

Sierra Bancorp - Bank of the Sierra Code of Ethics and Conduct

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I. INTRODUCTION

This Code of Ethics and Conduct (the “Code”) has been prepared to reflect the ongoing commitment of Sierra Bancorp and Bank of the Sierra (collectively “the Company”) to maintain the highest ethical standards in all Company business. The Code is intended to reflect compliance with all applicable governmental laws, rules and regulations, including but not limited to the Sarbanes-Oxley Act of 2002 and SEC regulations promulgated thereunder. In accordance with the mandate of these laws, this Code applies to the extent possible to all directors, officers and employees of Sierra Bancorp and Bank of the Sierra. More specifically, it applies equally to the President/Chief Executive Officer (the “CEO”), the Chief Financial Officer (the “CFO”), the Chief Accounting Officer, and any other senior financial officers of both Sierra Bancorp and Bank of the Sierra, as it does to all other officers and employees of the Company. In addition, **non-employee directors of the Company are required to comply with all provisions of the Code that are logically and legally capable of applying to them.** Because this Code imposes important ethical obligations on all of the Company’s directors, officers and employees, it is imperative that everyone read this Code carefully.

All employees and directors are expected to treat compliance with ethical standards, as well as laws and regulations, as a critical element of their duties and responsibilities to the Company. All employees will be required, as a condition of employment, to read this Code and to sign the attached Acknowledgment, indicating their understanding of and agreement to comply with all of the terms of the Code. Non-employee directors are also required to do so, though not as a condition of employment. Anyone with a question regarding any aspect of the Code, whether reading it for the first time or at any time thereafter, must address their questions to the Director of Human Resources or other appropriate person as discussed further below. Nothing in the Code is intended to alter the nature of the at-will relationship which exists between the Company and all of its officers and employees pursuant to California Labor Code Section 2922. If any provision of this Code or the Company’s policy conflicts with applicable laws or regulations, the one with the higher standard will apply.

II. GENERAL POLICY STATEMENT

The Company's policy is to conduct its business in accordance with the highest ethical standards in order to act in accordance with all applicable laws and regulations and to merit and maintain the complete confidence and trust of its customers and the public in general. Directors, officers and employees are expected to conduct all of their business and personal affairs and to manage all business transactions in a manner that reflects positively on the Company's reputation in the industry and in the communities in which it does business. The Code is intended to address business, social and personal relationships that may present potential legal and ethical concerns for anyone affiliated with the Company. It also sets forth a code of conduct to guide staff members. **The term "staff member" is intended to refer to all officers, employees and (where applicable) non-employee directors of the Bank.**

A. Compliance with Laws and Regulations

The Company's policy is and has always been to comply fully with the spirit and intent of all applicable governmental laws, rules and regulations. The Company expects all staff members to exercise good judgment and to exhibit the highest standards of honest and ethical conduct at all times. All directors, officers and employees are expected to refrain from engaging in any form of illegal, dishonest or unethical conduct.

B. Administration of the Code

Each staff member is responsible for becoming familiar with the Code. Supervising officers are expected to make every reasonable effort to ensure that they themselves and all of their subordinate staff comply with the provisions of the Code. Any supervising officer who encounters a situation in which a subordinate staff member has failed to comply with the Code must immediately report the situation to the Director of Human Resources.

The Audit Committee shall have the ultimate responsibility for determining matters of interpretation with respect to the Code, and for making all final decisions concerning disciplinary actions if applicable. The day-to-day administration and implementation of the Code, as well as the distribution of any periodic changes to the Code to staff members, shall be the responsibility of the Director of Human Resources.

If a staff member is unsure of what to do in any situation, they should always seek additional guidance and information before acting. **Staff members should always try to use their good judgment and common sense; if something seems improper, it probably is.** If a staff member has a question or concern about any accounting-related issues, they should ask the CFO, the Director of Human Resources or, at the staff member's option, the Chairman of the Audit Committee. For all other types of questions, it is recommended the staff member first address the question to their immediate supervisor, or if not possible, to the Director of Human Resources. If a supervisor has a question regarding the interpretation or applicability of any provision of the Code to a particular situation, such supervisor should immediately seek the advice of the Director of Human Resources. Employee questions or concerns can also be reported confidentially and anonymously by using EthicsPoint (discussed in Section IX below).

III. COMPANY RECORDS AND REPORTING

It is imperative that all records, data and information used and managed by the Company be kept current, accurate and complete. Each staff member is personally responsible for the integrity of the information, reports and records under their control. Records must be maintained with a sufficient level of detail to accurately reflect the Company's transactions.

In keeping with their legal and ethical obligations, all staff members who are involved in any manner with the preparation and/or filing of any reports or documents that the Company is required to file or submit to any governmental agency, including but not limited to the SEC, the FDIC and the Federal Reserve Board, are expected to make full, fair, accurate and timely and understandable disclosure in all such reports. In furtherance of this objective, such staff members must maintain accurate Company records and retain them in accordance with the law. This obligation to insure full, fair, accurate, timely and understandable disclosure also extends to any public communication made by the Company.

The intentional falsification or improper alteration of any of the Company's books, records, or documents will result in termination after an appropriate investigation. In addition, falsification of the Company's books and records with intent to injure or defraud the Company is a felony.

Staff members are expected to exercise good judgment and standards when creating any Company records, including e-mail. When creating any records or documents, staff members should keep in mind that such records may need to be interpreted at a later time with the benefit of hindsight and/or the potential disadvantage of imperfect recollections or the lack of availability of the author to shed light on the written records.

Staff members are required to fully cooperate with audits conducted by the Company's internal audit staff, external auditing firm or state and federal regulatory examiners. Questions raised by the auditors or examiners must be answered honestly and no adverse information may be concealed.

Staff members are required to cooperate fully with any appropriately authorized internal or external investigations. Making any false statement to or misleading of internal or external auditors, Company representatives or regulators can be a crime and may result in severe penalties.

Staff members should never withhold information that may seem to raise an ethical issue, but should immediately contact their supervisor, the Director of Human Resources or the Chairman of either the Audit Committee or the Nominating and Governance Committee, depending on the nature of the issue involved.

Staff members shall follow all specified Company guidelines and procedures with respect to the retention of records. **While in general records should be maintained for specified time periods in accordance with Company policy and as required by law, a staff member must**

never, regardless of time, destroy any records which it reasonably appears could be potentially relevant to any violation of law, any litigation, or any pending, threatened or foreseeable government investigation or proceeding.

IV. PROTECTING CORPORATE ASSETS

Staff members are responsible for safeguarding the tangible and intangible assets of the Company and its customers and should never use Company assets for their personal benefit except as specifically permitted by the Company. Company assets include cash, securities, business plans, customer information, intellectual property (computer programs, models and other items), physical property and services. Misappropriation of corporate assets is a breach of fiduciary duty and in some cases can amount to fraud against the Company. Carelessness or waste of corporate assets can also be a breach of fiduciary duty to the Company.

Staff members should always remember that the Company's telephone, e-mail and voice mail systems are to be used primarily for business purposes, and that such systems should never be used in a way that could be harmful or embarrassing to the Company. Staff members should limit personal communications to a minimum.

V. CONFLICTS OF INTEREST

A. General Policy

One of the purposes of this Code is to remind all staff members of the importance of avoiding any actual **or apparent** conflict of interest in any transaction involving the Company. A conflict of interest is defined as a staff member's involvement in any outside interest or activity which conflicts or appears to conflict with the staff member's duties to the Company, or which may adversely affect the staff member's judgment in the performance of their duties.

Staff members must not engage in any personal or business conduct that has even the potential or appearance of conflicting with the interests of the Company. All staff members are required to disclose to their supervisor any potential conflict of interest, including one in which they have been unintentionally placed as a result of a business or personal relationship with a customer, supplier, business associate or competitor of the Company. **(All potential new employees or directors must be asked before commencing employment or serving as a director whether they have any pre-existing relationship or investment that might present a potential conflict of interest, so that appropriate action can be taken if necessary, prior to such employment or service.)** The supervisor will review the situation with the next appropriate level of management and advise the staff member as to the proper course of conduct. Employees may have employment outside of the Company as long as there is no conflict of interest, it does not interfere with the employee's job performance, and the Director of Human Resources or the Company's Human Resources Committee, as appropriate, concurs that such employment does not violate the Company's conflict of interest policy before the position is accepted (see "Outside Employment and Activities" below). Contemporaneous written records of all such disclosures will be retained by the Company in keeping with all applicable legal requirements. Any supervisory employee who encounters a potential or actual conflict of

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interest must disclose the situation to the next appropriate level of management who will review the situation and advise the supervisory employee as to the proper course of conduct. All staff members must contact either their supervisor or the next appropriate level of management in the chain of command if they have any question about whether an apparent or actual conflict of interest exists. This consultation must occur before the staff member becomes involved in the potentially problematic transaction or situation.

B. Acceptance of Gifts

All staff members and their immediate families are prohibited from soliciting, accepting or retaining any gift, benefit or anything of value, for themselves or for any third party, from any customer of the Company, or from any individual or organization which is either involved in a business relationship with the Company or which is seeking to establish a business relationship with the Company, except as indicated below. A benefit is defined as any type of gift, bequest, gratuity, favor, service, loan, legacy (except from a relative), fee or compensation, or anything of monetary value.

Specific exceptions to this policy may be permitted if the benefit or gift is of nominal value and there is and appears to be no reasonable likelihood that the staff member's business judgment might be compromised. In order to qualify for such exception, however, the personal benefit must be one of the following:

1. Normal business courtesies, such as a meal, refreshment or entertainment of reasonable value, involving no more than ordinary amenities, where the giver is present, and the purpose of the event is to hold bona fide business discussions;
2. Non-cash gifts of reasonable value (under \$200 within a six-month period) such as are typically received at holiday time or special occasions, such as in connection with the acceptance of a new job, a promotion, wedding, or retirement and which represent only an expression of friendship on the part of the giver;
3. Gifts based upon obvious family or personal relationships when the circumstances make it clear that those relationships, rather than the business of the Company, are the motivating factors;
4. Unsolicited advertising and promotional material of nominal value;
5. Awards given by charitable, educational, civic, or religious organizations meritorious contributions or service;
6. Loans from other banks or financial institutions on customary terms to finance proper and usual activities such as home mortgage loans; or
7. Discounts or rebates on merchandise or services that do not exceed those available to other customers.

Any gift or benefit offered to a staff member, other than as one of the exceptions noted above, must be reported by the staff member to his or her supervisor or to the Director of Human Resources, who will review the situation and instruct the staff member as to the appropriate action. Contemporaneous written records of all such disclosures must be retained by the Company in keeping with applicable legal requirements and Company policies.

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It is important for all staff members to remember that state and federal laws make it a crime for any officer, director or employee of a federally insured bank or bank holding company, directly or indirectly, to ask or solicit, accept, receive or agree to receive anything of value, for themselves or for any other person or entity, for or in connection with any transaction or business of the Company. Penalties for violating these laws include a fine, imprisonment, or both. Any offer of such an improper payment must be reported immediately to the staff member's supervisor or to the Director of Human Resources. Any staff member who has a question about whether anything offered to the staff member falls within this law must be directed to the staff member's supervisor or to the Director of Human Resources before the item is accepted.

C. Giving of Gifts

Staff members may not give gifts to customers under any circumstances where the gift could potentially be seen by others as consideration for any type of business favor. Any entertainment or other gifts to be offered to customers outside the normal course of business (dinner, golf where the employee is a member or the green fees are less than \$200 per, sports activity where the Bank owns season tickets, etc.), which might include travel, concert tickets, etc., i.e., items not typically seen on a relationship officer's expense reimbursement claim, **should be approved by that employee's immediate supervisor and, subject to their availability, from a Senior Vice President or an Executive Vice President most directly responsible for the employee and the supervisor.** All expense reimbursement claims are reviewed by the accounting department for compliance with Company. If there is any question on the part of the employee with respect to whether or not approval is required, the employee should take the more conservative approach and seek such approval.

Staff members should also remember that there are strict laws restricting the giving of gifts to any government officials. No gifts to any government officials will be allowed without the prior approval of the Executive Officer's Committee.

D. Political Contributions

It is the Company's policy to strictly comply with all applicable federal and state political campaign laws. The decision to make any political contribution or to engage in any election activity should not be taken lightly and legal counsel should be consulted before any contribution or expenditure is made. The Federal Election Campaign Act of 1971 (FECA) is administered by the Federal Elections Commission, and every federal banking agency treats compliance with the election campaign laws as a matter of supervisory interest.

While the Company believes that it is appropriate for every citizen to take an active interest in political and governmental affairs, all participation must be done solely as a private citizen and not as a representative of the Company. Directors, officers and employees must not make any political contribution (whether in the form of cash, goods or services) either directly or indirectly, on behalf of the Company. For these purposes, use of any of the Company's facilities, equipment, supplies or manpower for political activities will be considered to be a contribution. All political contributions shall be made solely by the individual on his or her own behalf. Under

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no circumstances may the Company require staff members to contribute to, support or oppose any political group or candidate.

E. Outside Employment and Activities

Any staff member who believes outside employment is necessary and appropriate must obtain the prior written approval of the Director of Human Resources before accepting the position to determine if there is a conflict of interest. Under no circumstances may a staff member accept outside employment or engage in any outside activity, whether for profit or not, if the employment or activity might (i) pose a potential, actual or apparent conflict of interest; (ii) subject the Company to adverse publicity or criticism; or (iii) interfere with the staff member's performance of his or her duties or productivity on behalf of the Company.

The Company encourages individual participation in civic activities. Normally, such voluntary efforts must take place outside of regular business hours. If voluntary efforts require the use of business time, prior approval must be obtained from the staff member's supervisor and the Human Resources Committee.

F. Service as Directors or Officers of Outside Companies

Officers and employees of the Company are not permitted to serve as directors or officers of any outside companies without the prior written approval of the Human Resources Committee. In making any decision on the permissibility of such service in specific situations, the Human Resources Committee shall carefully evaluate (i) the outside company's relationship to the Company, if any; (ii) any potential conflict of interest between the Company and the outside company, such as actual or potential similar product lines; and (iii) the extent to which such service would further the interests of the Company and its shareholders. If any staff member has previously accepted any such appointments or positions, he or she must immediately report the same to the supervisor and the Human Resources Committee of the Company, so that an appropriate decision can be made as to the possible need to discontinue such service. In the case of non-employee directors, any such outside service must be in accordance with such director's fiduciary duty to the Company and in strict compliance with all applicable laws and regulations. Prior approval by the Board or Human Resources Committee is not required for non-employee directors, but such directors must exercise extreme care to avoid even the appearance of any conflict of interest in such situations and shall immediately report any such service or appointment to the Board of Directors.

G. Personal Investment Activity

While the Company does not wish to unreasonably limit staff members in their personal investment activities, it is the Company's policy that no staff member shall, at any time during their employment or affiliation with the Company, have any direct or indirect investment interest in or business relationship with (whether as a partner, shareholder, employee, independent contractor or otherwise) a competitor, supplier or customer of the Company or with any person or firm with whom the Company has any business relationship, except as described below. Likewise, staff members may not enter into any investment transaction which might create, or

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give the appearance of creating, a conflict of interest between the staff member and the Company or between the Company and any customer or other individual or entity with whom the Company has a business relationship. However, staff members may make investments of a passive nature in any business or venture, provided that either (i) such business or venture is not in competition, directly or indirectly, in any manner with the Company; or (ii) if such business or venture is in competition with the Company, that the amount of such investment does not exceed one percent (1%) of the issued and outstanding shares or one percent (1%) of the equity interest in such business or venture. Passive investments in excess of such amounts may be made only with the approval of the Board of Directors, in the case of a director, or of the Executive Officer's Committee, in the case of any other staff member. In addition, any investment in the securities of a customer must be made in strict accordance with the Company's Insider Trading Policy and must be immediately reported to the CFO.

Furthermore, all employees must devote substantially all of their time and effort during normal business hours to the business of the Company. They must not become involved in any off-duty investments which will interfere with the performance of their work. While an exhaustive list of the types of impermissible investments is not practical, all staff members must refrain from directly or indirectly owning or purchasing any of the following:

1. Real or personal property in which the Company intends to obtain an ownership interest (i.e., through purchase, foreclosure or repossession, or in a fiduciary capacity), unless offered through a third party to the general public.
2. Stocks, bonds or other securities which have either been pledged to the Company as collateral, sold by the Company in a fiduciary capacity or issued by any entity indebted to the Company (except publicly traded securities).
3. Stock of any business or financial institution, in anticipation of its merger with or acquisition by the Company. Investment in the stock of any financial institution, even though made in good faith and without prior inside knowledge, should be given careful consideration because of the possible adverse publicity to the Company in the event of a subsequent merger with, or acquisition by the Company.
4. Trust deeds, mortgages or any other liens against property in which the Company also has a security interest.
5. Any other investments paralleling or anticipating investment action by the Company.

In addition, a staff member should not allow a customer to arrange investments for the account of the staff member or the staff member's immediate family, nor should the staff member become involved in investments sponsored by a customer under circumstances which might create an actual or apparent conflict of interest.

Any staff member who has any question about whether a particular investment falls within the prohibitions of this policy must contact the CFO before making the investment.

H. Corporate Opportunities

Staff members owe a duty to the Company to advance its legitimate interest when the opportunity to do so arises. Staff members are prohibited from:

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- Taking for themselves personal opportunities that are discovered through the use of corporate property, information, or position;
- Using corporate property, information, or position for personal gain; or
- Competing with the Company.

I. Anti-Hedging and Pledging

The Company considers it inappropriate for any Executive Officer or Director to hedge or monetize transactions to lock in the value of his/her Company stock holdings. Therefore, Executive Officers and Directors are prohibited from engaging in any transactions (such as puts, call, options or other derivative securities) with respect to Company equity securities held by them to hedge or offset any decrease in the market value of those equity securities.

Executive Officers and Directors are also prohibited from purchasing Company equity securities on margin, borrowing against Company equity securities on margin or pledging Company equity securities as collateral for a loan.

VI. OTHER STAFF MEMBER ACTIVITIES

A. Personal Finances

All staff members are expected to demonstrate an ability to manage their personal finances in a responsible manner, particularly in the intelligent use of credit. Imprudent personal financial management not only may reflect poorly on the individual's ability to perform his or her responsibilities of a financial nature but may also adversely affect the staff member's job performance. Staff members and their immediate families are generally expected to borrow only from reputable organizations that regularly lend money (except for loans from personal friends and relatives). **Staff members may not borrow money from their co-workers** but should discuss any financial emergency with their supervisor.

B. Overdrafts

All staff members have an obligation to keep their checking accounts in good order. Executive officers and directors with checking accounts at Bank of the Sierra are also subject to a flat overdraft prohibition under state and federal insider lending laws and regulations, and could be subject to penalties for violations under the Federal Reserve's Regulation O.

C. Acting on Behalf of Customers

Staff members are not permitted to act, without the prior written approval of the Executive Officer's Committee, as an executor, administrator, trustee, guardian or conservator, or in any other fiduciary capacity for a customer of the Company. An exception to this policy may be made if the staff member acts as a fiduciary for a family member.

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Staff members must not sign on customers' accounts, act as co-renters of customers' safety boxes, or otherwise represent customers, other than customers related to the staff member by blood, marriage, registered domestic partnership, or those in a committed relationship in a married lifestyle. With respect to accounts of such related parties, staff members should make no decisions outside of normal deposit and check writing activities, i.e., they should not approve overdrafts, waive service charges, etc.

D. Lending Practices

The Company's policy is to maintain prudent lending practices. Any rate concessions shall be based primarily upon borrowers' creditworthiness and overall relationship with the Company (including related deposits of guarantors, etc.), as well as competitive bank pressures.

Staff members are not in any way to represent or exercise authority on behalf of the Company, grant direct or indirect accommodations to, or make credit recommendations with respect to members of their families; any individual or organization with which the staff member, or their immediate family, is associated; or in which the staff member holds any financial interest.

Federal law prohibits any director, officer, or employee of the Company from granting any loan or gratuity to any public bank examiner or assistant bank examiner who either examines the Company or has authority to examine the Company.

All directors and executive officers are required to comply with state and federal insider lending laws and regulations, including the Federal Reserve's Regulation O. Detailed requirements concerning loans to insiders are addressed in a separate policy. Any staff member with a question regarding the propriety of a loan involving an executive officer or director should contact the Chief Credit Officer.

E. Giving Advice to Customers

Staff members may occasionally be asked by customers to comment upon the legality of a particular transaction. Since **the Company cannot practice law or give legal or tax advice**, staff members must exercise care in discussing transactions with customers and must not say anything that might be interpreted as giving legal or tax advice.

F. Receipt of Legal Documents or Subpoenas

Any staff member who receives a legal document of any kind relating to the Company, including but not limited to subpoenas, requests for documents, demand letters, summonses, or correspondence from attorneys that appear to be legal in nature, shall immediately contact an executive officer for instructions. Under no circumstance shall any staff member release any confidential customer information to any outside party in response to such a request (whether oral or written) without the approval of an executive officer.

G. Political Contributions and Activities

The Board of Directors of both Sierra Bancorp and the Bank believes it to be in the Company's best interest to maintain a neutral position on political issues. The Company has established guidelines for both the Company itself and employees of the Company and that distinguish between political contributions and volunteer activities. It is also the policy of the Company to fully comply with applicable state and local laws governing political activities.

Company:

As noted above, the Company will not engage in political monetary contributions to any individual candidate for national or local office. The Company also will not directly contribute to any national or local issue or referendum. The Company may, with prior approval of the Board, make monetary contributions to non- partisan, non-affiliated political action committees (PAC's) which serve the broader interest of the Company.

The Company will not make official public statements favoring or disfavoring any individual candidate for national or local office. The Company also will not make official statements favoring or disfavoring any national or local issue or referendum. The Company does recognize that certain crucial issues affecting the Company's operations may require a formal position.

Under such circumstances, leadership of the Company may issue a formal statement, participate in public discourse or media events or submit official responses to inquiry with prior approval from the Board. Under no circumstance will signage or other communication be promoted, displayed or distributed for any political candidate or issue on any Company properties.

Company Employees:

It is not the Company's intention to infringe on the rights of individual staff members to hold whatever political beliefs they may choose, or to interfere with the involvement on a personal basis by any employee in support of a particular candidate, issue, or political party. Therefore, political activities of employees on a personal and private basis are at the sole discretion of the staff member provided the Company is not implicitly or explicitly linked to such activity. Linkage in this context is defined as any comments, social media posts, signage, written communication (email, letters, texts), clothing, professional publication writing, or other materials that include or utilize either Sierra Bancorp's or the Bank's name, logo, locations, activities, property, or products. For example, use of an employee's Bank email address to advocate a particular political position would be a prohibited linkage under this Code.

Employees engaged in general political activities including canvassing, telemarketing, voter registration, information distribution, or general volunteering do not need to have prior approval. However, all activities of this nature must comply with the linkage rules outlined above.

Political activities in a more official capacity such as media relations or coordination, public forum participation, or campaign administration must be presented to and approved by the Company's President in advance of any activities.

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Any staff member who wishes to serve as a public official must have prior approval of the Executive Officers Committee. Before making a commitment to enter a political campaign or accepting an appointment to a political position, the staff member must submit a written request for consideration by the Executive Officer's Committee, to include the following information:

- The position under consideration;
- The amount of time anticipated which the commitment will require spent away from the Company;
- Any cost to the Company; and
- Any potential conflicts of interest which could arise as a result of the commitment.

VII. CONFIDENTIALITY

A. Customer Information

Safeguarding confidential financial information concerning the Company's customers is essential to maintaining the public trust. In addition, financial institutions are required by law to have administrative, technical and physical safeguards for sensitive customer information. The Company's policy is to require that any such confidential information acquired by a staff member through their employment must be held in the strictest confidence. Such information is to be held for Company purposes only and not as a basis for personal gain by any staff member. Such information must also be protected from misuse that could result in identity theft. Aside from routine credit inquiries and review by the Company's auditors (including external credit review personnel) and/or regulatory examiners, information regarding a customer may generally only be released, whether to private persons or organizations, or to governmental bodies that request it, with the consent of the customer involved or upon receipt of legal process, such as a subpoena or court order.

Confidential customer information should never be discussed with anyone outside the Company, and only with those within the Company who have a legitimate business need to know. Such information should never be discussed in public places, even within the Company's offices. Staff members should be sensitive to the risk of inadvertent disclosure resulting from open doors, speaker phones, cell phones, and when transmitting confidential information by fax or other electronic media.

Lending personnel must not disclose confidential information on existing or proposed loan customers to investment personnel, without the prior written consent of the customer.

B. Information Regarding the Company

Financial or other information regarding the Company, its operations, its customers or any aspect of its business may not be released to any outside person or organization unless it has been published in reports to shareholders, otherwise made available to the public through authorized news releases or authorized by the CEO. All news media inquiries must be referred to the CEO or the CFO. The Company expects every employee to treat information concerning the Company and its personnel with the same confidentiality as information concerning

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customers of the Company and to observe, with respect to the Company, the same guidelines set forth in Paragraph A above.

C. Confidentiality Agreements

All employees will be required to sign and adhere to the Company's Confidentiality Agreement as a condition of their employment, and to certify annually that they have complied with all provisions of the Code relating to confidential information since the date of the last certification. Non-employee directors will also be required to sign such agreement and annual certifications. The prohibition on disclosure of confidential information continues after a staff member is no longer employed by or affiliated with the Company.

VIII. INSIDER TRADING

Staff members are frequently entrusted with possession of confidential and highly sensitive information concerning the Company and its customers. As long as a staff member is aware of "material nonpublic information" relating to the Company or its customers, such staff member may not buy or sell the securities of the Company or the customer, regardless of how that information was obtained. "Material nonpublic information" is any information which could reasonably be expected to affect the price of a company's stock and has not yet been disclosed to the public. Equally important, the staff member must maintain such material nonpublic information in the strictest of confidence.

Details on insider trading restrictions, the consequences of violating such restrictions, and various requirements concerning transactions involving the Company's stock, are documented in the Company's Insider Trading Policy. All staff members have received copies of either the Insider Trading Policy or a Summary thereof and are responsible for complying with all of its requirements. The Insider Trading Policy applies not only to the Company's officers, directors and employees but also to such persons' spouses, minor children, other relatives who live in their households, and trusts or companies which such persons control or as to whose shares of the Company's stock such persons otherwise enjoy beneficial ownership.

IX. REPORTING AND ENFORCEMENT PROCEDURES

A. Complaints or Concerns (including those regarding Accounting or Auditing Matters)

If any staff member has a complaint or concern, they may notify their supervisor, the Director of Human Resources, Director of Internal Audit, or the Chairman of the Audit Committee. Alternatively, they may report it on a confidential and anonymous basis utilizing EthicsPoint. Particularly in the case of anonymous complaints, staff members are encouraged to be as detailed as possible in order to enable the Company to investigate the situation without the benefit of discussing the matter with the staff member filing the complaint.

What Must Be Reported. Directors, officers, and employees must promptly report any unusual, suspicious, fraudulent, or illegal activity, concerns about questionable accounting or

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auditing matters, or suspected violations of the Code. Failure to report a violation can lead to disciplinary action against the person who failed to report the violation which may be as severe as the disciplinary action against the person who committed the violation. Unusual, suspicious, or illegal activity may include illegal acts (such as fraud or misappropriation of funds), harassment or coercive acts, obstruction of proper bank reporting, violations of the Bank Secrecy/USA Patriot Act (such as money laundering, funds transfers to specially designated nationals or structuring transactions to avoid reporting requirements) or any other violations of the Code.

If a staff member believes that they have violated the Code or any applicable law or regulation, they must report the violation so that the Company can take appropriate action. The fact that the staff member has reported the violation will be given consideration in determining appropriate disciplinary action, if any. In many cases, a prompt report of a violation can substantially reduce the adverse consequences of a violation for all involved.

If a staff member believes another staff member, of whatever level of seniority, has violated the Code, including any law or regulation applicable to the Company's businesses, that staff member has a duty to report that suspected violation so that the Company can take steps to rectify the problem and prevent a recurrence. The staff member has a duty to report the suspected violation even if they are not absolutely certain a violation occurred. If a staff member has any question about their obligation in a particular situation, they should contact their immediate supervisor, the Director of Internal Audit, or Director of Human Resources.

Treatment of Complaints by Identified Individuals. If a staff member brings a complaint to the direct attention of the Director of Human Resources, the Director will first interview the staff member to ascertain the details of the concern or complaint, and then may refer the matter to Executive Management or the Audit Committee for further investigation. The original complaint or concern, together with the results of the investigative efforts, shall be fully documented and all records concerning the complaint shall be maintained by the Company for at least seven years. If a complaint or concern is elevated to the Audit Committee, the Committee shall determine what action may be required to correct the stated concern and shall promptly cause any necessary corrective action to be taken. If the matter requires investigation by any outside parties such as accountants, independent counsel or any other consultants or professionals, the Audit Committee shall have the authority to retain the services of such additional persons as may be required to fully investigate and/or correct the situation.

Treatment and Procedures for Anonymous Complaints. If a staff member wishes to file a complaint or concern regarding suspected ethics violations or other matters (including questionable accounting or auditing matters), they may do so on a strictly anonymous basis through the use of the EthicsPoint program. EthicsPoint can be accessed via any personal computer connected to the Internet at www.ethicspoint.com. Alternatively, the EthicsPoint hotline can be used by dialing **1-866-384-4277**. Staff members have a choice as to whether to identify themselves or submit complaints or concerns anonymously, and the software is designed to assume that complaints will be anonymous unless the staff member specifically confirms on multiple occasions that they wish to have their identity known.

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All submissions received in this manner will be reviewed by designated report recipients, including the Audit Committee Chairman, and if appropriate referred to the full Audit Committee at its next regularly scheduled meeting. Any potential report recipient named in a report will not receive that report. Depending on the urgency involved in the concern expressed, a special meeting of the Audit Committee could be called to address the issue. The Company and/or its Audit Committee shall make every attempt to fully investigate and promptly correct any matters identified in such anonymous submissions. The original anonymous complaint or concern, together with the results of any investigative efforts, shall be fully documented and all records concerning the complaint shall be maintained by the Company for at least seven years.

Protection Against Retaliation. Retaliation in any form against an individual who makes a good faith report of a suspected violation of the Code or of law (even if the report is mistaken), or against anyone who assists in the investigation of a reported violation, is itself a serious violation of the Code. Acts of retaliation will not be tolerated and should be reported immediately to the Director of Human Resources or the Audit Committee, as appropriate (depending on the nature of the allegations and positions of the individuals involved), who will conduct a full investigation. After reviewing all the evidence, the Company will make a determination concerning whether reasonable grounds exist to believe that retaliation occurred and will take appropriate disciplinary action against anyone engaging in retaliatory conduct.

In addition, any staff member who discourages or prevents other staff members from making such reports or seeking the help or assistance they need, will be subject to disciplinary action.

False Accusations. It is very important that the process for reporting suspected violations not be used improperly or in bad faith to make false accusations against any Company personnel. However, since the Company wants to encourage employees to come forward when they suspect that inappropriate conduct has occurred, it will not take disciplinary action against a staff member for coming forward unless there is evidence that the staff member knowingly provided false information. The mere fact that a staff member's suspicions prove to be unfounded will not lead to discipline.

The Company will make every effort to assure that complaints are investigated thoroughly and that no disciplinary actions are taken based solely on unsubstantiated allegations. Particularly in the case of anonymous allegations, any disciplinary actions must be based upon documentary or other corroborating evidence of misconduct, and the subject of the investigation must be given an opportunity to provide an explanation of any suspicious circumstances if desired. However, the decision by the Director of Human Resources or the Audit Committee, as appropriate (again depending on the individuals and allegations involved), after conducting its investigation, will be final and binding.

B. Conduct Risk

Conduct Risk is the risk of inappropriate, unethical, or unlawful behavior on the part of employees or individuals acting on behalf of the Bank, caused by deliberate or unintentional actions or business practices. Conduct risk includes actions by the Bank's employees that may

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harm customers, and/or abuse financial markets or market integrity, thereby leading to harm or damage of the Bank's reputation.

Company employees are expected to report, as described above, potential risks, wrongdoings, and activities that do not align with Company policies and procedures, including this Code, and which create, or have the potential to create, conduct risk for the organization. Examples of conduct that put the organization at risk include:

- Failure to follow proper customer authorization procedures for the opening of accounts or issuance of credit / debit cards or other products, including creating fake accounts and enrolling customers in financial products and/or services without their knowledge or consent.
- Charging fees or interest that are illegal or not part of a product fee schedule.
- Not safeguarding a customer's account, including not following policies or procedures designed for safeguarding purposes (e.g., dual control activities, privacy, etc.).
- Creating or participating in incentive programs which drive employees to engage in inappropriate conduct in order to receive financial compensation.

C. Disciplinary Action

The Company shall consistently enforce this Code through appropriate means of discipline. Any staff member who violates any provision of the Code, or engages in any form of unethical conduct, may be subject to discipline, up to and including termination if appropriate. Suspected violations of the Code shall be promptly reported to the Executive Officers Committee and Audit Committee. The Executive Officers Committee and/or Audit Committee, as appropriate, shall determine, through consistently enforced procedures, whether such violations of the Code have occurred and, if so, shall determine the disciplinary measures to be taken against any staff member who has violated the Code.

The disciplinary measures include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment and restitution.

Among other things, and without limitation to the following, staff members may be disciplined for:

- Committing, authorizing, or directing an illegal act.
- Failing to exercise proper compliance oversight, tolerating illegal conduct, or approving or condoning violations, if acting as a supervisor of another employee of the Company.
- Failing to report illegal business conduct or violations of the Code of which he or she directly knows or observes.
- Discouraging another director, officer, or employee from reporting a violation of law or of the Code.
- Improperly disclosing the identity of a person who reports a violation of the Code.

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- Withholding material information regarding a violation when requested to provide such information.
- Retaliating or condoning retaliation against any director, officer, or employee of the Company who reports such a violation.
- Activities deemed to create conduct risk.

As examples, the following are not valid excuses for failing to comply with the law and/or the Code and, as such, will not avoid disciplinary measures under this Code:

- "A supervisor suggested, asked or demanded that I do the illegal, unethical or improper act."
- "I thought the conduct was standard practice in our business."
- "It was a business necessity because it would have cost more to act properly."
- "I misinterpreted or misunderstood the law or the Code and did not seek the advice of my supervisor or the Director of Human Resources."

X. WAIVERS

Any waivers of the Code for executive officers or directors may be made only by the Board of Directors and must be promptly filed and/or disclosed to the public as required by all applicable securities or other laws, rules or regulations or the requirements applicable to any exchange or system upon which Company's securities are listed, quoted or traded. Any waivers of the Code for other personnel may be made by the Executive Officers Committee.

XI. PRIVACY

In order to assure access at all times to Company property, and because employees may not always be available to produce various documents, records, files, or other items in their possession in the ordinary course of business, the Company reserves the right to conduct inspections or searches of the Company's premises at any time without the consent of and without advance notice to the employee.

The Company's premises include all locations owned or leased by the Company or under the control of the Company, including office space, parking lots, closets, storage areas, and lockers. Company property includes all tangible and intangible personal property of the Company, including without limitation, all furniture, equipment, file cabinets, computer hardware and software, licenses and copyrights. The foregoing includes all communications and transmissions of any kind, including all information stored on any hardware, software, removable media, voice mail, e-mail, Company-issued cell phones or similar devices, and all other communication media.

Searches and inspections may include an employee's office, desk, file cabinets, closet, locker, computer files, whether contained on a hard drive or removable media, including past and present e-mail communications, and similar places where the Company property may be located, whether or not such places are locked. Accordingly, employees should have no expectation of

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privacy concerning their office, workstation, work area, desks, closets and/or file cabinets assigned to them.

Employees are prohibited from using the code of another employee to gain access to that individual's corporate e-mail, voice mail, or computer system.

XII. E-MAIL/INTERNET POLICY

The Company promotes the use of technology and provides employees with access to e-mail and the Internet (collectively, "on-line services").

Although occasional use of on-line services for personal, non-business use is acceptable, employees are not allowed to use them for any significant amount of personal use.

All messages and information sent by an employee to others, including customers, via on-line services may reflect on the Company. Employees are prohibited from using the Company's on-line services in any way that might be considered inappropriate, unwelcome, disruptive or offensive to others, including customers, vendors and other employees.

Inappropriate transmission includes, but is not limited to, sexually explicit messages, offensive language, and ethnic, racial, and gender-specific slurs. Any employee who abuses the privilege of access to and use of on-line services may be subject to disciplinary action up to and including discharge.

The Company reserves the right to review all electronic files and messages and to monitor usage to the extent necessary to ensure that on-line services are used in compliance with the law and with the Company's policy. Employees must provide reasonable assistance to the Company if so requested as part of such monitoring. Employees should have no expectation of privacy concerning their use of Company's e-mail system or other on-line services. By executing receipt of this Code, employee acknowledges and authorizes such monitoring of usage.

Employees (other than those specifically authorized by the Company to monitor electronic files and communications in accordance with the previous paragraph) must respect the confidentiality of all on-line service communications and may not read, revise, or monitor the communications of other employees or third parties, including customers, except with the approval of management. However, as stated above, employees must recognize that their own usage of on-line services is subject to review by the Company and, therefore, is not confidential as to the Company.

Further details on this subject are documented in the Company's Acceptable Use Policy and Procedures. It is the responsibility of each employee to read, become familiar with, and abide by, the contents of that policy and the procedures outlined therein.

XIII. MISCELLANEOUS GUIDELINES FOR CONDUCT

A. Use of Company Letterhead and Name

Staff members are not permitted to use official stationery for either personal correspondence or other non-job related purposes. They must exercise care and good judgment to avoid the use of the Company's name in any manner that may imply endorsement by the Company of any outside activity or product or make reference that they are an employee of Sierra Bancorp or Bank of the Sierra in matters of personal dispute.

B. Dealings with Competitors

The Company's policy is to require staff members to observe fair and ethical conduct in dealing with the Company's competitors. Making disparaging remarks regarding the Company's competitors is considered unprofessional and inappropriate. In addition, circulating false rumors about a financial institution's condition is a crime. The Company's strategy is to emphasize the quality and competence of its staff and services. Staff members are prohibited from involving the Company in arrangements with its competitors which provide for the setting or controlling of rates, prices, or marketing policies. Staff members shall also comply with the provisions of Section VII concerning confidentiality in any discussions they may have with competitors.

C. Exclusive Dealings (Anti-Tying)

In compliance with Section 106 of the Bank Holding Company Act Amendments of 1970 (Regulation Y), the Company prohibits employees from engaging in any illegal tying arrangements, defined as conditioning the availability or price of a product or service on the purchase of another product or service offered by the Company or an affiliate, or requiring a customer to refrain from purchasing products or services from another party, except as may reasonably be required in credit transactions to ensure soundness of the credit. The regulation also allows the Company to condition availability and/or price between "traditional bank products" (i.e., loan, discount, deposit, or trust services) offered by the Company. Any consideration given for combined minimum balances must include all deposit products, and balances in deposit products must count at least as much as non-deposit products toward the minimum balance. Any question regarding whether a tying activity falls under the permissible exception should be directed to the Compliance department.

D. Obstruction of Normal and Sound Banking Practice

Structuring of transactions, especially cash transactions, on behalf of customers or relatives to avoid Currency Transaction Report ("CTR") filings by the Bank is strictly prohibited. Any type of obstruction to prevent adverse reporting by the Bank to state or federal agencies will result in dismissal immediately following an appropriate investigation. Willful blindness by a bank officer of money laundering activities is a crime under 18 USC 1956 and 1957, punishable by fines up to \$500,000 and incarceration of up to five years. Detailed information concerning CTRs and related matters is contained in the Bank's Bank Secrecy Act Policy.

E. Improper Influence and/or Harassment

As described more fully in the Company's Employee Handbook, improper influence, coercion or harassment (including sexual harassment) of employees is strictly prohibited. The Company will not tolerate any coercion or harassment of an employee, including sexual harassment, any use of influence to participate in illegal or improper activity, or any other improper acts. Any such activity will subject the offending employee to termination after a thorough and complete investigation.

XIV. ACKNOWLEDGEMENT AND ANNUAL CERTIFICATIONS

This Code augments the Employee Handbook. Staff members are required to acknowledge their understanding of the Code by signing and dating such on the next page and returning this acknowledgement to the Human Resources Department. All staff members are also required to certify annually (i) that they are familiar with the provisions in the Code concerning disciplinary measures which may be taken for violations of the Code, (ii) that they have complied with all provisions of the Code relating to confidential information since the date of the last certification and to the best of their knowledge have not violated any other provisions of the Code during that time; and (iii) that they are not aware of any violations of the Code by any other staff members during that time. The form of annual certification is attached hereto as Exhibit "A."

XV. AMENDMENTS

The Code may be amended from time to time by action of the Board of Directors. The Company shall promptly notify all staff members of any material amendments and shall promptly post all amendments on the Company's website.

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RECEIPT AND ACKNOWLEDGEMENT CONCERNING CODE OF ETHICS AND CONDUCT

I acknowledge that I have received the **Code of Ethics and Conduct** for Sierra Bancorp and Bank of the Sierra (collectively, the “Company”). I acknowledge my obligation to read, understand, and abide by its contents. I further acknowledge and agree that:

The Code of Ethics and Conduct is intended to provide a general overview of the Company’s standards for ethical conduct and related matters and does not necessarily represent all such policies and practices in force at any particular time. It is, however, my obligation to comply with any and all current and/or future written or verbal policies, practices, rules, regulations, and directives issued by the Company. It is also my obligation to contact either my supervisor, an executive officer, the Director of Human Resources, or the Chairman of the Audit Committee, as appropriate, if I have any questions whatsoever concerning the Code of Ethics and Conduct or the propriety of any behavior or situation concerning the Company.

I understand and acknowledge that I have a duty to report any violations by either myself or others to one of the individuals identified in the preceding paragraph.

Neither this Code of Ethics and Conduct nor any other official or unofficial written or verbal statement or practices of the Company creates, or is intended to create, an express or implied contract, covenant, promise, or representation that employment, or any particular assignment or position, will continue for any specified period of time.

The Company reserves the sole right to add, revise, or rescind any policy, practice, benefit, assignment, position, work schedule, wage, or any other working condition at any time except that any such modification shall not alter my right nor the right of Sierra Bancorp and/or Bank of the Sierra to terminate my employment at-will.

No officer, manager, employee, or representative of Sierra Bancorp or Bank of the Sierra other than the Board of Directors has authority to enter into any valid or binding agreement different than what is stated in this acknowledgement. To be valid, any such agreement must be in writing and adopted by the Board of Directors.

Date: _____

Director/Employee Name (Please Print)

Director/Employee Signature

**EXHIBIT A ANNUAL CERTIFICATION CONCERNING CODE OF ETHICS
AND CONDUCT**

I hereby certify that I have received the Code of Ethics and Conduct for Sierra Bancorp and Bank of the Sierra (the "Code"). I acknowledge my obligation to read, understand, and abide by its contents, and I am familiar with the provisions in the Code concerning disciplinary measures which may be taken for violations of the Code. I further certify that:

I have complied with all provisions of the Code relating to confidential information since _____, _____ [date of last certification], and to the best of my knowledge have not violated any other provisions of the Code since that date.

I understand and acknowledge that I have a duty to report any violations of the Code by anyone to my supervisor, an executive officer, the Director of Human Resources, or other appropriate person as set forth in Section IX.B. of the Code, and that failure to report a violation can lead to disciplinary action, up to and including termination, against the person who failed to report the violation which may be as severe as the disciplinary action against the person who committed the violation. I am not aware of any violations of the Code by any other staff member since _____, _____ [date of last certification].

Date: _____

Director/Employee Name (Please Print)

Director/Employee Signature