



**5401 Six Forks Road, Suite 100
Raleigh, North Carolina 27609**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 30, 2022**

To the Shareholders of Dogwood State Bank:

The Annual Meeting of the Shareholders of Dogwood State Bank, a North Carolina bank, will be held at 5401 Six Forks Road, Raleigh, North Carolina on Thursday, June 30, 2022 at 11:00 a.m. for the following purposes:

- to elect four directors (Martin Friedman, James Lynch, Sepi Saidi, and Richard Urquhart) to serve for three-year terms expiring in 2025, and
- to act upon such other matters as may properly come before the meeting or any adjournment thereof.

The Board of Directors has set the close of business on May 23, 2022 as the record date for determining shareholders who are entitled to notice of and to vote at the Annual Meeting.

You are invited to attend the Annual Meeting in person. Whether or not you plan to attend, please complete, date, and sign the enclosed proxy card and promptly return in the postage-paid return envelope, so that your shares will be represented at the Annual Meeting. If you attend the Annual Meeting in person, you may revoke a previously submitted proxy at the Annual Meeting and vote in person. You may also choose to vote by internet or telephone; instructions for which are provided on the enclosed proxy card. You may revoke your proxy at any time before the proxy is exercised.

We are continuing to monitor the public health and travel concerns relating to COVID-19 and the status of restrictions on public gatherings that federal, state, and local governments have imposed. In the event that it is not possible or advisable to hold the Annual Meeting in person, we will announce alternative arrangements for the Annual Meeting, which may include holding the meeting by means of remote participation. Please monitor the Bank's website at www.DogwoodStateBank.com for updated information.

A copy of our Report on Financial Statements for the years ended December 31, 2021 and 2020 is enclosed for your information and review.

By Order of the Board of Directors,

David B. Therit
Chief Financial Officer and
Corporate Secretary

Raleigh, North Carolina
May 26, 2022



**5401 Six Forks Road, Suite 100
Raleigh, North Carolina 27609**

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

This proxy statement is dated May 26, 2022, and is being furnished to our shareholders by the Board of Directors in connection with our solicitation from record holders of our Voting Common Stock of proxy appointments in the form of the enclosed proxy card for use at the 2022 Annual Meeting of our shareholders and at any adjournments of the meeting.

When and where is the Annual Meeting?

- **When:** Thursday, June 30, 2022 at 11:00 a.m. EDT
- **Where:** 5401 Six Forks Road, Suite 100, Raleigh, North Carolina 27609

Further information about the virtual Annual Meeting and how you can participate in the meeting and vote your shares of our Voting Common Stock are contained in this proxy statement under the heading “*FREQUENTLY ASKED QUESTIONS ABOUT THE ANNUAL MEETING.*”

Who may vote at the Annual Meeting?

The Board of Directors has set the close of business on May 23, 2022, as the “Record Date” to determine which holders of our Voting Common Stock are entitled to vote at the Annual Meeting and how many shares they are entitled to vote. Our voting securities are the 8,351,996 shares of Voting Common Stock that were outstanding on the Record Date. We also have outstanding 5,444,920 shares of Non-Voting Common Stock. Record holders of both our Voting Common Stock and Non-Voting Common Stock may attend the Annual Meeting, but you must have been a record holder of our Voting Common Stock on the Record Date in order to vote in person or by proxy at the meeting.

How many votes may I cast at the Annual Meeting?

You may cast one vote for each share of Voting Common Stock you held of record on the Record Date on each director to be elected and on each other matter voted on by shareholders at the Annual Meeting. Shareholders may not vote cumulatively for directors. The proxy card accompanying this proxy statement gives the proxies, or any substitutes appointed by them, the discretionary authority to vote the shares they represent.

What proposals will be voted on at the Annual Meeting?

At the Annual Meeting, record holders of our Voting Common Stock will elect four directors for three-year terms (see “*ELECTION OF DIRECTORS*”). Record holders of Voting Common Stock also will vote on such other matters as may properly come before the meeting. Shares of our Non-Voting Common Stock may not be voted on any matters at the meeting.

How does the Board of Directors recommend that I vote?

Our Board of Directors unanimously recommends that holders of our Voting Common Stock vote “**FOR**” each of the four nominees named in this proxy statement for election as directors.

Where can I find additional information about the Annual Meeting?

Additional information you need to know about the Annual Meeting is contained in this proxy statement under the heading “*QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING.*”

In this proxy statement, except where the context indicates otherwise:

- “you,” “your,” and similar terms refer to the shareholder receiving this proxy statement; and
- “the Bank,” and “we,” “us,” “our” and similar terms refer to Dogwood State Bank.

ELECTION OF DIRECTORS

General

Our Bylaws provide that the number of directors shall not be less than five nor more than 25 as from time-to-time may be fixed by the shareholders or by the Board of Directors. The number of directors is currently fixed at 11 and is divided into three classes designated as Class I, Class II, and Class III. Directors whose term expires at an annual meeting continue to serve until such time as his or her successor has been duly elected and qualified, unless his or her position on the Board of Directors is abolished by action taken to reduce the size of the Board of Directors prior to that annual meeting.

The directors in each class are elected to hold office for a term of three years. The current directors are listed and classified as indicated below:

Class I (Term Expires 2023)	Class II (Term Expires 2024)	Class III (Term Expires 2022)
Scott Custer (Chairman)	Eric Bergevin	Martin Friedman
Steve Jones	David Brody	James Lynch
Robin Perkins	Marc McConnell	Sepi Saidi
	Fielding Miller	Richard Urquhart

Nominees

The four current Class III directors have been nominated by the Board for re-election at the Annual Meeting for new three-year terms. If, before the Annual Meeting, any nominee becomes unable or unwilling to serve as a director for any reason, the Board of Directors may name a substitute nominee. If the Board elects not to name a substitute nominee, the number of our directors, and the number of directors to be elected at the Annual Meeting, will be reduced accordingly.

Set forth below is information about the four nominees for Class III director and the qualifications, attributes and skills that led the Board to nominate them for election.

Martin Friedman. Martin Friedman has served on our Board of Directors since May 2019 and currently serves on its Risk Committee. He founded FJ Capital Management LLC (“FJ Capital”) in 2007 and is the portfolio manager for its Financial Opportunity Fund--an event-driven strategy focused on the United States community and regional bank sector. Mr. Friedman also created FJ Capital’s Financial Opportunity Long/Short Fund and its Financial Hybrid Opportunity Fund. He has over 30 years of experience associated with commercial and investment banking, in which he applied and developed skills in financial analysis with an expertise in financial institutions, corporate finance, securities and banking compliance, and management. He previously served on the boards of numerous community and regional banks and bank holding companies. Prior to founding FJ Capital, Mr. Friedman was Director of Research for Friedman, Billings, Ramsey Group, a research and securities trading firm with a significant focus on the financial services industry. Mr. Friedman graduated from the University of Maryland with a degree in finance.

James Lynch. James Lynch has served on our Board of Directors since May 2019 and currently serves on its Risk Committee. He is a Founding Partner of Patriot Financial Partners, L.P. (“Patriot”). He has more than 45 years of banking experience. Prior to founding Patriot, Mr. Lynch served in senior executive positions with several regional and community banks, including Sovereign Bancorp, Fleet Bank, Summit Bancorp, Prime Bank, and Continental Bancorp. He is active and has held leadership positions in numerous professional, civic, educational, and religious organizations, including current service as a board member of the Holy Redeemer Health System, LaSalle Academy, and The Union League of Philadelphia. Mr. Lynch graduated from LaSalle University with a degree in marketing.

Sepi Saidi. Sepi Saidi has been a member of our Board of Directors since May 2019 and currently serves on its Nominating, Compensation, and Corporate Governance Committee and its Audit Committee. She has been President and Chief Executive Officer of SEPI Engineering & Construction, Inc. since founding the company in 2001. Prior to that, Ms. Saidi spent more than 16 years in the field of transportation engineering design and management, 12 of which were with the North Carolina Department of Transportation. She was a founding board

member of TrustAtlantic Bank and served on the Wells Fargo Bank Raleigh Community Advisory Board. In 2017, Ms. Saidi was appointed by the governor to a four-year term on the North Carolina Banking Commission and served two terms on the Board of Directors of the Charlotte Branch of the Federal Reserve Bank of Richmond. She is also active and has held leadership positions in numerous professional, educational, and civic organizations, including the Raleigh-Durham Airport Authority, the City of Raleigh and State North Carolina Chambers of Commerce, the Duke Raleigh Hospital, the Wake Ed Partnership, and the North Carolina State University Institute for Emerging Issues. Ms. Saidi graduated from North Carolina State University with degrees in civil engineering and agricultural engineering.

Richard Urquhart. Richard Urquhart has served on our Board of Directors since May 2019 and currently serves on its Executive Committee and chairs its Audit Committee. He retired as the Chief Operating Officer of Investors Management Corporation, a Raleigh-based diversified holding company. Mr. Urquhart previously served as a director of Yadkin Financial Corporation, NewBridge Bancorp, and CapStone Bank. He is a certified public accountant and was a partner in the international accounting firm, Arthur Anderson & Co. He is also active and has held leadership positions in numerous professional, educational, and civic organizations, including the Greater Raleigh Chamber of Commerce, Boys and Girls Clubs of Wake County, and the Leadership Council of Wake Education Partnership and the Board of Trustees of Meredith College. Mr. Urquhart graduated from the University of North Carolina with degrees in English and accounting and from Harvard University with a master's degree in business administration.

***Our Board of Directors unanimously recommends that you vote
"FOR" each of the four nominees named above.***

The four nominees receiving the highest numbers of votes will be elected.

CORPORATE GOVERNANCE

Director Independence

Generally, an independent director is one who is free from relationships or other factors that might impair his or her ability to exercise independent judgment in carrying out duties as a director. We believe that nine of our 11 directors, and each member of our Audit Committee, are independent directors. Mr. Custer and Mr. Jones are not considered to be independent as a result of their employment relationship with the Bank.

Board Leadership Structure

The Board of Directors performs its oversight role through various committees whose members are appointed by the Board. The Board elects a Chairman who is charged with setting the agenda for meetings of our Board of Directors and presiding over those meetings. However, as described below under “*COMMITTEES OF OUR BOARD OF DIRECTORS*,” matters pertaining to the selection and supervision of the Bank’s independent accountants and oversight of internal control over financial reporting are subject to the review and recommendation of the Audit Committee of the Board, which is comprised solely of independent directors. Matters such as compensation and selection of nominees for election as directors are subject to review and recommendation of standing committees that have a majority of independent directors, with approval of committee decisions subject to review by the entire Board of Directors. The Board believes our leadership structure is appropriate for a bank of our size, complexity, and location.

Committees of the Board of Directors

Our business and affairs are under the direction of the Board of Directors. Set forth below are the standing committees of the Board of Directors, the principal functions of such committees and the current members of each committee.

Executive Committee. The Executive Committee currently consists of the following members: Messrs. Custer (Chair), Jones, Miller, Perkins, and Urquhart. The Executive Committee is empowered and authorized to exercise the full authority of the Board of Directors (except as may be limited by applicable law) at any time that the Board of Directors is not in session. All actions so taken by the Executive Committee must be reported to the Board of Directors at its next regular meeting.

Nominating, Compensation, and Corporate Governance Committee. The Nominating, Compensation, and Corporate Governance Committee currently consists of the following members: Messrs. Miller (Chair), Jones, Custer and Perkins. This committee establishes, reviews, and interprets corporate governance policies and guidelines, evaluates the qualifications of candidates for positions on the Board, nominates new and replacement members of the Board, and recommends Board committee composition. This committee also serves as the compensation committee of the Board and, in that capacity, determines the annual and long-term, equity-based compensation of the Bank’s executive officers.

Audit Committee. The Audit Committee currently consists of Messrs. Urquhart (Chair), Perkins, Brody and Bergevin and Ms. Saidi. All of the Directors on the Audit Committee are non-employee Directors. The Audit Committee meets on an as-needed basis, but not less than quarterly, and (i) oversees the independent auditing of the Bank; (ii) arranges for periodic reports from the independent auditors, from management of the Bank, and from the internal auditor of the Bank in order to assess the impact of significant regulatory and accounting changes and developments; (iii) advises the Board regarding significant accounting and regulatory developments; (iv) reviews the Bank’s policies regarding compliance with laws and regulations, conflicts of interest and employee misconduct and reviews related situations; (v) develops and implements the Bank’s policies regarding internal and external auditing and appoints, meets with and oversees the performance of those employed in connection with internal and external auditing; and (vi) performs such other duties as may be assigned to it by the Board.

Risk Committee. The Risk Committee currently consists of Messrs. Perkins (Chair), Jones, Custer, Brody, Friedman, Lynch, and McConnell. The Risk Committee monitors the performance of the Bank’s loan portfolio and compliance with all general loan policies and oversees the Bank’s major financial risks, including interest rate risk, liquidity and funding risk, market risk and financial risks (including credit risk) related to the Bank’s investment security portfolio. The Committee also oversees the Bank’s capital management and planning processes, reviews

financial strategies for achieving financial objectives and financial performance results, oversees reputation risk, and reports the committee's conclusions regarding these matters to the full Board.

Attendance by Directors at Meetings

Board of Directors Meetings. Our Board of Directors met five times during 2021. Each of our current directors who served as directors during 2021 attended at least 75% of the aggregate number of meetings held by our Board and meetings of any committees on which they served.

Annual Meetings. Attendance by our directors at Annual Meetings of our shareholders gives directors an opportunity to meet, talk with, and hear the concerns of shareholders who attend those meetings, and it gives those shareholders access to our directors that they may not have at any other time. Our Board of Directors recognizes that our outside directors have their own business interests and are not our employees, and that it is not always possible for them to attend Annual Meetings. However, the Board believes that attendance by directors at our Annual Meetings is beneficial to us and to our shareholders. As a result, our directors are strongly encouraged to attend each Annual Meeting whenever possible. Seven of our 11 current directors participated in our last Annual Meeting which, due to the COVID-19 pandemic and applicable Orders of the North Carolina Governor restricting indoor gatherings, was held virtually 2021.

Communications with Our Board

Our Board of Directors encourages our shareholders to communicate with it regarding their concerns and other matters related to our business. While the Board has not established a written policy for shareholder communications, you may mail your communications to the Board addressed as follows:

Board of Directors
Attention: Corporate Secretary
Dogwood State Bank
5401 Six Forks Road
Raleigh, NC 27609

You should indicate in an "Attention" line whether your communication is directed to the entire Board of Directors, to a particular committee of the Board or its Chairman, or to one or more individual directors. We will forward your communication on to the Chairman or, if the communication is directed to an individual director or Board committee, to that director or to the Chairman of that committee. We do not screen communications directed to the Board or individual directors.

EXECUTIVE OFFICERS

We consider the officers listed below to be our current executive officers. Each officer serves at the pleasure of the Board of Directors until his or her removal, resignation, retirement, death, or disqualification, or until his or her successor is duly elected and qualified.

Name	Age	Position	Previous Business Experience
Steve Jones	53	Chief Executive Officer	<ul style="list-style-type: none"> • Chief banking officer of Yadkin • President of VantageSouth • Various leadership positions at RBC Bank (USA)
Scott Custer	65	Executive Chairman	<ul style="list-style-type: none"> • President of Live Oak Banking Company • Chief executive officer of Yadkin and VantageSouth • Chairman and chief executive officer of RBC Bank (USA)
David Therit	43	Chief Financial Officer	<ul style="list-style-type: none"> • Treasurer and chief accounting officer of Yadkin • Various finance leadership positions at VantageSouth and Capital Bank • Various audit & assurance leadership positions at Deloitte
Natasha Austin	42	Chief Operating Officer	<ul style="list-style-type: none"> • Director of marketing and corporate communications of Yadkin • Various marketing leadership positions in the automotive industry, including Porsche Cars North America • Faculty member at the North Carolina School of Banking
Randy Tomsic	63	Chief Banking Officer	<ul style="list-style-type: none"> • Market president and greater Wilmington commercial banking leader at Wells Fargo • Eastern North Carolina business banking manager at Wells Fargo and its predecessor, Wachovia Bank
Chris Kwiatkowski	50	President of Government Guaranteed Lending	<ul style="list-style-type: none"> • President of government guaranteed lending at Yadkin and VantageSouth • Various government guaranteed lending leadership positions at Banco Popular North America and NationsBank (predecessor to Bank of America, N.A.)
Michael Johnson	53	Chief Credit Officer	<ul style="list-style-type: none"> • Commercial credit officer at Capital Bank, a division of First Horizon Bank • Various credit risk leadership positions at CommunityOne Bank, Fifth Third Bank, US Bank, and Sky Bank

TRANSACTIONS WITH RELATED PERSONS

We have had, and expect to have in the future, banking transactions in the ordinary course of our business with certain of our directors, executive officers, principal shareholders and our other related persons. Any such transactions are and will be on substantially the same terms as those prevailing at the time for comparable transactions with persons not related to us.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Set forth below is certain information regarding those shares of Common Stock owned beneficially by the directors and executive officers as a group and each shareholder with beneficial ownership of 5.0% or more of the Bank's total outstanding common shares as of the Record Date.

Name of Beneficial Owner	Shares Owned	Common Class	Percent of Class*	Percent of Total Common Stock*
Directors and executive officers as a group (9 people – excludes directors affiliated with institutional investors listed below)*	1,365,817	Voting	16.35	9.45
Patriot Financial	468,930	Voting	5.61	17.81
	2,106,070	Non-Voting	34.48	
FJ Capital	455,053	Voting	5.45	11.40
	1,193,847	Non-Voting	19.55	
T. Rowe Price	455,053	Voting	5.45	10.51
	1,064,656	Non-Voting	17.43	
Integrated Financial Holdings, Inc.	227,299	Voting	2.72	7.60
	871,601	Non-Voting	14.27	
United Bankshares, Inc.	227,299	Voting	2.72	7.60
	871,601	Non-Voting	14.27	

* Percentages are based upon 8,351,996 shares of Voting Common Stock and 6,107,775 shares of Non-Voting Common Stock. Total outstanding share amounts and percentages include outstanding warrants to purchase 662,855 shares of non-voting common stock held by certain investors in our recapitalization that have a five-year term and an exercise price of \$10.00 per share.

INDEPENDENT ACCOUNTANTS

Our Audit Committee has selected our current independent accountants, Elliott Davis PLLC, to serve as our independent accountants for 2022.

The Audit Committee's charter gives it the responsibility and authority to select and appoint our independent accountants and to approve their fees and the terms of their engagement under which they provide services to us. Our shareholders are not required by our Bylaws or the law to ratify the Committee's selection. The Audit Committee believes that Elliott Davis PLLC is independent. Elliott Davis PLLC has served as our independent accountants since 2018. Representatives of Elliott Davis PLLC are expected to participate in the Annual Meeting and they will have an opportunity to submit a statement if they choose to do so and will be available to answer questions.

Under its current procedures, our Audit Committee specifically pre-approves all audit services and other services provided by our accountants. The Committee generally reports to our full Board on audit and other services provided at the next regularly scheduled meeting of the Board.