SIERRA BANCORP
Parent Company for Bank of the Sierra

BANK OF THE SIERRA
KEEP CLIMBING

Audit Committees of the Boards of Directors Charter

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Statement of Purpose

Each of the respective Boards of Directors (individually a "Board," and collectively, the "Boards") of Sierra Bancorp and its wholly-owned subsidiary, Bank of the Sierra ("Bank") (jointly, the "Company") have established an Audit Committee (individually, a "Committee" and collectively, the "Committees") in fulfilling their oversight responsibilities. The Committees are constituted through the delegation of each Board's authority under its bylaws and this Charter. The Committees may meet jointly to address matters affecting the Company and may meet separately, as needed, to address matters unique to one entity or where the interests of Sierra Bancorp and the Bank may differ.

The Committees are responsible for oversight of the Company's Audit Program, Audit Plans and monitoring of internal and external audit activities and findings. The Committees are also responsible for overseeing the Company's accounting and financial reporting processes and the audits of its financial statements.

Appointment and oversight of the Company's independent auditors, including monitoring of their independence, is a core responsibility of the Audit Committee of Sierra Bancorp. The Committees will also have oversight of the Director of Internal Audit, all internal and external auditors, and resources applied to conduct internal auditing activities of the Company.

The function of the Committees is oversight. The management of the Company is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the effectiveness of its internal control over financial reporting. Management and the Internal Audit department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal control and procedures that provide for compliance with accounting standards and applicable laws and regulations. In fulfilling its responsibilities hereunder, it is recognized that the members of the Audit Committees are not full-time employees of the Company and are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Audit Committees or its members to conduct "field work" or other types of auditing or accounting reviews or procedures.

Committee Membership

Independence

The Audit Committees shall be comprised of three or more directors as determined by the Boards, each of whom shall be an independent director as defined under Rule 5605(a)(2) of the Nasdaq Stock Market; has not participated in the preparation of the financial statements of the Company at any time during the past three years; and meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act). In addition, each member of the Audit Committees will be free from any relationship that would interfere with the exercise of his or her independent judgment. No member of the Audit Committees, other than in their capacity as a member of the Board of Directors or of the Audit Committees, may accept any consulting, advisory, or other compensatory fee from the Company. No member of the Audit Committees may be an officer, employee, or affiliated person of the Company or any parent or subsidiary thereof. Each member of the Bank Audit Committee shall also meet the definition of an "independent director" as such term is defined by the Federal Deposit Insurance Corporation (FDIC).

Understanding of Finance and Accounting

All members of the Audit Committees must have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements. At least one member of the Audit Committees shall have accounting or related financial management expertise and financial sophistication and thereby qualify as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act").

Appointment of Audit Committee Chair

The members of the Audit Committees shall be appointed by the Board. If an Audit Committee Chair is not designated or present, the members of the Audit Committees may designate a Chair by majority vote of the Audit Committees' membership.

Meetings

The Committees shall meet at least quarterly, or more frequently as circumstances require. The Committees may meet in executive session at least annually with management (Chief Financial Officer and Chief Accounting Officer), the independent auditors, the Director of Internal Audit, and as a committee to discuss any matters that the Audit Committees or any of these groups believe should be discussed.

Authority and Governance

The Committees have all authority necessary to fulfill its oversight responsibilities, including the authority to:

- conduct any investigation and have direct access to the independent auditors or anyone in the Company;
- appoint and determine the compensation of the independent auditors, with the Company providing appropriate funding for such compensation;
- resolve disagreements between the Company's management and the independent auditors regarding financial reporting; and
- approve and direct activities of the Director of Internal Audit and the Internal Audit Plan of the Company.

The Committees' governance responsibilities include, but are not limited to, the areas listed below.

Review Procedures

- Review and reassess the adequacy of this charter at least annually, submit the charter to the Board of Directors for approval annually, and post any updates on the Company's website in accordance with SEC regulations.
- Review the Company's annual audited financial statements on Form 10-K and quarterly unaudited financial statements on Form 10-Q, and discuss any significant issues regarding accounting principles, practices, and judgments with management and the independent auditors.
- Discuss earnings releases, including the type and presentation of the information, paying attention to any pro forma or adjusted non-GAAP information. Discussions may be in general terms (i.e., the types of information to be disclosed and the types of presentations to be made).
- Inquire of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting, and as to the existence of any fraud that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
- Discuss any significant changes to the Company's accounting principles and policies with the CFO and Corporate Controller.
- Review with management and the independent auditors the basis for the reports filed by management and by the independent auditors (if applicable)

with the Federal Deposit Insurance Corporation pursuant to 12 CFR Part 363 regulations, as amended from time to time.

- Review with the Company's counsel, at least annually, legal matters that could have a significant impact on the Company's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies, if any.
- Review and approve the Internal Audit Policy annually.
- Review and approve the Internal Audit risk assessment and Audit Plan annually.
    - Review and approve the use of any third-party firm that will provide outsourced or co-sourced internal audit assistance and monitor the Director of Internal Audit's oversight of such outsourced internal audit firms.
    - Monitor independence of internal audit staff and the Director of Internal Audit.
    - Review, in conjunction with the CEO, the performance and compensation of the Director of Internal Audit annually.
    - Receive and review all reports prepared by third-party outsourced internal audit firms with the Director of Internal Audit.
    - Receive monitoring results from the Director of Internal Audit with respect to findings from in-house and outsourced internal audits, including management responses and necessary remediation efforts. Discuss the nature and implications of internal audit findings on business practices, financial health, and governance of the Company.

Independent Auditors *(Note: In this section all responsibilities listed and references to "Committee" apply solely to the Sierra Bancorp Audit Committee.)*

- Appoint and oversee the work of the independent auditor.
- Approve fees and other significant compensation to be paid to the independent auditors. Pre-approval is required for all audit and permissible non-audit services to be performed by the independent auditors, with the exception of non-audit services if:
    - the aggregate amount of all such non-audit services constitutes 5% or less of the total amount paid by the Company to its independent auditor during the fiscal year in which the non-audit services are provided;
    - such services were not recognized at the time of the engagement to be non-audit services; and
    - such services are promptly brought to the attention of and approved by the Committee or by one or more members of the Committee to

whom authority to grant such approvals has been delegated prior to the completion of the Audit.

- Annually obtain a formal written statement from the independent auditor consistent with Public Company Accounting Oversight Board ("PCAOB") Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence.
- Discuss any items required to be communicated by the independent auditors in accordance with Auditing Standard No. 1301 (AS1301), Communications with Audit Committees, issued by the PCAOB as well as any other applicable PCAOB Audit Standards.
- Discuss, as appropriate, any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as the adequacy of the Company's internal controls and any internal control letter issued, or proposed to be issued, by the independent auditors.
- Review the form of opinion the independent auditors propose to render.
- Review the independent auditors' plan, including scope, staffing, locations, reliance upon internal audit, potential areas of risk and critical audit matters, and general audit approach.
- Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting, including any Critical Accounting Matters.
- Review and evaluate the qualifications, performance, and independence of the lead partner of the independent auditors.
- Discuss with the independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors to the extent relevant to the Company, including the independent auditor's response to any identified deficiencies.

Other Responsibilities of the Audit Committees

- Annually prepare a Committee report as required by the Securities and Exchange Commission (SEC) to be sent to shareholders as part of the Company's annual proxy statement.
- Perform any other activities consistent with this Charter, the Company's bylaws, and governing law, as the Committees or the Boards deem necessary or appropriate.
- Maintain minutes of meetings and periodically report to the Boards on significant results of the forgoing activities.
- Establish procedures and monitor:

  - the receipt, retention, and addressing of complaints received by the Company regarding accounting, internal controls, or auditing matters, whether from internal or external sources who wish to remain anonymous, as well as the reporting of violations of the code of conduct and allegations of fraud or corruption; and
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Have ultimate responsibility for determining matters of interpretation with respect to the audit and accounting related portions of the Company's Code of Ethics, and for making all final decisions concerning any disciplinary actions relating to those portions of the Code.
- Consult with internal or outside counsel if, in the opinion of the Committees, any matter under consideration by the Committee has the potential for any conflict between the interests of Sierra Bancorp and those of Bank of the Sierra, or the Company's other direct or indirect subsidiaries in order to confirm that appropriate procedures are established for addressing any such potential conflict and for promoting compliance with the Company's policies regarding Reg W and Sections 23A and 23B of the Federal Reserve Act.

Allocation of Resources

The Committees shall have the authority to select, retain, terminate, and approve the fees and other retention of special or independent counsel, accountants or other experts, consultants, and advisors, as deemed necessary or appropriate.

The Company will allocate the resources needed to ensure compliance with the Audit Committees' Charter, Internal Audit Policy, and Audit Planning.