

Sierra Bancorp-Bank of the Sierra Compensation Committee Charter

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Table of Contents

Statement of Purpose	2
Committee Membership.....	2
Meetings.....	3
Committee Authority and Responsibilities.....	3
Limitations	7

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 Compensation Committee (individually, a “Committee” and collectively, the “Committees”) in fulfilling their oversight responsibilities.

The Committees are duly constituted through the delegation of each Boards’ 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 Committees are responsible for overseeing and approving the compensation of the Company’s Chief Executive Officer (“CEO”) and other executive officers and members of the Board, as well as all compensation and/or benefit plans for such officers and directors. This oversight shall include ensuring that all compensation and benefit policies and programs comply with applicable laws and listing requirements of any exchange on which the Company’s securities are traded. The Committee shall also monitor the performance of the Company’s executive officers in relation to applicable corporate goals and strategies and set compensation and benefits at levels that enable the Company to attract and retain high quality employees for executive management and corporate governance.

When, and as required by Nasdaq corporate governance standards, the Company shall certify to Nasdaq that it has adopted this formal, written Compensation Committee Charter.

Committee Membership

Subject to the standards required by Nasdaq’s corporate governance requirements (Rule 5600 and following), the Committee shall consist of no fewer than three directors of the Company, each of whom shall (i) meet the independence requirements of Nasdaq and (ii) qualify as “non-employee directors” as defined in Section 16 of the Securities Exchange Act of 1934 (the “Exchange Act”). In addition, in affirmatively determining the independence of any director who will serve on the Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director’s ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to:

- (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and
- (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

Finally, any Committee member that does not meet the definition of an “outside director” under Section 162(m) of the Internal Revenue Code (the “Code”) should not vote on any compensation matter that would potentially be limited by Section 162(m).

Meetings

The Committee shall meet at least twice annually, or more often as circumstances warrant and all actions and meetings shall be in accordance with the Company’s Bylaws and the applicable law. The Committee will keep a record of its meetings and report to the Board, as appropriate. The agenda, appropriate minutes, documentation, reports and recommendations will be in writing and submitted to the Board at its next regular meeting and filed with the Company’s books and records. Action may be taken by the Committee with approval of a majority of the authorized Committee members, or by telephone call or electronic video screen communication over the internet where all participants can speak and hear each other, or by unanimous written consent consistent with the provisions of the Company’s Bylaws.

Committee Authority and Responsibilities

1. The Committee shall develop an overall compensation philosophy that is aligned with the Company’s long-term strategic plan. This includes approving and recommending for shareholder approval, as necessary, incentive compensation plans and equity-based compensation plans in which directors, the CEO, and other executive officers of the Company and its subsidiaries may participate.
2. The Board grants the following authority to the Committee:
 - (a) granting options, restricted stock awards, or other equity awards under shareholder approved equity compensation plans to the Company’s “Named Executive Officers” as that term is defined in applicable SEC Regulations;
 - (b) modifying or cancelling existing grants or awards to Named Executive Officers; and

- (c) imposing limitations, restrictions, and conditions upon any such grant or award as the Committee deems necessary or advisable, unless the Board, in its discretion, should decide to take such actions instead of the Committee with respect to any such awards.
- 3. The Committee shall annually evaluate the performance of the Company's CEO in light of the goals and objectives of the Company's executive compensation plans and the CEO's individual performance goals, and approve the CEO's compensation levels based on this evaluation. The CEO may not be present during voting or deliberations related to CEO compensation.
- 4. The Committee shall annually review and approve the compensation arrangements and performance evaluations for all executive officers, including
 - (a) annual base salary amounts;
 - (b) annual bonus arrangements, if any;
 - (c) any long-term incentive compensation;
 - (d) any perquisites, special or supplemental benefits; and
 - (e) any clawback policy and recommended actions related thereto.
- 5. The Committee shall monitor compensation trends and industry practices, solicit independent advice where appropriate, and ensure that executive compensation plans are sufficient to attract and retain high quality executives. This shall include, but not be limited to, selecting companies to be utilized as a "peer group" for comparison purposes in making competitive compensation, benefits and equity participation decisions.
- 6. The Committee shall strive to assure that the incentive compensation arrangements at the Company are consistent with safety and soundness requirements, including (i) providing employee incentives that do not encourage excessive risk-taking beyond the Company's ability to effectively identify and manage risk; (ii) striving for compatibility between incentive compensation arrangements and effective controls and risk management; and (iii) providing active oversight of incentive compensation. "Incentive compensation" refers to that portion of the employee's current or potential compensation that is tied to achievement of one or more specific metrics.
- 7. The Committee shall consider and make recommendations to the Board concerning the selection, retention, and/or termination of the President/Chief Executive Officer. In connection with hiring of any new Chief Executive Officer, the Committee shall review and make recommendations to the Board

concerning the same categories of employment and compensation arrangements listed in paragraph 4 above.

8. The Committee shall review approve any employment, salary continuation agreements, or other contractual arrangements with any board approved executive officers, including any material modifications of same.
9. The Committee shall annually review and approve the compensation paid to non-employee directors for review by the Board. No member of the Committee may act to fix his or her own compensation, except for uniform compensation paid to directors for their services as a director.
10. The Committee shall review executive officer compensation for compliance with applicable Nasdaq Rules and other laws and regulations, including Section 16 of the Exchange Act and Section 162(m) of the Code and related regulations.
11. The Committee shall review and approve salary ranges for graded personnel, as well as personnel policies and any similar documents relating to personnel matters. The Committee shall also annually review and approve group health insurance and workers compensation insurance with regard to carriers and potential changes in coverage.
12. The Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of the CEO, other executive officers, and director compensation, including the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or outside legal, accounting, or other advisors as it deems necessary to carry out its duties (collectively, "Advisors"). To the extent required by Nasdaq rules, the Committee may select or receive advice from an Advisor only after taking into consideration the factors set forth in the Nasdaq rules (including those set forth below). Fees for any Advisor will be borne by the Company. Specifically, the Committee may only select an Advisor after taking into consideration the following factors (and any further or revised factors adopted by Nasdaq for such purposes) that may affect an Advisor's independence to the Committee:
 - The provision of other services to the Company by the company or firm ("Advisor's Employer") that employs the specific Advisor the Committee is considering;

- The amount of fees received from the Company by the Advisor or Advisor's Employer, as a percentage of the total revenue of the Advisor or the Advisor's Employer, as the case may be;
 - The policies and procedures of the Advisor or Advisor's Employer that are designed to prevent conflicts of interest;
 - Any business or personal relationship of the Advisor with a member of the Committee;
 - Any stock of the company owned by the Advisor; and
 - Any business or personal relationship of the Advisor with an executive office of the Company.
13. The Committee shall prepare and approve the required compensation committee report, the compensation discussion and analysis, or any comparable successor sections, to be included in the annual proxy statement to shareholders and review the summary and other compensation-related tables, "say on pay" provisions, if any, and other compensation disclosures in the proxy statement.
14. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.
15. The Committee shall make reports to the Board at the next regularly scheduled meeting following the meeting of the Committee.
16. The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.
17. The Committee shall annually review its own performance.
18. The Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board and the Company's Bylaws.
19. The Board retains the right to require approval by independent members of the Board for any of the above items delegated to the Committee, or may act on behalf of the Committee, as necessary.

Limitations

1. The Committee's job is one of oversight as set forth in this Charter. It is not the duty of the Committee to ensure the Company's compliance with all applicable laws.
2. In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements, valuation reports and other financial data, prepared or presented by the following persons and groups:
 - a. Officers or employees of the Company whom the Committee members reasonably believe to be reliable and competent in the matters presented.
 - b. Accountants, auditors, advisors, counsel or other persons as to matters which the Committee members reasonably believe to be within the professional or expert competence of such person.
 - c. Another committee of the Board as to matters within its designated authority, which committee the Committee members reasonably believe to merit confidence.