

SUMMIT STATE BANK

June 7, 2019

Dear Shareholder:

We are pleased to enclose our 2018 Annual Report, Notice of 2019 Annual Meeting, proxy statement and form of proxy.

You are cordially invited to attend the 2019 Annual Meeting of Shareholders, which will be held at 10:30 a.m. on Monday, July 22, 2019, at the Vintners Inn, 4350 Barnes Road, Santa Rosa, California.

The accompanying Notice of Annual Meeting and proxy statement provide information pertaining to the matters to be considered and acted upon at the Meeting. If you have questions regarding the information included in the Bank's 2018 Annual Report, please contact Camille Kazarian, the Bank's Chief Financial Officer, at (707) 568-6000.

Your continuing support of Summit State Bank is appreciated, and we hope you will attend the Annual Meeting. Whether or not you are personally present, it is very important that your shares be represented at the Meeting. Accordingly, please sign, date, and mail the enclosed Proxy promptly. If you wish to vote in accordance with the Board of Directors' recommendations, it is not necessary to specify your choices. You may simply sign, date and return the enclosed Proxy.

Sincerely,



Allan J. Hemphill
Chairman



James E. Brush
President and Chief Executive Officer

500 Bicentennial Way, Santa Rosa, California 95403 • Telephone (707) 568-6000 • Fax (707) 573-4623

MEMBER FDIC

SUMMIT STATE BANK

Notice of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Summit State Bank will be held at the Vintners Inn, 4350 Barnes Road, Santa Rosa, California on Monday, July 22, 2019, at 10:30 a.m. for the following purposes:

1. To elect the following nominees to serve as directors of the Bank until the next Annual Meeting of Shareholders and until their successors shall be elected and qualified:

Jeffery B. Allen	Allan J. Hemphill
James E. Brush	Richard E. Pope
Josh C. Cox, Jr.	Nicholas J. Rado
Bridget M. Doherty	Marshall T. Reynolds
Todd R. Fry	John W. Wright

2. To approve an advisory (non-binding) resolution concerning the Bank's executive compensation.
3. To vote on advisory (non-binding) basis on the frequency of future advisory votes concerning the Bank's executive compensation.
4. To ratify the selection of Moss Adams LLP, independent certified public accountants, to serve as the Bank's auditors for the fiscal year ending December 31, 2019.
5. To consider and transact such other business as may properly be brought before the meeting.

Shareholders of record at the close of business on May 28, 2019 are entitled to notice of and to vote at the meeting.

Provisions of the Bylaws of the Bank govern nominations for election of members of the Board of Directors, as follows:

Nomination for election of members of the Board of Directors may be made by the Board of Directors or by any shareholder of the Bank entitled to vote for the election of directors. Notice of intention to make any nominations shall be made in writing and shall be delivered or mailed to the President of the Bank not less than 21 days nor more than 60 days prior to any meeting of shareholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to shareholders, such notice of intention to nominate shall be mailed or delivered to the President of the Bank not later than the close of business on the tenth day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the Bank owned by each proposed nominee; (d) the name and residence

address of the notifying shareholder; (e) the number of shares of capital stock of the Bank owned by the notifying shareholder; (f) the number of shares of capital stock of any bank, bank holding company, savings and loan association or other depository institution owned beneficially by the nominee or by the notifying shareholder and the identities and locations of any such institutions; and (g) whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense involving dishonesty or breach of trust, filed a petition in bankruptcy or been adjudged bankrupt. Nominations not made in accordance herewith may, in the discretion of the Chairman of the meeting, be disregarded and upon the Chairman's instructions, the inspector(s) of election can disregard all votes cast for each such nominee.

All shareholders are cordially invited to attend the meeting in person. To ensure your representation at the meeting, you are requested to date, execute and return the enclosed proxy card, without delay, in the enclosed postage-paid envelope whether or not you plan to attend the meeting. Any shareholder present at the meeting may vote personally on all matters brought before the meeting. If you elect to vote personally at the meeting, your proxy will not be used.

BY ORDER OF THE BOARD OF DIRECTORS



Barbara Gradman
Corporate Secretary
June 7, 2019
Santa Rosa, California

**Important Notice About the Availability of Proxy Materials
for the Annual Meeting of Shareholders to be held July 22, 2019.**

This proxy statement and the Bank's annual report to shareholders are available at:
www.summitstatebank.com.

**WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING,
PLEASE SIGN AND RETURN THE ENCLOSED PROXY
AS PROMPTLY AS POSSIBLE IN THE ENCLOSED
POSTAGE-PAID ENVELOPE.**

**PROXY STATEMENT
OF
SUMMIT STATE BANK**

**500 Bicentennial Way • Santa Rosa, California 95403
Telephone (707) 568-6000 • Fax (707) 573-4622**

This proxy statement is furnished in connection with the solicitation of proxies to be used by the Board of Directors of Summit State Bank (the “Bank”) at the Annual Meeting of Shareholders of the Bank to be held at the Vintners Inn, 4350 Barnes Road, Santa Rosa, California, on Monday, July 22, 2019, at 10:30 a.m., and at any adjournments or postponements thereof (the “Meeting”).

This proxy statement and the accompanying form of proxy are being mailed to shareholders on or about June 7, 2019.

A form of proxy for voting your shares at the Meeting is enclosed. Any shareholder who executes and delivers a proxy has the right to revoke it at any time before it is voted by filing with the Secretary of the Bank an instrument revoking said proxy or a duly executed proxy bearing a later date. In addition, the powers of the proxy holders will be revoked if the person executing the proxy is present at the Meeting and advises the Chairman of his or her election to vote in person. Unless a proxy is revoked, all shares represented by a properly executed proxy received prior to the Meeting will be voted as specified by each shareholder in the proxy. If no specifications are given by a shareholder, then the proxy will be voted in accordance with the recommendations of the Board of Directors with respect to each proposal. The proxy will also authorize the proxy holders to vote in favor of a motion to adjourn the Meeting for the purpose of soliciting additional proxies and in the discretion of the proxies on such other business as may properly come before the Meeting as described below.

The proxy also confers discretionary authority to vote the shares represented thereby on any matter that was not known as of the date of this proxy statement that may properly be presented for action at the Meeting and may include action with respect to adjournments and other procedural matters pertaining to the conduct of the Meeting and election of any person to any office for which a bona fide nominee is named herein, if such nominee is unable to serve or for good cause will not serve. A proxy will not, however, be voted in favor of an adjournment for the purpose of soliciting additional proxies for any proposal on which the proxy specifies a vote “against” or “withhold.”

The enclosed proxy is being solicited by the Bank’s Board of Directors and the cost of the solicitation is being borne by the Bank. The principal solicitation of proxies is being made by mail, although additional solicitation may be made by telephone or personal visits by directors, officers and employees of the Bank, but they will receive no additional compensation for doing so.

Purpose of the Meeting

The Meeting is being held for the following purposes:

1. To elect 10 directors (the entire Board of Directors) to serve until the next annual meeting of shareholders and until their successors shall be elected and qualified.
2. To approve an advisory (non-binding) resolution concerning the Bank's executive compensation.
3. To vote on an advisory (non-binding) basis on the frequency of future advisory votes concerning the Bank's executive compensation.
4. To ratify the selection of Moss Adams LLP, independent certified public accountants, to serve as the Bank's auditors for the fiscal year ending December 31, 2019.
5. To consider and transact such other business as may properly be brought before the Meeting.

Voting Securities

Shareholders of record as of the close of business on May 28, 2019 (the "Record Date") are entitled to notice of and to vote at the Meeting. As of such date, the Bank had 6,067,975 shares of common stock outstanding.

Each shareholder of record is entitled to one vote, in person or by proxy, for each share held, on all matters to come before the Meeting, except that shareholders may have cumulative voting rights with respect to the election of directors.

Cumulative voting allows the shareholder to cast a number of votes equal to the number of directors to be elected, 10, multiplied by the number of shares held by the shareholder on the Record Date. This total number of votes may be cast for one nominee or may be distributed among as many candidates as the shareholder desires.

Pursuant to California law, no shareholder may cumulate votes for one or more Board candidates unless such candidates' names have been placed in nomination prior to the voting and the shareholder has given notice at the Meeting prior to the voting of the shareholder's intention to cumulate the shareholder's votes. If any shareholder has given such notice, all the shareholders may cumulate their votes for the candidates who have been nominated.

Discretionary authority to cumulate votes in such event is solicited in this proxy statement. The proxy holders do not, at this time, intend to give such notice or to cumulate the votes they may hold pursuant to the proxies solicited herein unless the required notice by a shareholder is given. In the event such notice is provided, the votes represented by proxies delivered pursuant to this proxy statement may be cumulated in the discretion of proxy holders, in accordance with the recommendations of the Board of Directors.

The presence at any meeting of the shareholders, in person or by proxy, of the persons entitled to vote a majority of the voting shares of the Bank shall constitute a quorum for the transaction of business. In the election of directors, the 10 candidates receiving the highest number of votes will be elected. The approval of the advisory resolution concerning the Bank’s executive compensation and the ratification of the selection of independent accountants each requires the affirmative vote of a majority of the Bank’s shares represented and voting at the Meeting. With respect to the advisory vote concerning the frequency of future advisory votes concerning the Bank’s executive compensation, the alternative receiving the highest number of votes will be considered to be the preference of the Bank’s shareholders.

If you hold your shares of our common stock in “street name” (that is, through a bank, broker or other agent or nominee) and you fail to instruct your bank, broker or other agent or nominee as to how to vote your shares of common stock, your bank, broker or other agent or nominee may, in its discretion, vote your shares “FOR” the ratification of the selection of independent accountants, but may not vote in the election of directors and may not vote regarding the advisory resolutions concerning the Bank’s executive compensation and the frequency of future advisory votes concerning the Bank’s executive compensation. It is therefore important that you provide instructions to your bank, broker or other agent or nominee if your shares are held by such person, so that your vote with respect to all the proposals is counted. Broker non-votes (*i.e.*, shares held by brokers or nominees which are represented at the Meeting but with respect to which the broker or nominee is not authorized to vote on a particular proposal) and abstentions will not be counted, except for quorum purposes.

Broker non-votes and abstentions will have no effect on the election of directors. With respect to the ratification of the selection of independent accountants, if the number of shares voted in favor constitutes a majority of the required quorum, broker non-votes and abstentions will have no effect on the matter. However, if not, broker non-votes and abstentions will have the same effect as a vote against the matter.

Principal Shareholders

As of the record date, no persons are known to management to have, directly or indirectly, more than five percent of the Bank’s issued and outstanding shares of common stock except as follows:

<u>Name and Address of Beneficial Owner</u>	<u>Amount of Beneficial Ownership</u>	<u>Percent of Class</u>
Marshall T. Reynolds ⁽¹⁾	759,214	12.5%

(1) Includes 2,500 shares of common stock purchasable under vested stock options as of April 25, 2018. Mr. Reynolds’ business address is c/o Summit State Bank, 500 Bicentennial Way, Santa Rosa, California 95403.

Section 16(a) Beneficial Ownership Reporting Compliance

To the Bank’s knowledge and based solely on a review of the copies of reports furnished to the Bank and written representations that no other reports were required, during the fiscal year ended December 31, 2018, all Section 16(a) filing requirements were filed timely by the Bank’s officers and directors, except that (i) Director Allan Hemphill filed one late Form 4 relating to

common stock acquisitions, (ii) Director Bridget Doherty filed four late Form 4s relating to common stock acquisitions, (iii) Genie Del Secco, Executive Vice President and Chief Operating Officer, filed one late Form 4 relating to a common stock acquisition, (iv) Brian Reed, Executive Vice President and Chief Credit Officer, filed two late Form 4s relating to common stock acquisitions, and (v) Directors Allen, Brush, Cox, Doherty, Fry, Hemphill, Pope, Rado, Reynolds, and Wright each filed late one Form 4 relating to stock appreciation rights granted to directors of the Bank.

PROPOSAL 1

Election of Directors

The Bylaws of the Bank provide the procedure for nomination and election of the Board of Directors. This procedure is printed in full in the Notice of Annual Meeting of Shareholders accompanying this proxy statement. Nominations not made in accordance with the procedures may be disregarded by the Chairman of the Meeting, and upon his instructions, the Inspector of Election shall disregard all votes cast for such nominees.

Votes will be cast in such a way as to affect the election of all nominees or as many as possible under the rules of cumulative voting to the extent the proxies have discretionary authority to do so. If any nominee should become unable or unwilling to serve as a director, either (i) the proxies will be voted for such substitute nominees as shall be designated by the Board of Directors, or (ii) the number of nominees may be reduced. The Board of Directors presently has no knowledge that any of the nominees will be unable or unwilling to serve. The 10 nominees receiving the highest number of votes at the Meeting will be elected.

Nominees for Director

The persons named below have been nominated by the current Board of Directors for election as directors to serve until the next Annual Meeting and until their successors are duly elected and qualified. For information pertaining to stock ownership of each of the nominees, reference can be made to the “Security Ownership of Management” section of this proxy statement. The Board of Directors has determined that all directors except James E. Brush, the Bank’s President and Chief Executive Officer, meet NASDAQ’s requirements for independence of directors. NASDAQ rules require that a majority of the Board consist of independent directors and the Bank’s Board meets this requirement.

<u>Name</u>	<u>Age</u>	<u>Position</u> <u>With</u> <u>Bank</u>	<u>Director</u> <u>Since</u>	<u>Principal Occupation, Business Experience</u> <u>During Past Five Years and Other Information</u>
Jeffery B. Allen	60	Director	2013	Founder and president of Allen Land Design, a design-build landscape development company serving the greater Bay Area since 1980. Founder of Muchas Grasses, a business that evolved into the largest resource of decorative grasses in California, which included importing 20,000 Spanish, Greek and Italian olive tree varieties to Sonoma County. In 2004, co-founded American Biodiesel/Community Fuels, which operates as a bio-fuel refinery in Stockton, California- a company utilizing a propriety production process that ensures

<u>Name</u>	<u>Age</u>	<u>Position With Bank</u>	<u>Director Since</u>	<u>Principal Occupation, Business Experience During Past Five Years and Other Information</u>
				fuel diversity and job creation. The Board's primary reasons for determining that he should serve as a Director are his vast knowledge of the Sonoma County community and sound knowledge of the business community.
James E. Brush	66	President /CEO and Director	2009	Appointed President and CEO of Summit State Bank on April 18, 2016. Director of the Bank since 2009. Previously a business consultant. Member of the Boards of Access Healdsburg/MyHbg.tv, Healdsburg Museum and Historical Society and the Sonoma County Assessor's Appeals Board. Active CPA license for 25 years through 2003. The Board's primary reasons for determining that he should serve as a Director are his position as President and CEO and his knowledge of bank administration and lending.
Josh C. Cox, Jr.	77	Director	2011	Principal and owner of Josh Cox & Associates, a consulting firm focused on bank management and profitability enhancement. Chief Executive Officer and Director of numerous financial institutions since 1972. Senior Vice President of Summit State Bank from April 2006 to May 2007. The Board's primary reasons for determining that he should serve as a Director is his knowledge of bank administration and lending.
Bridget M. Doherty	40	Director	2016	Shareholder and co-owner of Encore Events Rentals and Cal-West Rentals, Inc. since 2000. Cal-West Rentals, Inc. is a family-owned and operated, full-service equipment rental company that serves contractors, homeowners, and ranchers all over the North Bay Area. Encore Events Rentals is an event rental company serving the wine country and greater bay area. Past board member for the American Rental Association of California. The Board's primary reasons for determining that she should serve as a Director is her representation and knowledge of the local Sonoma County business community.
Todd R. Fry	53	Director	2000	Chief Accounting Officer of Installed Building Products, Inc., a building products supplier and installer company, since 2014. Formerly the Chief Financial Officer of Champion Industries, Inc., a commercial printing, office supply and retail office furniture company, since 1999. The Board's primary reasons for determining that he should serve as a Director is his knowledge of finance and accounting.
Allan J. Hemphill	80	Director / Chairman	1999	President of Hemphill and Associates, a winery consulting and management firm, since 1999; President of Laguna Custom Cellars, Inc., a winery venture capital firm, since 1999; President of Associated Vintage Group, a winery service company, from 1993 to 1999. The Board's primary reasons for determining that he should serve as a Director is his knowledge of the local wine industry.
Richard E. Pope	73	Director	2013	Environmental Planning and Development Consultant for SOMO LIVING LLC., the developer of the first One Planet master planned community in Northern California. SOMO LIVING LLC. is a real estate development, property

<u>Name</u>	<u>Age</u>	<u>Position With Bank</u>	<u>Director Since</u>	<u>Principal Occupation, Business Experience During Past Five Years and Other Information</u>
				management, and commercial construction company that operates in Northern California. Co-founder of BrightHaven, a nonprofit Animal Sanctuary, and awarded the Jefferson Award for Public Service in 2013. The Board's primary reasons for determining that he should serve as a Director is his knowledge of the Sonoma County community and real estate development, and his extensive business experience.
Nicholas J. Rado	68	Director	2009	President of Rado Consulting Services since November 2011. This business concentrates on accounting, job costing and Workers' Compensation insurance for the general engineering construction business. Vice President and CFO of North Bay Construction since 1991 with an engineering background and extensive financial operations experience. Past board member of the Engineering Contractors Association for 18 years and honored as Contractor of the Year in 1991 and 1996. He contributes extensively to the Petaluma community, including service on the Board of the Petaluma Boys & Girls Club. The Board's primary reasons for determining that he should serve as a Director are his representation and knowledge of the Petaluma community and construction industry.
Marshall T. Reynolds	82	Director	1998	Since its inception in July 2007, Chairman of the Board of Directors of First Guaranty Bancshares, Inc. an SEC-registered \$1.5 billion bank holding company headquartered in Hammond, Louisiana. Chairman of the Board of Directors of First Guaranty Bank, the wholly owned subsidiary of First Guaranty Bancshares, Inc., since May 1996. Since 1992, Chairman of the Board of Champion Industries, Inc. a holding company for commercial printing and office products companies that deregistered from SEC registration in 2016. Chief Executive Officer of Champion Industries, Inc. from 1992 to 2016. President of Champion Industries, Inc. from December 1992 to September 2000. President and general manager of The Harrah and Reynolds Corporation, predecessor of Champion Industries, Inc., from 1964 (and sole shareholder from 1972) to present. Director (from 1983 to November 1993) and Chairman of the Board of Directors (from 1983 to November 1993) of Bank One West Virginia Corporation (formerly Key Centurion Bancshares, Inc.) Since 1996, Chairman of the Board of Premier Financial Bancorp, Inc., an SEC-registered \$1.5 billion multi-bank holding company headquartered in Huntington, West Virginia, and operating in Kentucky, Ohio, West Virginia, Washington, D.C., Maryland and Virginia. Chairman of the Board of Directors of Energy Services of America Corporation, an SEC-registered company in Huntington, West Virginia, since 2006. Energy Services of America provides construction services to the natural gas, petroleum, chemical power, and automotive industries through its subsidiaries, C.J. Hughes Construction Company and Nitro Electric Company, Inc. The Board's primary reasons for determining that he should serve as a Director is his experience in the financial industry, business acquisitions and corporate governance.

<u>Name</u>	<u>Age</u>	<u>Position With Bank</u>	<u>Director Since</u>	<u>Principal Occupation, Business Experience During Past Five Years and Other Information</u>
John W. Wright	70	Director	2014	Business Consultant. Previously Managing Director at Baxter Fentriss & Company, a Richmond, Virginia-based investment banking firm focused on the financial institution industry, from 2002 through 2015. Serves on the Boards of Virginia Capital Partners, a private equity fund, and Vesta Property Services, a property management company for condominium and homeowner associations. The Board's primary reasons for determining that he should serve as a Director is his knowledge of the financial industry and capital markets.

There are no family relationships among any of the Bank's Executive Officers, Directors or Director nominees.

With the exception of Mr. Reynolds, no Director or nominee chosen by the Board of Directors is, or within the last five years has been, a director of any company with a class of securities registered pursuant to Section 12 of the Exchange Act, or subject to the requirements of Section 15(d) of such Act or of any company registered as an investment company under the Investment Company Act of 1940.

During 2018, the Bank's Board of Directors met 12 times for regularly scheduled and special meetings. Each Director standing for reelection attended at least 75 percent of the aggregate of: (i) the total number of meetings of the Board of Directors; and (ii) the total number of meetings of board committees on which that Director served. The Bank's policy is that all Directors should attend the Annual Meeting unless good cause prevents their attendance. In 2018, 10 of the 10 Directors standing for reelection at the Meeting attended the 2018 Annual Meeting in person.

Executive Officers of the Bank

Set forth below is certain information with respect to the Executive Officers of the Bank.

Name	Age	Position	Officer Since
Allan J. Hemphill	80	Chairman of the Board	2012
James E. Brush	66	President and Chief Executive Officer	2016
Camille D. Kazarian (1)	40	Executive Vice President and Chief Financial Officer	2018
Genie M. Del Secco	50	Executive Vice President and Chief Operating Officer	2018
Brian J. Reed	60	Executive Vice President and Chief Credit Officer	2016
Brandy A. Seppi	44	Executive Vice President and Chief Lending Officer	2015

(1) Camille D. Kazarian was appointed Executive Vice President and Chief Financial Officer on December 3, 2018.

A brief summary of the background and business experience of the Executive Officers of the Bank who have not previously been described is set forth below:

Camille D. Kazarian was appointed Executive Vice President and Chief Financial Officer on December 3, 2018. Previously she was with the Town of Windsor from December 2013 to November 2018 with the final position of Chief Financial Officer and Assistant Town Manager. Prior to that position, she was Finance Manager at Redwood Credit Union from May 2008 to December 2013. She is a long-time resident of Sonoma County.

Genie M. Del Secco was appointed Executive Vice President and Chief Operating Officer on January 1, 2018. She has been the Senior Vice President and Director of Branch and Deposit Operations with Summit State Bank since August 2015. Previously, she was with First Community Bank in Santa Rosa from 2005 to August 2015, with the final position of Senior Vice President of Compliance and Branch Operations. She is a long-time resident of Sonoma County.

Brian J. Reed was appointed Executive Vice President and Chief Credit Officer on December 5, 2016. He was formerly Executive Vice President and Chief Credit Officer with First Community Bank, Santa Rosa, California, from June 2006 until joining Summit State Bank. Prior to that position, Mr. Reed was the Senior Vice President and Regional President with North Valley Bank in Redding, California. He is a long-time resident of Sonoma County.

Brandy A. Seppi was appointed Executive Vice President and Chief Lending Officer on December 5, 2016. Prior to that, Ms. Seppi was the Executive Vice President and Chief Credit Officer beginning in January 2015. She was formerly Senior Vice President and Senior Relationship Manager with Umpqua Bank in San Francisco from July 2011 until joining Summit State Bank. Prior to that position, she was the Business Development Officer with City National Bank in the San Francisco Bay Area from October 2004 to July 2011. She is a long-time resident of Sonoma County.

Board Leadership Structure and the Board's Role in Risk Oversight

Since March 2008, the Bank's leadership structure has separated the roles of chairman and chief executive officer. The Board believes that separating these functions gives the Board greater control of the Board's agenda and greater independence in oversight of risk. The Board has named the Chairman of the Board as an Executive Officer for succession planning. The Chairman of the Board does not receive compensation beyond the Board fees and does not participate in operating management.

The Board guides management through the adoption of policies that establish risk limits and authority levels. Various Board committees oversee the adherence to the policies. The Audit Committee establishes an audit oversight program that considers areas of risk within the organization.

Security Ownership of Management

The following table sets forth information as of April 25, 2019 pertaining to beneficial ownership of the Bank's common stock (the sole class of voting stock outstanding) by current

directors of the Bank, nominees to be elected to the Board of Directors, and all directors and officers of the Bank as a group. As used throughout this proxy statement, the term “Executive Officer” refers to the President and Chief Executive Officer; the Executive Vice President and Chief Financial Officer; the Executive Vice President and Chief Credit Officer; the Executive Vice President and Chief Operating Officer; and the Executive Vice President and Chief Lending Officer. The information set forth below has been obtained from the Bank’s records, or from information furnished directly by the individual or entity to the Bank.

Name and Address of Beneficial Owner (1)	Relationship with Bank	Amount and Nature of Beneficial Ownership (2)	Percent of Class (2)	Footnote
Jeffery B. Allen	Director	13,312	-	(3)
James E. Brush	Director, CEO and President	84,646	1.4%	
Josh C. Cox, Jr.	Director	2,512	-	(3) (4)
Genie Del Secco	EVP and Chief Operating Officer	2,250	-	(3)
Bridget M. Doherty	Director	6,489	-	(3)
Todd R. Fry	Director	9,250	-	(3) (5)
Allan J. Hemphill	Director and Chairman	37,730	-	(3)
Camille Kazarian	EVP and Chief Financial Officer	0	-	(3)
Richard E. Pope	Director	0	-	(3)
Nicholas J. Rado	Director	10,000	-	(3)
Brian J. Reed	EVP and Chief Credit Officer	41,670	-	(3)
Marshall T. Reynolds	Director	759,214	12.5%	(4)
Brandy A. Seppi	EVP and Chief Lending Officer	2,300	-	(3)
John W. Wright	Director	12,000	-	(3)
All directors and executive officers as a group (14 in number)		981,373	16.1%	(7)

- (1) The address for all persons is c/o Summit State Bank, 500 Bicentennial Way, Santa Rosa, California, 95403.
- (2) Includes shares beneficially owned (including options exercisable within 60 days of April 25, 2019), both directly and indirectly together with associates. Subject to applicable community property laws and shared voting and investment power with a spouse, the persons listed have sole voting and investment power with respect to such shares unless otherwise noted.
- (3) Represents less than one percent of the outstanding shares of the Bank’s common stock.
- (4) Includes 2,500 shares under option exercisable within 60 days of April 25, 2019.
- (5) Includes 750 shares held by his daughter and 2,500 shares under option exercisable within 60 days of April 25, 2019.
- (7) Includes options to purchase 7,500 shares of common stock, which are exercisable within 60 days of April 25, 2019.

Committees of the Board of Directors

Audit Committee

The members of the Audit Committee at December 31, 2018 were John W. Wright (Committee Chairman), Jeffery B. Allen, Josh C. Cox, Jr. and Bridget M. Doherty. All Audit Committee members are independent for purposes of NASDAQ’s listing standards applicable to Audit Committee members.

The principal duties of the Audit Committee are the following: (i) selecting the Bank’s independent registered public accounting firm; (ii) meeting with the independent registered public accounting firm to review and approve the scope of its audit engagement and the fees related to such work; (iii) meeting with the Bank’s financial management, internal audit management and independent registered public accounting firm to review matters relating to internal accounting controls, the internal audit program, the Bank’s accounting practices and procedures and other matters relating to the financial condition of the Bank; and (iv) periodically reporting to the Board

any conclusions or recommendations that the Audit Committee may have with respect to such matters. The Audit Committee met six (6) times during 2018. The committee has a written charter, a copy of which can be found on the Bank's website at www.summitstatebank.com. The Bank's Board of Directors has determined that the Bank has one Audit Committee financial expert, Mr. Wright, serving on its Audit Committee. The designation or identification of a person as an Audit Committee financial expert does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification.

Loan Committee

The members of the Loan Committee at December 31, 2018 were Nicholas J. Rado (Committee Chairman), Jeffery B. Allen, James E. Brush, Josh C. Cox, Jr., Allan J. Hemphill and Richard E. Pope.

The Loan Committee is responsible for the approval and supervision of loans and the development of the Bank's loan policies and procedures. The Loan Committee met 21 times during 2018.

Asset-Liability Management and Investment Committee

The members of the Asset-Liability Management and Investment Committee at December 31, 2018 were Todd R. Fry (Committee Chairman), James E. Brush, Allan J. Hemphill and John W. Wright.

The Asset-Liability Management and Investment Committee is responsible for the development of policies and procedures related to liquidity, asset-liability management and the development of policies and procedures related to the Bank's investment portfolio. The Asset-Liability Management and Investment Committee met 5 times during 2018.

Information Technology Steering Committee

The members of the Information Technology Steering Committee at December 31, 2018 were Josh C. Cox, Jr. (Committee Chairman), James E. Brush and Bridget M. Doherty.

The Committee determines appropriate information technology systems for the Bank and reviews the performance of these systems. The Information Technology Committee met 4 times in 2018.

Executive, Corporate Governance and Nominating Committee

The members of the Executive, Corporate Governance and Nominating Committee at December 31, 2018 were Allan J. Hemphill (Committee Chairman), Josh C. Cox, Jr., Richard E. Pope and Marshall T. Reynolds. All are independent under NASDAQ listing standards. The Committee develops and recommends to the Board a set of corporate governance principles applicable to the Bank. The Committee oversees the evaluation of the Board and management and evaluates the effectiveness of Board meetings and makes recommendations for improvement. The Committee has authority to act on behalf of the full Board in certain matters when it is impractical

to convene a full Board meeting. The Committee will also identify and review candidates for the Board of Directors and review the appropriate skills and characteristics required of Board members, in consultation with the President and Chief Executive Officer, and recommends director nominees to the Board. The Committee will also consider and evaluate director nominees proposed by shareholders. Shareholders wishing to recommend a candidate should provide the recommendation in writing, together with supporting information including the information described in the Notice of Annual Meeting of Shareholders accompanying this proxy statement, to Barbara Gradman, Corporate Secretary, Summit State Bank, 500 Bicentennial Way, Santa Rosa, California 95403. The Nominating Committee will use the same evaluation criteria for a candidate recommended by a shareholder as it uses for a candidate identified by the Committee. The Committee met six (6) times in 2018.

The Committee has a written charter, a copy of which can be found on the Bank's website at www.summitstatebank.com. In nominating candidates, the Committee takes into consideration such factors as the following: business or professional experience, judgment, skill, diversity of background and perspective, requirements of NASDAQ to maintain a minimum number of independent directors, any requirements or regulations of the FDIC, requirements of the Securities and Exchange Commission to have persons with financial expertise available to serve on the Bank's Audit Committee, and the extent to which the candidate generally would be a desirable addition to the Board and any committees of the Board.

The Bank has never engaged or paid a third party to identify or evaluate potential nominees.

Compensation Committee

The members of the Compensation Committee (the "Committee") at December 31, 2018 were John W. Wright (Committee Chairman), Jeffery B. Allen, Richard E. Pope and Nicholas J. Rado. All are independent under NASDAQ listing standards. The Committee evaluates and recommends to the Board of Directors salary and other compensation for the CEO and President, and salary and other compensation for the executive officers. The Committee met five (5) times in 2018. The Committee has a charter that can be found on the Bank's website at www.summitstatebank.com.

Transactions with Related Persons

Some of the Bank's directors and executive officers, as well as members of their immediate families and associates, are customers of, and have had banking transactions with, the Bank in the ordinary course of the Bank's business, and the Bank expects to have such ordinary banking transactions with these persons in the future. Directors and executive officers are eligible to participate in the Bank's Employee Loan Program, which offers preferred interest rates on primary home mortgage loans. Otherwise, in the opinion of management of the Bank, all loans and commitments to lend included in such transactions were made in the ordinary course of business on the same terms, including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness, and do not involve more than the normal risk of collectability or present other unfavorable features. Loans to individual directors and executive officers must comply with the Bank's lending policies and statutory lending limits. In addition, in some cases prior approval of the Bank's Board of Directors must be obtained for

such loans, as required by federal and state regulations applicable to the Bank.

Under the Bank’s Employee Home Loan Program, all employees, including executive officers, and directors are eligible to receive a 30-year fully amortizing fixed rate mortgage loan. The interest rate for loans that the Bank makes under the Employee Home Loan Program is the “Index H.15,” which is the weekly average yield on the United States Treasury securities adjusted to a constant maturity of 5 years as made available by the Federal Reserve Board, plus a margin of 275 bps less 225 bps.

The Bank makes all loans to executive officers and directors under the Employee Home Loan Program in compliance with the applicable restrictions of Section 22(h) of the Federal Reserve Act. Messrs. Brush, Hemphill and Rado have home mortgage loans through this program. The total of the executive officer and director loans from this program at December 31, 2018 was \$890,985 with balances ranging from \$98,234 to \$442,551 and interest rates ranging from 2.32% to 3.19%. The following table provides additional information for the year ended December 31, 2018:

Name	Highest balance		Principal paid		Interest paid		Interest rate
	during year	Latest balance	during year	during year	during year		
Mr. Brush	\$ 131,832	\$ 98,234	\$ 33,598	\$ 2,402			3.19%
Mr. Hemphill	\$ 361,943	\$ 350,200	\$ 11,743	\$ 7,289			2.63%
Mr. Rado	\$ 463,537	\$ 442,551	\$ 20,986	\$ 9,436			2.32%

There were no other existing or proposed material transactions between the Bank and any of the Bank’s directors, executive officers, nominees for election as a director, or the immediate family or associates of any of the foregoing persons. The Bank’s Code of Conduct requires that if a situation arises that may present a potential conflict of interest, it must be reviewed and approved by the Bank’s Board or by a designee of the Board. An executive officer or director who is aware of an actual or potential conflict of interest must advise the Bank’s Compliance Officer, Charlene Richman.

NASDAQ Rule 5630 requires the Bank to conduct an appropriate review of all related-party transactions for potential conflict of interest situations on an ongoing basis and all such transactions must be approved by the Bank’s Audit Committee or another independent body of the Board of Directors. For purposes of the rule, the term “related party transaction” refers to transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404, which includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which the amount involved exceeds \$120,000.

The Bank’s Audit Committee Charter requires the Audit Committee to review for approval all related party transactions for potential conflict of interest situations. The Audit Committee determines whether any such transaction poses a disclosure issue or, where a director is involved, adversely impacts a director’s independence, and makes an appropriate decision regarding the transaction.

Change in Control

The Board is not aware of any arrangements, including the pledge by any person of shares of the Bank, the operation of which may at a subsequent date result in a change in control of the Bank.

Executive Compensation

Compensation Discussion and Analysis

General Overview of Executive Compensation

The Bank currently has six designated executive officers, which includes the Chairman of the Board, who was designated as an executive officer for succession purposes but does not receive a salary or participate in daily management. He does receive Director fees. The executive officers responsible for daily management include the President and Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), the Chief Credit Officer (“CCO”), the Chief Operating Officer (“COO”) and the Chief Lending Officer (“CLO”). Compensation for the executive officers consists of salary, annual bonus, stock options or stock appreciation rights (“SAR”) and other normal employee benefits that are offered to all employees of the Bank. The Compensation Committee of the Board of Directors, which consists solely of outside directors, recommends to the Board of Directors the compensation of the CEO based on their evaluation of the CEO’s performance and the overall performance of the Bank. Although no specific financial targets are set, factors used to assess the performance of the CEO include the accomplishment of significant projects and strategies. The Bank’s performance is evaluated on factors such as financial results, operations, and audit and examination results. The Compensation Committee recommends adjustments to each officer’s annual salary based on the Bank’s performance and the officer’s performance in his or her area of responsibility. The Compensation Committee compares the salary range of each position to a peer group of banks and recommends salary adjustments when it deems appropriate.

The Compensation Committee has sought input on both board and executive compensation issues from compensation consultants. The Compensation Committee sometimes engages consultants to conduct periodic compensation studies or to advise about compensation practices generally. The Compensation Committee retains the right to hire, fire, and obtain advice and assistance from legal counsel or other experts or consultants, consistent with its charter. In 2018, the Compensation Committee selected Blanchard Consulting Group to review the Bank’s executive and director compensation practices. Blanchard Consulting Group provided salary surveys designed to compare compensation packages paid to executive officers and directors for similar-sized institutions. Based in part from information provided by Blanchard Consulting Group, the Compensation Committee in 2018 recommended that the base salary of the President and Chief Executive Officer remain unchanged and the base salaries of the Executive Vice President and Chief Operating Officer, the Executive Vice President and Chief Credit Officer, the Executive Vice President and Chief Lending Officer and the Senior Vice President and Treasurer be increased.

The Compensation Committee recommends to the Board of Directors the annual bonus for the executive officers based on the Bank’s financial performance and significant accomplishments during the year.

The Bank has no long-term employment, termination, or retirement agreements. There are Change in Control Agreements (“Agreements”) with each of the executive officers except for the CEO. The Agreements allow for compensation and benefits if upon a Change in Control, as defined in the Agreements, the executive officer is terminated, or a material change is made to title, duties or compensation. The following table represents the estimated Change in Control payments at December 31, 2018 if a triggering event were to have taken place at that time, for Dennis Kelley, Genie Del Secco, Camille Kazarian, Brian Reed and Brandy Seppi:

Change in Control Compensation

Name	Cash (\$) (1)	Benefits (\$) (2)	Total (\$)
Dennis Kelley, S.V.P. & Treasurer (3)	\$ 276,115	\$ 39,815	\$ 315,930
Camille Kazarian, E.V.P. & CFO (4)	\$ 188,000	\$ -	\$ 188,000
Genie Del Secco E.V.P & COO	\$ 244,832	\$ 30,406	\$ 275,238
Brandy A. Seppi, E.V.P. & CLO	\$ 294,451	\$ 27,210	\$ 321,661
Brian Reed, E.V.P. & CCO	\$ 284,803	\$ 32,977	\$ 317,780

(1) Represents estimated lump sum cash payment upon a triggering event under the Change in Control agreement based on salary and bonus compensation as of December 31, 2018.

(2) Represents benefits (health benefits, 401 (K) matching contributions and other perquisites) provided during the maximum period after the triggering event under the Change in Control agreement based on benefits provided at December 31, 2018.

(3) Mr. Kelley's Change in Control agreement will terminate upon his retirement on March 31, 2019. His title and position was the E.V.P. & CFO through December 2, 2019 and was changed to S.V.P. & Treasurer on December 3, 2019.

(4) Camille Kazarian was hired as E.V.P and CFO on December 3, 2018 and entered into a Change in Control agreement effective December 3, 2018.

On April 12, 2016, the Board of Directors revised its cash incentive bonus plan for selected executive officers and other employees. The plan is administered by the Compensation Committee. The plan may be terminated or modified by the Board at any time. Any officer or employee designated by the Compensation Committee is eligible to receive a payment under the plan.

Participating executive officers and employees are eligible for annual awards under the plan based on the Bank’s performance. In 2018, plan awards were determined based on the Bank’s performance at one of three levels: minimum, threshold, and maximum. In 2019, plan awards are determined based on the proportionate achievement of performance between the minimum and maximum levels. The number of performance goals may vary each year, but there are six goals for 2019. The precise performance goal categories also may vary each year, but for 2019 the six specific performance goal categories and the weights assigned to them are:

- | | |
|--------------------------|---|
| 1) return on equity, 15% | 4) efficiency ratio, 10% |
| 2) return on assets, 20% | 5) core deposit growth, 20% |
| 3) net loan growth, 15% | 6) classified asset coverage ratio, 20% |

The executives selected for participation in 2019 are the CEO, the CFO, the COO, the CCO and the CLO. The Board of Directors may change any and all features of the plan at any time.

The total potential award pool is a fixed dollar amount established by the Board, with the recommendation of the Compensation Committee. For 2019, the maximum potential incentive bonus for each participating executive is one half of his or her base salary. For performance below the maximum, cash incentives will be proportionally calculated based on the percentage of where the actual performance is achieved between the minimum and maximum performance.

The Board has established performance benchmarks for minimum and maximum performance. It is not necessary to achieve threshold performance or better in all performance categories in order to receive a cash incentive award. With the input of the Compensation Committee, the Board of Directors also has discretion to make cash incentive awards based on the Board's subjective assessment of an executive's or other employee's performance.

For purposes of calculating bonuses and evaluating actual performance in the performance goal categories, the Compensation Committee has discretion to make adjustments and exclude any single, nonrecurring event that results in either a 10% increase or 10% decrease in the calculated performance, as well as the discretion to make adjustments to account for significant or material events.

Awards under the cash incentive bonus plan for the fiscal year 2018 were \$300,000, which was comprised of \$111,000 awarded for meeting certain performance levels and \$189,000 awarded under the discretionary provisions.

The Bank has a 2013 Equity Incentive Plan approved by shareholders that permits the grant of stock options to employees for up to 187,500 shares of common stock. Option awards are generally granted with an exercise price equal to the market price of the Bank's common stock at the date of grant; those option awards have vesting periods of 5 years unless otherwise approved by the Board of Directors and have 10-year contractual terms. As of December 31, 2018, 187,500 shares were available for future grants under the 2013 Equity Incentive Plan.

In December 2018, the Bank granted Stock Appreciation Rights (SARs) to the CLO, COO and the CCO pursuant to a Stock Appreciation Rights Agreement with each executive. The SAR agreements provide for a form of contingent cash bonus arrangement and is independent of, and is not an award under, the Bank's 2013 Equity Incentive Plan. The SARs settle in cash only and provide incentive compensation equal to the difference between the market price of the Bank's common stock at the date of exercise by the executive officer and the market price when the SARs were granted. The three executive officers each received SARs based on 10,000 shares of the Bank's common stock with a vesting schedule of 20% on each anniversary of the grant date. The exercise price per share is \$11.58. The final term for exercise is ten years from the grant date. In August 2018, the Bank granted SARs to the CEO based on 30,000 shares of the Bank's common stock with vesting schedule of 10,000 immediately vested and 10,000 vesting at the end of the first

and second year of the agreement. The exercise price per share is \$15.70. The final term for exercise is ten years from the grant date.

The Bank does not believe that any of its compensation policies or practices is reasonably likely to have a material adverse effect on it as such policies and practices related to risk-management practices and risk-taking incentives.

The following information is furnished with respect to the Executive Officers of the Bank whose aggregate compensation during 2018 exceeded \$100,000 (the “named executive officers”).

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option/SAR Awards (\$ (1))	Non-Equity Incentive Plan Compensation (\$ (2))	All Other Compensation (\$ (3))	Total (\$)
James E. Brush, CEO and President (PEO)	2018	298,274	-	-	73,920	60,000	14,200	446,394
	2017	115,184	-	-	-	55,000	5,588	175,772
Camille Kazarian, (4) E.V.P. and CFO (PFO)	2018	12,171	-	-	-	-	-	12,171
Dennis E. Kelley, (4) S.V.P. and Treasurer	2018	216,115	-	-	-	58,000	15,649	289,764
	2017	199,806	-	-	-	55,000	11,467	266,273
Genie Del Secco, (4) E.V.P. and COO	2018	184,832	-	-	26,750	60,000	8,162	279,744
Brian J. Reed, E.V.P. and CCO	2018	224,803	-	-	26,750	60,000	11,653	323,206
	2017	199,983	-	-	30,294	55,000	1,032	286,309
Brandy A. Seppi, E.V.P. and CLO	2018	228,451	-	-	26,750	60,000	14,773	329,974
	2017	199,503	-	-	30,294	55,000	11,220	296,017

(1) The option/SAR column shows the grant date fair value of stock appreciation rights (SAR) granted during the year, if any.

See Footnote 11 to the Audited Financial Statements contained in the Annual Report to Shareholders on Form 10-K for the assumptions used in the computation of the value of the SAR awards.

(2) The 2017 and 2018 cash incentive payments under the Bank’s cash incentive bonus plan were paid January 2018 and January 2019, based on financial performance and the executives’ performance in 2017 and 2018, respectively.

(3) All Other Compensation includes various benefits, including but not limited to 401 (K) matching contributions, automobile allowances, value of vacation accrual in excess of cap and excess life insurance premiums.

(4) Ms. Kazarian joined the Bank as E.V.P. and CFO in December 2018. Mr. Kelley was the E.V.P. and CFO for 2017 to November 2018, at which time his title changed to S.V.P and Treasurer. Mr. Kelley retired from the Bank in March 2019. Genie Del Secco was appointed E.V.P and COO on January 1, 2018. She was formerly the S.V.P. and Director of Branch and Deposit Operations.

Upon her promotion, Ms. Del Secco is to receive a salary of \$170,000 and entered into a Change in Control agreement.

The following table sets forth certain information with respect to grants of plan-based awards to the Named Executive Officers for 2018.

Grants of Plan-based Awards											
Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options/ SARs (#)	Exercise or Base Price of Option/ SARs (\$/Sh)	Grant Date Fair Value of Stock and Option/ SARs Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)				
James E. Brush	8/1/18	-	-	-	-	-	-	-	30,000	15.70	73,920
Genie Del Secco	12/17/18	-	-	-	-	-	-	-	10,000	11.58	26,750
Brian J. Reed (2)	12/17/18	-	-	-	-	-	-	-	10,000	11.58	26,750
Brandy A. Seppi (2)	12/17/18	-	-	-	-	-	-	-	10,000	11.58	26,750

(1) The option column shows the grant date fair value of options or stock appreciation rights (SAR) granted during the year, if any. See Footnote 11 to the Audited Financial Statements contained in the Annual Report to Shareholders on Form 10-K for the assumptions used in the computation of the value of the stock options and SAR awards.

(2) Represents cash-settled stock appreciation rights awarded to Ms. Del Secco, Mr. Reed and Ms. Seppi with respect to shares of the Bank's common stock. The vesting schedule of the stock appreciation rights is 20% at each anniversary of the grant date with a final term of ten years. Mr. Brush stock appreciation rights vested 10,000 immediately and 10,000 for each of the following two years.

The following table sets forth certain information about equity awards held by the Bank's named executive officers as of December 31, 2018.

Outstanding Equity Awards at 2018 Fiscal Year End					
Name	Option Awards				
	Number of Securities Underlying Unexercised Options/ SARs Exercisable (#)	Number of Securities Underlying Unexercised Options/ SARs Unexercisable (#)	Option/ SAR Exercise/ Base Price (\$)	Option/ SAR Expiration Date	
James Brush (1)	10,000	20,000	15.70	7/31/28	
Genie Del Secco (1)	-	10,000	11.58	12/16/28	
Brian Reed (1)	-	10,000	11.58	12/16/28	
	2,000	8,000	12.50	12/11/27	
	5,000	7,500	11.60	12/12/25	
Brandy Seppi (1)	-	10,000	11.58	12/16/28	
	2,000	8,000	12.50	12/11/27	
	5,000	7,500	11.60	12/12/26	

(1) Represents cash-settled stock appreciation rights awarded.

The following table provides information regarding exercises and vesting of stock options and stock appreciation rights held by the Named Executive Officers for the year ended December 31, 2018.

Option Exercises and Stock Vested

Name	Option Awards		Stock Awards	
	Number of Share Acquired on Exercise (#)	Value Realized on Exercise (\$) (1)	Number of Share Acquired on Vesting (#)	Value Realized on Vesting (\$)
James E. Brush	-	-	-	-
Genie Del Secco	-	-	-	-
Brian J. Reed	-	-	-	-
Brandy A. Seppi	-	-	-	-

Equity Compensation Plan Information

The information in the following table is provided as of December 31, 2018, with respect to compensation plans (including individual compensation arrangements) under which equity securities are issuable:

Plan category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans: Approved by security holders	10,625	\$4.40	187,500

Director Compensation for 2018

The following table sets forth compensation paid to the Bank's non-employee directors during 2018.

Name	Fees Earned or Paid in Cash (\$)	Stock Appreciation Rights Awards (3)	All Other Compensation (\$)	Total (\$)
Jeffery B. Allen	\$ 34,600	7,392	-	\$ 41,992
Josh C. Cox, Jr. (1)	39,800	7,392	7,250	54,442
Bridget M. Doherty	24,800	7,392	-	32,192
Todd R. Fry	27,400	7,392	-	34,792
Allan J. Hemphill (2)	83,400	7,392	-	90,792
Ronald A. Metcalfe	17,900	7,392	-	25,292
Richard E. Pope	35,400	7,392	-	42,792
Nicholas J. Rado	40,600	7,392	-	47,992
Marshall T. Reynolds	22,700	7,392	-	30,092
John W. Wright	36,600	7,392	-	43,992

- (1) Mr. Cox's other compensation was composed of consulting fees paid to him.
- (2) Fees earned for Mr. Hemphill include \$60,000 fee as Chairman of the board.
- (2) Represents cash-settled stock appreciation rights (SAR) awarded with respect to shares of the Bank's common stock. The SAR had immediate vesting. See Footnote 11 to the Audited Financial Statements contained in the Annual Report to Shareholders on Form 10-K for the assumptions used in the computation of the value of the of the SAR awards.

During 2018, the Bank paid non-employee directors and the Chairman a monthly meeting fee of \$1,900 per meeting. The Chairman receives \$3,500 per month as a Chairman fee. Committee members received \$400 per committee meeting attended. Committee Chairmen receive an additional \$400 per meeting. Loan Committee members receive \$600 per month regardless of the number of meetings held. The Chairman of Loan Committee receives an additional \$600 per month.

Compensation Committee's Report on Compensation

The Compensation Committee has reviewed and discussed with the management of the Bank the Compensation Discussion and Analysis included in this proxy statement.

Based on such review and discussions, the Board of Directors of the Bank determined that the Compensation Discussion and Analysis be included in the Bank's annual report on Form 10-K and in this proxy statement.

John W. Wright
 Jeffery B. Allen
 Richard E. Pope
 Nicholas J. Rado

Audit Committee Report

The Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended. The Audit Committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as adopted by the Public Company Accounting Oversight Board, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Bank's annual report on Form 10-K.

John W. Wright
Jeffery B. Allen
Josh C. Cox, Jr.
Bridget M. Doherty

Significant Litigation

The Bank is not involved in any litigation in which a director or executive officer has a material adverse interest.

PROPOSAL 1

Recommendation of the Board of Directors

You are urged to vote for Proposal 1: To elect the 10 nominees set forth herein to serve until the next annual meeting of the shareholders and until their respective successors shall be elected and qualified: Jeffery B. Allen, James E. Brush, Josh C. Cox, Jr., Bridget M. Doherty, Todd R. Fry, Allan J. Hemphill, Richard E. Pope, Nicholas J. Rado, Marshall T. Reynolds and John W. Wright.

PROPOSAL 2

Advisory Vote on the Compensation of the Named Executive Officers

At the Meeting, and as required by the Dodd-Frank Act, shareholders will vote on an advisory (non-binding) proposal to approve the compensation paid to the Bank's executive officers listed in the Summary Compensation Table.

This "say on pay" proposal gives the Bank's shareholder the opportunity to endorse or not endorse our executive pay program through the following resolution:

“Resolved, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Bank’s Proxy Statement for its 2019 Annual Meeting of Shareholders.”

Because this vote is advisory, it will not be binding on the Bank or the Board or create or imply any additional fiduciary duty by the Board. However, the Compensation Committee may take into account the outcome of the vote when considering future executive compensation arrangements.

Recommendation of the Board of Directors

The Board of Directors believes that its compensation policies and procedures are centered on a pay-for-performance culture and are strongly aligned with the long-term interests of the Company’s shareholders.

The Board of Directors unanimously recommends that shareholders vote “FOR” approval of the compensation of the Bank’s named executive officers on an advisory basis.

PROPOSAL 3

Advisory Vote on the Frequency of Future Advisory Votes on the Compensation of our Named Executive Officers

The Dodd-Frank Act required the Securities and Exchange Commission to amend its rules to require that companies subject to reporting requirements of the Securities Exchange of 1934 submit an advisory (non-binding) proposal regarding the frequency of future advisory votes on the compensation paid to the Bank’s named executive officers at least once every six years. This year shareholders have the opportunity to vote on whether future advisory votes on the compensation paid to the Bank’s named executive officer should occur every one, two or three years.

Because this vote is advisory, it will not be binding on the Bank or the Board or create or imply any additional fiduciary duty by the Board with respect to frequency of future advisory votes on executive compensation. However, the Board will consider the outcome of the vote when considering the frequency of future advisory votes on executive compensation. If a quorum is present, the choice of frequency that receives the highest number of votes will be considered the advisory vote of the shareholders. Abstentions and broker non-votes will not count as votes cast “FOR” or “AGAINST” any frequency choice and will have no direct effect on the outcome of this proposal. A signed, uninstructed proxy will be voted for the alternative “every three years.”

Recommendation of the Board of Directors

“The Board of Directors unanimously recommends that shareholders vote FOR ‘Three Years’ as the preferred frequency of future advisory votes on the compensation of our named executive officers.”

PROPOSAL 4

Ratification of Selection of Independent Public Accountants

At the 2019 Annual Meeting of Shareholders, the following resolution will be subject to ratification by a simple majority vote of the shares represented at the Meeting:

“Resolved, that the selection of Moss Adams LLP as the independent certified public accountants of Summit State Bank for the fiscal year ending December 31, 2019 is hereby ratified.”

If ratification is not achieved, the selection of an independent certified public accountant will be reconsidered and made by the Audit Committee. Even if the selection is ratified, the Audit Committee reserves the right and, in its discretion, may direct the appointment of any other independent certified public accounting firm at any time if the Audit Committee decides that such a change would be in the best interests of the Bank and its shareholders. Representatives of Moss Adams LLP (“Moss Adams”) are expected to attend the annual meeting and to have the opportunity to make a statement if they desire to do so.

Moss Adams served as the Bank’s independent certified public accountants during the fiscal years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013 and 2012. The services provided by Moss Adams include the examination and reporting of the financial status of the Bank.

The following table sets forth information regarding the fees incurred for professional services provided by Moss Adams for the fiscal years ended December 31, 2018 and 2017.

<u>Service</u>	<u>Fees for period ended December 31, 2018</u>	<u>Fees for period ended December 31, 2017</u>
Audit Fees	\$251,468	\$144,200
Audit Related Fees	\$7,820	-
Tax Fees	\$17,000	\$17,400
All Other Fees	\$15,000	-

All services of the independent accountants are approved by the Audit Committee.

The Bank’s Audit Committee has considered whether Moss Adams’ provision of the services described above under the captions “Audited Related Fees,” “Tax Fees” and “All Other Fees” is compatible with maintaining the independence of Moss Adams and believes that such services provided by Moss Adams are compatible with maintaining the auditor’s independence. To the best of the Bank’s knowledge, none of the time devoted by Moss Adams on its engagement to audit the Bank’s financial statements for the year ended December 31, 2018 is attributable to work performed by persons other than full-time, permanent employees of Moss Adams.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that shareholders vote “FOR” the ratification of the selection of Moss Adams as the Bank’s auditors for the fiscal year ending December 31, 2019.

Other Business

If any matters not referred to in this proxy statement come before the Meeting, including matters incident to the conduct of the Meeting, the proxy holders will vote the shares represented by proxies in accordance with their best judgment. Management is not aware of any other business to come before the Meeting and, as of the date of the preparation of this proxy statement, no shareholder has submitted to management any proposal to be acted upon at the Meeting.

Code of Ethics

The Bank has adopted a code of ethics governing the conduct of all its employees, executive officers and directors. The code is available on the Bank’s website at www.summitstatebank.com/ethics_policy or upon written request to Barbara Gradman, Corporate Secretary, Summit State Bank, 500 Bicentennial Way, Suite 100, Santa Rosa, California 95403.

Short-Term and Hedging Transactions in the Bank’s Stock

The Bank’s Insider Trading Policy prohibits the Bank’s directors, officers and employees from engaging in short-term or speculative transactions in the Bank’s securities. The policy: (i) prohibits direct and indirect short selling of Bank securities by directors, officers or employees; (ii) prohibits transactions by directors, officers or employees in puts, calls or other derivative securities involving the Bank’s securities, other than the exercise of options issued by Bank to its employees or directors; (iii) prohibits other forms of hedging or monetarization transactions by directors, officers or employees, such as zero-cost dollars and forward sales contracts, involving Bank’s securities; and (iv) prohibits directors, officers or employees from holding Bank securities in a margin account or pledging Bank securities as collateral for a loan without first obtaining approval.

Shareholder Communications with the Board of Directors

Shareholders wishing to communicate with the Board of Directors or with a particular director may do so in writing addressed to the Board, or to the particular director, by delivering it to our Corporate Secretary at the address of our main office at 500 Bicentennial Way, Suite 100, Santa Rosa, California 95403. The recipient will promptly forward such communications to the applicable committee, director or to the Chairman of the Board for consideration.

Other Matters

The proxy holders for the Meeting may use their discretion in voting on proposals presented at the Meeting of which the Bank did not have notice by May 28, 2019.

Any shareholder proposals intended to be considered by management of the Bank for inclusion in the Bank's proxy statement for the 2020 Annual Meeting of Shareholders must be received by the Bank no later than February 14, 2020, unless the 2020 Annual Meeting is held more than 30 days before or after July 21, 2020, in which case the Bank will publicly announce the date of its 2020 Annual Meeting and the deadline for shareholder proposals with a reasonable time prior to the date that the Bank mails its proxy materials for the 2020 Annual Meeting.

A copy of our 2018 Annual Report, which includes our annual report on Form 10-K for the year ended December 31, 2018, including financial statements and schedules, accompanies this proxy statement. Additional copies of the 2018 Annual Report may be obtained without charge by writing to Ms. Barbara Gradman, Corporate Secretary, Summit State Bank, 500 Bicentennial Way, Suite 100, Santa Rosa, California 95403. This proxy statement and our 2018 Annual Report are also available at our website, www.summitstatebank.com under the Investor Relations section and from the FDIC at its website, <http://www2.fdic.gov/efr/>.

SUMMIT STATE BANK

A handwritten signature in black ink that reads "Barbara Gradman". The signature is written in a cursive, flowing style.

Barbara Gradman
Corporate Secretary