



FIVE STAR BANCORP

Corporate Governance Guidelines

Introduction

The Board of Directors (the “Board”) of Five Star Bancorp (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its shareholders. The Guidelines are intended to be applied in a manner consistent with applicable laws and regulations, with listing standards of the Nasdaq Stock Market, LLC (“Nasdaq”), rules of the Securities and Exchange Commission (“SEC”) and the Company’s articles of incorporation and bylaws, each as amended (such bylaws, as amended, the “Bylaws”). The Guidelines are a flexible framework for the conduct of the Board’s business and are not intended as a set of legally binding obligations. The Board may interpret, modify or make exceptions to the Guidelines from time to time in its sole discretion and consistent with its duties and responsibilities to the Company and its shareholders.

Role of the Board of Directors

The Company’s directors, in their role of overseeing the sound management of the Company, have the responsibility to exercise their business judgment in what they believe to be in the best interests of the Company and the shareholders, taking into account the interests of the employees, the customers and the community at large, and in so doing enhancing the long-term value of the Company.

Board Responsibilities and Functions

The Board holds quarterly meetings during which the Board and management participate in discussions of a broad array of issues, including the Company’s performance, strategic plans and objectives. The Board, including through its committees, also attends to specific functions, including:

- Overseeing the business and financial strategies of the Company;
- Acting in the best interests of all shareholders;
- Promoting honest and ethical conduct and sound corporate governance, full, fair and timely public disclosure and avoidance of conflicts of interest;
- Developing and maintaining a sound understanding of the Company’s business and the banking industry;
- Approving the financial statements and related reports and policies for compliance with law;
- Evaluating the performance of the Chief Executive Officer (“CEO”);
- Providing advice on the selection of senior management and overseeing management development; and
- Managing succession of the CEO in the event of death, disability or resignation.

Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging this obligation, directors are entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors. With respect to matters occurring in their capacities as directors,

directors shall be entitled to the benefits of indemnification and limitation of liability, all as more fully described in the Company's corporate governance documents.

Directors are expected to attend Board meetings and meetings of Board committees on which they serve, to spend the time needed to discharge their Board duties in a reasonable manner, and to meet as frequently as necessary to properly discharge their responsibilities. Attendance in person is preferred, but attendance by teleconference is permitted if necessary. Information and data that are important to the Board's understanding of the business to be conducted at a Board or Board committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting to facilitate the efficient use of meeting time. The Board recognizes that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meeting may not be appropriate. All proceedings and deliberations of the Board and its committees are confidential to ensure that open deliberations and discussions take place. Each director is expected to maintain the confidentiality of information received and deliberations as a director during and following his or her tenure as a director.

Directors must disclose to other directors any potential conflicts of interest that they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they have a conflict.

The Board believes that management speaks for the Company. Individual directors, from time to time, may meet or otherwise communicate with various constituencies that are involved with the Company, either at the request of management or the Board. However, non-management directors should not communicate with institutional investors, analysts or the press regarding the Company unless requested or approved in advance by the Board or the CEO.

Director Qualifications and Selection Process

The Governance and Nominating Committee of the Board (the "Governance Committee") is responsible for reviewing with the Board the requisite skills and characteristics of new Board members, as well as the composition and size of the Board as a whole. The minimum and maximum size of the Boards are governed by the Bylaws of the Company. These numbers are 5 and 15 respectively. This assessment will include members' qualification as independent, as well as consideration of experience, knowledge, skills and expertise in the context of the needs of the Board. Nominees for directorship will be recommended to the Board by the Governance Committee which will consider recommendations for nominees submitted by shareholders and addressed to the Chairperson of the Governance Committee, c/o the Chief Executive Officer, Five Star Bancorp, 3100 Zinfandel Drive, Suite 650, Rancho Cordova, California 95670; provided that the nomination are timely submitted in compliance with the requirements prescribed in the Bylaws. The Board may appoint directors to fill newly created directorships resulting from an increase in the size of the Board or vacancies resulting from death, resignation or removal of a director.

Directors are requested to advise the Chairperson of the Governance Committee in advance of accepting any invitation to serve on another public company board and to provide sufficient opportunity and information to determine if the director who proposes to accept a new directorship remains independent under the Guidelines. Service on boards and/or committees of other organizations shall comply with the Company's conflict of interest policies.

The Board has not established term limits. While term limits could help ensure that there are fresh ideas

and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Director Independence

Independent directors play an important role in assuring investor confidence by overseeing and guarding against conflicts of interest. The Board shall be comprised of a majority of independent directors, as defined under the Nasdaq Stock Market Rules (the “Nasdaq Rules”).

The Board has established guidelines to assist it in determining the independence of directors. These guidelines consist of the independence standards set forth in the Nasdaq Rules. In addition to meeting these standards, a director must meet the definition of an “independent director” as defined in the Nasdaq Rules. Under the Nasdaq Rules, an independent director means a person other than an Executive Officer (officers who are covered under Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) or employee of the Company or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. A director shall not be independent if, at the time of the independence determination, it has a relationship of the kind identified by Nasdaq Rule 5605(a)(2).

The Governance Committee is responsible for reviewing with the Board, on an annual basis and at such additional times between annual meetings that a director may be appointed to the Board, the independence of each person proposed for election or appointment to the Board. Directors are requested to inform the Chairperson of the Board and the Chairperson of the Governance Committee of any circumstance that might reasonably affect his or her independence under the standards described in these Guidelines. The Board shall publicly disclose its independence determination for each director when the director is first elected to the Board and annually thereafter.

Director Participation

Each Board member is free to suggest the inclusion of items on a meeting agenda and to identify at any Board meeting subjects that are not on the agenda for that meeting. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or Board committee meeting should generally be distributed to the directors before the meeting. Board members are expected to dedicate the time and resources sufficient to ensure the diligent performance of their duties, including advance review of meeting materials for each Board or Board committee meeting attended and attending all Board meetings and Board committee meetings of which the individual is a member except when prevented by good cause.

Executive Sessions of Independent Directors

Independent Directors must have regularly scheduled meetings at which only independent directors are present. These sessions are required at least twice per year, or more frequently as needed.

The Chairperson of the Board is authorized to call meetings of independent directors and shall have the authority from time to time to designate an independent Board member to act on behalf of the Chairperson if absent from the meeting or otherwise unable to perform his or her responsibilities.

Board Committees

The Board will have at all times an Audit Committee, Compensation Committee and a Governance Committee. All of the members of these committees will be independent directors of the Board and independent under any criteria also applicable to the relevant Board committee, in each case as established by the SEC, Nasdaq and any applicable laws and regulations.

From time to time Committee members will be appointed by the Board upon recommendation of the Governance Committee with consideration of the desires of individual directors.

Each of the committees named above will have its own charter. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

The Board may, from time to time, establish or maintain additional committees, as it deems necessary or appropriate.

Director Access to Officers and Employees; Funding

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Chief Financial Officer (“CFO”) or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, if appropriate, copy the CEO or the CFO on any written communications between a director and an officer or employee of the Company.

The Board welcomes attendance at each Board meeting, other than during an executive session, of senior management as may be invited by the CEO of the Company.

The Board and each Board committee, whether or not specifically provided by charter or by the Board, has the power to independently retain outside legal, financial, accounting (consistent with any applicable Audit Committee policies) or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. The company will provide appropriate funding, as determined by the Board or applicable Board committee, for the payment of (i) compensation of any such outside advisors, and (ii) ordinary administrative expenses of the Board and its committees necessary or appropriate in carrying out its duties.

Director Compensation

The form and amount of director compensation will be recommended to the Board by the Compensation Committee in accordance with the policies and principles set forth in its charter. The Governance Committee will consider that directors’ independence may be jeopardized if director compensation exceeds customary levels as well as when the Company makes substantial charitable contributions to organizations with which a director is affiliated or enters into contracts with or provides other indirect forms of compensation to a director.

Ethics and Conflicts of Interest

The Board expects its directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Conduct and Code of Conduct and Ethics and Conflict of Interest Policy for Directors (collectively, "Code of Ethics"). Directors are expected to be familiar with and to follow the Code of Ethics to the extent applicable to them. If an actual or potential conflict of interest arises that involves a director, that director shall promptly inform the Governance Committee. The Governance Committee shall recommend to the Board the appropriate action to be taken. If the Board determines that a significant conflict exists which cannot be resolved or addressed, the director should resign.

Communication with the Board of Directors

Shareholders and interested parties who wish to contact the Board of Directors or Chairperson of the Board should address correspondence to: James Beckwith, President and Chief Executive Officer, Five Star Bancorp, 3100 Zinfandel Drive, Suite 650, Rancho Cordova, CA 95670. The CEO will review and forward correspondence to the appropriate person or persons for response.

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. Communications may be confidential or anonymous. Communications may also be referred to other departments within the Company. The Company generally shall not forward to the directors a communication that it determines to be primarily commercial in nature or related to an improper or irrelevant topic, or that requests general information about the Company.

Communication to the Public

The Board believes that management speaks for the Company. Inquiries from institutional investors, the press and others should be referred to the CEO or other officer designated by the CEO to represent the Company in these situations. Any communications by the Company to institutional investors, the press and others shall be made in compliance with the Company's Policy on Fair Disclosure to Securities Market Participants.

Director Orientation and Continuing Education

All directors are required to participate in training sessions as required by law or regulation or as deemed important by the Chairperson to facilitate their contributions to the Company.

Annual Performance Evaluation

The Board of Directors will conduct an annual self-evaluation to assess whether it and its committees are functioning effectively. The Governance Committee will receive comments from all directors, and will report annually to the Board with an assessment of the Board's performance. This report will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company, and specifically focus on areas in which the Board believes that the Board or Board committees could improve.

Policy Regarding Shareholder Ratification of Registered Public Accounting Firm

The Company will submit the Audit Committee’s selection of a registered public accounting firm for shareholder ratification at each year’s annual meeting.

Amendment, Modification and Waiver

The Governance Committee and the Board shall review and revise these Guidelines and related documents at least annually and, more often, as and when appropriate. Waivers from compliance with these Guidelines may be made by the Board under exceptional circumstances, provided that such waivers do not violate any applicable laws or regulations applicable to the Company.

Change Control Log

Version Date	Summary/Comments
June 2024	No changes
June 2023	Change to the frequency of Executive Sessions of Independent Directors
June 2022	No changes
March 2021	New Guidelines