

SUMMIT FINANCIAL GROUP INC

Form S-4/A

October 12, 2016

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As filed with the Securities and Exchange Commission on October 12, 2016.

Registration No. 333-213526

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

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) 300 North Main Street	Identification Number)

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:

Peter G. Weinstock, Esq.

Hunton & Williams LLP

1445 Ross Avenue, Suite 3700

Dallas, Texas 75202

(214) 468-3395

Sandra M. Murphy, Esq.

Bowles Rice LLP

600 Quarrier Street

P.O. Box 1386

Charleston, West Virginia 25325

(304) 347-1131

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, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer x

Non-accelerated filer " (Do not check if a smaller reporting company.) Smaller reporting company "

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) "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered ⁽¹⁾	Proposed	Proposed	Amount of Registration Fee
		Maximum Offering Price Per Unit	Maximum Offering Price ⁽²⁾	
Common Stock, par value \$2.50 per share	1,537,997	Not applicable	\$27,833,130	\$2,802.80

(1) The maximum number of shares of Summit Financial Group, Inc., or Summit, common stock estimated to be issuable upon the completion of the merger between Summit Financial Group, Inc., or Summit, and First Century

Bankshares, Inc., or First Century, in accordance with the Agreement and Plan of Merger, dated June 1, 2016, by and between Summit and First Century attached to this prospectus and proxy statement as Appendix A. The number is based on the estimated maximum number of shares of First Century common stock that may be exchanged for stock consideration and the exchange of such shares of First Century common stock for 1.2433 shares of Summit common stock. In the event the number of shares of Summit's common stock required to be issued to consummate the proposed merger of First Century into Summit is increased after the date this registration statement is declared effective, Summit will register such additional shares in accordance with Rule 413 under the Securities Act of 1933, as amended (the Securities Act), by filing a registration statement pursuant to Rule 462(b) or Rule 429 under the Securities Act, as applicable, with respect to such additional shares.

- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(c) and Rule 457(f) of the Securities Act, based on a rate of \$100.70 per \$1,000,000 of the proposed maximum aggregate offering price. The proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of shares of First Century common stock in accordance with Rules 457(c) and 457(f) under the Securities Act as follows: the product of (A) \$22.50, the average of the high and low prices per share of First Century common stock as reported on the OTC Pink Open Market (OTCPink) on September 1, 2016 and (B) 1,237,028, the estimated maximum number of shares of First Century common stock that may be exchanged for the stock consideration.

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 OCTOBER 12, 2016

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On June 1, 2016, Summit Financial Group, Inc., or Summit, and First Century Bankshares, Inc., or First Century, announced a strategic business combination in which First Century will merge with and into FCB 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 \$1.95 billion in assets and operate 27 branches across the states of West Virginia and Virginia. First Century is sending you this prospectus and proxy statement to invite you to attend a special meeting of First Century shareholders to allow you to vote on the plan of merger. The special meeting will be held on Tuesday, November 29, 2016, at 10:00 a.m., local time, at the First Century Bank Seminar Center, located at 525 Federal Street, Bluefield, West Virginia 24701.

If the merger is completed, holders of First Century common stock may elect to receive (i) 1.2433 shares of Summit common stock, par value \$2.50 per share, in exchange for each share of First Century common stock, par value \$1.25 per share, held immediately prior to the merger, which is referred to as the stock consideration, (ii) cash in the amount of \$22.50 per share of First Century 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 June 1, 2016, between Summit and First Century, which we refer to as the merger agreement. However, the aggregate number of First Century shares that will be converted for cash consideration will be equal to, as closely as possible, but in no event will exceed 666,092 shares, and the aggregate cash consideration will be equal to, as closely as possible, but in no event will exceed \$14,987,073, or approximately 35% of the merger consideration. The aggregate number of First Century shares that will be converted for stock consideration will be equal to, as closely as possible, but in no event will exceed 1,237,028, or approximately 65% of the merger consideration. The merger agreement provides for pro rata adjustments to and reallocation of the stock and cash elections made by First Century shareholders in order to achieve the 35% cash and 65% stock consideration mix.

The merger consideration is subject to adjustment if First Century's total shareholders' equity decreases, as specified under The Merger Agreement Shareholders' Equity beginning on page 65, and First Century 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 78.

The number of shares of Summit common stock that First Century shareholders making a stock election will receive in the merger for each share of First Century common stock is fixed. The implied value of the stock consideration that First century 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 June 1, 2016, the last trading day before public announcement of the merger, and on [], 2016, 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 First Century 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 1.2433 provided for in the merger agreement. This table also presents the value of the cash consideration proposed for each share of First Century 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 First Century Common Stock	Value of the Cash Consideration for One Share of First Century Common Stock
At June 1, 2016	\$ 17.30	\$ 21.51	\$ 22.50
At [], 2016	\$ []	\$ []	\$ 22.50

The common stock of Summit is listed on the NASDAQ Capital Market. Summit and First Century 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 First Century common stock are not expected to recognize any gain or loss for United States federal income tax purposes on the exchange of shares of First Century 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 First Century shareholders to be held on November 29, 2016, holders of First Century 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 the holders of a majority of the shares represented and entitled to vote at the First Century special meeting at which a quorum is present.

The First Century board of directors unanimously recommends that holders of First Century 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 15 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,

Frank W. Wilkinson

President and Chief Executive Officer

First Century 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 First Century 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 [], 2016 and it is first being mailed or otherwise delivered to First Century shareholders on or about [], 2016.

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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 First Century, as the case may be, at the following addresses:

Summit Financial Group, Inc.

300 North Main Street

Moorefield, West Virginia
26836

Attention: Robert S. Tissue

Telephone: (304) 530-1000

First Century Bankshares, Inc.

500 Federal Street

Bluefield, West Virginia

Attention: J. Ronald Hypes

Telephone: (304) 325-8181

You will not be charged for any of these documents that you request. First Century shareholders requesting documents should do so by November 15, 2016, in order to receive them before their special meeting.

In addition, if you have questions about the merger or the First Century 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 J. Ronald Hypes, First Century, at the following address and telephone number:

First Century Bankshares, Inc.

500 Federal Street

Bluefield, West Virginia 24701

Telephone: (304) 325-8181

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

First Century does not have a class of securities registered under Section 12 of the Securities and Exchange Act of 1934, as amended (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 [], 2016, 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 First Century 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 First Century, or any subsidiary of Summit or First Century, 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 First Century has been provided by First Century 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 112.

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APPENDICES

APPENDIX A	<u>Agreement and Plan of Merger, dated as of June 1, 2016, by and between Summit Financial Group, Inc. and First Century Bankshares, Inc.</u>
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APPENDIX B
APPENDIX C

Opinion of Sandler O Neill & Partners, L.P.
Sections 31D-13-1301 through 31D-13-1331 of the West Virginia Business Corporation Act

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QUESTIONS AND ANSWERS

The following are answers to certain questions that you may have regarding the First Century special meeting and the merger. Summit and First Century 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 First Century special meeting or in determining how to vote, including the risk factors beginning on page 15. 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 First Century refer to First Century 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 First Century collectively.

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

A: Holders of First Century common stock are being asked to vote to approve the Agreement and Plan of Merger, dated as of June 1, 2016, between Summit and First Century, as it may be amended from time to time, referred to as the merger agreement or the First Century 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 First Century merger proposal, referred to as the First Century adjournment proposal.

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

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

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

A: The special meeting of First Century shareholders will be held on Tuesday, November 29, 2016, at 10:00 a.m., local time, at the First Century Bank Seminar Center, located at 525 Federal Street, Bluefield, West Virginia 24701.

Q: What do holders of First Century 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 First Century special meeting. If you would like to attend the First Century special meeting to vote your shares in person, see **The First Century Special Meeting Attending the Special Meeting** beginning on page 36.

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

A: The approval of the merger agreement requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting at which a quorum is present. Abstentions and broker non-votes will have the same effect on the outcome of the vote on this proposal as votes against this proposal. The approval of the First Century adjournment proposal requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting. Abstentions and broker non-votes will have the same effect on the outcome of the vote on this proposal as votes against this proposal.

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Q: What constitutes a quorum for the First Century special meeting?

A: The presence at the First Century special meeting, in person or by proxy, of the holders of a majority of the First Century 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 First Century special meeting will be postponed until the holders of the number of shares of First Century 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 First Century common stock will be counted for purposes of determining whether a quorum is present at the First Century special meeting. If additional votes must be solicited to approve the merger agreement and the First Century adjournment proposal is approved, it is expected that the First Century special meeting will be adjourned to solicit additional proxies.

Q: Who may solicit proxies on First Century's behalf?

A: In addition to solicitation of proxies by First Century by mail, proxies may also be solicited by First Century's 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 First Century shareholders, see "The First Century Special Meeting-Solicitation of Proxies" beginning on page 36.

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

A: If you do not vote by proxy card or vote in person at the First Century special meeting, it will be more difficult for First Century to obtain the necessary quorum to hold its special meeting. In addition, approval of the First Century merger proposal requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting at which a quorum is present. **The First Century 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, First Century is also seeking authority from shareholders through the First Century 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 First Century 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 First Century common stock and you submit a proxy card in which you abstain from voting, the abstention will be counted toward a quorum at the First Century special meeting, but it will have the same effect as a vote against the First Century merger proposal and against the First Century adjournment proposal.

If you are a record holder of First Century common stock and you fail to vote, it will have the same effect as a vote against the First Century merger proposal and against the First Century adjournment proposal.

If your bank, broker, nominee or other holder of record holds your shares of First Century 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 the same effect as a vote against the First Century merger proposal, but will have no effect on any other proposal at the First Century special meeting.

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

A: Yes. All holders of First Century 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

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on October 14, 2016, which is the record date for the special meeting, are invited to attend the First Century special meeting. Holders of record of First Century common stock as of the record date can vote in person at the First Century 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 First Century be required to submit the First Century merger proposal to its shareholders even if the First Century board of directors has withdrawn or modified its recommendation?

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

Q: If I am a holder of First Century 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 First Century special meeting; or

delivering written notice that you wish to revoke your proxy to J. Ronald Hypes, at (304) 325-8181, at or before the First Century special meeting.

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

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

A: Yes. Under West Virginia law, holders of First Century common stock will be entitled to exercise appraisal or dissenters' rights in connection with the First Century merger proposal. To exercise appraisal rights, First Century 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 59, 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 First Century common stock with shares represented by stock certificates, should I send in my First Century stock certificates now?

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

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

A: If you are unable to locate your original First Century stock certificate(s), you should contact Computershare Shareholder Services at (800) 368-5948.

Q: What will I receive for my First Century common stock?

A: In exchange for each of your shares of First Century common stock, you may elect to receive (i) 1.2433 shares of Summit common stock for each share of First Century common stock held immediately prior to the merger, which is referred to as the stock consideration, (ii) cash in the amount of \$22.50 per share of First Century 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 First Century shares that will be converted for cash consideration will be equal to, as closely as possible, but in no event will exceed 666,092 shares, and the aggregate cash consideration will be equal to, as closely as possible, but in no event will exceed \$14,987,073 or approximately 35% of the merger consideration. The aggregate number of First Century shares that will be converted for stock consideration will be equal to, as closely as possible, but in no event will exceed 1,237,028, or approximately 65% of the merger consideration.

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, at the earlier of December 31, 2016 or the effective time, First Century's total adjusted shareholders' equity is less than \$39,664,000. 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, immediately prior to the effective time, First Century's total adjusted shareholders' equity is more than \$42,118,000, then First Century 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 First Century 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 First Century shareholders will receive in the merger from the value calculated using the pre-announcement market price of Summit common stock. Furthermore, the First Century 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 First Century common stock.

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 15th day following the mailing date of the election form.

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Q: How does the consideration proration work?

A: Under the merger agreement, the number of shares of First Century common stock to be converted into cash will equal, as closely as possible, but will in no event exceed 35% of the total merger consideration. The remaining shares of First Century common stock outstanding will be converted into a right to receive shares of Summit common stock that will equal, as closely as possible, but will in no event exceed 65% of the merger consideration. In the event that First Century 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, as closely as possible, the allocation set forth in the merger agreement. Accordingly, First Century 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 First Century Stock Certificates* beginning on page 65 for further explanation.

Q: Is the value of the per share consideration that I receive for my shares of First Century 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 \$22.50 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 First Century shareholders who receive the stock consideration based upon changes in the market price of Summit common stock or First Century common stock prior to the effective time of the merger. As result, the value of the merger consideration received by holders of First Century common stock who receive the cash consideration may differ from the value of the merger consideration received by holders of First Century 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 First Century special meeting and at the effective time of the merger as a result of various factors that are beyond the control of Summit and First Century, 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 First Century shareholders, consummation of the merger is subject to satisfaction of certain conditions that may not occur until after the First Century special meeting. See *The Merger Agreement – Conditions to Completion of the Merger* beginning on page 67 for further explanation. Therefore, at the time of the First Century 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 First Century 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 64.

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 First Century 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 First Century Stock Certificates beginning on page 65. First Century 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 \$22.50, the per share cash consideration.

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Q: When do you expect to complete the merger?

A: Summit and First Century currently expect to complete the merger during the first quarter of 2017. However, they cannot assure you when or if the merger will occur. Summit and First Century must, among other things, obtain the approval of First Century 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 67.

Q: What happens if the merger is not completed?

A: If the merger is not completed, holders of First Century common stock will not receive any consideration for their shares in connection with the merger. Instead, First Century will remain an independent private company. In addition, in certain circumstances, a termination fee may be required to be paid by First Century. See *The Merger Agreement* *Effect of Termination; Termination Fee* beginning on page 80 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 First Century may be soliciting proxies for the First Century special meeting. See *The First Century Special Meeting* *Solicitation of Proxies* beginning on page 36 for more information.

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

A: The merger is intended to qualify, and the obligation of Summit and First Century 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 First Century 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 First Century currently intends to waive this opinion condition to its obligation to consummate the merger. If either Summit or First Century 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 First Century shareholders have materially changed, Summit and First Century will recirculate appropriate soliciting materials to resolicit the votes of First Century shareholders. Assuming that the merger and the bank merger so qualifies as a reorganization, which First Century and Summit anticipate, in general, for U.S. federal income tax purposes:

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

Holders of First Century 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 First Century 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 First Century common stock surrendered, and (2) the amount of cash consideration received by that holder pursuant to the merger.

For further information, see "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 81.

The U.S. federal income tax consequences described above may not apply to all holders of First Century 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: First Century shareholders should contact J. Ronald Hypes at First Century by telephone at (304) 325-8181.

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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 112 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 85)

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 18 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, 2016, Summit had total assets of \$1.57 billion, total deposits of \$1.10 billion, and shareholders' equity of \$150.7 million.

First Century Bankshares, Inc.

500 Federal Street

Bluefield, West Virginia 24701

(304) 325-8181

First Century is a West Virginia corporation registered as a bank holding company pursuant to the BHCA. First Century (formerly Pocahontas Bankshares Corporation) was incorporated and organized in 1983. Through First Century Bank, Inc., or First Century Bank, a West Virginia banking corporation, First Century offers a full line of business-related loan, deposit and cash management products through experienced professionals. First Century operates 12 full service offices and a loan production office located through