

SUMMIT FINANCIAL GROUP INC

Form S-4/A

September 24, 2018

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As filed with the Securities and Exchange Commission on September 24, 2018.

Registration No. 333-227080

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PRE-EFFECTIVE
AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SUMMIT FINANCIAL GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

West Virginia (State or Other Jurisdiction of	6711 (Primary Standard Industrial	55-0672148 (I. R. S. Employer
Incorporation or Organization)	Classification Code Number)	Identification Number)

300 North Main Street

Moorefield, West Virginia 26836

(304) 530-1000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

H. Charles Maddy, III

Summit Financial Group, Inc.

300 North Main Street

Moorefield, West Virginia 26836

(304) 530-1000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

with copies to:

Sandra M. Murphy, Esq.

Bowles Rice LLP

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P.O. Box 1386

Charleston, West Virginia 25325

(304) 347-1100

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Approximate date of commencement of proposed sale to the public: as soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus and proxy statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 24, 2018

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On July 24, 2018, Summit Financial Group, Inc., or Summit, and Peoples Bankshares, Inc., or Peoples, announced a strategic business combination in which Peoples will merge with and into PB Merger Sub LLC, a wholly-owned subsidiary of Summit's wholly-owned subsidiary, Summit Community Bank, Inc., or Summit Community Bank. The combined company, which will retain the Summit name, will have approximately \$2.2 billion in assets and operate 31 full-service branches across the states of West Virginia and Virginia. Peoples is sending you this prospectus and proxy statement to invite you to attend a special meeting of Peoples shareholders to allow you to vote on the plan of merger. The special meeting will be held on November 8, 2018, at 1:30 p.m., local time, at Twin Falls State Park, located at Rte. 97, Mullens, WV, 25882.

If the merger is completed, holders of Peoples common stock may elect to receive (i) 1.7193 shares of Summit common stock, par value \$2.50 per share, in exchange for each share of Peoples common stock, par value \$1.00 per share, held immediately prior to the merger, which is referred to as the stock consideration, (ii) cash in the amount of \$47.00 per share of Peoples common stock held immediately prior to the merger, which is referred to as the cash consideration or (iii) a combination of cash and shares of Summit common stock in accordance with the election procedures set forth in the Agreement and Plan of Merger, dated as of July 24, 2018, between Summit and Peoples, which we refer to as the merger agreement. However, the aggregate number of Peoples shares that will be converted for cash consideration will be equal to 271,020 shares, and the aggregate cash consideration will be equal to \$12,737,940, or approximately 50% of the merger consideration. The remaining 50% of the merger consideration will be stock consideration consisting of an aggregate of 271,021 shares of Peoples common stock converting to a maximum of 465,967 shares of Summit common stock after applying the exchange ratio. The merger agreement provides for pro rata adjustments to and reallocation of the stock and cash elections made by Peoples shareholders in order to achieve a 50% cash and 50% stock consideration mix.

The merger consideration is subject to adjustment if Peoples' total shareholders' equity decreases, as specified under The Merger Agreement Shareholders' Equity beginning on page 58, and Peoples has the right to terminate the merger agreement if Summit's stock price falls below a certain floor, as specified under The Merger Agreement Termination of the Merger Agreement beginning on page 73.

The number of shares of Summit common stock that Peoples shareholders making a stock election will receive in the merger for each share of Peoples common stock is fixed. The implied value of the stock consideration that Peoples shareholders will receive in the merger will change depending on changes in the market price of Summit common stock and will not be known at the time you vote on the merger.

The market value of the stock consideration will fluctuate with the market price of Summit common stock, however the cash consideration will remain a fixed amount regardless of any change in the market value of the stock consideration. The following table presents the closing prices of Summit common stock on July 24, 2018, the last trading day before public announcement of the merger, and on September 21, 2018, the last practicable trading day before the distribution of this prospectus and proxy statement. The table also presents the implied value of the stock consideration proposed for each share of Peoples common stock converted into the stock consideration on those dates, as determined by multiplying the closing price of Summit common stock on those dates by the exchange ratio of 1.7193 provided for in the merger agreement. This table also presents the value of the cash consideration proposed for each share of Peoples common stock converted into the cash consideration, which will remain a fixed amount regardless of any change in the market value of the stock consideration.

	Summit Common Stock (NASDAQ: SMMF)	Implied Value of One Share of Peoples Common Stock	Value of the Cash Consideration for One Share of Peoples Common Stock
At July 24, 2018	\$ 26.79	\$ 46.06	\$ 47.00
At September 21, 2018	\$ 24.24	\$ 41.68	\$ 47.00

The common stock of Summit is listed on the NASDAQ Capital Market. Summit and Peoples urge you to obtain current market quotations for Summit (trading symbol SMMF).

The merger and the bank merger are intended to be treated as a single integrated transaction qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and holders of Peoples common stock are not expected to recognize any gain or loss for United States federal income tax purposes on the exchange of shares of Peoples common stock for shares of Summit common stock in the merger, except to the extent of the total cash consideration and cash in lieu of any fractional shares of Summit common stock.

At the special meeting of Peoples shareholders to be held on November 8, 2018, holders of Peoples common stock will be asked to vote to (1) approve the merger agreement, which is the plan of merger, and (2) approve the adjournment of the special meeting, if necessary or appropriate, in order to further solicit proxies in favor of approval of the merger agreement. Approval of the merger agreement requires the affirmative vote of a majority of the votes cast at the Peoples special meeting at which a quorum is present.

The Peoples board of directors unanimously recommends that holders of Peoples common stock vote FOR approval of the merger agreement and FOR the approval of the adjournment of the special meeting, if necessary or appropriate, in order to further solicit proxies in favor of the merger agreement.

This prospectus and proxy statement describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including Risk Factors beginning on page 17 for a discussion of the risks relating to the proposed merger and owning Summit common stock after the merger. You also can obtain information about Summit from documents that it has filed with the Securities and Exchange Commission.

Sincerely,

Ronald L. Bowling

President and Chief Executive Officer

Peoples Bankshares, Inc.

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved the Summit common stock to be issued in the merger or passed upon the adequacy or accuracy of this prospectus and proxy statement. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings and deposit accounts of any bank or non-bank subsidiary of Summit or of Peoples and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this prospectus and proxy statement is [], 2018 and it is first being mailed or otherwise delivered to Peoples shareholders on or about [], 2018.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held On November 8, 2018

Notice is hereby given that a special meeting of shareholders of Peoples Bankshares, Inc, or Peoples, a West Virginia corporation, will be held at Twin Falls State Park, located at Rte. 97, Mullens, WV, 25882, on November 8, 2018, at 1:30 p.m. Eastern Time, to consider and vote upon the following matters described in the accompanying prospectus and proxy statement:

1. A proposal to approve the Agreement and Plan of Merger, dated as of July 24, 2018, by and between Summit Financial Group, Inc., or Summit, a West Virginia corporation, and Peoples, which provides for, among other things, the merger of Peoples into PB Merger Sub LLC, a wholly-owned subsidiary of Summit's wholly-owned subsidiary, Summit Community Bank, Inc., or Summit Community Bank; and
2. A proposal to approve the adjournment of the Peoples special meeting, on one or more occasions, if necessary or appropriate, to solicit additional proxies in favor of approval of the merger agreement, or the Peoples adjournment proposal.

The merger agreement is more completely described in the accompanying prospectus and proxy statement, and a copy of the merger agreement is attached as *Appendix A* to the prospectus and proxy statement. **Please review these materials carefully and consider fully the information set forth therein.**

Only holders of record of Peoples common stock at the close of business on September 20, 2018 will be entitled to notice of, and to vote at, the Peoples special meeting and any adjournment thereof. Provided that a quorum exists for the special meeting, approval of the merger agreement requires that the number of votes cast favoring approval of the merger agreement exceeds the number of votes cast opposing approval of the merger agreement. Similarly, approval of any other proposal to be voted on at the Peoples special meeting requires the number of votes cast favoring the proposal exceeds the number of votes cast opposing the proposal.

The Peoples board of directors has carefully considered the terms of the merger agreement and believes that the merger is in the best interests of Peoples and its shareholders. The Peoples board of directors has unanimously approved the merger agreement and unanimously recommends that shareholders vote: FOR the approval of the merger agreement; and FOR the approval of the adjournment of the Peoples special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Peoples special meeting to approve the proposal to approve the merger agreement. In addition, directors, executive officers of Peoples and certain significant shareholders have entered into voting agreements with Summit in which the officer, director or shareholder has each agreed to vote the Peoples shares that he or she controls and beneficially owns in favor of approval of the merger agreement. See Other Material Agreements Relating to the Merger Voting Agreements.

Under Section 31D-13-1302 of the West Virginia Business Corporation Act, or the WVBCA, Peoples has concluded that its shareholders will have appraisal rights in connection with the merger. To exercise appraisal rights, Peoples shareholders must strictly follow the procedures prescribed by the laws of West Virginia. These procedures are summarized under the section entitled Proposal No. 1 Approval of the Merger Agreement Dissenters' or Appraisal Rights beginning on page 30 of the accompanying prospectus and proxy statement, and Sections 31D-13-1301 through 31D-13-1331 of the WVBCA, which are attached in the accompanying prospectus and proxy statement as *Appendix C*.

Your vote is important. Whether or not you plan on attending the Peoples special meeting, we urge you to read the prospectus and proxy statement carefully and to please vote your shares as promptly as possible. You may vote your shares by completing and sending in the enclosed proxy card or by attending the Peoples special meeting and voting in person. You may revoke your proxy at any time before it is voted by signing and returning a properly executed proxy card with a later date with respect to the same shares, by delivering written notice that you wish to revoke your proxy to Ronald L. Bowling, at 200 First Street, Mullens, West Virginia 25882, before the Peoples special meeting or at the special meeting or by attending the Peoples special meeting and voting in person.

If you beneficially hold your shares through a bank, broker, nominee or other holder of record, you should follow the voting instructions you receive from that holder of record to vote your shares.

By Order of the Board of Directors,

Ronald L. Bowling

President and Chief Executive Officer

Mullens, West Virginia

[], 2018

YOUR VOTE IS VERY IMPORTANT

TO VOTE YOUR SHARES, PLEASE COMPLETE, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD PRIOR TO THE PEOPLES SPECIAL MEETING, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING.

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REFERENCES TO ADDITIONAL INFORMATION

This prospectus and proxy statement incorporates by reference important business and financial information about Summit from documents filed with or furnished to the Securities and Exchange Commission, which is referred to as the SEC, that are not included in or delivered with this prospectus and proxy statement.

You can obtain documents incorporated by reference in this prospectus and proxy statement with respect to Summit free of charge through the SEC's website (<http://www.sec.gov>) or by requesting them in writing or by telephone by contacting Summit or Peoples, as the case may be, at the following addresses:

Summit Financial Group, Inc.	Peoples Bankshares, Inc.
300 North Main Street	200 First Street
Moorefield, West Virginia 26836	P. O. Box 817
Attention: Robert S. Tissue	Mullens, West Virginia 25882
Telephone: (304) 530-1000	Attention: Ronald L. Bowling
	Telephone: (304) 294-7115

You will not be charged for any of these documents that you request. Peoples shareholders requesting documents should do so by October 25, 2018, in order to receive them before their special meeting.

In addition, if you have questions about the merger or the Peoples special meeting, need additional copies of this prospectus and proxy statement or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Ronald L. Bowling, President and Chief Executive Officer of Peoples, at the following address and telephone number:

Peoples Bankshares, Inc.
200 First Street
P. O. Box 817
Mullens, West Virginia 25882
Attention: Ronald L. Bowling
Telephone: (304) 294-7115

ABOUT THIS PROSPECTUS AND PROXY STATEMENT

This prospectus and proxy statement, which forms part of a registration statement on Form S-4 filed with the SEC by Summit, constitutes a prospectus of Summit under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, with respect to the shares of Summit common stock to be issued to the Peoples

shareholders pursuant to the merger. This prospectus and proxy statement also constitutes a proxy statement for Peoples. It also constitutes a notice of meeting with respect to the special meeting of Peoples shareholders.

Peoples does not have a class of securities registered under Section 12 of the Securities and Exchange Act of 1934, as amended, referred to as the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, and accordingly does not file documents or reports with the SEC.

You should rely only on the information contained or incorporated by reference into this prospectus and proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this prospectus and proxy statement. This prospectus and proxy statement is dated [], 2018, and you should assume that the information in this prospectus and proxy statement is accurate only as of such date. You should assume that the information incorporated by reference into this prospectus and proxy statement is accurate as of the date of such document. Neither the mailing of this prospectus and proxy statement to Peoples shareholders nor the issuance by Summit of shares of Summit common stock in connection with the merger will create any implication to the contrary.

Information on the websites of Summit or Peoples, or any subsidiary of Summit or Peoples, is not part of this prospectus and proxy statement. You should not rely on that information in deciding how to vote.

This prospectus and proxy statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this prospectus and proxy statement regarding Peoples has been provided by Peoples and information contained in this prospectus and proxy statement regarding Summit has been provided by Summit.

See [Where You Can Find More Information](#) on page 91.

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APPENDICES

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QUESTIONS AND ANSWERS

The following are answers to certain questions that you may have regarding the Peoples special meeting and the merger. Summit and Peoples urge you to read carefully the remainder of this prospectus and proxy statement because the information in this section may not provide all the information that might be important to you with respect to the merger or the Peoples special meeting or in determining how to vote, including the risk factors beginning on page 17. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this prospectus and proxy statement. Unless the context requires otherwise, references in this prospectus and proxy statement to Summit refer to Summit Financial Group, Inc., a West Virginia corporation, and/or its consolidated subsidiaries, references in this prospectus and proxy statement to Peoples refer to Peoples Bankshares, Inc., a West Virginia corporation, and/or its consolidated subsidiaries, and references in this prospectus and proxy statement to we, our and us refer to Summit and Peoples collectively.

Q: What are holders of Peoples common stock being asked to vote on?

A: Holders of Peoples common stock are being asked to vote to approve the Agreement and Plan of Merger, dated as of July 24, 2018, between Summit and Peoples, as it may be amended from time to time, referred to as the merger agreement and such proposal being referred to as the Peoples merger proposal, and to approve the adjournment of the special meeting, on one or more occasions, if necessary or appropriate, to solicit additional proxies in favor of the Peoples merger proposal, referred to as the Peoples adjournment proposal.

Q: How does the Peoples board of directors recommend I vote at the Peoples special meeting?

A: The Peoples board of directors unanimously recommends that you vote **FOR** the Peoples merger proposal and **FOR** the Peoples adjournment proposal.

Q: When and where is the special meeting of Peoples shareholders?

A: The special meeting of Peoples shareholders will be held on November 8, 2018, at 1:30 p.m., local time, at Twin Falls State Park, located at Rte. 97, Mullens, WV, 25882.

Q: What do holders of Peoples common stock need to do now?

A: After you have carefully read this prospectus and proxy statement and have decided how you wish to vote your shares, please vote your shares as soon as possible. If you are a shareholder of record, to vote by proxy card, indicate on your proxy card how you want your shares to be voted with respect to each of the matters indicated. When complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. If you beneficially hold your shares through a bank, broker, nominee or other holder of record, you should follow the voting instructions you receive from that holder of record to vote your shares.

Submitting your proxy by mail or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the Peoples special meeting. If you would like to attend the Peoples special meeting to vote your shares in person, see **The Peoples Special Meeting Attending the Special Meeting** beginning on page 29.

Q: What votes are required to pass each proposal at the Peoples special meeting?

A: The approval of the merger agreement requires the affirmative vote of a majority of the votes cast at the Peoples special meeting at which a quorum is present. The approval of the Peoples adjournment proposal requires the

affirmative vote of a majority of the votes cast at the Peoples special meeting. Abstentions, broker non-votes and any shares that are not voted will have no effect on the outcome of either the Peoples merger proposal or the Peoples adjournment proposal.

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Q: What constitutes a quorum for the Peoples special meeting?

A: The presence at the Peoples special meeting, in person or by proxy, of the holders of a majority of the Peoples common stock issued and outstanding and entitled to vote will constitute a quorum for the transaction of business. If a quorum is not present, the Peoples special meeting will be postponed until the holders of the number of shares of Peoples common stock required to constitute a quorum attend. If you submit a properly executed proxy card, even if you abstain from voting, your shares of Peoples common stock will be counted for purposes of determining whether a quorum is present at the Peoples special meeting. If additional votes must be solicited to approve the merger agreement and the Peoples adjournment proposal is approved, it is expected that the Peoples special meeting will be adjourned to solicit additional proxies.

Q: Who may solicit proxies on Peoples behalf?

A: In addition to solicitation of proxies by Peoples by mail, proxies may also be solicited by Peoples directors and employees personally and by telephone, facsimile or other means. For more information on solicitation of proxies in connection with the special meeting of Peoples shareholders, see The Peoples Special Meeting-Solicitation of Proxies beginning on page 28.

Q: Why is my vote as a holder of Peoples common stock important?

A: If you do not vote by proxy card or vote in person at the Peoples special meeting, it will be more difficult for Peoples to obtain the necessary quorum to hold its special meeting. In addition, approval of the Peoples merger proposal requires the affirmative vote of a majority of the votes cast at the Peoples special meeting at which a quorum is present. **The Peoples board of directors recommends that you vote to approve the merger agreement.** Further, due to the importance of the vote to approve the merger agreement, Peoples is also seeking authority from shareholders through the Peoples adjournment proposal to adjourn the special meeting to a later date, if necessary or appropriate, in order to further solicit proxies in favor of approval of the Peoples merger proposal.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. Without instructions, your shares will not be voted, which will have the effect described below.

Q: What if I abstain from voting or fail to vote or instruct my broker or other holder of record how to vote?

A: If you are a record holder of Peoples common stock and you submit a proxy card in which you abstain from voting, the abstention will be counted toward a quorum at the Peoples special meeting, but it will have no effect on the outcome of the Peoples merger proposal or the Peoples adjournment proposal.

If you are a record holder of Peoples common stock and you fail to vote, it will have no effect on the outcome of the Peoples merger proposal or the Peoples adjournment proposal.

If your bank, broker, nominee or other holder of record holds your shares of Peoples common stock in street name, for each proposal your bank, broker, nominee or other holder of record generally will vote such shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank, nominee or other holder of record with this prospectus and proxy statement. Your shares held in street name generally will not be voted on any proposal with respect to which you do not provide voting instructions (referred to as broker non-votes). Broker

non-votes will have no effect on the outcome of the Peoples merger proposal or any other proposal at the Peoples special meeting.

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Q: Can I attend the Peoples special meeting and vote my shares in person?

A: Yes. All holders of Peoples common stock, including shareholders of record and shareholders who beneficially own their shares through banks, brokers, nominees or any other holder of record, at the close of business on September 20, 2018, which is the record date for the special meeting, are invited to attend the Peoples special meeting. Holders of record of Peoples common stock as of the record date can vote in person at the Peoples special meeting. If you wish to vote in person at the special meeting and if you are a shareholder of record, you should bring the enclosed proxy card and proof of identity. If you hold your shares in street name, through your broker or beneficially own your shares through another holder of record, you will need to bring with you proof of identity and a letter from your bank, broker, nominee or other holder of record confirming your beneficial ownership of common stock as of the record date (a written proxy from your holder of record). At the appropriate time during the special meeting, the shareholders present will be asked whether anyone wishes to vote in person. You should raise your hand at this time to receive a ballot to record your vote. Everyone who attends the special meeting must abide by the rules for the conduct of the meeting distributed at the meeting.

Even if you plan to attend the special meeting, you are encouraged to vote your shares as soon as possible by submitting a properly executed proxy card in the enclosed prepaid envelope.

Q: Will Peoples be required to submit the Peoples merger proposal to its shareholders even if the Peoples board of directors has withdrawn or modified its recommendation?

A: Yes. Unless the merger agreement is terminated before the Peoples special meeting, Peoples is required to submit the Peoples merger proposal to its shareholders even if the Peoples board of directors has withdrawn or modified its recommendation, consistent with the terms of the merger agreement.

Q: If I am a holder of Peoples common stock, can I change or revoke my vote?

A: Yes. If you are a shareholder of record of common stock on the record date, you may change your vote and revoke your proxy by:

before the meeting, submitting a properly executed proxy card with a later date;

voting in person at the Peoples special meeting; or

delivering written notice that you wish to revoke your proxy to Ronald L. Bowling, at 200 First Street, P.O. Box 817, Mullens, West Virginia, 25882, at or before the Peoples special meeting.

If you hold shares in street name, you must follow your broker's instructions to change your vote. Any record holder of Peoples common stock, or street name holder with a written proxy from the record holder, entitled to vote in person at the Peoples special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence of a Peoples shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q: If I am a Peoples shareholder, do I have appraisal or dissenters' rights?

A: Yes. Under West Virginia law, holders of Peoples common stock will be entitled to exercise appraisal or dissenters rights in connection with the Peoples merger proposal. To exercise appraisal rights, Peoples shareholders must strictly follow the procedures prescribed by the laws of West Virginia. These procedures are summarized under the section entitled *The Merger Dissenters or Appraisal Rights* beginning on page 53, and Sections 31D-13-1301 through 31D-13-1331 of the West Virginia Business Corporation Act, which are attached to this prospectus and proxy statement as Appendix C.

Q: If I am a holder of Peoples common stock with shares represented by stock certificates, should I send in my Peoples stock certificates now?

A: No. You should not send in your Peoples stock certificates at this time. After completion of the merger, Summit will send you instructions for exchanging Peoples stock certificates for the merger consideration. The

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shares of Summit common stock that Peoples shareholders will receive in the merger will be issued in book-entry form. **Please do not send in your stock certificates with your proxy card.**

Q: Who can I contact if I cannot locate my Peoples stock certificate(s)?

A: If you are unable to locate your original Peoples stock certificate(s), you should contact Ronald L. Bowling, President and Chief Executive Officer or Terri L. Lusk, Corporate Secretary of Peoples at 200 First Street, Mullens, West Virginia 25882, (304) 294-7115.

Q: What will I receive for my Peoples common stock?

A: In exchange for each of your shares of Peoples common stock, you may elect to receive (i) 1.7193 shares of Summit common stock for each share of Peoples common stock held immediately prior to the merger, which is referred to as the stock consideration, (ii) cash in the amount of \$47.00 per share of Peoples common stock, which is referred to as the cash consideration, or (iii) a combination of cash and shares of Summit common stock in accordance with the election procedures set forth in the merger agreement. The stock consideration and the cash consideration are referred to collectively as the merger consideration.

However, the aggregate number of Peoples shares that will be converted for cash consideration will be equal to 271,020 shares, and the aggregate cash consideration will be equal to \$12,737,940, or approximately 50% of the merger consideration. The remaining 50% of the merger consideration will be stock consideration consisting of an aggregate of 271,021 shares of Peoples common stock converting to a maximum of 465,967 shares of Summit common stock after applying the exchange ratio.

No guarantee can be made that you will receive the amount of the cash consideration or the stock consideration you elect. As a result of the proration procedures provided for in the merger agreement, as described in this prospectus and proxy statement, you may receive the stock consideration or the cash consideration in amounts that are different from the amounts you elect to receive.

Q: Is the merger consideration subject to adjustment?

A: Yes. The merger consideration could be subject to downward adjustment if, as of the last day of the calendar quarter immediately preceding the effective time, Peoples' total adjusted shareholders' equity is less than \$20,100,000. In such an event, there will be a dollar-for-dollar downward adjustment to the aggregate merger consideration equal to the amount of the deficit, allocated proportionately to the cash consideration and stock consideration. If, as of the last day of the calendar quarter immediately preceding the effective time, Peoples' total adjusted shareholders' equity is more than \$21,100,000, then Peoples will issue a special distribution in the amount of such excess to its shareholders, subject to certain limitations due to the structure of the merger and the bank merger as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. These potential adjustments are described more fully in this prospectus and proxy statement. See "The Merger Agreement Shareholders Equity" for further explanation.

In addition, there may be an adjustment to the fixed number of shares of Summit common stock that will be issued to Peoples shareholders based upon changes in the market price of Summit common stock and the NASDAQ Bank Index (IBIX) prior to the closing. However, any changes to the fixed number of shares of Summit common stock will not increase the per share value that Peoples shareholders will receive in the merger from the value calculated using the pre-announcement market price of Summit common stock. Furthermore, the Peoples board of directors may terminate the merger agreement if the average closing price of Summit common stock falls more than 15% on an actual basis

and 15% on a relative basis to the NASDAQ Bank Index (IBIX) prior to the effective time, in which case the merger will not occur, unless Summit agrees to increase the number of shares of Summit common stock to be issued to holders of Peoples common stock.

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Q: How do I elect common stock, cash or both?

A: You may indicate a preference to receive Summit common stock, cash or a combination of both in the merger by completing the stock/cash election form and letter of transmittal, referred to herein as the election form, that you will receive under separate cover. You should carefully review the instructions that will be included with the election form. The deadline to make an election is 5:00 p.m. Eastern Time on the 25th day following the mailing date of the election form.

Q: How does the consideration proration work?

A: Under the merger agreement, the number of shares of Peoples common stock to be converted into cash will equal approximately 50% of the total merger consideration. The remaining shares of Peoples common stock outstanding will be converted into a right to receive shares of Summit common stock that will equal approximately 50% of the merger consideration. In the event that Peoples shareholders elect to receive, in the aggregate, a particular form of consideration in an amount that exceeds the allocation established in the merger agreement, all shareholders who elected to receive such form of consideration will have their election prorated as contemplated in the merger agreement to the extent necessary to cause the aggregate mix of consideration to be equal to the allocation set forth in the merger agreement. Accordingly, Peoples shareholders may receive a consideration mix that is different from the consideration that they elect to receive. See The Merger Agreement Election Procedures; Surrender of Peoples Stock Certificates beginning on page 58 for further explanation.

Q: Is the value of the per share consideration that I receive for my shares of Peoples common stock expected to be the same regardless of which election I make?

A: No. The value of the cash consideration will not change and is fixed at \$47.00 per share. However, the value of the stock consideration will vary based on the market price of Summit common stock. There will be no adjustment to the fixed number of shares of Summit common stock that will be issued to Peoples shareholders who receive the stock consideration based upon changes in the market price of Summit common stock or Peoples common stock prior to the effective time of the merger. As result, the value of the merger consideration received by holders of Peoples common stock who receive the cash consideration may differ from the value of the merger consideration received by holders of Peoples common stock who receive the stock consideration.

The market price of Summit common stock at the time the merger is completed may vary from the price of Summit common stock on the date the merger agreement was executed, on the date of this prospectus and proxy statement, on the date of the Peoples special meeting and at the effective time of the merger as a result of various factors that are beyond the control of Summit and Peoples, including but not limited to, general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. In addition to the adoption and approval of the merger agreement by Peoples shareholders, consummation of the merger is subject to satisfaction of certain conditions that may not occur until after the Peoples special meeting. See The Merger Agreement Conditions to Completion of the Merger beginning on page 61 for further explanation. Therefore, at the time of the Peoples special meeting you will not know the precise value of the stock consideration, if any, that you will receive at the effective time of the merger. You should obtain current market quotations for shares of Summit common stock.

Q: What happens if I do not make an election or my election form is not received before the election deadline?

A: Any shares of Peoples common stock with respect to which the exchange agent does not receive a properly completed election form by the election deadline, including stock certificate(s) and other transmittal materials, will be

treated as no election shares. No election shares will be converted into the right to receive Summit common stock and/or cash according to the allocation procedures specified in the merger agreement. See The Merger Agreement Merger Consideration beginning on page 57.

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Q: How will I receive the merger consideration to which I am entitled?

A: After receiving the proper documentation from you and determining the proper allocations of shares of Summit common stock and cash to be paid or issued to Peoples shareholders, the exchange agent will forward to you the Summit common stock and/or cash to which you are entitled. See *The Merger Agreement Election Procedures; Surrender of Peoples Stock Certificates* beginning on page 58. Peoples shareholders will not receive any fractional shares of Summit common stock in the merger. Instead, they will receive an amount in cash equal to the fractional share interest multiplied by \$47.00, the per share cash consideration.

Q: When do you expect to complete the merger?

A: Summit and Peoples currently expect to complete the merger during the first quarter of 2019. However, they cannot assure you when or if the merger will occur. Summit and Peoples must, among other things, obtain the approval of Peoples shareholders at its special meeting and satisfy the other conditions described below in *The Merger Agreement Conditions to Completion of the Merger* beginning on page 61.

Q: What happens if the merger is not completed?

A: If the merger is not completed, holders of Peoples common stock will not receive any consideration for their shares in connection with the merger. Instead, Peoples will remain an independent private company. In addition, in certain circumstances, a termination fee may be required to be paid by Peoples. See *The Merger Agreement Effect of Termination; Termination Fee* beginning on page 74 for a complete discussion of the circumstances under which termination fees will be required to be paid.

Q: Who will be soliciting proxies?

A: In addition to soliciting proxies by mail, the directors and certain employees of Peoples may be soliciting proxies for the Peoples special meeting. See *The Peoples Special Meeting Solicitation of Proxies* beginning on page 28 for more information.

Q: What are the U.S. federal income tax consequences of the merger to Peoples shareholders?

A: The merger is intended to qualify, and the obligation of Summit and Peoples to consummate the merger is conditioned upon, the receipt of an opinion from their respective legal counsel to the effect that the merger will qualify, as a reorganization within the meaning of Section 368(a) of the Code and that Peoples and Summit will each be treated as a party to each reorganization within the meaning of Section 368(b) of the Code. Neither Summit nor Peoples currently intends to waive this opinion condition to its obligation to consummate the merger. If either Summit or Peoples waives this opinion condition after this prospectus and proxy statement is declared effective by the SEC, and if the tax consequences of the merger to Peoples shareholders have materially changed, Summit and Peoples will recirculate appropriate soliciting materials to resolicit the votes of Peoples shareholders. Assuming that the merger and the bank merger so qualifies as a reorganization, which Peoples and Summit anticipate, in general, for U.S. federal income tax purposes:

 Holders of Peoples common stock who receive solely the cash consideration in the merger will generally recognize gain or loss;

Holders of Peoples common stock who receive solely the stock consideration in the merger generally will not recognize any gain or loss as a result of the exchange (other than for cash received in lieu of any fractional share of Summit common stock); and

Holders of Peoples common stock who receive a combination of the cash consideration and the stock consideration in the merger will not generally recognize any loss but will generally recognize gain, if any, equal to the lesser of (1) the excess, if any, of the sum of the cash received and the fair market value of the Summit common stock received pursuant to the merger over that holder's adjusted tax basis in his, her or its shares of Peoples common stock surrendered, and (2) the amount of cash consideration received by that holder pursuant to the merger.

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For further information, see Material U.S. Federal Income Tax Consequences of the Merger beginning on page 75.

The U.S. federal income tax consequences described above may not apply to all holders of Peoples common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Q: Whom should I call with questions?

A: Peoples shareholders should contact Ronald L. Bowling at Peoples by telephone at (304) 294-7115.

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SUMMARY

*This summary highlights selected information from this prospectus and proxy statement. It does not contain all of the information that may be important to you. We urge you to carefully read this entire prospectus and proxy statement and the other documents to which this prospectus and proxy statement refers to fully understand the merger and the other matters to be considered at the special meeting. See *Where You Can Find More Information* on page 91 to obtain the information incorporated by reference into this prospectus and proxy statement without charge. Each item in this summary includes a page reference directing you to a more complete description of that item.*

The Companies (page 80)

Summit Financial Group, Inc.

300 North Main Street

Moorefield, West Virginia 26836

(304) 530-1000

Summit is a West Virginia corporation registered as a financial holding company pursuant to the Bank Holding Company Act of 1956, as amended, or the BHCA. Summit was incorporated and organized on March 5, 1987. Summit's banking subsidiary offers a full range of commercial and retail banking services and products. Summit provides these services through its community bank subsidiary, Summit Community Bank, with 29 full service offices located throughout West Virginia, Northern Virginia and the Shenandoah Valley. Summit also operates Summit Insurance Services, LLC in Moorefield, West Virginia and Leesburg, Virginia.

As of June 30, 2018, Summit had t