

SUMMIT STATE BANK

Compensation Committee Charter

The Board of Directors of Summit State Bank (Bank) acknowledges the importance of establishing the guidelines and approach for setting compensation paid to its executive officers. Furthermore, the Board of Directors considers executive officer compensation to be directly related to performance and aims to make Summit State Bank's compensation comparable to that of similar-sized financial institutions for similar work performed.

Purpose. Given concerns regarding excessive executive officer compensation and the need for bank directors to establish a clear performance appraisal process and related compensation program, this policy is developed to recognize both the regulatory concerns and the need to relate compensation to general industry standards. The purpose of the Compensation Committee is:

- A. To review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation;
- B. To make recommendations to the Board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to Board approval; and
- C. To produce a Compensation Committee report on executive officer compensation to be included in the Bank's annual proxy statement or annual report on Form 10K filed with the FDIC.

Committee Membership. The Committee shall consist of two or more members of the Board, each of whom must be "independent" under the rules of NASDAQ. The Board shall appoint the Chairperson of the Committee and shall also have responsibility for appointment and removal of Committee members.

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

Specific Goals. The specific goals of this policy are as follows:

- A. Provide for annual performance evaluations for each executive officer.
- B. Establish a formal salary and bonus administration program that incorporates the performance results of both the individual and the institution.

- C. Establish a methodology for determining the amount and timing of bonuses.
- D. Ensure compensation paid is directly related to work performed.

Policy Statement. The Board of Directors hereby adopts a Compensation Policy that covers the payment of salaries, bonuses, and/or fees to executive officers. Executive officer positions are clearly defined in the written job descriptions referred to in this policy.

Compensation Packages. All executive officers' performance and their compensation packages will be reviewed on an annual basis. Compensation will be commensurate with work performed and level of performance.

Annual Review Meetings. Job descriptions will clearly define the executive officers' reporting lines, principal accountabilities, and technical skill requirements. At the end of each fiscal year, the Compensation Committee will review for each executive officer, performance related to the job description and previously agreed-upon performance goals. In addition, the review will cover adherence to the Compensation Policy, management supervision abilities, attitude and commitment, and other related considerations. The direct supervisor of each executive officer (except the CEO) will submit an appraisal of the executive officer's performance to the Compensation Committee for review. The Compensation Committee will have full responsibility for review of the CEO's performance.

At the conclusion of the review for each executive officer, a memorandum to that individual's personnel file will be generated indicating the summation of performance, including the accomplishment of specified goals and/or objectives, and recommendations regarding salary increase and/or bonus. In addition, the performance appraisal will include an agreed-upon list of performance goals and objectives for the next 12 months.

Salary Surveys and Comparisons. To ensure that compensation packages to executive officers are competitive, the Compensation Committee, with management support, will develop and document a salary survey designed to compare compensation packages paid to executive officers performing similar jobs for similar-sized institutions. Any other fees or compensation paid to executive officers will be based solely on the fair value of services received. A comparison study will be done in such situations to include a survey of compensation rates, detail on services performed, and types of supporting detail. Furthermore, the Compensation Committee will document that the services were needed and fairly priced. In general, Summit State Bank will discourage any type of executive officer compensation outside of the approved salary and bonus structure, for either present personnel or recruits.

Bonus Payments. Bonuses will be paid each year, at the direction of the Board of Directors based upon recommendation from the Compensation Committee. Bonus payments will be based on the Bank's performance, individual performance vs. expectations, and other objective criteria. Furthermore, the timing of such bonuses paid at year-end is subject to the discretion of the Board of Directors.

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

Audit/Compliance Reviews. On an annual basis, the audit department will conduct a review of compensation procedures, documentation, and minutes of the Compensation Committee meetings to test for compliance with this policy. Findings of this audit will be reported directly to the Audit Committee.