

SIERRA BANCORP  
Form S-4/A  
May 04, 2016

As filed with the Securities and Exchange Commission on May 4, 2016

Registration No. 333-210404

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**AMENDMENT NO. 2**

**TO**

**FORM S-4**

**REGISTRATION STATEMENT  
*UNDER THE SECURITIES ACT OF 1933***

**SIERRA BANCORP**  
**(Exact Name of Registrant as Specified in its Charter)**

<b>California</b>	<b>6021</b>	<b>33-0937517</b>
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**86 North Main Street  
Porterville, CA 93257  
(559) 782-4900**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Kevin J. McPhail**

**President And Chief Executive Officer**

**Sierra Bancorp**

**86 North Main Street  
Porterville, CA 93257  
559-782-4900**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*With copies to:*

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement and the satisfaction or waiver of all other conditions to the transaction described in the proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration

statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (*Check one*):

Non-accelerated Filer: "

Large Accelerated Filer " Accelerated Filer: x (Do not check if a Smaller Reporting Company: "  
smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

PROXY STATEMENT/PROSPECTUS  
MERGER PROPOSED - YOUR VOTE IS VERY IMPORTANT

The board of directors of Coast Bancorp, which we sometimes refer to as Coast, has agreed to a merger of Coast Bancorp with and into Sierra Bancorp, which we sometimes refer to as Sierra. The details of the merger are set forth in the Agreement and Plan of Reorganization and Merger, dated as of January 4, 2016, between Sierra Bancorp and Coast Bancorp, which we refer to as the merger agreement. Immediately after the merger, Coast Bancorp's bank subsidiary, Coast National Bank, will be merged with and into Sierra Bancorp's bank subsidiary, Bank of the Sierra. We refer to the second merger as the bank merger.

If the merger is completed, each shareholder of Coast Bancorp will receive, subject to their stock and cash election and proration, their proportional share of the total merger consideration, which consists of (1) 581,753 shares of Sierra common stock; and (2) \$3,176,371 in cash (subject to downward adjustment as described in the next paragraph). The total number of shares issued and cash paid may be increased if outstanding stock options are exercised prior to the effective time of the merger. This will not result in any change to the per share merger consideration payable to current shareholders.

The total number of shares issued and cash paid may be increased if outstanding stock options are exercised prior to the effective time of the merger. This will not result in any change to the per share merger consideration payable to current shareholders.

The precise amount of the aggregate merger consideration and the resulting per share merger consideration will not be known until shortly before the closing of the merger. A total of 581,753 Sierra Bancorp shares will be issued in the merger, plus up to 46,565 additional shares if all outstanding Coast Bancorp stock options are exercised prior to the effective time of the merger. The aggregate amount of cash to be paid will equal \$3,176,171, subject to reduction if and to the extent that Coast Bancorp's total adjusted shareholders equity is less than \$5.2 million as of the end of the month preceding the closing or certain transaction expenses of Coast Bancorp exceed \$2.4 million. See "PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Adjustments to the Merger Consideration." The aggregate amount of cash may be increased by up to an additional \$254,250 if all outstanding Coast Bancorp stock options are exercised prior to the effective time of the merger.

By way of example only, assuming no reduction in the aggregate cash consideration as described above, if the per share merger consideration were calculated based on the closing price for shares of Sierra Bancorp common stock on

the Nasdaq Global Select Market on May 2, 2016 of \$17.13 per share, each share of Coast Bancorp common stock for which all cash was elected and received would have received \$2.32 in cash, and each share converted into all stock would have been converted into 0.1374 shares of Sierra Bancorp common stock with a market value of \$2.35. The actual merger consideration will be calculated five business days before the closing of the merger based on a formula in the merger agreement, and the resulting per share merger consideration may be more or less than in the above example. In addition, because the merger consideration is set by a predetermined formula and it is impossible to predict what elections different shareholders will make, there is no assurance that any given shareholder will receive the form of consideration he or she elects.

Holders of in-the-money Coast Bancorp stock options who do not exercise their options prior to the merger effective time will receive \$2.25 minus the exercise price per share with respect to the corresponding Coast stock option. Outstanding warrants to purchase approximately 123,181 shares of Coast common stock at \$5.50 per share shall be cancelled and become null and void unless exercised prior to the effective time of the merger.

Shares of Sierra Bancorp common stock are traded on the Nasdaq Global Select Market under the symbol "BSRR." On January 4, 2016, immediately prior to the first public announcement of the merger, the price per share of Sierra Bancorp common stock was \$17.51, and on May 2, 2016, the latest practicable trading date before the printing of this proxy statement/prospectus, the closing share price of Sierra Bancorp common stock was \$17.13.

Shares of Coast Bancorp common stock are traded on the OTC-PINK under the symbol "CTBP." On January 4, 2016, immediately prior to the first public announcement of the merger, the closing share price of Coast Bancorp common stock was \$1.75, and on May 2, 2016, the latest practicable trading date before the printing of this proxy statement/prospectus, the closing share price of Coast Bancorp common stock was \$2.17.

Shareholders of Coast Bancorp will be asked to vote to approve the merger agreement and the merger at the special meeting of shareholders. We cannot complete the merger unless we obtain the required approval of the shareholders of Coast Bancorp. The merger agreement must be approved by the affirmative vote of at least a majority of the shares of Coast Bancorp common stock outstanding as of the record date for the special meeting.

We urge you to read this proxy statement/prospectus and all appendices carefully, including the “RISK FACTORS” discussion beginning on page 20 of this proxy statement/prospectus.

**Neither the Securities and Exchange Commission nor any bank regulatory agency, nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The securities offered through this proxy statement/prospectus are not savings accounts, deposits or other obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any government agency.**

This proxy statement/prospectus is dated May 6, 2016 and is first being mailed to the shareholders of Coast Bancorp on or about May 12, 2016.

**500 Marsh Street**

**San Luis Obispo, California 93401**

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

**To Be Held June 20, 2016 – 5:30 p.m**

To: The Shareholders of Coast Bancorp (“Coast Bancorp”),

A special meeting of shareholders of Coast Bancorp will be held at the office of Coast Bancorp located at 500 Marsh Street, San Luis Obispo, California 93401, on Monday, June 20, 2016, at 5:30 p.m (local time), for the purpose of considering and voting upon the following matters:

**Approval of the Merger Agreement and Merger.** To approve the Agreement and Plan of Reorganization and Merger, dated January 4, 2016, by which Coast Bancorp will be merged with and into Sierra Bancorp and Coast Bancorp’s bank subsidiary, Coast National Bank will be merged with and into Sierra Bancorp’s bank subsidiary, Bank of the Sierra, as more fully described in the accompanying proxy statement/prospectus.

**Adjournment.** To approve any adjournment or postponement of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the merger agreement or for any other legally permissible purpose.

Only shareholders of record at the close of business on May 2, 2016, are entitled to notice of, and to vote at, the special meeting.

Shareholders are entitled to assert dissenters’ rights with respect to the proposal to approve the merger agreement and the merger. Your dissenters’ rights are conditioned on your strict compliance with the requirements of Chapter 13 of the California General Corporation Law, which we refer to as the CGCL. A copy of the applicable sections of Chapter

13 of the CGCL is attached as **Appendix B** to this proxy statement/prospectus.

The board of directors of Coast Bancorp has determined that the merger is advisable and in the best interests of Coast Bancorp shareholders based upon its analysis, investigation and deliberation and recommends that shareholders of Coast Bancorp vote “**FOR**” approval of the merger agreement and the merger.

The board of directors of Coast Bancorp also recommends that shareholders vote “**FOR**” adjournment of the special meeting to a later date or dates if necessary, to solicit additional proxies if there are not sufficient votes in favor of the merger agreement or for any other legally permissible purpose.

**Whether or not you plan to attend the special meeting, please sign, date and return the enclosed proxy card in the postage-paid envelope provided, so that as many shares as possible may be represented.** The vote of every shareholder is important and we will appreciate your cooperation in returning your executed proxy promptly. Each proxy is revocable and will not affect your right to vote in person if you attend the special meeting. If you hold your shares in certificate form and attend the special meeting, you may simply revoke your previously submitted proxy and vote your shares at that time. If your shares are held by a broker or otherwise not registered in your name, you will need additional documentation from your record holder to vote your shares personally at the special meeting. If you hold your shares in certificate form, please indicate on the proxy card whether or not you expect to attend.

We appreciate your continuing support and look forward to seeing you at the special meeting.



**DATED:** May 12, 2016

**By Order of the Board of Directors**

**Anita M. Robinson**

**President and Chief Executive Officer**

**Robb Evans**

**Chairman of the Board**

**Please do not send in your stock certificates at this time. If the merger is approved, you will be sent instructions regarding your election as to the type of consideration you would prefer to receive in the merger. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.**

**Important notice regarding the availability of proxy materials for the special meeting to be held on June 20, 2016: This proxy statement/prospectus is available at <http://www.proxyvote.com>.**

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Sierra Bancorp from other documents filed with the U.S. Securities and Exchange Commission, or SEC, that are not included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see “WHERE YOU CAN FIND MORE INFORMATION” beginning on page 91 of this proxy statement/prospectus. You can obtain any of these documents at no cost from the SEC’s website at <http://www.sec.gov> or Sierra Bancorp’s website at [www.sierrabancorp.com](http://www.sierrabancorp.com) by clicking on “Investor Relations” and then “SEC Filings”. You may also request copies of these documents, including documents incorporated by reference in this proxy statement/prospectus, at no cost by contacting Sierra Bancorp at the following address:

Sierra Bancorp

86 Main Street

Porterville, CA 93257

559-782-4900

Attention: Diane L. Renois

You will not be charged for any of these documents that you request. If you would like to request documents, please do so by June 13, 2016, in order to receive them before the special meeting.

In addition, if you have questions about the merger or the special meeting, need additional copies of this proxy statement/prospectus, or need to obtain proxy cards or other information related to the proxy solicitation, you may also contact Anita M. Robinson, President, Coast Bancorp, 500 Marsh Street, San Luis Obispo, California 93401; (805) 541-0400 or (805) 547-6135 - Direct Line.

Coast Bancorp does not have a class of securities registered under Section 12 of the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, and, accordingly, does not file documents or reports with the SEC.

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APPENDICES

Agreement and Plan of Reorganization and Merger, dated January 4, 2016 by and among Sierra Bancorp and Coast Bancorp, with the form of Director Voting, Non-Competition and Non-Solicitation Agreement applicable to Coast Bancorp directors attached as Exhibit A, the form of Executive Voting and Nonsolicitation Agreement applicable to Coast Bancorp executive officers attached as Exhibit B, the form of Merger Agreement attached as Exhibit C-1, the form of Bank Merger Agreement attached as Exhibit C-2 and the form of Option Holder Agreement attached as Exhibit D.

Appendix B Selected sections of Chapter 13 of the California Corporations Code (Dissenters' Rights)

Appendix C Fairness Opinion of Vining Sparks IBG, L.P.

## QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

*This question and answer summary highlights selected information contained in other sections of this proxy statement/prospectus and is intended to answer questions that you, as a shareholder of Coast Bancorp, may have regarding the special meeting and the merger. Sierra Bancorp and Coast Bancorp urge you to carefully read this entire proxy statement/prospectus, including all appendices and all other information incorporated by reference in this proxy statement/prospectus.*

### Questions and Answers about the Special Meeting

**Q: Why have you sent me this document?**

**A:** This document is being delivered to you because it is serving as both a proxy statement for Coast Bancorp and a prospectus of Sierra Bancorp. It is a proxy statement because it is being used by the Coast Bancorp board of directors to solicit the proxies of its shareholders in connection with the special meeting of shareholders. It is a prospectus because Sierra Bancorp is offering shares of its common stock in exchange for shares of Coast Bancorp in the merger as described below.

This proxy statement/prospectus contains important information regarding the proposed merger, as well as information about Sierra Bancorp and Coast Bancorp. It also contains important information about what Coast's board of directors and management considered when evaluating this proposed merger. We urge you to read this proxy statement/prospectus carefully, including the merger agreement which is attached to this proxy statement/prospectus as **Appendix A** and is incorporated herein by reference, and the other appendices.

**Q: When and where will the special meeting be held?**

**A:** The special meeting will be held at the office of Coast Bancorp located at 500 Marsh Street, San Luis Obispo, California 93401, on June 20, 2016, at 5:30 p.m (local time).

**Q: Who is entitled to vote at the special meeting?**



**A:** Shareholders of record as of the close of business on May 2, 2016 will be entitled to vote at the special meeting.

**Q:** **What am I being asked to vote on at the special meeting?**

**A:** Coast Bancorp is holding the special meeting to ask its shareholders to consider and vote to:

· approve the merger agreement (and the plan of merger contemplated therein); and  
· approve any adjournment or postponement of the special meeting if necessary, to solicit additional proxies if there are not sufficient votes in favor of the merger agreement or for any other legally permissible purpose.

**Q:** **How does the Coast Bancorp board of directors recommend that I vote on each proposal?**

**A:** The Coast Bancorp board of directors recommends that you vote **“FOR”** the approval of the following:

· the merger agreement and the merger; and  
· the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the merger agreement or for any other legally permissible purpose.

**Q: How many votes do I have and how do I vote at the special meeting?**

**A:** You are entitled to one vote for each share that you owned as of the record date for the special meeting. You may vote “**FOR**,” “**AGAINST**” or “**ABSTAIN**” with respect to any of the proposals presented at the special meeting. Whether or not you plan to attend the special meeting, we urge you to vote by proxy to ensure your vote is counted. If you hold your shares in certificate form, you may still attend the special meeting and vote in person even if you have already voted by proxy.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card before the special meeting, your shares will be voted as you direct.

You may also vote utilizing the Internet or telephone as set forth on the enclosed proxy card.

If you hold your shares in certificate form and wish to vote in person, simply attend the special meeting and you will be given a ballot when you arrive. If you hold your shares in street name, you will need to obtain a legal proxy from your broker to enable you to vote in person at the meeting.

**Q: What if my shares are held in street name by my broker or other nominee?**

**A:** If you hold your shares in “street name” through a broker or other nominee, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Coast Bancorp. **Your broker or nominee cannot vote your shares unless you provide instructions on how to vote them.** To vote your shares, follow the voting instructions your broker or nominee provides when forwarding these proxy materials to you and complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or nominee. To vote in person at the special meeting, you must obtain a valid proxy from your broker or nominee. **If you do not provide voting instructions to your broker, bank or agent, this will have the same effect as a vote “AGAINST” the merger agreement.** Your abstention or non-vote will have no effect on the outcome of the proposal to adjourn and reconvene the special meeting. See “THE SPECIAL MEETING – Abstentions and Broker Non-Votes” beginning on page 27.

**Q: May I revoke or change my vote after I have provided proxy instructions?**

**A:** Yes. If you hold shares in certificate form, you may revoke or change your proxy at any time before the time your proxy is voted at the special meeting by: (i) filing with Coast Bancorp’s Corporate Secretary an instrument revoking it or a duly executed proxy bearing a later date; (ii) appearing and voting in person at the special meeting or (iii) if you have voted your shares by Internet or telephone, recording a different vote, or by signing and returning a proxy card dated as of a date that is later than your last Internet or telephone vote. Your attendance alone at the special

meeting will not revoke your proxy. If you have instructed a broker or other nominee to vote your shares, you must follow directions received from your broker or other nominee in order to change those instructions.

**Q: What happens if I don't vote?**

**A:** If you do not vote by either returning your proxy card, voting by phone or Internet, or attending the special meeting and voting in person, it will have the same effect as voting your shares **"AGAINST"** the merger agreement and the merger.

**Q: What happens if I sign and return my proxy card without indicating how I wish to vote?**

**A:** If you sign and return your proxy card without indicating how to vote on any particular proposal, your proxy will be voted **"FOR"** the merger and the adjournment proposal, as recommended by Coast's board of directors.

Questions and Answers About the Merger Agreement and the Merger

**Q: What will Coast Bancorp shareholders receive in the merger?**

**A:** If the merger is completed, each shareholder of Coast Bancorp will receive, subject to their stock and cash election and proration, their proportional share of the total merger consideration, which consists of (1) 581,753 shares of Sierra common stock (plus up to 46,565 additional shares if all outstanding Coast Bancorp options are exercised); and (2) \$3,176,371 (subject to downward adjustment in certain circumstances as specified in the merger agreement). The aggregate amount of cash may be increased by up to an additional \$254,250 if all outstanding Coast Bancorp stock options are exercised prior to the effective time of the merger.

**Q: What will each Coast Bancorp shareholder receive in the merger?**

**A:** A Coast Bancorp shareholder may elect to receive (i) all cash, (ii) all Sierra common stock, or (iii) a mix of cash and Sierra common stock. All elections are subject to the election, proration and allocation procedures described in this proxy statement/prospectus. If too many shareholders elect one form of consideration over the other, any given shareholder may not receive the form of merger consideration he or she elected. For a detailed description of these allocation procedures, please see "PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER — Allocation Calculation."

**Q: What is the amount of cash and/or the number of shares of Sierra common stock that each Coast Bancorp shareholder will receive for his or her shares of Coast Bancorp common stock?**

**A:** Subject to adjustment as described in the merger agreement, shares of Coast common stock converted into the right to receive cash will receive the sum of (i) \$0.56 per share, and (ii) an amount equal to 0.10302 multiplied by the volume-weighted trading price for shares of Sierra common stock for the twenty trading days ending immediately prior to the fifth day preceding the effective time of the merger. Shares converted into Sierra common stock shall be determined by dividing the per share amount paid to Coast Bancorp shares converted into cash by the same volume-weighted average trading price. By way of example only, assuming no reduction in the aggregate cash consideration as provided in the merger agreement, if the per share merger consideration were calculated based on the closing price for shares of Sierra common stock on the Nasdaq Global Select Market on May 2, 2016 of \$17.13 per share, each share of Coast Bancorp common stock for which all cash was elected and received would have received \$2.32 in cash, and each share converted into all stock would have been converted into 0.1374 shares of Sierra Bancorp common stock with a market value of \$2.35. The actual merger consideration will be calculated five business days before the closing of the merger based on the volume-weighted trading price as described in the first sentence of this

paragraph, and the resulting per share merger consideration may be more or less than in the above example.

**Q: Is the value of the per share consideration that a Coast Bancorp shareholder receives expected to be substantially equivalent regardless of which election he or she makes?**

**A:** The formula that was used to calculate the per share consideration substantially equalized the value of the consideration to be received for each share of Coast Bancorp common stock that is exchanged in the merger, as measured during the 20 trading day period prior to the closing of the merger, regardless of whether a shareholder elects to receive cash, stock or a mix of cash and stock. As the value of Sierra common stock will likely fluctuate with its trading price during the time period between the signing of the merger agreement and the closing of the merger, however, the value of the per share stock consideration Coast shareholders receive may be more or less than the value of the per share cash consideration. See sample calculation in the answer to the preceding question for an example of the relative values of all stock versus all cash consideration based on a price for Sierra common stock of \$17.13 per share.

**Q: Will the value of the merger consideration change between the special meeting and the time the merger is completed?**

**A:** Yes, in all likelihood the value of the merger consideration will fluctuate between the special meeting and the completion of the merger based upon the market value of Sierra common stock. Any fluctuation in the market price of Sierra common stock after the special meeting will change the value of the per share merger consideration that you will receive.

**Q: Will the shares of Sierra common stock received by Coast Bancorp shareholders in the merger be listed on Nasdaq upon the completion of the merger?**

**A:** Yes. The shares of Sierra common stock to be issued in connection with the merger have been registered under the Securities Act, and will be listed on The Nasdaq Global Select Market under the symbol “BSRR.”

**Q: How do I elect the form of consideration I prefer to receive?**

**A:** Each Coast Bancorp shareholder will be sent an election form and transmittal materials containing instructions for use in effecting the surrender of shares of Coast Bancorp common stock in exchange for the merger consideration, which will be mailed to Coast Bancorp shareholders no less than thirty-five (35) days prior to the anticipated effective time of the merger or on such other date as the Coast Bancorp and Sierra mutually agree, which we refer to as the “mailing date.” The election form allows a Coast Bancorp shareholder to indicate the number of his or her shares of Coast Bancorp such shareholder elects to convert into Sierra common stock and the number of shares such shareholder elects to convert into cash, or to indicate that the shareholder makes no election. To make a valid election, a Coast Bancorp shareholder must submit a properly completed and signed election form and transmittal materials so that it is actually received by Computershare, Sierra Bancorp’s exchange agent, on or prior to the election deadline in accordance with the instructions on the election form. See “PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER — Election Procedure.”

**Q: May I submit an election form if I vote against the merger?**

**A:** Yes. You may submit an election form even if you vote against the merger. However, if you are a dissenting shareholder, your election will have no effect and you will instead receive the fair market value for your shares.

**Q: May I change my election once it has been submitted?**

**A:** Yes. You may revoke your election with respect to all or a portion of your shares of Coast Bancorp common stock by delivering written notice of your revocation to the exchange agent by the election deadline. If an election is properly revoked with respect to shares of Coast Bancorp common stock, the holder will be deemed to have made no election with respect to such shares unless and until a new election form is submitted, which must be received by the exchange agent by the election deadline. You will not be entitled to revoke or change your election after the election deadline.

**Q: What happens if I do not make an election prior to the deadline?**

**A:** If you fail to submit a valid election form to the exchange agent prior to the election deadline, then you will be deemed to have made no election and will receive either shares of Sierra Bancorp common stock, cash or a combination of shares of Sierra Bancorp common stock and cash for your shares, depending on the elections made by other shareholders.

**Q: Will I receive the form of merger consideration that I elect?**

**A:** Not necessarily. This will depend primarily on elections made by other shareholders. There is no way to predict what elections different shareholders will make, and the aggregate amounts of cash and stock to be issued in the merger are set by a predetermined formula in the merger agreement. As a result, there is no assurance that any given shareholder will receive the form of consideration he or she elects. If Coast Bancorp shareholders elect to receive more of one form of consideration than is available, we will allocate the available amount among the Coast Bancorp shareholders electing to receive that form of consideration, and those Coast Bancorp shareholders will receive the other form of consideration for the balance of their Coast Bancorp shares. For a detailed description of these allocation procedures, please see "PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER — Allocation Calculation."

**Q: What will holders of outstanding stock options and warrants receive in the merger?**

**A:** Holders of outstanding stock options under the Coast Bancorp 2014 Equity Compensation Plan shall be entitled to exercise such options in connection with the merger. Any option holder electing to exercise outstanding stock options will receive the same merger consideration as any other Coast Bancorp shareholder. As of May 2, 2016, Coast Bancorp had options outstanding to purchase 452,000 shares of its common stock, and the exercise price of all outstanding options is \$1.43 per share. The total number of shares issued and cash paid may be increased if outstanding stock options are exercised prior to the effective time of the merger. Any unexercised stock options shall be automatically converted into the right to receive the difference between \$2.25 per share minus the exercise price, or \$0.82 per share under the merger agreement.

Coast Bancorp has outstanding warrants to purchase 123,181 shares of Cost Bancorp common stock at an exercise price of \$5.50 per share. Given the high exercise price in relation to the per share merger consideration, it appears unlikely that any of the warrants will be exercised. The warrants will expire if not exercised prior to completion of the merger.

**Q: Will I receive any fractional shares of Sierra Bancorp common stock as part of the merger consideration?**

**A:** No. Sierra Bancorp will not issue fractional shares in the merger. As a result, the total number of shares of Sierra Bancorp common stock that you will receive in the merger will be rounded down to the nearest whole number. You will receive a cash payment for the value of any remaining fraction of a share of Sierra Bancorp common stock that you would otherwise have been entitled to receive.

**Q: Do Coast Bancorp shareholders have dissenters' rights with respect to approval of the merger agreement?**

**A:** Yes. Holders of Coast Bancorp common stock have dissenters' rights in accordance with the provisions of Chapter 13 of the CGCL. In order to exercise dissenters' rights, a shareholder does not need to affirmatively vote against the merger agreement, but instead need only not vote in favor of the merger agreement. However, a shareholder choosing to exercise his or her dissenters' rights must also comply with the provisions of Chapter 13 of the CGCL. A copy of the applicable sections of Chapter 13 of the CGCL is included with this proxy statement/prospectus as **Appendix B**. Please also read the section entitled "PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Dissenters' Rights of Coast Bancorp Shareholders" beginning on page 45.



**Q: Why has the Coast Bancorp board of directors approved the merger?**

**A:** The board of directors of Coast Bancorp has considered a number of available strategic options and in the board's opinion, none of these options, including remaining independent, is likely to create value for Coast Bancorp shareholders greater than that created by the proposed transaction with Sierra Bancorp. Please read the section entitled "PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Coast Bancorp's Reasons for the Merger; Recommendation of Coast's Board of Directors" beginning on page 36.

**Q: When do you expect the merger to be completed?**

**A:** Sierra Bancorp and Coast Bancorp are working to complete the merger in July 2016. However, the merger is subject to various federal and state regulatory approvals and other conditions, including approval by the shareholders of Coast Bancorp. Due to possible factors outside our control, it is possible that the merger will be completed at a later time, or not at all. There may be a substantial amount of time between the special meeting and the completion of the merger.

**Q: What happens if I sell my shares after the record date for the special meeting, but before the special meeting?**

**A:** If you transfer your shares after the record date for the special meeting but before the date of the special meeting, you will retain your right to vote at the special meeting. However, you will not have the right to receive any shares of Sierra Bancorp common stock in exchange for your former shares of Coast Bancorp common stock if and when the merger is completed. In order to receive shares of Sierra Bancorp common stock in exchange for your shares of Coast Bancorp common stock, you must hold your Coast Bancorp common stock through the completion of the merger.

**Q: Should I send in my certificates now?**

**A: No. Please do not send in your stock certificates at this time.** If the merger is approved by the shareholders, you will be sent instructions regarding the surrender of your stock certificates and your election as to the type of consideration you would prefer to receive in the merger.

**Q: What should I do now?**

**A:** After reading this proxy statement/prospectus, you should vote on the proposals. Simply indicate on your proxy card how you want to vote, then sign and mail your proxy card in the enclosed return envelope in time to be represented at the special meeting. You may also vote by telephone or the Internet by following the instructions on your proxy card.

As soon as reasonably practicable after special meeting, the exchange agent for the merger will mail to each holder of record of a Coast Bancorp stock certificate a letter of transmittal and instructions for use in making an election. If you are a Coast Bancorp shareholder and do not own your shares through a brokerage firm which holds your shares in street name, you should immediately locate and make sure you have possession of the certificates evidencing your Coast Bancorp common stock as you will need to surrender them in order to receive the merger consideration. **If your certificate(s) for Coast Bancorp common stock is/are lost, stolen, or destroyed, you are urged to immediately notify Broadridge Shareholder Services at 877-830-4933, so that a “stop transfer” instruction can be placed on your shares of Coast Bancorp stock underlying your lost certificate(s) to prevent transfer of ownership to another person. Broadridge will send you the forms to permit the issuance of a replacement certificate(s).**

**Q: When can I sell the shares of Sierra Bancorp common stock that I receive in the merger?**

**A:** You may sell the shares of Sierra Bancorp common stock you receive in the merger without restriction unless you are considered an “affiliate” of Sierra Bancorp. See “PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Resale of Sierra Bancorp common stock” on page 47.

**Q: Who can help answer my other questions?**

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**A:** If you have more questions about the merger or the special meeting, or if you need additional copies of this document or the enclosed proxy card, you may direct your questions to Anita M. Robinson, President, Coast Bancorp, 500 Marsh Street, San Luis Obispo, California 93401; (805) 541-0400 or (805) 547-6135 - Direct Line.

## SUMMARY

*This summary highlights selected information from this proxy statement/prospectus. Because this is a summary, it does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents we refer to in this proxy statement/prospectus before you decide how to vote. These references will give you a more complete description of the merger agreement and the merger and the other matters to be considered at the special meeting. We have included page references in this summary to direct you to more complete descriptions of the topics provided elsewhere in this proxy statement/prospectus.*

Parties to the Merger Agreement (See pages 64 to 84)

Sierra Bancorp is a California corporation headquartered in Porterville, California, and is a registered bank holding company under federal banking laws. Sierra Bancorp is the holding company for Bank of the Sierra, a California state-chartered bank also headquartered in Porterville. Founded in 1978, Bank of the Sierra is the largest independent bank headquartered in the South San Joaquin Valley, currently with 28 full service branch offices and approval to open two other branches. At December 31, 2015, Sierra Bancorp had total assets of \$1.8 billion, total deposits of \$1.5 billion and total shareholders' equity of \$190.3 million.

Sierra Bancorp's principal executive offices are located at 86 North Main Street, Porterville, CA 93257, telephone: (559) 782-4900.

Coast Bancorp is a California-based bank holding company for Coast National Bank, a federally chartered commercial bank headquartered in San Luis Obispo, California. Coast National Bank received its bank charter and commenced banking operations on June 16, 1997. It maintains three full-service banking centers in San Luis Obispo, Arroyo Grande and Paso Robles, California. It also maintains a loan production office in Atascadero, California. As of December 31, 2015, Coast Bancorp had, on a consolidated basis, total assets of \$146.8 million, total deposits of \$126.4 million and total shareholders' equity of \$10.3 million.

Coast Bancorp's principal executive offices are located at 500 Marsh Street, San Luis Obispo, California 93401; telephone: (805) 541-0400.

Special Meeting of Shareholders (See pages 25 to 29)

Coast Bancorp will hold a special meeting of shareholders at 500 Marsh Street, San Luis Obispo, California 93401, on June 20, 2016, at 5:30 p.m. (local time). The Coast Bancorp board of directors has set the close of business on May 2, 2016, as the record date for determining shareholders entitled to notice of, and to vote at, the special meeting. On that date, there were 5,646,881 shares of Coast Bancorp common stock outstanding.

At the special meeting, holders of Coast Bancorp common stock will be asked to consider and vote on the following proposals:

- a proposal to approve the merger agreement and the merger of Coast Bancorp with and into Sierra Bancorp with Sierra Bancorp surviving the merger; and of the merger of Coast National Bank with and into Bank of the Sierra, with Bank of the Sierra surviving the merger and continuing the commercial bank operations of the combined bank under its California charter and as the wholly-owned bank subsidiary of Sierra Bancorp; as more fully described in this proxy statement/prospectus;
- a proposal to approve any adjournment or postponement of the special meeting if necessary, to solicit additional proxies if there are not sufficient votes in favor of the merger agreement or for any other legally permissible purpose;

The Merger Agreement (See pages 48 to 59)

The merger agreement is the legal document that contains the terms that govern the merger process, including the issuance of the merger consideration as a result of the merger. Please read the entire merger agreement which is attached to this proxy statement/prospectus as **Appendix A**.

The Merger (See pages 30 to 47)

Under the terms of the merger agreement: (a) Sierra Bancorp will acquire Coast Bancorp by merging Coast Bancorp with and into Sierra Bancorp, with Sierra Bancorp surviving the merger; (b) immediately after, Coast National Bank will be merged with and into Bank of the Sierra and Bank of the Sierra will continue the commercial bank operations of the combined banks under its California charter and as the wholly-owned bank subsidiary of Sierra Bancorp, and (c) Sierra Bancorp will issue shares of its common stock and cash to Coast Bancorp shareholders pursuant to the terms of the merger agreement. A copy of the merger agreement between Sierra Bancorp and Coast Bancorp is attached to this proxy statement/prospectus as **Appendix A**.

Consideration to be Paid to the Holders of Coast Bancorp Common Stock (See pages 30 to 31)

If the merger is completed, each shareholder of Coast Bancorp will receive, subject to their stock and cash election and proration, their proportional share of the total merger consideration, which consists of (1) 581,753 shares of Sierra common stock; and (2) \$3,176,371 in cash (subject to downward adjustment in certain circumstances as discussed below). The total number of shares issued and cash paid may be increased if outstanding Coast Bancorp stock options are exercised prior to the effective time of the merger. This will not result in any change to the per share merger consideration payable to current shareholders. The cash portion of the merger consideration is subject to reduction if and to the extent that Coast Bancorp's adjusted shareholders' equity is less than \$5.2 million or certain expenses of the merger exceed \$2.4 million. As of March 31, 2016, Coast Bancorp's adjusted shareholders' equity was approximately \$6.2 million. Adjusted shareholders' equity for this purpose is defined as total shareholders' equity calculated in accordance with GAAP, but excluding: all other comprehensive income or loss from the amount shown in Coast Bancorp's June 30, 2015 financial statements; positive changes in the valuation allowance for Coast Bancorp's deferred tax asset from the amount shown in Coast Bancorp's June 30, 2015 financial statements; the accrual or payment of certain transaction expenses in connection with the merger; amounts paid to retire Coast Bancorp's senior note; and any items, charges or accruals taken at Sierra Bancorp's request. Holders of in-the-money Coast Bancorp stock options who have not previously exercised their options will receive \$2.25 minus the exercise price per share with respect to the corresponding Coast stock option. Outstanding warrants to purchase approximately 123,181 shares of Coast common stock at \$5.50 per share shall be cancelled and become null and void unless exercised prior to the effective time of the merger.

The precise amount of the aggregate merger consideration and the resulting per share merger consideration will not be known until shortly before the closing of the merger. In addition, the merger consideration is set by a predetermined formula and it is impossible to predict what elections different shareholders will make. Therefore, there is no assurance that any given shareholder will receive the form of consideration he or she elects.

United States Federal Income Tax Consequences (See pages 59 to 62)

Sierra Bancorp and Coast Bancorp intend that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code, and it is a condition to Sierra Bancorp’s obligation to complete the merger that it receive an opinion from its special tax counsel, Katten Muchin Rosenman LLP, to the effect that the merger will so qualify. Accordingly, U.S. holders (as defined in the section entitled “PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Material United States Federal Income Tax Consequences of the Merger” beginning at page 59) of Coast Bancorp common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their shares of Coast Bancorp common stock for Sierra Bancorp common stock. U.S. holders who receive cash (other than cash received in lieu of a fractional share of Sierra Bancorp common stock) and Sierra Bancorp common stock will recognize gain, but will not recognize any loss, for U.S. federal income tax purposes in an amount equal to the lesser of (1) the amount of cash received (other than cash received in lieu of a fractional share of Sierra Bancorp common stock) and (2) the excess, if any, of (x) the sum of the amount of such cash and the fair market value of the Sierra Bancorp common stock received in the merger, over (y) the U.S. holder’s tax basis in the shares of Coast Bancorp common stock surrendered in the merger. In addition, U.S. holders will recognize gain or loss attributable to cash received in lieu of a fractional share of Sierra Bancorp common stock. U.S. holders who receive only cash in the merger and U.S. holders who dissent and receive cash for their dissenting shares will recognize a taxable gain or loss. For a description of the material U.S. federal income tax consequences of the merger, see “PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Material United States Federal Income Tax Consequences of the Merger” beginning on page 59. Coast Bancorp shareholders are strongly urged to consult with their tax advisors concerning the U.S. federal income tax consequences of the merger to them, as well as the effects of state and local, foreign and other tax laws.

Regulatory Approvals Must Be Obtained Before the Merger Will Be Completed (See pages 46 to 47)

Sierra Bancorp has agreed to use its best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement, including the approvals from the Federal Reserve Board, which we refer to as the Federal Reserve; the Federal Deposit Insurance Corporation, which we refer to as the FDIC; and the California Department of Business Oversight, which we refer to as the CDBO. Sierra Bancorp and Bank of the Sierra have filed the requisite applications to obtain the required regulatory approvals. In obtaining the required regulatory approvals, Sierra Bancorp and Bank of the Sierra are not required to agree to any condition that (i) requires Sierra Bancorp or Bank of the Sierra to pay any amounts (other than customary filing fees), or divest any banking office, line of business or operations, or (ii) imposes any condition, requirement or restriction upon Sierra Bancorp or Bank of the Sierra, that individually or in the aggregate would reasonably be expected to impose a materially burdensome condition on Sierra Bancorp or Bank of the Sierra, as applicable, or otherwise would materially alter the economics of the merger for Sierra Bancorp. As of the date of this proxy statement/prospectus, Sierra had received the required regulatory approvals of the merger from the FDIC and FRB, but the application for approval by the CDBO was still pending. While we do not know of any reason that we would not be able to obtain the approval of the CDBO, we cannot be certain when or if we will obtain it. The approval by our regulators does not constitute an endorsement of the merger or a determination that the terms of the merger are fair to Coast Bancorp shareholders.

Approval of a Majority of All Shares of Coast Bancorp Stock Entitled to Vote at the Special Meeting is Required for the Merger to be Consummated (See page 44)

The affirmative vote of at least a majority of the shares of Coast Bancorp common stock outstanding as of the record date for the special meeting is required to approve the merger agreement and the merger. Each share of Coast Bancorp stock outstanding on the record date for the special meeting will be entitled to one vote for each share held. As of May 2, 2016, which is the record date for the special meeting, there were 5,646,881 shares of Coast Bancorp common stock outstanding. Therefore, at least 2,823,441 shares of Coast Bancorp common stock must be affirmatively voted in favor of the merger agreement in order for Coast Bancorp shareholders to approve the merger agreement and the transactions contemplated therein. Abstentions, failures to vote and broker non-votes will have the same effect as votes **“AGAINST”** approval of the merger agreement. As of the record date, Coast Bancorp’s directors and executive officers owned approximately 1,776,640 voting shares (not including vested option shares), or approximately 31.5%, of Coast Bancorp’s outstanding shares of common stock and have committed to vote these shares **“FOR”** the approval of the merger agreement and merger.

Recommendation of Coast Bancorp’s Board of Directors (See pages 36 to 37)

On January 4, 2016, all of Coast Bancorp’s directors, except for one director who abstained, approved the merger agreement and the merger. Director Greg Gersack abstained due to his relationship with FIG Partners, which acted as



a financial advisor to Coast Bancorp with respect to the merger. Moreover, the directors believe that the merger agreement's terms are fair and in the best interests of Coast Bancorp's shareholders. Accordingly, they recommend a vote **"FOR"** the proposal to approve the principal terms of the merger agreement and the merger. The conclusions of Coast Bancorp's board of directors regarding the merger agreement are based upon a number of factors which are discussed more fully under the section entitled "PROPOSAL NO. 1 THE MERGER AGREEMENT AND THE MERGER – Coast Bancorp's Reasons for the Merger; Recommendation of Coast's Board of Directors" beginning on page 35.

Directors and Executive Officers of Coast Bancorp Have Entered into Voting Agreements (See page 26).

As of the record date, Coast Bancorp's directors and executive officers owned approximately 1,776,640 voting shares (not including vested option shares), or approximately 31.5%, of Coast Bancorp's outstanding shares of common stock. Coast Bancorp's directors and executive officers have entered into separate written agreements in which they have agreed, among other things, to vote their shares **"FOR"** the approval of the merger agreement and the transactions contemplated therein. A copy of the form of voting agreement separately executed by each of the Coast Bancorp directors is attached as Exhibit A and a copy of the form of voting agreement separately executed by each of the executive officers is attached as Exhibit B to the merger agreement which is attached to this proxy statement/prospectus Appendix A and is incorporated herein by reference.

Opinion of Coast Bancorp's Financial Advisor (See pages 37 to 41)

In deciding to approve the merger, Coast Bancorp's board of directors considered, among other things, the opinion of Vining Sparks IBG, L.P., one of Coast Bancorp's financial advisors, regarding the fairness, from a financial point of view, of the merger consideration to be received by Coast Bancorp's shareholders as a result of the merger agreement and the transactions contemplated therein. Vining Sparks' written opinion is attached as **Appendix C**. You should read it carefully to understand the assumptions made, matters considered and limitations of the review undertaken by Vining Sparks in providing its opinion. **Vining Sparks' written opinion is addressed to Coast Bancorp's board of directors and does not constitute a recommendation as to how any holder of Coast Bancorp common stock should vote with respect to the merger agreement and the transactions contemplated therein.**

Coast Bancorp Directors and Executive Officers may have interests in the merger that differ from interests of Coast Bancorp Shareholders (See pages 43 to 44)

Coast Bancorp's directors and executive officers may have economic interests in the merger that are different from, or in addition to, their interests as Coast Bancorp shareholders. The Coast Bancorp board of directors considered these interests in its decision to adopt and approve the merger agreement and to recommend approval of the merger agreement and the merger to Coast Bancorp shareholders. Some of the interests of Coast Bancorp's directors and executive officers include:

Anita M. Robinson will not be retained in her current position of President and Chief Executive Officer by Sierra Bancorp after the merger, and therefore, Ms. Robinson will be entitled to change in control payments equal to the sum of 18 months' base salary plus an average bonus amount. In addition Ms. Robinson will be entitled to the continuation of her medical benefits for a period of 12 months, if applicable; and any shares of restricted stock she holds will immediately vest and will be exchanged for shares of Sierra Bancorp common stock in the merger. The aggregate change in control payment for Ms. Robinson will be \$375,000.

Sierra Bancorp has agreed to retain Ms. Robinson to serve as Market President of Bank of the Sierra for the San Luis Obispo area following the merger and has agreed to pay compensation to Ms. Robinson for her service in this capacity of \$170,000 per year, plus a bonus equal to 30% of her base salary under the Bank of the Sierra Bonus Plan. Coast Bancorp has adopted a retention plan pursuant to which it has offered retention incentives to executive officers Paul Cable and Brent Morgan in the amount of \$30,000 each, to encourage them to remain employed with Coast Bancorp in order satisfy a condition to the completion of the merger and to remain employed with Sierra Bancorp and/or Bank of the Sierra after the merger closes and the conversion of the general ledger systems has been completed. Other than Messrs. Cable and Morgan, no other director and/or executive officer of Coast Bancorp will be entitled to any retention incentives under the retention plan.

Coast Bancorp has previously granted stock options to certain executive officers and directors under its 2014 Stock Incentive Plan, as amended. All of the options are now vested as a result of Coast Bancorp notifying option holders that the Coast Bancorp board had approved the merger agreement and merger. For a breakdown of Coast Bancorp options held by each Coast Bancorp director and executive officer and the consideration each will receive in

connection with the merger, please see “PROPOSAL NO. 1 – THE MERGER AGREEMENT AND THE MERGER – Interests of Directors and Executive Officers in the Merger – Stock Options” beginning on page 43.

Pursuant to the terms of the merger agreement, Sierra Bancorp has agreed to maintain and preserve the indemnification rights of Coast Bancorp directors and officers after the completion of the merger and has also agreed to allow Coast Bancorp to purchase “tail coverage,” for a period of six years, in order to continue providing liability insurance to the officers and directors of Coast Bancorp, subject to certain cost limits. See “PROPOSAL NO. 1 – THE MERGER AGREEMENT AND THE MERGER – Interests of Directors and Executive Officers in the Merger – Protection of Directors, Officers and Employees” beginning on page 43.

Coast Bancorp director Greg Gersack is a principal in the national investment banking firm of FIG Partners, LLC. FIG Partners, LLC, was approved to act as a financial advisor to Coast Bancorp in connection with this transaction, with Mr. Gersack abstaining from the vote to engage such firm. Mr. Gersack also abstained with respect to the Coast board’s vote to approve the merger agreement and the merger. When this transaction closes, FIG Partners, LLC, shall be entitled to receive a success fee from Coast Bancorp in the amount of \$130,000.

Conditions that Must Be Satisfied Prior to Closing the Merger (See pages 55 to 56 for Sierra Bancorp and page 56 for Coast Bancorp)

In addition to obtaining the necessary approval of the shareholders of Coast Bancorp, the parties' obligations to close the merger depend on other conditions being met prior to the completion of the merger, including but not limited to:

As of five days prior to the closing, Coast Bancorp's allowance for loan losses, determined in accordance with GAAP, shall be no less than 1.40% of gross loans;

Coast Bancorp must have obtained an environmental report for certain owned real properties, which do not disclose any materials amount of hazardous materials, material adverse environmental conditions or material violations of environmental laws that have not been remediated;

Coast Bancorp's shareholder rights plan shall have been terminated, all rights issued thereunder shall have been redeemed, no "flip-in event" (as that term is defined in the shareholder rights plan) shall have occurred, and no shares of company preferred stock shall have been issued or be issuable thereunder, and Coast shall have delivered to Sierra written evidence of the same reasonably satisfactory to Sierra;

Coast Bancorp's senior note shall have been repaid in full, and the stock of Coast National Bank which is pledged as collateral therefor shall have been released, or, if Sierra Bancorp elects in its sole discretion to assume the senior note, the consent of the note holder to the assumption shall have been obtained.

Dissenters' rights have not been exercised and perfected by in excess of ten percent (10%) of Coast Bancorp's outstanding common stock;

Sierra Bancorp must have received an opinion dated as of the date of the closing of the merger, from its special tax counsel, Katten Muchin Rosenman LLP, to the effect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code;

At least 5 business days before the merger closes, Coast Bancorp shall have provided Sierra Bancorp with its financial statements presenting the financial condition of Coast Bancorp as of the close of business on the last day of the month ended prior to the effective time of the merger which accurately reflect the financial condition of Coast Bancorp in all material respects, including accruals for all fees and expenses incurred or expected to be incurred in connection with the merger; and

All holders of Coast Bancorp stock options shall have agreed that their options, except to the extent not otherwise exercised, will terminate at the effective time of the merger.

Closing the Merger (See page 59)

If shareholder approval is received as planned, and if the conditions to the merger have either been met or waived, we anticipate that the merger will close in July 2016. However, we cannot assure you whether or when the merger will actually close.

Termination of the Merger Agreement (See pages 56 to 58)

The obligations of the parties to consummate the merger are subject to certain closing conditions, some of which may not be waived by a party, including but not limited to the receipt of all required shareholder and regulatory approvals and other governmental consents, and some conditions which may be waived by a party in its discretion. The failure of a condition to the closing of the merger, to the extent not waived, may result in a termination of the merger agreement and the merger.

In addition, the parties can mutually agree to terminate or extend the merger agreement. Either party can terminate the merger agreement in the event of a material breach or the occurrence of certain other events.

Coast Bancorp has agreed to pay a termination fee of \$700,000 to Sierra Bancorp if Coast Bancorp breaches its covenants relating to alternative acquisition proposals or Coast Bancorp consummates an alternative acquisition proposal within 12 months following a termination of the merger agreement due to the failure of Coast Bancorp shareholders to approve the merger agreement following any action taken by the Coast Bancorp Board constituting a change of its recommendation.

Accounting Treatment (See page 44)

Sierra Bancorp must account for the merger using the acquisition method of accounting. Under this method of accounting, the assets and liabilities of Coast Bancorp and Coast National Bank acquired are recorded at their respective fair value as of the completion of the merger, and are added to those of Sierra Bancorp and Bank of the Sierra.

Sierra Bancorp's and Bank of the Sierra's Management and Operations After the Merger (See page 41)

The directors and executive officers of Sierra Bancorp and Bank of the Sierra immediately prior to the merger will continue to be the directors and executive officers Sierra Bancorp and Bank of the Sierra, respectively, after the merger.

Differences in Your Rights as a Shareholder of Coast Bancorp (See pages 86 to 89)

As a Coast Bancorp shareholder, your rights are currently governed by Coast Bancorp's Articles of Incorporation and Bylaws and by the CGCL. If you do not exercise your dissenters' rights, your shares of Coast Bancorp common stock will be automatically converted into the right to receive the per share merger consideration for each share of Coast Bancorp common stock you hold at the closing of the merger. Consequently, for those shareholders who receive Sierra Bancorp common stock, your rights as a Sierra Bancorp shareholder will be thereafter governed by Sierra Bancorp's Articles of Incorporation and Bylaws and by the CGCL. The rights of Sierra Bancorp shareholders differ from those of Coast Bancorp shareholders in certain respects. Most of these differences will result from the provisions in Sierra Bancorp's Articles of Incorporation and Bylaws that differ from those of Coast Bancorp.

Coast Bancorp Dissenters' Rights (See page 28)

Shares of Coast Bancorp common stock may qualify as "dissenting shares" under Chapter 13 of the CGCL and holders of shares of Coast Bancorp common stock may perfect their dissenters' rights by doing the following:

not vote "FOR" the merger agreement and the merger;

make a timely written demand upon Coast Bancorp for purchase in cash of his or her shares at their fair market value as of January 4, 2016 which demand includes: (i) the number and class of the shares held of record by him or her that he or she demands upon Coast Bancorp, and (ii) what he or she claims to be the fair market value of his or her shares as of January 4, 2016 and immediately prior to the first public announcement of the merger;

have his or her demand received by Coast Bancorp within 30 days after the date on which the notice of the approval by the outstanding shares is mailed to the shareholder;

submit certificates representing his or her shares for endorsement in accordance with Section 1302 of the CGCL; and

comply with such other procedures as are required by the CGCL.

If dissenters' rights are properly perfected, such dissenter has the right to receive cash in the amount equal to the fair market value, as determined by Coast Bancorp, or, if required, by a court of law, of their shares of Coast Bancorp common stock as of the day of, and immediately prior to, the first public announcement of the merger, excluding any change in such value as a consequence of the proposed merger.

If dissenters' rights are perfected and exercised with respect to more than ten percent (10%) of Coast Bancorp's common stock outstanding, then Sierra Bancorp has the option to terminate the merger agreement. The text of the applicable sections of Chapter 13 of the CGCL governing dissenters' rights is attached to this proxy statement/prospectus as **Appendix B**. We urge you to carefully read the procedures set forth in **Appendix B**, as failure to comply with these procedures will result in the loss of dissenters' rights under the CGCL.

## SIERRA BANCORP SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected historical financial information concerning Sierra Bancorp and its consolidated subsidiary, Bank of the Sierra. The selected financial data as of December 31, 2015 and 2014, and for each of the years in the three year period ended December 31, 2015, is derived from Sierra Bancorp's audited consolidated financial statements and related notes which are included in Sierra Bancorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed with the SEC, which is incorporated herein by reference. The selected financial data presented for earlier years is derived from Sierra Bancorp's audited financial statements which are included in previous Annual Reports on Form 10-K. See "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 91 for instructions on how to obtain the information that has been incorporated by reference, as well as earlier Annual Reports on Form 10-K.

You should read the following selected consolidated financial data together with Sierra Bancorp's consolidated financial statements, including the related notes, and the other information contained or incorporated by reference in this proxy statement/prospectus.

Selected Financial Data (Dollars in thousands, except per share data)	As of and for the years ended December 31,				
	2015	2014	2013	2012	2011
<b>Income Statement Summary</b>					
Interest income	\$62,707	\$55,121	\$51,785	\$54,902	\$58,614
Interest expense	2,581	2,796	3,221	4,321	5,657
Net interest income before provision for loan losses	60,126	52,325	48,564	50,581	52,957
Provision for loan losses	-	350	4,350	14,210	12,000
Non-interest income	17,715	15,831	17,063	18,126	14,992
Non-interest expense	50,703	46,375	44,815	46,656	47,605
Income before provision for income taxes	27,138	21,431	16,462	7,841	8,344
Provision (benefit) for income taxes	9,071	6,191	3,093	(344)	564
Net Income	18,067	15,240	13,369	8,185	7,780
<b>Balance Sheet Summary</b>					
Total loans, net	1,124,602	961,056	793,087	867,078	740,929
Allowance for loan losses	(10,423)	(11,248)	(11,677)	(13,873)	(17,283)
Securities available for sale	507,582	511,883	425,044	380,188	406,471
Cash and due from banks	48,623	50,095	78,006	61,818	63,036
Foreclosed Assets	3,193	3,991	8,185	19,754	15,364
Premises and equipment, net	21,990	21,853	20,393	21,830	20,721
Total Interest-Earning assets	1,634,180	1,474,629	1,244,795	1,279,932	1,185,647
Total Assets	1,796,537	1,637,320	1,410,249	1,437,903	1,335,405
Total Interest-Bearing liabilities	1,150,010	1,038,177	845,084	926,362	883,236



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Total Deposits	1,464,628	1,366,695	1,174,179	1,174,034	1,086,268
Total Liabilities	1,606,197	1,450,229	1,228,575	1,264,011	116,841
Total Shareholders' Equity	190,340	187,091	181,674	173,892	168,564
Per Share Data					
Net Income Per Basic Share	1.34	1.09	0.94	0.58	0.55
Net Income Per Diluted Share	1.33	1.08	0.94	0.58	0.55
Book Value	14.36	13.67	12.78	12.33	11.95
Cash Dividends	0.42	0.34	0.26	0.24	0.24
Weighted Average Common Shares Outstanding Basic	13,460,605	14,001,958	14,155,927	14,103,805	14,036,667
Weighted Average Common Shares Outstanding Diluted	13,585,110	14,136,486	14,290,150	14,120,313	14,085,201

*(Table continues on following page.)*

	As of and for the years ended December 31,				
	2015	2014	2013	2012	2011
Return on Average Equity <sup>(1)</sup>	9.59 %	8.18 %	7.56 %	4.74 %	4.73 %
Return on Average Assets <sup>(2)</sup>	1.07 %	1.03 %	0.96 %	0.59 %	0.59 %
Net Interest Spread (tax-equivalent) <sup>(3)</sup>	3.92 %	3.92 %	3.90 %	4.08 %	4.41 %
Net Interest Margin (tax-equivalent)	3.99 %	4.01 %	4.02 %	4.22 %	4.59 %
Dividend Payout Ratio <sup>(4)</sup>	31.34 %	31.33 %	27.52 %	41.35 %	43.29 %
Equity to Assets Ratio <sup>(5)</sup>	11.13 %	12.58 %	12.72 %	12.51 %	12.37 %
Efficiency Ratio (tax-equivalent)	63.98 %	66.39 %	66.90 %	66.39 %	67.83 %
Net Loans to Total Deposits at Period End	76.78 %	70.32 %	67.54 %	73.85 %	68.21 %
Asset Quality Ratios:					
Non-Performing Loans to Total Loans <sup>(6)</sup>	0.85 %	2.13 %	4.66 %	6.03 %	7.41 %
Non-Performing Assets to Total Loans and Other Real Estate Owned <sup>(6)</sup>	1.13 %	2.53 %	5.62 %	8.10 %	9.25 %
Net Charge-offs (recoveries) to Average Loans	0.08 %	0.09 %	0.81 %	2.23 %	2.06 %
Allowance for Loan Losses to Net Loans at Period End	0.93 %	1.17 %	1.47 %	1.60 %	2.33 %
Allowance for Loan Losses to Non-Performing Loans	108.19 %	54.40 %	31.21 %	26.13 %	30.80 %
Regulatory Capital Ratios:					
Common Equity Tier 1 Capital to Risk-weighted Assets	13.98 %	N/A	N/A	N/A	N/A
Tier 1 Capital to Adjusted Average Assets (Leverage Ratio)	12.14 %	12.99 %	14.37 %	13.34 %	14.11 %
Tier 1 Capital to Total Risk-weighted Assets	16.17 %	17.39 %	20.39 %	18.11 %	20.46 %
Total Capital to Total Risk-weighted Assets	17.01 %	18.44 %	21.67 %	19.36 %	21.72 %

(1) Net income divided by average shareholders' equity.

(2) Net income divided by average total assets.

(3) Represents the average rate earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

(4) Total dividends paid divided by net income.

(5) Average equity divided by average total assets.

(6) Performing TDRs are not included in nonperforming loans and are therefore not included in the numerators used to calculate these ratios.

## COAST BANCORP SELECTED FINANCIAL DATA

The selected financial data as of December 31, 2015 and 2014, and for each of the years in the two year period ended December 31, 2015, is derived from Coast Bancorp's audited financial statements and related notes which are included elsewhere in this proxy statement/prospectus. The summary below should be read in conjunction with our financial statements and the notes thereto appearing elsewhere in this proxy statement/prospectus and the information contained in "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF COAST BANCORP" beginning on page 66.

	As of and For the Years Ended December 31,	
	2015	2014
	(Dollars in thousands, except per share data)	
Selected Balance Sheet Data:		
Interest-bearing deposits in other banks	\$ 7,840	\$ 8,085
Loans, net <sup>1</sup>	92,427	72,990
Investment securities available-for-sale	21,321	16,632
Investment securities held-to-maturity	2,894	4,425
Total Assets	146,866	128,342
Deposits	126,438	115,044
Non-interest-bearing deposits	56,107	48,227
Total interest-bearing liabilities	80,048	76,034
Total stockholders' equity	10,329	3,625
Selected Operating Data:		
Interest income	\$ 5,350	\$ 4,431
Interest expense	515	464
Net interest income	4,835	3,967