

SIERRA BANCORP

Parent Company for Bank of the Sierra



HOVDE GROUP FINANCIAL SERVICES CONFERENCE

NOVEMBER 7 - 8, 2024

MIAMI, FLORIDA

SAFE HARBOR STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of Sierra Bancorp's management and are:

- subject to contingencies & uncertainties
- not a guarantee of future performance
- based on assumptions that may change
- not to be unduly relied on

Actual results may differ from those set forth in the forward-looking statements. Factors that could cause Sierra Bancorp's actual results to differ materially from those described in the forward-looking statements include:

- changes to current interest rates, including changes to the steepness of current inverted yield curve, and the impact of changes on our earning assets, interest-bearing liabilities, and related net interest income
- the health of national and local economies including the impact of inflation, the debt ceiling, and the current labor market
- loan portfolio performance including growth, prepayment speeds, yields, and credit quality, including the impact of changes in rates on our customer's ability to repay
- changes to our allowance for credit losses due to economic factors used as key inputs, changes in credit quality, and the impact of other assumptions
- changes to the collateral values supporting nonperforming assets that could result in recognition of charge-offs or direct write down of foreclosed assets
- changes to statutes, regulations, interpretations or practices
- changes or updates to generally accepted accounting principles
- liquidity risks, including the ability to effectively manage and retain low interest-bearing accounts in a continued elevated rate environment and the ability to maintain sufficient levels of available borrowing sources and liquid assets
- the outcome of any existing or future legal action
- the Company's ability to maintain and grow its core deposits, including uninsured deposits
- the Company's ability to successfully deploy new technology and manage cyber security risks
- the Company's ability to attract and retain skilled employees
- the risk to the Company's operations and ability to serve customers due to the inability of a vendor to meet its service level agreements

For more detail on these and other risks, please see Sierra Bancorp's Annual Report on Form 10-K for the year ended December 31, 2023, and Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2024, June 2024, and September 2024, which have been filed with the Securities and Exchange Commission and are available on Sierra Bancorp's website (<https://sierrabancorp.com>), and on the Securities and Exchange Commission's website (www.sec.gov). Sierra Bancorp does not undertake to update any forward-looking statements contained in this document.



SIERRA BANCORP

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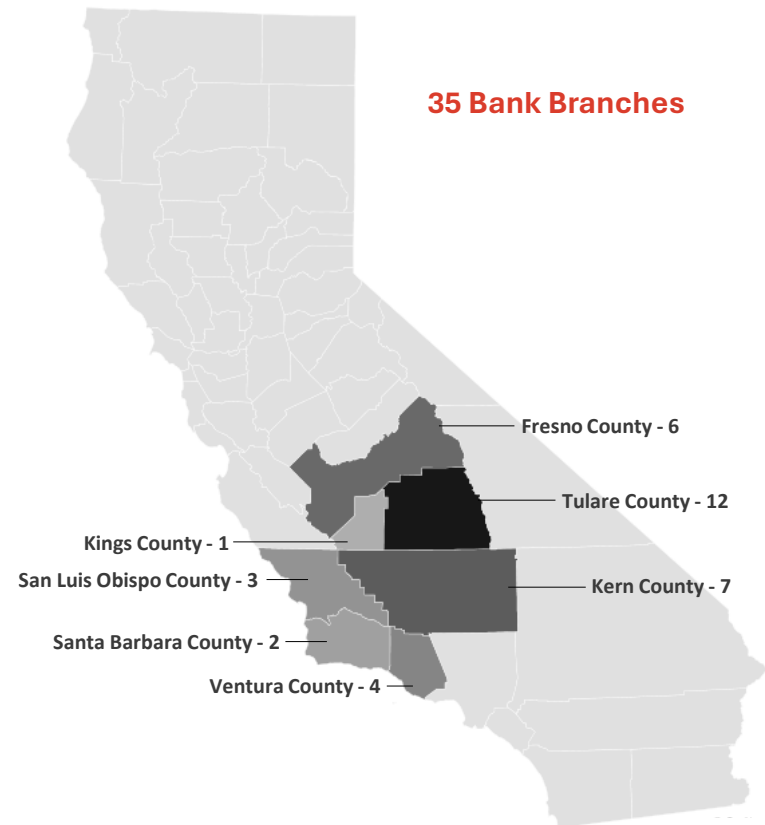
INTRODUCTION

SIERRA BANCORP OVERVIEW

SIERRA BANCORP (NASDAQ: BSRR)

Recent Stock Price ¹ :	\$28.26
Price/TTM Earning ¹ :	11.21x
Price/Consensus 2025 Earnings ¹ :	10.02x
Price/Tangible Book Value ¹ :	1.23x
Most recent quarterly dividend ² :	\$0.24
Dividend Yield ^{1,2} :	3.40%
Market Capitalization ¹ :	\$407.4MM

Repurchased 429,296 shares YTD in 2024
 Current Repurchase Plan expires 10/31/2025



1. Stock data and metrics as of close of trading on November 1, 2024.

2. Dividend announced on October 17, 2024, to be paid on November 12, 2024, to shareholders of record as of October 31, 2024. This dividend marked the Company's 103rd consecutive quarterly cash dividend.

COMPANY BACKGROUND



- Bank of the Sierra opened in Porterville, CA in 1978 as a single-branch bank with \$1.5 million in capital
- Sierra Bancorp was formed as the holding company for the Bank in 2001
- Bank has reached \$3.7 billion in assets, with 35 offices, plus a loan production office in Templeton, CA
- Two most recent whole-bank acquisitions: Coast National Bank (2016) and Ojai Community Bank (2017)
- Bank of the Sierra has maintained its reputation as a service-oriented and customer-focused community bank

COMPANY CULTURE

Seven Key Strategies



Keep Thinking

Anticipate and meet needs with a broad range of solutions.

Keep Serving

Provide quality service on a timely, competitive basis.

Keep Learning

Be passionate about being the right person on the team.

Keep Growing

Encourage creativity and maximize every opportunity to improve.

Keep Giving

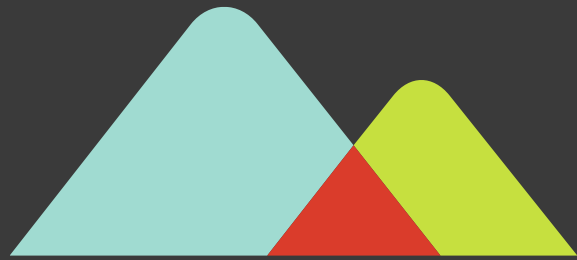
Serve our communities through involvement and reinvestment.

Keep Striving

Be disciplined; aim for excellence.

Keep Smiling

Enjoy the journey and have fun along the way.



SIERRA BANCORP

Parent Company for Bank of the Sierra

INVESTMENT CONSIDERATIONS

INVESTMENT CONSIDERATIONS

- Bank of the Sierra is the leading community bank in California's South-Central Valley
- Strong profitability with 1.11% ROAA YTD
- Focus on long-term growth
 - 15% (annualized) loan growth year-to-date in 2024
 - Five year Compounded Annual Growth Rate of 6.0% for loans and 6.8% for deposits
 - Expanded and diversified banking teams
- Excellent core deposit base
 - Approximately 120,000 customer accounts across 35 branches
 - 34.22% of noninterest bearing deposits
- Top performing net interest margin of 3.66% YTD anchored by low-cost deposits and a high-performing investment portfolio that includes AAA and AA tranches of collateralized loan obligations.
- Solid asset quality with a proactive culture of addressing credits throughout their lifecycle.

EXECUTIVE LEADERSHIP



Kevin McPhail

President and Chief Executive Officer
Joined Company in 2001; CEO since 2015
34 years of Banking Experience



Christopher Treece

EVP and Chief Financial Officer
Joined Company in 2020
33 years of Banking Experience



Hugh Boyle

EVP and Chief Credit Officer
Joined Company in 2020
30 years of Banking Experience



Michael Olague

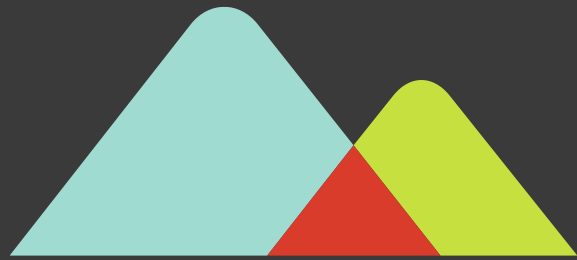
EVP and Chief Banking Officer
Joined Company in 2009; CBO since 2015
47 years of Banking Experience



Natalia Coen

EVP and Chief Risk Officer
Joined Company in 2023
19 years of Banking Experience

Experienced executive management team consisting of a combination of tenured and newer executives with a focus on earnings and balance sheet growth



SIERRA BANCORP

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FINANCIAL HIGHLIGHTS AND TRENDS

2023/2024 STRATEGIC BALANCE SHEET REPOSITIONING

Sale/Leaseback paired with Bond Sale to Improve Future Earnings

- The Sale/Leaseback in December 2023 generated a \$19.1 million gain
- Sold \$250.5 million of low-yielding bonds at a \$17.3 million loss
- Reduced higher cost short-term liabilities
- The repositioning improved 2024 Tangible Capital Ratio, Earnings Per Share, Net Interest Margin, and Return on Average Assets

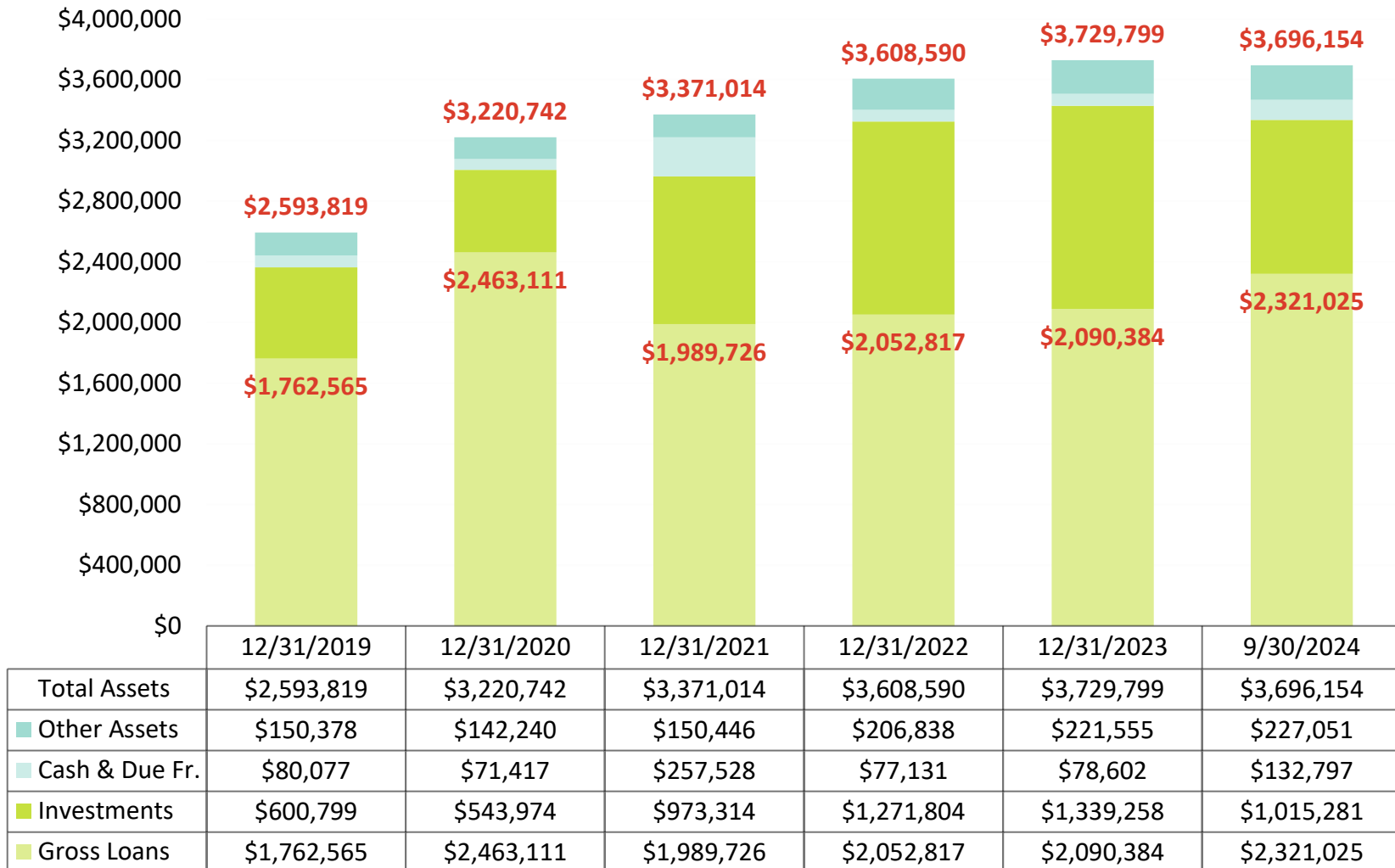
Changes to key metrics in 2024

- Net interest margin improved from 3.31% in the fourth quarter of 2023 to 3.66% in the third quarter of 2024
- Cost of Funds declined from 1.73% in the fourth quarter of 2023 to 1.66% in the third quarter of 2024
- ROAA improved from 0.94% for 2023 to 1.11% year-to-date in 2024. Increased YTD diluted EPS from \$1.93 in 2023 to \$2.09 in 2024

Repositioning took place in late 2023/early 2024

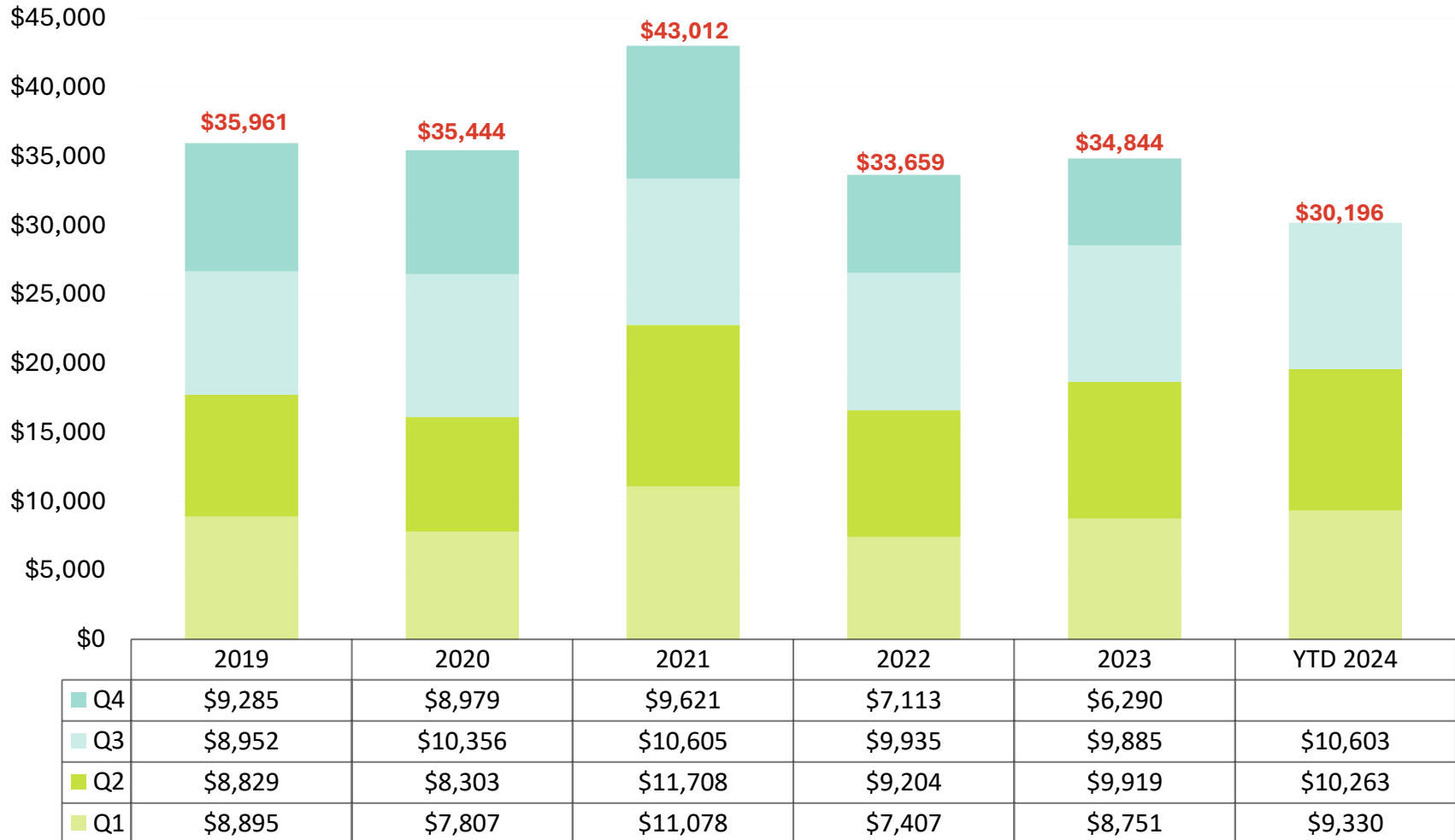
ASSET TRENDS

Period-End Balances, (\$ in thousands)



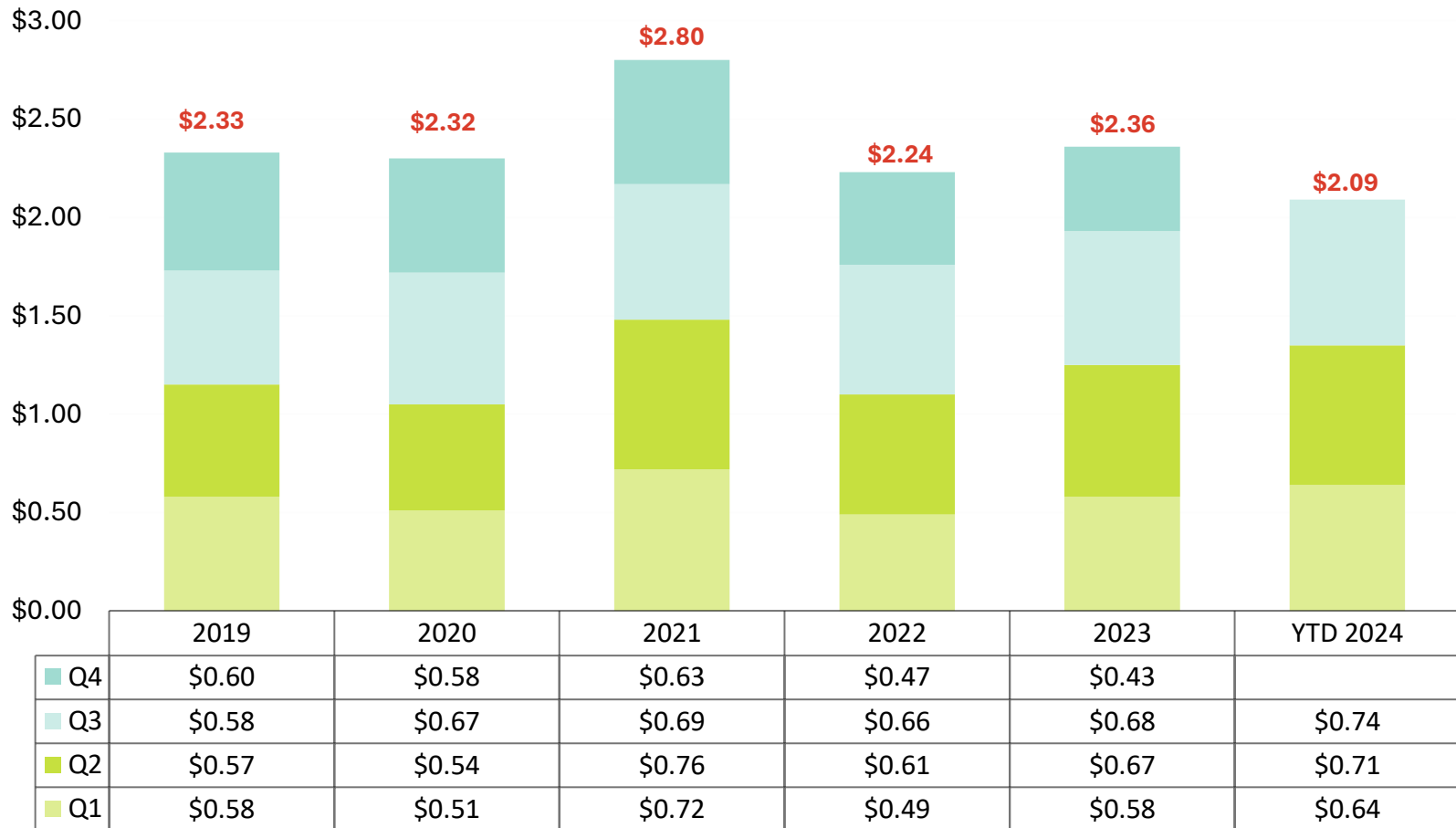
NET INCOME TRENDS

\$ in Thousands



Note: Totals may not foot due to rounding.

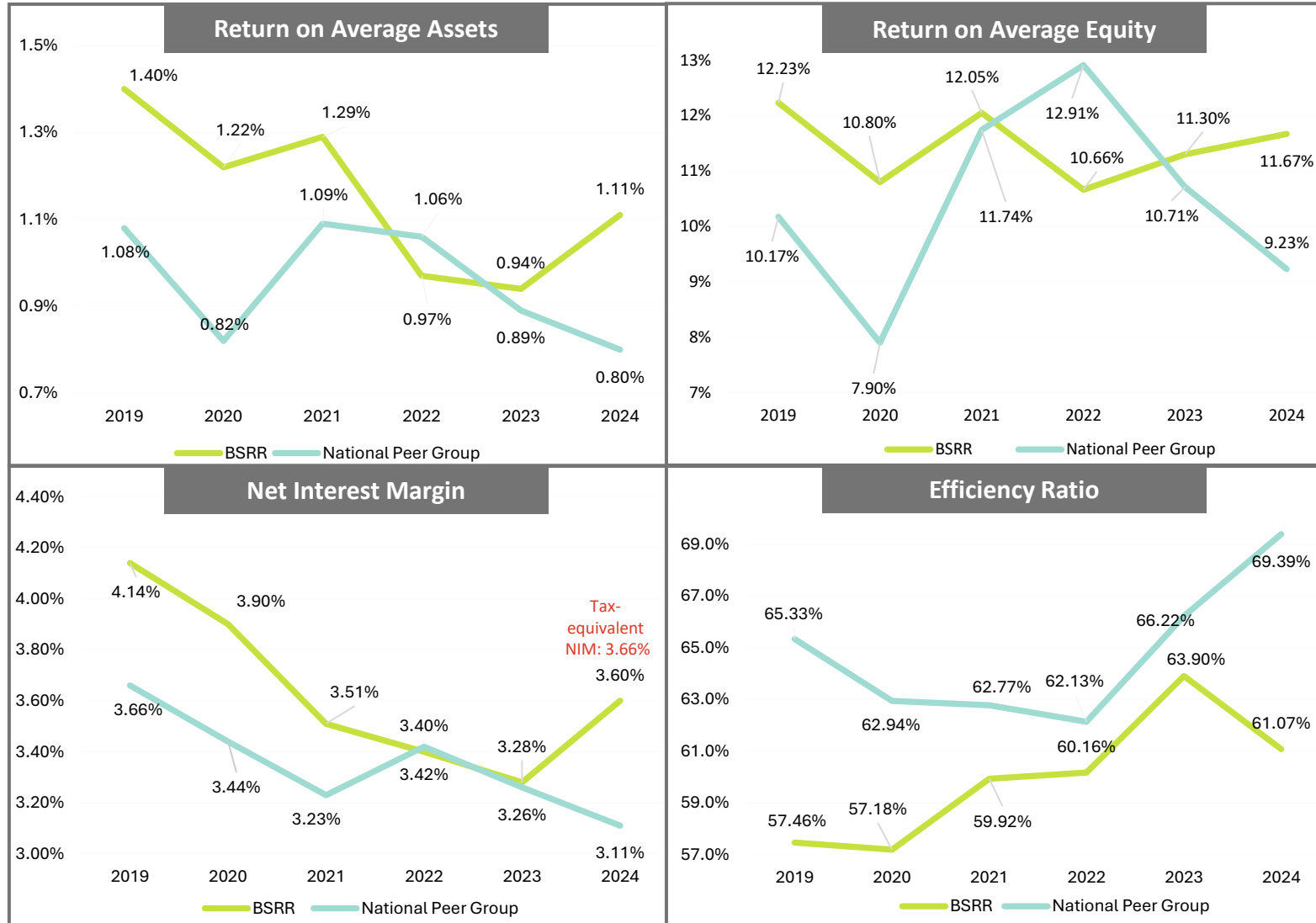
DILUTED EPS AND DIVIDENDS TRENDS



	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024 YTD</u>
Dividends	\$0.74	\$0.80	\$0.87	\$0.92	\$0.92	\$0.70

Note: Totals may not foot due to rounding.

PROFITABILITY TRENDS



Note: Year-to-Date 2024 is through September 30, 2024 for BSRR and through June 30, 2024 for Peer Banks. The National Peer Group ("NPG") is the median for publicly-traded banks in the U.S. with assets between \$500 million and \$5 billion.

COMPOUND ANNUAL GROWTH RATES*

*Since December 31, 2019



TOTAL ASSETS

8%



LOANS

6%



INVESTMENTS

12%

LOAN PORTFOLIO COMPOSITION

Period End Balances (\$ in thousands)

	9/30/2024		12/31/2023	
	\$	%	\$	%
Residential Real Estate	\$ 388,169	16.73%	\$ 412,063	19.71%
Commerical Real Estate	1,338,793	57.69%	1,328,224	63.55%
Other Construction/Land	5,612	0.24%	6,256	0.30%
Farmland Real Estate	80,589	3.47%	67,276	3.22%
Other Commercial	168,236	7.25%	156,272	7.48%
Mortgage Warehouse Lines	335,777	14.47%	116,000	5.55%
Consumer Loans	3,453	0.15%	3,984	0.19%
Gross Loans	\$ 2,320,629	100.00%	\$ 2,090,075	100.00%
Deferred fees, net	396		309	
Loans, net of deferred fees	\$ 2,321,025		\$ 2,090,384	

Loan Growth YTD	\$ 230,641	14.7%
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Proactively manage portfolio risk

- Commercial real estate loans comprise 236% of regulatory capital plus ACL as of September 30, 2024, down from 378% at December 31, 2020.
- No foreclosed assets as of September 30, 2024.
- Construction and land development loans comprise 1% of regulatory capital plus ACL as of September 30, 2024, down from 36% at December 31, 2020.
- Diversified commercial real estate portfolio with non-owner occupied commercial real estate comprised of \$305 million in retail, \$142 million in warehouse/industrial, \$173 million of office and \$201 million of hospitality at September 30, 2024.

LOAN PORTFOLIO ACTIVITY

(\$ in thousands)

Year-to-date Loan Activity - 2023	
Loans, net of deferred fees December 31, 2022	\$ 2,052,817
New credit extended	158,905
Loan Purchases	-
Changes in line of credit utilization	(41,685)
Change in mortgage warehouse	42,146
Paydowns, maturities, charge-offs and amortization	<u>(111,210)</u>
Loans, net of deferred fees September 30, 2023	<u><u>\$ 2,100,973</u></u>
Year-to-date Loan Activity - 2024	
Loans, net of deferred fees December 31, 2023	\$ 2,090,384
New credit extended	136,605
Loan Purchases	-
Changes in line of credit utilization	(23,768)
Change in mortgage warehouse	219,778
Paydowns, maturities, charge-offs and amortization	<u>(101,974)</u>
Loans, net of deferred fees September 30, 2024	<u><u>\$ 2,321,025</u></u>

- Non-mortgage warehouse loan commitments are \$2.22 billion as of September 30, 2024, up from \$2.18 billion, at December 31, 2023.

ENHANCED COMMERCIAL LENDING AND DEPOSIT TEAMS

Mortgage Warehouse Team

- Enhancing product offerings and expanding geographically
- Increased commitments by \$295 million to \$615 million in 2024
- Year-to-date 2024 growth in outstanding loan balance of \$219.8 million

Commercial & Industrial / Agriculture Team

- Opened Templeton Agricultural Credit Center in April 2022
- Added teams in third quarter 2023 and early 2024 with a focus on Commercial & Industrial Lending, including Treasury Management deposit services
- Excluding Mortgage Warehouse, loans increased \$24.4 million in the third quarter of 2024

Gross loans increased \$230.6 million year-to-date in 2024, or 15% annualized

ASSET QUALITY TRENDS

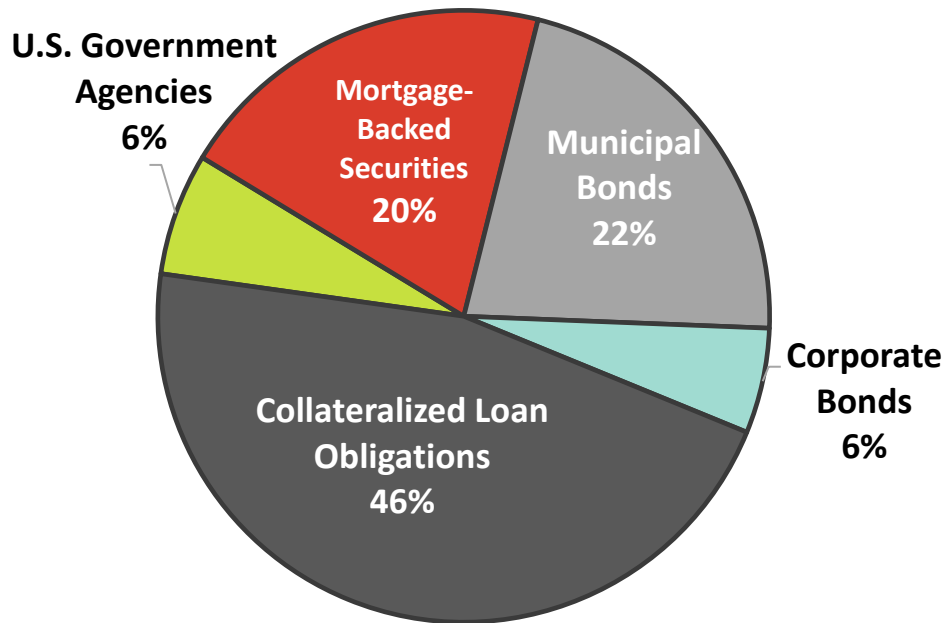
	12/31/2019	12/31/2020	12/31/2021	12/31/2022*	12/31/2023	9/30/2024
Classified Loans/Gross Loans	1.05%	2.41%	1.67%	2.38%	1.71%	1.26%
NPLs/Gross Loans	0.33%	0.31%	0.23%	0.95%	0.38%	0.45%
NPAs/Total Assets	0.25%	0.27%	0.14%	0.54%	0.21%	0.28%
30-89 Past Dues/Gross Loans	0.20%	0.07%	0.10%	0.06%	0.01%	0.01%
Net Charge-offs/Average Loans	0.14%	0.04%	-0.01%	0.58%	0.18%	0.18%
Allowance/Total Loans	0.56%	0.72%	0.72%	1.12%	1.12%	0.98%

- The \$22.7 million allowance for credit losses includes \$0.47 million allowance related to \$335.8 million of mortgage warehouse lines with a coverage ratio of 0.14%. Excluding the allowance on mortgage warehouse loans, the allowance for credit losses related to loans was \$22.24 million.
- At September 30, 2024, there were no foreclosed assets.
- Special Mention loans have declined by \$8 million, or 10.5%, during 2024.

INVESTMENT PORTFOLIO COMPOSITION

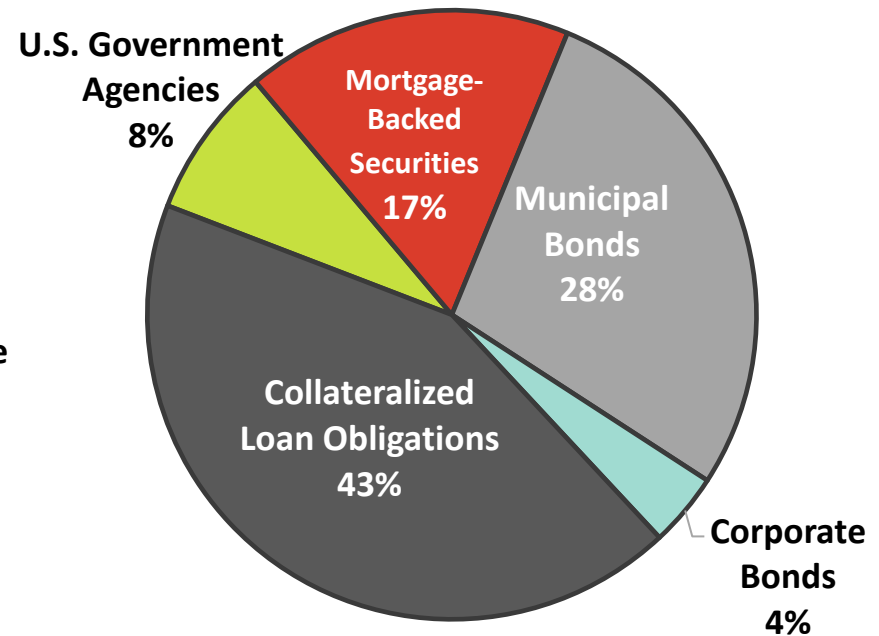
Based on Period End Balances – Fair Value (\$ in thousands)

At September 30, 2024



Fair Value - \$1,012,413*
Third Quarter Yield - 5.25%

At December 31, 2023



Fair Value - \$1,334,125*
Fourth Quarter Yield - 5.13%

Note: * Fair value includes \$306 and \$315 million in securities designated Held-to-maturity as of September 30, 2024 and December 31, 2023, respectively.

In January 2024, we sold an amortized cost of \$196.7 million in securities for \$182.2 million as part of an overall balance sheet restructuring. The sale included amortized cost balances of \$4.0 million in Agencies; \$74.7 million of Mortgage-Backed Securities, and \$117.9 million of municipal bonds. In March 2024 we sold an amortized cost of \$53.9 million for \$51.0 million to further enhance the balance sheet restructure. The sale was comprised of \$39.4 million of municipal bonds and \$14.5 million of mortgage-backed securities. No corporate bonds or CLOs were sold in either the January or March sales.

COMPOUND ANNUAL GROWTH RATES*

*Since December 31, 2019



**TOTAL
LIABILITIES**

8%



DEPOSITS

7%

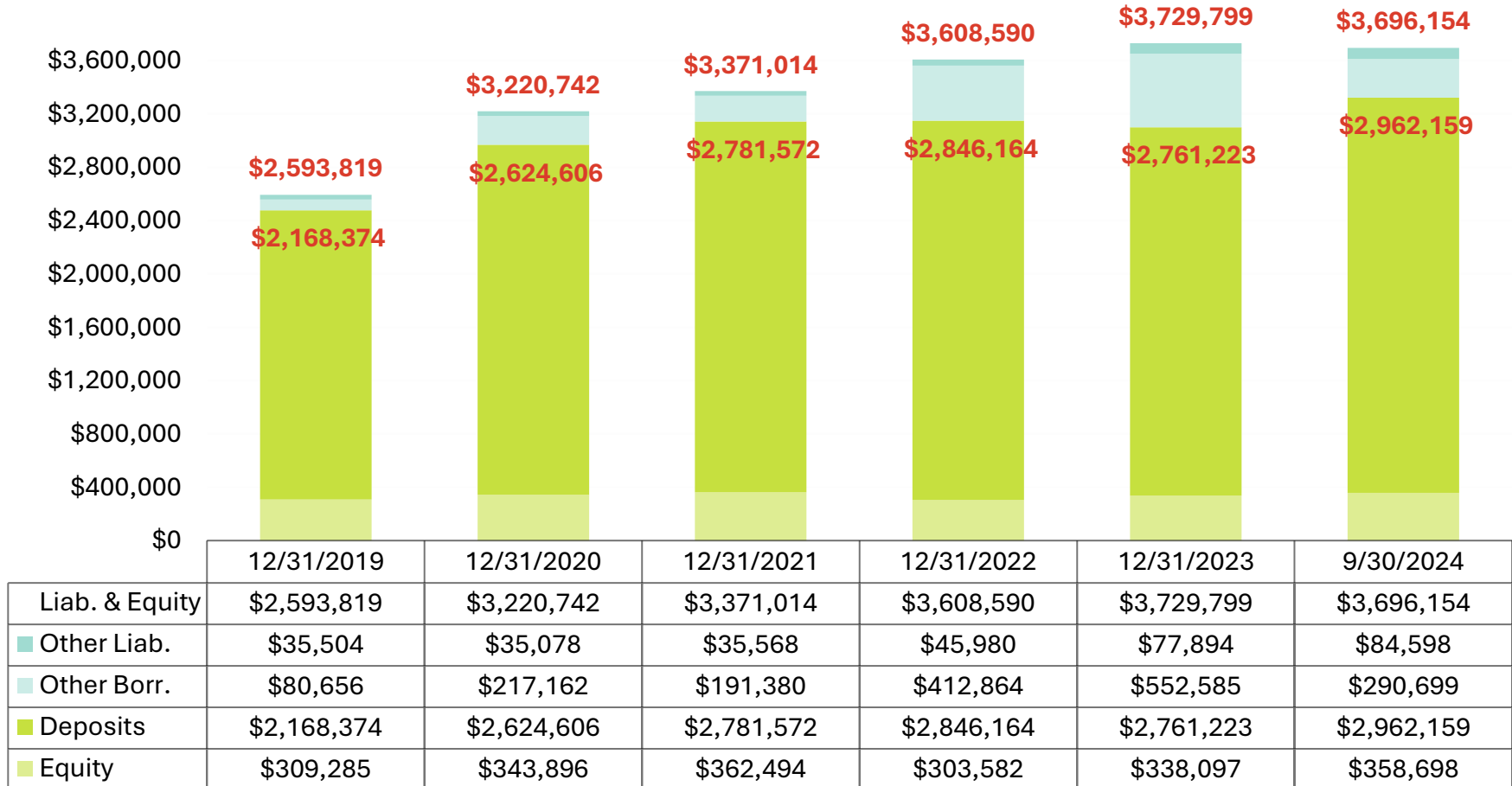


EQUITY

3%

LIABILITY AND EQUITY TRENDS

Period-End Balances, (\$ in Thousands)



FAVORABLE LOW-COST DEPOSIT MIX

	9/30/2024		12/31/2023	
	\$	%	\$	%
Noninterest Demand Deposits	\$ 1,013,743	32.83%	\$ 1,020,772	35.59%
Interest-Bearing Transaction	595,672	19.29%	533,947	18.62%
Savings Deposits	356,725	11.55%	370,806	12.93%
Money Market Deposits	135,948	4.40%	145,591	5.08%
Customer Time Deposits	550,121	17.82%	555,107	19.35%
Brokered Deposits	309,950	10.04%	135,000	4.71%
Total Deposits	<u>\$ 2,962,159</u>	<u>95.93%</u>	<u>\$ 2,761,223</u>	<u>96.27%</u>
Repurchase Agreements	<u>125,534</u>	<u>4.07%</u>	<u>107,121</u>	<u>3.73%</u>
Total Deposits and Repurchase Agreements	<u>\$ 3,087,693</u>	<u>100.00%</u>	<u>\$ 2,868,344</u>	<u>100.00%</u>
Cost of Average Total Deposits and Repurchase Agreements		1.56%		1.21%

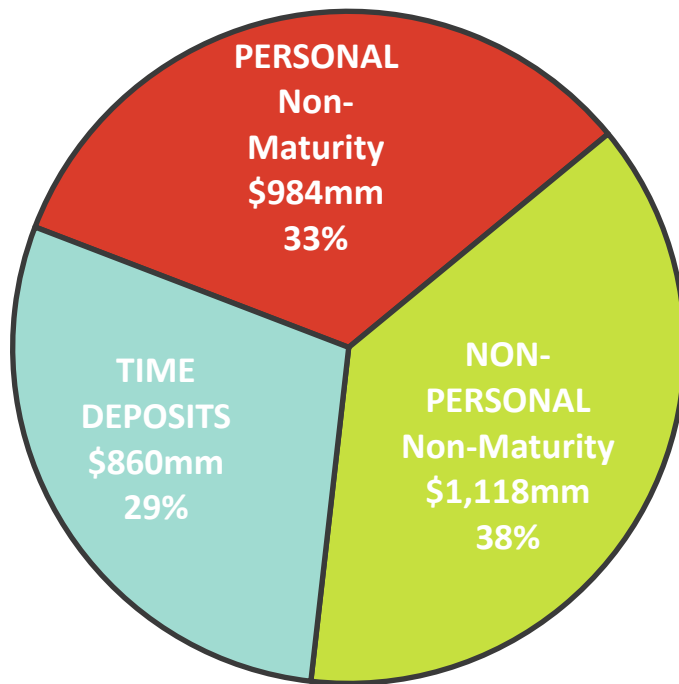
Deposit and Repurchase Agreement YTD Growth	\$ 219,349	10.2%
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Note: The growth in brokered deposits during 2024 is primarily to fund the growth in mortgage warehouse balances.

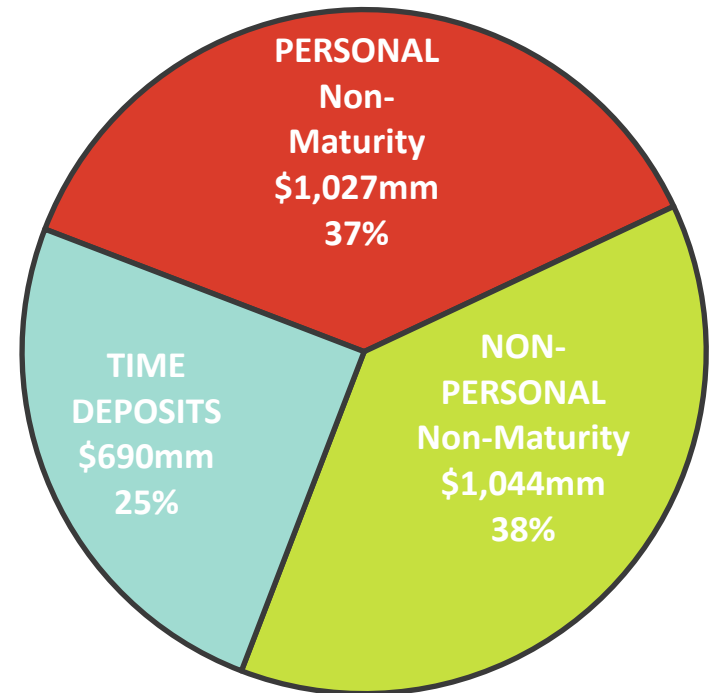
PERSONAL/NON-PERSONAL DEPOSIT SPLIT

Dollar Volume

At September 30, 2024



At December 31, 2023

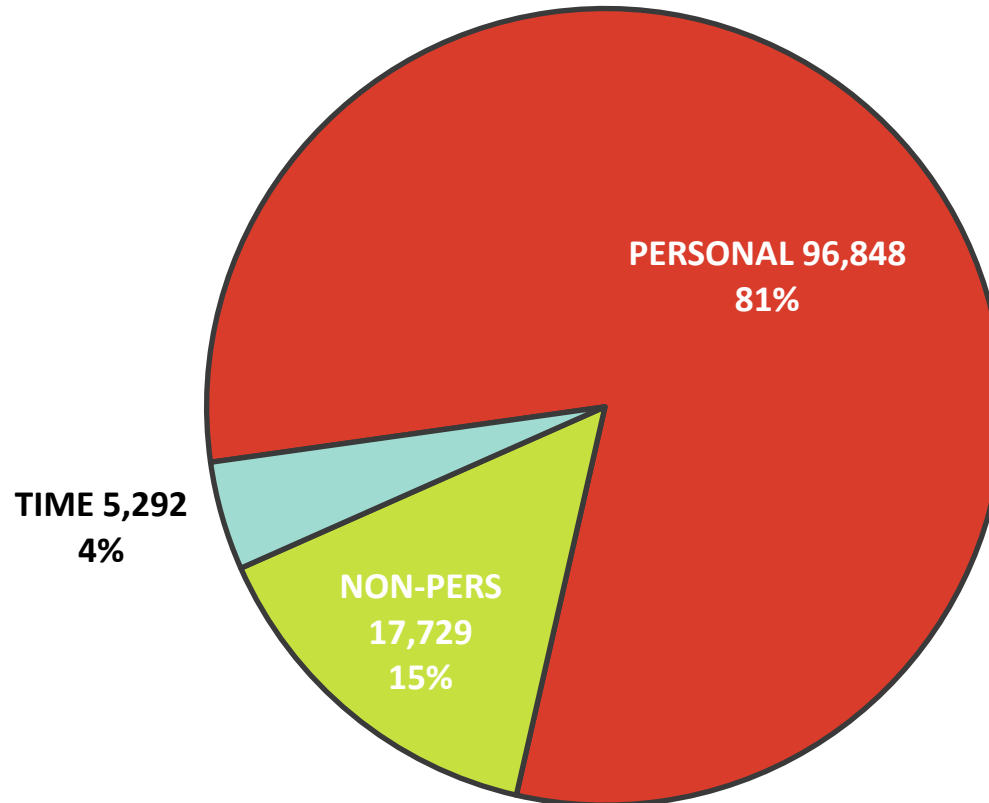


Note: As of September 30, 2024, time deposits included \$269 million in Sierra Prime Index CDs and \$310 million in brokered CDs. As of December 31, 2023, time deposits included \$364 million in Sierra Prime Index CDs and \$135 million in brokered CDs.

PERSONAL/NON-PERSONAL DEPOSIT SPLIT

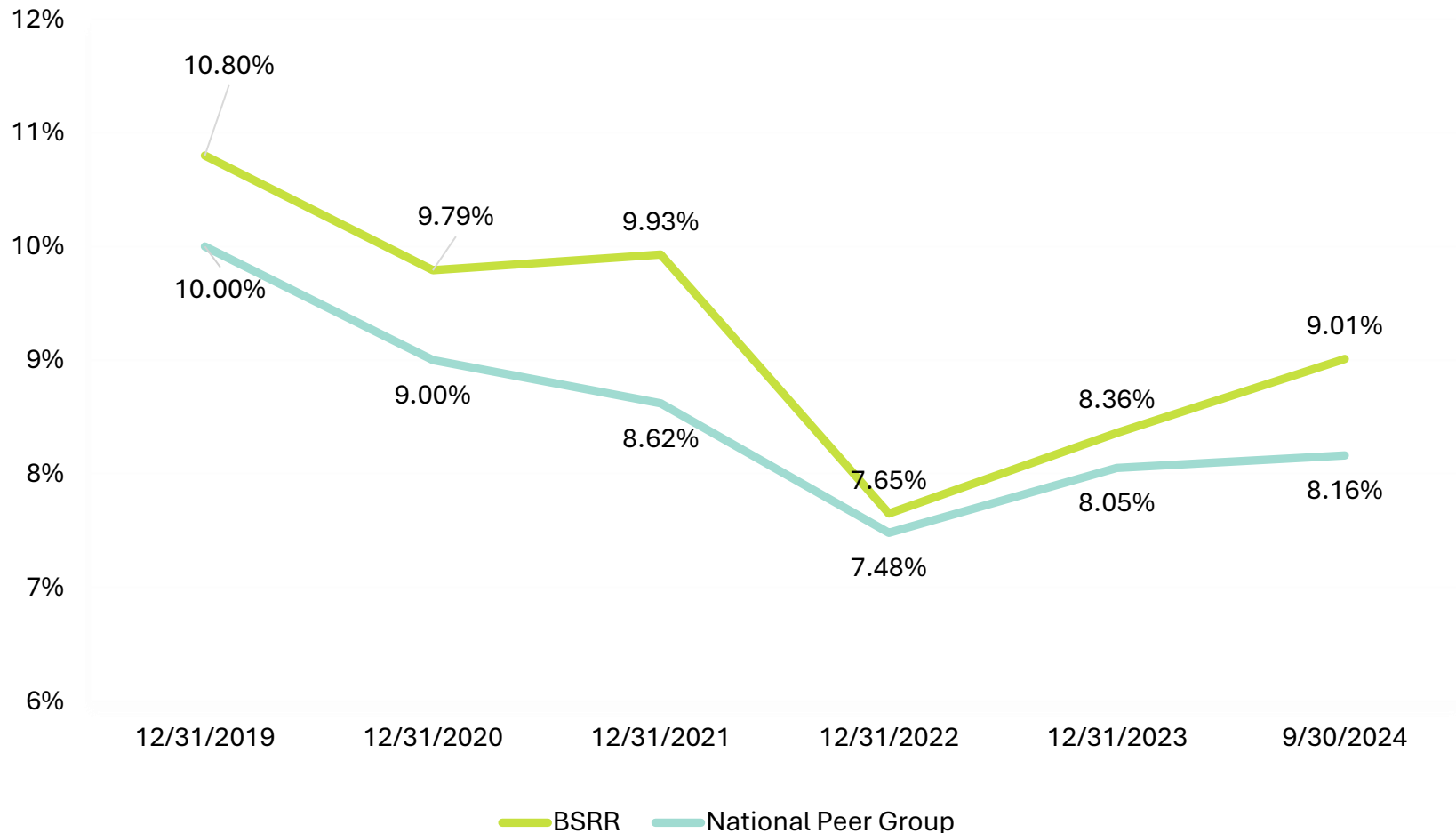
Number of Accounts

At September 30, 2024



TANGIBLE COMMON EQUITY RATIO

Period-End Ratios



Note: Data is as of September 30, 2024 for BSRR. Peer data is as of June 30, 2024. The National Peer Group (“NPG”) is the median for publicly-traded banks in the U.S. with assets between \$500 million and \$5 billion.



SIERRA BANCORP

KEEP CLIMBING

NASDAQ: BSRR

COMPANY CONTACTS:

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Christopher Treece, EVP & CFO, ctreece@bankofthesierra.com