



March 31, 2021

Dear Fellow Shareholders:

On behalf of the Board of Directors and employees of Prime Meridian Holding Company (the "Company"), it is our pleasure to invite you to the 2021 Annual Meeting of Shareholders. The Annual Meeting will take place at the Woman's Club of Tallahassee, 1513 Cristobal Drive, Tallahassee, Florida 32303 on Thursday, May 13, 2021, at 5:30 p.m., Eastern Time.

**Annual Shareholder Meeting**

***Woman's Club of Tallahassee, 1513 Cristobal Drive  
Tallahassee, Florida 32303***

**\*\*State and Local authorities, in response to the COVID-19 pandemic, may limit the size of group gatherings making it necessary for us to adjust the date, time, and/or location of the Annual Meeting.  
Details will be made available should this be necessary.**

The Notice of the Annual Meeting of Shareholders and Proxy Statement provided with this letter describe the formal business that will be transacted at the Annual Meeting. Shareholders are being asked to vote on the election of directors and the ratification of the appointment of the Company's independent auditors for the fiscal year ending December 31, 2021.

We encourage you to attend the Annual Meeting so that you may meet with our directors and executive officers, who will be available to answer questions you may have about the Company, as well as have the opportunity to meet with some of our employees.

Your vote is very important. Please vote your shares at [www.investorvote.com/pmhg](http://www.investorvote.com/pmhg) over the internet, by telephone or via mailed proxy card, if you received paper copies of your materials. The voting procedures are specified in the enclosed Proxy Statement.

We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Sammie D. Dixon, Jr.", written in a cursive style.

Sammie D. Dixon, Jr.  
Vice Chairman, President and  
Chief Executive Officer





**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 13, 2021**

The 2021 Annual Meeting of Shareholders of Prime Meridian Holding Company (the “Company”) will be held at the Woman’s Club of Tallahassee, 1513 Cristobal Drive, Tallahassee, Florida 32303 on Thursday, May 13, 2021, at 5:30 p.m., Eastern Time. At the Annual Meeting, the following items will be presented and voted upon:

- **Proposal 1:** The election of fourteen (14) members to the Company’s Board of Directors;
- **Proposal 2:** The ratification of the appointment of Hacker, Johnson & Smith, P.A. as the independent auditors for the Company for the fiscal year ending December 31, 2021; and
- **Proposal 3:** The adjournment of the Annual Meeting to solicit additional proxies in the event there is an insufficient number of votes to approve either one or both of the foregoing Proposals.

The Board of Directors has fixed the close of business on March 5, 2021, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. It is important that your shares be presented and voted at the Annual Meeting. Please vote your shares over the internet at [www.investorvote.com/pmhg](http://www.investorvote.com/pmhg), by telephone or via mailed proxy card, if you received paper copies of your materials. The voting procedures are specified in the enclosed Proxy Statement. Please vote your shares even if you presently plan to attend the Annual Meeting in person. By doing so, we can ensure that a quorum is present to hold the Annual Meeting. Specific instructions on how to vote your shares, may be found in the enclosed Proxy Statement.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Sammie D. Dixon, Jr.", written over a light blue horizontal line.

Sammie D. Dixon, Jr.  
Vice Chairman, President and  
Chief Executive Officer

Tallahassee, Florida  
March 31, 2021





## PROXY STATEMENT 2021 ANNUAL MEETING OF SHAREHOLDERS

### GENERAL MEETING INFORMATION

**Date:** *Thursday, May 13, 2021*

**Time:** *5:30 p.m., Eastern Time*

**Location:** *Woman's Club of Tallahassee  
1513 Cristobal Drive  
Tallahassee, Florida 32303*

### PROCEDURES FOR VOTING SHARES

#### *Solicitation and Voting of Proxies*

This Proxy Statement is being furnished to the shareholders of Prime Meridian Holding Company ("Prime Meridian" or the "Company") as of the record date of March 5, 2021. The Company's Board of Directors ("Board") is soliciting proxies for use at the 2021 Annual Meeting of Shareholders ("Annual Meeting"). The Annual Meeting will take place at 5:30 p.m. on Thursday, May 13, 2021. Our Annual Report for 2020 is also posted with this Proxy Statement at [www.investorvote.com/pmhg](http://www.investorvote.com/pmhg), or if requested was mailed with this Proxy Statement. These documents are being provided to our shareholders on or about March 31, 2021 and offer important information about our business and audited financial statements.

It is important that your shares be represented by proxy, or that you are present to vote in person at the Annual Meeting. Please vote your shares at [www.investorvote.com/pmhg](http://www.investorvote.com/pmhg) over the internet, by telephone or via mailed proxy card, if you received paper copies of your materials. Even if you presently plan to be in attendance at the Annual Meeting, in the event you unexpectedly are unable to attend the Annual Meeting and vote in person, we encourage you to vote your proxy to ensure your vote is counted. Proxies solicited by the Board of Directors will be voted in accordance with the directions given therein.

The Board is recommending that you vote:

**“FOR” – Proposal 1:** The election of the fourteen (14) nominees to Prime Meridian’s Board of Directors, each to serve a one-year term.

**“FOR” – Proposal 2:** The ratification of the appointment of Hacker, Johnson & Smith, P.A., as Prime Meridian’s independent auditors for the fiscal year ending December 31, 2021.

**“FOR” – Proposal 3:** The adjournment of the Annual Meeting in order to solicit additional proxies in the event there is an insufficient number of votes to approve either one or both of the foregoing proposals.

If you do not indicate a voting preference, the proxy holders will vote in accordance with the Board’s recommendations, as stated above. The Board of Directors knows of no additional business that will be brought up for consideration at the Annual Meeting. However, voting online or by telephone, or the execution of the proxy card, confers discretionary authority on the proxy holders to vote your shares in accordance with their best judgment on any other business that may properly come before the Annual Meeting, or any adjournment thereof.

### ***Voting Securities***

The securities entitled to vote at this Annual Meeting are the outstanding shares of Company common stock, as of the close of business on March 5, 2021. That date has been fixed by the Board as the record date (“Record Date”) for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. The total number of record holders of Prime Meridian’s common stock outstanding on the Record Date was approximately 333, with 3,124,674 shares of common stock outstanding.

### ***Eligibility to Vote***

In accordance with Florida law, the directors of Prime Meridian are elected by a plurality of the votes cast at a meeting at which a quorum is present. Other matters are approved if the affirmative votes cast by the holders of the shares represented at a meeting at which a quorum is present and entitled to vote on the subject matter exceed the votes opposing the action. A shareholder may abstain or withhold a vote with respect to any item submitted for shareholder approval. Abstentions have no effect on any vote. The Company’s Articles of Incorporation do not provide for cumulative voting. Therefore, shareholders are entitled to one vote for each share held on all matters presented for consideration at the Annual Meeting.

## ***Voting Your Shares***

The manner in which your shares may be voted depends on how shares are held, that is:

**Shares Held in Your Name** – If you are the record owner of our common stock, meaning that your shares of common stock are represented by certificates or book entries in your name so that you appear as a shareholder on the records of our stock transfer agent, your shares can be voted at [www.investorvote.com/pmhg](http://www.investorvote.com/pmhg) over the internet, by telephone or via a mailed proxy card, if you received paper copies of your materials.

**Shares Held in Street Name** – If you own shares through a brokerage firm (referred to as shares held in “street name”), you should receive instruction from your broker on how your shares are to be voted. Shares held with brokerage firms may also be voted over the internet, by telephone or via a mailed proxy card, if you received paper copies of your materials.

If your shares are held in street name, under certain circumstances your brokerage firm may vote your shares. Brokerage firms have authority to vote their customers’ shares on certain “routine” matters. When a brokerage firm votes its customers’ shares on routine matters, those shares are also counted for purposes of establishing a quorum to conduct business at the meeting. A brokerage firm, however, cannot vote its customers’ shares on non-routine matters. Accordingly, such shares are not counted as votes against a non-routine matter, but rather are not counted at all for such matters. Proposal 1, the election of directors, is considered to be a non-routine matter.

## ***Revocation of Proxy or Voting Instructions***

Your presence at the Annual Meeting will not automatically revoke your proxy or voting instructions. If you hold stock in your own name you may revoke a proxy at any time prior to its exercise by: (i) submitting a written notice of revocation to the attention of the Secretary of the Company; (ii) delivering to the Company a duly executed proxy card bearing a later date; (iii) or by attending the Annual Meeting and voting in person. Shareholders who hold stock in street name may revoke previously submitted voting instructions by contacting their brokerage firm, or by obtaining a legal proxy card, from the brokerage firm and voting in person at the Annual Meeting.

## ***Attending the Annual Meeting***

If you are the record owner of our common stock, you may attend the Annual Meeting and vote in person, regardless of whether you have previously voted by proxy. If you own common stock through a brokerage account, you may attend the Annual Meeting. However, in order to vote your shares at the Annual Meeting, you must obtain a “legal proxy” from the brokerage firm that holds your shares. You should contact your brokerage account representative to learn how to obtain a “legal proxy”. In either case, we encourage you to vote your shares in advance of the Annual Meeting by one of the methods described above, even if you plan on attending the Annual Meeting. This will enable us to determine if a quorum is present. You may change or revoke your proxy or voting instructions at the Annual Meeting in the manners described above even if you have already voted by proxy card, telephone or online.

### ***Certain Shareholders***

The Company is aware of one shareholder who owns 5% or more of the outstanding shares of Company common stock: Spence Limited, LP, which owns 176,659 shares, or 5.7% of the outstanding shares. Spence Limited, LP's address is PO Box 505, Blakely, Georgia 39825.

## **PROPOSAL 1 – ELECTION OF DIRECTORS**

Marjorie R. Turnbull announced her retirement from the Boards of the Bank and Prime Meridian to be effective on May 13, 2021. On April 15, 2021, Mrs. Turnbull has been appointed as Director Emeritus by the Boards of the Bank and Prime Meridian. The following fourteen (14) individuals currently serve on Prime Meridian's Board of Directors and have each been nominated to serve an additional one-year term: *Kenneth H. Compton, William D. Crona, Sammie D. Dixon, Jr., Steven L. Evans, R. Randy Guemple, Chris L. Jensen, Jr., Kathleen C. Jones, Robert H. Kirby, Frank L. Langston, Michael A. Micallef, Jr., L. Collins Proctor, Sr., Garrison A. Rolle, M.D., Steven D. Smith, and Richard A. Weidner*. Each of these individuals also serves as a member of the Board of Directors of the Bank. Upon the affirmative vote of the shareholders, the nominated individuals will serve as directors until the 2022 Annual Meeting of Shareholders or until such other time as their successors have been duly elected or appointed.

Each member of the Board of Directors is an "independent director" using the standards set forth under Section 5600 of the NASDAQ Stock Market Rules, except for Mr. Dixon, Mr. Guemple, Mr. Jensen, Mrs. Jones, and Mr. Micallef.

The names and ages of our director nominees, a brief description of their principal occupations and business experience, and certain other related information are presented below. At this time, we know of no reason why any director nominee may not be able to serve, if elected.

### ***Information Concerning Director Nominees***

**Kenneth H. Compton**, age 52, was elected to Prime Meridian's and the Bank's Boards in May 2019. He is the Founder, President and CEO of Compton & Associates, Private Wealth Advisors, which focuses on asset management, retirement planning, estate planning, and business transition planning. Mr. Compton became a director of Community Southern Holdings, Inc. and Community Southern Bank in 2013, where he served as Chairman of both the Loan and Compensation committees and served on both the Audit and Asset Liability committees. He remained on the Boards until their sale to Sunshine Bancorp, Inc. in 2015. He then joined the Board of Sunshine Bancorp, Inc. and served, as the Sarbanes-Oxley Financial Expert on the Audit Committee, until its sale to CenterState Bank Corporation in 2018. His background includes a Juris Doctor degree from the Cumberland School of Law at Samford University, a Master of Law degree from the University of Denver, Sturm College of Law and Daniels College of Business, and a Bachelor of Arts Degree in International Studies and Foreign Policy from Rhodes College. He has served as an adjunct professor of finance and insurance, as a vesting agent under the Florida Comprehensive Land Use Plan, and as a past Executive Vice President of the Highlands County



Board of Realtors. He serves as the Chair of the Governance, Compensation and Nominating Committee, member of Audit and Loan Committee and is the Vice Chair for Gulf Atlantic Bank, Key West, Florida. Mr. Compton serves on the Board of Baycare's Bartow Regional Medical Center. He also has served on the Board of the Southeastern University Foundation.

**William D. Crona**, age 72, is a founding member of the Boards of the Bank and Prime Meridian. He is a certified public accountant. In 2005, he retired from a twenty-three year career with the accounting firm of Law, Redd, Crona and Munroe, P.A., Tallahassee, Florida, where he served as a partner. He currently is a financial consultant and investor in the Tallahassee area. Mr. Crona serves on the Boards of the Apalachee Land Conservancy, Manchebo Beach Resort Hotel, TEC Incorporated, SAVA, and the City of Tallahassee Citizen Advisory Board.

**Sammie D. Dixon, Jr.**, age 51, was part of the management team and Board that formed both the Bank and Prime Meridian. He is the Vice Chairman, Chief Executive Officer and President of Prime Meridian and the Bank. Prior to joining the Bank, from June 2005 to December 2006, he was the Senior Vice President and Commercial Sales Manager for Regions Bank in Tallahassee, Florida. Before that, he served as Chief Executive Officer and President for Bank of Thomas County from August 2003 to June 2005. From April 1999 to 2003, Mr. Dixon held various positions with Bank of Florida – Southwest in Naples, Florida. He began his banking career with NationsBank in 1997. Mr. Dixon previously served as an Administrative Committee Member of the American Bankers Association's Community Bankers Council. He is active in the community as a member of the Rotary Club of Tallahassee and member of the Tallahassee Memorial HealthCare Foundation Board of Trustees. He serves on the Boards of the Boys & Girls Clubs of the Big Bend and the Greater Tallahassee Chamber of Commerce. He is a former Campaign Co-Chair of the United Way of the Big Bend where he also served as a director. Mr. Dixon attends Saint Peter's Anglican Church.

**Steven L. Evans**, age 73, is a founding member of the Boards of the Bank and Prime Meridian. He retired from a thirty-year career with IBM in 2003 where he served as Vice President of its North American Education business and IBM's Senior State Executive for its Florida operations. After graduating from the University of Michigan, Mr. Evans played in the St. Louis Cardinal baseball organization for six years before joining IBM. Mr. Evans currently serves on the Boards of the Florida Taxwatch Research Institute, Tallahassee Memorial Hospital, Ghost Controls, Inc., Vineyard Capital, Fringe Benefits Management Corporation, Kyra Infotech Group and is the Chairman of the Economic Vitality Leadership Council. He is an Advisor for the FSU Marine Research Lab and is a member of the FSU Research GAP Committee.

**R. Randy Guemple**, age 69, is a founding member of the Boards of the Bank and Prime Meridian. He retired as Prime Meridian's and the Bank's Executive Vice President and Chief Financial Officer in March 2019. He was formerly a certified public accountant. Prior to assuming these offices, he was a retired bank executive, having most recently served as Executive Vice President, Chief Operating Officer, and Chief Financial Officer of First Bank of Florida in West Palm Beach, Florida. He is a Past Chairman of the Financial Managers Society, Inc., headquartered in Chicago, Illinois. Mr. Guemple is a Past Chairman and current member of the Board of Trustees for the Tallahassee Memorial HealthCare Foundation, Inc. and Southern Scholarship Foundation, Inc. in Tallahassee, Florida. He is also Director Emeritus of Elder Care Services, Inc. and an active member of the Tallahassee Kiwanis Club. Mr. Guemple is a graduate of Florida State University

(FSU) where he received a Bachelor of Science in Accounting and his Master of Business Administration. He played baseball while at FSU and is a member of Good Shepherd Catholic Church.

**Chris L. Jensen, Jr.**, age 64, was part of the management team and Board that formed both the Bank and Prime Meridian. He is an Executive Vice President of Prime Meridian and the Bank's Executive Vice President and Senior Lender. Prior to joining the Bank, from February 2005 to 2007, he served as Tallahassee Market President for Regions Bank. Before that, Mr. Jensen held various management positions with SouthTrust Bank from 1997 to 2005, culminating with the position of Tallahassee's Market President. He also served as Senior Lender for First Bank of Tallahassee in its de novo stage in 1990. Mr. Jensen has over forty years of lending experience in Tallahassee and the surrounding markets. He is active in the community and currently serves on the Boards of several local groups, including the Suwannee River Area Council for the Boy Scouts of America, and the Young Actors Theatre.

**Kathleen C. Jones**, age 67, was part of the management team that formed both the Bank and Prime Meridian and has been a member of both Boards since 2011. She retired as Prime Meridian's and the Bank's Executive Vice President and Chief Financial Officer in December 2015. Prior to joining the Bank, she spent thirty-six years with SunTrust Bank and its Tallahassee predecessor institutions. Mrs. Jones retired from SunTrust Bank in 2007, at the position of North Florida Regional Senior Vice President, Senior Banking Operations Manager. She is a 1978 graduate of Florida State University where she received a Bachelor of Science in Finance. She also is a 1988 graduate of the Graduate School of Banking of the South in Baton Rouge, Louisiana. Mrs. Jones is a member of Thomasville Road Baptist Church.

**Robert H. Kirby**, age 54, was elected to Prime Meridian's and the Bank's Board in May 2010. He is a partner in Rehab Technologies, LLC, a medical equipment sales and leasing business, and Huxford Land Company, LLC, a land and timber company. Mr. Kirby currently serves as President and Chief Executive Officer of Cedar Creek Land and Timber Company, Inc. and T.R. Miller Woodlands, Inc., and as a member of the management executive committees of T.R. Miller Mill Company, Inc. and Neal Land Alabama, Inc., all located in Brewton, Alabama. Mr. Kirby received a bachelor's degree from the University of the South, Sewanee, Tennessee and a Master of Business Administration from the University of Alabama, Tuscaloosa, Alabama. He serves on the Boards of a number of private companies and non-profit organizations, including Tall Timbers Research, Inc.

**Frank L. Langston**, age 63, is a founding member of the Boards of the Bank and Prime Meridian. He has been a principal/owner, since 2000, with the real estate services company NAI TALCOR, located in Tallahassee, Florida. From 1990 to 2000, Mr. Langston was affiliated with NAI TALCOR as an independent contractor. After attending Auburn University, Mr. Langston entered the management training program of First Florida Banks in Tampa. While assigned to the Marketing Department, Mr. Langston gained valuable first hand real estate experience in locating bank branch locations around the state. In addition, he participated in strategic planning, new product development, and market analysis. From 1981 to 1984, Mr. Langston served as Marketing Director with the responsibility of business development for the Tallahassee office. In May 1989, he entered the commercial real estate business specializing in retail and office sales and leasing, and bank-

owned real estate. Mr. Langston is a Certified Commercial Investment Member, a Florida licensed broker-salesman, and an Alabama licensed broker. He is also a member of the National Association of Realtors, the Florida Association of Realtors, and the Tallahassee Association of Realtors. He currently serves on the Board of Anna's Foundation, Advisory Board of the Master of Real Estate Development Program at Auburn University and the Community Board of the Tallahassee Campus of the Florida State University, College of Medicine.

**Michael A. Micallef, Jr.**, age 71, was elected to Prime Meridian's and the Bank's Board in March 2019. From then until his retirement on February 29, 2020, he served as the Bank's Senior Vice President and Market President for the Polk County market. Prior to joining the Bank, Mr. Micallef served as Regional President for Sunshine Bank from 2015 to 2017. From its founding in 2006 until its sale to Sunshine Bancorp, Inc. in 2015, Mr. Micallef served as Director, Chief Executive Officer and President of Community Southern Holdings, Inc. and Community Southern Bank, in Lakeland, Florida. Mr. Micallef has over thirty years of experience as a Chief Executive Officer of financial institutions, including serving as President of Marco Community Bancorp, Inc. and Chief Executive Officer and President of Marco Community Bank in Marco Island, Florida from 2003 to 2005; and Chief Executive Officer, President, and Vice Chairman of Sterling Bank, FSB, in Lantana, Florida from 1999 to 2003. Mr. Micallef received his Bachelor of Science degree from St. Peters University, New Jersey, his Master of Business Administration from Fordham University and a graduate banking degree from Brown University.

**L. Collins Proctor, Sr.**, age 51, is a founding member of the Boards of the Bank and the Company. He is a co-founding partner of FSM (Facility Solutions Management) which optimizes facility performance and operating costs through its Engineering, Controls, and Energy Services divisions for corporate, government, medical, and education, clients throughout the United States. In addition to managing firm level strategies, Mr. Proctor focuses primarily within FSM's Energy Services division overseeing strategy, financing, and quality control. Mr. Proctor is also an investor/partner of Red Brick Partners, LLC, a real estate and private equity investment entity started in 2006. Prior to 2006, Mr. Proctor owned and managed a Florida real estate acquisition and construction advisory firm, an affiliate of a national firm with which he was associated for ten years. Mr. Proctor received his Bachelor of Arts from Vanderbilt University and his Master of Business Administration from Emory University, between which times he served five years with NationsBank (now Bank of America) in its leveraged leasing division managing over \$3.5 billion in equipment financing for large corporate clients. Mr. Proctor also serves as a commissioner on the Tallahassee-Leon County Planning Commission.

**Garrison A. Rolle, M.D.**, age 59, is a founding member of the Boards of the Bank and Prime Meridian. He is an orthopedic surgeon who joined the Tallahassee Orthopedic Clinic in 1997. He served on AmSouth Bank's Advisory Board of Directors in Tallahassee, Florida and was formerly a director of Regions Bank in Tallahassee, Florida. Dr. Rolle played football for the University of Florida while pursuing his Bachelor of Science degree. He received his medical degree from the University of Florida, College of Medicine.

**Steven D. Smith**, age 68, is a founding member of the Boards of the Bank and Prime Meridian. He is an owner and operator of a number of Krispy Kreme Doughnut franchises throughout the Florida Panhandle, including Tallahassee, Florida. Mr. Smith currently serves as

Chairman of the Board for Pursuit Channel, an outdoor network delivered to approximately thirty-eight million U.S. households. He also serves as a member of the Florida Highway Patrol Advisory Council. Mr. Smith is the owner of a number of other local businesses and is a 1974 graduate of Livingston University in Livingston, Alabama.

**Richard A. Weidner**, age 76, is a founding member and Chairman of the Boards of the Bank and Prime Meridian. On December 31, 2020, Mr. Weidner retired from an eighteen-year career with the accounting firm of Carr, Riggs & Ingram, LLC. He is a certified public accountant with an inactive license and former partner and Partner Oversight Director of Carr, Riggs & Ingram, LLC. In 2002 this firm acquired Williams, Cox, Weidner & Cox, P.A., Tallahassee, Florida, which Mr. Weidner helped establish in 1972. From approximately 1998 to 2001, Mr. Weidner served as an Advisory Board member for SunTrust Bank. Mr. Weidner is a past member of the Tallahassee Community College Foundation Board. He is a Past Treasurer of the Tallahassee Chamber of Commerce, Past President of the Tallahassee YMCA, and Past Treasurer of the Maclay School Board of Directors. He has also served on the Leon County Library Advisory Board and was a United Way Campaign Captain.

### **Information Concerning the Non-Director Executive Officers**

**Susan Payne Turner**, age 54, has been with the Bank since 2013. She is presently the Executive Vice President and Chief Risk Officer of the Bank and Prime Meridian. Mrs. Turner began her banking career in 1983. From 2010 to 2013, she was a Regional Retail Leader for Centennial Bank, where she managed ten branches located in Leon, Wakulla, Calhoun and Liberty Counties. Mrs. Turner is a graduate of Florida State University and received a Master of Business Administration from Troy University in 2005. She is also a graduate from the Graduate School of Banking at Louisiana State University. Mrs. Turner serves as a director for the Florida Bankers Education Foundation. She is a Past Chair and serves as Director Emeritus for the Tallahassee Community College Foundation. She also serves as Past Chair for the Tallahassee Community College Alumni and Friends Association and Director Emeritus on the Board for the Wakulla County Chamber of Commerce. She is a member of the Coastal Optimist Club, is the Associate Director of the Wakulla County Historical Society and serves as Treasurer on the Board for the Community Foundation of North Florida.

**Monté L. Ward**, age 39, has been with the Bank since 2011. He is presently the Executive Vice President and Chief Information Officer of the Bank and Prime Meridian. Prior to joining the Bank, he was Assistant Vice President and held various operational, compliance and information technology positions at Premier Bank from 2002 to 2011. Mr. Ward has a background in software programming and hacking/intrusion. He holds various certifications and designations such as Certified Information Systems Security Professional, Certified Information Security Manager, Certified Regulatory Compliance Manager, Accredited ACH Professional and others in technology, security, risk, and compliance. He is a graduate of Florida Agricultural & Mechanical University where he received a Bachelor of Science in Electrical Engineering. He received a Master of Science in Cybersecurity from National University. Mr. Ward is also a graduate of the ABA Stonier Graduate School of Banking and the Wharton Leadership Program at the University of Pennsylvania.

**Clint F. Weber**, age 39, has been with the Bank since 2013. He is presently the Executive Vice President and Chief Financial Officer of the Bank and Prime Meridian. Prior to joining the Bank, he was Vice President and held various credit positions at Premier Bank and its successor financial institution Centennial Bank from 2008 to 2013. From 2003 to 2008, he was a Financial Institution Examiner at the Florida Office of Financial Regulation. Mr. Weber's work experience includes credit risk management, regulatory compliance, accounting and asset/liability management. Mr. Weber is a graduate of Florida State University where he received a Bachelor of Science in Finance and Real Estate. He is also a graduate of the Florida School of Banking at the University of Florida.

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The following table sets forth the number of shares and percentages of common stock that the directors and non-director executive officers beneficially owned as of the Record Date.

Name	Position with the Company	Year First Elected Director	Number of Shares <sup>(1)</sup>	Right to Acquire <sup>(2)</sup>	Beneficial Ownership Percentage <sup>(3)</sup>
Kenneth H. Compton	Director	2019	7,212	2,000	0.29%
William D. Crona	Director	2010	50,719	6,000	1.81
Sammie D. Dixon, Jr.	CEO, President, Vice Chairman & Director	2010	117,474 <sup>(4)</sup>	42,207	5.04
Steven L. Evans	Director	2010	31,509	6,000	1.20
R. Randy Guemple	Director	2010	34,030	6,000	1.28
Chris L. Jensen, Jr.	EVP & Director	2010	53,583	6,150	1.91
Kathleen C. Jones	Director	2011	18,450	6,000	0.78
Robert H. Kirby	Director	2010	78,943 <sup>(5)</sup>	6,000	2.71
Frank L. Langston	Director	2010	33,106	6,000	1.25
Michael A. Micallef, Jr.	Director	2019	5,696	2,000	0.25
L. Collins Proctor, Sr.	Director	2010	21,800 <sup>(6)</sup>	7,800 <sup>(7)</sup>	0.94
Garrison A. Rolle, M.D.	Director	2010	33,704	6,000	1.27
Steven D. Smith	Director	2010	68,434 <sup>(8)</sup>	6,000	2.38
Marjorie R. Turnbull <sup>(9)</sup>	Director	2010	23,700	6,000	0.95
Susan Payne Turner	EVP & CRO	N/A	8,230 <sup>(10)</sup>	4,800	0.42
Monté L. Ward	EVP & CIO	N/A	4,530	4,800	0.30
Clint F. Weber	EVP & CFO	N/A	6,372	4,800	0.36
Richard A. Weidner	Chairman & Director	2010	103,440	6,000	3.50
<b>Total (18 people)</b>			<b>700,932</b>	<b>134,557</b>	<b>25.63%</b>

(1) Includes shares for which the named person:

- has sole voting and investment power;
- has shared voting and investment power with a spouse, or
- holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.

(2) Shares covered by stock options that are vested or exercisable within sixty (60) days of the Record Date.

(3) Based on 3,124,674 shares outstanding and only the listed individual exercising his or her stock options.

(4) Includes 7,838 shares of restricted stock.

(5) Includes 2,500 shares owned by Mr. Kirby's spouse, and as custodian of UGTMA/FL account.

(6) Includes 9,200 shares beneficially owned by Mr. Proctor's spouse in her 401(k) and IRA, and as custodian of UGTMA/FL accounts.

(7) Includes options to acquire 1,800 shares of Company owned by Mr. Proctor's spouse.

(8) Includes 24,000 shares owned by Mr. Smith's spouse.

(9) Mrs. Turnbull has retired and been appointed as Director Emeritus effective on May 13, 2021.

(10) Includes 350 shares beneficially owned by Mrs. Turner as custodian of UGTMA/FL account.

**The Board of Directors Recommends that Shareholders Vote “FOR” the Election of the Fourteen (14) Director Nominees to the Board of Directors.**

## EXECUTIVE COMPENSATION

The cash compensation of Sammie D. Dixon, Jr., the Vice Chairman, Chief Executive Officer and President (“Vice Chair/CEO/President”) of Prime Meridian and the Bank are paid pursuant to a Master Service Agreement, currently with 30% attributable to Prime Meridian and 70% attributable to the Bank. The cash compensation of Clint F. Weber, the Chief Financial Officer and Executive Vice President (“CFO/EVP”) of Prime Meridian and the Bank is also paid pursuant to the Master Service Agreement, currently with 25% attributable to Prime Meridian and 75% attributable to the Bank.

Prime Meridian’s Compensation Committee, working in consultation with the Vice Chair/CEO/President, reviews different compensation alternatives to attract and retain qualified management, to meet short-term financial goals, and to enhance long-term shareholder value. The objective is to pay each executive officer the base salary that would be paid on the open market for a similarly qualified officer of that position.

The Compensation Committee determines the level of base salary and any incentive bonus for the Chief Executive Officer based upon competitive norms, derived from surveys published by independent banking institutes and private companies specializing in the analysis of financial institutions. Such surveys provide information regarding compensation of financial institution officers and employees based on the size and geographic location of the financial institution and serve as a benchmark for determining executive salaries.

In 2020, the Compensation Committee established a performance matrix based on a budgeted increase in net income and total asset growth. To receive any bonus under this program, the Vice Chair/CEO/President must at least meet or exceed the performance objectives.

In connection with the Incentive Plan for Vice Chair/CEO/President Dixon, in early 2021, the Compensation Committee approved the grant of 4,081 restricted shares under the 2015 Stock Option Plan, valued at \$18.04 per share, the fair market value as of the date of the grant, and a \$53,594 cash bonus.

Effective January 1, 2020, the Bank’s executive management team adopted an Incentive Plan for officers and employees to be used in determining cash bonuses based upon two components: overall Bank performance and individual performance. Pursuant to the Incentive Plan, CRO/EVP Susan Payne Turner earned and received a cash bonus of \$40,000, and Senior Lender/EVP Chris L. Jensen, Jr. earned and received a cash bonus of \$44,715.

## Summary Compensation Table

The following table provides information regarding the compensation of Prime Meridian's named executive officers for the fiscal years ended December 31, 2020, 2019, and 2018.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary<sup>(1)</sup></u>	<u>Bonus</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>All Other Compensation</u>	<u>Total</u>
Sammie D. Dixon, Jr. Vice Chairman, President and CEO	2020	\$343,000	\$53,594	\$73,621	-	\$102,271 <sup>(2)</sup>	\$572,486
	2019	\$326,550	\$26,532	\$78,234	-	\$ 98,819 <sup>(2)</sup>	\$530,135
	2018	\$311,000	\$46,650	\$66,672	\$83,750	\$ 17,600 <sup>(3)</sup>	\$525,672
Chris L. Jensen, Jr. EVP and Bank SLO	2020	\$200,149	\$44,715	-	-	\$ 98,525 <sup>(2)</sup>	\$343,389
	2019	\$190,618	\$18,336	-	-	\$ 95,341 <sup>(2)</sup>	\$304,295
	2018	\$181,541	\$31,514	-	\$34,338	\$ 15,126 <sup>(3)</sup>	\$262,519
Susan Payne Turner EVP and CRO	2020	\$184,762	\$40,000	-	-	\$ 17,085 <sup>(2)</sup>	\$241,847
	2019	\$175,963	\$22,079	-	-	\$ 16,760 <sup>(2)</sup>	\$214,802
	2018	\$167,584	\$30,061	-	\$26,800	\$ 14,527 <sup>(3)</sup>	\$238,972

(1) Includes salary deferred at the election of the executive under the Bank's 401(k) retirement plan.

(2) The figures in the "all other compensation" column is the sum of matching contributions under the Bank's 401(k) plan, the Bank's contributions for Mr. Dixon and Mr. Jensen under Defined Contribution Agreements, the imputed monetary value of split dollar life insurance benefits, and vehicle-related expenses. For 2020 and 2019, the Bank made contributions to the Bank's 401(k) Plan of \$11,400 and \$11,200, respectively, for Mr. Dixon, contributions of \$9,179 and \$9,205, respectively, for Mr. Jensen, and contributions of \$8,634 and \$8,361, respectively, for Mrs. Turner. For 2020 and 2019, the Bank made contributions to the Defined Contribution Agreements of \$80,963 and \$77,849, respectively, for Mr. Dixon, and contributions of \$79,933 and \$76,858, respectively, for Mr. Jensen. The imputed value of split dollar life insurance benefits for income tax purposes in 2020 and 2019 was \$1,908 and \$1,770, respectively, for Mr. Dixon, and \$1,413 and \$1,278 for Mr. Jensen. The imputed value of the split dollar life insurance benefit for income tax purposes in 2020 and 2019 was \$451 and \$399, respectively, for Mrs. Turner. Car-allowance expenses in 2020 and 2019 were \$8,000, respectively, for Mr. Dixon, \$8,000, respectively, for Mr. Jensen and \$8,000, respectively, for Mrs. Turner.

(3) The figures in the "all other compensation" column is the sum of matching contributions under the Bank's 401(k) plan and vehicle related expenses. For 2018, the Bank made contributions to the Bank's 401(k) Plan of \$11,000, respectively, for Mr. Dixon, contributions of \$8,526, respectively, for Mr. Jensen, and contributions of \$7,927, respectively, for Mrs. Turner. Car-allowance expenses in 2018 were \$6,600, respectively, for Mr. Dixon, \$6,600, respectively, for Mr. Jensen and \$6,600, respectively, for Mrs. Turner.

## Employment Agreements

On July 19, 2018, the Company and the Bank entered into an Amended and Restated Employment Agreement with Vice Chair/CEO/President Dixon. The agreement amended and restated in its entirety the Employment Agreement by and between Mr. Dixon and the Company, dated July 25, 2016.

Pursuant to the terms and conditions of the agreement, Mr. Dixon is retained as Chief Executive Officer and President of Prime Meridian and the Bank for a period of three years, subject to an automatic extension for an additional year on each anniversary of the original expiration date of the agreement. In addition, the term of the agreement will be extended for an additional three years upon a Change in Control of the Company (as defined in the agreement). Following an



extension of the term of the agreement incident to a Change in Control of the Company, the term of the agreement will be automatically extended for an additional year on each anniversary of the date of the Change in Control. Notwithstanding the foregoing, either the Company or Mr. Dixon may cause the term of the agreement to cease at the end of the then current term by giving the other written notice of not less than 60 days prior to the expiration of the then current term of the agreement. Termination of Mr. Dixon's employment for any reason shall constitute his resignation of his positions on the Boards of Directors of Prime Meridian, the Bank, and either of their subsidiaries.

The agreement provides for Mr. Dixon to receive a base salary and automobile allowance, to be eligible to receive an annual bonus of not less than 25% of his base salary, and to participate in the Company's benefit plans. Mr. Dixon is also eligible to receive an annual equity incentive award of at least 25% of his base salary. The form of the equity award will be at the discretion of Prime Meridian. The Bank will also establish a nonqualified account balance deferred compensation plan for the benefit of Mr. Dixon and purchase bank owned life insurance for the benefit of Mr. Dixon's designated beneficiaries.

If his employment is terminated because of death, Mr. Dixon's estate is entitled to receive accrued and earned payments or benefits due and a prorated portion of the bonus he received in his final year of employment. If Mr. Dixon's employment is terminated as a result of disability, then he is entitled to receive accrued and earned payments or benefits due and health and other insurance benefits for a period of six months following the date of termination.

If employment is terminated by the Company for reasons other than Cause (as defined in the agreement) or disability, or if Mr. Dixon terminates the agreement for Good Reason (as defined in the agreement), Mr. Dixon is entitled to receive his base salary through the date of termination, a prorated portion of the bonus he received in his final year of employment, 18 months of health and other insurance coverage, all other accrued and earned payments or benefits due, and a cash payment equal to two times the average of his base salary over the previous three years. However, if such a termination occurs during the period beginning three months prior to and ending 18 months after a Change in Control, such payment shall equal 2.99 times the sum of Mr. Dixon's then current base salary and the average bonus earned by Mr. Dixon during each of the three calendar years preceding the date of termination.

The agreement includes confidentiality provisions to protect the Company's proprietary and confidential information. The agreement also prohibits Mr. Dixon from competing with the Company during the term of the agreement and during the two-year period following termination by the Company for reasons other than Cause or disability, or termination by Mr. Dixon for Good Reason. During such period, Mr. Dixon will be prohibited from engaging in the business of banking in Gadsden, Jefferson, Leon, and Wakulla Counties, Florida and anywhere within 20 miles of a Bank branch office that is operational on the date of termination of the agreement. The agreement also restricts Mr. Dixon from soliciting certain existing and prospective customers of the Bank for a period of two years following termination of employment. In addition, during the two-year period following termination of employment, the agreement restricts Mr. Dixon from inducing any Bank employee to terminate his or her employment with the Bank or to accept employment with any other employer. The foregoing non-competition, non-solicitation, and non-recruitment provisions do not

apply if Mr. Dixon's employment is terminated as a result of the expiration of the agreement or the nonrenewal of the term of the agreement.

On November 19, 2018, the Company and the Bank entered into an Employment Agreement with Senior Lender/EVP Jensen. Pursuant to the terms and conditions of the agreement, Mr. Jensen was retained as Executive Vice President and Senior Lender of the Bank for a period of three years, subject to an automatic extension for an additional year on each anniversary of the original expiration date of the agreement. In addition, the term of the agreement will be extended for an additional three years upon a Change in Control of the Company (as defined in the agreement). Following an extension of the term of the agreement incident to a Change in Control of the Company, the term of the agreement will be automatically extended for an additional year on each anniversary of the date of the Change in Control. Notwithstanding the foregoing, either the Company or Mr. Jensen may cause the term of the agreement to cease at the end of the then current term by giving the other written notice of not less than 60 days prior to the expiration of the then current term of the agreement. Termination of Mr. Jensen's employment for any reason shall constitute his resignation of his positions on the Boards of Directors of Prime Meridian, the Bank, and either of their subsidiaries.

The agreement provides for Mr. Jensen to receive a base salary and automobile allowance, to be eligible to receive an annual bonus, and to participate in the Company's benefit plans. The Bank will also establish a nonqualified account balance deferred compensation plan for the benefit of Mr. Jensen.

If his employment is terminated because of death, Mr. Jensen's estate is entitled to receive accrued and earned payments or benefits due and a prorated portion of the bonus he received in his final year of employment. If Mr. Jensen's employment is terminated as a result of disability, then he is entitled to receive accrued and earned payments or benefits due and health and other insurance benefits for a period of twelve months following the date of termination.

If employment is terminated by the Company for reasons other than Cause (as defined in the agreement) or disability, or if Mr. Jensen terminates the agreement for Good Reason (as defined in the agreement), Mr. Jensen is entitled to receive his base salary through the date of termination, a prorated portion of the bonus he received in his final year of employment, 12 months of health and other insurance coverage, all other accrued and earned payments or benefits due, and a cash payment equal to two times the average of his base salary over the previous three years. However, if such a termination occurs during the period beginning three months prior to and ending 12 months after a Change in Control, such payment shall equal two times the sum of Mr. Jensen's then current base salary and the average bonus earned by Mr. Jensen during each of the three calendar years preceding the date of termination.

The agreement includes confidentiality provisions to protect the Company's proprietary and confidential information. The agreement also prohibits Mr. Jensen from competing with the Company during the term of the agreement and during the two-year period following termination by the Company for reasons other than Cause or disability, or termination by Mr. Jensen for Good Reason. During such period, Mr. Jensen will be prohibited from engaging in the business of banking in Gadsden, Jefferson, Leon, and Wakulla Counties, Florida and anywhere within 20 miles of a Bank

branch office that is operational on the date of termination of the agreement. The agreement also restricts Mr. Jensen from soliciting certain existing and prospective customers of the Bank for a period of two years following termination of employment. In addition, during the two-year period following termination of employment, the agreement restricts Mr. Jensen from inducing any Bank employee to terminate his or her employment with the Bank or to accept employment with any other employer. The foregoing non-competition, non-solicitation, and non-recruitment provisions do not apply if Mr. Jensen's employment is terminated as a result of the expiration of the agreement or the nonrenewal of the term of the agreement.

### **Defined Contribution Agreements**

On November 19, 2018, the Company and the Bank entered into Defined Contribution Agreements with Vice Chair/CEO/President Dixon and Executive Senior Lender/EVP Jensen.

Under Mr. Dixon's agreement the Bank will, at the discretion of the Board of Directors of the Company, credit annually to a defined contribution plan an amount then determined to be sufficient to result in an account balance at the date Mr. Dixon would attain age 65 which would be sufficient to pay to Mr. Dixon at least \$150,000 of annual retirement benefits for fifteen (15) years after his qualifying retirement. Payments under the plan shall commence upon the later of (i) Mr. Dixon attaining age 65 and (ii) the date that Mr. Dixon is no longer providing services to the Bank as an employee. All of Mr. Dixon's rights under the plan shall be subject to all other terms and conditions of that plan. If prior to Mr. Dixon reaching the age of 65: (i) the Company discharges Mr. Dixon for reasons other than cause; (ii) Mr. Dixon becomes permanently disabled; (iii) Mr. Dixon dies; or (iv) on or within 12 months following a Change in Control (as defined in the agreement) Mr. Dixon resigns, the Company shall pay to Mr. Dixon the balance of the plan. Mr. Dixon will forfeit his interest in the plan if he is terminated for cause or if grounds exist for his termination for cause.

The terms of the Defined Contribution Agreement applicable to Mr. Jensen are identical to the terms of the plan for Mr. Dixon, except that the Bank will, at the discretion of the Board of Directors of the Company, credit annually an amount then determined to be sufficient to result in an account balance at the date Mr. Jensen would attain age 67 which would be sufficient to pay to Mr. Jensen at least \$50,000 of annual retirement benefits for ten (10) years after his qualifying retirement.

### **Split Dollar Life Insurance Agreements**

If Vice Chair/CEO/President Sammie D. Dixon, Jr., Senior Lender/EVP Chris L. Jensen, Jr. and CRO/EVP Susan Payne Turner die in active service to the Bank, their respective beneficiaries will receive a split dollar life insurance death benefit in a fixed amount. As informal financing for the Defined Contribution Agreement payment obligation arising out of an executive's death before retirement, the Bank purchased life insurance policies on certain officers' lives, including Mr. Dixon, Mr. Jensen and Mrs. Turner. The life insurance policies are owned by the Bank, but the Bank entered into split dollar life insurance agreements allowing the executives to designate the executive's beneficiary of a portion of the policy death benefits. The Bank will receive the remainder of the death benefits. Although the Bank expects the split dollar life insurance policy benefits to finance the expense for the payment obligations under the Defined Contribution Agreements of Mr. Dixon

and Mr. Jensen, the executives' contractual entitlements under the Defined Contribution Agreements are not funded and remain contractual liabilities of the Bank.

Pursuant to the split dollar life insurance agreements, in the event of an executive's death during the term of the executive's agreement, the executive's designated beneficiaries will be entitled to receive life insurance death benefit proceeds in an amount equal to \$1.734 million for Mr. Dixon, \$421,767 for Mr. Jensen, and \$352,000 for Mrs. Turner. The foregoing right to receive death benefits under the split dollar life insurance agreements will be extinguished in the event that one of the following events occurs prior to the executive's death: the total cessation of the business of the Bank; the bankruptcy, receivership or dissolution of the Bank; the termination of the executive's employment; the Bank or the executive gives written notice to the other party that the split dollar life insurance agreement is terminated; or the life insurance policy underlying the split dollar life insurance agreement is surrendered by the Bank, lapses, or otherwise is terminated by the Bank. If any of the foregoing events occurs, the executive's beneficiaries will not be entitled to any benefits under the split dollar life insurance agreement.

### **Outstanding Equity Awards**

In 2015, the Board of Directors adopted the Prime Meridian Holding Company 2015 Stock Incentive Compensation Plan ("2015 Plan"), which was then approved by the shareholders at the Annual Meeting of Shareholders.

Pursuant to the 2015 Plan, selected employees and/or directors of Prime Meridian and the Bank are eligible to receive awards of various forms of equity-based incentive compensation, including stock options (incentive and non-qualified, as applicable), stock appreciation rights, restricted stock awards, performance units, and phantom stock, as well as awards consisting of combinations of such incentives.

During the first quarter of 2020, Prime Meridian issued 3,835 shares of restricted stock to its Vice Chair/CEO/President. These shares vest over three years beginning on January 16, 2021.

The 2015 Plan is administered by the Company's Compensation Committee, which has the authority to: (i) interpret the Plan, to establish rules as deemed necessary for the implementation or maintenance of the Plan; (ii) determine grants for eligible participants under the Plan; (iii) make all other decisions or determinations required or considered appropriate for the operation of the Plan and the distribution of benefits under the Plan; and (iv) to retain professional assistance in the evaluation of director and senior executive officer compensation. Our Board of Directors has reserved to itself the right to amend or terminate the Plan. However, no amendment may be implemented without approval of the shareholders to the extent such approval is required under applicable law, Code Section 422, Rule 16b-3, or any applicable stock exchange rule. Furthermore, in no case can options be re-priced either by cancellation and re-grant or by lowering the exercise price of a previously granted award.

Prime Meridian has limited the aggregate number of shares of common stock to be awarded under the 2015 Plan to 500,000 shares, but in no instance more than 15% of the issued and outstanding shares of the Company's common stock. However, the maximum number of shares

available under the 2015 Plan is subject to appropriate adjustment in the case of any stock dividends, stock splits, recapitalizations, reorganizations, mergers, consolidations, exchanges, or other changes in capitalization affecting the common stock. As of December 31, 2020, there were 272,057 outstanding stock options under the 2015 Plan.

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The following table provides information regarding stock options and unvested restricted stock held by each of our named executive officers as of December 31, 2020. The stock options shown in the table were granted under the 2015 Plan and have a per share exercise price equal to or greater than the fair market value of our common stock on the grant date.

Name and Principal Position	Date of Grant	Option Awards				Stock Awards	
		# of Securities Underlying Unexercised Options Exercisable	# of Securities Underlying Unexercised Option Unexercisable	Option Exercise Price	Option Expiration Date	# of Shares of Stock that have not Vested	Market Value of Shares of Stock that have not Vested
Sammie D. Dixon, Jr. Vice Chairman, President and CEO	01/16/2020	-	-	-	-	3,835	\$69,030
	02/21/2019	-	-	-	-	2,400	\$43,200
	04/01/2018	10,000	15,000	\$20.09	04/01/2028	-	-
	02/28/2018	15,667	-	\$17.21	02/28/2023	-	-
	02/01/2017	11,540	-	\$17.03	02/01/2022	-	-
Chris L. Jensen, Jr. EVP and Bank SLO	04/01/2018	4,100	6,150	\$20.09	04/01/2028	-	-
Susan Payne Turner EVP and CRO	04/01/2018	3,200	4,800	\$20.09	04/01/2028	-	-

## DIRECTOR COMPENSATION

In 2020, the Bank paid its directors \$825 per board meeting attended, \$165 per board committee meeting attended, and \$247.50 to chair a board committee meeting, all of which could be paid in cash or shares of the Company's common stock, as described below. In addition, the Chairman of the Board was paid a \$6,000 annual retainer in 2020. Additionally, Mrs. Jones was paid a \$75,000 and Mr. Guemple was paid a \$37,500 consultant fee in 2020 for their roles as Senior Advisors. Until February 29, 2020, Mr. Micallef served as Market President of the Bank and was paid \$21,917 in salary during 2020. Excluding compensation to Mr. Dixon and Mr. Jensen, the Bank paid a total of \$318,693 in the aggregate of fees paid in cash and shares of stock to its directors in 2020.

In 2012, Prime Meridian's Board of Directors and shareholders adopted the Directors' Compensation Plan (the "Directors' Plan"). Pursuant to the Directors' Plan, each director is permitted to elect to receive his or her Board and committee fees in either shares of stock or cash. To encourage directors to elect to receive stock, the Directors' Plan provides that if a director elects to receive stock, he or she will receive in common stock 110% of the amount of cash fees set by the Compensation Committee and approved by the Board. The stock to be awarded pursuant to the Directors' Plan will be valued at the closing price of a share of common stock as traded on any national market or exchange, or a price set by the Compensation Committee and approved by the Board, acting in good faith, but in no case less than fair market value. In 2020, the Board used the greater of quarter-end book value or quarter-end volume weighted average market price to determine what the fair market value of Prime Meridian common stock was for purposes of the Directors' Plan. The maximum remaining number of shares to be issued pursuant to the Directors' Plan is limited to 46,708 shares, which is approximately 1.5% of the total shares outstanding as of the record date. In

2020, our directors received 4,932 shares of common stock, in lieu of cash, under the Directors' Plan.

The following table sets forth the cash compensation or stock compensation paid, earned, or awarded during 2020 to each of our directors other than executive officers Mr. Dixon and Mr. Jensen, whose compensation is described in the "Summary Compensation Table" on page 12.

<u>Name</u>	<u>Total Fees Awarded in Stock</u>		<u>Total Fees Earned and Paid in Cash</u>	<u>Total Value of Compensation</u>
	<u>Cash Value</u>	<u># of Shares</u>		
Kenneth H. Compton	\$12,251	646	-	\$12,251
William D. Crona	-	-	\$15,510	\$15,510
Steven L. Evans	\$17,787	931	-	\$17,787
R. Randy Guemple <sup>(1)</sup>	-	-	\$53,340	\$53,340
Kathleen C. Jones <sup>(2)</sup>	-	-	\$86,385	\$86,385
Robert H. Kirby	\$12,524	661	-	\$12,524
Frank L. Langston	-	-	\$14,685	\$14,685
Michael A. Micallef, Jr.	\$9,620	518	\$21,917 <sup>(3)</sup>	\$31,537
L. Collins Proctor, Sr.	-	-	\$15,758	\$15,758
Garrison A. Rolle, M.D.	\$11,435	602	-	\$11,435
Steven D. Smith	\$17,787	943	-	\$17,787
Marjorie R. Turnbull	-	-	\$11,715	\$11,715
Richard A. Weidner	\$11,979	631	\$ 6,000	\$17,979

- (1) For providing consulting services to the Bank, R. Randy Guemple was paid a \$37,500 consulting fee in addition to fees for service on the Boards of Directors and their committees.
- (2) For providing consulting services to the Bank, Kathleen C. Jones was paid a \$75,000 consulting fee in addition to fees for service on the Boards of Directors and their committees.
- (3) For Market President salary.

### **Director Indemnification**

On August 20, 2020, the Company entered into indemnification agreements with members of the Company's Board of Directors. The indemnification agreements allow directors to select the most favorable indemnification rights provided under (1) the Company's Articles of Incorporation or Bylaws in effect on the date of the indemnification agreement or on the date expenses are incurred, (2) state law in effect on the date of the indemnification agreement or on the date expenses are incurred, (3) any liability insurance policy in effect when a claim is made against the director or on the date expenses are incurred, and (4) any other indemnification arrangement otherwise available. The agreements cover all fees, expenses, judgments, fines, penalties, and settlement amounts paid in any matter relating to the director's role as a director, officer, employee, or agent of the Company, or when serving as the Company's representative with respect to another entity. Each indemnification agreement provides for the prompt advancement of all expenses incurred in connection with any proceeding subject to the director's obligation to repay those advances if it is determined later that the director is not entitled to indemnification.

The following table sets forth information relating to Prime Meridian’s equity compensation plans as of December 31, 2020.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights</b>	<b>Weighted-Average Exercise Price of Options, Warrants, and Rights</b>	<b>Number of Securities Remaining Available for Issuance Under Equity Compensation Plans</b>
<b>Equity Compensation Plans Approved by Security Holders</b>			
2012 Directors’ Compensation Plan <sup>(1)</sup>	0	N/A	46,708
2015 Stock Option Plan	272,057	\$19.80	188,429
<b>Equity Compensation Plans Not Approved by Security Holders</b>			
	N/A	N/A	N/A
<b>Total</b>	<u>272,057</u>	-	<u>235,137</u>

(1) In 2020, pursuant to the Directors’ Plan, Prime Meridian issued 4,932 shares of its common stock to members of the Board of Directors. The shares issued pursuant to the Directors’ Plan were previously authorized but unissued shares of the common stock of the Company and the per share price at which they were awarded was based upon the greater of the book value or the weighted average market price as of the quarter-end preceding the date of the grant and was not based upon a previously set exercise price.

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## BOARD OF DIRECTORS AND COMMITTEES

### Meetings

During the year ended December 31, 2020, Prime Meridian’s Board of Directors held twelve (12) regular meetings and two (2) special meetings. Each of our directors attended at least 75% of the total meetings of the Board of Directors and the committees on which they serve.

### Committees of the Board of Directors

Prime Meridian presently has three Board Committees chartered, the Audit Committee, the Compensation Committee and the Executive, Nominating, and Corporate Governance Committee. During 2020, the membership of each Committee was as follows:

<u>Name</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Executive, Nominating, and Corporate Governance Committee</u>
Kenneth H. Compton	X	Chair	X
William D. Crona	Chair		
Sammie D. Dixon, Jr.			X
Steven L. Evans	X	X	
Kathleen C. Jones		X	X
Robert H. Kirby	X	X	X
Steven D. Smith	X	X	
Marjorie R. Turnbull	X		
Richard A. Weidner		X	Chair

### Audit Committee

#### *General*

In accordance with its Charter, the Audit Committee reviews the auditing, accounting, financial reporting, and internal control functions of Prime Meridian and the Bank. This Committee also recommends the independent auditing firm and reviews its services. During 2020, the Company’s Audit Committee held four (4) meetings. A copy of the Audit Committee Charter is available on the Company’s website at <http://investors.primemeridianbank.com>.

#### *Report of the Audit Committee*

The opinion of the Board of Directors is that in 2020, each member of the Audit Committee was an “independent director” using the standards set forth under Section 5600 of the NASDAQ Stock Market Rules. The Board of Directors has also determined that none of the current members

of the Audit Committee has a relationship to Prime Meridian or the Bank that may interfere with each member's independence from Prime Meridian and the Bank and its management.

The Audit Committee reviews the auditing, accounting, financial reporting, and internal control functions for both Prime Meridian and the Bank. The duties of the Audit Committee are primarily focused on three areas:

- the adequacy of internal controls and financial reporting process and the reliability of Prime Meridian's and the Bank's financial statements;
- the performance and independence of Prime Meridian's and the Bank's internal auditors and independent auditors; and
- ensuring that Prime Meridian and the Bank are in compliance with applicable legal and regulatory requirements.

The Audit Committee also recommends to the Board the appointment of the independent auditing firm and reviews its performance, fees, and independence from management.

Members of the Audit Committee met with management periodically to consider the adequacy of Prime Meridian's and the Bank's internal controls and the objectivity of their financial reporting. These matters are discussed with Prime Meridian's and the Bank's independent auditors, Hacker, Johnson & Smith, P.A., and with management. The independent auditors have unrestricted access to the Audit Committee, and vice versa.

Director Crona, an independent director, is the Chairman of the Audit Committee and has been designated the Audit Committee Financial Expert based upon his extensive accounting background. The Board believes that all of the Audit Committee members have a level of financial literacy and familiarity with banking operations sufficient to provide strong financial oversight and guidance for the Company.

Management has primary responsibility for the preparation of financial statements for Prime Meridian and the Bank, as well as the overall reporting process, including the system of internal controls. The independent auditors audit the annual financial statements prepared by management and express an opinion as to whether those financial statements fairly present the financial position, results of operations, and cash flows of Prime Meridian and the Bank in conformity with accounting principles generally accepted in the United States of America. The independent auditing firm is given the opportunity to discuss any issues it believes should be brought to the Audit Committee's attention. The Audit Committee monitors these processes, relying without independent verification, on the information provided and on the representations made by management and the independent auditors.

During 2020, the Audit Committee reviewed Prime Meridian's unaudited financial statements and in the first part of 2021, reviewed the Company's audited financial statements as of, and for, the fiscal year ended December 31, 2020. In 2020 and the first part of 2021, the Audit Committee met with both the management and the independent auditors of Prime Meridian and the Bank to discuss

the Form 10-Q and Form 10-K filings and the financial statements of the Company. Management has represented to the Audit Committee that these filings and financial statements were prepared in accordance with applicable laws, regulations, and accounting principles generally accepted in the United States of America.

The Audit Committee received from, and discussed with, Prime Meridian's and the Bank's independent auditors the written disclosure and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. These items relate to the auditing firm's independence from Prime Meridian and the Bank.

The Audit Committee also discussed with the independent auditors any matters required to be discussed by the Statement on Auditing Standards No. 61. (Communication with Audit Committees).

Respectfully submitted,

*Kenneth H. Compton*  
*William D. Crona, Chair*  
*Steven L. Evans*  
*Robert H. Kirby*  
*Steven D. Smith*  
*Marjorie R. Turnbull*

## **Compensation Committee**

### ***General***

In accordance with its Charter, the Compensation Committee acts on behalf of the Board with respect to the compensation for the Company's executive officers and relating to Company's compensation and personnel policies and programs.

During 2020, the Compensation Committee met two (2) times. A copy of the Compensation Committee Charter is available at <http://investors.primemeridianbank.com> on the Company's website.

### ***Compensation Philosophy***

The Compensation Committee serves with regard to compensation and personnel policies, programs and plans, including management development and succession, and to review and approve compensation and benefit programs for executive officers of Prime Meridian and the Bank.

The Board of Directors' compensation philosophy is for Prime Meridian and the Bank to pay appropriate levels of executive compensation and to ensure that executives meet objectives which align with the interest of the Company's shareholders. The Compensation Committee has established the objectives listed below to enhance shareholder value:

- Establish a pay for performance culture that rewards executives accordingly;
- Attract, retain, and motivate a competent executive management team through a balanced and comprehensive compensation strategy;
- Develop short-term and long-term performance goals that are tied to the strategic vision and direction of the Company and Bank; and
- Maintain competitive compensation levels comparable to market practices.

The total compensation, including benefits, paid to executives is based on the individual executive officer and the skillset that the executive brings to Prime Meridian, the Bank, or both. Those, coupled with the level of responsibility and annual performance, make up the components used by the Compensation Committee and ultimately the Board of Directors to determine executive compensation. When compensation is reviewed by the Compensation Committee, consideration of community bank peers, local market conditions and the banking industry in general are also included as determining factors.

The base salary for each executive represents a large component of total compensation. There are many subjective factors used to determine the appropriate base salary which include individual performance, job responsibilities, experience level, ability and knowledge of the position, and overall performance of Prime Meridian and the Bank. The Compensation Committee reviews and considers recommendations from Vice Chair/CEO/President Dixon with regard to the compensation of the other executive officers.

### ***Compensation Discussion and Analysis***

The Compensation Committee for Prime Meridian and the Bank is comprised of: Kenneth H. Compton, Chair; Steven L. Evans; Kathleen C. Jones; Robert H. Kirby; Steven D. Smith; and Richard A. Weidner. The charter of the Compensation Committee requires that all but one of its members be “independent directors.” The opinion of the Board of Directors is that in 2020, each member of the Compensation Committee was an “independent director” using the standards set forth under Section 5600 of the NASDAQ Stock Market rules, except for Mrs. Jones, who has received consulting fees since 2016 and whose spouse is employed by the agency which sells insurance to Prime Meridian and the Bank.

In April 2017, at the direction of the Compensation Committee, Prime Meridian retained Hunt Financial Group to assist in assessing current market practices and developing and implementing policies and practices that would continue to complement the Bank’s strategic objectives. Reviews for executive compensation and director compensation prepared by Hunt Financial Group were utilized by the Compensation Committee in its determination of executive compensation. At the direction of the Compensation Committee, Prime Meridian retained Troutman Pepper Hamilton Sanders LLP and Grady & Associates for guidance and direction regarding executive, director, and equity-based compensation. The Compensation Committee determined the information provided by the compensation advisors to be a useful tool in its evaluation of executive and director compensation.

Under its Charter, the Compensation Committee may retain the Hunt Financial Group, Troutman Pepper Hamilton Sanders LLP, Grady & Associates or other compensation services of

consultants, independent legal counsel, and other advisors that it deems necessary or advisable. The fees for such services will be paid by Prime Meridian or the Bank. If the Compensation Committee elects to obtain such services it will consider the following independence factors: the provision of any other services provided by an advisor to Prime Meridian or the Bank; the amount of any fees received, as a percentage of the total revenues of the advisor; the policies and procedures used by Prime Meridian to prevent conflicts of interest; any business or personal relationships of the advisor with members of the Compensation Committee; and any Prime Meridian stock owned by the advisor. The Compensation Committee is responsible for determining the compensation and providing oversight of such advisors if retained.

### ***Report of Compensation Committee***

The Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on this review and these discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted,

*Kenneth H. Compton, Chair*

*Steven L. Evans*

*Kathleen C. Jones*

*Robert H. Kirby*

*Steven D. Smith*

*Richard A. Weidner*

### **Executive, Nominating, and Corporate Governance Committee**

#### ***General***

In accordance with its Charter, the Executive, Nominating, and Corporate Governance Committee supports the Board in fulfilling its oversight responsibilities by reviewing the size and composition of the Board and Board committees, identifying individuals for nominations as directors and filling vacancies on the Board. The Committee also acts on behalf of the Board with respect to executive and corporate governance oversight. A copy of the Executive, Nominating, and Corporate Governance Committee Charter is available on the Company's website at <http://investors.primemeridianbank.com>.

The Executive, Nominating, and Corporate Governance Committee is comprised of: Kenneth H. Compton; Sammie D. Dixon, Jr.; Kathleen C. Jones; Robert H. Kirby; and Richard A. Weidner, Chair. The charter of the Executive, Nominating, and Corporate Governance Committee requires that the majority of its members be "independent directors." using the standards set forth under Section 5600 of the NASDAQ Stock Market rules. Mr. Compton, Mr. Kirby, and Mr. Weidner are considered independent under those standards.

### ***Director Nominations***

In evaluating candidates for nomination or to fill vacant Board seats, the Executive, Nominating, and Corporate Governance Committee considers what is in the best interest of Prime Meridian and its shareholders. These factors include the director nominee's knowledge, experience, integrity, involvement in the community, judgment, past and/or potential contributions to the Board, an ability to devote sufficient time and effort to overseeing and directing the affairs of the Company, independence and willingness to consider all strategic proposals, prior banking experience, ability to refer client relationships, and core competencies or other technical experience.

The Executive, Nominating, and Corporate Governance Committee annually reviews the composition of the Board, as a whole, to consider if there is an appropriate balance of knowledge, experience, skills, expertise, and diversity on the Board, and whether there are an adequate number of independent directors as required by applicable rules and regulations. The Executive, Nominating, and Corporate Governance Committee considers if its composition accurately reflects the Company's needs, and will, if necessary, propose the addition or resignation of members in order to obtain an appropriate balance and skill level.

### ***Corporate Governance***

The Executive, Nominating, and Corporate Governance Committee considers and recommends for adoption by the Board policies, procedures, and guidelines related to the corporate governance of the Company. In doing so, the Executive, Nominating, and Corporate Governance Committee seeks to:

- Develop and recommend corporate governance guidelines for the Company.
- Develop and recommend a policy governing transactions between the Company and persons related to the Company.
- Establish and administer a process for reviewing and considering shareholder communication and proposals for consideration at Annual Meetings of Shareholders (as it deems advisable).
- Review the charters of all Board committees and recommend any revisions to the Board.
- Oversee, the administration of an annual performance evaluation of the Board.

Respectfully submitted,

*Kenneth H. Compton*  
*Sammie D. Dixon, Jr.*  
*Kathleen C. Jones*  
*Robert H. Kirby*  
*Richard A. Weidner, Chair*

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We encourage our directors, executive officers, and their immediate family members to establish client relationships with the Bank. Loans made to directors, executive officers, and their immediate families, as well as any principal shareholders, require approval of a majority of the

disinterested directors. All transactions between the Company or the Bank and their directors, executive officers, the immediate family members of directors and executive officers, employees, and any principal shareholders, were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with non-affiliated persons, and in the opinion of management, did not involve more than the normal risk of collectability or present any other unfavorable features.

As of December 31, 2020, loans to directors, officers, and their immediate family members or businesses represented \$6.6 million, or approximately 1.4% of the Bank's total loan portfolio. All of these loans are current and performing according to their terms.

During 2020, Prime Meridian and the Bank purchased various insurance policies through Earl Bacon Agency, Inc., that employs the spouse of director Kathleen C. Jones. The premiums paid totaled \$1,046,579 and included health insurance premiums for employees. Mr. Jones' interest in such premiums was \$5,845. Prime Meridian and the Bank intend and expect to purchase insurance policies from Earl Bacon Agency, Inc. again in 2021.

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<b>PROPOSAL 2 – RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITORS</b>
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The consolidated financial statements for the Company and the Bank are prepared by the Company. The Boards of Prime Meridian and the Bank have appointed Hacker, Johnson & Smith, P.A., as the independent auditing firm to audit the accounts of Prime Meridian and the Bank for the fiscal year ending December 31, 2021. Through this proposal the Company is seeking the shareholders’ ratification of this appointment. In the event the shareholders do not ratify this appointment, our Board of Directors will consider the selection of an alternative independent auditing firm.

During 2020 and 2019, the Company expensed the following fees for professional services to Hacker, Johnson & Smith, P.A.:

	2020	2019
Audit Fees <sup>(1)</sup>	\$ 48,000	\$ 44,000
Tax Fees <sup>(2)</sup>	9,000	8,500
All Other Fees <sup>(3)</sup>	34,000	34,000
Total	\$ 91,000	\$ 86,500

- (1) Expenses exclusively for professional services rendered for the audit of the Company’s annual consolidated financial statements, including out-of-pocket expenses.
- (2) Expenses exclusively for professional services rendered for preparation of state and federal tax returns and assistance with tax questions and research.
- (3) Expenses exclusively for professional services rendered in relation to preparation and filing of Form 10-Qs and Form 10-K.

**The Board of Directors Recommends that Shareholders Vote “FOR” the Ratification of the Appointment of Hacker, Johnson & Smith, P.A., as the Independent Auditors for the Company for the Fiscal Year Ending December 31, 2021.**

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### **PROPOSAL 3 – ADJOURNMENT OF THE ANNUAL MEETING**

The Board of Directors is asking for your approval to adjourn the Annual Meeting in the event that there are an insufficient number of votes to approve either of Proposals 1 or 2 at the Annual Meeting. In order to permit proxies that have been timely received by the Board to be voted for an adjournment, we are submitting this Proposal as a separate matter for your consideration. If it is necessary to adjourn the Annual Meeting and the adjournment is for a period of less than 30 days, no notice of the time and place of the reconvened meeting will be given to shareholders, other than an announcement made at the Annual Meeting.

**The Board of Directors Recommends that the Shareholders Vote “FOR” the Adjournment of the Annual Meeting.**

### **SHAREHOLDER PROPOSALS**

In order to be eligible for inclusion in the Company’s proxy materials for the 2022 Annual Meeting of Shareholders, any shareholder’s proposal to take action at such meeting must be received at the Company’s corporate headquarters at 1471 Timberlane Road, Tallahassee, Florida 32312, no later than December 1, 2021.

### **SOLICITATION**

The cost of soliciting proxies on behalf of the Board for the Annual Meeting is being borne by Prime Meridian. Proxies may be solicited by directors, officers, or other employees of the Company in person or by telephone, email, mail, or other means of communication. The Company is requesting persons, firms, and corporations holding shares in their names, or in the names of their nominees for the benefit of others, to send proxy materials to and obtain proxies from such beneficial owners. Prime Meridian will reimburse them for their reasonable out-of-pocket expenses.

**PRIME MERIDIAN HOLDING COMPANY**  
**Tallahassee, Florida**  
**March 31, 2021**

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