

SIERRA BANCORP
Form 10-Q
May 09, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

Commission file number: 000-33063

SIERRA BANCORP
(Exact name of Registrant as specified in its charter)

California
(State of Incorporation)

33-0937517
(IRS Employer Identification No)

86 North Main Street, Porterville, California 93257
(Address of principal executive offices) (Zip Code)

(559) 782-4900
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

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

Yes No

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

Common stock, no par value, 14,003,761 shares outstanding as of May 2, 2011

FORM 10-Q

Table of Contents

	Page
Part I - Financial Information	1
Item 1. Financial Statements (Unaudited)	1
Consolidated Balance Sheets	1
Consolidated Statements of Income	2
Consolidated Statements of Cash Flows	3
Notes to Unaudited Consolidated Financial Statements	4
Item 2. Management's Discussion & Analysis of Financial Condition & Results of Operations	12
Forward-Looking Statements	12
Critical Accounting Policies	12
Overview of the Results of Operations and Financial Condition	13
Earnings Performance	14
Net Interest Income and Net Interest Margin	14
Provision for Loan and Lease Losses	17
Non-interest Revenue and Operating Expense	17
Provision for Income Taxes	20
Balance Sheet Analysis	20
Earning Assets	20
Investments	20
Loan Portfolio	22
Credit Quality and Nonperforming Assets	23
Allowance for Loan and Lease Losses	27
Off-Balance Sheet Arrangements	32
Other Assets	32
Deposits and Interest-Bearing Liabilities	33
Deposits	33
Other Interest-Bearing Liabilities	34
Non-Interest Bearing Liabilities	34
Liquidity and Market Risk Management	34
Capital Resources	37
Item 3. Qualitative & Quantitative Disclosures about Market Risk	38
Item 4. Controls and Procedures	38
Part II - Other Information	39
Item 1. - Legal Proceedings	39
Item 1A. - Risk Factors	39
Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 3. - Defaults upon Senior Securities	39
Item 4. - (Removed and Reserved)	39
Item 5. - Other Information	39
Item 6. - Exhibits	40
Signatures	41

PART I - FINANCIAL INFORMATION

Item 1

SIERRA BANCORP
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 2011 (unaudited)	December 31, 2010 (audited)
ASSETS		
Cash and due from banks	\$46,149	\$ 42,110
Interest-bearing deposits in other banks	11,373	325
Federal funds sold	-	210
Total Cash & Cash Equivalents	57,522	42,645
Investment securities available for sale	375,027	331,730
Loans and leases:		
Gross loans and leases	776,392	805,540
Allowance for loan and lease losses	(21,464)	(21,138)
Deferred loan and lease fees, net	188	113
Net Loans and Leases	755,116	784,515
Premises and equipment, net	20,608	20,190
Other assets	104,676	107,491
TOTAL ASSETS	\$ 1,312,949	\$ 1,286,571
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing	\$ 266,209	\$ 251,908
Interest bearing	825,496	800,366
Total Deposits	1,091,705	1,052,274
Federal funds purchased and repurchase agreements	35	-
Short-term borrowings	-	14,650
Long-term borrowings	15,000	15,000
Other liabilities	13,758	14,122
Junior subordinated debentures	30,928	30,928
TOTAL LIABILITIES	1,151,426	1,126,974
SHAREHOLDERS' EQUITY		
Serial Preferred stock, no par value; 10,000,000 shares authorized; none issued	-	-
Common stock, no par value; 24,000,000 shares authorized; 13,985,761 and 13,976,741 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	63,550	63,477
Additional paid in capital	1,718	1,652
Retained earnings	94,261	93,570
Accumulated other comprehensive income	1,994	898
TOTAL SHAREHOLDERS' EQUITY	161,523	159,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,312,949	\$ 1,286,571

The accompanying notes are an integral part of these consolidated financial statements

SIERRA BANCORP
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data, unaudited)

	For the Quarter Ended March 31,	
	2011	2010
Interest income:		
Interest and fees on loans	\$11,782	\$13,578
Interest on investment securities:		
Taxable	1,916	2,108
Tax-exempt	716	644
Interest on federal funds sold and interest-bearing Deposits	8	17
Total interest income	14,422	16,347
Interest expense:		
Interest on deposits	1,091	1,658
Interest on short-term borrowings	34	38
Interest on long-term borrowings	140	176
Interest on manditorily redeemable trust preferred securities	181	175
Total interest expense	1,446	2,047
Net Interest Income	12,976	14,300
Provision for loan losses		