Board Risk Committees Charter

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

Table of Contents

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 a Board Risk Committee (individually, a "Committee" and collectively, the "Committees") in fulfilling their oversight responsibilities.

The Committees are duly constituted through the delegation of each Board's authority via its charter and by-laws. The Committees shall meet simultaneously to address matters affecting the Company but will meet separately if necessary to address issues that are relevant to one entity but not the other, or to consider transactions between the two entities or other matters where Sierra Bancorp and the Bank may have different interests.

The function of the Committees is oversight and the establishment of risk appetite guidance through the approval of Policies and Programs and their respective limits. 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 risk areas and programs:

- Enterprise risk management framework, including risk appetite statement
- Compliance and fair lending
- Operational risk, including information security, physical security, and fraud
- Model risk
- Community Reinvestment Act
- BSA/AML and OFAC
- Third-party risk
- Legal matters
- Corporate insurance

Membership

Each Committee shall be comprised of three or more directors as determined by the Boards. If a Committee Chair is not designated by the Boards, the members of the Committees 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 of the Board Risk Committees

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

The Committees may meet in executive session without members of management in attendance as often as deemed appropriate. In addition, independent members of the Committees may meet in executive session without members of management and non-independent directors in attendance as often as deemed appropriate.

Authority and Governance

The Committees will retain all authority necessary to ensure proper oversight of their areas of responsibility. Specific authority and responsibilities will include, but not necessarily be limited to, the following:

- Review and reassess the adequacy of this Charter at least annually and submit the charter to the Boards for approval annually.
- Oversee Company's enterprise risk management program, including the strategies, policies, and systems established to identify, assess, measure, monitor, report, and control the major internal and external risks facing the Company.
- Review and recommend to the full Boards for approval the Company's Annual and Mid-Year Enterprise Risk Assessments and Risk Appetite Statement.
- Review and discuss bottom-up and top-down risk assessments conducted by the first and second lines, as well as Management's response to identified gaps and risk ratings which exceed the Board-approved risk appetite.
- Review Key Risk Indicators ("KRI") to ensure the Company appropriately identifies and responds to risks exceeding Board-established thresholds.
- Review Critical, High, and Moderate Incidents and Issues to ensure sustainable and timely remediation.
- Oversee the Company's compliance, fair lending, CRA, financial crimes (BSA/AML, OFAC, and fraud), legal, model risk, third-party risk, information security, and physical security programs, which includes, but is not limited to, review, discussion, and/or approval of the following:
    - Policies and program documents.
    - Current and emerging federal and state laws, rules, and guidelines.
    - Examination, audit, model validation, and testing results and remediation.
    - CRA and fair lending self-assessments and reviews.
    - Training plans and activities.

  - Consumer complaint and legal trends.
  - Fraud, BSA/AML, cyber security, and physical security incidents and threats.
  - Other operational risk matters, including the Company's business continuity and disaster recovery program and testing results and issues arising from new or revised bank products and services.
  - Current and emerging issues with the Company's third parties.
- Review results of the Bank's external loan review activities.
- Ensure the Company maintains a comprehensive insurance program with appropriate coverage of the key insurable risks of the institution.

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 they deemed necessary or appropriate.

The Company will allocate the resources and appropriate funding needed to ensure compliance with the Board Risk Committees Charter