



Board Credit Committee 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 a Board Credit Committee (individually, a “Committee” and collectively, the “Committees”) in fulfilling their oversight responsibilities with respect to enterprise-wide credit and lending strategies and objectives of the Company.

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 function of the Committees is oversight and the establishment of credit risk appetite guidance for the Company. This oversight includes: (i) overseeing the credit risk administration process and program including reviewing and approving internal credit policies and portfolio limits, portfolio data, reporting and analytics, and (ii) establishing the Credit Risk Appetite; and (iii) monitoring the quality and performance of the credit portfolio.

The Committee shall make regular reports to at least one of the respective Boards and shall be responsible for any other matters delegated to it by the Boards. The Boards shall ensure that the Committee has adequate resources and authority to discharge its responsibilities.

Membership

The Committee shall be composed of no fewer than three members. The members of the Committee shall be appointed by the Boards and shall serve until their successors are duly appointed and qualified. Unless a Chair is appointed by the Boards, the members of the Committee shall designate a Chair by a majority vote of

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the Committee membership. The Boards shall appoint a new member or members in the event that there is a vacancy on the Committee that reduces the number of members below three, or in the event that the Boards determine that the number of members on the Committee should be increased.

The entire Committee, or any individual Committee member, may be removed with or without cause by the affirmative vote of a majority of the Boards. Any Committee member may resign effective upon giving written notice to the Chairman of each of the Boards.

Meetings

The Committee shall meet at least quarterly at the time and place as the Board or Committee determines. The meeting will be in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other. The Committee may invite members of management or others, including a consultant or legal counsel, to attend meetings or to provide relevant information. A quorum will require the Chair, or the Boards appointed acting Chair, and a majority of the entire Committee membership. All actions taken by the Committee shall require the affirmative vote of a majority of the membership of the Committee. In lieu of a meeting, the Committee may act by unanimous written consent.

Authority, Responsibilities, and Duties

The specific authority, responsibilities, and duties of the Committee as delegated by the Boards include, but are not limited to, the following:

- Review and approval of the Credit Policies, which shall be prepared and periodically updated and recommended by management. The objective of the Credit Policies shall be to ensure that credit quality remains strong and consistent with the approved credit risk appetite. The Committee will review changes to the Credit Policies proposed by management or initiated by members of the Committee from time to time, taking into account changes in

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the applicable laws or regulations as warranted, or by changing economic and/or banking conditions. The Committee will review and approve all credit related Policies, at least annually.

- Review credit related Audit and Regulatory reports and findings including reports related to credit risk governance and credit administration practices. The committee will also review and track management responses for timely completion.
- The Committee shall review the credit and lending strategies to develop and achieve the credit and lending goals of the Company and approve such on behalf of the Boards.
- The Committee shall review and approve the Bank management's recommended Allowance for Credit Losses (ACL) and Provision for Credit Losses (PCL) consistent with the Bank's adoption of Financial Accounting Standards Board Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and subsequent amendments, as it relates to loans and unfunded commitments. Committee will review related written policies at least annually and will review management's assessments and methodology for determining enhancements or changes to the ACL.
- Approval of delegated credit authorities for the Management Credit Committee and the Chief Credit Officer. On a regular basis, management will provide the Credit Committee, for information purposes, with a list of delegated authorities from the Chief Credit Officer to Business Unit and Credit Administration credit professionals.
- Review and approve the Company's Governance over the Credit Risk Appetite Framework and thresholds.
- The Committee will, in consultation with management, establish credit portfolio limitations and approve the following: i) Acceptable loan

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concentrations, ii) New Loan Products or New Lending Businesses, or iii) Material changes to existing Products and Lending Businesses.

- Review management credit reporting and portfolio statistics including credit quality metrics; concentration analyses; exceptions to Credit Policy; large borrower exposure; and criticized and classified loans status.
- Review the data on the Company's overall credit risk profile and determine whether it is within established policy limits or that a plan of corrective action is in place to restore the non-conforming positions to acceptable levels.
- Review the Bank's credit stress testing framework and related stress tests.
- Review reports of troubled loans and OREO assets, and reports of loan charge-offs and recoveries.

Advisers

The Committee at its discretion may retain and/or obtain the advice of consultants, legal counsel and/or other advisers, without the prior approval of the Boards or management. In this undertaking:

- The Committee is authorized to have direct control over and responsibility for the appointment, compensation, and oversight of the work of any consultant, legal counsel or other adviser retained by the Committee.
- The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such consultant, legal counsel, or other adviser.

General

In addition to the duties and responsibilities outlined herein, the Committee:

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- Shall review and assess the adequacy of this Charter on an annual basis and recommend to the Boards any amendments or modifications to the Charter that the Committee deems appropriate. This charter may only be amended by the Boards.
- To the extent permitted by applicable law, the Committee may delegate to sub-committees or to management, certain of its duties or responsibilities.
- Coordinates, as necessary and applicable, with other Committees of the Boards, such as the Audit Committee, or Risk Committee.
- The Chair of the Committee shall report regularly on its activities to the Board.

The summary of responsibilities and duties in this Charter is not intended to be either complete or exclusive. The Committee shall, in addition, have such powers as may be necessary or appropriate for the performance of its duties consistent with this Charter, or that may be granted, from time to time, by the Boards.