

SUMMIT FINANCIAL GROUP INC

Form S-4

October 23, 2007

As filed with the Securities and Exchange Commission on _____, 2007

Registration No. 33-_____

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**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 Incorporation or Organization)	6711 (Primary Standard Industrial Classification Code Number)	55-0672148 (I. R. S. Employer Identification Number)
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**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 N. 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.	George W. Murphy, Jr., Esq.
Bowles Rice McDavid Graff & Love LLP	Victor L. Cangelosi, Esq.
600 Quarrier Street	Muldoon Murphy & Aguggia LLP
P. O. Box 1386	5101 Wisconsin

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Charleston, West Virginia 25325-1386 (304) 347-1131	Avenue, N.W. Washington, D.C. 20016 (202) 362-0840
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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.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$ 2.50 per share	712,809 shares		\$10,040,410	\$308.24

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 WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

MERGER PROPOSAL - YOUR VOTE IS VERY IMPORTANT

You are cordially invited to attend the special meeting of the shareholders of Greater Atlantic Financial Corp. ("Greater Atlantic") to be held on _____, December ____, 2007 at _____ a.m., Eastern Standard Time, at the _____, _____, _____, Virginia. At the special meeting, you will be asked to approve the proposed merger of Greater Atlantic and Summit Financial Group, Inc. ("Summit"). In the merger, you will receive a combination of cash and shares of Summit common stock for each share of Greater Atlantic common stock that you own, subject to a "stock collar" limiting the maximum and minimum number of shares Summit will issue. The stock collar is described more fully below. Subject to the stock collar, the total consideration for your Greater Atlantic stock will be paid 70% in the form of Summit common stock and 30% in cash, with each share of Greater Atlantic common stock exchanged for shares of Summit common stock valued at \$4.20 and \$1.80 in cash. The number of shares of Summit common stock that you will receive for each share of Greater Atlantic common stock you own will be determined by the exchange ratio at closing.

At the closing, we will determine the exchange ratio by dividing \$4.20 by the average closing price of Summit common stock reported on NASDAQ for the twenty (20) trading days prior to closing (the "Average Closing Price"). The exchange ratio is subject to a stock collar, which sets the maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, the exchange ratio will be calculated by dividing \$4.20 by \$24.10. Thus, for each share of Greater Atlantic common stock that you own, you will receive \$1.80 in cash and at least 0.1743 shares of Summit common stock, but no more than 0.2357 shares of Summit common stock. A chart on page __ under "Merger Consideration" provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock. Cash will be paid instead of issuing fractional shares of Summit common stock.

We expect the merger to be tax-free with respect to the shares of Summit common stock that you receive. You may have to recognize income or gain for tax purposes for the cash you receive in the merger.

The merger proposal is described in this proxy statement/prospectus. We encourage you to read this entire document carefully, including the "Risk Factors" section beginning on page ____.

Your board recommends that you vote for the merger. **We need your vote to complete the merger.** Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope. If you neither return your card nor vote in person, the effect will be to vote against the merger.

You should obtain current market quotations on shares of Summit common stock, which is listed on the NASDAQ Capital Market under the symbol "SMMF," and Greater Atlantic common stock, which is quoted on the Pink Sheets under the symbol "GAFC.PK."

Carroll E. Amos
President and Chief Executive Officer
Greater Atlantic Financial Corp.

An investment in Summit common stock in connection with the merger involves certain risks and uncertainties. See "Risk Factors" beginning on page ____ of this proxy statement/prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or determined if this proxy statement/prospectus is truthful or complete. It is illegal to tell you otherwise.

The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other federal or state governmental agency.

This proxy statement/prospectus is dated November ____, 2007 and is expected to be first mailed to shareholders on or about November ____, 2007.

[insert logo]

**GREATER ATLANTIC FINANCIAL CORP.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER __, 2007**

YOU ARE HEREBY NOTIFIED of and invited to attend the special meeting of shareholders of Greater Atlantic Financial Corp., a Delaware corporation, to be held on _____, December __, 2007, at _____ a.m. at the _____, _____, _____, _____, Virginia, for the purpose of considering and voting upon the following:

1. A proposal to approve and adopt the Agreement and Plan of Reorganization dated as of April 12, 2007, by and between Greater Atlantic Financial Corp. ("Greater Atlantic") and Summit Financial Group, Inc. ("Summit") and the transactions contemplated thereby. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization as the merger agreement. The merger agreement provides that Greater Atlantic will merge with and into a subsidiary of Summit, upon the terms and subject to the conditions set forth in the merger agreement, as more fully described in the accompanying proxy statement/prospectus. In the merger, among other things, each share of Greater Atlantic common stock will be converted into and become the right to receive a combination of \$1.80 in cash and shares of Summit common stock based on an exchange ratio, subject to adjustment as further described in the accompanying proxy statement/prospectus. Cash will be paid instead of issuing fractional shares of Summit common stock.
2. A proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the shareholders at the meeting, as more fully described in the accompanying proxy statement prospectus.

Our board of directors has determined that the terms of the merger are fair to and in the best interests of Greater Atlantic and our shareholders, has approved and adopted the merger agreement, and unanimously recommends that our shareholders vote "*FOR*" the approval and adoption of the merger agreement and the transactions contemplated thereby.

Our board of directors has fixed the close of business on _____, 2007 as the record date for determination of our shareholders entitled to receive notice of and to vote at the special meeting. A list of shareholders entitled to vote will be available at 10700 Parkridge Boulevard, Suite P50, Reston, Virginia 20191, for ten (10) days before the meeting and will also be available for inspection at the meeting. The meeting may be adjourned or postponed from time to time upon approval of our shareholders without any notice other than by announcement at the special meeting of the adjournment or postponement thereof, and any and all business for which notice is hereby given may be transacted at such adjourned or postponed special meeting.

The affirmative vote of the holders of a majority of shares of our common stock entitled to vote at the special meeting is required to approve and adopt the merger agreement. Please complete, date, sign and promptly return the enclosed proxy card, which is solicited by your board of directors, in the enclosed envelope, whether or not you expect to attend the special meeting. You may revoke the proxy at any time before its exercise by delivering to us a written notice of revocation, by delivering to us a duly executed proxy card bearing a later date or by voting in person at the special meeting. Failure to return a properly executed proxy card, or to vote at the special meeting, or abstaining from voting, will have the same effect as a vote against the merger agreement and the transactions contemplated thereby.

By Order of the Board of Directors

Edward C. Allen

Secretary
Reston, Virginia
_____, 2007

EACH STOCKHOLDER, WHETHER OR NOT HE OR SHE PLANS TO ATTEND THE SPECIAL MEETING, IS REQUESTED TO SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

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Annex A	Agreement and Plan of Reorganization dated as of April 12, 2007, between Greater Atlantic Financial Corp. and Summit Financial Group, Inc.
Annex B	Section 262 of the Delaware General Corporation Law
Annex C	Opinion of Sandler O'Neill & Partners, L.P., dated _____, 2007, to the board of directors of Greater Atlantic Financial Corp.

Annex D-1 Greater Atlantic Financial Corp. Form 10-K for the year ended
September 30, 2006

Annex D-2 Greater Atlantic Financial Corp. Form 10-Q for the period ended December 31, 2006

Annex D-3 Greater Atlantic Financial Corp. Form 10-Q for the period ended
March 31, 2007

Annex D-4 Greater Atlantic Financial Corp. Form 10-Q for the period ended June
30, 2007

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will shareholders be voting on at the special meeting?

A: Shareholders will be voting on a proposal to approve and adopt the merger agreement between Greater Atlantic and Summit and the transactions contemplated thereby.

Shareholders will also consider any other matters that may properly come before the meeting.

Q: Why is Greater Atlantic proposing the merger?

A: We believe the proposed merger is in the best interests of Greater Atlantic and its shareholders. Our board of directors believes that combining with Summit provides significant value to our shareholders and provides those shareholders the option to participate in the opportunities for growth offered by the combined company.

You should review the reasons for the merger described in greater detail under the caption “Background of the Merger; Board Recommendations and Reasons for the Merger” beginning on page ____.

Q: When and where is the shareholder meeting?

A: The special meeting is scheduled to take place on December __, 2007, at _____ a.m., local time, at the _____, _____, _____, _____, Virginia.

Q: What does the Greater Atlantic board of directors recommend?

A: The Greater Atlantic board of directors has approved the merger agreement. The Greater Atlantic board recommends that shareholders vote “FOR” the proposal to approve the merger agreement and the transactions contemplated thereby.

Q: What will shareholders receive for their stock?

A: For each share of Greater Atlantic common stock that you own, you will receive a combination of \$1.80 in cash and shares of Summit common stock based on an exchange ratio, subject to a “stock collar” or a limit on the maximum and minimum number of shares Summit will issue. The stock collar is described more fully below. Subject to the stock collar, the total consideration for your Greater Atlantic stock will be paid in the form of 70% in Summit common stock and 30% in cash as follows: (referred to in this proxy statement/prospectus as “Merger Consideration”):

(1) \$1.80 cash; and

(2) the number of shares of Summit Stock equal to \$4.20 divided by the average closing price of Summit Stock reported on the NASDAQ for the twenty (20) trading days prior to the closing.

The number of shares of Summit common stock that you will receive for each share of Greater Atlantic common stock you own will be determined by the exchange ratio at closing. At the closing, we will determine the exchange ratio by dividing \$4.20 by the average closing price of Summit common stock reported on NASDAQ for the twenty (20) trading days prior to closing (the “Average Closing Price”). The exchange ratio is subject to a stock collar, which sets the

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maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, the exchange ratio will be calculated by dividing \$4.20 by \$24.10. Thus, for each share of Greater Atlantic common stock that you own, you will receive \$1.80 in cash and at least 0.1743 shares of Summit common stock, but no more than 0.2357 shares of Summit common stock. Cash will be paid instead of issuing fractional shares of Summit common stock. A chart on page __ under “Merger Consideration” provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock.

Q: How will I receive my shares of Summit common stock and cash?

A: The exchange agent will mail transmittal forms to each Greater Atlantic shareholder within five (5) business days after completion of the merger. You should complete the transmittal form and return it to the exchange agent as soon as possible. Once the exchange agent has received the proper documentation, it will forward to you the cash and shares of Summit common stock to which you are entitled.

Shareholders will not receive any fractional shares of Summit common stock. Instead, they will receive cash, without interest, for any fractional share of Summit common stock that they might otherwise have been entitled to receive based on the market value of the Summit common stock on the date that the merger occurs.

Q: How do I exchange my Greater Atlantic stock certificates?

A: If the merger is completed, Summit will send Greater Atlantic shareholders written instructions for exchanging their stock certificates. You will be asked to return your Greater Atlantic stock certificates, and shortly after the merger, the exchange agent will allocate cash and Summit common stock among Greater Atlantic shareholders. **In any event, you should not forward your Greater Atlantic certificates with your proxy card.**

Q: What should I do if my shares of Greater Atlantic are held by my broker or otherwise in “street name?”

A: If you hold your shares of Greater Atlantic common stock in “street name” (*i.e.*, your bank or broker holds your shares for you), you should receive instructions regarding election procedures directly from your bank or broker. If you have any questions regarding these procedures, you should contact your bank or broker directly, or you may contact Summit or Greater Atlantic at the addresses or telephone numbers listed on page ____.

Q: When will we complete the merger?

A: We intend to complete the merger as soon as possible after shareholder approval is received, all other regulatory approvals have been obtained and other conditions to the closing have been satisfied or waived.

The regulatory approvals are described under “– Regulatory Approvals” beginning on page ____.

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Q: What should I do now?

A: Mail your signed and dated proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the shareholder meeting. It is important that the proxy card be received as soon as possible and in any event before the shareholder meeting.

Q: Can I change my vote after I mail my proxy card?

A: Yes. You can change your vote at any time before your proxy is voted at the shareholder meeting. You can do this in one of three ways:

- First, you can send a written notice stating that you revoke your proxy.
- Second, you can complete, sign, date and submit a new proxy card.
- Third, you can attend the shareholder meeting and vote in person. Simply attending the shareholder meeting, however, will not revoke your proxy.

If you choose either of the first or second methods, you must submit your notice of revocation or your new proxy card to Greater Atlantic prior to the shareholder meeting. Your submissions must be mailed to the Secretary of Greater Atlantic at the address listed on page ____.

Q: Who will be soliciting proxies?

A: In addition to solicitation of proxies by officers, directors and employees of Greater Atlantic, Greater Atlantic has engaged a professional proxy solicitation firm, Georgeson Inc., to assist it in soliciting proxies.

Q: What if I do not vote or I abstain from voting?

A: If you do not vote or you abstain from voting, your failure to vote or abstention will count as a “NO” vote on the proposal to approve and adopt the merger agreement.

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

A: Your broker will vote your shares on the proposal to approve and adopt the merger agreement only if you provide instructions on how to vote. You should follow the directions provided by your broker to vote your shares. If you do not provide your broker with instructions on how to vote your shares held in “street name,” your broker will not be permitted to vote your shares on the proposal to approve and adopt the merger agreement, which will have the effect of a “NO” vote on the items being considered.

Q: Will I be able to sell the shares of Summit common stock that I receive in the merger?

A: Yes, in most cases. The shares of Summit common stock to be issued in the merger will be registered under the Securities Act of 1933 and listed on the NASDAQ Capital Market. However, certain shareholders who are deemed to be “affiliates” of Summit or Greater Atlantic under the Securities Act (generally, directors, executive officers and shareholders of Summit or Greater Atlantic holding 10% or more of the outstanding shares of common stock) must abide by certain transfer restrictions under the Securities Act.

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Q: What are the tax consequences of the merger to me?

A: Your tax consequences will depend on your basis in the Greater Atlantic common stock that you own. For greater detail, see “Certain Federal Income Tax Consequences of the Merger” beginning on page ____.

Q: Who should shareholders call with questions?

A: If you have more questions about the merger you should contact:

Carroll E. Amos
President and Chief Executive Officer
Greater Atlantic Financial Corp.
10700 Parkridge Boulevard
Suite P50
Reston, Virginia 20191
Telephone: (703) 391-1300

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SUMMARY

This brief summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. We urge you to carefully read the entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers to fully understand the merger. See “Where You Can Find More Information” on page _____. Each item in this summary includes a page reference directing you to a more complete description of that item.

The Merger (page ____)

We have attached the merger agreement to this proxy statement/prospectus as Annex A. Please read the merger agreement. It is the legal document that governs the merger.

In the merger, Summit will acquire Greater Atlantic by means of the merger of Greater Atlantic Financial Corp. (“Greater Atlantic”) into a subsidiary of Summit Financial Group, Inc. (“Summit”).

Each share of Greater Atlantic common stock outstanding will be converted in the merger into cash and shares of Summit common stock as further described below. We expect to complete the merger in the fourth quarter of 2007, although there can be no assurance in this regard.

Our Reasons for the Merger (page ____)

The terms of the merger agreement were the results of arm’s length negotiations between representatives of Greater Atlantic and Summit. In deciding to enter into the merger agreement, Greater Atlantic’s board of directors considered a number of factors including:

- The understanding of the Board of Directors of the strategic options available to Greater Atlantic and the Board of Directors’ assessment of those options with respect to the prospects and estimated results of the execution by Greater Atlantic of its business plan as an independent entity under various scenarios, and the determination that none of those options or the execution of the business plan under the best case scenarios were likely to create greater present value for Greater Atlantic’s stockholders than the value to be paid by Summit. In particular, the Board of Directors considered Greater Atlantic’s ability to achieve consistent profitability as an independent entity and the prospects for regulatory action if it failed to do so.
- The ability of Greater Atlantic’s stockholders to participate in the future prospects of the combined entity through ownership of Summit common stock and that Greater Atlantic’s shareholders would have potential value appreciation by owning the common stock of Summit.
- Summit’s ability to continue to pay cash dividends on its common stock (Greater Atlantic has never paid cash dividends).
- Sandler O’Neill’s written opinion that, as of April 12, 2007, and subject to the assumptions and limitations set forth in the opinion, the merger consideration was fair to Greater Atlantic’s stockholders from a financial point of view.
- The wider array of financial products and services that would be available to customers of Greater Atlantic and the communities served by Greater Atlantic.

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- The current and prospective economic, competitive and regulatory environment and the regulatory compliance costs facing Greater Atlantic and other similar size, independent, community banking institutions generally, including the cost of compliance with the requirements of the Sarbanes-Oxley Act.
- A review, with the assistance of Greater Atlantic's financial and legal advisors, of the terms of the merger agreement, including that the merger is intended to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes.
 - The results of the due diligence review of Summit.
- The Greater Atlantic employees to be retained after the merger would have opportunities for career advancement in a larger organization.
- The likelihood of receiving timely regulatory approval and the approval of Greater Atlantic's stockholders and the estimated transaction and severance costs associated with the merger and payments that could be triggered upon termination of or failure to consummate the merger.

In deciding to enter into the merger agreement, Summit's board of directors considered a number of factors, including the opportunity the merger presented to expand its presence in attractive markets in Virginia. Summit believes the acquisition of Greater Atlantic's operations is consistent with its plan to have operations, offices and distinct capabilities in every market of its choice within its region.

What Shareholders Will Receive (page ____)

If the merger is completed, Greater Atlantic stockholders will receive a combination of cash and shares of Summit common stock for each share of Greater Atlantic common stock that is owned, subject to a "stock collar" limiting the maximum and minimum number of shares Summit will issue. The stock collar is described more fully below. Subject to the stock collar, the total consideration for the Greater Atlantic stock will be paid 70% in the form of Summit common stock and 30% in cash, with each share of Greater Atlantic common stock exchanged for shares of Summit common stock valued at \$4.20 and \$1.80 in cash. The number of shares of Summit common stock that each Greater Atlantic shareholder will receive for each share of Greater Atlantic common stock he or she owns will be determined by the exchange ratio at closing.

At the closing, we will determine the exchange ratio by dividing \$4.20 by the average closing price of Summit common stock reported on NASDAQ for the twenty (20) trading days prior to closing (the "Average Closing Price"). The exchange ratio is subject to a stock collar, which sets the maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, the exchange ratio will be calculated by dividing \$4.20 by \$24.10. Thus, for each share of Greater Atlantic common stock that is owned, each Greater Atlantic shareholder will receive \$1.80 in cash and at least 0.1743 shares of Summit common stock, but no more than 0.2357 shares of Summit common stock. A chart on page __ under "Merger Consideration" provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock.

Summit will not issue any fractional shares in the merger. Instead, you will receive cash for any fractional share of Summit common stock owed to you. The amount of cash that you will receive for any

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such fractional share will be calculated by multiplying the fractional share interest by the closing price of Summit common stock on the NASDAQ Capital Market on the effective date of the merger.

Dissenters' or Appraisal Rights (page __)

Under Delaware law, Greater Atlantic stockholders may object to the merger and demand to be paid the fair value of their shares. Under Delaware law, you should know that in determining the fair value of your shares, any appreciation or depreciation resulting from the accomplishment or expectation of the merger will not be considered. To properly exercise your appraisal rights and avoid a waiver of such rights, you must not vote your shares in favor of the merger and you must follow the exact procedures required by Delaware law (see [Annex B](#)).

Resale of Summit Shares Received in the Merger (page ____)

Summit has registered the shares of its common stock to be issued in the merger under the federal securities laws. Therefore, you may sell shares that you receive in the merger without restriction unless you are considered an affiliate of Greater Atlantic or you become an affiliate of Summit. A director, executive officer or stockholder who beneficially owns 10% or more of the outstanding shares of a company is generally deemed to be an affiliate of that company.

If you are considered an affiliate of Greater Atlantic or become an affiliate of Summit, you may resell the shares of Summit common stock you receive pursuant to an effective registration statement under the securities laws, or pursuant to Rule 145 of the SEC's rules, or in transactions otherwise exempt from registration under the securities laws. Summit is not obligated and does not intend to register for resale the shares issued to affiliates of Greater Atlantic.

Our Recommendation (page __)

The Greater Atlantic board of directors believes that the merger is advisable and in the best interests of Greater Atlantic's shareholders. Greater Atlantic's board unanimously recommends that shareholders vote "**FOR**" the proposal to approve and adopt the merger agreement and the transactions contemplated thereby.

Summary of Risk Factors (page ____)

The merger is subject to risks, some of which are described below. You should carefully consider these risk factors and others discussed in more detail on page ____ in deciding whether to vote for approval of the merger agreement.

- Summit may be unable to manage effectively the new assets it acquires;
 - changes in interest rates may adversely affect Summit's business;
- loss of Summit's CEO or other executive officers could adversely affect its business;
- Summit and its subsidiaries operate in highly competitive markets;
- dividend payments by Summit's subsidiaries to Summit and by Summit to its stockholders could be restricted;

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- Summit's business is concentrated in the Eastern Panhandle and South Central regions of West Virginia and in the Shenandoah Valley and Northern Virginia, and a downturn in the local economies may adversely affect its business;
- determination of the adequacy of the allowance for loan losses is based upon estimates that are inherently subjective and dependent on the outcome of future events. Ultimate losses may differ from current estimates. As a result, such losses may increase significantly.

Opinion of Financial Advisor (page ___)

In approving the merger, Greater Atlantic's board considered the opinion of its financial advisor, Sandler O'Neill & Partners, L.P., as to the fairness from a financial point of view of the consideration to be paid by Summit in the merger as of April 12, 2007, as updated _____, 2007. We have attached this opinion to this proxy statement/prospectus as Annex C. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Sandler O'Neill & Partners, L.P. in providing its opinion.

Accounting Treatment (page ___)

The merger will be accounted for under the purchase method of accounting.

Certain Federal Income Tax Consequences (page ___)

A holder of Greater Atlantic common stock who exchanges his or her Greater Atlantic common stock actually owned for a combination of cash and common stock of Summit will recognize income or gain in an amount equal to the lesser of (a) the amount of cash received, or (b) the gain realized on the exchange. The gain realized on the exchange will equal the fair market value of Summit common stock received plus the amount of cash received, less the holder's adjusted tax basis in the shares of Greater Atlantic common stock exchanged by the holder. No loss may be recognized by a holder of Greater Atlantic common stock from the combined distribution of cash and Summit common stock or the stock distribution. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you. You will not be obligated to exchange your shares of Greater Atlantic common stock unless Greater Atlantic receives a legal opinion that the merger will be treated for federal income tax purposes as a merger within the meaning of Section 368 of the Internal Revenue Code. This opinion, however, will not bind the Internal Revenue Service, which could take a different view.

Shareholders will also be required to file certain information with their federal income tax returns and to retain certain records with regard to the merger.

The discussion of United States federal income tax consequences set forth above is for general information only and does not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of Greater Atlantic common stock. Shareholders of Greater Atlantic are strongly urged to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.

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The Companies (page ____)

Summit Financial Group, Inc.

*300 North Main Street
Moorefield, West Virginia 26836
(304) 530-1000*

Summit Financial Group, Inc. is a \$1.3 billion financial holding company headquartered in Moorefield, West Virginia, at 300 North Main Street. Summit provides commercial and retail banking services primarily in the Eastern Panhandle and South Central regions of West Virginia and the Northern region of Virginia. Summit provides these services through its community bank subsidiary, Summit Community Bank. Summit also operates Summit Insurance Services, LLC in Moorefield, West Virginia.

As of June 30, 2007, Summit had total assets of \$1.3 billion, total deposits of \$850.4 million, and stockholders' equity of \$81.9 million.

Greater Atlantic Financial Corp.

*10700 Parkridge Boulevard, Suite P50
Reston, Virginia 20191
(703) 391-1300*

Greater Atlantic is a savings and loan holding company organized under the laws of the State of Delaware and is registered under the Home Owners' Loan Act. It has one subsidiary – Greater Atlantic Bank, which has four offices in Virginia and an office in Maryland through which all of its business is conducted.

Greater Atlantic is engaged in the business of offering banking services to the general public. Through its subsidiary, Greater Atlantic offers checking accounts, savings and time deposits, and commercial, real estate, personal, home improvement, automobile and other installment and term loans. It also offers financial services, travelers' checks, safe deposit boxes, collection, notary public and other customary bank services (with the exception of trust services) to its customers. The principal types of loans that the banks make are commercial loans, commercial and residential real estate loans and loans to individuals for household, family and other consumer expenditures.

As of June 30, 2007, Greater Atlantic reported total assets of \$300.9 million, net loans of \$179.1 million, deposits of \$254.4 million and shareholders' equity of \$6.6 million.

The Special Meeting and Required Vote (page ____)

Greater Atlantic is holding a special shareholders' meeting on December __, 2007 at ____ a.m. at the _____, _____, _____, Virginia. The purpose of the meeting is for Greater Atlantic Financial Corp. stockholders to consider and vote on the merger agreement. The record date for the meeting is the close of business on _____, 2007. On that date, Greater Atlantic had _____ shares of common stock outstanding and entitled to vote. Only stockholders of record at the close of business on the record date will be entitled to vote at the meeting and any adjournment. You can cast one vote for each share of Greater Atlantic common stock that you owned on that date.

The approval of the merger agreement and the transactions contemplated thereby requires the affirmative vote of the holders of a majority of Greater Atlantic's outstanding shares entitled to vote at the special meeting. As of _____, 2007, Greater Atlantic's directors and executive officers, and their

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affiliates, held _____ shares of Greater Atlantic common stock, which represents approximately _____% of the total outstanding shares of Greater Atlantic common stock entitled to vote at the special meeting. The Greater Atlantic directors have indicated that they plan to vote the shares of Greater Atlantic common stock that they own for approval of the merger agreement and the transactions contemplated thereby.

Conditions to Completion of the Merger (page ____)

The obligations of Summit and Greater Atlantic to complete the merger depend on a number of conditions being met. These include:

- Greater Atlantic's shareholders' approval of the merger agreement;
- approval of the merger by the necessary federal and state regulatory authorities;
- authorization for the listing on the NASDAQ Capital Market of the shares of Summit common stock to be issued in the merger;
 - absence of any law or court order prohibiting the merger;
- receipt of an opinion from counsel to Summit that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
 - the balance of core deposits (as defined in the merger agreement) being not less than \$144 million;
- the sale of Greater Atlantic Bank's branch office in Pasadena, Maryland, at least forty-five (45) days prior to consummation of the merger (the sale, involving deposits of approximately \$52.0 million, was completed on August 24, 2007); and
 - the continued accuracy of certain representations and warranties.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger although that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Regulatory Approvals (page ____)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System. On October 4, 2007, Summit filed an application to obtain approval of the merger with the Federal Reserve Bank of Richmond. Once the required regulatory authority approves the merger, we have to wait from 15 to 30 days before we can complete it. During that time, the Department of Justice may challenge the merger. Summit will also file notices of closing with the Federal Reserve Bank of Richmond.

As of the date of this proxy statement/prospectus, we have not yet received the required approvals. While we do not know of any reason why we would not be able to obtain the necessary approvals in a timely manner, we cannot be certain when or if we will receive them.

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Termination of the Merger Agreement (page ___)

Greater Atlantic and Summit may mutually agree to terminate the merger at any time.

Either Greater Atlantic or Summit may terminate the merger agreement if any of the following occurs:

either party breaches any of its representations or obligations under the merger agreement, and does not cure the breach within 30 days if such breach individually or in the aggregate with other breaches results in a material adverse effect;

the merger is not completed by December 31, 2007, unless the failure of the merger to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate; or

- the approval of any governmental entity required for consummation of the merger is denied or the shareholders of Greater Atlantic do not approve the merger agreement.

Summit may terminate the merger agreement if Greater Atlantic's board fails to recommend approval of the merger agreement, withdraws its recommendation or modifies its recommendation in a manner adverse to Summit before Greater Atlantic's shareholder meeting.

Greater Atlantic may terminate the merger agreement in order to enter into an agreement with respect to an unsolicited proposal that if consummated would result in a transaction more favorable to Greater Atlantic's shareholders from a financial point of view, provided that Summit does not make a counteroffer that is at least as favorable to the other proposal and Greater Atlantic pays the termination fee described below.

Termination Fee (See Page ___)

In the event the merger agreement is terminated (i) due to failure to obtain Greater Atlantic's shareholder approval and prior to such time a competing acquisition proposal for Greater Atlantic has been made public and not withdrawn or (ii) by Greater Atlantic in order to enter into an agreement with respect to a superior proposal, then Greater Atlantic must pay Summit a cash termination fee of \$750,000 according to the following schedule: (i) \$250,000 no later than two (2) business days after the date of termination, (ii) \$100,000 on the date that is one (1) year after the termination date, (iii) \$100,000 on the date that is two (2) years after the termination date, and (iv) \$300,000 on the date that is three (3) years after the termination date.

In the event the merger agreement is terminated (i) because Greater Atlantic's board fails to recommend, withdraws, modifies, or changes its recommendation of the merger before Greater Atlantic's shareholder meeting, (ii) by Summit due to a breach by Greater Atlantic of any representation, warranty, covenant or other agreement, or (iii) due to a failure to consummate the merger by December 31, 2007, then Greater Atlantic must pay Summit a cash termination fee of \$250,000 no later than two (2) business days after the termination date.

Waiver and Amendment (page ___)

We may jointly amend the merger agreement, and each of us may waive our right to require the other party to adhere to the terms and conditions of the merger agreement. However, we may not do so after Greater Atlantic's shareholders approve the necessary transactions if the amendment or waiver would violate the Delaware General Corporation Law or the West Virginia Business Corporation Act.

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Interests of Directors and Officers in the Merger that Differ from Your Interests (page ___)

Some of the directors and officers of Greater Atlantic have interests in the merger that differ from, or are in addition to, their interests as shareholders of Greater Atlantic. These interests exist because of, among other things, employment or severance agreements that the officers entered into with Greater Atlantic, and rights that these officers and directors have under Greater Atlantic's benefit plans. These employment and severance agreements provide certain officers with severance benefits if their employment is terminated following the merger. Further, certain officers and employees of Greater Atlantic will benefit from accelerated vesting of stock options.

The members of the Greater Atlantic board of directors knew about these additional interests and considered them when they approved the merger agreement and the merger.

Stock Options (page ___)

If the merger is completed, each outstanding option and warrant to purchase shares of Greater Atlantic common stock under any and all plans of Greater Atlantic under which stock options and warrants have been granted and are outstanding shall vest and holders of Greater Atlantic stock options shall be entitled to receive cash in an amount equal to the difference between the value of (a) the Merger Consideration and (b) the applicable exercise price (rounded to the nearest cent) for each outstanding Greater Atlantic stock option and warrant.

Material Differences in the Rights of Summit Shareholders and Greater Atlantic Shareholders (page ___)

The rights of Summit's shareholders are governed by West Virginia law and by Summit's articles of incorporation and bylaws. The rights of Greater Atlantic's shareholders are governed by Delaware law and by Greater Atlantic's certificate of incorporation and bylaws. Upon completion of the merger, the rights of the Summit shareholders, including former shareholders of Greater Atlantic, will be governed by West Virginia law and the articles of incorporation and bylaws of Summit.

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RISK FACTORS

You should carefully read and consider the following risk factors concerning Summit, Greater Atlantic and the merger before you decide whether to vote to approve the merger and/or the other matters to be considered and voted upon at the shareholder meeting.

Risks Associated with the Merger

Fluctuations in the trading price of Summit common stock will change the value of the shares of Summit common stock you receive in the merger.

The number of shares of Summit common stock that you will receive for each share of Greater Atlantic common stock will be calculated at closing based on the exchange ratio. At the closing, we will determine the exchange ratio by dividing the average closing price of Summit common stock reported on the NASDAQ for the twenty (20) trading days prior to closing (the "Average Closing Price") by \$4.20. However, the exchange ratio is subject to a stock collar, which sets a maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, then the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, then the exchange ratio will be calculated by dividing \$4.20 by \$24.10. This means that for each share of Greater Atlantic common stock that you own, you will receive at least 0.1742 shares of Summit common stock, but no more than 0.2356 shares of Summit common stock. As a result, the market value of the Summit common stock that you receive in the merger will increase or decrease depending on the direction of the price movement of the Summit common stock. See chart on page __ under the heading "Merger Consideration" for an illustration of what you will receive based on Summit's stock price. Also, after the merger, the market value of Summit common stock may decrease and be lower than the market value of Summit common stock that was used in calculating the exchange ratio in the merger.

The integration of the operations of Summit and Greater Atlantic may be more difficult than anticipated.

The success of the merger will depend on a number of factors, including but not limited to Summit's ability to:

- timely and successfully integrate the operations of Summit and Greater Atlantic;
- maintain existing relationships with depositors in Greater Atlantic to minimize withdrawals of deposits subsequent to the merger;
- maintain and enhance existing relationships with borrowers to limit unanticipated losses of loan customers of Greater Atlantic;
 - control the incremental non-interest expense from Summit to maintain overall operating efficiencies;
 - retain and attract qualified personnel at Summit and Greater Atlantic;
- compete effectively in the communities served by Summit and Greater Atlantic and in nearby communities; and
 - manage effectively its anticipated growth resulting from the merger.

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The merger with Greater Atlantic may distract management of Summit from its other responsibilities.

The acquisition of Greater Atlantic could cause the management of Summit to focus its time and energies on matters related to the acquisition that otherwise would be directed to the business and operations of Summit. Any such distraction on the part of management, if significant, could affect its ability to service existing business and develop new business and adversely effect the business and earnings of Summit.

Greater Atlantic's shareholders will have less influence as shareholders of Summit than as shareholders of Greater Atlantic

Greater Atlantic's shareholders currently have the right to vote in the election of the board of directors of Greater Atlantic and on other matters affecting Greater Atlantic. After the merger, the shareholders of Greater Atlantic as a group will own approximately 8.0% of the combined organization. When the merger occurs, each shareholder that receives shares of Summit common stock will become a shareholder of Summit with a percentage ownership of the combined organization much smaller than such shareholder's percentage ownership of Greater Atlantic. Because of this, Greater Atlantic's shareholders will have less influence on the management and policies of Summit than they now have on the management and policies of Greater Atlantic.

Directors and officers of Greater Atlantic have interests in the merger that differ from the interests of non-director or non-management shareholders.

Some of the directors and officers of Greater Atlantic have interests in the merger that differ from, or are in addition to, their interests as shareholders of Greater Atlantic, generally. These interests exist because of, among other things, employment or severance agreements that certain officers entered into with Greater Atlantic, rights that Greater Atlantic officers and directors have under Greater Atlantic's benefit plans (including the treatment of their stock options and warrants following the merger) and rights to indemnification following the merger. Although the members of each of Summit's and Greater Atlantic's board of directors knew about these additional interests and considered them when they approved the merger agreement and the merger, you should understand that some of the directors and officers of Greater Atlantic will receive benefits or other payments in connection with the merger that you will not receive. See "The Merger – Interests of Certain Persons in the Merger" on page ____.

Risks Associated with Summit

Changes in interest rates may adversely affect Summit's business.

Summit's earnings, like most financial institutions, depend significantly on its net interest income. Net interest income is the difference between the interest income Summit earns on loans and other assets which earn interest and the interest expense incurred to fund those assets, such as on savings deposits and borrowed money. Therefore, changes in general market interest rates, such as a change in the monetary policy of the Board of Governors of the Federal Reserve System or otherwise beyond those which are contemplated by Summit's interest rate risk model and policy, could have an effect on net interest income.

Our success depends on key personnel.

Summit depends, and for the foreseeable future will depend, on the services of H. Charles Maddy, III, the President and Chief Executive Officer of Summit, Robert S. Tissue, the Senior Vice President and Chief Financial Officer of Summit, Patrick N. Frye, the Senior Vice President and Chief Credit Officer of Summit, Scott C. Jennings, the Senior Vice President and Chief Operating Officer of Summit, Ronald F. Miller, the President and Chief Executive Officer of Summit Community Bank, C.

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David Robertson, the Chairman of the Board of Summit Community Bank and Doug A. Mitchell, the Senior Vice President, Retail Banking of Summit. Summit's Board of Directors will continue to rely on the expertise and management abilities of Messrs. Maddy, Tissue, Frye, Jennings, Miller, Robertson and Mitchell, and the other principal officers of Summit. If Summit loses the services of one or more of these key personnel, it could have a negative impact on its business because of their skills, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

Summit faces strong competition.

Summit engages in highly competitive activities. Each activity and market served involves competition with other banks and savings institutions, as well as with non-banking and non-financial enterprises that offer financial products and services that compete directly with Summit's products and services. Summit actively competes with other banks, mortgage companies and other financial service companies in its efforts to obtain deposits and make loans, in the scope and types of services offered, in interest rates paid on deposits and charged on loans, and in other aspects of banking.

In addition to competing with other banks and mortgage companies, Summit competes with other financial institutions engaged in the business of making loans or accepting deposits, such as savings and loan associations, credit unions, industrial loan associations, insurance companies, small loan companies, finance companies, real estate investment trusts, certain governmental agencies, credit card organizations and other enterprises. In recent years, competition for money market accounts from securities brokers has also intensified. Additional competition for deposits comes from government and private issues of debt obligations and other investment alternatives for depositors such as money market funds. Summit takes an aggressive competitive posture, and intends to continue vigorously competing for market share within our service areas by offering competitive rates and terms on both loans and deposits.

Summit's ability to pay dividends is subject to regulation.

Summit's ability to pay dividends on its common stock is subject to its profitability and to government regulations that limit the aggregate amount of cash dividends paid to shareholders based on retained earnings and then-current income levels. There can be no assurance that Summit's future earnings will support dividend payments in the future. In addition, Summit is involved in litigation with Corinthian Mortgage Corporation, as described more fully under the sub-heading "*Risk Factors Relating to Summit's Growth, Including Pending Litigation*" on page _____. After consultation with legal counsel, Summit believes meritorious defenses exist as to all plaintiff's claims including with respect to plaintiff's claims for damages. At the present time, Summit is unable to estimate the impact, if any, an adverse decision may have on Summit's results of operations or financial condition. However, an adverse decision resulting in a large damage award could have a significant negative impact on Summit's regulatory capital thereby limiting Summit's near term growth and its ability to pay dividends to its shareholders.

There is a concentration of ownership of Summit's Common Stock.

Summit's directors and executive officers beneficially own approximately 27.5% of Summit Financial Group, Inc.'s outstanding Common Stock. Accordingly, such persons effectively have the ability to control Summit and direct its affairs and business, which may include taking actions that may be inconsistent with the interests of non-affiliated shareholders.

Common Stock is not Insured.

The Common Stock is not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

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Risk Factors Relating to Summit's Growth, Including Pending Litigation.

Summit may not be able to maintain and manage its growth, which may adversely affect its results of operations and financial condition. Summit has had significant growth during the past five years, and Summit plans to continue to grow and expand. Summit's ability to continue to grow depends on its ability to open new branch offices, attract deposits to those locations, and identify loan and investment opportunities. Summit's ability to manage growth successfully also will depend on whether it can maintain capital levels adequate to support its growth and maintain cost controls and asset quality. It is possible that Summit may need to raise additional capital to support future growth. Summit cannot make any assurance that additional capital would be available on terms satisfactory to all shareholders. This could force Summit to limit its growth strategy. If Summit is unable to sustain its growth, its earnings could be adversely affected. If Summit grows too quickly, however, and is not able to control costs and maintain asset quality, rapid growth also could adversely affect its financial performance. In addition, Summit is involved in litigation with Corinthian Mortgage Corporation. On November 20, 2006, Corinthian filed an Amended Complaint, which added Summit as a defendant in the case and requesting damages in the amount of \$20 million. After consultation with legal counsel, Summit believes that significant and meritorious defenses exist as to all of the claims including with respect to plaintiff's claims for damages. Trial on this matter is currently scheduled to begin on January 14, 2008. Summit will continue to evaluate the claims in the Corinthian lawsuit and intends to vigorously defend against them. At the present time, Summit is unable to estimate the impact, if any, an adverse decision may have on Summit's results of operations or financial condition. However, an adverse decision resulting in a large damage award could have a significant negative impact on Summit's regulatory capital thereby limiting Summit's near term growth and its ability to pay dividends to its shareholders.

Summit depends on local economic conditions, over which it has no control.

Summit's success depends to a certain extent upon the general economic conditions in the geographic markets in which it operates. Although Summit anticipates that economic conditions in these markets will continue to be favorable, no assurance can be given that these economic conditions will continue. Adverse changes in economic conditions in the geographic markets in which Summit's subsidiaries are located would likely impair their ability to collect loans and could otherwise have a negative effect on Summit's financial condition. In addition, Summit's deposit balances may fluctuate due to economic conditions or other conditions over which it has no control.

There are no assurances as to the adequacy of the allowance for credit losses.

Summit believes that its allowance for credit losses is maintained at a level adequate to absorb probable losses in its loan portfolio given the current information known to management.

Management establishes the allowance based upon many factors, including, but not limited to:

- historical loan loss experience;
- industry diversification of the commercial loan portfolio;
- the effect of changes in the local real estate market on collateral values;
- the amount of nonperforming loans and related collateral security;
- current economic conditions that may affect the borrower's ability to pay and value of collateral;
- sources and cost of funds;

- volume, growth and composition of the loan portfolio; and

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- other factors management believes are relevant.

These determinations are based upon estimates that are inherently subjective, and their accuracy depends on the outcome of future events, so ultimate losses may differ from current estimates. Depending on changes in economic, operating and other conditions, including changes in interest rates, that are generally beyond its control, Summit's actual loan losses could increase significantly. As a result, such losses could exceed Summit's current allowance estimates. Summit can provide no assurance that its allowance is sufficient to cover actual loan losses should such losses differ substantially from our current estimates.

In addition, federal and state regulators, as an integral part of their respective supervisory functions, periodically review Summit's allowance for credit losses. Summit's independent auditors also review the allowance as a part of their audit. Any increase in its allowance required by either the regulatory agencies or independent auditors would reduce Summit's pre-tax earnings.

FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains data and information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding, among other things, the anticipated closing date of the merger, the expected pro forma effect of the merger, and plans and objectives of Summit's management for future operations of the combined organization following consummation of the merger. You can identify these forward-looking statements because they may include terms such as "believes," "anticipates," "intends," "expects," or similar expressions and may include discussions of future strategy. Each of Summit and Greater Atlantic caution you not to rely unduly on any forward-looking statements in this proxy statement/prospectus. These forward-looking statements are based on current expectations that involve a number of risks and uncertainties. Actual results may differ materially from the results expressed in these forward-looking statements.

Factors that might cause such a difference include the following:

- the ability of Greater Atlantic to obtain the required shareholder approval or the ability of the companies to obtain the required regulatory approvals for the merger;
 - the ability of the companies to consummate the merger;
 - Summit's ability to successfully integrate Greater Atlantic into Summit following the merger;
- a material adverse change in the financial condition, results of operations or prospects of either Summit or Greater Atlantic;
 - the outcome of litigation pending against Summit;
- Summit's ability to fully realize any cost savings and revenues or the ability to realize them on a timely basis;
 - the risk of borrower, depositor and other customer attrition after the transaction is completed;
 - a change in general business and economic conditions;
 - changes in the interest rate environment, deposit flows, loan demand, real estate values, and competition;
 - changes in accounting principles, policies or guidelines;
 - changes in legislation and regulation;
- other economic, competitive, governmental, regulatory, geopolitical, and technological factors affecting the companies' operations, pricing, and services; and
 - other risk factors described on pages ___ to ___ of this proxy statement/prospectus.

Summit and Greater Atlantic undertake no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents**PRICE RANGE OF COMMON STOCK AND DIVIDENDS**

Summit common stock is traded on the NASDAQ Capital Market (formerly known as the NASDAQSmallCap Market) under the symbol "SMMF". The closing sale price reported for Summit common stock on April 12, 2007, the last trading date preceding the public announcement of the merger agreement, was \$20.80. Since February 22, 2007, Greater Atlantic common stock has been quoted on the Pink Sheets under the symbol "GAFC.PK." Before that date, Greater Atlantic common stock was quoted on the NASDAQ Capital Market. The closing sale price reported for Greater Atlantic common stock on April 12, 2007, the last trading date preceding the public announcement of the merger agreement, was \$2.54.

The following table sets forth for the periods indicated the high and low prices per share of Summit common stock and Greater Atlantic common stock as reported on their respective market, along with the semi-annual cash dividends per share declared. The per share prices do not include adjustments for markups, markdowns or commissions.

	Summit Financial Group, Inc.			Greater Atlantic Financial Corp.		
	Sales Price High	Low	Cash Dividend Declared	Sales Price High	Low	Cash Dividend Declared
2005						
First Quarter	\$36.00	\$26.51	\$ -	\$6.46	\$5.77	\$ -
Second Quarter	\$33.49	\$23.82	\$0.14	\$6.20	\$5.03	\$ -
Third Quarter	\$33.55	\$25.54	\$ -	\$5.62	\$5.10	\$ -
Fourth Quarter	\$28.00	\$22.48	\$0.16	\$5.45	\$4.84	\$ -
2006						
First Quarter	\$25.09	\$19.90	\$ -	\$6.05	\$4.60	\$ -
Second Quarter	\$24.52	\$19.10	\$0.16	\$5.90	\$5.04	\$ -
Third Quarter	\$24.18	\$17.95	\$ -	\$5.36	\$4.75	\$ -
Fourth Quarter	\$20.16	\$17.50	\$0.16	\$5.20	\$4.30	\$ -
2007						
First Quarter	\$21.51	\$19.49	\$ -	\$4.30	\$2.35	\$ -
Second Quarter	\$21.20	\$19.80	\$0.17	\$5.10	\$2.25	\$ -
Third Quarter	\$19.65	\$18.40	\$ -	\$5.50	\$5.00	\$ -
(through September 19, 2007)						

The shareholders of Summit are entitled to receive dividends when and as declared by its board of directors. Dividends have been paid semi-annually. Dividends were \$0.32 per share in 2006, \$0.30 per share in 2005 and \$0.26 per share in 2004. The payment of dividends is subject to the restrictions set forth in the West Virginia Business Corporation Act and the limitations imposed by the Federal Reserve Board.

Payment of dividends by Summit depends upon receipt of dividends from its banking subsidiary. Payment of dividends by Summit's state non-member banking subsidiary is regulated by the Federal Deposit Insurance Corporation ("FDIC") and the West Virginia Division of Banking and generally, the prior approval of the FDIC is

required if the total dividends declared by a state non-member bank in any calendar year exceeds its net profits, as defined, for that year combined with its retained net profits for the preceding two years. Additionally, prior approval of the FDIC is required when a state non-member bank has deficit retained earnings but has sufficient current year's net income, as defined, plus the retained net profits of the two preceding years. The FDIC may prohibit dividends if it deems the payment to be an

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unsafe or unsound banking practice. The FDIC has issued guidelines for dividend payments by state non-member banks emphasizing that proper dividend size depends on the bank's earnings and capital.

The following table sets forth historical per share market values for Summit common stock and Greater Atlantic common stock (i) on April 12, 2007, the last trading day prior to public announcement of the merger agreement, and (ii) on October 11, 2007, the most recent practicable date before the printing and mailing of this proxy statement/prospectus. The table also shows the equivalent pro forma market value of Greater Atlantic common stock on April 12, 2007, and October 11, 2007, assuming receipt of stock consideration.

The equivalent pro forma market value per share of Greater Atlantic common stock is the result obtained by multiplying the historical market price of Summit common stock by the applicable exchange ratio and adding the cash consideration of \$1.80. For purposes of determining the equivalent pro forma market value and the applicable exchange ratio, we have assumed that the average closing price of a share of Summit common stock is equal to the historical market price on April 12, 2007, and on October 11, 2007. Accordingly, the pro forma market value of Greater Atlantic common stock (i) on April 12, 2007, is determined by multiplying \$20.80 by the exchange ratio of 0.2019, and (ii) on October 11, 2007, is determined by multiplying \$17.40 by the exchange ratio of 0.2357.

The historical market prices represent the last sale prices on April 12, 2007, and October 11, 2007. The average closing price of Summit common stock used to determine the exchange ratio and the market price may be higher or lower than the closing prices of Summit common stock on the dates shown in the table and, therefore, the market value of the Summit common stock that you receive may be higher or lower than the equivalent pro forma market value shown in the table.

	Historical Market Price Per Share		Greater Atlantic Equivalent Pro Forma Market Value Per Share
	Summit	Greater Atlantic	
April 12, 2007	\$ 20.80	\$ 2.54	\$ 6.00
October 11, 2007	\$ 17.40	\$ 5.05	\$ 5.90

Once the merger is completed, there will be no further public market for Greater Atlantic common stock.

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UNAUDITED COMPARATIVE PER SHARE DATA

We have summarized below historical earnings, dividend and book value per share information for Summit and Greater Atlantic and additional similar information as if the companies had been combined for the periods shown, which we refer to as “pro forma” information. The pro forma and pro forma equivalent per share information gives effect to the merger as if the transaction had been effective at the year end dates presented, in the case of book value data, and as if the transaction had been effective at the beginning of each period presented, in the case of the earnings and dividend data.

The pro forma combined and pro forma equivalent per share information below assume that Summit will pay consideration totaling \$6.00 per share for each outstanding share of Greater Atlantic common stock, as follows: \$1.80 in cash, and \$4.20 in Summit common stock. For purposes of valuing Summit’s common stock paid, a price per share of \$20.80 was assumed, which represents the closing price of Summit’s common stock on the last trading day preceding the public announcement of the Greater Atlantic merger transaction, and which results in an exchange ratio 0.2019 shares of Summit common stock for each share of Greater Atlantic common stock.

The Greater Atlantic pro forma equivalent per share amounts below are calculated by multiplying the Summit pro forma combined earnings per share and book value per share by the exchange ratio of 0.2019 so that the per share amounts equate to the respective values for one share of Greater Atlantic common stock.

We expect that both Summit and Greater Atlantic will incur merger and integration costs as a result of the merger. We also anticipate that the merger will provide the combined company with financial benefits that may include reduced operating expenses. The information set forth below, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, may not reflect all of these anticipated financial expenses and does not reflect any of these anticipated financial benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during the periods presented.

Summit reports on a calendar year basis while Greater Atlantic reports on a fiscal year ending on September 30. Accordingly for purposes of the below earnings per share data, Summit’s statements of income for the six months ended June 30, 2007, and the year ended December 31, 2006, have been combined with Greater Atlantic’s statements of income for the six months ended March 31, 2007, and the year ended September 30, 2006, respectively.

The information in the following table is based on, and you should read it together with, the historical financial information and the notes thereto for Summit and Greater Atlantic contained in this proxy statement/prospectus.

Table of Contents**For the Year Ended 12/31/06-Summit & 9/30/06-Greater Atlantic**

	Summit Historical	Greater Atlantic Historical	Pro Forma Combined	Greater Atlantic Pro Forma Equivalent
Basic earnings (loss) per share				
from continuing operations	\$ 1.55	\$ (1.02)	\$ 1.19	\$ 0.24
Diluted earnings (loss) per share				
from continuing operations	\$ 1.54	\$ (1.02)	\$ 1.18	\$ 0.24
Dividends declared per share	\$ 0.32	\$ -	\$ 0.29	\$ 0.06
Book value per share (at 12/31/2006)	\$ 11.12	\$ 2.67	\$ 12.20	\$ 2.46

For the Six Months Ended 6/30/07-Summit & 3/31/07-Greater Atlantic

	Summit Historical	Greater Atlantic	Pro Forma	Greater Atlantic Pro Forma
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