
FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 1, 2021

Summit State Bank

(Exact name of registrant as specified in its charter)

<u>California</u> (State or other jurisdiction of incorporation)	<u>32203</u> (FDIC Certificate No.)	<u>94-2878925</u> (IRS Employer Identification Number)
500 Bicentennial Way <u>Santa Rosa, California</u> (Address of principal executive offices)		<u>95403</u> (Zip Code)
	<u>(707) 568-6000</u> (Registrant's telephone number, including area code)	

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SSBI	NASDAQ Global Market

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Summit State Bank (the “Bank”) promoted Michael Castlio, its Chief Credit Officer, to Executive Vice President on January 1, 2021.

In connection with his promotion, the Bank entered into a Change in Control Agreement (the “Agreement”) with Mr. Castlio on January effective January 1, 2021. The Agreement provides if Mr. Castlio is terminated or quits for good reason following a change in control of the Bank, he would be entitled to receive a payment in an amount equal to the sum of one year’s salary and the greater of his bonus for the previous calendar year or \$18,000.. Under the Agreement, “good reason” includes a material adverse change in his position, duties, responsibilities or title, reduction in base salary or benefits or a relocation more than 30 miles from his current office location. This description of the Agreement is only a summary and qualified by the form of the Agreement filed as an exhibit to this report.

Mr. Castlio originally joined Summit State Bank in 2018 as the Bank’s Underwriting Manager and was promoted in April 2020 to Chief Credit Officer and Senior Vice President. Prior to joining the Bank, he worked for another Santa Rosa based bank as a Credit Manager. Mr. Castlio has a Bachelor of Science degree from San Jose State University (SJSU), with a concentration in Finance. At SJSU, Michael served as Vice President and then President of the Financial Management Association and was given the award for Outstanding Student in Finance by Robert Morris & Associates, now the Risk Management Association (RMA).

The Bank issued a press release announcing Mr. Castlio’s appointment on January 6, 2021, a copy of which is filed as an exhibit to this report.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits:

The exhibit list called for by this item is incorporated by reference to the Exhibit Index filed as part of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Dated: January 6, 2021

SUMMIT STATE BANK

By: /s/ Camille Kazarian

Camille Kazarian

*Executive Vice President and Chief
Financial Officer (Duly Authorized Officer)*

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
10.1	Change in Control Agreement with Michael Castlio
99.1	Press release of Summit State Bank dated January 6, 2021

CHANGE IN CONTROL AGREEMENT

THIS CHANGE OF CONTROL AGREEMENT (“Agreement”) is entered into as of January 1, 2021 (the “Effective Date”), by and between Summit State Bank, a California banking corporation (the “Company”), and **Michael Castlio** (“Executive”).

RECITALS

WHEREAS, the Company has determined that Executive will play a critical role in the future operations of the Company and wishes to take appropriate steps to reinforce and encourage Executive’s continued employment with, and dedication to, the Company;

WHEREAS, the Company may entertain one or more proposals for a business combination that could result in a Change in Control (as defined below); such a business combination might result in Executive’s loss of his or her position; the Company intends to provide the benefits under this Agreement as an incentive to Executive to remain in the employment of the Company through the consummation of any such business combination that the Board of Directors might elect to pursue as in the best interests of the Company’s shareholders and to give his or her full support to any such proposed business combination;

WHEREAS, Executive shall be eligible to receive certain severance, health, make whole and other benefits on the terms and subject to the conditions set forth in the Agreement.

NOW, THEREFORE, as an inducement for and in consideration of Executive remaining in its employ and working diligently for the Company including through a potential Change in Control (as defined herein), and in consideration of the promises and obligations set forth below and for other good and valuable consideration, the receipt of which is hereby acknowledged by the parties, the parties agree and intend to be legally bound, as follows:

AGREEMENT

1. **DUTIES.** Executive hereby agrees to continue to devote his or her full and exclusive time and diligent attention to the business of the Company as the **Chief Credit Officer** to faithfully perform the duties assigned to him or her by the Company consistent with his or her position, and to conduct himself or herself in such a way as shall best serve the interests of the Company.

2. **TERMINATION FOLLOWING A CHANGE IN CONTROL.**

(a) **Termination by the Company Without Cause or by the Executive For Good Reason Following a Change in Control.** Subject to the conditions set forth herein, if Executive’s employment is terminated by the Company without Cause (as defined below) or by the Executive for Good Reason (as defined below) in either case following a Change in Control (as defined below) then (i) the Company shall pay Executive an amount equivalent to 12 months of his or her average base monthly compensation (including salary, 401k matching contribution, automobile allowance, company-paid life insurance premiums and other amounts included in “All Other Compensation” in the Company’s periodic reports) (“Base Salary”) in effect during the most recently completed calendar year (the “Severance Payment”); (ii) the Company shall pay Executive an amount (the “Bonus Payment”) equivalent to the greater of his or her cash bonus, if any, awarded with respect to the most recently completed calendar year prior to the Change in Control or \$16,000;

(iii) provided Executive was enrolled in the Company's health plan at the time of his or her termination of employment and timely elects to continue his or her health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), then through the earlier of 12 months following the last day of Executive's employment and the date on which Executive becomes eligible for health care coverage through another employer, the Company shall pay Executive monthly payments equal to the portion of the premium paid by the Company for coverage under such plan for similarly-situated active employees of the Company (the "Health Severance"); and (iv) the Company shall reimburse Executive for outplacement services up to a maximum of \$10,000 in accordance with the Company's reimbursement policy.

(b) Home Loan. In addition to the foregoing, and subject to the conditions set forth herein, if Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason in either case following a Change in Control and, at such time, Executive has an outstanding loan under the Company's Employee Home Loan Program, Executive shall thereafter be permitted to retain such loan without loss of the preferential interest rate and without acceleration of the maturity date or other adverse change, except as provided in the applicable loan documents by reason of an event of default other than a Change in Control or termination of Executive's employment for any reason.

(c) Release/Timing of Payments. Executive shall be eligible to receive the benefits set forth in this Section 2, as applicable, only if he or she timely executes, delivers and does not revoke (if applicable) the general waiver and release of all claims against the Company and its parents, subsidiaries and affiliates (the "Release") in the form attached as Exhibit A, and provided such Release has become effective and irrevocable by no later than the fiftieth (50th) day after the termination date. The Severance Payment and Bonus Payment, if applicable, will be paid in one lump sum on the Company's first regular payroll period following the fiftieth (50th) day after the termination date provided the Release has become irrevocable on such day. The Health Severance, if applicable, shall commence on the Company's first regular payroll period following the fiftieth (50th) day after Executive's termination date provided that the Release has become irrevocable as of such day, and shall include pro rata reimbursement for any COBRA premiums already paid by Executive.

(d) Other Terminations. The Company may terminate Executive immediately for Cause or due to Disability (as defined below). In addition, Executive's employment shall terminate immediately upon Executive's death or if Executive resigns without Good Reason. If Executive is terminated for Cause, or due to death or Disability, or if Executive resigns his or her position without Good Reason, and regardless of whether any Change in Control has occurred, Executive shall not be entitled to receive any severance payment or other benefit, including the Severance Payment, the Bonus Payment, or the Health Severance, and the Company shall have no further obligation to Executive or liability under this Agreement by way of compensation or otherwise.

(e) Mitigation. Executive shall not be required to mitigate the amount of the Severance Payment provided for in this Section 2 by seeking other employment or otherwise, and any such amount shall not be reduced by any compensation earned by Executive as a result of employment by another employer or self-employment or retirement benefits, or offset against any amount claimed to be owed by Executive to the Company, or otherwise.

(f) No Duplication of Benefits. The payments, as applicable, provided for in this Section 2 are intended to constitute the exclusive payments in the nature of severance, salary continuation, notice pay or termination pay that shall be due to Executive upon termination of

employment by the Company without Cause or by the Executive for Good Reason following a Change in Control, and shall be in lieu of any such other payments under any other agreement, plan, practice or policy of the Company. However, nothing in this Agreement is intended to supersede or replace any benefit in which the Executive has already vested, including but not limited to 401k savings and stock options.

(g) Health Severance. The Company, in its discretion, may report the employer cost of the Health Severance as taxable income to Executive in order to satisfy the requirements of Section 105(h) of the Internal Revenue Code of 1986, as amended (the “Code”). Notwithstanding any other provision of this Agreement, the Company shall not be required to pay the Health Severance to the extent such payments would result in a tax or penalty under the Patient Protection and Affordable Care Act of 2010, as amended, and regulations thereunder, or if Executive fails to pay his portion of the cost of COBRA coverage. Executive agrees to notify the Company immediately upon obtaining new employment and becoming eligible for health coverage through another employer.

3. DEFINITIONS.

(a) “Cause” as used herein shall mean that Executive has: (i) engaged in an act or omission involving gross negligence, willful misfeasance or willful nonfeasance with respect to Executive’s assigned duties; (ii) habitually not performed Executive’s assigned duties; (iii) engaged in an act of theft, fraud, embezzlement, falsification of Company documents, misappropriation of funds or other assets of the Company or engaged in any intentional misconduct which may reasonably be expected to be materially damaging to the goodwill, business or reputation of the Company; (iv) been convicted by a court of competent jurisdiction of, or pleaded guilty or nolo contendere to, any felony or crime involving moral turpitude; or (v) been prohibited by a federal or state agency pursuant to a final order or agreement from being employed by a bank or similar institution. Before the Company terminates Executive for Cause, the Company shall provide Executive with written notice of the conduct the Company believes constitutes Cause and shall provide Executive with a reasonable period of time under the circumstances, but not less than 20 days (“Cure Period”), to correct the conduct that according to the Company gives rise to Cause under the Agreement.

(b) “Change in Control” as used herein shall mean (i) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, or the purchase or acquisition of securities of the Company in a transaction or series of transactions, in each case if a person, or two or more persons acting in concert, who held (in the aggregate in case of persons acting in concert) less than fifty percent (50%) of the voting power of the outstanding securities of the Company immediately prior to such merger, consolidation, reorganization, purchase or acquisition, own immediately after such transaction fifty percent (50%) or more in the aggregate of the voting power of the outstanding securities of each of either (A) the continuing or surviving entity or (B) any direct or indirect parent corporation of such continuing or surviving entity; or (ii) the sale, transfer or other disposition in a transaction or series of related transactions of all or substantially all of the Company’s assets.

(c) “Disability” as used herein shall occur if an independent medical doctor (selected by the Company’s health insurer and reasonably acceptable to Executive or his legal representative) certifies that Executive, for ninety (90) consecutive days or one hundred twenty (120) non-consecutive days in any twelve (12) month period, has been unable to perform the essential functions of his job duties with or without reasonable accommodation. Executive agrees

to cooperate in submitting to a reasonable medical examination for the purpose of certifying disability under this Section 3(c) if requested by the Company.

(d) **“Good Reason”** as used herein shall mean (i) a material adverse change in Executive’s position, duties, responsibilities, or title; (ii) a reduction in Executive’s Base Salary; (iii) a material reduction in Executive’s benefits; (iv) a requirement that Executive relocate his or her primary office to a facility more than 30 miles from the Executive’s office on the Effective Date of this Agreement; or (iv) a material breach of this Agreement by the Company. Before Executive terminates his or her employment for Good Reason, Executive shall provide the Company with written notice of the facts and circumstances Executive believes constitutes Good Reason and shall provide the Company with a reasonable period of time under the circumstances, but not less than 20 days, to correct the facts and circumstances that according to Executive give rise to Good Reason under the Agreement; provided, that no such written notice shall be required if the Company has expressly reduced Executive’s Base Salary.

4. **409A and Banking Regulations.**

(a) **General.** The Company and Executive intend that all amounts payable to Executive under this Agreement shall be exempt from, and/or shall comply with, the requirements of Section 409A of the Code, and the rules and regulations promulgated thereunder (“Section 409A”), and that this Agreement shall be administered in accordance with these intentions. Executive hereby acknowledges that he or she has been advised to seek the advice of a tax advisor with respect to the tax consequences to Executive for all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Section 409A and applicable state tax law. Executive hereby agrees to bear the entire risk of any such adverse federal and state tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to, but noncompliant with, Section 409A, and that no representations have been made to Executive relating to the tax treatment of any payment pursuant to this Agreement under Section 409A and the corresponding provisions of any applicable State income tax laws (including, without limitation, California income tax laws).

(b) **Termination.** If and to the extent necessary to comply with Section 409A, for the purposes of determining when amounts otherwise payable on account of Executive’s termination of employment under this Agreement will be paid, “terminate”, “terminated” or “termination” or words of similar import relating to Executive’s employment with the Company, as used in this Agreement, shall be construed as the date that Executive first incurs a “separation from service” within the meaning of Section 409A from the Company.

(c) **Interpretative Rules.** The Company and Executive agree that, for purposes of applying Section 409A, Executive’s right to each severance payment in accordance with the Company’s then current payroll practices under this Agreement shall be treated as a right to a series of separate payments. With respect to any expense reimbursements which are not otherwise excludable from Executive’s gross taxable income, to the extent required to comply with the provisions of Section 409A, no reimbursement of expenses incurred by Executive during any taxable year shall be made after the last day of the following taxable year, the right to reimbursement of any such expenses shall not be subject to liquidation or exchange for another benefit, and the amount of expenses eligible for reimbursement during any taxable year may not affect the expenses eligible for reimbursement in any other taxable year.

(d) **Specified Employee.** If Executive is deemed on the date of his “separation from service” within the meaning of Section 409A to be a “specified employee” within the meaning

of that term under Section 409A(a)(2)(B) of the Code, then, with regard to any payment that is considered deferred compensation under Section 409A payable on account of his “separation from service”, if and to the extent required under Section 409A, no such payment shall be made prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive’s “separation from service”; and (ii) the date of Executive’s death. Upon the expiration of the foregoing delay period, all payments delayed pursuant to this paragraph (d) shall be paid to Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(e) Restrictions on Golden Parachute and Indemnification Payments. The Company shall have no obligation to make any payment under this Agreement if, to the extent that and so long as such payment is prohibited by applicable law or regulations, including regulations of the Federal Deposit Insurance Corporation (“FDIC”) currently in 12 CFR Part 359 with respect to golden parachute payments and indemnification payments. If applicable regulations permit such payment upon the consent or approval of the FDIC or another regulatory agency, the Company agrees to use commercially reasonable efforts to

request the consent or approval of the FDIC and any other regulatory agency with jurisdiction over such payments, provided the Company determines in good faith that the Executive met the standards of conduct required for such consent or approval and provided that such request will not cause the Company to incur undue expense or risk.

5. GENERAL PROVISIONS.

(a) Term. The term of this Agreement shall commence on the Effective Date and continue through the last day of the Executive’s employment. This Agreement may not be terminated if there is a pending or threatened Change in Control, or at any other time, without the mutual consent of the parties.

(b) Severability. In the event that any of the provisions of this Agreement shall be held to be invalid or unenforceable, then all other provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement.

(c) Binding Agreement. This Agreement shall inure to the benefit of, and be binding upon Executive and the Company and the Company’s successors and assigns. The Company shall undertake commercially reasonable efforts to require any successor or assign to all or substantially all of the business and/or assets of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise), to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement if no such succession or assignment had taken place. Accordingly, the term “the Company” as used in this Agreement shall include any such successor or assign.

(d) Governing Law. This Agreement shall be construed and enforced according to the laws of the State of California, excluding its choice of law rules, except when and to the extent preempted by federal law.

(e) Entire Agreement. This Agreement supersedes all previous promises, representations, and agreements, written or oral, between the Company and Executive relating to the subject matter herein. This Agreement cannot be modified or amended except by a writing

signed by Executive and a duly authorized officer of the Company and approved by the Board of Directors of the Company.

(f) Notices. All notices, demands or other communications required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be personally served or deposited in the United States mail, registered or certified, return receipt requested, postage prepaid, addressed as set forth below, or such other address as such party shall have specified most recently by written notice. Notices shall be deemed given on the date of service if personally served. Notices mailed as provided herein shall be deemed given on the third business day following the date so mailed:

To the Company: Summit State Bank
 500 Bicentennial Way
 Santa Rosa, California 95403
 Attention: President and Chief Executive Officer

To Executive: at the address on file with the Company.

(g) Withholding. All payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state and local law.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same instrument. The parties hereto agree that facsimile, PDF or electronic signatures shall be as effective as if originals.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have read this Change in Control Agreement, fully understand it and freely, voluntarily and knowingly agree to its terms.

SUMMIT STATE BANK, a California banking corporation

Date: _____

By: _____

James Brush
Chairman

EXECUTIVE

Date: _____

Michael Castlio

Exhibit A to Change in Control Agreement

SEVERANCE AGREEMENT AND GENERAL RELEASE OF ALL CLAIMS

_____ ("Executive") and Summit State Bank, a California corporation, which shall include by definition its affiliates, successors, assigns, agents, employees and representatives (hereinafter collectively "the Bank") agree as follows:

1. Executive's employment with the Bank terminated on _____. _____ has received his final paycheck including all compensation due, including any accrued but unused vacation through _____. The Bank shall not dispute Executive's eligibility for unemployment benefits.

2. As consideration for this Severance Agreement and General Release of All Claims ("Release"), the Bank shall provide to Executive the following:

(a) Severance Payment and other compensation terms as included in the Change of Control Agreement entered into by Executive and the Bank, to be paid within the time provided in the Change of Control Agreement; and,

3. Executive shall not sue or initiate against the Bank or any of the persons covered by the release in paragraph 4 below, any claim, compliance review, action, or proceedings, or participate in same, individually or as a member of a class, under any contract (express or implied), law, or regulation, whether federal, state, or local, including but not limited to any claim arising under the California Fair Employment and Housing Act, the California Labor Code, the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Americans with Disabilities Act, Section 1981 or Title 42 of the United States Code, the Employee Retirement Income Security Act of 1974, the California Family Rights Act, the Family and Medical Leave Act or the Age Discrimination in Employment Act of 1967, pertaining in any manner whatsoever to Executive's employment relationship with the Bank (including but not limited to the termination thereof), or any other agreement, incident or relationship between the parties prior to the execution of this Release (hereinafter collectively referred to as the "Released Claims").

4. Executive, his heirs, representatives, successors, and assigns, do hereby completely release and forever discharge the Bank, its representatives, affiliates, successors, assigns, employees and agents from all claims, rights, demands, actions, obligations, causes of action of any and every kind, nature and character, known or unknown, that Executive may now have, or ever had, against the Bank or any of them including, without limitation, any and all claims for compensation, damages, restitution, penalties, declaratory relief, injunctive relief or attorneys' fees, that are in any way related to the Released Claims.

5. It is understood and agreed by Executive hereto that this is a full and final release applying not only to all claims as defined in paragraphs 3 and 4 above that are presently known, anticipated or disclosed to him, but also to all claims as defined in paragraphs 3 and 4 above that are presently unknown, unanticipated, and undisclosed to him. Executive hereby waives any and all rights or benefits that he may now have or may have in the future, under the terms of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the

release, which if known by him or her must have materially affected his or her settlement with the debtor.

The parties hereto do not intend to release claims that Employee may not release as a matter of law, including but not limited to claims for indemnity under California Labor Code section 2802.

6. The furnishing of consideration pursuant to and execution of this Release shall not be deemed or construed at any time or for any purpose as an admission of liability by the Bank.

7. From the moment of receipt, this Release and its terms shall be maintained by Executive in strict confidence and, except as set forth in this paragraph 7, he shall not disclose, represent, or misrepresent the Release or any of its terms, to any other person or entity without the express written consent of the Bank, unless required to do so by law. Notwithstanding the above, the terms of this Release may be disclosed to Executive's spouse, accountants and attorneys, who shall also be bound by this confidentiality provision, and liable for any breach thereof, and the financial terms may be disclosed to the Employment Development Department, the Franchise Tax Board and the Internal Revenue Service, if required. Executive is not restricted from communicating with prospective employers and job referral sources about the general nature and extent of his job responsibilities and the dates of his employment with the Bank. Executive acknowledges that this confidentiality clause is a material element of the consideration for the Bank for entering into this Release, and initials below to acknowledge acceptance of his confidentiality obligations hereunder. Executive's failure to maintain confidentiality will be considered a material breach of this Agreement, allowing the Bank to stop making the severance payments set forth in paragraph 2, above, and/or to seek recovery of the money paid.

_____ (initials of _____)

8. Executive understands and agrees that in the course of employment with the Bank, he has acquired confidential information, including but not limited to, information concerning the Bank's operations, finances, business plans and strategies, plans for business development, new products, marketing and selling, budgets and unpublished financial information, prices and costs, suppliers and customers, information regarding the skills and compensation of other employees of the Bank, and personnel matters, all of which information he understands and agrees could be damaging to the Bank if disclosed or made available to any other person or entity. Executive understands and agrees that such information has been divulged to him in confidence as an employee of the Bank and he understands and agrees that he shall keep such information secret and confidential. Executive further understands and agrees that, at all times, he shall not disclose or communicate any confidential information to any other person or in any way make such information available to others or make use of such information on his own behalf, or on behalf of any other person or entity.

9. Executive agrees not to make any private or public statement concerning the Bank, its business objectives, its management practices, or other sensitive information without first receiving the Bank's written approval. Executive agrees not to disparage the Bank, its officers, directors, employees, agents, products or operations in any manner likely to be harmful to them or their business, business reputation or personal reputation, provided that Executive may respond accurately and fully to any question, inquiry or request for information when required by legal process to do so.

10. This Release is binding upon Executive's successors and assigns and his spouse, family, heirs, executors, administrators, and representatives and inures to the benefit of same.

11. Neither party shall be liable to the other party for costs or attorneys' fees, including any provided by statute, in connection with the execution of this Release.

12. Executive has a period of seven (7) full days following his execution of this Release to revoke this Release by providing written notice of such revocation to the Bank. This Release shall not become effective or enforceable until this seven (7) day revocation period has expired without Executive's having exercised his right of revocation.

13. Executive fully understands, acknowledges and agrees that:

(a) He has been given at least twenty-one (21) full days within which to consider this Release before executing it.

(b) He has carefully read and fully understands all of the provisions of this Release.

(c) He knowingly and voluntarily agrees to all of the terms of this Release.

(d) He knowingly and voluntarily intends to be legally bound by all of the terms of this Release.

(e) He is hereby advised in writing to consult with an attorney of his choice before executing this Release.

(f) Executive understands that rights or claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C., section 621 et. seq., that may arise after the date this Release is executed by all parties hereto are not waived.

14. If Executive does not revoke this Release within the seven (7) day revocation period described in paragraph 11 above, Executive shall mail to the Bank the original of a letter Executive has executed, in the form attached hereto as Exhibit A, confirming that Executive has not exercised his right to revoke. Upon Executive's execution and delivery of said letter, Executive shall receive the severance pay and consideration described in paragraph 2 above.

15. Any oral representations regarding this Release shall have no force or effect. No modifications of this Release can be made except in writing signed by Executive and an authorized representative of the Bank.

16. Executive acknowledges and agrees that he has been advised this Release is a final and binding legal document, that he has had reasonable and sufficient time and opportunity to consult with attorneys of his own choosing before signing this Release and that in signing this Release he has acted voluntarily and has not relied upon any representation made by the Bank or any of its agents, employees or representatives regarding this Release's subject matter or its effect. Any ambiguities shall be interpreted as though this Release had been jointly drafted.

17. Executive represents that he has turned over to the Bank all keys, files, records, documents, software, notebooks, manuals, memoranda, lists, correspondence and other materials, whether stored electronically, graphically or otherwise, without retaining copies thereof in any form, and all equipment, or other form of property which Executive received from the Bank or gathered, compiled or prepared in the course of his work for the Bank and which are the property of the Bank.

I HAVE COMPLETELY AND CAREFULLY READ THE FOREGOING, INCLUDING THE WAIVER AND RELEASE OF CLAIMS SET FORTH IN PARAGRAPHS 3, 4, 5 AND 11 ABOVE, AND THE

PARAGRAPHS REGARDING CONFIDENTIALITY CONTAINED IN PARAGRAPH 7, 8 AND 9
ABOVE, AND FULLY UNDERSTAND AND VOLUNTARILY AGREE TO ITS TERMS:

DATED: _____

Summit State Bank

DATED: _____

By:

Its: _____

EXHIBIT A
TO SEVERANCE AGREEMENT AND GENERAL RELEASE OF ALL CLAIMS

Confidential

Ms. Amy Wakayama
Summit State Bank
500 Bicentennial Way
PO Box 6188
Santa Rosa, CA 95406-0188

Dear Ms. Wakayama:

In reference to the Severance Agreement and General Release of All Claims ("Release") between myself and Summit State Bank, I hereby acknowledge and agree that I was given at least twenty-one (21) full days within which to consider the Release before executing it and that I was advised in writing to consult with an attorney of my choice before executing the Release.

I further hereby acknowledge and agree that I have been advised in writing that I have a period of seven (7) full days following execution of the Release by all parties thereto to revoke the Release and that the Release does not become effective or enforceable until this seven (7) day revocation period has expired without my having exercised my right of revocation.

I further hereby acknowledge and state that a full seven (7) days have passed since execution of the Release and that I have not revoked, and am not revoking and do not intend to exercise my right to revoke the Release.

Very truly yours,

DATED

Summit State Bank Promotes Michael Castlio to Executive Vice President

Santa Rosa, CA – (January 6, 2021) – Brian Reed, President and Chief Executive Officer of Summit State Bank (NASDAQ: SSBI) has announced the promotion of Michael Castlio as its newest Executive Vice President.

“We are fortunate to have Michael leading Credit Administration. With more than 27 years of banking experience, Michael’s expertise plays an important role at a time when we are experiencing significant loan growth. In 2019, he assumed primary responsibility for Credit Administration culminating in him being named Chief Credit Officer. We are well positioned to assist in the revitalization and stabilization of the small businesses and nonprofits in our community now and well into the future,” said Brian Reed, President and CEO of Summit State Bank.

Prior to joining Summit State Bank in 2018 as the Bank’s Underwriting Manager, he worked for another Santa Rosa based bank as Credit Manager. He earned his Bachelor of Science degree from San Jose State University (SJSU), with a concentration in Finance. At SJSU, Michael served as Vice President and then President of the Financial Management Association and was given the award for Outstanding Student in Finance by Robert Morris & Associates, now the Risk Management Association (RMA).

Before moving to Santa Rosa, Michael was involved in his son’s soccer program serving as Team Manager and on tournament committees for the Folsom Soccer Club.

About Summit State Bank

Summit State Bank, a local community bank, has total assets of \$834 million and total equity of \$73 million at September 30, 2020. Headquartered in Sonoma County, the Bank specializes in providing exceptional customer service and customized financial solutions to aid in the success of local small businesses and nonprofits throughout Sonoma County.

Summit State Bank is committed to embracing the diverse backgrounds, cultures and talents of its employees to create high performance and support the evolving needs of its customers and community it serves. At the center of diversity is inclusion, collaboration, and a shared vision for delivering superior service and results for shareholders. Presently, 74% of management are women and minorities with 60% represented on the Executive Management Team. Through the engagement of its team, Summit State Bank has received many esteemed awards including: Best Business Bank, Corporate Philanthropy Award and Best Places to Work in the North Bay. Summit State Bank’s stock is traded on the Nasdaq Global Market under the symbol SSBI. Further information can be found at www.summitstatebank.com.