

FOR IMMEDIATE RELEASE

Date: November 13, 2008
Contacts: Ken Taylor, EVP/CFO
Kevin McPhaill, EVP/Chief Banking Officer
Phone: (559) 782-4900 or (888) 454-BANK
Website Address: www.sierrabancorp.com

SIERRA BANCORP ELECTS NOT TO SEEK BAILOUT MONEY

Porterville, CA – November 13, 2008 – Sierra Bancorp (Nasdaq:BSRR), parent of Bank of the Sierra, today announced that its Board of Directors, while applauding the U.S. Government's systemic and creative approach to alleviating the current National financial crisis, has determined that it would not be in the best interests of the Company or its shareholders to apply for aid from the U.S. Treasury under the Treasury's new capital assistance program. This conclusion was reached based on the Company's strong capital position relative to reasonably foreseeable needs, as well as the capital management restrictions that would accompany this governmental capital infusion.

Risk-based capital ratios are calculated to provide a measure of capital that reflects the degree of risk associated with a financial institution's assets and off-balance-sheet items. Sierra Bancorp's total risk-based capital ratio was 13.65% at September 30, 2008, significantly greater than the 10% level required to be classified as "well-capitalized", the highest rating possible under FDIC and Federal Reserve Board Guidelines.

It appears that the Company would qualify for a capital injection of close to \$32 million from the Treasury, and with that much additional capital our total risk-based based capital ratio would have been 16.65% at September 30, 2008. This represents a level of capital that would typically be deemed excessive and inefficient unless immediately leveraged for loan growth, utilized to absorb loan losses or impairment charges, or earmarked for a potential acquisition. James C. Holly, Sierra Bancorp's President and Chief Executive Officer, remarked, "we recognize that these are not typical times, and no one can predict the depth and duration of the current economic malaise, but we have projected our capital position under varying scenarios and are confident that the Company will remain well-capitalized even under severe conditions. Further, if an acquisition opportunity were to arise, our preliminary inquiries indicate that private sector alternatives, such as trust preferred securities or subordinated debt, would likely be available, obviating the need for reliance on public assistance."

In addition to raising capital ratios to inflated levels, the acceptance of capital from the Treasury would place restrictions on the Company's ability to declare dividends and repurchase stock. Furthermore, the Treasury's capital purchase would be in the form of senior preferred stock that carries a mandatory dividend payment of 5% (close to 8% on a pre-tax equivalent basis), increasing to 9% (close to 14% pre-tax equivalent) after five years.

(more)

This has been described as “cheap capital” if needed, but in reality equates to expensive debt if it cannot be quickly utilized. In addition to preferred stock, the Treasury would receive warrants to purchase common stock with an aggregate market price equal to 15% of the preferred investment, which would be dilutive to current common shareholders.

Sierra Bancorp is the holding company for Bank of the Sierra (www.bankofthesierra.com), which is in its 31st year of operations and is the largest independent bank headquartered in the South San Joaquin Valley. The Company has \$1.3 billion in total assets and currently maintains 22 branch offices, an agricultural credit center, an SBA center, and an online “virtual” branch. In May 2008, Sierra Bancorp was recognized by U.S. Banker magazine as the best performing mid-tier bank in the nation based on 2007 return on equity, and the 6th bank overall based on 3-year average return on equity.

The statements contained in this release that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. Readers are cautioned not to unduly rely on forward looking statements. Actual results may differ from those projected. These forward-looking statements involve risks and uncertainties including but not limited to the bank's ability to maintain current dividend payments or increase dividend payouts to shareholder, its ability to continue to generate record financial results, changes in economic conditions, interest rates and loan portfolio performance, and other factors detailed in the Company's SEC filings. Sierra Bancorp undertakes no responsibility to update or revise any forward-looking statements.

#####