
Department:
Procedure For:

Administration
Compensation Committee

Bank Approved:
Prior Revision Date:

December 16, 2019
December 17, 2018



COMPENSATION COMMITTEE CHARTER

Purpose.

The Compensation Committee (Committee) has been established by The Board of Directors (Board) of Summit State Bank (Bank) to determine a clear performance appraisal process and related compensation program for executive officers of the Banks taking into consideration both regulatory concerns and the need to relate compensation to general industry standards. The purpose of the Compensation Committee is:

1. To review and recommend for Board approval corporate goals and objectives relevant to CEO compensation based on the evaluation of the CEO's performance as compared to the performance goals for the CEO established by the Board;
2. To make recommendations to the Board with respect to non-CEO executive officer compensation, including incentive-compensation and equity-based plans subject to Board approval; and
3. To produce a Compensation Committee Report on executive officer compensation to be included in the Bank's annual proxy statement or annual report on Form 10K filed with the FDIC.

Committee Membership.

The Committee shall consist of a minimum of two (2) members of the Board, each of whom must be "independent" under the rules of NASDAQ. The Board shall appoint the Chairperson of the Committee and shall also have responsibility for the appointment and removal of Committee members.

Committee Operations.

A quorum of the committee shall be a majority of members, but not less than two (2). The Committee shall meet in person, by phone or via video conference not less than one time per year in order to fulfill the duties and responsibilities outlined in this Charter. The committee Chair shall have the authority to call any committee meetings other than meetings set by the Board. The Committee may have in attendance other members of management and other persons it may deem necessary to provide appropriate information and explanations. The Chairperson of the Committee will report back to the full Board the recommendations of the Committee.

Committee Duties and Responsibilities

The Committee is responsible for establishing a formal performance appraisal process that measures job performance against predetermined, written performance standards and evaluates the officers' performance. Salary and bonuses will be established in consideration of both individual and institution performance, and specific amounts and ranges will be established within general comparable industry standards.

The specific goals and responsibilities of this Committee are:

1. Provide annual performance evaluations for each executive officer;
2. Establish a formal salary and bonus administration program that incorporates the performance results of both the individual and the institution; and
3. Establish a methodology for determining the amount and timing of bonuses.
4. Ensure compensation paid is directly related to work performed.
5. Review all executive officers' performance and their compensation packages on an annual basis, or more often as deemed necessary. Compensation will be commensurate with work performed and level of performance.
6. Ensure that job descriptions clearly define the executive officers' reporting lines, principal accountabilities, and technical skill requirements.
7. Perform reviews at the end of each fiscal year for each executive officer based on performance relevant to the job description and previously agreed-upon performance goals. In addition, the review will cover adherence to the Compensation Policy, management supervision abilities, attitude and commitment, and other relevant considerations. The direct supervisor of each executive officer (except the CEO) will submit an appraisal of the executive officer's performance to the Compensation Committee for review.

At the conclusion of the review for each executive officer, a memorandum to that individual's personnel file will be generated indicating the summation of performance, including the accomplishment of specified goals and/or objectives, and recommendations regarding salary increase and/or bonus. In addition, the performance appraisal may include an assessment of the executive's ability and commitment to achieving the Bank's future strategic initiatives.

8. To ensure that compensation packages to executive officers are competitive, the Committee, with management support, will develop and document a salary survey designed to compare compensation packages paid to executive officers performing similar jobs for similar-sized institutions. Any other fees or compensation paid to executive officers will be based solely on the fair value of services received. A comparison study will be done in such situations to include a survey of compensation rates, detail on services performed, and types of supporting detail. In general, the Bank will discourage any type of executive officer compensation outside of the approved salary and bonus structure, for either present personnel or recruits.
9. Recommend to the Board yearly bonus payments to executive staff based on the Bank's performance, individual performance vs. expectations, and other objective criteria. The timing of such bonuses paid at year-end is subject to the discretion of the Board of Directors.
10. The Committee may, if it deems necessary, conduct an optional annual self-evaluation of its performance.
11. Fulfill any other duties or responsibilities expressly delegated to the Committee by the Board within the scope of the Committee's Charter.

Documentation and Reporting

Management is responsible for developing and implementing procedures to ensure proper administration of the Compensation Committee. Management is also responsible for maintaining documentation of compliance with the Executive Officer Compensation Policy.