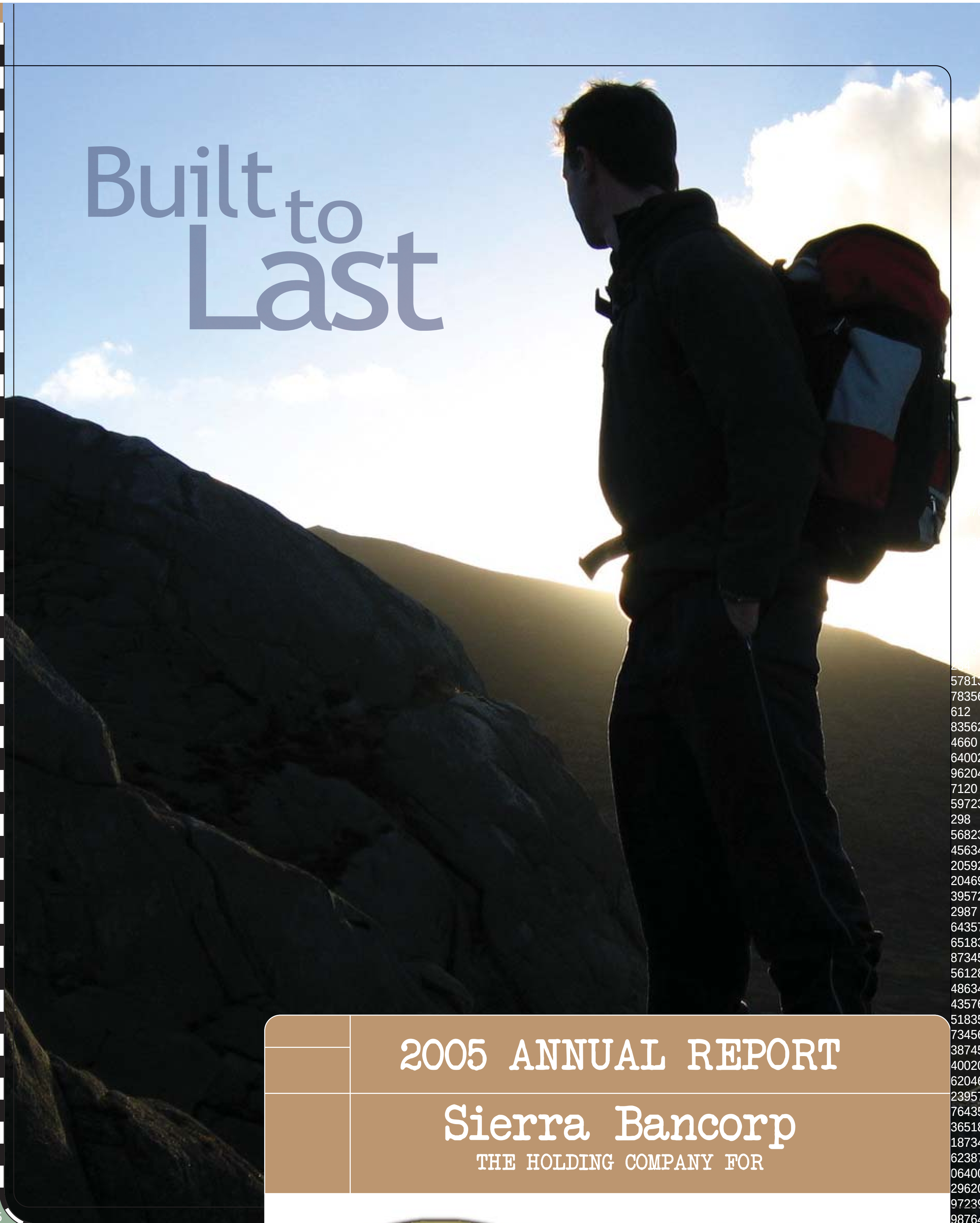
Service



Built to Last

2005 ANNUAL REPORT

Sierra Bancorp

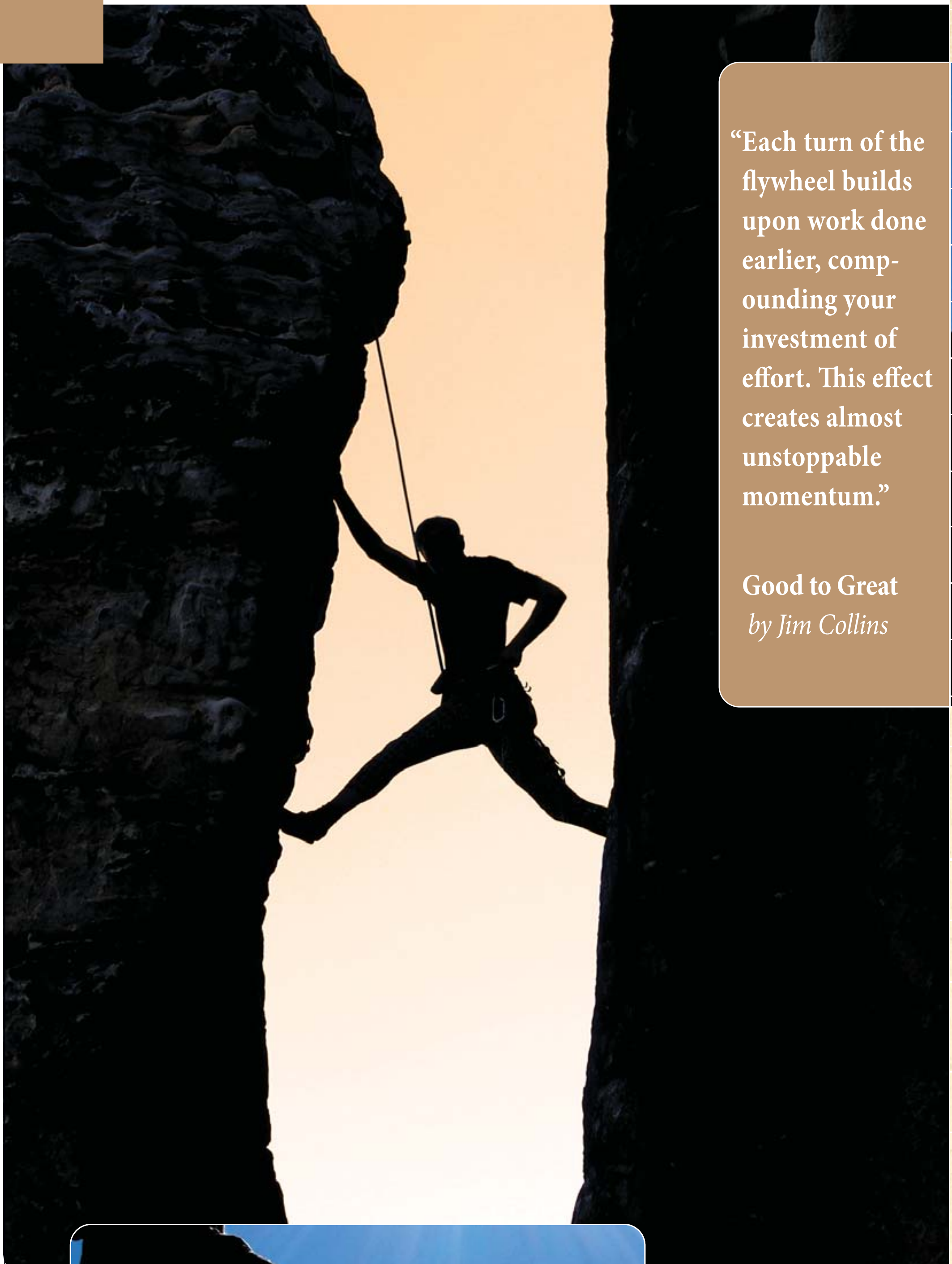
THE HOLDING COMPANY FOR

BANK OF THE SIERRA[SM]

ESTB. 1977

A Mountain of Experience You Can Count On

Momentum



"Each turn of the flywheel builds upon work done earlier, compounding your investment of effort. This effect creates almost unstoppable momentum."

Good to Great
by Jim Collins

Focus

2005 ANNUAL REPORT

Sierra Bancorp

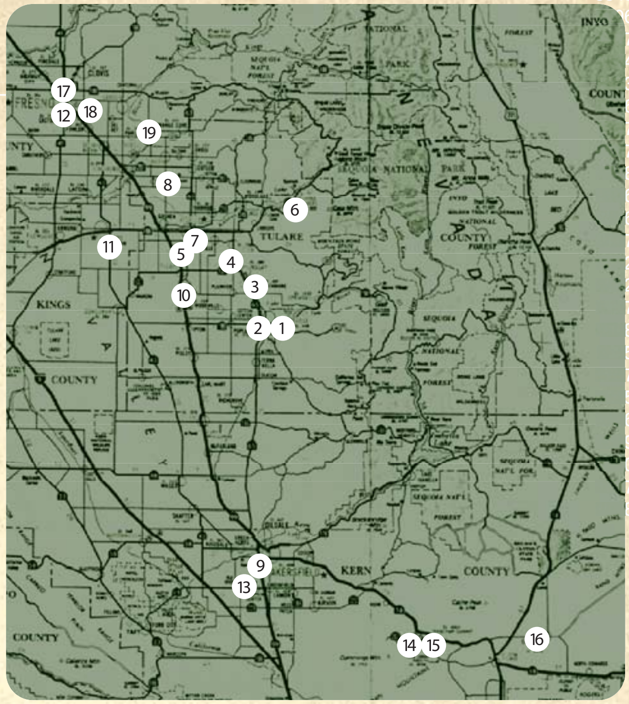
THE HOLDING COMPANY FOR

BANK OF THE SIERRA℠

ESTB. 1977

A Mountain of Experience You Can Count On

1978	1	Main St., Porterville Branch
1981	2	West Olive, Porterville Branch
1981	3	Lindsay Branch
1988	4	Exeter Branch
1991	5	Mooney Blvd, Visalia Branch
1994	6	Three Rivers Branch
1995	7	Main St., Visalia Branch
1997	8	Dinuba Branch
1997	9	California Ave., Bakersfield Branch
1998	10	Tulare Branch
1998	11	Hanford Branch
1999	12	Shaw Ave., Fresno Branch
2000	13	Ming Ave., Bakersfield Branch
2000	14	F St., Tehachapi Branch
2000	15	Old Town, Tehachapi Branch
2000	16	California City Branch
2003	17	N. Ingram/Herndon, Fresno Branch
2004	18	Clovis Branch
2005	19	Reedley Branch



MISSION STATEMENT

To be responsible stewards for our shareholders by providing a superior return on equity of 18%+ and a return on average assets of 1.4%+ within a culture of discipline and ethical entrepreneurship. This is a fundamental stewardship responsibility.

MAJOR STRATEGIES

Purpose

1. To anticipate and meet the dynamic needs of our existing and future customers by providing a broad line of competitive and innovative financial products.
2. To provide quality service on a timely, competitive basis.
3. To establish and maintain a selection and review process that employs the right people on the team.
4. To maintain a positive teamwork environment for our people which enables creativity, entrepreneurship and the opportunity for advancement.
5. To assist the communities we serve with their socioeconomic needs.
6. To be a disciplined institution of excellence.

OUR VISION

Our vision is to be the multi-community, independent bank of choice in our designated market areas by meeting the financial needs of the consumers, businesses and agri-businesses that we serve.

Porterville Branch and Sierra Bancorp Corporate Headquarters

Greatness

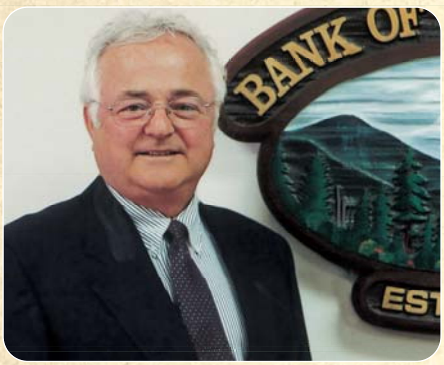
"Good is the enemy of great. And that is one of the key reasons why we have so little that becomes great."

Good to Great by Jim Collins

President's Message

During 2005 we continued to research many of the principles of Good to Great just to be sure we continue on track. We continue to believe we are on track and our financial performance for the year presents clear evidence that we are indeed a "Good to Great" Bank! That evidence is presented in this report.

We are also focusing on "Built to Last", a concept developed by Jim Collins within a book of the same name which deals with perpetuating a high level of performance. Collins points out that as difficult as it is to move from Good to Great, it is far more difficult to stay there and that is the concept of "Built to Last". This is the challenge for 2006 and the years beyond. We are well aware of the difficulties ahead but we believe that we are well positioned to meet them.



"Looking back on the Built to Last study, it appears that the enduring great companies did in fact go through a process of buildup to breakthrough, following the good-to-great framework during their formative years."
Good to Great by Jim Collins

The conclusion we reached is that to be an enduring great company we need to keep working with the process and principles we have embraced over the years. That was the challenge in 2005. We will recite a few of the significant accomplishments achieved in 2005, beginning with exceeding $1 billion in total assets.

In years past we viewed $1 billion in total assets as a distant but achievable goal and a really necessary goal to maintain a high level of financial performance. Leveraging additional capital with earning assets is a fundamental dynamic in banking and necessary if earnings retained exceed dividends paid. In another dynamic, size becomes a competitive advantage in meeting customer loan demands and in another way larger size enables the assembly of a diverse and talented staff better able to provide a higher level of customer service. In these ways a larger bank size is advantageous.

In 2005 we were able to grow through our existing branch system, which is important to overall efficiency, and we also opened one (1) new office in Reedley, our 19th, and started construction of two more that will open in 2006. The Riverlakes Office, our 20th and our third office in Bakersfield, opened in February 2006 and the Delano Office, our 21st office, is scheduled to open in Fall 2006. At the moment we have a five year plan for 15 new offices, all within our existing foot print. Market density, we believe, is a competitive advantage and we remain focused on increasing market share within our current geography.

We also added new products in 2005 that we believe will complement our already broad product line. Sierra Health Savings Accounts were added in the third quarter. Sierra HSA's are tax advantaged savings accounts that work with high deductible medical insurance plans now becoming popular. We also added Sierra Business Debit Card, the familiar debit card, but this one works off of a business account. This debit card is already in wide use. While neither new product is revolutionary in nature, both systematically add to the whole in a cumulative process.

"Good to great comes about by a cumulative process that adds up to sustained and spectacular results."
Good to Great by Jim Collins

As the year 2005 drew to a close we moved to re-align the senior management structure, a structure that will not include, for the first time ever, our Chief Operating Officer, Kenneth E. Goodwin, who announced his retirement in mid-2005 to be effective December 31, 2005. Ken made a significant contribution to the overall success of the Bank since its inception in 1978 and he will be missed.

The new senior management structure is composed of two distinct groups. The first is the Executive Officer Committee (EOC) comprised of Jim Holly, CEO, Ken Taylor, CFO, Jim Gardunio, CCO, and Kevin McPhaill, CBO. The EOC is responsible for long-term strategy and officer-level human resource issues. The second group is the Senior Management Team (SMT) and it is comprised of the four executive officers plus the Director of Operations, Mona Carr, Director of Marketing, Hope Attenhofer, the Director of IT, Rick Davis and the Director of Human Resources, Don Sowers. The SMT is responsible for all bank operations. This all represents a flattening of the operational structure and a broader, more participative style of management, and a management team that can focus on customers, competitors and changes in the external world .

"The focus needs to be on customers, competitors and changes in the external world, and not social hierarchy within the business."
Good to Great by Jim Collins

As we conclude yet another year at December 31, 2005 we should reflect on the past only as a means of looking forward. Our major strategies cited within this report have been largely the same since 1985 although they were refined and re-stated in 2005. But they are not unlike those of hundreds of community banks across the country (and a few nearby too), yet few of those other banks have enjoyed the success we have enjoyed over the years.

"Strategy per se did not separate the good-to-great companies."
Good to Great by Jim Collins

The difference we believe has been our unique ability to organize internally to execute that strategy. Our organizing for strategy execution begins with developing a positive corporate culture. Without that, execution is extremely difficult. From there we develop a broadly based five-year plan in macro numbers and then a very detailed one-year plan in micro numbers which is integrated into a very unique incentive plan which includes all Bank officers. I would also not under estimate the value of being in a very dynamic, growth directed market such as the South San Joaquin Valley.

All of this speaks to a process that really began years ago and slowly but deliberately built over time. It is what the author, Jim Collins, speaks of as the "flywheel effect". Many shareholders can remember 1985 when we concluded the year under $86 million in total assets, and year-end 1995 when we had $304 million, compared to over $1 billion at December 31, 2005. How could that kind of growth take place? Here is the answer:

"Each turn of the flywheel builds upon work done earlier, compounding your investment of effort. This effect creates almost unstoppable momentum."
Good to Great by Jim Collins

Lest we become overly complacent, I would note the phrase "almost unstoppable" meaning it is not guaranteed. And so we must continue to work at it, take nothing for granted, but rather add momentum to the flywheel. That is our challenge as we enter 2006 and the years beyond. We continue to believe that we have not yet reached our full potential, but we are dedicated to keep working at it!

Sincerely,

James C. Holly
President and CEO

"Good-to-Great comes about by a cumulative process, step by step, action by action, decision by decision, adding momentum to the flywheel."
Good to Great by Jim Collins

About Sierra Bancorp

Headquartered in Porterville, California, Sierra Bancorp (the "Company") is a California corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. The Company was incorporated in November 2000 and acquired all of the outstanding shares of Bank of the Sierra (the "Bank") in August 2001. The Company's only consolidated subsidiary is the Bank, and the Company exists primarily for the purpose of holding the stock of the Bank. At December 31, 2005, the Company had consolidated assets of $1.05 billion, gross loans and leases totaling $741 million, deposits of $816 million and shareholders' equity of $79 million. The Company's unconsolidated subsidiaries are Sierra Capital Trust I, which was formed in November 2001 solely to facilitate the issuance capital trust pass-through securities, and Sierra Statutory Trust II, formed in March 2004 also for the purpose of issuing capital trust pass-through securities.

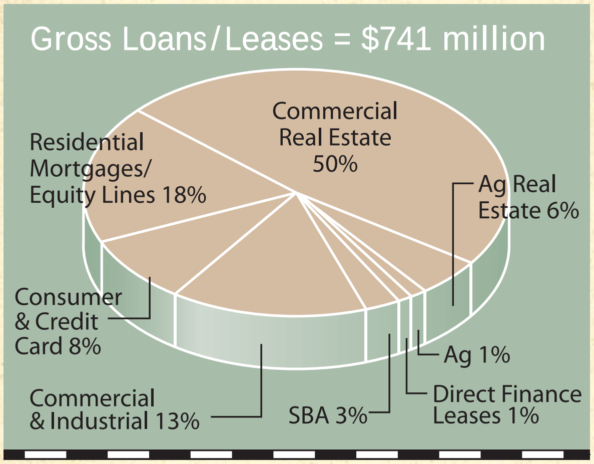
Sierra Bancorp's common stock has been listed on the NASDAQ National Market since August 10, 2001, the effective date of the holding company reorganization, and prior to that the Bank's common stock was listed on the NASDAQ National Market commencing June 10, 1999. The Company's common stock trades under the symbol "BSRR".

References herein to the "Company" include the Company and the Bank, unless the context indicates otherwise.

About Bank of the Sierra

The Bank is a California state-chartered bank headquartered in Porterville, California. It was incorporated in September 1977 and opened for business in January 1978, and is currently in its 29th year of operations. All of the Bank's directors are founding shareholders except one, whose parents were founding shareholders, and most have been directors since the Bank's inception. Further, the Bank's current president and CEO was the founding president. Stability in the Board of Directors and senior staff has contributed to a strong foundation of core values, which has in turn served as the underpinning for a progressive philosophy and operational flexibility and has led to consistently superior financial results.

Over the years, the Bank has grown to be the largest independent bank headquartered in the South San Joaquin Valley. We offer a full range of banking services to individuals and businesses in communities throughout our service area, which is comprised primarily of Tulare, Kern, Fresno, and Kings Counties. With the opening of a branch in Reedley in December 2005 and another in Bakersfield in February 2006, we now operate twenty full-service branch offices within this geographic footprint. We have also received regulatory approvals for a new branch in the city of Delano.



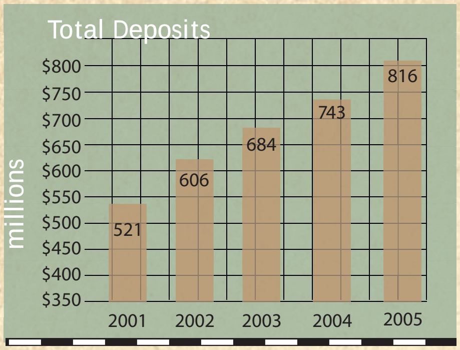
The Bank's lending activities are well-diversified and include real estate, commercial (including small business), agricultural, and retail loans. The bulk of our real estate loans are secured by commercial or professional office properties which are predominantly owner-occupied. In addition, we staff our Fresno, Visalia, Porterville, and Bakersfield offices with real estate lending specialists who are responsible for a complete line of land acquisition and development loans, construction loans for residential and commercial development, and multifamily credit facilities. To round out our real estate lending products we have an arrangement with Moneyline Lending Services, Inc. ("Moneyline"), whereby Moneyline underwrites single-family mortgage loans for qualifying Bank customers referred to them via Bank-branded delivery channels (i.e., Bank branches, the Bank's internet site, and a dedicated telephone line).

Agricultural Credit Centers located in Fresno and Porterville provide a complete line of credit services in support of the agricultural activities that are key to the continued economic development of the communities we serve. "Ag lending" clients include individual farming customers, small business farming organizations, and major corporate farming units. We also actively engage in Small Business Administration ("SBA") lending, and for the SBA's fiscal year ended September 30, 2005 the only bank to book a larger number of SBA loans in the Central California District was Bank of America. We have been designated as an SBA Preferred Lender since 1999, and Bank of the Sierra is a participant in the SBA's innovative "Community Express" program. Our principal retail lending services include home equity lines, consumer loans, and credit card loans.

In addition to loans, we offer a wide range of deposit products for retail and business banking markets including checking accounts, interest-bearing transaction accounts, savings accounts, time deposits and retirement accounts. Telephone banking and internet banking with bill-pay are options for our deposit customers. We attract deposits from throughout our market area with a customer-oriented product mix, competitive pricing, convenient locations, and drive-up banking, all provided with the highest level of customer service. At December 31, 2005 we had 58,620 deposit accounts totaling approximately $816 million. We offer a multitude of other products and services to complement our lending and deposit services. These include installment note collection, cashier's checks, traveler's checks, gift cards, bank-by-mail, ATM, night depository, safe deposit boxes, direct deposit, automated payroll services, electronic

*Complete financial information is contained in the Company's Form 10-K included herewith.

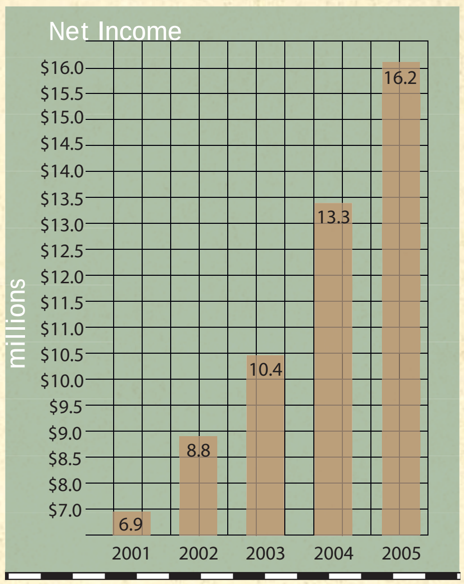
Business of the Company

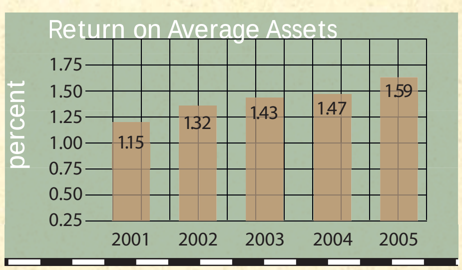


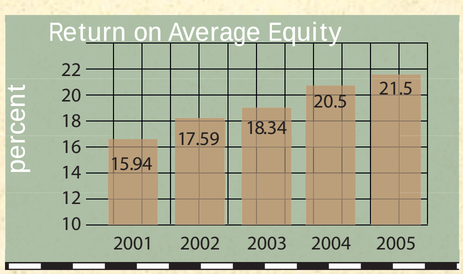
funds transfers, on-line banking, and other customary banking services. During the past few years we have added offsite ATM's, thereby increasing consumer convenience by facilitating cash advances and deposit capabilities not otherwise available at non-branch locations. We operate offsite ATM's at seven different locations, and utilize a mobile ATM unit at fairs, exhibitions, and various other community functions within our market area. We have a Spanish language option on our own network of ATM's, and shared ATM and Point of Sale (POS) networks allow our customers access to national and international funds transfer networks. In addition, we have established a convenient customer service group accessible by toll-free telephone to answer questions and promote a high level of customer service.

In order to provide non-deposit investment options we have developed a strategic alliance with Investment Centers of America, Inc. of Bismarck, North Dakota ("ICA"). Through this arrangement, registered and licensed representatives of ICA provide our customers with convenient access to annuities, insurance products, mutual funds, and a full range of investment products. They conduct business from offices located in our Porterville, Visalia, Tulare, Tehachapi and Fresno branches.

Our officers and employees are continually searching for ways to increase public convenience, enhance public access to the electronic payments system, and enable us to improve our competitive position. In 2005, for example, we researched health savings accounts and began offering them to customers, implemented a gift card product, and opened a new branch in the city of Reedley. In January of 2004, we converted our core bank processing and online banking systems to increase efficiency and improve customer service. During 2003 we began offering lease financing as an alternative to loans and implemented an extensive customer service training program, among other things. And, in 2002 the Bank brought its item processing function in-house and simultaneously implemented check imaging, enabling us to take full advantage of electronic check image collection and presentment as the adoption of this technology becomes increasingly popular.







Results of Operations

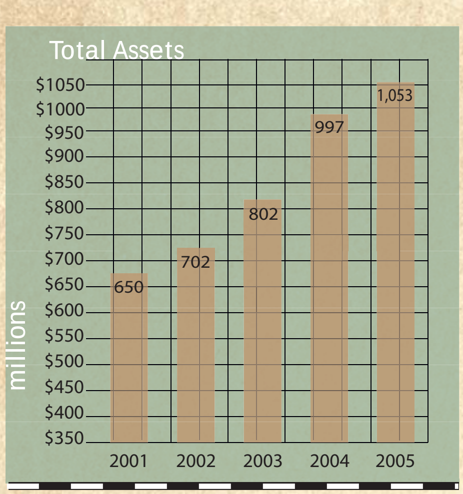
The Company achieved record earnings in 2005, and in fact has increased net income in 22 of the last 23 years. Net income in 2005 was $16.2 million, an increase of over $2.8 million, or 21%, over the $13.3 million in net earnings achieved in 2004. Net income in 2004 was $3.0 million higher than 2003 net earnings of $10.4 million. Net income per basic share was $1.66 for 2005, as compared to $1.41 during 2004 and $1.12 in 2003. The Company's Return on Average Assets was 1.59% and Return on Average Equity was 21.47% in 2005, as compared to 1.47% and 20.50%, respectively for 2004, and 1.43% and 18.34%, respectively in 2003.

The Company earns income from two primary sources. The first is net interest income, which is interest income generated by earning assets less interest expense on interest-bearing liabilities. The second is non-interest income, which mostly consists of customer service charges and fees but also comes from non-customer sources such as bank-owned life insurance. The majority of the Company's non-interest expenses are operating costs that relate to providing a full range of banking services to our customers.

Solid growth in net interest income was a major contributor to the increase in net income in 2005. Net interest income grew by $7.4 million, or 17%, largely due to an increased volume of earning assets. While annual average loan balances grew by 11% in 2005, average investment balances grew by 22% in 2005 due to the leverage strategy implemented in April 2004. The leverage strategy involved the initial purchase of $100 million in mortgage-backed securities that are guaranteed by agencies of the Federal Government, financed primarily with collateralized borrowings from the Federal Home Loan Bank ("FHLB").

This strategy added $1.0 million to net interest income in 2005 on average outstanding balances of $85 million, and $1.2 million to net interest income during 2004 on average outstanding balances of $71 million. The extra income boosted our return on equity. However, because of the addition of a significant level of lower-margin earning assets, the Company's net

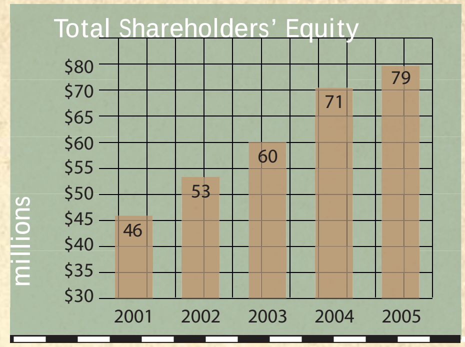
*Complete financial information is contained in the Company's Form 10-K included herewith.



interest margin and return on average assets were not as high as they otherwise would have been. Another factor impacting net interest income in 2005 was a 17 basis point increase in the Company's net interest margin, which includes 5 basis points attributable to an interest recovery. The margin was also favorably impacted by rising short-term interest rates, an increase in the proportion of average demand deposit balances, and a significant reduction in non-performing assets, but negatively affected by a shift from money market balances into higher-cost time deposits.

Non-interest income declined by $768,000, or 8%, in 2005. Items of a non-recurring nature that impacted non-interest income in 2005 included a $523,000 gain on the bulk sale of $21 million in residential mortgage loans, a $406,000 loss on the sale of investment securities resulting from a year-end repositioning of the portfolio, gains on the sale of repossessed properties (other real estate owned, or "OREO") totaling $127,000, and write-downs of our investment in Diversified Holdings, Inc. totaling $570,000. The principal variances that will likely impact ongoing operations include a $325,000 drop in service charges on deposit accounts, a $623,000 increase in the loss on tax credit funds, and a $226,000 increase in debit and credit card interchange fees resulting from increased activity. The drop in service charges is due mainly to lower returned item and overdraft fees, and an increased volume of demand deposit accounts that are initially free of service charges. The tax credit fund losses are an expected component of these investments that are factored into the initial assessment of projected returns, and the increase is due in part to our additional $3 million investment in a newly formed tax credit fund during 2005.

Operating expense increased by $3.2 million, or 11%, in 2005. Included in 2005 expenses were charges totaling $550,000 to write down other real estate owned to current market values, and $200,000 in audit and review costs related to our 2004 compliance with SOX 404. If 2005 expenses were decreased by $750,000 and 2004 expenses increased by $200,000 (for the additional SOX 404 expenses), the year-over-year increase would have been 8% for 2005 and 7% for 2004. Factoring out non-



Effort

Vision

recurring costs, most of the 2005 increase was in salaries and employee benefits, which were up by $1.7 million due to regular annual increases and branch staff additions, and marketing costs, which increased by $283,000 due to a special marketing promotion that is not expected to be repeated.

The provision for loan losses was $323,000 lower in 2005 than in 2004. Despite a $1.3 million increase in net loans charged off in 2005, the need to provide for loan losses was lower than in the previous year due to a $2.1 million reduction in non-performing loans and overall improved credit quality.

Financial Condition

Total assets grew by $55 million, or 6%, to $1.05 billion at the end of 2005 from $997 million at the end of 2004. If not for the bulk sale of $21 million in residential mortgage loans, the early payoff of an $8 million participation loan, and a $4 million reduction in non-performing assets, the growth rate for assets in 2005 would have been 9%.

Gross loan and lease balances increased by $45 million, or 6%, in 2005, mainly from $27 million growth in loans secured by commercial properties. Also increasing at a higher rate than the aggregate loan portfolio, and providing better balance to the portfolio in so doing, were direct finance leases, loans secured by farmland, and SBA loans, which grew by 190%, 20%, and 12% respectively. As noted above, having a negative impact on loan growth were the first quarter mortgage loan sale, the participation loan payoff, and a reduction in non-performing loans. Without those events, loan growth would have been 11%.

Non-performing assets dropped by $4 million, or 83%, during 2005. A large part of the reduction was from the sale of a non-accruing loan with a book balance of $1.3 million. Approximately $2 million of the reduction was due to a decline in OREO balances, of which $550,000 represented the write-down of an OREO property during the year.

Total investment balances declined only $4 million, or 2%, however this masks a fairly significant shift within the portfolio. Mortgage-backed securities balances were $28 million lower, due to relatively high prepayments and the sale of $13 million in securities at the end of 2005. Higher-yielding municipal securities, on the other hand, were $12 million higher, and agency securities were increased by $11 million to provide additional collateral for pledging purposes.

Non-interest bearing deposits grew by $47 million, or 20%, climbing to 35% of total deposits at the end of 2005 from 32% at the end of 2004. Relatively low-cost NOW and savings deposits grew by $10 million, or 8%. Money market deposit account balances fell by $31 million, or 22%, as those balances shifted into higher-rate time deposits during 2005. Despite a drop of $18 million in brokered time deposits, aggregate time deposits increased by $47 million, indicating that we gained new money in that category in addition to transfers from money market accounts.

Total non-deposit borrowings, including junior subordinated debentures, fell to 15% of total liabilities at the end of 2005 from 19% at the end of 2004. This decrease is directly attributable to the runoff of $35 million in term FHLB borrowings obtained pursuant to the leverage strategy.

Total shareholders' equity increased to $79 million at December 31, 2005 from $71 million at December 31, 2004, due primarily to the retention of earnings less dividends paid. The Company's total risk-based capital ratio at December 31, 2005 was 13.5%.

*Complete financial information is contained in the Company's Form 10-K included herewith.

Directory of Offices

Porterville & LIndsay Service Area
Arthur T. Cardell, Sr. Vice President, Area Manager

Visalia Service Area
Richard Wehmueller, Vice President, Area Manager

Dinuba & Reedley Service Area
Rachel Uyeda, Vice President, Area Manager

Exeter & Three Rivers Service Area
Arthur W. Zschau, Vice President, Area Manager

Bakersfield Service Area
Gordon Jones, Vice President, Area Manager

Tehachapi & California City Service Area
Bruce Hamlin, Vice President, Area Manager

Fresno & Clovis Service Area
J. Frank Oliver, Vice President, Area Manager

Tulare Service Area
John Thomas, Vice President, Area Manager

Hanford Service Area
Kevin McPhaill, Vice President, Area Manager

Ag Credit Centers
Ronald H. Paternoster, Vice President, Manager

SBA Loan Center
Janice Castle, Vice President, Manager

Branch Offices

Porterville	90 N. Main • 559/782-4300 1498 W. Olive • 559/782-4500
Bakersfield	5060 California Ave.• 661/325-0101 8500 Ming Ave.• 661/663-3400
California City	8031 California City Blvd.•760/373-8602
Clovis	1710 Clovis Ave.• 559/297-3391
Dinuba	401 E. Tulare St.• 559/591-6921
Exeter	1103 W. Visalia Rd. • 559/592-4134
Fresno	636 E. Shaw Ave. • 559/248-0112 7029 N. Ingram Ave.• 559/449-8145
Hanford	427 W. Lacey Blvd.• 559/585-6700
Lindsay	142 S. Mirage • 559/562-6311
Reedley	1095 W. Manning St.• 559/638-1602
Tehachapi	224 W. F St.• 661/822-6801 21000 Mission St.• 661/822-9191
Three Rivers	40884 Sierra Drive • 559/561-5910
Tulare	246 E. Tulare Ave. • 559/686-4900
Visalia	2515 S. Mooney Blvd.• 559/636-0100 128 E. Main • 559/740-4200

Ag Credit Centers
Porterville 86 N. Main • 559/782-4432
Fresno 636 E. Shaw Ave. • 559/248-2580

SBA Loan Center
Porterville 86 N. Main • 559/782-4900

Corporate Office
Porterville 86 N. Main • 559/782-4900
E-mail address **info@bankofthesierra.com**
Websites **www.bankofthesierra.com** • **www.sierrabancorp.com**

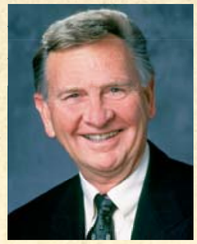
Administrative Officers

James C. Holly	President & Chief Executive Officer
Diane Rotondo	AVP/Corporate Secretary
Kevin J. McPhaill	Chief Banking Officer
James F. Gardunio	Senior V.P. & Chief Credit Officer
Kenneth R. Taylor	Senior V.P. & Chief Financial Officer
Hope Attenhofer	V.P./Director of Marketing
Mona M. Carr	V.P./Director of Operations
Rick Davis	V.P./Director of Information Technology
Ronda Day	V.P./Director of Compliance
Jeri L. Eubanks	V.P./General Credit Administrator
Cindy L. Herron	V.P./Controller
Linda S. Hudspeth	V.P./Director of Loan Operations
Sherri Jackson	V.P./Director of Real Estate Operations
Kathy Lostetter	V.P./Director of Training
Larry J. Mueller	V.P./General Credit Administrator
Joe L. Ruiz, Jr.	V.P./Support Operations Administrator
Richard H. Schmid	V.P./Chief Appraiser
Judi Singer	V.P./Consumer Credit Administrator
Donald L. Sowers	V.P./Director of Human Resources
James Stewart	V.P./Manager, Leasing
Frank W. Wittich, Jr.	V.P./Manager, Special Assets Center
Thomas Y. Yamaguchi	V.P./Treasurer

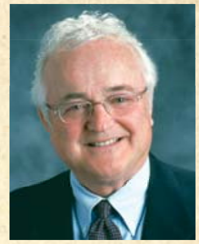
Left to Right:
Kevin J. McPhaill, Chief Banking Officer
James F. Gardunio, Senior V.P. & Chief Credit Officer
James C. Holly, President & Chief Executive Officer
Kenneth R. Taylor, Senior V.P. & Chief Financial Officer

Board of Directors

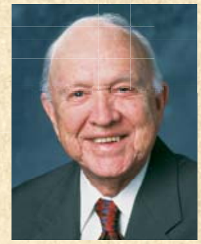
Albert L. Berra
Director
Orthodontist/Rancher



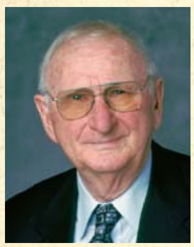
Morris A. Tharp
Chairman
President & Owner, E.M. Tharp, Inc.



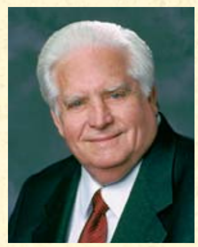
James C. Holly
President
President, Bank of the Sierra



Robert H. Tienken
Director
Retired (formerly Realtor/Farmer)



Vince L. Jurkovich
Director
President, Porterville Concrete Pipe Company



Gordon T. Woods
Director
Owner, G.T. Woods Construction

Gregory A. Childress
Director
Rancher, CPG Ranch

Robert L. Fields
Director
Retired, Investor

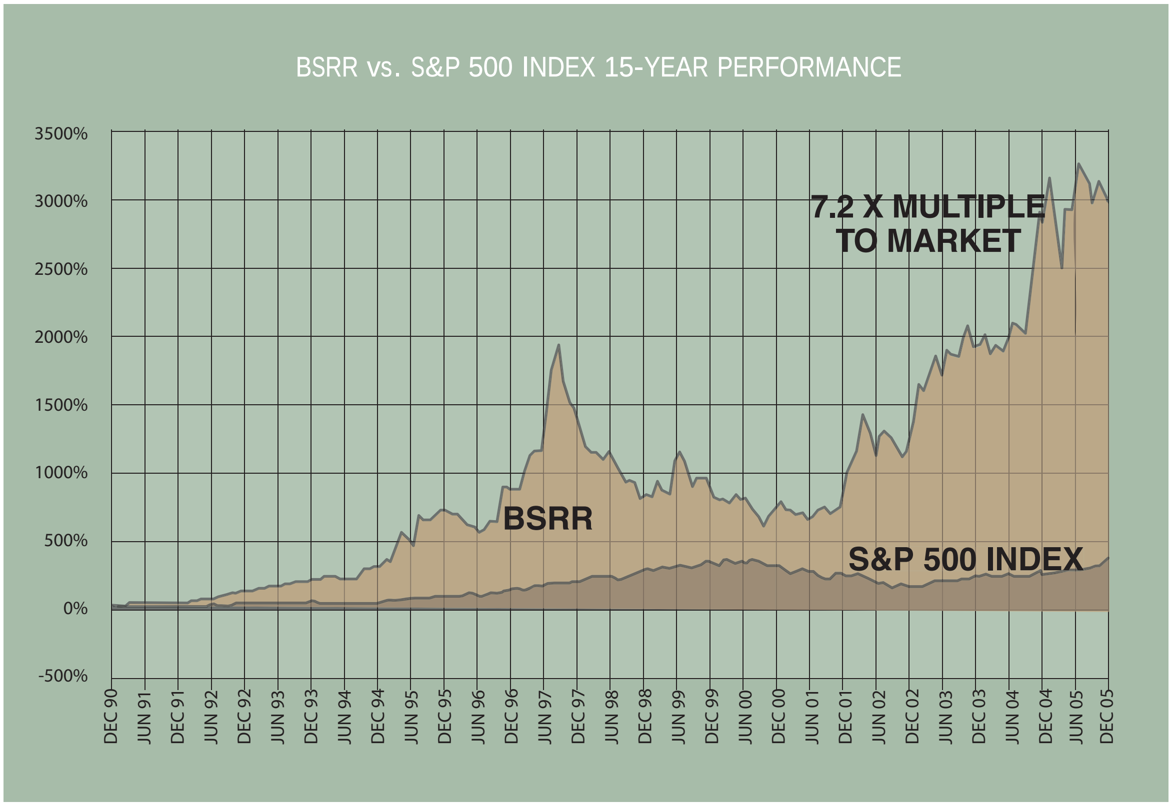
Howard H. Smith
Director
General Partner
Smith's Enterprises

Deceased

Howard H. Smith 1978 - 2005
27 Years of service to the bank

We recognize Howard Smith for his dedicated service and participation in the overall success of the bank.

"Howard's loyalty and dedication to the bank will always be remembered."
-James Holly, President and CEO of Bank of the Sierra.



Sierra Bancorp
THE HOLDING COMPANY FOR
BANK OF THE SIERRA℠
ESTB. 1977

Executive V.P. &
Chief Operating Officer

Retired

Kenneth E. Goodwin
27 Years of service to the bank

"Ken made a significant contribution to the overall success of the Bank since its inception in 1978 and he will be missed."
-James Holly, President and CEO of Bank of the Sierra

A Mountain of Experience You Can Count On

A Mountain of Experience You Can Count On

A copy of the Company's 2005 Annual Report Form 10-K, including financial statements but without exhibits filed with the Securities and Exchange Commission, is enclosed herewith. Quarterly financial reports and other news releases may also be obtained by visiting www.sierrabancorp.com.