

**FIVE STAR BANCORP**  
**COMPENSATION COMMITTEE CHARTER**  
*Approved 02/09/2021 contingent on initial public offering*

The primary function of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Five Star Bancorp (the "Company") is to discharge the responsibilities of the Board (i) relating to compensation of the Company's Chief Executive Officer ("CEO"), other executive officers and directors who are not employees of the Company and (ii) in connection with the Company's retirement, welfare and other benefit plans. The Committee shall have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

**Composition and Delegation**

The Committee shall be composed of at least three members, one of which is the Chairperson of the Board. Each member of the Committee shall be a member of the Board and shall meet the independence requirements established by the Board and applicable laws and regulations, including the requirements of the Securities and Exchange Commission ("SEC") and the listing standards of the Nasdaq Stock Market LLC ("Nasdaq"). Additionally, under the Nasdaq rules, in determining whether a director is eligible to serve on the Committee, the Board will 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 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.

The members of the Committee shall be appointed annually by the Board, which shall designate one member of the Committee as its Chairperson, in a process overseen by the Governance Committee. The Board may remove any member from the Committee at any time with or without cause. The Committee, when appropriate, may may delegate authority to one or more designated members of the Committee, the Board or Company officers.

The Committee shall have the sole authority to retain, engage or terminate any outside consultant to assist the Committee in the evaluation of CEO or executive officer compensation, including the sole authority to approve fees and other retention terms. At the expense of the Company, and as the Committee deems appropriate, it may also retain, engage or terminate independent counsel and other professionals to assist the Committee without seeking Board approval with respect to the selection, fees or retention terms for any such advisers. Before selecting or receiving advice from any consultant or advisor, the Committee shall consider the factors affecting such consultant or advisor's independence set forth and required by applicable rules, including Nasdaq listing rule 5605(d)(3)(D); provided, however, that the Committee is free to receive or obtain advice from a consultant or advisor that it determines is not independent.

## **Duties and Responsibilities**

### The Committee shall:

1. Develop executive compensation philosophy. Establish, annually review, approve and publish policies regarding executive compensation programs and practices.
2. Oversee the assessment of risks associated with the Company's compensation policies and practices.

### *CEO and Specified Executive Compensation*

3. Solicit input from the entire Board and then develop, review and approve annually corporate goals and objectives relevant to the CEO's compensation. Evaluate annually the CEO's performance in light of those goals and objectives and review and approve the CEO's compensation, including salary, bonus and equity and any non-equity incentive compensation, based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years. The CEO shall not be present during voting or deliberations on his/her compensation.
4. Review the CEO's recommendations and approve annual compensation, including salary, bonus and equity and non-equity incentive compensation, for the Company's executive officers and other members of senior management designated by the Committee (the "Specified Executives").
5. Periodically review and approve the companies included in the compensation peer group based on criteria the Committee deems appropriate.
6. Establish and oversee annual and long-term incentive compensation plans, including any material changes thereto, for the CEO and the Specified Executives. Ensure that the incentive compensation plans do not create or encourage risk that threaten the safety and soundness of the Company.
7. Review and approve incentive compensation plan design features and performance criteria each year to ensure that the plans align with Company strategy and protect the Company against risk. Review and oversee the Company's Compensation Clawback Policy and consider the appropriateness of clawback provisions for cash awards or equivalent grant.
8. Recommend to the Board for its approval and, where appropriate, submission to the Company's shareholders, incentive compensation plans and equity-based plans.
9. Oversee the Company's (i) submissions to shareholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and (ii) engagement with proxy advisory firms and other shareholder groups on executive compensation matters. Review the results of such advisory votes and consider the implications.
10. Recommend to the Board for its approval changes to compensation policies and programs for the CEO and the Specified Executives.

11. Review and approve all executive employment, compensation and retirement arrangements, including any special hiring, severance, termination or change of control arrangements.
12. Determine procedures for Board review of the CEO and for communicating such review to the CEO. Receive from the CEO his/her review of Specified Executives and review such evaluations.
13. Develop and monitor anti-hedging policies and ensure appropriate disclosure of such policies in annual proxy statements.
14. Review and approve the CEO's monthly expense reports.

#### *Board Compensation*

15. Annually review director compensation practices in relation to comparable companies.
16. Recommend to the Board, as appropriate, revisions to director compensation practices.
17. Develop, review and recommend annually to the Board director and executive stock ownership and retention guidelines and monitor progress toward meeting and complying with stock ownership and retention guidelines.

#### *General Compensation and Benefits Matters*

18. Approve the adoption, administration and expense of employee benefit plans and programs.
19. Consult periodically with the CEO and the top person in charge of Human Resources, regarding compensation and benefit matters deemed appropriate by them or the members of the Committee.
20. Provide oversight regarding the Company's retirement, welfare and other benefit plans, policies and arrangements on an as-needed basis.

#### *Tax-Qualified & Nonqualified Benefit Plans*

21. Recommend to the Board for Board action (i) all Internal Revenue Service tax-qualified retirement plans and all plan amendments that are non-administrative in nature, and (ii) all nonqualified benefit plans and all plan amendments that are non-administrative in nature.
22. With respect to employee benefit plans, approve and recommend to the Board for its action:
  - the designation of the trustee and the execution of trust agreements for any such plan or plans;
  - the termination, merger or consolidation of any such plan or plans; and
  - the extension of plan participation to employees of affiliates or subsidiaries.

23. Periodically review plan administration, participation and regulatory compliance of nonqualified plans.

#### *Nonexecutive Incentive Plans*

24. Review management's recommendations for other nonexecutive corporate incentive plans and annually review plan goals and results.
25. Specify terms of delegation of authority to approve stock option grants and other stock or stock-based awards, if, and as the Committee deems, appropriate.

#### *Reports*

26. Review and discuss with Management the Company's Compensation Discussion Analysis ("CD&A") and the related executive compensation information to be included in the Company's annual report on Form 10-K or annual proxy statement. Recommend the inclusion of the CD&A in the Company's annual report on Form 10-K and annual proxy statement, and produce the compensation committee report on executive officer compensation required to be included in the Company's annual proxy statement in compliance with the rules and regulations promulgated by the SEC.

#### **Meetings**

In accordance with the applicable provisions of the Company's Bylaws, as amended from time to time, the Committee shall meet at least four times each year at such times and places, as the Chairperson of the Committee, in consultation with the other members of the Committee, deems advisable, and shall make such recommendations to the Board as the Committee considers appropriate. Presence of a majority of the Committee members at a meeting of the Committee constitutes a quorum for the transaction of business. The action of a majority vote of those present at a meeting, at which a quorum is attained, will be the act of the Committee. The Chairperson of the Committee, in consultation with the Committee members and management, will determine the agenda of Committee meetings. In lieu of a meeting, the committee may act by unanimous written consent.

The Committee will meet periodically in executive sessions of only the Committee members, and if invited by the Committee in its sole discretion, other independent members of the Board. When appropriate, the Committee may meet in separate executive session with other independent directors, management, employees, general counsel, internal audit, and the independent auditor or other consultants or advisors it may retain to discuss matters that the Committee or other groups believe warrant the Committee's attention.

#### **Minutes**

Minutes of each meeting shall be prepared by the Chairperson of the Committee or by his/her designee and sent to Committee members. Following an initial review by the Committee members, the Committee will provide the minutes to the Board. The Secretary of the Company shall be responsible for archiving the approved minutes and such responsibility may be delegated to Company personnel. The Committee will also make regular reports to the Board on any significant matters arising from the Committee's work, including awards for top executives and special executive employment, compensation and retirement arrangements.

## **Evaluation**

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board.

The Committee shall obtain or perform an evaluation at least annually of the Committee's performance and make applicable recommendations. The Committee will report to the Board the results of the evaluation.