007; and increased bank revenues in 2008 over 2007. We accomplished all of these things while earning a net income of \$16,798,000.

Other key accomplishments in 2008 included the opening of a new branch in Visalia, California. We completed a major upgrade to our computer systems which significantly improves our disaster recovery and system redundancies that safeguard customer information and bank data. We also introduced a key new deposit account, Perfect Choice Checking™, and an identity theft and fraud protection package called OnGuard™. These products played a key role in our \$124 million deposit growth in 2008.

Our success in 2008 was the result of 3 key factors: our customers are taking steps to protect themselves during this recessionary period; our employees know our customers and work hard to serve them; and our investors, both locally and institutionally, have shown patience and commitment to our strategic goals and objectives.

We will continue to provide a full suite of products and services to our customers. While there will be no easing of our traditionally strong credit standards, we will provide loans in our marketplace. We must continue to challenge our process of analysis and clearly communicate with our customers to maintain their trust, while helping them to appropriately meet their financial objectives. We will continue to provide our team members with the best training, measure our actions, and make certain that our business is focused upon success through safe, strong and sound practices. We will also measure our long-term success by our ability to reward our shareholders. It is important to note that one of the largest single shareholders of TriCo Bancshares is our employees through our Employee Stock Ownership Plan. Our entire banking team cares about the success of our bank and directly benefit from the stock performance of the company. Our efforts must continue toward rewarding all shareholders by building a lasting and profitable financial institution.

To help us serve our shareholders, this year we are adding another key member to our board of directors. Virginia Walker joins our board with over thirty years of experience in a wide range of industries, including software, biotechnology, and semiconductor manufacturing, having held senior positions internationally for Silicon Valley entrepreneurial ventures and global Fortune 500 companies. She served as chief financial officer in four public companies and as chief strategist and marketing officer of a major software services company. We believe that Ms. Walker will be a strong representative for our shareholders and provide management with sound advice and counsel into the future.

We thank all of our hard working team members, our customers, our communities and our shareholders for enduring—and succeeding—during one of the most challenging times in banking history. The partnership of these audiences continues to form the fabric of our success as we begin our 35th year in banking.

Thank you for your continued support and confidence.

Richard P. Smith
President and Chief Executive Officer

William J. Casey
Chairman of the Board

SELECTED FINANCIAL DATA

Data in thousands, except per share amounts

Financial Summary

Year ended December 31,	2008	2007	2006	2005	2004
Interest income	\$121,112	\$127,268	\$120,323	\$98,756	\$84,932
Interest expense	31,552	40,582	34,445	20,529	13,363
Net interest income	89,560	86,686	85,878	78,227	71,569
Provision for loan losses	20,950	3,032	1,289	2,169	2,901
Noninterest income	27,087	27,590	26,255	24,890	24,794
Noninterest expense	68,738	68,906	66,726	62,110	60,828
Income before income taxes	26,959	42,338	44,118	38,838	32,634
Provision for income taxes	10,161	16,645	17,288	15,167	12,452
Net income	\$16,798	\$25,693	\$26,830	\$23,671	\$20,182

Share Data

Earnings per share:					
Basic	\$1.07	\$1.62	\$1.70	\$1.51	\$1.29
Diluted	1.05	1.57	1.64	1.45	1.24
Per share:					
Dividends paid	\$0.52	\$0.52	\$0.48	\$0.45	\$0.43
Book value at December 31	12.56	11.87	10.69	9.52	8.79
Tangible book value at December 31	11.54	10.82	9.60	8.25	7.45
Average common shares outstanding	15,771	15,898	15,812	15,708	15,660
Average diluted common shares outstanding	16,050	16,364	16,383	16,331	16,270
Shares outstanding at December 31	15,756	15,912	15,857	15,708	15,723

Balance Sheet Data at Dec. 31

Loans, net	\$1,563,259	\$1,534,635	\$1,492,965	\$1,368,809	\$1,158,442
Total assets	2,043,190	1,980,621	1,919,966	1,841,275	1,627,506
Total deposits	1,669,270	1,545,223	1,599,149	1,496,797	1,348,833
Debt financing and notes payable	102,005	116,126	39,911	31,390	28,152
Junior subordinated debt	41,238	41,238	41,238	41,238	41,238
Shareholders' equity	197,932	188,878	169,436	149,493	138,132

Financial Ratios

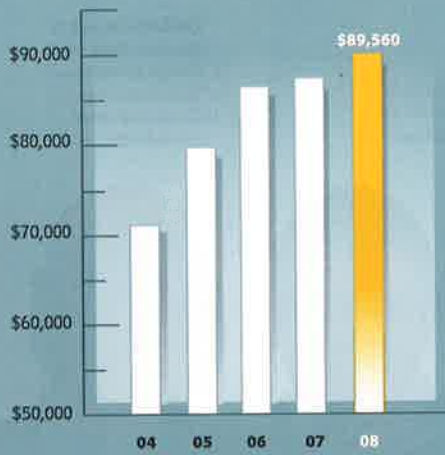
For the year:					
Return on assets	0.85%	1.36%	1.44%	1.38%	1.33%
Return on equity	8.70%	14.20%	16.61%	16.30%	15.20%
Net interest margin ¹	4.96%	5.07%	5.14%	5.14%	5.32%
Net loan losses to average loans	0.69%	0.17%	0.04%	0.04%	0.12%
Efficiency ratio ¹	58.59%	59.86%	58.99%	59.64%	62.46%
Average equity to average assets	9.72%	9.55%	8.68%	8.49%	8.72%
At December 31:					
Equity to assets	9.69%	9.54%	8.82%	8.12%	8.50%
Total capital to risk-adjusted assets	12.42%	11.90%	11.44%	10.79%	11.86%
Allowance for loan losses to loans	1.73%	1.12%	1.12%	1.17%	1.24%

¹ Fully taxable equivalent

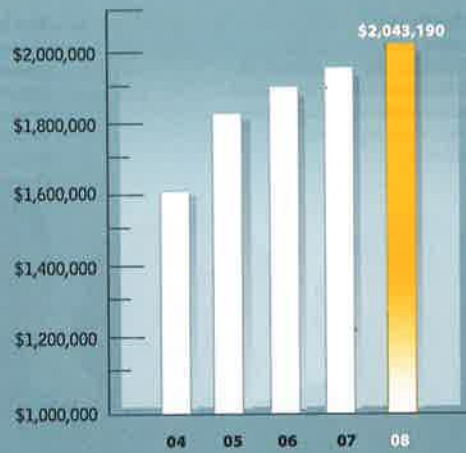
The notes accompanying the audited financial statements appear in the accompanying Form 10-K.

Data in thousands, except per share amounts.

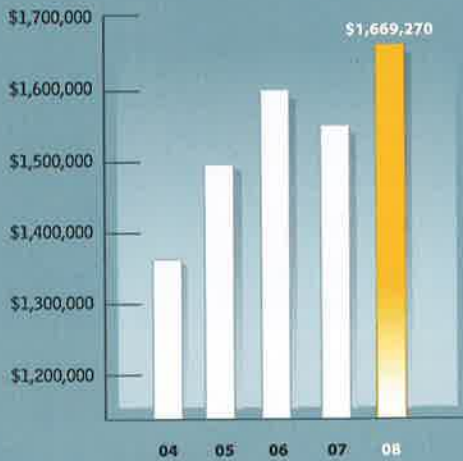
NET INTEREST INCOME



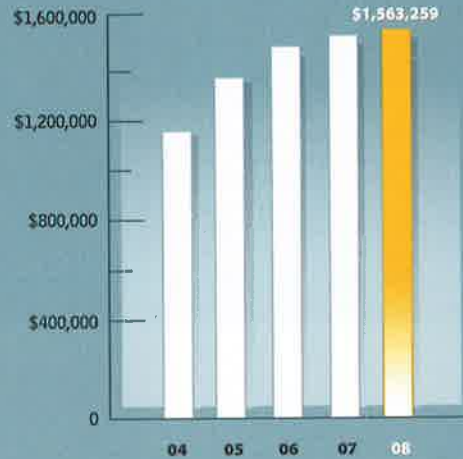
TOTAL ASSETS



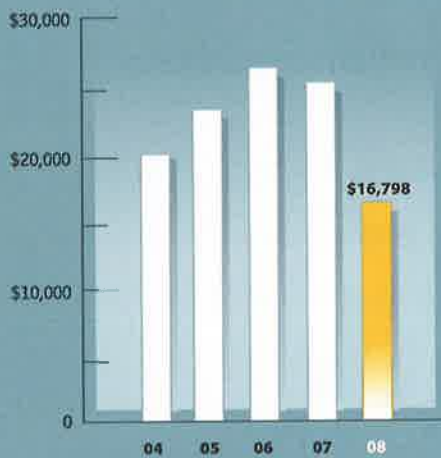
TOTAL DEPOSITS



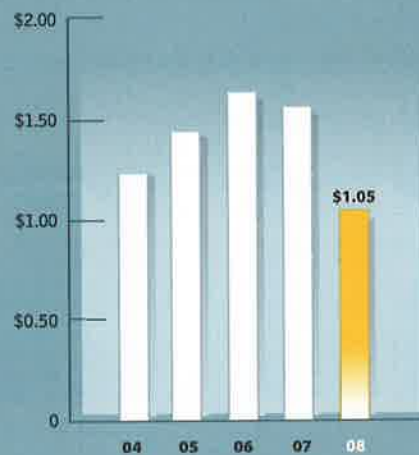
TOTAL NET LOANS



CHANGE IN NET INCOME



DILUTED EARNINGS PER SHARE



BOARD OF DIRECTORS

Steve G. Nettleton

Member since 2003
Former President, Chico Heat Baseball Club, LLC, Member of Board of Trustees Enloe Medical Center and Board Member of CSU, Chico Advisory Board, Chico, California

Alex A. Vereschagin, Jr.

Secretary of the Board
Member since 1975
Secretary-Treasurer, Plaza Farms & Managing Partner Vereschagin Co., Senior Partner Tabolt-Vereschagin Ranch, Orland, California
Charter Board Member

Carroll R. Taresch

Member since 1998
Executive Officer
Tri Counties Bank,
Chico, California
Retired 1996



Donald E. Murphy

Vice Chairman of the Board
Member since 1975
Vice President & General Manager
J.H. McKnight Ranch,
Nelson, California
Charter Board Member

John S.A. Hasbrook

Member since 2002
President Hasbrook-Fetter Farms,
Inc., SunWest Wild Rice Co., Inc.,
Winters, California

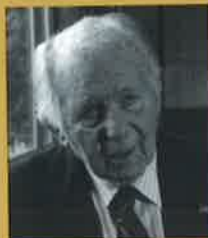
William J. Casey

Chairman of the Board
Member since 1989
Healthcare Consultant,
Chico, California

Our Story

In 1975, with a modest vision of three branches and \$1 million in capital, the founders of Tri Counties Bank committed themselves to creating a new community bank that would better serve the unique needs of local people. They accomplished what they set out to do. Over 34 years and \$2 billion in assets later, the TriCo values established by our founders—*trust, respect, integrity, communication, and opportunity*—have built one of California's premier community banks.

DIRECTORS EMERITI:



Sankey M. Hall, Jr.



Everett B. Beich



Wendell J. Lundberg

W. Virginia Walker
Appointed 2009
General Manager
The Jamison Group LLC
Technologies Consulting,
Chico, California

Michael W. Koehnen
Member since 2002
Owner, CF Koehnen & Sons
Orchard & Apiary Operations,
Ordbend, California

Donald J. Amara
Chairman of Audit Committee
Member since 2003, Retired
Healthcare Industry CEO,
Reno, Nevada



Richard P. Smith
Member since 1999
President & CEO TriCo Bancshares
and Tri Counties Bank,
Chico, California

L. Gage Chrysler
Member since 2008
President & CEO
Modern Building, Inc.
Chico, California

Craig S. Compton
Member since 1989
President, AVAG, Inc. Aerial
Application Business,
Richvale, California



Welcome Aboard

Virginia Walker joins TriCo Bancshares as a seasoned executive with over 30 years experience in a wide range of industries, including software, biotechnology and semi conductor manufacturing. She is currently the general manager of The Jamison Group LLC, a high-tech consulting company, having held senior positions internationally, ranging from Silicon Valley entrepreneurial ventures to Fortune 500 companies in both the U.S. and Europe.

"I am thrilled to have Virginia Walker join our board of directors," commented Richard P. Smith, President and CEO. "She brings a wealth of financial, strategic, multinational and international business experience that will further advance our banking company as we continue to grow and expand our presence throughout the Great Valley of California. She will be a strong representative for our shareholders and she will provide strong leadership, sound advice and constructive counsel for our entire banking team."



Left to right: Tri Counties Bank volunteers Fariba Faizy, Eric Quiambao, Joyia Lucas, August Heaton, and Patrick Tam help load hundreds of donated coats during the 18th annual "Coats for Kids" Distribution Day.

COVERING OUR COMMUNITIES

“We are proud of the volunteer commitment of our team members who give back in so many ways to the customers they serve and communities where they live and work.”

Tri Counties Bank plays an active role in programs, organizations, and events that enhance the quality of life in the cities we serve. We are proud of the volunteer commitment of our team members who give back in so many ways to the communities where they live and work. It’s the heart of community banking. It’s the spirit of who we are and how we do business.

Of the many events that Tri Counties Bank and its employees give their time to each year, our continuing partnership with News10 Sacramento and the Salvation Army Kids Winter Coat Drive always stands out as a very hands-on, personal way to support our surrounding communities.

In 1990, a local Sacramento business, Swanson’s Cleaners, came up with a simple idea to help local families in need receive new or gently-used jackets during the harsh winter months. Over the years, that project has grown to become a regional donation drive called Coats for Kids. Now in its eighteenth year, the campaign has been an overwhelming success. In partnership with the Salvation Army, more than 400,000 coats have been collected and distributed throughout Northern California.

Tri Counties Bank actively participates in affordable housing projects, numerous community outreach programs, and provides corporate contributions and scholarship opportunities. We also offer a wide variety of consumer and business banking products and services designed to help low- and moderate-income individuals and entities meet their banking needs.

2008 Salvation Army Coats for Kids Drive:

30,000
goal for donated coats

39,913
coats collected

4,500+
people who donated

400,000+
coats given since 1990

The Pleasant Grove branch of Tri Counties Bank in Roseville was one of 7 drop-off locations during the month-long event. More than 10,000 coats were given out at the Cal Expo site in one day.



Left to right: Tri Counties Bank volunteers Fariba Faizy, Eric Quiambao, Joyia Lucas, August Heaton, and Patrick Tam help load hundreds of donated coats during the 18th annual "Coats for Kids" Distribution Day.

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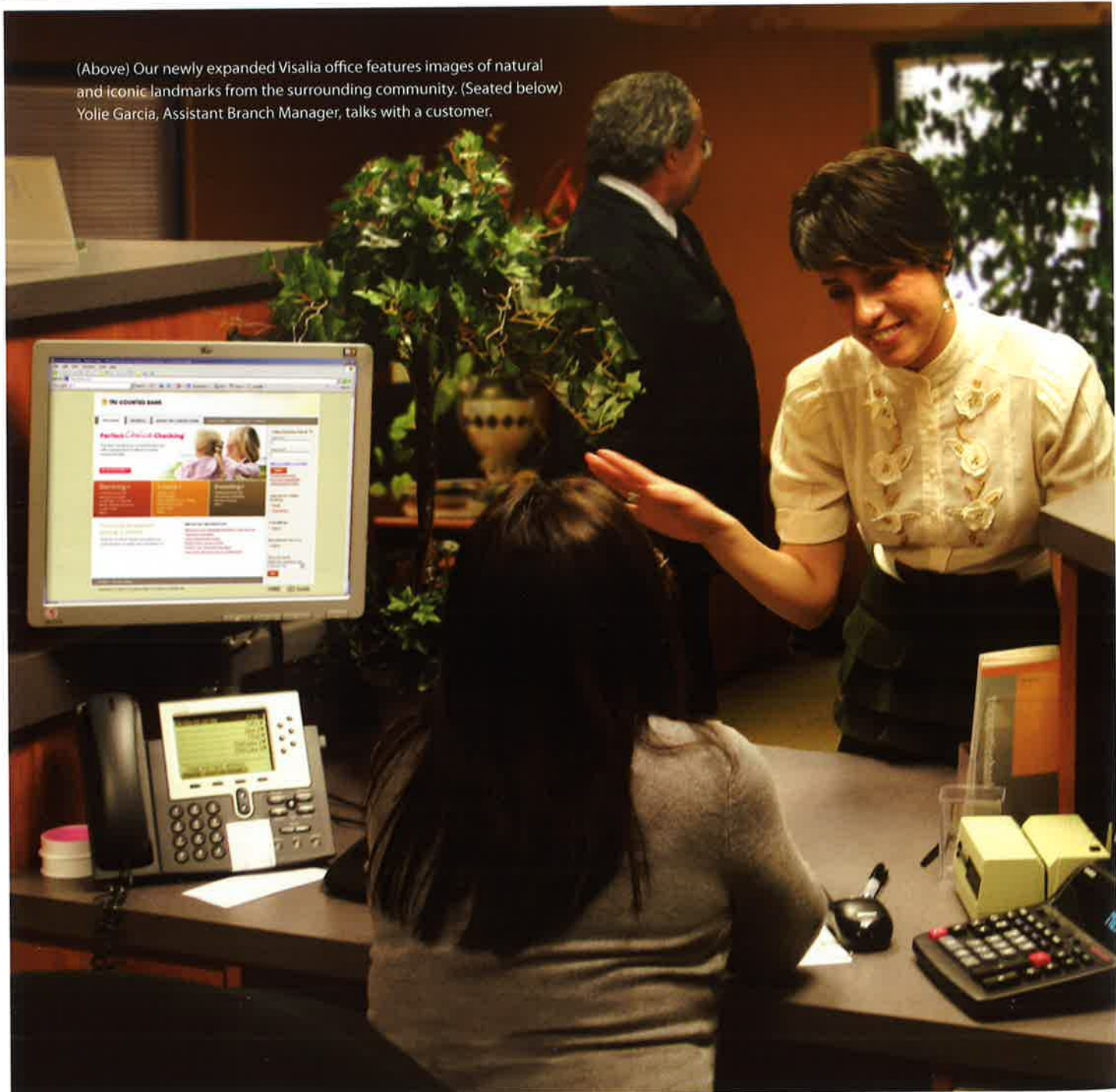
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(Above) Our newly expanded Visalia office features images of natural and iconic landmarks from the surrounding community. (Seated below) Yolte Garcia, Assistant Branch Manager, talks with a customer.



“ We take very seriously the responsibility of living our company’s mission to improve the financial success and well being of our customers; and we know it happens one customer interaction at a time.”

Dan Bailey
Executive Vice President
Retail Banking



The Retail Banking team at Tri Counties Bank continues to work in a disciplined and consistent manner to deliver extraordinary value to our current and prospective clients. Given the economic challenges faced throughout 2008, and now into 2009 and beyond, it’s our belief that our customers need sound financial advice now more than ever, and we will be there for them. Our focus remains on identifying the financial needs of each of our customers, and providing them the products and services that fulfill those needs. Our premise for providing products and services is simple: they must help our customers save money, make them money, and make their banking more convenient. It’s this focus and commitment to providing tangible value that we believe our customers need and appreciate. We take very seriously the responsibility of living our company’s mission to improve the financial success and well being of our customers; and we know it happens one customer interaction at a time.

Throughout the past year we made key enhancements to our product line and delivery channels in an effort to improve the customer experience. Each of the following enhancements is aligned with our strong belief in relationship banking. First, we launched Perfect Choice Checking™, a premium interest checking account designed to reward our customer for executing key behaviors associated with a primary checking relationship. Secondly, we became members of the Certificate of Deposit Account Registry Service® (CDARS®), which allows us to provide our customers the opportunity to federally insure up to \$50 million of their certificate of deposit balances. Third, with our client’s security in mind, late in the year we launched our OnGuard™ and OnGuard Plus™ identity theft and fraud protection packages. Preliminary participation rates indicate that our customers are very pleased with the product, and place value on having it as one of their financial services. Finally, during the past year we made enhancements to our online banking channel, and as a result, I am pleased to say that we are open for business at tricountiesbank.com with online deposit and loan account

opening capabilities. We are very pleased with how all of our new products and services have aided us in acquiring new customer and deposit relationships, as well as with how they have provided greater value to our existing client base.

We remain focused on expansion opportunities that will enhance our current bank-wide footprint, focusing primarily on entry into communities through our in-store branches. This format allows us a lower-cost entry into a market, combined with immediate access to the shoppers of our retail partners. Future opportunities with our key retailers (Raley’s, Wal-Mart, and Save Mart) remain strong, as we share a commitment to delivering value-added service to our mutual customers. Once established in a community, we look to expand there via a combination of traditional and in-store branches. This provides our client base additional choices as to where, when and how they bank. In December, we expanded our Visalia commercial lending office into a full-service branch (pictured opposite page). The team that originally opened the Visalia commercial lending office in 1999 is still in place and continues to build the Tri Counties Bank brand of service in the Visalia area. We look forward to the success of this expanded, full-service branch in its new location.

2008 was a year in which we also focused on maximizing the effectiveness of our 57 existing branches, and we are particularly pleased with the results achieved. We know the importance of measurable results, and we are proud that we ended the year with higher deposit and loan balances and more checking relationships than ever in the history of our company.

Through the challenging economic times, we remain true to the hometown community banking philosophy that our company was founded on 34 years ago. Our mission is clear and we stand ready to deliver to our shareholders, customers, communities and employees.



(Above) Tri Counties Bank Vice President and Retail Credit Manager, Mark Hammer, addresses attendees at one of our financial seminars. (Below) Trainer, Vicki Perryman, teaches a class in Redding how to maximize profits and cash flow in their businesses using QuickBooks®.



WHOLESALE BANKING

“ The mission of the Wholesale Banking team at Tri Counties Bank is to deliver financial services that promote long-term growth and the creation of wealth for both the client and the bank.”

Richard O’Sullivan
Executive Vice President
Wholesale Banking



The Wholesale Banking team at Tri Counties Bank is a group of professionals whose goal is to seek out, develop, and maintain complete client relationships. Within this group are individuals who specialize in a product set such as lending, deposit services, merchant services, cash management, leasing, and investment services. We offer complete, packaged financial solutions, from simple to complex, that are tailored for diverse business segments within our communities, including agriculture, manufacturing, wholesale distribution, medical, professional, accountants and bookkeepers, retailers and real estate development. Our team works hand-in-hand with our retail bankers to identify and fulfill the professional and personal financial needs of our commercial and small business clients.

To best meet these needs, we are continually improving and innovating products by investing in the most up-to-date financial services technologies. In 2008, we implemented Express Deposit Capture, which allows a business to scan non-cash deposit items at one or multiple locations and securely transmit that data directly to the bank, eliminating the need for frequent trips to a branch, and extending daily cut-off times. This saves our customers time and money by giving them better controls, increased efficiency and more effective risk management.

Beyond new products, Tri Counties Bank persistently sets itself apart by how we interact with our clients. Prosperity Index™, a new financial diagnostic tool, allows us to more effectively perform the necessary analyses required to process loan requests. The software also allows us to provide value-added feedback to our customers regarding the detailed financial health of their business. Together with the customer, we can then set goals based upon industry benchmarks to more effectively measure and project their success over a short or long-term basis.

We continue to see maximum attendance at our financial education seminars. Offered at no or low-cost to attendees, we believe these valuable resources support our mission and further demonstrate why Tri Counties Bank is the right financial partner for businesses. Our free, one-day QuickBooks® for

Business Success seminar focuses on small business owners and their bookkeepers or accountants. It is provided year-long throughout our market area, making it accessible to even those businesses that operate in rural areas. Our Financial Management for the Closely Held Business seminar is a two-day class geared towards family-owned businesses, large or small corporations or partnerships that want to learn how to use their financial information to measure success and attain their goals. This seminar takes the business owner through the entire process of financial management to ensure they are maximizing their profitability models.

Merchant Card Services provides our customers the capability of accepting credit cards as a form of payment from their customers. It remains a critical component of our business relationships, and for many customers is the primary vehicle utilized to collect payments. In 2008 we enhanced our merchant services with the conversion to a new processor called Nationwide Payment Solutions, allowing us to be even more competitive on price and service. Our merchant card representatives are dedicated to providing personalized service for businesses and providing state-of-the-art technology for the merchant needs of the business.

Finally, I am proud to give special recognition to Dan L. Bay, vice president, Tri Counties Bank Investment Services and branch manager, Raymond James Financial Services, Inc., (member FINRA/SIPC). Mr. Bay received national recognition in 2008 as one of Bank Investment Consultant magazine’s “Top 50 Bank Reps.” He was selected through their national review of bank financial advisors, and identified as having achieved a high level of excellence in his field. He has been with Tri Counties Bank for 23 years and has over 27 years of financial services experience, specializing in retirement planning.

The Tri Counties Bank Wholesale Banking team will continue to drive the growth and innovation of the customized relationships that we are known for, characterized by the high level of success enjoyed by our clients, both personally and professionally.

EXECUTIVE MANAGEMENT TEAM



Left to right: Craig Carney, Executive Vice President, Chief Credit Officer, **Tom Reddish**, Executive Vice President, Chief Financial Officer, **Dan Bailey**, Executive Vice President, Retail Banking, **Rick Smith**, President and Chief Executive Officer, **Rick Miller**, Senior Vice President, Director of Human Resources, **Richard O'Sullivan**, Executive Vice President, Wholesale Banking, **Ray Rios**, Senior Vice President Chief, Information Officer

How we will succeed in 2009

Consistent results are the direct by-product of consistent performance. Tri Counties Bank will continue creating new ideas for customers and prospects, and as a result, we will add more value to each customer's relationship with us. We will focus our resources and our talent where we have high-growth opportunities, measure everything we do and direct our energy to the things that work. We will continue to manage our risk with a cautious eye, and make certain that our business is growing upon safe, strong and sound business principles. It is the nature of this organization to succeed because it is the shared expectation of all our team members.

Our veteran management team has the talent, the passion and the vision to successfully lead and keep Tri Counties Bank growing into the future. At Tri Counties Bank, the mission and the expectations are clear—improving the financial success of our shareholders, customers, communities, and employees.

SELECTED FINANCIAL DATA

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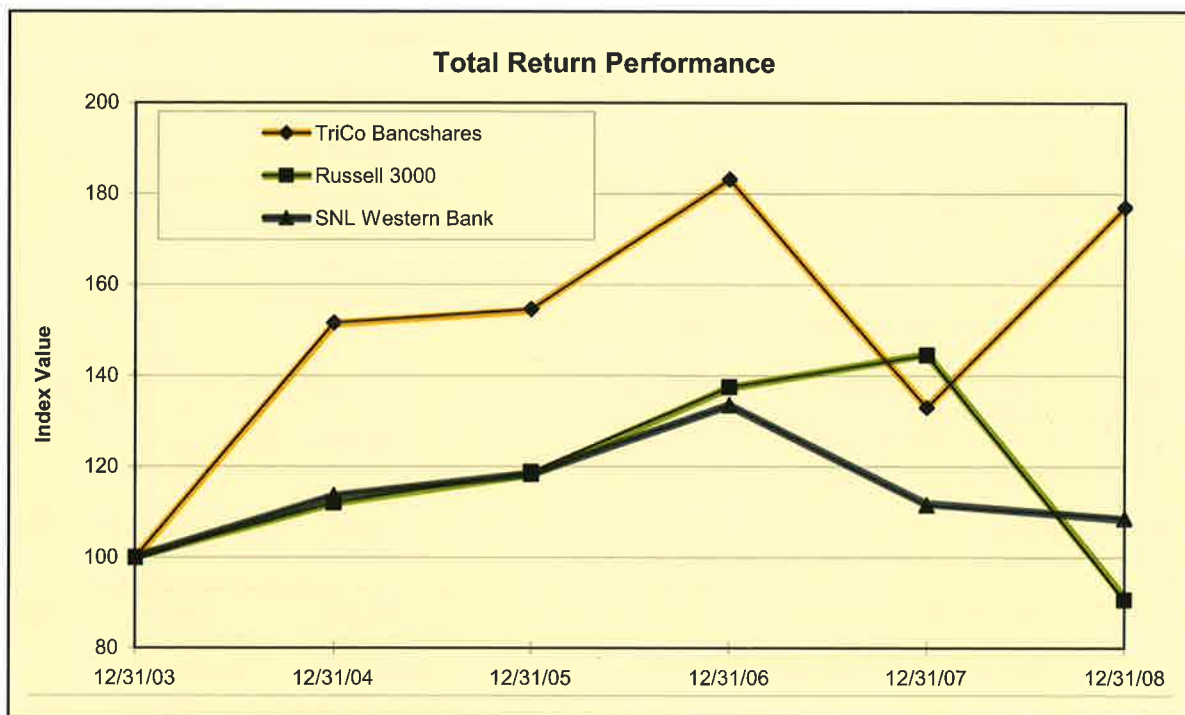
Net Interest Margin

Following is a summary of the company's net interest margin for the past three years:

Components of Net Interest Margin	Year ended December 31,		
	2008	2007	2006
Yield on earning assets	6.69%	7.43%	7.18%
Rate paid on interest-bearing liabilities	2.26%	3.05%	2.61%
Net interest spread	4.43%	4.38%	4.56%
Impact of all other net noninterest-bearing funds	0.53%	0.69%	0.58%
Net interest margin (FTE)	4.96%	5.07%	5.14%

Shareholder Return

The following graph presents the cumulative total annual shareholder return from investing \$100 on December 31, 2003, in each of TriCo common stock, the Russell 3000® Index, and the SNL Western Bank Index. The SNL Western Bank Index compiled by SNL Financial includes banks located in California, Oregon, Washington, Montana, Hawaii and Alaska with market capitalization similar to that of TriCo's. The amounts shown assume that any dividends were reinvested.



Index	Period Ending					
	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
TriCo Bancshares	100.00	151.60	154.61	183.18	132.96	177.03
Russell 3000	100.00	111.95	118.80	137.47	144.54	90.61
SNL Western Bank	100.00	113.64	118.32	133.50	111.51	108.57

TRICO BANCSHARES
CONSOLIDATED BALANCE SHEETS

	At December 31,	
	2008	2007
	(in thousands, except share data)	
Assets:		
Cash and due from banks	\$86,355	\$88,798
Cash and cash equivalents	86,355	88,798
Securities available-for-sale	266,561	232,427
Federal Home Loan Bank stock, at cost	9,235	8,766
Loans, net of allowance for loan losses of \$27,590 and \$17,331	1,563,259	1,534,635
Foreclosed assets, net of allowance for losses of \$230 and \$180	1,185	187
Premises and equipment, net	18,841	20,492
Cash value of life insurance	46,815	44,981
Accrued interest receivable	7,935	8,554
Goodwill	15,519	15,519
Other intangible assets, net	653	1,176
Other assets	26,832	25,086
Total assets	\$2,043,190	\$1,980,621
Liabilities and Shareholders' Equity:		
Liabilities:		
Deposits:		
Noninterest-bearing demand	\$401,247	\$378,680
Interest-bearing	1,268,023	1,166,543
Total deposits	1,669,270	1,545,223
Federal funds purchased	-	56,000
Accrued interest payable	6,146	7,871
Reserve for unfunded commitments	2,565	2,090
Other liabilities	24,034	23,195
Other borrowings	102,005	116,126
Junior subordinated debt	41,238	41,238
Total liabilities	1,845,258	1,791,743
Commitments and contingencies (Notes 5, 9, 14 and 16)		
Shareholders' equity:		
Common stock, no par value: 50,000,000 shares authorized;		
issued and outstanding:		
15,756,101 at December 31, 2008	78,246	
15,911,550 at December 31, 2007		78,775
Retained earnings	117,630	111,655
Accumulated other comprehensive income (loss), net of tax	2,056	(1,552)
Total shareholders' equity	197,932	188,878
Total liabilities and shareholders' equity	\$2,043,190	\$1,980,621

TRICO BANCSHARES
CONSOLIDATED STATEMENTS OF INCOME

	Years ended December 31,		
	2008	2007	2006
	(in thousands, except per share data)		
Interest and dividend income:			
Loans, including fees	\$107,896	\$117,639	\$109,769
Debt securities:			
Taxable	11,526	7,712	8,373
Tax exempt	1,187	1,454	1,749
Dividends	469	446	376
Interest bearing cash at			
Federal Reserve and other banks	31	-	-
Federal funds sold	3	17	56
	<u>121,112</u>	<u>127,268</u>	<u>120,323</u>
Total interest and dividend income			
Interest expense:			
Deposits	24,461	31,423	25,460
Federal funds purchased	1,999	2,880	4,116
Other borrowings	2,512	2,983	1,667
Junior subordinated debt	2,580	3,296	3,202
	<u>31,552</u>	<u>40,582</u>	<u>34,445</u>
Total interest expense			
Net interest income	89,560	86,686	85,878
Provision for loan losses	20,950	3,032	1,289
Net interest income after provision for loan losses	<u>68,610</u>	<u>83,654</u>	<u>84,589</u>
Noninterest income:			
Service charges and fees	20,555	21,200	19,809
Gain on sale of loans	1,127	994	1,224
Commissions on sale of non-deposit investment products	2,069	2,331	1,946
Increase in cash value of life insurance	1,834	1,445	1,767
Other	1,502	1,620	1,509
	<u>27,087</u>	<u>27,590</u>	<u>26,255</u>
Total noninterest income			
Noninterest expense:			
Salaries and related benefits	38,112	38,066	36,455
Other	30,626	30,840	30,271
	<u>68,738</u>	<u>68,906</u>	<u>66,726</u>
Total noninterest expense			
Income before income taxes	<u>26,959</u>	<u>42,338</u>	<u>44,118</u>
Provision for income taxes	<u>10,161</u>	<u>16,645</u>	<u>17,288</u>
Net income	<u>\$16,798</u>	<u>\$25,693</u>	<u>\$26,830</u>
Earnings per share:			
Basic	\$1.07	\$1.62	\$1.70
Diluted	\$1.05	\$1.57	\$1.64

TriCo Bancshares Executive Officers

Richard P. SmithPresident & Chief Executive Officer
 Thomas J. Reddish.....Executive Vice President & Chief Financial Officer
 William J. Casey.....Chairman of the Board
 Alex A. Vereschagin, Jr.....Secretary of the Board

Tri Counties Bank Executive Officers

Richard P. SmithPresident & Chief Executive Officer
 Richard O'SullivanExecutive Vice President, Wholesale Banking
 Daniel K. BaileyExecutive Vice President, Retail Banking
 Thomas J. Reddish.....Executive Vice President, Chief Financial Officer
 Craig CarneyExecutive Vice President, Chief Credit Officer
 Rick MillerSenior Vice President, Director of Human Resources
 Ray RiosSenior Vice President, Chief Information Officer

TriCo Bancshares Headquarters

63 Constitution Drive, Chico, CA 95973
 (530) 898-0300, (800) 922-8742



Shareholder Relations
 Suzanne Youngs
 63 Constitution Drive
 Chico, CA 95973
 (530) 898-0300
 suzanneyoungs@tcbk.com

Transfer Agent
 Mellon Investor Services
 Overpeck Centre
 85 Challenger Road
 Ridgefield Park, NJ 07660
 www.mellon-investor.com

Notice of Annual Meeting
 Tuesday, May 19, 2009, 6:00 p.m.
 63 Constitution Drive
 Chico, CA 95973
 (800) 922-8742

**Independent Registered
 Public Accounting Firm**
 Moss Adams, LLP
 3121 March Lane, Ste. 300
 Stockton, CA 95219
 www.mossadams.com

Stock Listing: NASDAQ Stock Exchange, Symbol: **TCBK**
 Corporate Website: **www.tricountiesbank.com**

The company will provide to any interested party, without charge, a copy of the company's Annual Report and Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission, including the financial statements and schedules thereto.

The report may be obtained online at www.tricountiesbank.com, or by written request to:
 Corporate Secretary, TriCo Bancshares
 63 Constitution Drive, Chico, CA 95973

Tri Counties Bank Branch Locations

American Canyon in Wal-Mart Supercenter
 7011 North Main Street
 American Canyon, CA 94503
 (707) 647-1049

Anderson in Wal-Mart Supercenter
 5000 Rhonda Road
 Anderson, CA 96007
 (530) 378-8085

Antelope in Wal-Mart Supercenter
 5821 Antelope Road
 Sacramento, CA 95842
 (916) 721-1706

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

Bieber
 ATM only
 Bridge & Market Streets
 Bieber, CA 96009

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

Burney
 37093 State Hwy 299E
 Burney, CA 96013
 (530) 335-2215

Chico Mall
 1950 East 20th Street, Suite G725
 Next to Sears Entrance
 Chico, CA 95928
 (530) 898-0370

Chico: CSU-Bell Memorial Union
 ATM only

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

Chico: East Avenue in Save Mart
 146 W. East Avenue
 Chico, CA 95926
 (530) 898-0380

Chico: Esplanade in Raley's
 211 W. East Avenue
 Chico, CA 95926
 (530) 879-5830

Chico: Park Plaza
 780 Mangrove Avenue
 Chico, CA 95926
 (530) 898-0400

Chico: Pillsbury
 2171 Pillsbury Road
 Chico, CA 95926
 (530) 898-0470

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

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

Covelo
 76405 Covelo Road
 Covelo, CA 95428
 (707) 983-6135

Crescent City
 936 3rd Street
 Crescent City, CA 95531
 (707) 464-4145

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

Elk Grove in Raley's
 4900 Elk Grove Blvd
 Elk Grove, CA 95757
 (916) 478-9102

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

Folsom: Blue Ravine in Save Mart
 1003 East Bidwell
 Folsom, CA 95630
 (916) 984-2270

Folsom: East Bidwell in Raley's
 715 East Bidwell
 Folsom, CA 95630
 (916) 984-4244

Folsom: Empire Ranch in Raley's
 25025 Blue Ravine Road
 Folsom, CA 95630
 (916) 984-2029

Fresno
 7020 N. Marks Avenue
 Fresno, CA 93711
 (559) 435-8089

Grass Valley in Save Mart
 12054 Nevada City Hwy
 Grass Valley, CA 95945
 (530) 477-9740

Gustine
 319 5th Street
 Gustine, CA 95322
 (209) 854-3761

Lincoln in Raley's
 765 South Highway 65
 Lincoln, CA 95648
 (916) 408-5330

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

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

Modesto
 2020 Standiford Ave.
 Modesto, CA 95350
 (209) 548-4030

Modesto: Village One in Raley's
 3020 Floyd Avenue
 Modesto, CA 95355
 (209) 551-1061

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

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

Oroville
 1180 Oro Dam Boulevard
 Oroville, CA 95965
 (530) 538-0140

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

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

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

Red Bluff in Raley's
 727 South Main Street
 Red Bluff, CA 96080
 (530) 529-7080

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

Redding: Hartnell in Raley's
 110 Hartnell Avenue
 Redding, CA 96002
 (530) 224-3430

Redding: Hilltop
 1250 Hilltop Drive
 Redding, CA 96003
 (530) 223-3307

Redding: Lake Blvd. in Raley's
 201 Lake Boulevard
 Redding, CA 96003
 (530) 245-4651

Roseville: Douglas Blvd. in Raley's
 1915 Douglas Boulevard
 Roseville, CA 95661
 (916) 784-6661

Roseville: Pleasant Grove Blvd. in Wal-Mart Supercenter
 900 Pleasant Grove Boulevard
 Roseville, CA 95678
 (916) 780-2266

Sacramento: Arden Fair
 1760 Challenge Way
 Sacramento, CA 95815
 (916) 648-9370

Natomas in Bel Air
 3250 Arena Boulevard
 Sacramento, CA 95834
 (916) 419-2651

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

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

Turlock in Raley's
 2900 Geer Road
 Turlock, CA 95382
 (209) 668-1882

Visalia
 509 S. Pinkham St.
 Visalia, CA 93292
 (559) 741-2940
 ATM Coming Soon!

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

West Sacramento in Wal-Mart Supercenter
 755 Riverpoint Court
 West Sacramento, CA 95605
 (916) 371-9758

Willows
 210 North Tehama Street
 Willows, CA 95988
 (530) 934-2191

Woodland in Bel Air
 1885 East Gibson Road
 Woodland, CA 95776
 (530) 661-4701

Yreka
 165 South Broadway
 Yreka, CA 96097
 (530) 842-2761

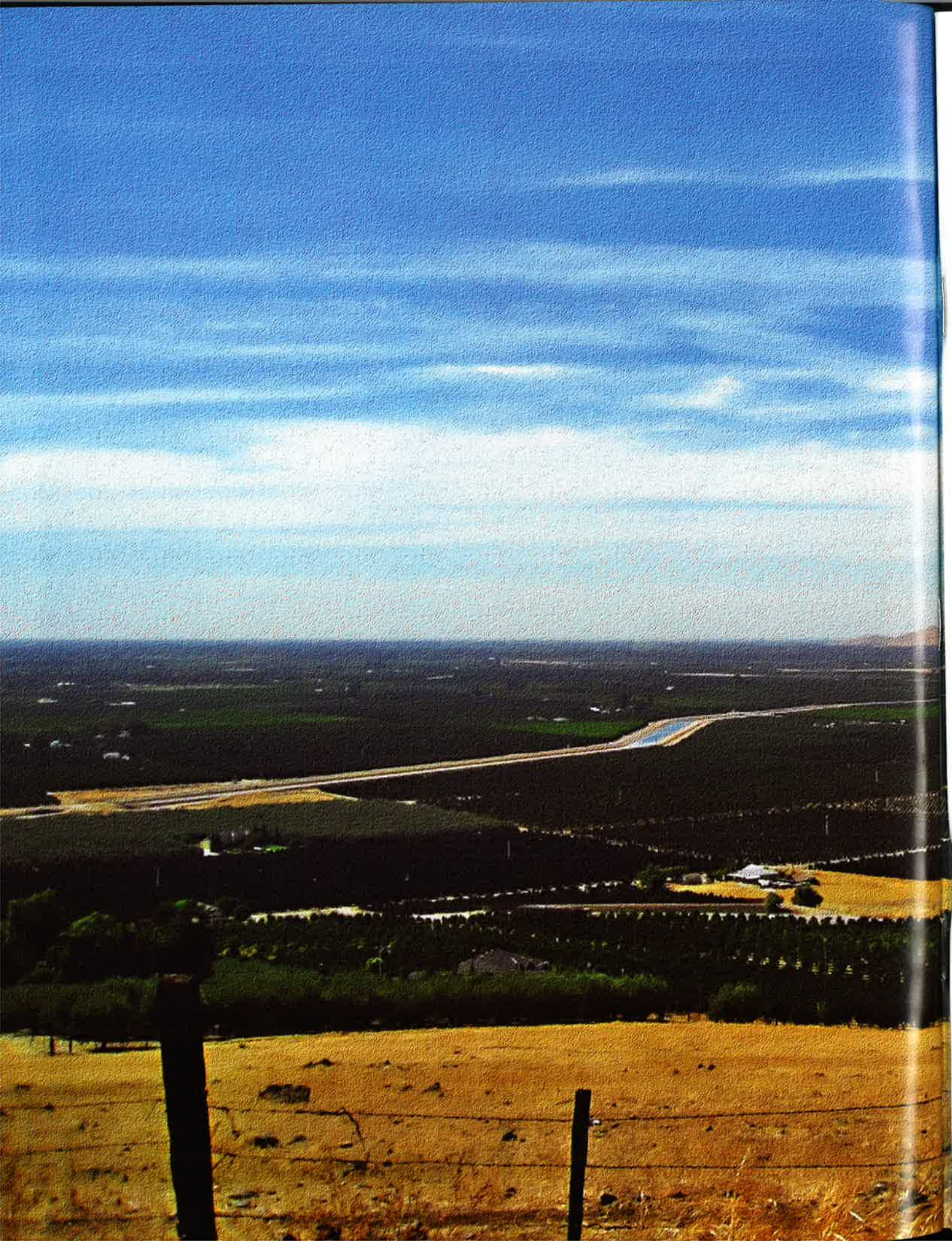
Yuba City
 1441 Colusa Avenue
 Yuba City, CA 95993
 (530) 671-5563

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

Yuba City in Wal-Mart Supercenter
 1150 Harter Road
 Yuba City, CA 95993
 (530) 673-1746



Tri Counties Bank employs more than 700 team members across 57 full-service branches, including 25 supermarket locations, and offers 64 ATMs from the Oregon border to the southern San Joaquin Valley.



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-K
Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2008

Commission File Number 0-10661

TriCo Bancshares

(Exact name of Registrant as specified in its charter)

California

(State or other jurisdiction of incorporation or organization)

94-2792841

(I.R.S. Employer Identification No.)

63 Constitution Drive, Chico, California

(Address of principal executive offices)

95973

(Zip Code)

Registrant's telephone number, including area code: (530) 898-0300
Securities registered pursuant to Section 12(b) of the Act:

Common Stock, without par value
(Title of Class)

Nasdaq Stock Market LLC
(Name of each exchange on
which registered)

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES

NO

Is not required to file reports pursuant to Section 13 or Section

www.tricountiesbank.com

OUR MISSION ▶

Tri Counties Bank exists for only one purpose:
improving the financial success and well being of our
shareholders, customers, communities and employees.

TriCo Bancshares ▶ 63 Constitution Drive ▶ Chico, California 95973
phone 800.922.8742 ▶ fax 530.898.0310 ▶ NASDAQ: TCBK



Mixed Sources
Product group from well-managed
forests and other controlled sources
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