

**FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20549**

SCHEDULE 14A INFORMATION

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Summit State Bank

(Name of Registrant as Specified In Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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 or transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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SUMMIT STATE BANK

April 12, 2023

Dear Shareholder:

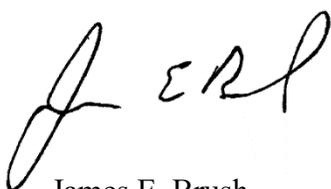
We are pleased to enclose our 2022 Annual Report, Notice of 2023 Annual Meeting, proxy statement and proxy.

You are cordially invited to attend the 2023 Annual Meeting of Shareholders (the “Annual Meeting”) of Summit State Bank (the “Bank”), which will be held at **10:30 a.m. on Monday, May 22, 2023, 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 2022 Annual Report, please contact Camille Kazarian, the Bank’s Chief Financial Officer, at (707) 568-6000.

Your continuing support of the 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 Annual 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 22, 2023, at 10:30 a.m. for the following purposes:

1. To elect the following thirteen (13) nominees (the entire Board of Directors) 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	John W. Wright
Richard E. Pope	Sharon S. Wright
Nicholas J. Rado	

2. To approve the Summit State Bank 2023 Equity Incentive Plan.
3. To approve an advisory (non-binding) resolution concerning the Bank’s executive compensation.
4. To vote on advisory (non-binding) basis on the frequency of future advisory votes concerning the Bank’s executive compensation.
5. 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, 2023.
6. To consider and transact such other business as may properly be brought before the meeting.

Shareholders of record at the close of business on March 30, 2023 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 12, 2023
Santa Rosa, California

**Important Notice About the Availability of Proxy Materials
for the Annual Meeting of Shareholders to be held May 22, 2023.**

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

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

**PROXY STATEMENT
OF
SUMMIT STATE BANK**

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

This proxy statement is furnished in connection with the solicitation of proxies to be used by the Board of Directors of Summit State Bank (the “Bank”) at the Annual Meeting of Shareholders of the Bank to be held at the Vintners Inn, 4350 Barnes Road, Santa Rosa, California, on Monday, May 22, 2023, 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 12, 2023.

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 thirteen (13) 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 the Summit State Bank 2023 Equity Incentive Plan (the “2023 Plan”).
3. To approve an advisory (non-binding) resolution concerning the Bank’s executive compensation.
4. To vote on an advisory (non-binding) basis on the frequency of future advisory votes concerning the Bank’s executive compensation.
5. 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, 2023.
6. 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 March 30, 2023 (the “Record Date”) are entitled to notice of and to vote at the Meeting. As of such date, the Bank had 6,732,699 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, 13, 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 13 candidates receiving the highest number of votes will be elected. The approval of the 2023 Plan, 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. With respect to the advisory vote concerning the frequency of future advisory votes concerning the Bank's executive compensation, the alternative receiving the highest number of votes will be considered to be the preference of the Bank's shareholders.

If you hold your shares of our common stock in "street name" (that is, through a bank, broker or other agent or nominee) and you fail to instruct your bank, broker or other agent or nominee as to how to vote your shares of common stock, your bank, broker or other agent or nominee may, in its discretion, vote your shares "FOR" the ratification of the selection of independent accountants, but may not vote on any of the other proposals. 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 2023 Plan, 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. Broker non-votes and abstentions will have no effect on the outcome of proposal regarding the frequency of future advisory votes concerning the Bank's executive compensation.

Principal Shareholders

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

<u>Name and Address of Beneficial Owner</u>	<u>Amount of Beneficial Ownership</u>	<u>Percent of Class</u>
Marshall T. Reynolds	746,774	11.1%

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(s) 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 13 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. Although Mr. Brush is not independent as of the date of this proxy statement, NASDAQ rules because he was the Bank's President and Chief Executive Officer from April 2016 to April 2020, he will be independent after April 27, 2023, three years following his final date of employment. Therefore, Mr. Brush will be independent under NASDAQ rules as of the date of the Meeting.

<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	70	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.

<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>
Jeffery B. Allen	64	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 focuses 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.
Josh C. Cox, Jr.	81	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	57	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	69	Director	2021	President, Chief Executive Officer and founder of GC Micro Corporation, a computer hardware, software, custom configuration and integration services company 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	77	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 was 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	72	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

<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>
				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. 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.
Brian J. Reed	64	President /CEO and Director	2020	President and CEO of the Bank since April 2020. Prior to this, Mr. Reed was Executive Vice President and Chief Credit Officer at Summit State Bank from December 2016 to April 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 the Board valuable insights concerning the Bank's operations.
Douglas V. Reynolds	47	Director	2022	President and Chief Executive Officer of Energy Services of America, an SEC registered company, since 2012 and has been a Director since 2008. An attorney for Reynolds & Brown, PLLC. President of the Transylvania Corporation and a director of The Harrah and Reynolds Corporation and Peoples Bancorp, Inc., an SEC registered company, and its banking subsidiary Peoples Bank since 2021. Formerly a director of Premier Financial Bancorp, Inc., from 2020 to 2021, which was then an SEC registered company. 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	86	Director	1998	Since its inception in July 2007, Chairman of the Board of Directors of First Guaranty Bancshares, Inc. and 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. Chairman of the Board of Entergy Services of America Corporation, an SEC registered company, since 2006. Since 1992, Chairman of the Board of Champion Industries, Inc. a holding company for commercial printing and office products companies that was an Exchange Act registrant 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

<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>
				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 2022. 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.
Dawn M. Ross	60	Director	2020	Retired. From 1998 to 2022, Ms. Ross was a Founding Partner with the Santa Rosa law firm of Carle, Mackie, Power & Ross LLP where she served as the Managing Partner, leading the employment group and commercial litigation team. Ms. Ross served as counsel to some of Sonoma County's 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.
John W. Wright	73	Director	2014	Business Consultant. Previously Managing Director at Baxter Fentriss & Company, a Richmond, Virginia-based investment banking firm focused on the financial institution industry, from 2002 through 2015. Serves on the Boards of 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	79	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, & 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 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

<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>
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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 other than as described above.

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, other than Mr. Marshall T. Reynolds and Mr. Douglas V. Reynolds as described above.

During 2022, the Bank’s Board of Directors met 12 times for regularly scheduled and special meetings. Each Director standing for reelection attended at least 75 percent of the aggregate of: (i) the total number of meetings of the Board of Directors; and (ii) the total number of meetings of board committees on which that Director served. The Bank’s policy is that all Directors should attend the Annual Meeting unless good cause prevents their attendance. In 2022, 12 of the 12 Directors standing for reelection at the Meeting attended the 2022 Annual Meeting.

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 March 30, 2023		
Total Number of Directors	13	
	Female	Male
Part I: Gender Identity		
Directors	3	10
Part II: Demographic Background		
Alaskan Native or Native American	1	0
Hispanic or Latinx	1	0
White	2	10
Two or More Races or Ethnicities	1	0

Board Diversity Matrix as of April 1, 2022

Total Number of Directors	12	
	Female	Male
Part I: Gender Identity		
Directors	3	9
Part II: Demographic Background		
Alaskan Native or Native American	1	0
Hispanic or Latinx	1	0
White	2	9
Two or More Races or Ethnicities	1	0

The following definitions apply to the charts above:

- **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.
- **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.
- **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.

Executive Officers

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

Name	Age	Position	Officer Since
Brian J. Reed	64	President and Chief Executive Officer	2016
Camille D. Kazarian	44	Executive Vice President and Chief Financial Officer	2018
Genie M. Del Secco	54	Executive Vice President and Chief Operating Officer	2018
Michael D. Castlio	56	Executive Vice President and Chief Credit Officer	2021
Brandy A. Seppi	48	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 has served as the Bank's Executive Vice President and Chief Financial Officer since December 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 has served as the Bank's Executive Vice President and Chief Operating Officer since January 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 has served as the Bank's Executive Vice President and Chief Credit Officer since January 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 has served as the Bank's Executive Vice President and Chief Lending Officer since December 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 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 March 30, 2023 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	37,940	-	(3), (4)
James E. Brush	Director and Chairman	154,811	2.3%	(4)
Michael D. Castlio	EVP and Chief Credit Officer	5,520	-	(3), (5)
Josh C. Cox, Jr.	Director	3,083	-	(3), (4)
Genie Del Secco	EVP and Chief Operating Officer	14,920	-	(3), (5)
Todd R. Fry	Director	11,595	-	(3), (4)
Belinda S. Guadarrama	Director	9,300	-	(3)
Camille D. Kazarian	EVP and Chief Financial Officer	10,050	-	(3), (5)
Richard E. Pope	Director	320	-	(3), (4)
Nicholas J. Rado	Director	20,950	-	(3), (4)
Brian J. Reed	Director, CEO and President	125,963	1.9%	(5)
Douglas V. Reynolds	Director	299,850	4.5%	
Marshall T. Reynolds	Director	746,774	11.1%	(4)
Dawn M. Ross	Director	1,864	-	(3), (4)
Brandy A. Seppi	EVP and Chief Lending Officer	12,494	-	(3), (5)
John W. Wright	Director	19,320	-	(3), (4)
Sharon S. Wright	Director	8,224	-	(3), (4)
All directors and executive officers as a group (17 in number)		1,482,978	22.0%	(4), (5)

- (1) The address for all persons is c/o Summit State Bank, 500 Bicentennial Way, Santa Rosa, California, 95403.
- (2) Includes shares beneficially owned and all restricted stock awards (RSAs) granted (vested and unvested), 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 a total of 3,200 RSAs that were granted to Board members on May 2, 2022 and immediately vested. The 10 Board member referenced with this footnote were granted 320 RSAs each.
- (5) Includes a total of 35,470 shares underlying RSAs that were granted to the Executive team on April 1, 2022. Mr. Castlio was granted 5,080 RSAs, Ms. Del Secco was granted 6,550 RSAs, Ms. Kazarian was granted 5,850 RSAs, and Mr. Reed was granted 11,440 RSAs. These awards vest in five equal installments on each of the first five anniversaries of the grant date.

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 8 times during 2022. The Committee has a written charter, a copy of which can be found on the Bank's website at www.summitstatebank.com. The Bank's Board of Directors has determined that the Bank has one Audit Committee financial expert, Mr. Wright, serving on its Audit Committee. The designation or identification of a person as an Audit Committee financial expert does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification.

Loan Committee

The members of the Loan Committee 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 2022.

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., Belinda Guadarrama, Brian J. Reed, Dawn M. Ross, 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 6 times during 2022.

Information Technology Steering Committee

The members of the Information Technology Steering Committee are Josh C. Cox, Jr. (Committee Chairman), Belinda Guadarrama, 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 Steering Committee met 5 times in 2022.

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 3 times in 2022.

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 once in 2022. The Committee has a written charter, a copy of which can be found on the Bank's website at 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, Douglas V. Reynolds, Marshall T. Reynolds, Dawn M. Ross, John W. Wright, and Sharon S. Wright. All are independent under NASDAQ listing standards.

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 2022. The Committee has a written charter, a copy of which can be found on the Bank's website at www.summitstatebank.com.

In nominating candidates, the Committee takes into consideration such factors as the following: business or 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 2022. The Committee has a written charter, a copy of which can be found on the Bank's website at 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 2022.

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 any merger or acquisition proposals. The committee did not meet in 2022.

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 eligible to participate in the Bank's Employee Loan Program, which offers all Bank employees 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 under the previous Employee Home Loan Program was 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, 2022 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 principal balance of Executive Officer and Director loans made under the Bank’s Employee Home Loan Program (including loans originated before the foregoing changes to the program were implemented), at December 31, 2022 was \$3,723,941 with individual loans balances ranging from \$464,428 to \$866,262, all with interest rates at 1.12%. The following table lists the Directors and Executive Officers with outstanding loans under this program during 2022 and provides additional information for the year ended December 31, 2022:

Name	Highest balance during year	Balance as of 12/31/2022	Principal paid during year	Interest paid during year	Interest rate
Jeffrey B. Allen	\$ 478,770	\$ 464,428	\$ 14,342	\$ 5,289	1.12%
Genie Del Secco	\$ 602,579	\$ 583,687	\$ 18,892	\$ 6,652	1.12%
Camille D. Kazarian	\$ 507,496	\$ 492,294	\$ 15,203	\$ 5,606	1.12%
Nicholas J. Rado	\$ 574,524	\$ 557,313	\$ 17,211	\$ 6,347	1.12%
Brian J. Reed	\$ 893,106	\$ 866,262	\$ 26,844	\$ 9,865	1.12%
Brandy A. Seppi	\$ 816,434	\$ 759,957	\$ 56,477	\$ 8,859	1.12%

As of December 31, 2022, 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 to 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 (“SARs”), 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 is deemed 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 2022, 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 2022 recommended that the base salary of each Executive Officer be increased.

The Bank does not believe that any of its compensation policies or practices are 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 2022 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 (\$ (1))</u>	<u>Option/SAR Awards (\$)</u>	<u>Non- Equity Incentive Plan Compensation (\$ (2))</u>	<u>All Other Compensation (\$ (3))</u>	<u>Total (\$)</u>
Brian J. Reed (4), President and CEO	2022	439,197	-	193,336	-	165,446	22,483	820,462
	2021	399,200	-	-	-	231,450	16,066	646,716
Brandy A. Seppi, EVP and CLO	2022	275,623	-	110,695	-	103,780	19,551	509,649
	2021	257,365	-	-	-	148,869	19,379	425,613
Genie Del Secco, EVP and COO	2022	283,469	-	110,695	-	106,788	21,139	522,091
	2021	257,134	-	-	-	148,869	13,823	419,826

- (1) The Stock Awards column shows the grant date fair value of all restricted stock awards (RSAs) granted during the year. See Footnote 12 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 2021 cash incentive payment under the Bank’s cash incentive bonus plan was paid January 2022 and the 2022 cash incentive was paid in February 2023. Payments are based on financial performance and the executives’ performance in 2021 and 2022, 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 Named Executive Officer. The Agreements provide that if a Named Executive Officer is terminated without “cause” or quits with “good reason” following a “change in control”, each as defined in the Agreements, he or she would be entitled to (i) 12 months of his or her average base monthly compensation (including salary, 401(k) matching contributions and life insurance premiums) in effect during the most recently competed calendar year, (ii) a bonus equal to the greater of his or her cash bonus with respect to the most recently competed calendar year prior to the change of control or \$16,000; (iii) reimbursement of COBRA premiums for up to 12 months and (iv) reimbursement of up to \$10,000 of fees for outplacement services. The following table represents the estimated Change in Control Compensation under the Agreements at December 31, 2022 if a triggering event were to have taken place at that time for the-Named Executive Officers:

Change in Control Compensation

Name	Cash (\$) (1)	Benefits (\$) (2)	Total (\$)
Brian J. Reed, President & CEO	623,920	43,103	667,023
Brandy A. Seppi, EVP & CLO	393,731	36,585	430,316
Genie Del Secco EVP & COO	404,826	40,899	445,725

- (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, 2022.
- (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, 2022.

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 2022, plan awards were determined based on the proportionate achievement of performance between the minimum and maximum levels. The performance goal categories may vary each year, but for 2022 the six performance goal categories and weights assigned to them were:

- | | |
|----------------------------|-------------------------------------------|
| 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 were selected to participate in 2022.

The total potential award pool is a fixed dollar amount established by the Board, with the recommendation of the Compensation Committee. For 2022, 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 2022 totaled \$555,749, which was comprised of \$496,872 in awards for meeting certain performance levels and \$58,877 awarded as 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 awards (“RSAs”) and restricted stock units to Executive Officers, Directors and employees for up to 206,250 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, 2022, 158,310 shares were available for future grants under the 2013 Equity Incentive Plan.

Prior to 2021, the Bank granted Stock Appreciation Rights (“SARs”) to Executive Officers and Directors pursuant to a SARs agreement with each grantee. The SARs agreement 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 discontinued issuing SARs and began awarding RSAs to eligible Executive Officers.

Beginning 2022, the Board started issuing RSAs in lieu of SARs as long-term equity incentives to Executive Officers and Directors. All vested and unvested RSAs are included in the common share count. RSAs to Executive Officers vest in five equal installments on each of the first five anniversaries of the grant date. Holders are entitled to dividends on the same per-share ratio as holders of common stock, dividends for unvested RSAs will accrue at grant and be paid out at the time of vesting. Unvested RSAs and the associated accrued but unpaid dividends are forfeited if the grantee’s employment with the Bank is terminated prior to the vesting of the RSAs.

The Bank granted a total of 50,160 RSAs to Executive Officers, employees, and Directors in 2022. No such RSAs were granted in 2021. No SARs or other equity awards were granted in 2022 or 2021.

As of December 31, 2022, there were 44,740 RSAs outstanding (3,200 immediately vested at grant and 2,220 were forfeited since grant during the year ended December 31, 2022) and none were outstanding and exercisable at December 31, 2021.

During 2022, no SARs, stock options, or other equity awards held by the Named Executive Officers were exercised, and no RSAs held by Names Executive Officers were vested.

The following table sets forth certain information with respect to grants of plan-based awards to the Named Executive Officers for 2022.

Grants of Plan-based Awards											
Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options/ SARs (#)	Exercise or Base Price of Option/ SARs Awards (\$/Sh) (1)	Grant Date Fair Value of Stock and Option/ SARs Awards (\$) (2)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)				
Brian J. Reed	4/1/22	-	-	-	-	-	-	11,440	-	16.90	193,336
Brandy A. Seppi	4/1/22	-	-	-	-	-	-	6,550	-	16.90	110,695
Genie Del Secco	4/1/22	-	-	-	-	-	-	6,550	-	16.90	110,695

- Represents restricted stock awards (RSAs). RSAs granted in 2022 vest in 5 equal increments on the first five anniversaries of the grant date and pay dividends with voting rights. All RSAs have a 5-year vesting term and a final expiration of 10 years from the grant date. The vesting schedule for RSAs granted on April 1, 2022 is vesting 20% each anniversary beginning on the grant date.
- Fair value represents the number of stock options multiplied by the exercised price of the option at the time of grant.

The following table sets forth certain information about equity-linked awards held by the Named Executive Officers as of December 31, 2022.

Outstanding Equity Awards at 2022 Fiscal Year End							
Name	Option Awards				Stock Awards (3)		
	Securities Underlying Exercisable Options (#)	Securities Underlying Unexercisable Options (#)	Option/ SAR Exercise/ Base Price (\$)	Option/ SAR Expiration Date	Grant Date	Number of Shares of Stock Not Vested (#)(4)	Market Value of Shares of Stock Not Vested \$(5)
Brian J. Reed	4,400	6,600 (1)	11.02	12/14/30	4/1/22	11,440	193,336
	2,640	1,760 (2)	11.27	2/23/30			
	6,600	4,400 (1)	11.63	12/16/29			
	8,800	2,200 (1)	10.53	12/16/28			
	11,000	- (1)	11.36	12/11/27			
	13,750	- (1)	10.55	12/12/26			
Brandy A. Seppi	4,400	6,600 (1)	11.02	12/14/30	4/1/22	6,550	110,695
	2,640	1,760 (2)	11.27	2/23/30			
	6,600	4,400 (1)	11.63	12/16/29			
	8,800	2,200 (1)	10.53	12/16/28			
	11,000	- (1)	11.36	12/11/27			
	13,750	- (1)	10.55	12/12/26			
Genie Del Secco	4,400	6,600 (1)	11.02	12/14/30	4/1/22	6,550	110,695
	2,640	1,760 (2)	11.27	2/23/30			
	6,600	4,400 (1)	11.63	12/16/29			
	8,800	2,200 (1)	10.53	12/16/28			

- The awards vest 20% per year beginning on the first anniversary of the grant date.
- The awards vest 20% per year beginning on the grant date.
- Represents restricted stock awards (RSAs).
- The RSAs granted in 2022 vest in 5 equal increments on the first five anniversaries of the grant date and pay dividends with voting rights.
- The market value of the restricted stock awards that have not vested was determined by multiplying the grant price of the Bank's Common stock on the grant date of April 1, 2022 (\$16.90) by the number of restricted shares.

Pay Versus Performance

As required by Section 953(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(v) of Regulation S-K, the following charts provide information about the relationship between executive compensation actually paid and certain financial performance of the Bank.

Year	Summary Compensation Table Total for Principal Executive Officer (“PEO”) (1)	Compensation Actually Paid to PEO (2)	Average Summary Compensation Table Total for Non-PEO Named Executive Officers (3)	Average Compensation Actually Paid to Non-PEO Named Executive Officers (4)	Value of Initial Fixed \$100 Investment Based on Total Shareholder Return (5)	Net Income (6)
(a)	(b)	(c)	(d)	(e)	(f)	(h)
2022	\$820,462	\$834,700	\$515,870	\$533,318	\$123.25	\$16,968,295
2021	\$646,716	\$717,093	\$422,720	\$481,652	\$118.16	\$14,697,856

- (1) The dollar amounts reported in column (b) are the amounts of total compensation reported for Brian J. Reed, the Bank’s Chief Executive Officer, for each corresponding year in the “Total” column of the Summary Compensation Table. Refer to “Summary Executive Compensation—Summary Compensation Table.”
- (2) The dollar amounts reported in column (c) represent the amount of “compensation actually paid” to Brian J. Reed, as computed in accordance with Item 402(v) of Regulation S-K. The dollar amounts do not reflect the actual amount of compensation earned by or paid to Mr. Reed during the applicable year. In accordance with the requirements of Item 402(v) of Regulation S-K, the following adjustments were made to Mr. Reed’s total compensation for each year to determine the compensation actually paid, and provided in the table below:

Year	Reported Summary Compensation Table Total for PEO	Reported Value of Equity Awards (a)	Equity Award Adjustments (b)	Compensation Actually Paid to PEO
2022	\$820,462	(\$193,336)	\$207,574	\$834,700
2021	\$646,716	\$0	\$70,377	\$717,093

- (a) The grant date fair value of equity awards represents the total of the amounts reported in the “Stock Awards” columns in the Summary Compensation Table for the applicable year.
- (b) The equity award adjustments for each applicable year include the addition (or subtraction, as applicable) of the following: (i) the year-end fair value of any equity awards granted in the applicable year that are outstanding and unvested as of the end of the year; (ii) the amount of change as of the end of the applicable year (from the end of the prior fiscal year) in fair value of any awards granted in prior years that are outstanding and unvested as of the end of the applicable year; (iii) for awards that are granted and vest in same applicable year, the fair value as of the vesting date; (iv) for awards granted in prior years that vest in the applicable year, the amount equal to the change as of the vesting date (from the end of the prior fiscal year) in fair value; (v) for awards granted in prior years that are determined to fail to meet the applicable vesting conditions during the applicable year, a deduction for the amount equal to the fair value at the end of the prior fiscal year; and (vi) the dollar value of any dividends or other earnings paid on stock or option awards in the applicable year prior to the vesting date that are not otherwise reflected in the fair value of such award or included in any other component of total compensation for the applicable year. The valuation assumptions used to calculate fair values did not materially differ from those disclosed at the time of grant. The amounts deducted or added in calculating the equity award adjustments are as follows:

Year	Year End Fair Value of Outstanding and Unvested Equity Awards Granted in the Year	Year over Year Change in Fair Value of Outstanding and Unvested Equity Awards Granted in Prior Years	Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year	Year over Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year	Fair Value at the End of the Prior Year of Equity Awards that Failed to Meet Vesting Conditions in the Year	Value of Dividends or other Earnings Paid on Stock or Option Awards not Otherwise Reflected in Fair Value or Total Compensation	Total Equity Award Adjustments
2022	\$180,752	\$16,807	\$0	\$10,015	\$0	\$0	\$207,574
2021	\$0	\$39,727	\$0	\$30,651	\$0	\$0	\$70,377

- (3) The dollar amounts reported in column (d) represent the average of the amounts reported for the Bank's Named Executive Officers as a group (excluding Brian J. Reed) in the "Total" column of the Summary Compensation Table in each applicable year. The Named Executive Officers included for purposes of calculating the average amounts in each applicable year are Brandy A. Seppi and Genie Del Secco.
- (4) The dollar amounts reported in column (e) represent the average amount of "compensation actually paid" to the Named Executive Officers as a group (excluding Brian J. Reed), as computed in accordance with Item 402(v) of Regulation S-K. The dollar amounts do not reflect the actual average amount of compensation earned by or paid to the Named Executive Officers as a group (excluding Brian J. Reed) during the applicable year. In accordance with the requirements of Item 402(v) of Regulation S-K, the following adjustments were made to average total compensation for the Named Executive Officers as a group (excluding Brian J. Reed) for each year to determine the compensation actually paid, using the same methodology described above in Note (2):

Year	Average Reported Summary Compensation Table Total for Non-PEO Named Executive Officers	Average Reported Value of Equity Awards (a)	Average Equity Award Adjustments (b)	Average Compensation Actually Paid to Non-PEO Named Executive Officers
2022	\$515,870	(\$110,695)	\$128,143	\$533,318
2021	\$422,720	\$0	\$58,933	\$481,652

- (a) The grant date fair value of equity awards represents the average amounts reported in the "Stock Awards" columns in the Summary Compensation Table for the applicable year.
- (b) The amounts deducted or added in calculating the equity award adjustments are as follows:

Year	Year End Fair Value of Outstanding and Unvested Equity Awards Granted in the Year	Year over Year Change in Fair Value of Outstanding and Unvested Equity Awards Granted in Prior Years	Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year	Year over Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year	Fair Value at the End of the Prior Year of Equity Awards that Failed to Meet Vesting Conditions in the Year	Value of Dividends or other Earnings Paid on Stock or Option Awards not Otherwise Reflected in Fair Value or Total Compensation	Total Equity Award Adjustments
2022	\$103,490	\$16,807	\$0	\$7,846	\$0	\$0	\$128,143
2021	\$0	\$36,868	\$0	\$22,064	\$0	\$0	\$58,933

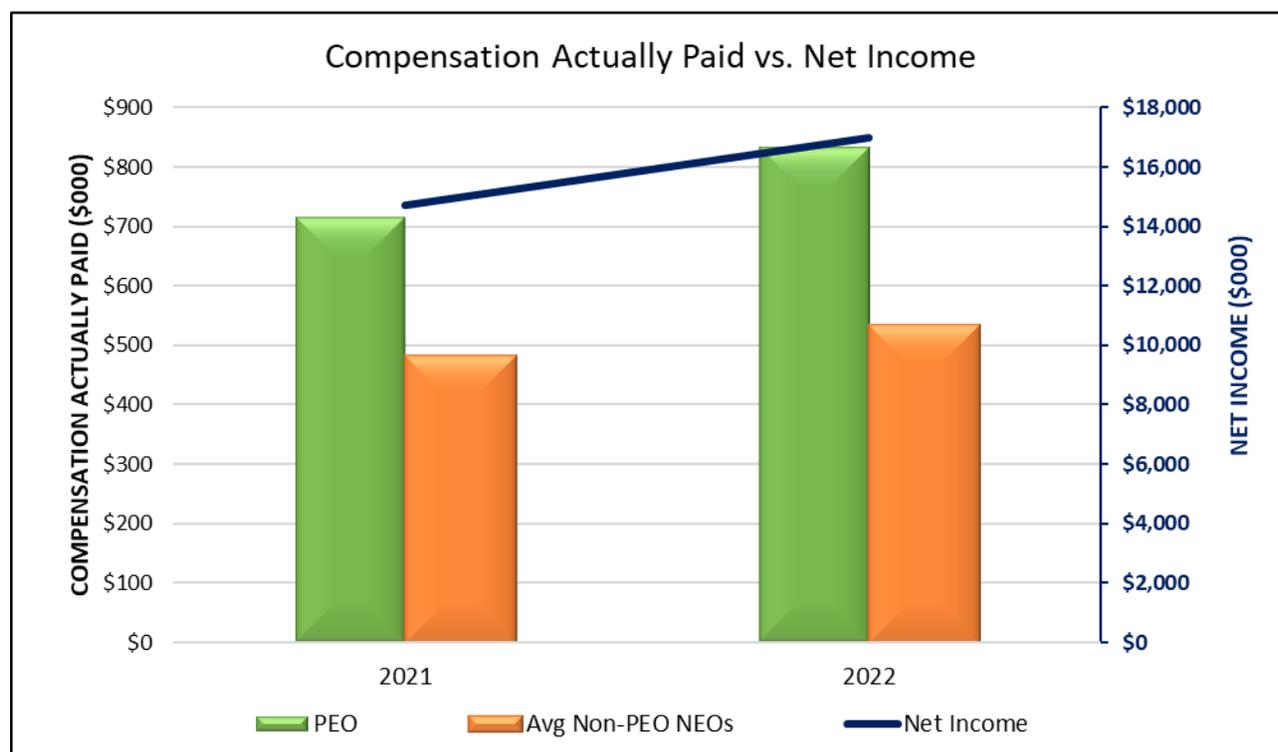
- (5) Cumulative Total Shareholder Return is calculated by dividing the sum of the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and the difference between our company’s share price at the end and the beginning of the measurement period by our company’s share price at the beginning of the measurement period. The Bank paid \$0.48 in dividends in 2022 and \$0.44 in 2021, adjusted for the 10% stock dividend effective October 29, 2021.
- (6) The dollar amounts reported represent the amount of net income reflected in the Bank’s audited financial statements for the applicable year.

Analysis of the Information Presented in the Pay Versus Performance Table

We generally seek to incentivize long-term performance and therefore do not specifically align our performance measures with “compensation actually paid” (as computed in accordance with Item 402(v) of Regulation S-K) for a particular year. In accordance with Item 402(v) of Regulation S-K, we are providing the following descriptions of the relationships between information presented in the Pay Versus Performance table.

Compensation Actually Paid and Net Income

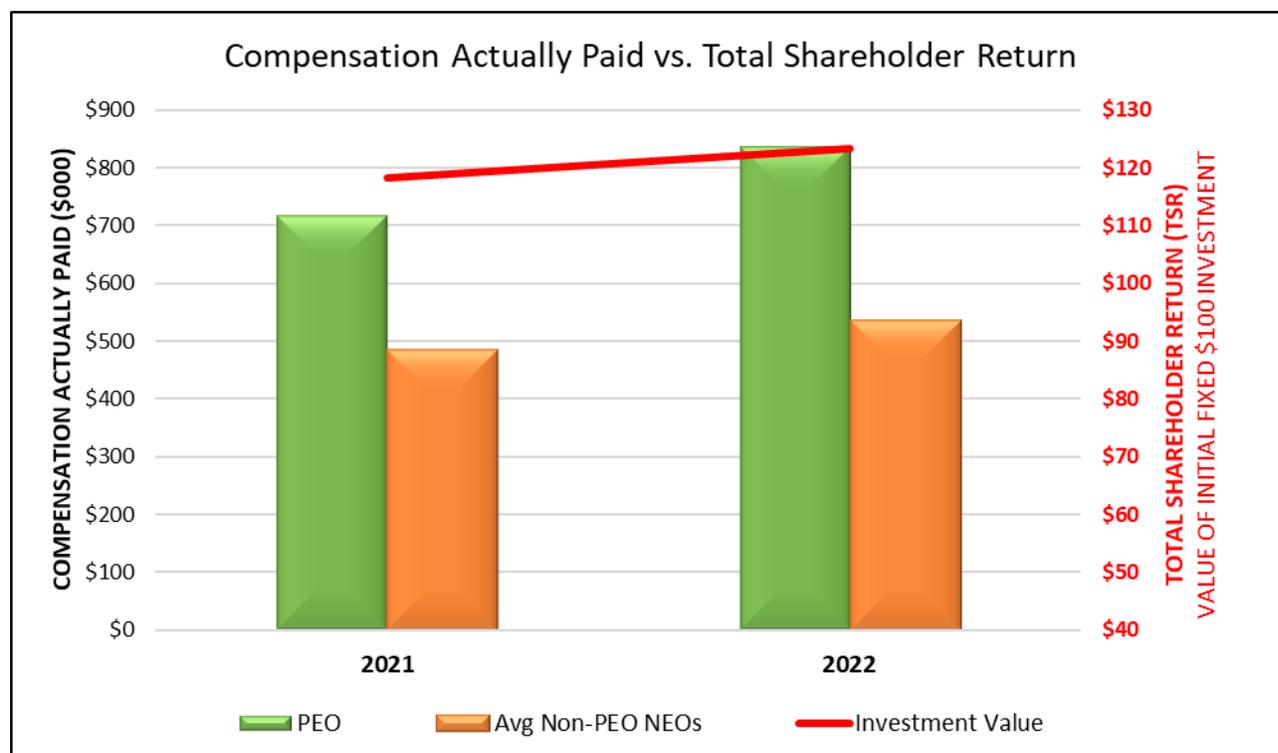
In 2022 and 2021, our net income was approximately \$17.0 million and \$14.7 million, respectively. This represents a year-over-year growth in net income by 15% in 2022 and 40% in 2021. The compensation actually paid for both our PEO and non-PEO Named Executive Officers increased between 2021 and 2022 commensurate with the increase in net income.



Compensation Actually Paid and Cumulative Total Shareholder Return

The Bank utilizes several performance measures to align executive compensation with Bank performance. The Bank uses financial measurements for equity compensation and a mix of financial measurements and non-financial performance measures for non-equity compensation, such as loan growth, deposit growth and classified asset coverage ratio. The parameters for calculating equity and non-equity compensation are included in more detail above in the sections “Executive Compensation – Non-Equity Incentive Compensation” and “Equity Compensation – Equity Linked Compensation.”

As shown in the following graph, the compensation actually paid to Mr. Reed and the average amount of compensation actually paid to our Named Executive Officers as a group (excluding Mr. Reed) during the periods presented are positively correlated for both Total Shareholder Return and Net Income.



All information provided above under the “Pay Versus Performance” heading will not be deemed to be incorporated by reference in any filing of the Bank under the Securities Act of 1933, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Equity Compensation Plan Information

The information in the following table is provided as of December 31, 2022, with respect to compensation plans (including individual compensation arrangements) under which equity securities are issuable:

	(a)	(b)	(c)
	Shared to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Shares available for future issuance
Equity compensation plans approved by security holders	47,940 (1)	\$16.85 (2)	158,310 (3)

- (1) In 2022 the Bank awarded 50,160 restricted stock awards (RSAs) and 2,220 awards were forfeited prior to year-end. Shares issued represent total awarded to date net of forfeitures.
(2) Represents the weighted average price of RSA awards as of the grant date.
(3) Represents shares of common stock available for future issuance under the Bank's 2013 Equity Incentive Plan

Director Compensation for 2022

The following table sets forth compensation paid to the Bank's non-employee Directors during 2022.

Name	Fees Earned or Paid in Cash (\$)	Stock Appreciation Rights Awards (2)	All Other Compensation (\$)	Total (\$)
Jeffery B. Allen	\$ 49,250	- (3)	5,184 (5)	\$ 54,434
James E. Brush (1)	70,450	- (4)	5,184 (5)	75,634
Josh C. Cox, Jr.	64,600	- (3)	5,184 (5)	69,784
Todd R. Fry	43,800	- (3)	5,184 (5)	48,984
Belinda S. Guadarrama	30,900	-	-	30,900
Richard E. Pope	46,000	- (3)	5,184 (5)	51,184
Nicholas J. Rado	57,800	- (3)	5,184 (5)	62,984
Douglas Reynolds	16,100	-	-	16,100
Marshall T. Reynolds	29,250	- (3)	5,184 (5)	34,434
Dawn M. Ross	36,350	-	5,184 (5)	41,534
John W. Wright	52,600	- (3)	5,184 (5)	57,784
Sharon S. Wright	48,500	-	5,184 (5)	53,684

- (1) Fees earned for Mr. Brush include \$23,000 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 2022.
(3) The seven directors referenced above have each been awarded 6,600 adjusted SARs 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 SARs that vested immediately at fair market value at the time of grant. In 2019, a second award was granted for 3,300 adjusted SARs 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 SARs and no

unvested SARs. If a director retires, the expiration date for their 6,600 adjusted SARs remains at 10 years from the grant date.

- (4) Mr. Brush has been awarded a total of 48,400 adjusted SARs as part of the 2013 Equity Incentive Plan; 46,640 are adjusted vested and 1,760 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.

- (5) On May 2, 2022, the director was granted a fully vested award of 320 shares of common stock, valued as \$16.20 per share. None of the directors in the table hold any stock options or unvested restricted stock awards.

During 2022, the Bank paid non-employee Directors and the Chairman a monthly meeting fee of \$2,300 per meeting. The current Chairman, Mr. Brush, receives an additional \$2,300 per month. Committee members received \$550 per committee meeting attended with a maximum of \$1,100 per month. Committee Chairmen receive an additional \$550 per meeting with a maximum of \$1,100 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, 2022, all Section 16(a) filing requirements were filed timely by the Bank's officers and Directors, except that (i) Director Jeffery B. Allen filed three late Form 4s relating to common stock acquisitions, (ii) Director Belinda Guadarrama filed five late Form 4s relating to common stock acquisitions and (iii) Director John W. Wright filed one late Form 4 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

The Board of Directors unanimously recommends that shareholders vote to elect the 13 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, John W. Wright and Sharon S. Wright.

PROPOSAL 2

Approval of the Summit State Bank 2023 Equity Incentive Plan

Introduction

At the Meeting, shareholders will be asked to approve the Summit State Bank 2023 Equity Incentive Plan (the "2023 Plan"). The Board has adopted the 2023 Plan, but the 2023 Plan will not become effective until the date it is approved by shareholders (the "Effective Time").

The Bank currently maintains the 2013 Equity Incentive Plan (the "Prior Plan"). If shareholders approve the 2023 Plan, no further awards will be issued under the Prior Plan after

the Effective Date, but all awards under the Prior Plan that are outstanding as of the Effective Date will continue to be governed by the terms, conditions and procedures set forth in the Prior Plan and any applicable award agreement.

Under the 2023 Plan, 330,000 shares of Summit State Bank common stock are initially available for grant shall.

The 2023 Plan allows the Bank to grant incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to participants to acquire shares of Bank common. The 2023 Plan will be administered by the Board or a committee of the Board, such as the Compensation Committee.

The following table sets forth, as of March 30, 2023, the approximate number of each class of participants eligible to participate in the 2023 Plan and the basis of such participation.

Class and Basis of Participation	Approximate Number of Class
Employees	9
Directors ⁽¹⁾	12

⁽¹⁾ One of the directors is an employee of the Bank.

Rationale for Adopting the 2023 Plan

Grants of options, stock appreciation rights, restricted shares of common stock, restricted stock units and other stock-based awards to employees, directors and independent contractors are an important part of the Bank's long-term incentive compensation program, which we use in order to strengthen the commitment of such individuals to the Bank, motivate them to faithfully and diligently perform their responsibilities and attract and retain competent and dedicated individuals whose efforts are expected to result in the Bank's long-term growth and profitability.

The number of shares proposed to be available for grant under the 2023 Plan is designed to enable the Bank to properly incent its employees and management teams over a number of years going-forward.

Dilution, Stock Available and Historical Stock Usage

Dilution. Subject to shareholder approval of the 2023 Plan, 330,000 shares of common stock will be reserved for issuance under the 2023 Plan, which represents approximately 4.9% of issued and outstanding shares of common stock as of March 30, 2023. The Board believes that this number of shares of Bank's common stock constitutes reasonable potential equity dilution and provides a significant incentive for employees to increase the value of the Bank for all shareholders.

As of March 30, 2023, the Bank had: (i) 6,732,699 shares of Bank common stock outstanding; (ii) 47,940 stock options outstanding (vested and unvested), with a weighted average exercise price of \$16.85 per share; and (iii) 44,740 shares of unvested restricted stock outstanding. The Bank also had stock appreciation rights with respect to 302,500 shares that may only be settled in cash. The new shares of Bank's common stock available under the 2023 Plan

would represent an additional potential equity dilution of approximately 5%. Including the proposed additional shares of Bank's common stock under the 2023 Plan, the potential equity dilution from all equity incentive awards outstanding and available for grant under all of the Bank's equity plans would result in a maximum potential equity dilution of approximately 7%. The closing price of the Bank's common stock as reported on the Nasdaq Stock Market on March 28, 2023 was \$14.28 per share.

Shares Available; Certain Limitations. The maximum number of shares of common stock reserved and available for issuance under the 2023 Plan will be 330,000, provided that shares of common stock issued under the 2023 Plan with respect to an Exempt Award will not count against the share limit. An "Exempt Award" is (i) an award granted in the assumption of, or in substitution for, outstanding awards previously granted by another business entity acquired by the Bank or any of its subsidiaries or with which the Bank or any of its subsidiaries merges, or (ii) an award that a participant purchases at fair market value.

Up to 330,000 shares may be issued pursuant to the exercise of incentive stock options.

Shares issued under the 2023 Plan may be authorized but unissued shares of the Bank's common stock or shares of common stock that the Bank may reacquire in the open market, in private transactions or otherwise. If any shares of common stock subject to an award are forfeited, cancelled, exchanged or surrendered or if an award terminates or expires without a distribution of shares to the participant, the shares of common stock with respect to such award will, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for awards under the 2023 Plan except that (i) any shares of common stock reacquired by the Bank on the open market or otherwise using cash proceeds from the exercise of options, and (ii) any shares of common stock surrendered or withheld as payment of either the exercise price of an award and/or withholding taxes in respect of an award will not again be available for awards under the 2023 Plan. If an award is denominated in shares of Bank's common stock but settled in cash, the number of shares of common stock previously subject to the award will again be available for grants under the 2023 Plan. If an award can only be settled in cash, it will not be counted against the total number of shares of common stock available for grant under the 2023 Plan. However, upon the exercise of any award granted in tandem with any other awards, such related awards will be cancelled as to the number of shares as to which the award is exercised and such number of shares of common stock will no longer be available for grant under the 2023 Plan.

As exhibited by the Bank's responsible use of equity awards (over the past ten years, the Bank has only granted awards with respect to 47,940 of the 206,250 shares originally available under the 2013 Plan) and good corporate governance practices associated with equity and executive compensation practices in general, the shares reserved under the 2023 Plan should provide the Bank with the platform needed for continued growth, while managing program costs and share utilization levels within acceptable industry standards.

As of March 30, 2023, a total of 158,310 shares remained available for grant under the 2013 Plan. The 2013 Plan is scheduled to expire on July 29, 2023. If shareholders approve the 2023 Plan, however, the Bank will issue no additional awards under the 2013 Plan following the

Effective Date. Outstanding awards under the 2013 Plan will, however, remain outstanding and will continue to be governed by the terms of the 2013 Plan and the applicable award agreements.

Share Use. In determining the requested number of shares of common stock reserved for issuance under the 2023 Plan, the Bank evaluated the dilution and historic share use, burn rate and the existing terms of outstanding awards under the Prior Plan. The Bank’s annual share use under its equity plans for the last three fiscal years was as follows:

		2022	2021	2020	Average
A	Total Shares Granted During Fiscal Year (1)	47,940	0	0	15,980
B	Basic Weighted Average Common Stock Outstanding	6,720,475	6,679,559	6,676,560	6,692,198
C	Burn Rate (A/B)	0.71%	0.00%	0.00%	0.24%

(1) Includes the number of options and full value awards granted for such year.

Description of 2023 Plan

The following is a summary of the material features of the 2023 Plan. This summary is qualified in its entirety by the full text of the 2023 Plan, a copy of which is attached to this Proxy Statement as Appendix A.

Types of Awards. The 2023 Plan provides for the issuance of incentive stock options, non-statutory stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units (“RSUs”), and other stock-based awards. Items described above in the Section called “Shares Available” are incorporated herein by reference.

Administration. The 2023 Plan will be administered by the Board, or if the Board does not administer the 2023 Plan, a committee or subcommittee of the Board that complies with the applicable requirements of Section 16 of the Exchange Act and any other applicable legal or stock exchange listing requirements (each of the Board or such committee or subcommittee, the “administrator”). The Bank expects that the Corporate Governance & Compensation Committee, which serves as the Board’s compensation committee, will serve as the administrator to the extent the Board does not exercise its authority to administer the 2023 Plan.

The administrator may interpret the 2023 Plan and may prescribe, amend and rescind rules and make all other determinations necessary or desirable for the administration of the 2023 Plan.

The 2023 Plan permits the administrator to select the eligible recipients who will receive awards, to determine the terms and conditions of those awards, including but not limited to the exercise price or other purchase price of an award, the number of shares of common stock or cash or other property subject to an award, the term of an award and the vesting schedule applicable to an award, and to amend the terms and conditions of outstanding awards.

Restricted Stock and Restricted Stock Units. Restricted stock and RSUs may be granted under the 2023 Plan. The administrator will determine the purchase price, vesting schedule and

performance goals, if any, and any other conditions that apply to a grant of restricted stock and RSUs. If the restrictions, performance goals or other conditions determined by the administrator are not satisfied, the restricted stock and RSUs will be forfeited. Subject to the provisions of the 2023 Plan and the applicable award agreement, the administrator has the sole discretion to provide for the lapse of restrictions in installments.

Unless the applicable award agreement provides otherwise, participants with restricted stock will generally have all of the rights of a shareholder; provided that dividends will only be paid if and when the underlying restricted stock vests. RSUs will not be entitled to dividends prior to vesting, but may be entitled to receive dividend equivalents if the award agreement provides for them. The rights of participants granted restricted stock or RSUs upon a termination of employment or service will be set forth in the award agreement.

Options. Incentive stock options and non-statutory stock options may be granted under the 2023 Plan. An “incentive stock option” means an option intended to qualify for tax treatment applicable to incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). A “non-statutory stock option” is an option that is not subject to statutory requirements and limitations required for certain tax advantages that are allowed under specific provisions of the Code. A non-statutory stock option under the 2023 Plan is referred to for federal income tax purposes as a “non-qualified” stock option. Each option granted under the 2023 Plan will be designated as a non-qualified stock option or an incentive stock option. At the discretion of the administrator, incentive stock options may be granted only to the Bank’s employees, employees of any “parent corporation” (as such term is defined in Section 424(e) of the Code) or employees of the Bank’s subsidiaries.

The exercise period of an option may not exceed ten years from the date of grant and the exercise price may not be less than 100% of the fair market value of a share of common stock on the date the option is granted (110% of fair market value in the case of incentive stock options granted to ten percent shareholders). The exercise price for shares of common stock subject to an option may be paid in cash, or as determined by the administrator in its sole discretion, (i) through any cashless exercise procedure approved by the administrator (including the withholding of shares of common stock otherwise issuable upon exercise), (ii) by tendering unrestricted shares of common stock owned by the participant, (iii) with any other form of consideration approved by the administrator and permitted by applicable law or (iv) by any combination of these methods. The option holder will have no rights to dividends or distributions or other rights of a shareholder with respect to the shares of common stock subject to an option until the option holder has given written notice of exercise and paid the exercise price and applicable withholding taxes.

In the event of an participant’s termination of employment or service, the participant may exercise his or her option (to the extent vested as of such date of termination) for such period of time as specified in his or her option agreement. Stock Appreciation Rights. SARs may be granted either alone (a “free-standing SAR”) or in conjunction with all or part of any option granted under the 2023 Plan (a “tandem SAR”). A free-standing SAR will entitle its holder to receive, at the time of exercise, an amount per share up to the excess of the fair market value (at the date of exercise) of a share of common stock over the base price of the free-standing SAR (which shall be no less than 100% of the fair market value of the related shares of common stock

on the date of grant) multiplied by the number of shares in respect of which the SAR is being exercised. A tandem SAR will entitle its holder to receive, at the time of exercise of the SAR and surrender of the applicable portion of the related option, an amount per share up to the excess of the fair market value (at the date of exercise) of a share of common stock over the exercise price of the related option multiplied by the number of shares in respect of which the SAR is being exercised. The exercise period of a free-standing SAR may not exceed ten years from the date of grant. The exercise period of a tandem SAR will also expire upon the expiration of its related option.

The holder of a SAR will have no rights to dividends or any other rights of a shareholder with respect to the shares of common stock subject to the SAR until the holder has given written notice of exercise and paid the exercise price and applicable withholding taxes.

In the event of a participant's termination of employment or service, the holder of a SAR may exercise the SAR (to the extent vested as of such date of termination) for such period of time as specified in the participant's SARs agreement.

Other Stock-Based Awards. The administrator may grant other stock-based awards under the 2023 Plan, valued in whole or in part by reference to, or otherwise based on, shares of common stock. The administrator will determine the terms and conditions of these awards, including the number of shares of common stock to be granted pursuant to each award, the manner in which the award will be settled, and the conditions to the vesting and payment of the award (including the achievement of performance goals). The rights of participants granted other stock-based awards upon the termination of employment or service to the Bank will be set forth in the applicable award agreement. In the event that a bonus is granted in the form of shares of common stock, the shares of common stock constituting such bonus may, as determined by the administrator, be evidenced in uncertificated form or by a book entry record or a certificate issued in the name of the participant to whom such grant was made and delivered to such participant as soon as practicable after the date on which such bonus is payable. Any dividend or dividend equivalent award issued hereunder shall be subject to the same restrictions, conditions and risks of forfeiture as apply to the underlying award.

Equitable Adjustment and Treatment of Outstanding Awards Upon a Change in Control

Equitable Adjustments. In the event of a merger, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase, reorganization, special or extraordinary dividend or other extraordinary distribution (whether in the form of common shares, cash or other property), combination, exchange of shares, or other change in corporate structure affecting the Bank's common stock, an equitable substitution or proportionate adjustment shall be made in (i) the aggregate number and kind of securities reserved for issuance under the 2023 Plan, (ii) the kind and number of securities subject to, and the exercise price of, any outstanding options and SARs granted under the 2023 Plan, (iii) the kind, number and purchase price of shares of common stock, or the amount of cash or amount or type of property, subject to outstanding restricted stock, RSUs and other stock-based awards granted under the 2023 Plan and (iv) the terms and conditions of any outstanding awards (including any applicable performance targets). Equitable substitutions or adjustments other than those listed above may also be made as determined by the administrator. In addition, the administrator may terminate all outstanding

awards for the payment of cash or in-kind consideration having an aggregate fair market value equal to the excess of the fair market value of the shares of common stock, cash or other property covered by such awards over the aggregate exercise price, if any, of such awards, but if the exercise price of any outstanding award is equal to or greater than the fair market value of the shares of common stock, cash or other property covered by such award, the administrator may cancel the award without the payment of any consideration to the participant. With respect to awards subject to foreign laws, adjustments will be made in compliance with applicable requirements. Except to the extent determined by the administrator, adjustments to incentive stock options will be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code.

Change in Control. The 2023 Plan provides that, unless otherwise determined by the administrator and evidenced in an award agreement, employment, services or other agreements, if a “change in control” (as defined below) occurs and a participant is employed by, or providing services to, the Bank or any of its affiliates immediately prior to the consummation of the change in control, then the administrator, in its sole and absolute discretion, may (i) provide that any unvested or unexercisable portion of an award carrying a right to exercise will become fully vested and exercisable; and (ii) cause the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to any award granted under the 2023 Plan to lapse, and the awards will be deemed fully vested and any performance conditions imposed with respect to such awards will be deemed to be fully achieved at target performance levels. The administrator shall have discretion in connection with such change in control to provide that all outstanding and unexercised options and SARs shall expire upon the consummation of such change in control.

For purposes of the 2023 Plan, a “change in control” means, in summary, the first to occur of the following events: (i) a person or entity becomes the beneficial owner of more than 50% of the voting power of the Bank; (ii) an unapproved change in the majority membership of the Board; (iii) a merger or consolidation of the Bank any of its subsidiaries, other than (A) a merger or consolidation that results in the Bank’s voting securities continuing to represent 50% or more of the combined voting power of the surviving entity or its parent and the Bank’s board of directors immediately prior to the merger or consolidation continuing to represent at least a majority of the board of directors of the surviving entity or its parent or (B) a merger or consolidation effected to implement a recapitalization in which no person is or becomes the beneficial owner of the Bank’s voting securities representing more than 50% of the combined voting power of the Bank; or (iv) shareholder approval of a plan of the Bank’s complete liquidation or dissolution or the consummation of an agreement for the sale or disposition of substantially all of the Bank’s assets, other than (A) a sale or disposition to an entity, more than 50% of the combined voting power of which is owned by the Bank’s shareholders in substantially the same proportions as their ownership of the Bank immediately prior to such sale or (B) a sale or disposition to an entity controlled by the Board. However, a change in control will not be deemed to have occurred as a result of any transaction or series of integrated transactions following which the Bank’s shareholders, immediately prior thereto, hold immediately afterward the same proportionate equity interests in the entity that owns all or substantially all of the Bank’s assets.

Tax Withholding

Each participant will be required to make arrangements satisfactory to the administrator regarding payment of up to the maximum statutory tax rates in the participant's applicable jurisdiction with respect to any award granted under the 2023 Plan, as determined by the Bank. The Bank has the right, to the extent permitted by applicable law, to deduct any such taxes from any payment of any kind otherwise due to the participant. With the approval of the administrator, the participant may satisfy the foregoing requirement by either electing to have the Bank withhold delivery of shares of common stock, cash or other property, as applicable, or by delivering already owned unrestricted shares of common stock, in each case, having a value not exceeding the applicable taxes to be withheld and applied to the tax obligations. The Bank may also use any other method of obtaining the necessary payment or proceeds, as permitted by applicable law, to satisfy its withholding obligation with respect to any award.

Amendment and Termination of the 2023 Plan

The 2023 Plan authorizes the Board to amend, alter or terminate the 2023 Plan, but no such action may impair the rights of any participant with respect to outstanding awards without the participant's consent. The administrator may amend an award, prospectively or retroactively, but no such amendment may materially impair the rights of any participant without the participant's consent. Shareholder approval of any such action will be obtained if required to comply with applicable law. The 2023 Plan will terminate on the tenth anniversary of the Effective Date (although awards granted before that time will remain outstanding in accordance with their terms).

Clawback

If the Bank is required to prepare a financial restatement due to the Bank's material non-compliance with any financial reporting requirement under the securities law, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Bank may require any Section 10D-1(d) of the Exchange Act "executive officer" to repay or forfeit to the Bank that part of the cash or equity incentive compensation that was received by that Section 10D-1(d) executive officer during the preceding three completed fiscal years preceding the date that the Bank determines was in excess of the amount that such Section 10D-1(d) executive officer would have received had such cash or equity incentive compensation been calculated based on the restated amounts reported in the restated financial statement. The administrator may take into account any factors it deems reasonable in determining whether to seek recoupment of previously paid cash or equity incentive compensation and how much of such cash or equity incentive compensation to recoup from each Section 10D-1(d) executive officer (which shall be made irrespective of any fault, misconduct or responsibility of each Section 10D-1(d) executive officer). The amount and form of the incentive compensation to be recouped shall be determined by the administrator in its sole and absolute discretion, and calculated on a pre-tax basis.

U.S. Federal Income Tax Consequences

The following is a summary of certain United States federal income tax consequences of awards under the 2023 Plan. It does not purport to be a complete description of all applicable rules, and those rules (including those summarized here) are subject to change.

Non-Qualified Stock Options. A participant who has been granted a non-qualified stock option will not recognize taxable income upon the grant of a non-qualified stock option. Rather, at the time of exercise of such non-qualified stock option, the participant will recognize ordinary income for income tax purposes in an amount equal to the excess of the fair market value of the shares of common stock purchased over the exercise price. The Bank generally will be entitled to a tax deduction at such time and in the same amount that the participant recognizes ordinary income. If shares of common stock acquired upon exercise of a non-qualified stock option are later sold or exchanged, then the difference between the amount received upon such sale or exchange and the fair market value of such shares on the date of such exercise will generally be taxable as long-term or short-term capital gain or loss (if the shares are a capital asset of the participant) depending upon the length of time such shares were held by the participant.

Incentive Stock Options. In general, no taxable income is realized by a participant upon the grant of an incentive stock option (“ISO”). If shares of common stock are purchased by a participant pursuant to the exercise of an ISO granted under the 2023 Plan (“option shares”) and the participant does not dispose of the option shares within the two-year period after the date of grant or within one year after the receipt of such option shares by the participant (such disposition, a “disqualifying disposition”) then, generally (1) the participant will not realize ordinary income upon exercise and (2) upon sale of such option shares, any amount realized in excess of the exercise price paid for the option shares will be taxed to such participant as capital gain (or loss). The amount by which the fair market value of the common stock on the exercise date of an ISO exceeds the purchase price generally will constitute an item which increases the participant’s “alternative minimum taxable income.” If option shares acquired upon the exercise of an ISO are disposed of in a disqualifying disposition, the participant generally would include in ordinary income in the year of disposition an amount equal to the excess of the fair market value of the option shares at the time of exercise (or, if less, the amount realized on the disposition of the option shares), over the exercise price paid for the option shares. Subject to certain exceptions, an option generally will not be treated as an ISO if it is exercised more than three months following termination of employment. If an ISO is exercised at a time when it no longer qualifies as an ISO, such option will be treated as a nonqualified stock option as discussed above. In general, the Bank will receive an income tax deduction at the same time and in the same amount as the participant recognizes ordinary income.

Stock Appreciation Rights. A participant who is granted an SAR generally will not recognize ordinary income upon receipt of the SAR. Rather, at the time of exercise of such SAR, the participant will recognize ordinary income for income tax purposes in an amount equal to the value of any cash received and the fair market value on the date of exercise of any shares of common stock received. The Bank generally will be entitled to a tax deduction at such time and in the same amount, if any, that the participant recognizes as ordinary income. The participant’s tax basis in any shares of common stock received upon exercise of an SAR will be

the fair market value of the shares of common stock on the date of exercise, and if the shares are later sold or exchanged, then the difference between the amount received upon such sale or exchange and the fair market value of such shares on the date of exercise will generally be taxable as long-term or short-term capital gain or loss (if the shares are a capital asset of the participant) depending upon the length of time such shares were held by the participant.

Restricted Stock. A participant generally will not be taxed upon the grant of restricted stock, but rather will recognize ordinary income in an amount equal to the fair market value of the shares of common stock at the earlier of the time the shares become transferable or are no longer subject to a substantial risk of forfeiture (within the meaning of the Code). The Bank generally will be entitled to a deduction at the time when, and in the amount that, the participant recognizes ordinary income on account of the lapse of the restrictions. A participant's tax basis in the shares of common stock will equal their fair market value at the time the restrictions lapse, and the participant's holding period for capital gains purposes will begin at that time. Any cash dividends paid on the shares of common stock before the restrictions lapse will be taxable to the participant as additional compensation and not as dividend income, unless the individual has made an election under Section 83(b) of the Code. Under Section 83(b) of the Code, a participant may elect to recognize ordinary income at the time the restricted shares are awarded in an amount equal to their fair market value at that time, notwithstanding the fact that such stock is subject to restrictions or transfer and a substantial risk of forfeiture. If such an election is made, no additional taxable income will be recognized by such participant at the time the restrictions lapse, the participant will have a tax basis in the shares of common stock equal to their fair market value on the date of their award, and the participant's holding period for capital gains purposes will begin at that time. The Bank generally will be entitled to a tax deduction at the time when, and to the extent that, ordinary income is recognized by such participant.

Restricted Stock Units. In general, the grant of RSUs will not result in income for the participant or in a tax deduction for the Bank. Upon the settlement of such an award in cash or shares of common stock, the participant will recognize ordinary income equal to the aggregate value of the payment received, and the Bank generally will be entitled to a tax deduction at the same time and in the same amount.

Other Awards. With respect to other stock-based awards, generally when the participant receives payment in respect of the award, the amount of cash and/or the fair market value of any shares of common stock or other property received will be ordinary income to the participant, and the Bank generally will be entitled to a tax deduction at the same time and in the same amount.

New Plan Benefits

The Bank has not agreed or determined to make any specific grants of awards under the 2023 Plan. Future grants under the 2023 Plan will be made at the discretion of the administrator and, accordingly, are not yet determinable. Benefits under the 2023 Plan will depend on a number of factors, including the fair market value of the Bank's common stock on future dates and the exercise decisions made by participants. Consequently, at this time, it is not possible to

determine the future benefits that might be received by participants receiving discretionary grants under the 2023 Plan.

Vote Required

You may vote “FOR” or “AGAINST” or “ABSTAIN” from voting when voting on the approval of the 2023 Plan. The 2023 Plan will be approved if it receives the affirmative vote of a majority of the shares of common stock represented and voting at the Meeting, which affirmative votes also constitute at least a majority of the required quorum. Proxies solicited by the Board will be voted “FOR” the 2023 Plan unless shareholders specify a contrary vote.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that shareholders vote “FOR” approval of the 2023 Plan.

PROPOSAL 3

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 2023 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 4

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

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

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

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that shareholders vote for "Three Years" as the preferred frequency of future advisory votes on the compensation of our Named Executive Officers.

PROPOSAL 5

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, 2023.

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 questions and to make a statement if they desire to do so.

Moss Adams has 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, 2022 and 2021.

Service	Fees for period ended December 31, 2022	Fees for period ended December 31, 2021
Audit Fees ¹	\$227,276	\$218,861
Audit Related Fees ²	\$21,120	\$21,223
Tax Fees	\$19,000	\$20,000
All Other Fees	\$0	\$0
Total Fees	\$267,396	\$260,083

¹ Audit fees are the aggregate fees billed for professional services in the fiscal year 2022 and 2021 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.

² The fees for 2022 and 2021 are related to ASC Topic 326 and the early CECL conversion implemented on January 1, 2021, respectively.

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, 2022 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, 2023.

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 <https://summitstatebank.com/disclosures.php> or upon written request to Barbara Gradman, Corporate Secretary, Summit State Bank, 500 Bicentennial Way, Suite 100, Santa Rosa, California 95403.

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

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

Shareholder Communications with the Board of Directors

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

Other Matters

Any shareholder proposals intended to be considered by management of the Bank for inclusion in the Bank's proxy statement for the 2024 Annual Meeting of Shareholders must be received by the Bank no later than December 13, 2023, unless the 2024 Annual Meeting is held more than 30 days before or after May 20, 2024, 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 2024 Annual Meeting. The Bank's Bylaws require shareholders intended to nominate directors at a shareholder meeting called for the election of Directors to so notify the Bank's President at not less than 21 days nor more than 60 days prior to any meeting of shareholders.

A copy of our 2022 Annual Report, which includes our annual report on Form 10-K for the year ended December 31, 2022, including financial statements and schedules, accompanies this proxy statement. Additional copies of the 2022 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 2022 Annual Report are also available at our website, www.summitstatebank.com under the Investor Relations section and from the FDIC at its website, <http://www2.fdic.gov/efr/>.

SUMMIT STATE BANK



Barbara Gradman
Corporate Secretary

APPENDIX A

SUMMIT STATE BANK 2023 EQUITY INCENTIVE PLAN

Section 1. Purpose of Plan.

The name of the Plan is the Summit State Bank 2023 Equity Incentive Plan (the “Plan”). The purposes of the Plan are to (i) provide an additional incentive to selected employees, directors, and independent contractors of the Company or its Affiliates whose contributions are essential to the growth and success of the Company, (ii) strengthen the commitment of such individuals to the Company and its Affiliates, (iii) motivate those individuals to faithfully and diligently perform their responsibilities and (iv) attract and retain competent and dedicated individuals whose efforts will result in the long-term growth and profitability of the Company. To accomplish these purposes, the Plan provides that the Company may grant Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Other Stock-Based Awards or any combination of the foregoing.

Section 2. Definitions.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) “Administrator” means the Board, or, if and to the extent the Board does not administer the Plan, the Committee in accordance with Section 3 hereof.

(b) “Affiliate” means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified as of any date of determination.

(c) “Applicable Laws” means the applicable requirements under U.S. federal and state corporate laws, U.S. federal and state securities laws, including the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan, as are in effect from time to time.

(d) “Award” means any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Other Stock-Based Award granted under the Plan.

(e) “Award Agreement” means any written notice, agreement, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

(f) “Beneficial Owner” (or any variant thereof) has the meaning defined in Rule 13d-3 under the Exchange Act.

(g) “Board” means the Board of Directors of the Company.

(h) “Bylaws” mean the bylaws of the Company, as may be amended and/or restated from time to time.

(i) “Cause” has the meaning assigned to such term in any individual service, employment or severance agreement or Award Agreement with the Participant or, if no such agreement exists or if such agreement does not define “Cause,” then “Cause” means (i) the conviction, guilty plea or plea of “no contest” by the Participant to any felony or a crime involving moral turpitude or the Participant’s commission of any other act or omission involving dishonesty or fraud, (ii) the substantial and repeated failure of the Participant to perform duties of the office held by the Participant, (iii) the Participant’s gross negligence, willful misconduct or breach of fiduciary duty with respect to the Company or any of its Subsidiaries or Affiliates, (iv) any breach by the Participant of any restrictive covenants to which the Participant is subject, (v) the Participant’s engagement in any conduct which is or can reasonably be expected to be materially detrimental or injurious to the business or reputation of the Company or its

Affiliates, and/or (vi) removal of the Participant or permanent prohibition of the Participant from participating in the conduct of the Company's affairs or those of its Affiliates by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act, 12 U.S.C. 1818(e)(4) or (g)(1). Any voluntary termination of employment or service by the Participant in anticipation of an involuntary termination of the Participant's employment or service, as applicable, for Cause shall be deemed to be a termination for Cause.

(j) "Change in Capitalization" means any (i) merger, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase or other reorganization or corporate transaction or event, (ii) special or extraordinary dividend or other extraordinary distribution (whether in the form of cash, Common Stock or other property), stock split, reverse stock split, share subdivision or consolidation, (iii) combination or exchange of shares or (iv) other change in corporate structure, which, in any such case, the Administrator determines, in its sole discretion, affects the Shares such that an adjustment pursuant to Section 5 hereof is appropriate.

(k) "Change in Control" means the first occurrence of an event set forth in any one of the following paragraphs following the Effective Date:

(1) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person which were acquired directly from the Company or any Affiliate thereof) representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (3) below; or

(2) the date on which individuals who constitute the Board as of the Effective Date and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended cease for any reason to constitute a majority of the number of directors serving on the Board; or

(3) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation or other entity, other than (i) a merger or consolidation (A) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, fifty percent (50%) or more of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation and (B) following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a Subsidiary, the ultimate parent thereof, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities; or

(4) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (A) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by shareholders of the Company following the completion of such transaction in substantially the same proportions as their ownership of the Company immediately prior to such sale or (B) a sale or disposition of all or substantially all of the Company's assets immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed of, if such entity is a subsidiary, the ultimate parent thereof.

Notwithstanding the foregoing, (i) a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions and (ii) to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Change in Control shall be deemed to have occurred under the Plan with respect to any Award that constitutes deferred compensation under Section 409A of the Code only if a change in the ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code. For purposes of this definition of Change in Control, the term “Person” shall not include (i) the Company or any Subsidiary thereof, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary thereof, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company.

(l) “Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

(m) “Committee” means any committee or subcommittee the Board (including, but not limited to the Compensation Committee) may appoint to administer the Plan. Subject to the discretion of the Board, the Committee shall be composed entirely of individuals who meet the qualifications of a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and any other qualifications required by the applicable stock exchange on which the Common Stock is traded.

(n) “Common Stock” means the common stock of the Company, no par value.

(o) “Company” means Summit State Bank, a California state-chartered bank (or any successor company, except as the term “Company” is used in the definition of “Change in Control” above).

(p) “Covered Executive” means any Executive Officer that has (1) received Incentive Compensation (A) during the Look-Back Period (as defined in Section 27) and (B) after beginning service as an Executive Officer; and (2) served as an Executive Officer at any time during the performance period for the applicable Incentive Compensation.

(q) “Disability” has the meaning assigned to such term in any individual service, employment or severance agreement or Award Agreement with the Participant or, if no such agreement exists or if such agreement does not define “Disability,” then “Disability” means (x) for Awards that are not subject to Section 409A of the Code, “disability” as such term is defined in the long- term disability insurance plan or program of the Company or any Subsidiary then covering the Participant or, in the absence of such a plan or program, as determined by the Administrator, provided, that, with respect to Awards that are not subject to Section 409A, in the case of any Participant who, as of the date of determination, is a party to an effective employment, severance, consulting or other services agreement with the Company or any Subsidiary that employs such Participant, “Disability” shall have the meaning, if any, specified in such agreement, and (y) for Awards that are subject to Section 409A of the Code, “disability” shall have the meaning set forth in Section 409A(a)(2)(c) of the Code.

(r) “Effective Date” has the meaning set forth in Section 17 hereof.

(s) “Eligible Recipient” means an employee, director or independent contractor of the Company or any Affiliate of the Company who has been selected as an eligible participant by the Administrator; provided, however, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, an Eligible Recipient of an Option or a Stock Appreciation Right means an employee, non-employee director or independent contractor of the Company or any Affiliate of the Company with respect to whom the Company is an “eligible issuer of service recipient stock” within the meaning of Section 409A of the Code.

(t) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

(u) “Executive Officer” means any “executive officer” as defined in Section 10D-1(d) of the Exchange Act whom the Board (or the Committee, as applicable) has determined is subject to the reporting requirements of Section 10D of the Exchange Act, and includes any person who is the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company (with any executive officers of the Company’s parent(s) or subsidiaries being deemed Executive Officers of the Company if they perform such policy making functions for the Company). All Executive Officers of the Company identified by the Board (or the Committee, as applicable) pursuant to 17 CFR 229.401(b) shall be deemed an “Executive Officer.”

(v) “Exempt Award” shall mean the following:

(1) An Award granted in assumption of, or in substitution for, outstanding awards previously granted by a corporation or other entity acquired by the Company or any of its Subsidiaries or with which the Company or any of its Subsidiaries combines by merger or otherwise. The terms and conditions of any such Awards may vary from the terms and conditions set forth in the Plan to the extent the Administrator at the time of grant may deem appropriate, subject to Applicable Laws.

(2) An award that an Eligible Recipient purchases at Fair Market Value (including awards that an Eligible Recipient elects to receive in lieu of fully vested compensation that is otherwise due) whether or not the Shares are delivered immediately or on a deferred basis.

(3) An award granted as an inducement grant pursuant to NASDAQ Listing Rule 5635(c) or under the rules of an exchange on which the Common Stock is traded, to the extent it is not traded on NASDAQ.

(w) “Exercise Price” means, (i) with respect to any Option, the per share price at which a holder of such Option may purchase Shares issuable upon exercise of such Award, and (ii) with respect to a Stock Appreciation Right, the base price per share of such Stock Appreciation Right.

(x) “Fair Market Value” of a share of Common Stock or another security as of a particular date shall mean the fair market value as determined by the Administrator in its sole discretion; provided, that, (i) if the Common Stock or other security is admitted to trading on a national securities exchange, the fair market value on any date shall be the closing sale price reported on such date, or if no shares were traded on such date, on the last preceding date for which there was a sale of a share of Common Stock on such exchange, or (ii) if the Common Stock or other security is then traded in an over-the-counter market, the fair market value on any date shall be the average of the closing bid and asked prices for such share in such over-the-counter market for the last preceding date on which there was a sale of such share in such market.

(y) “Free Standing Rights” has the meaning set forth in Section 8.

(z) “Good Reason” has the meaning assigned to such term in any individual service, employment or severance agreement or Award Agreement with the Participant or, if no such agreement exists or if such agreement does not define “Good Reason,” “Good Reason” and any provision of this Plan that refers to “Good Reason” shall not be applicable to such Participant.

(aa) “Incentive Compensation” means shall be deemed to be any compensation (including any Award or any other short-term or long-term cash or equity incentive award or any other payment) that is granted, earned, or vested based wholly or in part upon the attainment of any financial reporting measure (i.e., any measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measures, including stock price and

total shareholder return). For avoidance of doubt, financial reporting measures include “non-GAAP financial measures” for purposes of Exchange Act Regulation G and 17 CFR 229.10, as well other measures, metrics and ratios that are not non- GAAP measures, like same store sales. Financial reporting measures may or may not be included in a filing with the Securities and Exchange Commission, and may be presented outside the Company’s financial statements, such as in Management’s Discussion and Analysis of Financial Conditions and Results of Operations or the performance graph.

(bb) “ISO” means an Option intended to be and designated as an “incentive stock option” within the meaning of Section 422 of the Code.

(cc) “Nonqualified Stock Option” shall mean an Option that is not designated as an ISO.

(dd) “Option” means an option to purchase shares of Common Stock granted pursuant to Section 7 hereof. The term “Option” as used in the Plan includes the terms “Nonqualified Stock Option” and “ISO.”

(ee) “Other Stock-Based Award” means a right or other interest granted pursuant to Section 10 hereof that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Stock, including, but not limited to, unrestricted Shares, dividend equivalents or performance units, each of which may be subject to the attainment of performance goals or a period of continued provision of service or employment or other terms or conditions as permitted under the Plan.

(ff) “Participant” means any Eligible Recipient selected by the Administrator, pursuant to the Administrator’s authority provided for in Section 3 below, to receive grants of Awards, and, upon his or her death, his or her successors, heirs, executors and administrators, as the case may be.

(gg) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof.

(hh) “Plan” means this 2023 Equity Incentive Plan.

(ii) “Related Rights” has the meaning set forth in Section 8.

(jj) “Restricted Period” has the meaning set forth in Section 9.

(kk) “Restricted Stock” means a Share granted pursuant to Section 9 below subject to certain restrictions that lapse at the end of a specified period (or periods) of time and/or upon attainment of specified performance objectives.

(ll) “Restricted Stock Unit” means the right granted pursuant to Section 9 hereof to receive a Share at the end of a specified restricted period (or periods) of time and/or upon attainment of specified performance objectives.

(mm) “Rule 16b-3” has the meaning set forth in Section 3.

(nn) “Shares” means Common Stock reserved for issuance under the Plan, as adjusted pursuant to the Plan, and any successor (pursuant to a merger, consolidation or other reorganization) security.

(oo) “Stock Appreciation Right” means a right granted pursuant to Section 8 hereof to receive an amount equal to the excess, if any, of (i) the aggregate Fair Market Value, as of the date such Award or portion thereof is surrendered, of the Shares covered by such Award or such portion thereof, over (ii) the aggregate Exercise Price of such Award or such portion thereof.

(pp) “Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such first Person owns or otherwise controls, directly or indirectly, more than 50% of the voting

shares or other similar interests or a sole general partner interest or managing member or similar interest of such other Person.

(qq) “Transfer” has the meaning set forth in Section 15.

Section 3. **Administration.**

(a) The Plan shall be administered by the Administrator and shall be administered, to the extent applicable, in accordance with Rule 16b-3 under the Exchange Act (“Rule 16b-3”).

(b) Pursuant to the terms of the Plan, the Administrator, subject, in the case of any Committee, to any restrictions on the authority delegated to it by the Board, shall have the power and authority, without limitation:

(1) to select those Eligible Recipients who shall be Participants;

(2) to determine whether and to what extent Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Other Stock-Based Awards or a combination of any of the foregoing, are to be granted hereunder to Participants;

(3) to determine the number of Shares to be covered by each Award granted hereunder;

(4) to determine the terms and conditions, not inconsistent with the terms of the Plan, of each Award granted hereunder (including, but not limited to, (i) the restrictions applicable to Restricted Stock or Restricted Stock Units and the conditions under which restrictions applicable to such Restricted Stock or Restricted Stock Units shall lapse, (ii) the performance goals and periods applicable to Awards, (iii) the Exercise Price of each Option and each Stock Appreciation Right or the purchase price of any other Award, (iv) the vesting schedule and terms applicable to each Award, provided that no Award or portion of Award shall vest earlier than the first anniversary of the date of grant, provided further that the Shares of Common Stock up to five percent (5%) of the Shares reserved pursuant to Section 4(a) may be issued pursuant to Awards that do not meet such vesting requirements, (v) the number of Shares or amount of cash or other property subject to each Award and (vi) subject to the requirements of Section 409A of the Code (to the extent applicable) any amendments to the terms and conditions of outstanding Awards, including, but not limited to, extending the exercise period of such Awards and accelerating the payment schedules of such Awards and/or, to the extent specifically permitted under the Plan, accelerating the vesting schedules of such Awards);

(5) to determine the terms and conditions, not inconsistent with the terms of the Plan, which shall govern all written instruments evidencing Awards;

(6) to determine the Fair Market Value in accordance with the terms of the Plan;

(7) to determine the duration and purpose of leaves of absence which may be granted to a Participant without constituting termination of the Participant’s service or employment for purposes of Awards granted under the Plan;

(8) to adopt, alter and repeal such administrative rules, regulations, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(9) to construe and interpret the terms and provisions of, and supply or correct omissions in, the Plan and any Award issued under the Plan (and any Award Agreement relating thereto), and to otherwise supervise the administration of the Plan and to exercise all powers and authorities either specifically granted under the Plan or necessary and advisable in the administration of the Plan; and

(10) to prescribe, amend and rescind rules and regulations relating to sub-plans established for the purpose of satisfying applicable non-United States laws or for qualifying for favorable tax treatment

under applicable non-United States laws, which rules and regulations may be set forth in an appendix or appendices to the Plan.

(c) Subject to Section 5, neither the Board nor the Committee shall have the authority to reprice or cancel and regrant any Award at a lower exercise, base or purchase price or cancel any Award with an exercise, base or purchase price in exchange for cash, property or other Awards without first obtaining the approval of the Company's shareholders.

(d) All decisions made by the Administrator pursuant to the provisions of the Plan shall be final, conclusive and binding on all Persons, including the Company and the Participants.

(e) The expenses of administering the Plan (which for avoidance of doubt does not include the costs of any Participant) shall be borne by the Company and its Affiliates.

(f) If at any time or to any extent the Board shall not administer the Plan, then the functions of the Administrator specified in the Plan shall be exercised by the Committee. Except as otherwise provided in the Articles of Incorporation or Bylaws of the Company, any action of the Committee with respect to the administration of the Plan shall be taken by a majority vote at a meeting at which a quorum is duly constituted or unanimous written consent of the Committee's members.

Section 4. **Shares Reserved for Issuance Under the Plan.**

(a) Subject to Section 5 hereof, 330,000 Shares of Common Stock are reserved and available for issuance pursuant to Awards granted under the; provided, that, shares of Common Stock issued under the Plan with respect to an Exempt Award shall not count against such share limit.

(b) Shares issued under the Plan may, in whole or in part, be authorized but unissued Shares or Shares that shall have been or may be reacquired by the Company in the open market, in private transactions or otherwise. If an Award entitles the Participant to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan. If any Shares subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award otherwise terminates or expires without a distribution of Shares to the Participant, the Shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for granting Awards under the Plan. Notwithstanding the foregoing, (i) any Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options; and (ii) Shares surrendered or withheld as payment of either the Exercise Price of an Award (including Shares otherwise underlying a Stock Appreciation Right that are retained by the Company to account for the Exercise Price of such Stock Appreciation Right) and/or withholding taxes in respect of an Award shall no longer be available for grant under the Plan. In addition, (i) to the extent an Award is denominated in shares of Common Stock, but paid or settled in cash, the number of shares of Common Stock with respect to which such payment or settlement is made shall again be available for grants of Awards pursuant to the Plan and (ii) shares of Common Stock underlying Awards that can only be settled in cash shall not be counted against the aggregate number of shares of Common Stock available for Awards under the Plan. Upon the exercise of any Award granted in tandem with any other Awards, such related Awards shall be cancelled to the extent of the number of Shares as to which the Award is exercised and, notwithstanding the foregoing, such number of Shares shall no longer be available for grant under the Plan.

(c) No more than 330,000 Shares, shall be issued pursuant to the exercise of ISOs.

Section 5. **Equitable Adjustments.**

In the event of any Change in Capitalization, an equitable substitution or proportionate adjustment shall be made in (i) the aggregate number and kind of securities reserved for issuance under the Plan pursuant to Section 4, (ii) the kind, number of securities subject to, and the Exercise Price subject to outstanding Options and Stock Appreciation Rights granted under the Plan, (iii) the kind, number and purchase price of Shares or other

securities or the amount of cash or amount or type of other property subject to outstanding Restricted Stock, Restricted Stock Units or Other Stock-Based Awards granted under the Plan; and/or (iv) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); provided, however, that any fractional shares resulting from the adjustment shall be eliminated. Such other equitable substitutions or adjustments shall be made as may be determined by the Administrator, in its sole discretion. Without limiting the generality of the foregoing, in connection with a Change in Capitalization, the Administrator may provide, in its sole discretion, but subject in all events to the requirements of Section 409A of the Code, for the cancellation of any outstanding Award granted hereunder in exchange for payment in cash or other property having an aggregate Fair Market Value equal to the Fair Market Value of the Shares, cash or other property covered by such Award, reduced by the aggregate Exercise Price or purchase price thereof, if any; provided, however, that if the Exercise Price or purchase price of any outstanding Award is equal to or greater than the Fair Market Value of the shares of Common Stock, cash or other property covered by such Award, the Administrator may cancel such Award without the payment of any consideration to the Participant. Further, without limiting the generality of the foregoing, with respect to Awards subject to foreign laws, adjustments made hereunder shall be made in compliance with applicable requirements. Except to the extent determined by the Administrator, any adjustments to ISOs under this Section 5 shall be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code. The Administrator’s determinations pursuant to this Section 5 shall be final, binding and conclusive.

Section 6. **Eligibility.**

The Participants in the Plan shall be selected from time to time by the Administrator, in its sole discretion, from those individuals that qualify as Eligible Recipients.

Section 7. **Options.**

(a) General. Options granted under the Plan shall be designated as Nonqualified Stock Options or ISOs. Each Participant who is granted an Option shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, including, among other things, the Exercise Price of the Option, the term of the Option and provisions regarding exercisability of the Option, and whether the Option is intended to be an ISO or a Nonqualified Stock Option (and in the event the Award Agreement has no such designation, the Option shall be a Nonqualified Stock Option). The provisions of each Option need not be the same with respect to each Participant. More than one Option may be granted to the same Participant and be outstanding concurrently hereunder. Options granted under the Plan shall be subject to the terms and conditions set forth in this Section 7 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable and set forth in the applicable Award Agreement.

(b) Exercise Price. The Exercise Price of Shares purchasable under an Option shall be determined by the Administrator in its sole discretion at the time of grant, but in no event shall the exercise price of an Option be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant.

(c) Option Term. The maximum term of each Option shall be fixed by the Administrator, but no Option shall be exercisable more than ten (10) years after the date such Option is granted. Each Option’s term is subject to earlier expiration pursuant to the applicable provisions in the Plan and the Award Agreement. Notwithstanding the foregoing, subject to Section 4(d) of the Plan, the Administrator shall have the authority to accelerate the exercisability of any outstanding Option at such time and under such circumstances as the Administrator, in its sole discretion, deems appropriate.

(d) Exercisability. Each Option shall be subject to vesting or become exercisable at such time or times and subject to such terms and conditions, including the attainment of performance goals, as shall be determined by the Administrator in the applicable Award Agreement. The Administrator may also provide that any Option shall be exercisable only in installments, and the Administrator may waive such installment exercise provisions at any time, in whole or in part, based on such factors as the Administrator may determine in its sole discretion.

(e) Method of Exercise. Options may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of whole Shares to be purchased, accompanied by payment in full

of the aggregate Exercise Price of the Shares so purchased in cash or its equivalent, as determined by the Administrator. As determined by the Administrator, in its sole discretion, with respect to any Option or category of Options, payment in whole or in part may also be made (i) by means of consideration received under any cashless exercise procedure approved by the Administrator (including the withholding of Shares otherwise issuable upon exercise), (ii) in the form of unrestricted Shares already owned by the Participant which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) any other form of consideration approved by the Administrator and permitted by Applicable Laws or (iv) any combination of the foregoing.

(f) ISOs. The terms and conditions of ISOs granted hereunder shall be subject to the provisions of Section 422 of the Code and the terms, conditions, limitations and administrative procedures established by the Administrator from time to time in accordance with the Plan. At the discretion of the Administrator, ISOs may be granted only to an employee of the Company, its “parent corporation” (as such term is defined in Section 424(e) of the Code) or a Subsidiary of the Company.

(1) *ISO Grants to 10% Shareholders*. Notwithstanding anything to the contrary in the Plan, if an ISO is granted to a Participant who owns shares representing more than ten percent (10%) of the voting power of all classes of shares of the Company at the time of grant, its “parent corporation” (as such term is defined in Section 424(e) of the Code) or a Subsidiary of the Company, the term of the ISO shall not exceed five (5) years from the time of grant of such ISO and the Exercise Price shall be at least one hundred and ten percent (110%) of the Fair Market Value of the Shares on the date of grant.

(2) *\$100,000 Per Year Limitation For ISOs*. To the extent the aggregate Fair Market Value (determined on the date of grant) of the Shares for which ISOs are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds \$100,000, such excess ISOs shall be treated as Nonqualified Stock Options.

(3) *Disqualifying Dispositions*. Each Participant awarded an ISO under the Plan shall notify the Company in writing immediately after the date the Participant makes a “disqualifying disposition” of any Share acquired pursuant to the exercise of such ISO. A “disqualifying disposition” is any disposition (including any sale) of such Shares before the later of (i) two years after the date of grant of the ISO and (ii) one year after the date the Participant acquired the Shares by exercising the ISO. The Company may, if determined by the Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable Participant until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Shares.

(g) Rights as Shareholder. A Participant shall have no rights to dividends, dividend equivalents or distributions or any other rights of a shareholder with respect to the Shares subject to an Option until the Participant has given written notice of the exercise thereof, and has paid in full for such Shares and has satisfied the requirements of Section 15 hereof.

(h) Termination of Employment or Service. Treatment of an Option upon termination of employment of a Participant shall be provided for by the Administrator in the Award Agreement.

(i) Other Change in Employment or Service Status. An Option shall be affected, both with regard to vesting schedule and termination, by leaves of absence, including unpaid and un-protected leaves of absence, changes from full-time to part-time employment, partial Disability or other changes in the employment status or service status of a Participant, in the discretion of the Administrator.

Section 8. **Stock Appreciation Rights.**

(a) General. Stock Appreciation Rights may be granted either alone (“Free Standing Rights”) or in conjunction with all or part of any Option granted under the Plan (“Related Rights”). Related Rights may be granted either at or after the time of the grant of such Option. The Administrator shall determine the Eligible Recipients to whom, and the time or times at which, grants of Stock Appreciation Rights shall be made. Each Participant who is

granted a Stock Appreciation Right shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, including, among other things, the number of Shares to be awarded, the Exercise Price per Share, and all other conditions of Stock Appreciation Rights. Notwithstanding the foregoing, no Related Right may be granted for more Shares than are subject to the Option to which it relates. The provisions of Stock Appreciation Rights need not be the same with respect to each Participant. Stock Appreciation Rights granted under the Plan shall be subject to the following terms and conditions set forth in this Section 8 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable, as set forth in the applicable Award Agreement.

(b) Awards; Rights as Shareholder. A Participant shall have no rights to dividends or any other rights of a shareholder with respect to the shares of Common Stock, if any, subject to a Stock Appreciation Right until the Participant has given written notice of the exercise thereof and has satisfied the requirements of Section 15 hereof.

(c) Exercise Price. The Exercise Price of Shares purchasable under a Stock Appreciation Right shall be determined by the Administrator in its sole discretion at the time of grant, but in no event shall the exercise price of a Stock Appreciation Right be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant.

(d) Exercisability.

(1) Stock Appreciation Rights that are Free Standing Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator in the applicable Award Agreement.

(2) Stock Appreciation Rights that are Related Rights shall be exercisable only at such time or times and to the extent that the Options to which they relate shall be exercisable in accordance with the provisions of Section 7 hereof and this Section 8 of the Plan.

(e) Payment Upon Exercise.

(1) Upon the exercise of a Free Standing Right, the Participant shall be entitled to receive up to, but not more than, that number of Shares equal in value to the excess of the Fair Market Value as of the date of exercise over the Exercise Price per share specified in the Free Standing Right multiplied by the number of Shares in respect of which the Free Standing Right is being exercised.

(2) A Related Right may be exercised by a Participant by surrendering the applicable portion of the related Option. Upon such exercise and surrender, the Participant shall be entitled to receive up to, but not more than, that number of Shares equal in value to the excess of the Fair Market Value as of the date of exercise over the Exercise Price specified in the related Option multiplied by the number of Shares in respect of which the Related Right is being exercised. Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the Related Rights have been so exercised.

(3) Notwithstanding the foregoing, the Administrator may determine to settle the exercise of a Stock Appreciation Right in cash (or in any combination of Shares and cash).

(f) Termination of Employment or Service. Treatment of a Stock Appreciation Right upon termination of employment of a Participant shall be provided for by the Administrator in the Award Agreement.

(g) Term.

(1) The term of each Free Standing Right shall be fixed by the Administrator, but no Free Standing Right shall be exercisable more than ten (10) years after the date such right is granted.

(2) The term of each Related Right shall be the term of the Option to which it relates, but no Related Right shall be exercisable more than ten (10) years after the date such right is granted.

(h) Other Change in Employment or Service Status. Stock Appreciation Rights shall be affected, both with regard to vesting schedule and termination, by leaves of absence, including unpaid and un-protected leaves of absence, changes from full-time to part-time employment, partial Disability or other changes in the employment or service status of a Participant, in the discretion of the Administrator.

Section 9. Restricted Stock and Restricted Stock Units.

(a) General. Restricted Stock or Restricted Stock Units may be issued under the Plan. The Administrator shall determine the Eligible Recipients to whom, and the time or times at which, Restricted Stock or Restricted Stock Units shall be made. Each Participant who is granted Restricted Stock or Restricted Stock Units shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, including, among other things, the number of Shares to be awarded; the price, if any, to be paid by the Participant for the acquisition of Restricted Stock or Restricted Stock Units; the period of time restrictions, performance goals or other conditions that apply to Transferability, delivery or vesting of such Awards (the "Restricted Period"); and all other conditions applicable to the Restricted Stock and Restricted Stock Units. If the restrictions, performance goals or conditions established by the Administrator are not attained, a Participant shall forfeit his or her Restricted Stock or Restricted Stock Units, in accordance with the terms of the grant. The provisions of the Restricted Stock or Restricted Stock Units need not be the same with respect to each Participant.

(b) Awards and Certificates. Except as otherwise provided below in Section 9(c), (i) each Participant who is granted an Award of Restricted Stock may, in the Company's sole discretion, be issued a share certificate in respect of such Restricted Stock; and (ii) any such certificate so issued shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to any such Award. The Company may require that the share certificates, if any, evidencing Restricted Stock granted hereunder be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Award of Restricted Stock, the Participant shall have delivered a share transfer form, endorsed in blank, relating to the Shares covered by such Award. Certificates for shares of unrestricted Common Stock may, in the Company's sole discretion, be delivered to the Participant only after the Restricted Period has expired without forfeiture in such Restricted Stock Award. With respect to Restricted Stock Units to be settled in Shares, at the expiration of the Restricted Period, share certificates in respect of the shares of Common Stock underlying such Restricted Stock Units may, in the Company's sole discretion, be delivered to the Participant, or his or her legal representative, in a number equal to the number of shares of Common Stock underlying the Restricted Stock Units Award. Notwithstanding anything in the Plan to the contrary, any Restricted Stock or Restricted Stock Units to be settled in Shares (at the expiration of the Restricted Period, and whether before or after any vesting conditions have been satisfied) may, in the Company's sole discretion, be issued in uncertificated form. Further, notwithstanding anything in the Plan to the contrary, with respect to Restricted Stock Units, at the expiration of the Restricted Period, Shares, or cash, as applicable, shall promptly be issued (either in certificated or uncertificated form) to the Participant, unless otherwise deferred in accordance with procedures established by the Company in accordance with Section 409A of the Code, and such issuance or payment shall in any event be made within such period as is required to avoid the imposition of a tax under Section 409A of the Code.

(c) Restrictions and Conditions. The Restricted Stock or Restricted Stock Units granted pursuant to this Section 9 shall be subject to the following restrictions and conditions and any additional restrictions or conditions as determined by the Administrator at the time of grant or, subject to Section 409A of the Code where applicable, thereafter:

(1) The Administrator may, in its sole discretion, provide for the lapse of restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as the Administrator may determine, in its sole discretion, including, but not limited to, the attainment of certain performance goals, the Participant's termination of employment or service with the Company or any Affiliate thereof, or the Participant's death or Disability. Notwithstanding the foregoing, upon a Change in Control, the outstanding Awards shall be subject to Section 11 hereof.

(2) Except as provided in the applicable Award Agreement, the Participant shall generally have the rights of a shareholder of the Company with respect to Restricted Stock during the Restricted Period; provided, however, that dividends declared during the Restricted Period with respect to an Award, shall only

become payable if (and to the extent) the underlying Restricted Stock vests. Except as provided in the applicable Award Agreement, the Participant shall generally not have the rights of a shareholder with respect to Shares subject to Restricted Stock Units during the Restricted Period; provided, however, that, subject to Section 409A of the Code, an amount equal to dividends declared during the Restricted Period with respect to the number of Shares covered by Restricted Stock Units shall, unless otherwise set forth in an Award Agreement, be paid to the Participant at the time (and to the extent) Shares in respect of the related Restricted Stock Units are delivered to the Participant. Certificates for Shares of unrestricted Common Stock may, in the Company's sole discretion, be delivered to the Participant only after the Restricted Period has expired without forfeiture in respect of such Restricted Stock or Restricted Stock Units, except as the Administrator, in its sole discretion, shall otherwise determine.

(3) The rights of Participants granted Restricted Stock or Restricted Stock Units upon termination of employment or service as a director or independent contractor to the Company or to any Affiliate thereof terminates for any reason during the Restricted Period shall be set forth in the Award Agreement.

(d) Form of Settlement. The Administrator reserves the right in its sole discretion to provide (either at or after the grant thereof) that any Restricted Stock Unit represents the right to receive the amount of cash per unit that is determined by the Administrator in connection with the Award.

Section 10. **Other Stock-Based Awards.**

Other Stock-Based Awards may be issued under the Plan. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the individuals to whom and the time or times at which such Other Stock-Based Awards shall be granted. Each Participant who is granted an Other Stock-Based Award shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, including, among other things, the number of shares of Common Stock to be granted pursuant to such Other Stock-Based Awards, or the manner in which such Other Stock-Based Awards shall be settled (e.g., in shares of Common Stock, cash or other property), or the conditions to the vesting and/or payment or settlement of such Other Stock-Based Awards (which may include, but not be limited to, achievement of performance criteria) and all other terms and conditions of such Other Stock-Based Awards. In the event that the Administrator grants a bonus in the form of Shares, the Shares constituting such bonus shall, as determined by the Administrator, be evidenced in uncertificated form or by a book entry record or a certificate issued in the name of the Participant to whom such grant was made and delivered to such Participant as soon as practicable after the date on which such bonus is payable. Notwithstanding anything set forth in the Plan to the contrary, any dividend or dividend equivalent Award issued hereunder shall be subject to the same restrictions, conditions and risks of forfeiture as apply to the underlying Award.

Section 11. **Change in Control.**

Unless otherwise determined by the Administrator and evidenced in an Award Agreement, in the event that (a) a Change in Control occurs, and (b) the Participant is employed by the Company or any of its Affiliates immediately prior to the consummation of such Change in Control then upon the consummation of such Change in Control, the Administrator, in its sole and absolute discretion, may:

(a) provide that any unvested or unexercisable portion of any Award carrying a right to exercise become fully vested and exercisable; and

(b) cause the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to an Award granted under the Plan to lapse and such Awards shall be deemed fully vested and any performance conditions imposed with respect to such Awards shall be deemed to be fully achieved at target performance levels.

If the Administrator determines in its discretion pursuant to Section 3(b)(4) hereof to accelerate the vesting of Options and/or Share Appreciation Rights in connection with a Change in Control, the Administrator shall also have discretion in connection with such action to provide that all Options and/or Stock Appreciation Rights outstanding immediately prior to such Change in Control shall expire on the effective date of such Change in Control.

Section 12. **Amendment and Termination.**

The Board may amend, alter or terminate the Plan at any time, but no amendment, alteration or termination shall be made that would impair the rights of a Participant under any Award theretofore granted without such Participant's consent. The Board shall obtain approval of the Company's shareholders for any amendment that would require such approval in order to satisfy the requirements of any rules of the stock exchange on which the Common Stock is traded or other Applicable Law. Subject to Section 3(c), the Administrator may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Section 5 of the Plan and the immediately preceding sentence, no such amendment shall materially impair the rights of any Participant without his or her consent.

Section 13. **Unfunded Status of Plan.**

The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

Section 14. **Withholding Taxes.**

Each Participant shall, no later than the date as of which the value of an Award first becomes includible in the gross income of such Participant for purposes of applicable taxes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of an amount up to the maximum statutory tax rates in the Participant's applicable jurisdiction with respect to the Award, as determined by the Company. The obligations of the Company under the Plan shall be conditional on the making of such payments or arrangements, and the Company shall, to the extent permitted by Applicable Laws, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant. Whenever cash is to be paid pursuant to an Award, the Company shall have the right to deduct therefrom an amount sufficient to satisfy any applicable withholding tax requirements related thereto. Whenever Shares or property other than cash are to be delivered pursuant to an Award, the Company shall have the right to require the Participant to remit to the Company in cash an amount sufficient to satisfy any related taxes to be withheld and applied to the tax obligations; provided, that, with the approval of the Administrator, a Participant may satisfy the foregoing requirement by either (i) electing to have the Company withhold from delivery of Shares or other property, as applicable, or (ii) delivering already owned unrestricted shares of Common Stock, in each case, having a value not exceeding the applicable taxes to be withheld and applied to the tax obligations. Such already owned and unrestricted shares of Common Stock shall be valued at their Fair Market Value on the date on which the amount of tax to be withheld is determined and any fractional share amounts resulting therefrom shall be settled in cash. Such an election may be made with respect to all or any portion of the Shares to be delivered pursuant to an award. The Company may also use any other method of obtaining the necessary payment or proceeds, as permitted by Applicable Laws, to satisfy its withholding obligation with respect to any Award.

Section 15. **Transfer of Awards.**

Until such time as the Awards are fully vested and/or exercisable in accordance with the Plan or an Award Agreement, no purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any Award or any agreement or commitment to do any of the foregoing (each, a "Transfer") by any holder thereof in violation of the provisions of the Plan or an Award Agreement will be valid, except with the prior written consent of the Administrator, which consent may be granted or withheld in the sole discretion of the Administrator. Any purported Transfer of an Award or any economic benefit or interest therein in violation of the Plan or an Award Agreement shall be null and void *ab initio* and shall not create any obligation or liability of the Company, and any Person purportedly acquiring any Award or any economic benefit or interest therein transferred in violation of the Plan or an Award Agreement shall not be entitled to be recognized as a holder of such Shares or other property underlying such Award. Unless otherwise determined by the Administrator in accordance with the provisions of the immediately preceding sentence, an Option or a Stock Appreciation Right may be exercised, during the lifetime of the Participant, only by the Participant or, during any period during which the Participant is under a legal Disability, by the Participant's guardian or legal representative.

Section 16. **Continued Employment or Service.**

Neither the adoption of the Plan nor the grant of an Award shall confer upon any Eligible Recipient any right to continued employment or service with the Company or any Affiliate thereof, as the case may be, nor shall it interfere in any way with the right of the Company or any Affiliate thereof to terminate the employment or service of any of its Eligible Recipients at any time.

Section 17. **Effective Date.**

The Plan was approved by the Board on January 23, 2023 and shall be adopted and become effective on the date that it is approved by the Company's shareholders (the "Effective Date").

Section 18. **Electronic Signature.**

Participant's electronic signature of an Award Agreement shall have the same validity and effect as a signature affixed by hand.

Section 19. **Term of Plan.**

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

Section 20. **Securities Matters and Regulations.**

(a) Notwithstanding anything herein to the contrary, the obligation of the Company to sell or deliver Shares with respect to any Award granted under the Plan shall be subject to all Applicable Laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. The Administrator may require, as a condition of the issuance and delivery of certificates evidencing shares of Common Stock pursuant to the terms hereof, that the recipient of such shares make such agreements and representations, and that such certificates bear such legends, as the Administrator, in its sole discretion, deems necessary or advisable.

(b) Each Award is subject to the requirement that, if at any time the Administrator determines that the listing, registration or qualification of Shares is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Shares, no such Award shall be granted or payment made or Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

(c) In the event that the disposition of Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended, and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required by such act or regulations thereunder, and the Administrator may require a Participant receiving Common Stock pursuant to the Plan, as a condition precedent to receipt of such Common Stock, to represent to the Company in writing that the Common Stock acquired by such Participant is acquired for investment only and not with a view to distribution.

Section 21. **Section 409A of the Code.**

The Plan as well as payments and benefits under the Plan are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Code, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment or service with the Company for purposes of the Plan and no payment shall be due to the Participant under the Plan or any Award until the Participant would be considered to have incurred a "separation from service" from the Company and its Affiliates within the meaning of

Section 409A of the Code. Any payments described in the Plan that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Law requires otherwise. Notwithstanding anything to the contrary in the Plan, to the extent that any Awards (or any other amounts payable under any plan, program or arrangement of the Company or any of its Affiliates) are payable upon a separation from service and such payment would result in the imposition of any individual tax and penalty interest charges imposed under Section 409A of the Code, the settlement and payment of such awards (or other amounts) shall instead be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code. The Company makes no representation that any or all of the payments or benefits described in this Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

Section 22. Notification of Election Under Section 83(b) of the Code.

If any Participant shall, in connection with the acquisition of shares of Common Stock under the Plan, make the election permitted under Section 83(b) of the Code, such Participant shall notify the Company of such election within ten (10) days after filing notice of the election with the Internal Revenue Service.

Section 23. No Fractional Shares.

No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan. The Administrator shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

Section 24. Beneficiary.

A Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the executor or administrator of the Participant’s estate shall be deemed to be the Participant’s beneficiary.

Section 25. Paperless Administration.

In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

Section 26. Severability.

If any provision of the Plan is held to be invalid or unenforceable, the other provisions of the Plan shall not be affected but shall be applied as if the invalid or unenforceable provision had not been included in the Plan.

Section 27. Clawback.

(a) If the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance (whether one occurrence or a series of occurrences of noncompliance) with any financial reporting requirement under the securities laws (including if the Company is required to prepare an accounting restatement to correct an error (or a series of errors)) (a “Covered Accounting Restatement”), and if such Covered Accounting Restatement includes (i) restatements that correct errors that are material to previously issued financial statements (commonly referred to as “Big R” restatements), and (ii) restatements that correct errors that are not material to previously issued financial statements, but would result in a material misstatement if (a) the errors were left uncorrected in the current report or (b) the error correction was recognized in the current period (commonly referred to as “little r” restatements), then the Committee may require any Covered Executive to repay (in which event,

such Covered Executive shall, within thirty (30) days of the notice by the Company, repay to the Company) or forfeit (in which case, such Covered Executive shall immediately forfeit to the Company) to the Company, and each Covered Executive hereby agrees to so repay or forfeit, that portion of the Incentive Compensation received by such Covered Executive during the period comprised of the Company's three (3) completed fiscal years (together with any intermittent stub fiscal year period(s) of less than nine (9) months resulting from Company's transition to different fiscal year measurement dates) immediately preceding the date the Company is deemed (as described below) to be required to prepare a Covered Accounting Restatement (such period, the "Look-Back Period"), that the Committee determines was in excess of the amount of Incentive Compensation that such Covered Executive would have received during such Look-Back Period, had such Incentive Compensation been calculated based on the restated amounts, and irrespective of any fault, misconduct or responsibility of such Covered Executive for the Covered Accounting Restatement. It is specifically understood that, to the extent that the impact of the Covered Accounting Restatement on the amount of Incentive Compensation received cannot be calculated directly from the information therein (e.g., if such restatement's impact on the Company's stock price is not clear), such excess amount of Incentive Compensation shall be determined based on a reasonable estimate by the Committee of the effect of the Covered Accounting Restatement on the applicable financial measure (including the stock price or total shareholder return) based upon which the Incentive Compensation was received. The amount of the Incentive Compensation to be recouped shall be determined by the Committee in its sole and absolute discretion and calculated on a pre-tax basis, and the form of such recoupment of Incentive Compensation may be made, in the Committee's sole and absolute discretion, through the forfeiture or cancellation of vested or unvested Awards, cash repayment or both. Incentive Compensation shall be deemed received, either wholly or in part, in the fiscal year during which the financial reporting measure specified in such Incentive Compensation award is attained (or with respect to, or based upon the achievement of, such financial reporting measure, such Incentive Compensation was granted, earned or vested, as applicable), even if the payment, vesting or grant of such Incentive Compensation occurs after the end of such fiscal year. For purposes of this Section 27, the Company is deemed to be required to prepare a Covered Accounting Restatement on the earlier of: (A) the date upon which the Board or an applicable committee thereof, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Covered Accounting Restatement; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Covered Accounting Restatement.

(b) Notwithstanding any other provisions in this Plan, any Award or any other compensation received by a Participant which is subject to recovery under any Applicable Laws, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement), will be subject to such deductions and clawback as may be required to be made pursuant to such Applicable Law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement on or following the Effective Date).

Section 28. **Governing Law.**

The Plan shall be governed by, and construed in accordance with, the laws of the State of California, without giving effect to principles of conflicts of law of such state.

Section 29. **Indemnification.**

To the extent allowable pursuant to Applicable Law, each member of the Board and the Administrator and any officer or other employee to whom authority to administer any component of the Plan is designated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled pursuant to the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Section 30. **Titles and Headings, References to Sections of the Code or Exchange Act.**

The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

Section 31. **Successors.**

The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

Section 32. **Relationship to other Benefits.**

No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare, or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.