Board Enterprise Risk Committees Charter

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

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") has established an Enterprise Risk Committee (individually, a "Committee," and collectively, the "Committees") to support the Boards 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 enterprise risk management program. This includes, but is not limited to, oversight of management's execution of the following key risk areas:

- Strategic
- Liquidity
- Market/Interest Rate
- Credit
- Operational
- Compliance / Regulatory
- Reputational

Membership

Each Committee shall be comprised of three or more directors, as determined by the Boards. If the Boards do not designate a Chair, the Committee members may designate a Chair by majority vote.

A quorum is required for proper governance, participation, and oversight of Committees' actions. A quorum will be established when the Chair of the Committees, or their delegate, and a majority of voting members are present.

Meetings

The Committees shall meet at least quarterly, or more frequently as circumstances require. Meetings may be held in person, virtually, or by teleconference.

The Committees may meet in executive session without members of management in attendance as often as it deems appropriate. Independent members of the Committee may also meet in executive session without management and non-independent directors present, as appropriate.

Authority and Governance

The Committees have all authority necessary to fulfill its oversight responsibilities. Responsibilities include, but are not limited to, the following:

Enterprise Risk Governance and Oversight

- Review the adequacy of this Charter annually and recommend changes to the Boards for approval.
- Approve key policies, limits, and frameworks within the Committee's delegated authority.
- Recommend to the Boards for approval items requiring Board action, including the annual Enterprise Risk Assessments and Risk Appetite Statement.
- Review Key Risk Indicators (KRI) and a Mid-Year Enterprise Risk Assessment Review to ensure the Company appropriately identifies and responds to risks exceeding Board-established thresholds.
- Oversee the tracking and remediation of Critical, High, and Moderate incidents and issues.
- Oversee the Company's programs related to the Committees' areas of responsibility.
- Review regulatory updates, examination and audit results, model validations, loan review results, and stress testing outcomes, and oversee management's remediation efforts.
- Oversee the Company's insurance and Bank Owned Life Insurance (BOLI) programs.
- Maintain minutes of meetings and periodically report to the Boards on significant matters, as appropriate.

Risk Areas: Review reports and approve items related to the specific topics outlined below.

- **Credit:** Credit portfolio performance, concentrations, criticized/classified assets, troubled loans, and Other Real Estate Owned (OREO) assets, charge-offs and recoveries, allowance for credit losses (ACL), stress testing, asset quality trends, and emerging risks.
- **Liquidity:** Liquidity position, contingency funding plan, deposit trends, uninsured deposits, funding concentrations, investments, and stress testing.

- **Interest Rate (IRR):** Economic value of equity (EVE) and net interest income ("NII") simulations, rate shocks, model assumptions, and derivatives and hedging program.
- **Capital:** Capital adequacy, capital planning, stress testing, and regulatory capital ratios.
- **Operational:** Information security program (threats, incidents and responses, vulnerability management, patching, and cybersecurity risk assessments); fraud losses and trends; third-party/vendor management; business continuity/disaster recovery testing, gap analysis and mitigation; and physical security incidents and response.
- **Anti-Money Laundering (AML)/Countering Financing of Terrorism (CFT) and Office of Foreign Assets (OFAC):** Suspicious Activity Reporting activity and trends, sanctions compliance, risk assessments, and emerging threats.
- **Compliance, Fair Lending and Community Reinvestment Act (CRA):** regulatory developments, testing and monitoring results, risk assessments, customer complaints, CRA performance metrics.
- **Other Matters:** Material lawsuits and other reputational issues; environmental, social, and governance (ESG), and model risk management.

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 and appropriate funding needed to ensure compliance with the Board Enterprise Risk Committees Charter.