

**FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.**

**Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934**

Filed by the Registrant  [ X ]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] **Confidential, for Use of Commission Only (as permitted by Rule 14a-6(e)(2))**

[ X ] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to Section 240.14a-12

(Name of Registrant as Specified in its Charter): Summit State Bank

(Name of Person(s) Filing Proxy Statement, if other than Registrant): \_\_\_\_\_

Payment of Filing Fee (Check the appropriate box):

[ X ] No fee required

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11:

(1) Title of each class of securities to which transaction applies: \_\_\_\_\_

(2) Aggregate number of securities to which transaction applies: \_\_\_\_\_

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11: \_\_\_\_\_

**(4) Proposed maximum aggregate value of transaction:** \_\_\_\_\_

(5) Total fee paid: \_\_\_\_\_

[ ] Fee paid with preliminary materials

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(1) Amount Previously Paid: \_\_\_\_\_

(2) Form, Schedule or Registration Statement: \_\_\_\_\_

(3) Filing Party: \_\_\_\_\_

(4) Date Filed: \_\_\_\_\_

# SUMMIT STATE BANK

April 13, 2022

Dear Shareholder:

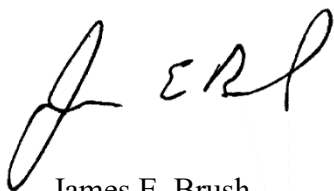
We are pleased to enclose our 2021 Annual Report, Notice of 2022 Annual Meeting, proxy statement and proxy.

You are cordially invited to attend the 2022 Annual Meeting of Shareholders of Summit State Bank, which will be held at **10:30 a.m. on Monday, May 23, 2022, at the Vintners Inn, 4350 Barnes Road, Santa Rosa, California.**

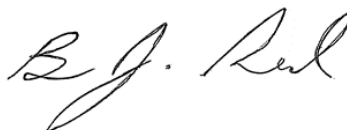
The accompanying Notice of Annual Meeting and proxy statement provide information pertaining to the matters to be considered and acted upon at the meeting. If you have questions regarding the information included in the Bank's 2021 Annual Report, please contact Camille Kazarian, the Bank's Chief Financial 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,



James E. Brush  
Chairman



Brian J. Reed  
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 (the “Bank”) will be held at the Vintners Inn, 4350 Barnes Road, Santa Rosa, California on Monday, May 23, 2022, at 10:30 a.m. for the following purposes:

1. To elect the following fourteen (14) 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	Brian J. Reed
James E. Brush	Douglas V. Reynolds
Josh C. Cox, Jr.	Marshall T. Reynolds
Todd R. Fry	Dawn M. Ross
Belinda S. Guadarrama	Judy K. Sakaki, Ph.D.
Richard E. Pope	John W. Wright
Nicholas J. Rado	Sharon S. Wright

2. To approve an advisory (non-binding) resolution concerning the Bank’s executive compensation.
3. 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, 2022.
4. To consider and transact such other business as may properly be brought before the meeting.

Shareholders of record at the close of business on April 1, 2022 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  
April 13, 2022  
Santa Rosa, California

**Important Notice About the Availability of Proxy Materials  
for the Annual Meeting of Shareholders to be held May 23, 2022.**

This proxy statement and the Bank's annual report to shareholders are available at:  
[www.summitstatebank.com](http://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.**

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**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, May 23, 2022, at 10:30 a.m., and at any adjournments or postponements thereof (the “Meeting”).

This proxy statement and the accompanying proxy are being mailed to shareholders on or about April 13, 2022.

A 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 the 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 fourteen (14) 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 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, 2022.
4. 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 April 1, 2022 (the "Record Date") are entitled to notice of and to vote at the Meeting. As of such date, the Bank had 6,684,759 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, 14, 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 14 candidates receiving the highest number

of votes will be elected. The approval of the advisory vote on 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, which also constitutes a majority of the required quorum.

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. 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 approval of the advisory vote on executive compensation and 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 matters. However, if not, broker non-votes and abstentions will have the same effect as a vote against the matters.

### **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:

<b><u>Name and Address of Beneficial Owner</u></b>	<b><u>Amount of Beneficial Ownership</u></b>	<b><u>Percent of Class</u></b>
Marshall T. Reynolds	746,774	11.2%
Constance L. Codding <sup>(1)</sup>	565,161	8.5%

(1) Ms. Codding’s address is P.O. Box 7087, Cotati, California 94931-7087.

### **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.

The proxy holders will vote shares represented by proxies 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 14 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. NASDAQ rules require that a majority of the Board consist of independent Directors and the Bank’s Board meets this requirement. The Board of Directors has determined that as of the date of this proxy statement, all Directors except Brian J. Reed and James E. Brush were independent under NASDAQ rules. Mr. Reed is not independent because he is the Bank’s President and Chief Executive Officer. Mr. Brush is not independent because he was the Bank’s President and Chief Executive Officer from April 2016 to April 2020.

<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>
James E. Brush	69	Chairman	2009	Appointed as Chairman of the Board on June 8, 2020. Prior to this, Mr. Brush was President and CEO of Summit State Bank from April 18, 2016 until his retirement on April 28, 2020. Director of the Bank since 2009. Previously a business consultant. Board member of 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 familiarity with the Bank’s business gained as its President and CEO and his knowledge of bank administration, lending and accounting.
Jeffery B. Allen	63	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, plant nursery based in Occidental, California that focusing on decorative grasses olive tree varieties. In 2004, co-founded American Biodiesel/Community Fuels, a bio-fuel refinery in Stockton, California. 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.



<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>
Josh C. Cox, Jr.	80	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 reason for determining that he should serve as a Director is his knowledge of bank administration and lending.
Todd R. Fry	56	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 reason for determining that he should serve as a Director is his knowledge of finance and accounting.
Belinda S. Guadarrama	68	Director	2021	President, Chief Executive Officer and founder of GC Micro Corporation, a computer hardware, software, custom configuration and integration services based in Petaluma, California. Currently, Ms. Guadarrama serves as co-chair of the Dell GovEvolve advocacy organization representing IT firms involved in Federal contracting. The Board's primary reasons for determining that she should serve as a Director are her knowledge of the Petaluma community, leadership experience and sound knowledge of the business community.
Richard E. Pope	76	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 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	71	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.

<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>
Brian J. Reed	63	President /CEO and Director	2020	Appointed President and CEO of Summit State Bank on April 28, 2020. Prior to this, Mr. Reed was Executive Vice President and Chief Credit Officer at Summit State Bank from December 5, 2016 to April 28, 2020. 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. The Board's primary reasons for determining that he should serve as a Director are his knowledge of bank administration and lending gained as a career banking executive and its belief that the Bank's President and Chief Executive Officer brings valuable insights concerning the Bank's operations.
Douglas V. Reynolds	46	New Nominee	—	Appointed President and Chief Executive Officer of Energy Services of America on December 6, 2012 and has served as a Director since 2008. Mr. Reynolds is an attorney for Reynolds & Brown, PLLC. Mr. Reynolds is the President of the Transylvania Corporation and a director of The Harrah and Reynolds Corporation and Premier Financial Bancorp, Inc. Mr. Reynolds is a graduate of Duke University and holds a law degree from West Virginia University. Mr. Reynolds is the son of Director Marshall T. Reynolds. The Board's primary reasons for determining that he should serve as a Director are his varied business experiences including senior management roles and knowledge of the banking industry.
Marshall T. Reynolds	85	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 was an SEC reporting company until 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.) Chairman of the Board of Premier Financial Bancorp, Inc., an SEC-registered \$2.0 billion multi-bank holding company headquartered in Huntington, West Virginia, from 1996 until its merger with Peoples Bancorp Inc. in 2021. Chairman of the Board of Directors of Energy Services of America Corporation, an SEC-registered company in Huntington, West Virginia, since 2006. The Board's primary reason for determining that he should serve as a Director is his experience in the financial services 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>
Dawn M. Ross	59	Director	2020	Founding Partner of the Santa Rosa law firm of Carle, Mackie, Power & Ross LLP where she serves as the Managing Partner, leading the employment group and commercial litigation team. Ms. Ross serves as counsel to some of the leading wineries, as well as clients in the public and private sectors. Active in the Sonoma County community, having served on the board of the Volunteer Center and the California Parenting Institute. Past President of the Sonoma County Bar Association, Sonoma County Women and Sonoma County Young Lawyers' Association. The Board's primary reasons for determining that she should serve as a Director are her vast knowledge of the Sonoma County community, leadership experience and legal background.
Judy K. Sakaki, Ph.D.	68	New Nominee	—	Dr. Sakaki was Vice President of Student Affairs at the University of California, Office of the President before being selected as the 7th president of Sonoma State University. She has also served as Vice Chancellor of Student Affairs at UC Davis and Vice President and Dean of Student Affairs at Fresno State. She has dedicated her career to higher education and to developing, leading and implementing best practices in access, affordability, inclusion and diversity, and student success. She is a double alumna of the CSU, having earned both Bachelor's degrees in Human Development and Master's in Educational Psychology from CSU East Bay. She also holds her Ph.D. in Education from UC Berkeley. The Board's primary reasons for determining that she should serve as a Director are her extensive experience running a large organization and sound knowledge of the Sonoma County business community.
John W. Wright	72	Director	2014	Business Consultant. Previously Managing Director at Baxter Fentress & Company, a Richmond, Virginia-based investment banking firm focused on the financial institution industry, from 2002 through 2015. Serves on the Boards of Advertising, Inc. located in Hagerstown, MD, 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 services industry and capital markets.
Sharon S. Wright	78	Director	2020	Governmental Relations and Public Affairs consultant in Sonoma County since 1986. Ms. Wright served on the Santa Rosa City Council for 12 years and an unprecedented three terms as the city's Mayor. During that time, she served 10 years representing the nine cities and County of Sonoma on the Metropolitan Transportation Commission. Her other previous public sector appointments include the Sonoma County Transportation Authority, Sonoma County Planning Commission, and the California Coastal Commission. Currently she serves on the Santa Rosa Memorial Hospital Board of Trustees, Burbank Housing Development Corporation Board of Directors, and is a member of the Sonoma County Fair & Exhibition Board. She

<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>
				has been actively involved in a number of community organizations including Leadership Santa Rosa, founding Director of Tomorrow's Leaders Today and Goodwill Industries of the Redwood Empire. In 2002, she was the first person to be named as the Best Community Business Leader by the readers of Sonoma Business magazine and was named Distinguished Citizen of the Year by the Boy Scouts of America, Redwood Empire. The Board's primary reasons for determining that she should serve as a Director are her knowledge of the Sonoma County community and sound knowledge of the business community.

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

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 2021, the Bank's Board of Directors met 10 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 2021, 11 of the 11 Directors standing for reelection at the Meeting attended the 2021 Annual Meeting.

### Executive Officers

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

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Officer Since</b>
Brian J. Reed	63	President and Chief Executive Officer	2016
Camille D. Kazarian	43	Executive Vice President and Chief Financial Officer	2018
Genie M. Del Secco	53	Executive Vice President and Chief Operating Officer	2018
Michael D. Castlio	55	Executive Vice President and Chief Credit Officer	2021
Brandy A. Seppi	46	Executive Vice President and Chief Lending Officer	2015

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 was formerly 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 March 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.

Michael D. Castlio was appointed Executive Vice President and Chief Credit Officer effective January 1, 2021. He was formerly the Bank’s Senior Vice President and Chief Credit Officer from April 2020 to December 2020 and prior to that he was the Bank’s Loan Administrator beginning in May 2018. Prior to that position, Mr. Castlio was with Poppy Bank in Roseville from January 2012 to May 2018, with the final position of Credit Manager. He is a 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 Bank’s 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 Diversity Matrix

In accordance with NASDAQ Listing Rule 5605(f)(4), the Board’s diversity statistics are included in the chart below. The categories are specified by the Nasdaq Stock Market. The data is based on information provided by our current Directors about how they identify themselves.

Board Diversity Matrix as of April 1, 2022				
Total Number of Directors	12			
	Female	Male	Non-Binary	Did Not Disclose Gender
<b>Part I: Gender Identity</b>				
Directors	3	9	0	0

<b>Part II: Demographic Background</b>				
African American or Black	0	0	0	0
Alaskan Native or Native American	1	0	0	0
Asian	0	0	0	0
Hispanic or Latinx	1	0	0	0
Native Hawaiian or Pacific Islander	0	0	0	0
White	2	9	0	0
Two or More Races or Ethnicities	1	0	0	0
LGBTQ+	0			
Did Not Disclose Demographic Background	0			

The following definitions apply to the chart above:

- **Non-Binary:** Refers to genders that are not solely man or woman. Someone who is nonbinary may have more than one gender, no gender, or their gender may not be in relation to the gender binary.
- **African American or Black (not of Hispanic or Latinx origin):** A person having origins in any of the Black racial groups of Africa.
- **Alaskan Native or Native American:** A person having origins in any of the original peoples of North and South America (including Central America), and who maintain cultural identification through tribal affiliation or community recognition.
- **Asian:** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Hispanic or Latinx:** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term Latinx applies broadly to all gendered and gender-neutral forms that may be used by individuals of Latin American heritage, including individuals who self-identify as Latino/a/e.
- **Native Hawaiian or Pacific Islander:** A person having origins in any of the peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White (not of Hispanic or Latinx origin):** A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.
- **Two or More Races or Ethnicities:** A person who identifies with more than one of the above categories.
- **Underrepresented Individual in Home Country Jurisdiction:** A person who self identifies as an underrepresented individual based on national, racial, ethnic, indigenous, cultural, religious or linguistic identity in the country of the Foreign Issuer’s principal executive offices (as reported on the Foreign Issuer’s Forms F-1, 10-K, 20-F or 40-F).
- **LGBTQ+:** A person who identifies as any of the following: lesbian, gay, bisexual, transgender or as a member of the queer community.

## 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 is not an employee, 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 Certain Beneficial Owners and Management

The following table sets forth information as of April 1, 2022 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. 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	33,800	-	(3)
James E. Brush	Director and Chairman	154,492	2.3%	
Michael D. Castlio	EVP and Chief Credit Officer	440	-	(3)
Josh C. Cox, Jr.	Director	2,763	-	(3)
Genie Del Secco	EVP and Chief Operating Officer	8,370	-	(3)
Todd R. Fry	Director	11,275	-	(3)
Belinda S. Guadarrama	Director	9,300	-	(3)
Camille D. Kazarian	EVP and Chief Financial Officer	4,200	-	(3)
Richard E. Pope	Director	0	-	(3)
Nicholas J. Rado	Director	22,000	-	(3)
Brian J. Reed	Director, CEO and President	111,106	1.7%	
Douglas V. Reynolds	New Nominee for Director	285,640	4.3%	
Marshall T. Reynolds	Director	746,774	11.2%	
Dawn M. Ross	Director	1,474	-	(3)
Judy K. Sakaki, Ph.D	New Nominee for Director	0	-	
Brandy A. Seppi	EVP and Chief Lending Officer	3,410	-	(3)
John W. Wright	Director	16,339	-	(3)
Sharon S. Wright	Director	7,904	-	(3)
All directors and executive officers as a group (18 in number)		1,419,287	21.2%	

- (1) The address for all persons is c/o Summit State Bank, 500 Bicentennial Way, Santa Rosa, California, 95403.
- (2) Includes shares beneficially owned (as of the report date there are no options exercisable within 60 days of January 31, 2021), 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 750 shares held by Mr. Fry's daughter.



## **Committees of the Board of Directors**

### ***Audit Committee***

The members of the Audit Committee are John W. Wright (Committee Chairman), Jeffery B. Allen, Josh C. Cox, Jr., and Todd R. Fry. 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 10 times during 2021. The Committee has a written charter, a copy of which can be found on the Bank's website at [www.summitstatebank.com](http://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 are Nicholas J. Rado (Committee Chairman), Jeffery B. Allen, James E. Brush, Josh C. Cox, Jr., Richard E. Pope, Brian J. Reed, and Sharon S. Wright.

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 22 times during 2021.

### ***Asset-Liability Management and Investment Committee***

The members of the Asset-Liability Management and Investment Committee are Todd R. Fry (Committee Chairman), James E. Brush, Josh C. Cox, Jr., Brian J. Reed, 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 2021.

### ***Information Technology Steering Committee***

The members of the Information Technology Steering Committee are Josh C. Cox, Jr. (Committee Chairman), Brian J. Reed, Dawn M. Ross, and Sharon S. Wright.



The Committee determines appropriate information technology systems for the Bank and reviews the performance of these systems. The Information Technology Committee met 5 times in 2021.

### ***Executive Committee***

The members of the Executive Committee are James E. Brush (Committee Chairman), Josh C. Cox, Jr., Richard E. Pope, Brian J. Reed, and Marshall T. Reynolds. All are independent under NASDAQ listing standards with the exception of James E. Brush and Brian J. Reed.

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 met 5 times in 2021.

### ***Corporate Governance Committee***

The members of the Corporate Governance Committee are Josh C. Cox, Jr. (Committee Chairman), Richard E. Pope, and Marshall T. Reynolds.

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, evaluates the effectiveness of Board meetings, and makes recommendations for improvement. The Committee met 1 time in 2021. The Committee has a charter that can be found on the Bank's website at [www.summitstatebank.com](http://www.summitstatebank.com).

### ***Nominating Committee***

The members of the Nominating Committee are, Josh C. Cox, Jr. (Committee Chairman), Jeffery B. Allen, Belinda Guadarrama, Todd R. Fry, Richard E. Pope, Nicholas J. Rado, Marshall T. Reynolds, Dawn M. Ross, John W. Wright, and Sharon S. Wright. All are independent under NASDAQ listing standards. The Committee has a written charter, a copy of which can be found on the Bank's website at [www.summitstatebank.com](http://www.summitstatebank.com).

The Committee identifies and reviews candidates for the Board of Directors and reviews 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 evaluate any candidate recommended by a shareholder in the same manner as a candidate identified by the Committee. The Committee met 2 times in 2021. The Committee has a written charter, a copy of which can be found on the Bank's website at [www.summitstatebank.com](http://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 are John W. Wright (Committee Chairman), Jeffery B. Allen, Richard E. Pope, Nicholas J. Rado, Dawn M. Ross, and Sharon S. Wright. 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 7 times in 2021. The Committee has a charter that can be found on the Bank's website at [www.summitstatebank.com](http://www.summitstatebank.com).

### ***Enterprise Risk Management Committee***

The members of the Enterprise Risk Management Committee are James E. Brush (Committee Chairman), Josh C. Cox, Jr., Todd R. Fry, Nicholas J. Rado, Brian J. Reed, and John W. Wright.

The committee is responsible for oversight of the CEO and senior management's responsibilities to assess and manage the Bank's risks on an enterprise-wide level including market risk, operational and compliance risk, credit risk, liquidity risk, reputational risk, business and strategic risk, systematic risk, and morale hazard. The Committee met 2 times in 2021.

### ***Mergers & Acquisitions Committee***

The members of the Mergers & Acquisitions Committee are Josh C. Cox, Jr. (Committee Chairman), James E. Brush, Todd R. Fry, Brian J. Reed, and John W. Wright.

The committee is responsible for monitoring strategic acquisition opportunities and for evaluating, analyzing and recommending to the Board for any merger or acquisition proposals. The Committee met 0 times in 2021.

### **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. Executive Officers are currently 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 original Employee Home Loan Program, all employees, including Executive Officers and Directors, were 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 50 basis points. On August 1, 2020, the Bank updated its Employee Home Loan Program to (1) exclude Directors from being eligible for any new loans under this program, (2) limit the program to purchase or refinance only with no cash out options and (3) add a new floor rate set at the greater of 2.00% or the average cost of interest-bearing funds from the previous quarter end. The program was further amended on January 1, 2021 by revising the floor rate to the greatest of (1) 2.00%, (2) the average cost of interest-bearing funds from the previous quarter end, or (3) the Index of Applicable Federal Rates (“AFR”) as published by the Internal Revenue Service.

The Bank makes all loans under the Employee Home Loan Program in compliance with the applicable restrictions of Section 22(h) of the Federal Reserve Act. The total Executive Officer and Director loans from this program at December 31, 2021 was \$3,872,910 with individual loans balances ranging from \$478,770 to \$893,106 and interest rates at 1.12%. The following table lists the Directors and Executive Officers with outstanding loans under this program during 2021 and provides additional information for the year ended December 31, 2021:

Name	Highest balance during year	Balance as of 12/31/2021	Principal paid during year	Interest paid during year	Interest rate
Jeffrey B. Allen	\$ 491,777	\$ 478,770	\$ 13,007	\$ 5,448	1.12%
Genie Del Secco	\$ 619,466	\$ 602,579	\$ 16,887	\$ 6,861	1.12%
Camille D. Kazarian	\$ 521,283	\$ 507,496	\$ 13,787	\$ 5,775	1.12%
Nicholas J. Rado	\$ 590,132	\$ 574,524	\$ 15,608	\$ 6,538	1.12%
Brian J. Reed	\$ 917,451	\$ 893,106	\$ 24,345	\$ 10,164	1.12%
Brandy A. Seppi	\$ 870,152	\$ 816,434	\$ 53,718	\$ 9,488	1.12%

As of December 31, 2021, each of these loans was performing in accordance with its terms and none were on nonaccrual.

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.

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 review and approve all related party transactions for potential conflict of interest. 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 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 Officer 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 2021, the Compensation Committee selected Blanchard Consulting Group to review the Bank’s Executive Officer 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 2021 recommended that the base salary of each Executive Officer be increased.

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.

### ***Summary Executive Compensation***

The following information is furnished with respect to the Bank’s CEO and the other two most highly compensated Executive Officers whose aggregate compensation during 2021 exceeded \$100,000 (the “Named Executive Officers”).

**Summary Compensation Table**

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option/SAR Awards (\$) (1)</u>	<u>Non- Equity Incentive Plan Compensation (\$) (2)</u>	<u>All Other Compensation (\$) (3)</u>	<u>Total (\$)</u>
Brian J. Reed (4), CEO and President (PEO)	2021	399,200	-	-	-	231,450	16,066	646,716
	2020	316,575	-	-	42,009	143,550	15,869	518,003
Brandy A. Seppi, E.V.P. and CLO	2021	257,365	-	-	-	148,869	19,379	425,613
	2020	249,913	-	-	42,009	97,242	19,353	408,517
Genie Del Secco, E.V.P. and COO	2021	257,134	-	-	-	148,869	13,823	419,826
	2020	234,775	-	-	42,009	97,242	13,287	387,313

- (1) The option/SAR column shows the grant date fair value of stock appreciation rights (SARs) granted during the year. All SARs have been adjusted for the 10% stock dividend awarded October 29, 2021. 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 2020 cash incentive payment under the Bank’s cash incentive bonus plan was paid January 2021 and the 2021 cash incentive was paid in February 2021 and January 2022. Payments are based on financial performance and the executives’ performance in 2020 and 2021, 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.

### ***Change in Control Agreements***

The Bank has no long-term employment, termination, or retirement agreements. The Bank has entered into Change in Control Agreements (“Agreements”) with each Executive Officer, including the current CEO, Mr. Reed. The Agreements allow for compensation and benefits upon a Change in Control, as defined in the Agreements, if 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, 2021 if a triggering event were to have taken place at that time, for the Named Executive Officers:

Name	Cash (\$) (1)	Benefits (\$) (2)	Total (\$)
Brian J. Reed, President & CEO	\$ 630,650	\$ 39,442	\$ 670,092
Brandy A. Seppi, E.V.P. & CLO	\$ 412,234	\$ 34,583	\$ 446,817
Genie Del Secco E.V.P & COO	\$ 406,003	\$ 37,766	\$ 443,769

(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, 2021.

(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, 2021.

### ***Non-Equity Incentive Compensation***

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. For 2021, plan awards were 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 were six goals for 2021. The performance goal categories may vary each year, but for 2021 the six performance goal categories and weights assigned to them are:

- |                            |   |
|----------------------------|---|
| 1) return on assets, 15.0% | 4) efficiency ratio, 20.0%                |
| 2) return on equity, 15.0% | 5) local deposit growth, 17.5%            |
| 3) loan growth, 17.5%      | 6) classified asset coverage ratio, 15.0% |

Each of the Executive Officers was selected to participate in 2021.

The total potential award pool is a fixed dollar amount established by the Board, with the recommendation of the Compensation Committee. For 2021, the maximum potential incentive bonus pool that can be allocated to the Executive Officer team is one half of Executive team's collective base salary. For performance below the maximum, cash incentives are proportionally calculated based on the percentage of where the actual performance is achieved between the minimum and maximum performance.

The Board established performance benchmarks for minimum and maximum performance. It is not necessary to achieve threshold performance or better in all performance categories to receive a cash incentive award. With the input of the Compensation Committee, the Board of

Directors has discretion to make cash incentive awards based on the Board’s subjective assessment of an Executive Officer’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 adjust 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 2021 totaled \$672,500, which was solely comprised of awards for meeting certain performance levels; nothing was awarded under the discretionary provisions.

### ***Equity Linked Compensation***

The Bank has a 2013 Equity Incentive Plan approved by shareholders that permits the grant of stock options, restricted stock award and restricted stock units to Executive Officers, Directors and 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, 2021, 187,500 shares were available for future grants under the 2013 Equity Incentive Plan.

Through 2020 the Bank granted Stock Appreciation Rights (“SARs”) to Executive Officers pursuant to a Stock Appreciation Rights Agreement with each Executive Officer. 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. Beginning in 2022, the Bank will discontinue issuing SARs and will begin awarding Restricted Stock Awards (“RSAs”) to eligible Executive Officers.

The Bank did not grant any SARs or other equity awards to the Named Executive Officers during 2021. During 2021, no SARs or other equity awards held by the Named Executive Officers were exercised or vested.

The following table sets forth certain information about equity-linked awards held by the Named Executive Officers as of December 31, 2021.



### Outstanding Equity Awards at 2021 Fiscal Year End

Name	Option Awards (1)			
	Securities Underlying Exercisable Options (#)	Securities Underlying Unexercisable Options (#)	Option/ SAR Exercise/ Base Price (\$)	Option/ SAR Expiration Date
Brian J. Reed	2,200	8,800 (2)	11.02	12/14/30
	1,760	2,640 (3)	11.27	2/23/30
	4,400	6,600 (2)	11.63	12/16/29
	6,600	4,400 (2)	10.53	12/16/28
	8,800	2,200 (2)	11.36	12/11/27
	13,750	-	10.55 (2)	12/12/26
Brandy A. Seppi	2,200	8,800 (2)	11.02	12/14/30
	1,760	2,640 (3)	11.27	2/23/30
	4,400	6,600 (2)	11.63	12/16/29
	6,600	4,400 (2)	10.53	12/16/28
	8,800	2,200 (2)	11.36	12/11/27
	13,750	-	10.55 (2)	12/12/26
Genie Del Secco	2,200	8,800 (2)	11.02	12/14/30
	1,760	2,640 (3)	11.27	2/23/30
	4,400	6,600 (2)	11.63	12/16/29
	6,600	4,400 (2)	10.53	12/16/28

(1) Represents cash-settled stock appreciation rights awarded and adjusted for the 10% stock dividend awarded October 29, 2021.

(2) The adjusted awards vest 20% per year beginning on the first anniversary of the grant date.

(3) The adjusted awards vest 20% per year beginning on the grant date.

(4) The adjusted awards vest 33% per year beginning on the grant date.

### Equity Compensation Plan Information

The information in the following table is provided as of December 31, 2021, with respect to compensation plans (including individual compensation arrangements) under which equity securities are issuable:

	(a)	(b)	(c)
	<b>Shared to be issued upon exercise of outstanding options</b>	<b>Weighted average exercise price of outstanding options</b>	<b>Shares available for future issuance</b>
Equity compensation plans approved by security holders	0	Not Applicable	187,500 (1)

(1) Represents shares of common stock available for future issuance under the Bank's 2013 Equity Incentive Plan.



## Director Compensation for 2021

The following table sets forth compensation paid to the Bank's non-employee Directors during 2021.

Name	Fees Earned or Paid in Cash (\$)	Stock Appreciation Rights Awards (2)	All Other Compensation (\$)	Total (\$)
Jeffery B. Allen	\$ 44,450	- (3)	-	\$ 44,450
Jim E. Brush (1)	65,550	- (4)	-	65,550
Josh C. Cox, Jr.	58,300	- (3)	-	58,300
Todd R. Fry	38,950	- (3)	-	38,950
Belinda S. Guadarrama	4,200	-	-	4,200
Richard E. Pope	42,700	- (3)	-	42,700
Nicholas J. Rado	51,950	- (3)	-	51,950
Marshall T. Reynolds	23,500	- (3)	-	23,500
Dawn Ross	29,600	-	-	29,600
John W. Wright	47,200	- (3)	-	47,200
Sharon Wright	42,700	-	-	42,700

- (1) Fees earned for Mr. Brush include \$25,200 in fees as Chairman of the board.
- (2) Represents cash-settled stock appreciation rights (SARs) awarded with respect to shares of the Bank's common stock. No new SARs were granted to Directors in 2021. All SARs have been adjusted to account for the 10% stock dividend awarded October 29, 2021.
- (3) The eight directors referenced above has been awarded a total of 6,600 adjusted stock appreciation rights each as part of the 2013 Equity Incentive Plan and expire 10 years from the date of grant. The first award was in 2018, each director received 3,300 adjusted stock appreciation rights that vested immediately at fair market value at the time of grant. In 2019, a second award was granted for 3,300 adjusted stock appreciation rights at fair market value at the time of grant; this award vests 33% each year beginning on the grant date. As of December 31, 2021, each director has 6,600 vested adjusted stock appreciation rights and no unvested stock appreciation rights. If a director retires, the expiration date for their 6,600 adjusted stock appreciation rights remains at 10 years from the grant date.
- (4) Mr. Brush has been awarded a total of 48,400 adjusted stock appreciation rights as part of the 2013 Equity Incentive Plan; 45,760 are adjusted vested and 2,640 are adjusted unvested. The following awards were issued at fair market value at the time of grant and expire 10 years from the grant date:
  - 2018: 33,000 adjusted SARs granted and vesting 33% per year beginning on the grant date.
  - 2019: 11,000 adjusted SARs granted and vesting 33% per year beginning on the grant date.
  - 2020: 4,400 adjusted SARs granted and vesting 20% per year beginning on the grant date.

If Mr. Brush retires from the Board, the expiration date for these awards remains unchanged.

During 2021, the Bank paid non-employee Directors and the Chairman a monthly meeting fee of \$2,100 per meeting. The current Chairman, Mr. Brush, receives an additional \$2,100 per month. Committee members received \$500 per committee meeting attended with a maximum of \$1,000 per month. Committee Chairmen receive an additional \$500 per meeting with a maximum of \$1,000 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  
Dawn M. Ross  
Sharon S. Wright

## **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.  
Todd R. Fry

## **Delinquent Section 16(a) Reports**

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, 2021, all Section 16(a) filing requirements were filed timely by the Bank's officers and Directors, except that (i) Director Dawn Ross filed one late Form 4 relating to common stock acquisitions, and (ii) Brian Reed, President and Chief Executive Officer, filed two late Form 4s relating to common stock acquisitions.

## **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 14 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., Todd R. Fry, Belinda S. Guadarrama, Richard E. Pope, Nicholas J. Rado, Brian J. Reed, Douglas V. Reynolds, Marshall T. Reynolds, Dawn M. Ross, Judy K. Sakaki, John W. Wright and Sharon S. 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 2021 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**

### **Ratification of Selection of Independent Public Accountants**

At the Meeting, shareholders will be asked to ratify the Audit Committee's selection of Moss Adams LLP ("Moss Adams") as the independent certified public accountants of the Bank for the fiscal year ending December 31, 2022.

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 are expected to attend the annual meeting and to have the opportunity to respond to appropriate question and to make a statement if they desire to do so.

Moss Adams served as the Bank’s independent certified public accountants since 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, 2021 and 2020.

<b>Service</b>	<b>Fees for period ended December 31, 2021</b>	<b>Fees for period ended December 31, 2020</b>
Audit Fees <sup>1</sup>	\$218,861	\$190,852
Audit Related Fees <sup>2</sup>	\$21,223	\$1,666
Tax Fees	\$20,000	\$18,500
All Other Fees	\$0	\$0
<b>Total Fees</b>	<b>\$260,083</b>	<b>\$211,018</b>

<sup>1</sup> Audit fees are the aggregate fees billed for professional services in the fiscal year 2021 and 2020 by Moss Adams for the audit of the annual financial statements, review of the quarterly financial statements, and all other statutory audits and related services.

<sup>2</sup> The fees for 2021 are related to the early CECL conversion implemented on January 1, 2021.

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, 2021 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, 2022.**

## **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](http://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 monetization 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 April 1, 2022.

Any shareholder proposals intended to be considered by management of the Bank for inclusion in the Bank's proxy statement for the 2023 Annual Meeting of Shareholders must be received by the Bank no later than December 14, 2022, unless the 2023 Annual Meeting is held more than 30 days before or after May 22, 2023, in which case the deadline for shareholder proposals will be a reasonable time prior to the date that the Bank mails its proxy materials for the 2023 Annual Meeting.

A copy of our 2021 Annual Report, which includes our annual report on Form 10-K for the year ended December 31, 2021, including financial statements and schedules, accompanies this proxy statement. Additional copies of the 2021 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 2021 Annual Report are also available at our website, [www.summitstatebank.com](http://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