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COMPENSATION COMMITTEE CHARTER

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POLICY

SIERRA BANCORP and BANK OF THE SIERRA COMPENSATION COMMITTEE CHARTER

Statement of Purpose:

The Compensation Committee (the “Committee”) of Sierra Bancorp and Bank of the Sierra (collectively the “Company”) is responsible for overseeing and making recommendations to the Board of Directors concerning the compensation of the Company’s Chief Executive Officer (“CEO”) and other executive officers, as well as all compensation and/or benefit plans for such officers. The Committee shall also monitor the performance of the Company’s executive officers in relation to applicable corporate goals and strategies, and make recommendations to ensure that compensation and benefits are at levels that enable the Company to attract and retain the high quality employees it needs.

Committee Composition and Meetings:

The Committee shall consist of no fewer than three directors of the Company, each of whom shall (i) meet the independence requirements of the Nasdaq Stock Market, Inc.; (ii) qualify as “non-employee directors” as defined in Section 16 of the Securities Exchange Act of 1934 (the “Exchange Act”); and (iii) qualify as “outside directors” under Section 162(m) of the Internal Revenue Code (the “Code”).

The Committee shall meet at least twice annually, or more often as circumstances warrant.

Committee Powers, Authority, Duties and Responsibilities:

1. The Committee shall consider and make recommendations to the Board of Directors (the “Board”) concerning the Company’s 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. The Committee shall also (a) approve option grants and restricted stock awards to the Company’s “Named Executive Officers” as that term is defined in applicable SEC

regulations; (b) modify or cancel existing grants or awards to Named Executive Officers; and (c) impose such limitations, restrictions and conditions upon any such grant or award as the Committee deems necessary or advisable, unless the Board of Directors, in its discretion, should decide to take such actions instead of the Committee with respect to any such awards.

2. 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 make recommendations to the Board of Directors concerning the CEO's compensation levels based on this evaluation.
3. The Committee shall annually review and make recommendations to the Board concerning the compensation arrangements for all executive officers, including (a) annual base salary amounts; (b) annual bonus arrangements, if any; (c) any long-term incentive compensation; and (d) any perquisites, special or supplemental benefits.
4. The Committee shall monitor compensation trends, solicit independent advice where appropriate, and ensure that executive compensation plans are sufficient to attract and retain high quality executives.
5. The Committee shall consider and make recommendations to the Board of Directors 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 3 above.
6. The Committee shall review and make recommendations to the Board concerning any salary continuation agreements or other contractual arrangements with any executive officers, including any material modifications of same.
7. The Committee shall annually review the compensation paid to non-employee directors and make recommendations to the Board regarding such compensation. 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.

8. The Committee shall review executive officer compensation for compliance with applicable laws and regulations, including Section 16 of the Exchange Act and Section 162(m) of the Code and related regulations.
9. The Committee shall review and make recommendations to the Board concerning salary ranges for graded personnel, as well as personnel policies and any similar documents relating to personnel matters which require Board approval. The Committee shall also annually review group health insurance and workers compensation insurance, and shall make recommendations to the Board with regard to carriers and potential changes in coverage.
10. 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. Fees will be borne by the Company.
11. The Committee shall produce an annual report on executive compensation, and in this connection shall review and approve the Company's Compensation Discussion and Analysis, for inclusion in the Company's annual proxy statement all in accordance with all applicable rules and regulations.
12. 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.
13. The Committee shall make reports to the Board at the next regularly scheduled meeting following the meeting of the Committee.
14. The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.
15. The Committee shall annually review its own performance.

16. The Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board.