

SUMMIT FINANCIAL GROUP INC

Form S-4/A

July 30, 2008

As filed with the Securities and Exchange Commission on July 30 , 2008

Registration No. 333-152229

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

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

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

H. Charles Maddy, III
Summit Financial Group, Inc.
300 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.
Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
P. O. Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1131

George W. Murphy, Jr., Esq.
Victor L. Cangelosi, Esq.
Kilpatrick Stockton LLP
607 14th Street, N.W., Suite 900
Washington, D.C. 20005-2018
(202) 508-5800

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. o

Edgar Filing: SUMMIT FINANCIAL GROUP INC - Form S-4/A

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 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	<input type="radio"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="radio"/>

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value \$ 2.50 per share	949,207 shares		\$5,776,840	\$227.03

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.

- (1) The number of shares of common stock, par value \$2.50 per share of Summit Financial Group, Inc. to be registered pursuant to this Registration Statement represents the maximum number of shares issuable by Summit Financial Group, Inc. upon consummation of the merger with Greater Atlantic Financial Corp.
- (2) The proposed maximum aggregate offering price is estimated solely to determine the registration fee and reflects the market price of Greater Atlantic Financial Corp. common stock to be exchanged for Summit Financial Group, Inc. common stock in connection with the merger, computed in accordance with Rule 457(c) and Rule 457(f) under the Securities Act of 1933, as amended, based upon the average high and low sales prices (\$2.00) of Greater Atlantic Financial Corp. common stock as reported on the Pink Sheets on July 28, 2008.
- (3) Summit Financial Group, Inc. has previously paid \$354.18 of the filing fee in connection with the filing of a Registration Statement filed on Form S-4 on February 11, 2008 (File No. 33-146882) that was deregistered on July 17, 2008 .

Prospectus of Summit Financial Group, Inc.
Greater Atlantic Financial Corp.

Proxy Statement of

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 September 4, 2008, at 10:00 a.m., Local Time, at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, VA . 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, for each share of Greater Atlantic common stock that you own, subject to the following limitations and adjustments described more fully below, you will receive the number of shares of Summit common stock equal to \$4.00 divided by the average closing price of Summit's common stock as reported on the NASDAQ Capital Market for the twenty (20) trading days before the closing of the merger (the "Merger Consideration"). 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 \$4.00 by the average closing price of Summit common stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to closing (the "Average Closing Price"). The exchange ratio is subject to a ceiling, which sets the maximum number of shares that Summit will issue. Under this ceiling, each share of Greater Atlantic common stock will be exchanged for no more than 0.328625 of a share of Summit common stock. Cash will be paid instead of issuing fractional shares of Summit common stock.

The Merger Consideration and exchange ratio may be further adjusted based on the value of Greater Atlantic's shareholders' equity adjusted at closing. If, at closing, Greater Atlantic's shareholders' equity, as adjusted to exclude (a) accumulated other comprehensive income or loss and (b) the effect of removing the benefit of net operating loss carryforwards from the net deferred tax assets (the "Adjusted Shareholders' Equity"), is less than \$4,213,617 (which equals Greater Atlantic's Adjusted Shareholders' equity at March 31, 2008 and is referred to as the "Benchmark Equity"), then the aggregate value of the merger consideration will be reduced one dollar for each dollar that the Adjusted Shareholders' equity is less than the Benchmark Equity. For purposes of determining Adjusted Shareholders' equity at closing, the Adjusted Shareholders' Equity will be increased by the actual monthly operating losses, up to \$250,000 per month, incurred by Greater Atlantic after March 31, 2008 and before September 1, 2008, the fees accrued or paid to Greater Atlantic's financial advisor, and the fees accrued or paid to Greater Atlantic's legal counsel up to \$150,000.

The Merger Consideration and exchange ratio will also be adjusted based on any additional provisions to Greater Atlantic's loan loss allowance. If Summit's due diligence results in a determination by Summit, with the concurrence of independent accountants retained by Greater Atlantic to review this determination, that additional provisions should be made to Greater Atlantic's allowance for loan losses, then the Merger Consideration will be reduced dollar for dollar by the amount of the additional provisions. In calculating the amount of the Merger Consideration reduction, specific reserve reductions may be used to offset losses from other loans to determine the amount of provisions needed to the allowance for loan losses.

Because of the uncertainties relating to value of Greater Atlantic's shareholders equity at closing and whether any adjustments will be required to be made to Greater Atlantic's loan loss allowance, there can be no guarantee that you will receive shares of Summit stock equal to \$4.00 for each share of Greater Atlantic 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 in lieu of fractional shares of Summit common stock 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 14 .

Your board of directors 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 or if you abstain from voting, 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." Greater Atlantic common stock 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 14 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, deposits or other obligations of any bank or banking association, and are not insured by the Federal Deposit Insurance Corporation or any other federal or state governmental agency.

This proxy statement/prospectus is dated August 1 , 2008, and is expected to be first mailed to shareholders on or about August 7 , 2008.

ADDITIONAL INFORMATION

This document incorporates important business and financial information about Summit from other documents filed with the Securities and Exchange Commission that have not been included in or delivered with this document. You may read and copy these documents at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at the Internet site the SEC maintains at <http://www.sec.gov>. See "Where You Can Find More Information" on page 85.

You also may request copies of these documents from Summit. Summit will provide you with copies of these documents, without charge, upon written or oral request to:

Summit Financial Group, Inc.
300 North Main Street
Moorefield, West Virginia 26836
Attention: Teresa D. Sherman
Telephone: (304) 530-1000

To ensure timely delivery before the special meeting, you should make any requests for these documents by August 28 , 2008.

GREATER ATLANTIC FINANCIAL CORP.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 4, 2008

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 September 4, 2008, at 10:00 a.m., Local Time, at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, VA , 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 June 9, 2008, by and among Greater Atlantic Financial Corp. ("Greater Atlantic"), Summit Financial Group, Inc. ("Summit") and SFG II, Inc., and the transactions contemplated thereby. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization, as amended, as the merger agreement. The merger agreement provides that Greater Atlantic will merge with and into SFG II, Inc., 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 shares of Summit common stock equal to \$4.00 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 advisable 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 July 28 , 2008, 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 the outstanding 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
August 1 , 2008

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.

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS ABOUT THE MERGER	1
SUMMARY	5
RISK FACTORS	14
FORWARD-LOOKING STATEMENTS	18
RECENT DEVELOPMENTS	19
CEASE AND DESIST ORDER APPLICABLE TO GREATER ATLANTIC BANK	19
PRICE RANGE OF COMMON STOCK AND DIVIDENDS	20
UNAUDITED COMPARATIVE PER SHARE DATA	22
UNAUDITED PRO FORMA FINANCIAL INFORMATION	24
SUMMARY SELECTED FINANCIAL DATA	30
INFORMATION ABOUT THE MEETING AND VOTING	33
General	33
Matters Relating to the Special Meeting of Greater Atlantic's Shareholders	33
Proxies	33
Solicitation of Proxies	34
Record Date and Voting Rights	34
Vote Required	34
Recommendation of the Greater Atlantic Board of Directors	35
Appraisal Rights for Greater Atlantic Stockholders	35
THE MERGER	36
Merger	36
Merger Consideration	36
Surrender of Stock Certificates	37
No Fractional Shares	38
Treatment of Greater Atlantic Stock Options and Warrants	38
Dissenters' or Appraisal Rights	38
Background of the Merger; Board Recommendations and Reasons for the Merger	42
Greater Atlantic's Reasons for the Merger	49
Summit's Reasons for the Merger	51
Opinion of Greater Atlantic's Financial Advisor	51
Interests of Certain Persons in the Merger	60
Conditions of the Merger	61
Representations and Warranties	63
Termination of the Merger Agreement	64
Effect of Termination; Termination Fee	65

Waiver and Amendment	65
Indemnification	65
Acquisition Proposals	66
Closing Date; Effective Time	66
Regulatory Approvals	66
Conduct of Business Pending the Merger	67
Accounting Treatment	69
Management and Operations after the Merger	69
Resales of Summit Common Stock	69
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER	70
General	70
The Merger	70
Consequences to Shareholders	71
Backup Withholding and Reporting Requirements	71
INFORMATION ABOUT SUMMIT FINANCIAL GROUP, INC. AND GREATER ATLANTIC FINANCIAL CORP.	73
Summit Financial Group, Inc.	73
Greater Atlantic Financial Corp.	73
DESCRIPTION OF SUMMIT FINANCIAL GROUP COMMON STOCK	74
General	74
Common Stock	74
Preemptive Rights	75
Certain Provisions of the Bylaws	75
Shares Eligible for Future Sale	75
COMPARATIVE RIGHTS OF SHAREHOLDERS	76
ADJOURNMENT OF THE MEETING	85
LEGAL MATTERS	85
EXPERTS	85
WHERE YOU CAN FIND MORE INFORMATION	85
OTHER MATTERS	87

Annex A	Agreement and Plan of Reorganization dated as of June 9, 2008, among Greater Atlantic Financial Corp., Summit Financial Group, Inc. and SFG II, Inc.
Annex B	Section 262 of the Delaware General Corporation Law
Annex C	Opinion of Sandler O'Neill & Partners, L.P., dated June 9, 2008, 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, 2007

Annex D-2 Greater Atlantic Financial Corp. Form 10-Q for the period ended December 31, 2007

Annex D-3 Greater Atlantic Financial Corp. Form 10-Q for the period ended March 31, 2008

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 “The Merger - Background of the Merger; Board Recommendations and Reasons for the Merger” beginning on page 42 .

Q: When and where is the shareholder meeting?

A: The special meeting is scheduled to take place on September 4, 2008, at 10:00 a.m., Local Time, at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, VA.

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 unanimously recommends that shareholders vote “FOR” the proposal to approve the merger agreement and the transactions contemplated thereby.

Q: What will Greater Atlantic shareholders receive for their stock?

A: For each share of Greater Atlantic common stock that you own, you will receive shares of Summit common stock equal to \$4.00 divided by the average closing price of Summit Stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to the closing. This exchange ratio is subject to a “ceiling” or a limit on the maximum number of shares Summit will issue. Under that ceiling, each share of Greater Atlantic common stock will be exchanged for no more than 0.328625 of a share of Summit common stock. The amount of shares of Summit common stock that you will receive is also subject to adjustment based on the value of Greater Atlantic’s shareholders’ equity at the time of closing and whether any adjustments will be required to be made to Greater Atlantic’s loan loss allowance. These adjustments are described more fully below.

The Merger Consideration and exchange ratio may be further adjusted based on the value of Greater Atlantic’s shareholders’ equity adjusted at closing. If, at closing, Greater Atlantic’s shareholders’ equity, as adjusted to exclude (a) accumulated other comprehensive income or loss and (b) the effect of removing the benefit of net operating loss carryforwards from the net deferred tax assets (the “Adjusted Shareholders’ Equity”), is less than \$4,213,617 (which equals Greater Atlantic’s Adjusted Shareholders’ Equity at March 31, 2008 and is referred to as the “Benchmark

Equity”), then the aggregate value of the merger consideration will be reduced one dollar for each dollar that the Adjusted Shareholders’ equity is less than the Benchmark Equity. For purposes of determining Adjusted Shareholders’ equity at closing, the Adjusted Shareholders’ Equity will be increased by the actual monthly operating losses, up to \$250,000 per month, incurred by Greater Atlantic after March 31, 2008 and before September 1, 2008, the fees accrued or paid to Greater Atlantic’s financial advisor, and the fees accrued or paid to Greater Atlantic’s legal counsel up to \$150,000.

The Merger Consideration and exchange ratio will also be adjusted based on additional provisions to Greater Atlantic’s loan loss allowance. If Summit’s due diligence results in a determination by Summit, with the concurrence of independent accountants retained by Greater Atlantic to review this determination, that additional provisions should be made to Greater Atlantic’s allowance for loan losses, then the Merger Consideration will be reduced dollar for dollar by the amount of the additional provisions. In calculating the amount of the Merger Consideration reduction, specific reserve reductions may be used to offset losses from other loans to determine the amount of provisions needed to the allowance for loan losses.

Because of the uncertainties relating to value of Greater Atlantic’s shareholders equity at closing and whether any adjustments will be required to be made to Greater Atlantic’s loan loss allowance, there can be no guarantee that you will receive shares of Summit stock equal to \$4.00 per share.

Cash will be paid instead of issuing fractional shares of Summit common stock. A chart on page 37 under “The Merger - Merger Consideration” provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock. This chart includes assumptions regarding the value of Greater Atlantic’s shareholders’ equity at closing and whether any adjustments will be made to Greater Atlantic’s allowance for loan losses.

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

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 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, the exchange agent 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 exchange 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 73 .

Q: When will we complete the merger?

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

The regulatory approvals are described under “The Merger – Regulatory Approvals” beginning on page 66 .

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 special meeting. It is important that the proxy card be received as soon as possible and in any event before the special 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 special 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 special meeting and vote in person. Simply attending the special 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 special meeting. Your submissions must be mailed to the Secretary of Greater Atlantic at the address listed on page 33.

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, Laurel Hill Advisory Group, LLC, 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. The shares of Summit common stock to be issued in the merger will be registered under the Securities Act of 1933 (the “Securities Act”) and listed on the NASDAQ Capital Market.

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

A: Your tax consequences will depend on whether you received solely shares of Summit stock or received cash in lieu of fractional shares or pursuant to an exercise of dissenters’ rights. For greater detail, see “Certain Federal Income Tax Consequences of the Merger” beginning on page 70 .

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

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 85. Each item in this summary includes a page reference directing you to a more complete description of that item.

The Merger (page 36)

We have attached the merger agreement, as amended, 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 into SFG II, Inc., a subsidiary of Summit formed to facilitate the merger.

Each share of Greater Atlantic common stock outstanding will be converted in the merger into shares of Summit common stock as further described below. We expect to complete the merger in the fourth quarter of 2008, although there can be no assurance in this regard.

Our Reasons for the Merger (page 49)

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 was 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, the prospects for profitable operations under the cease and desist order, which became effective on April 25, 2008, and prospects for further adverse regulatory action if it failed to do so. See “CEASE AND DESIST ORDER APPLICABLE TO GREATER ATLANTIC BANK”.
- 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 June 9, 2008, 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.

- 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 36)

If the merger is completed, Greater Atlantic stockholders will receive shares of Summit common stock based on the number of shares of Greater Atlantic common stock he or she owns at closing.

At the closing, we will determine the exchange ratio by dividing \$4.00 by the average closing price of Summit common stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to closing (the "Average Closing Price"). The exchange ratio is subject to a ceiling which provides that each share of Greater Atlantic common stock will be exchanged for no more than 0.328625 of a share of Summit common stock. The amount of shares of Summit common stock that you will receive is also subject to adjustment based on the amount of Greater Atlantic's shareholders' equity at the time of closing and whether any adjustments will be required to be made to Greater Atlantic's loan loss allowance. These adjustments are described more fully below.

The Merger Consideration and exchange ratio may be further adjusted based on the amount of Greater Atlantic's shareholders' equity adjusted at closing. If, at closing, Greater Atlantic's shareholders' equity, as adjusted to exclude (a) accumulated other comprehensive income or loss and (b) the effect of removing the benefit of net operating loss carryforwards from the net deferred tax assets (the "Adjusted Shareholders' Equity"), is less than \$4,213,617 (which equals Greater Atlantic's Adjusted Shareholders' Equity at March 31, 2008 and is referred to as the "Benchmark Equity"), then the aggregate value of the merger consideration will be reduced one dollar for each dollar that the Adjusted Shareholders' equity is less than Benchmark Equity. For purposes of determining Adjusted Shareholders' equity at closing, the Adjusted Shareholders' Equity will be increased by the actual monthly operating losses, up to \$250,000 per month, incurred by Greater Atlantic after March 31, 2008 and before September 1, 2008, the fees accrued or paid to Greater Atlantic's financial advisor, and the fees accrued or paid to Greater Atlantic's legal counsel up to \$150,000.

The Merger Consideration and exchange ratio will also be adjusted in the event that additional provisions are made to Greater Atlantic's loan loss allowance. If Summit's due diligence results in a determination by Summit, with the concurrence of independent accountants retained by Greater Atlantic to review this determination, that additional provisions should be made to Greater Atlantic's allowance for loan losses, then the Merger Consideration will be reduced dollar for dollar by the amount of the additional provisions. In calculating the amount of the Merger Consideration reduction, specific reserve reductions may be used to offset losses from other loans to determine the amount of provisions needed to the allowance for loan losses.

Because of the uncertainties relating to the amount of Greater Atlantic's shareholders equity at closing and whether any adjustments will be required to be made to Greater Atlantic's loan loss allowance, there can be no guarantee that you will receive shares of Summit stock equal to \$4.00 per share.

A chart on page 37 under "The Merger - Merger Consideration" provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock. This chart includes assumptions regarding the value of Greater Atlantic's shareholders' equity at closing, and whether any adjustments will be made to Greater Atlantic's allowance for loan losses.

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 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 35)

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 69)

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 even if 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.

Our Recommendation (page 42)

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.

Risk Factors (page 14)

The merger is subject to risks, some of which are summarized below. You should carefully consider these risk factors and others discussed in more detail on pages 14 through 17 in deciding whether to vote for approval of the merger agreement.

- Summit may be unable to effectively integrate the operations of Greater Atlantic;
 - 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;
- 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 51)

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 June 9, 2008. 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 69)

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

Certain Federal Income Tax Consequences (page 70)

A holder of Greater Atlantic common stock who exchanges his or her Greater Atlantic common stock actually owned for shares of common stock of Summit generally will not recognize gain or loss with respect to the shares of Greater Atlantic common stock exchanged if they only receive shares of Summit common stock in the exchange, except with respect to any cash received instead of a fractional share or pursuant to the exercise of dissenters' rights.

Shareholders will 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.

The Companies (page 73)

Summit Financial Group, Inc.
300 North Main Street
Moorefield, West Virginia 26836
(304) 530-1000

Summit is a \$1.5 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 and Leesburg, Virginia.

As of March 31, 2008, Summit had total assets of \$1.5 billion, net loans of \$1.1 billion, total deposits of \$836.9 million, and shareholders' equity of \$92.0 million.

Greater Atlantic Financial Corp.
10700 Parkridge Boulevard, Suite P50
Reston, Virginia 20191
(703) 391-1300

Greater Atlantic is organized under the laws of the State of Delaware and is registered as a savings and loan holding company 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 bank makes are commercial loans, commercial and residential real estate loans and loans to individuals for household, family and other consumer expenditures.

Effective April 25, 2008, Greater Atlantic Bank consented to the issuance of a Cease and Desist Order by the office of Thrift Supervision. See "CEASE AND DESIST ORDER APPLICABLE TO GREATER ATLANTIC BANK."

As of March 31, 2008, Greater Atlantic reported total assets of \$230.4 million, net loans of \$159.7 million, deposits of \$188.8 million and shareholders' equity of \$3.3 million.

The Special Meeting and Required Vote (page 34)

Greater Atlantic is holding a special shareholders' meeting on September 4, 2008, at 10:00 a.m., Local Time, at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, VA . 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 July 28 , 2008. On that date, Greater Atlantic had 3,024,220 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 July 28 , 2008, Greater Atlantic's directors and executive officers, and their affiliates, held 301,759 shares of Greater Atlantic common stock, which represents approximately 9.98 % of the total outstanding shares of Greater Atlantic common stock entitled to vote at the special meeting. The Greater Atlantic directors intend 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 61)

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 Greater Atlantic Bank's core deposits (as defined in the merger agreement) being not less than \$144 million;
- Greater Atlantic and its subsidiary, Greater Atlantic Bank, must have minimum regulatory capital ratios of: Tier 1 (core) capital equal to 4.0%, Tier 1 risk-based capital equal to 4.0% and total risk-based capital equal to 8.0%;
- Greater Atlantic Bank's ratio of the sum of non-performing loans, other real estate owned and net loans charged off after March 31, 2008, to total consolidated assets must not exceed 2.78%;
- Greater Atlantic's allowance for loan losses must be adequate in accordance with generally accepted accounting principles and applicable regulatory guidance, as determined by Summit with the concurrence of independent accountants retained by Greater Atlantic to review this determination;

- All consents or approvals of any third party required to be made or obtained by Greater Atlantic or Greater Atlantic Bank in connection with the assignment of any real property lease must be obtained and satisfactory to Summit;
- No regulatory authority shall have issued any order, decree, agreement, memorandum of understanding, administrative action or similar arrangement with, or commitment letter or similar submission to, or extraordinary supervisory letter from such regulatory authority relating to Greater Atlantic or its subsidiaries that remains in effect after the closing of the merger;
- If Summit must obtain shareholder approval of an amendment to its Articles of Incorporation in order to assume Greater Atlantic's trust preferred securities, then the merger is conditioned on receipt of such approval; 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 66)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System. Summit filed an application to obtain approval of the merger with the Federal Reserve Bank of Richmond. The Division of Banking Supervision and Regulation of the Board of Governors in Washington, D.C. is responsible for processing the application. A discussion of the status of the application filed with the Federal Reserve is set forth on page 66 .

Following the closing of the merger, Summit will 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.

Termination of the Merger Agreement (page 64)

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 and provided that with respect to any breach of the covenants and agreements relating to (i) the filing of the registration statement on Form S-4 with the SEC, (ii) the issuance of press releases relating to the merger, (iii) benefit plans and (iv) contractual rights of Greater Atlantic's and its subsidiaries' employees, if such breach individually or in the aggregate with other breaches results in a material adverse effect;

- the conditions to the consummation of the merger (other than receipt of regulatory approvals and the approval of Greater Atlantic's shareholders and Summit's shareholders, if the

assumption of Greater Atlantic's trust preferred securities by Summit requires Summit to obtain shareholder approval to amend Summit's Articles of Incorporation) have not been fulfilled by September 30, 2008, unless the failure of the fulfillment of the conditions arises out of or results from the knowing action or inaction of the party seeking to terminate;

the merger is not completed by December 31, 2008, 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, the shareholders of Greater Atlantic do not approve the merger agreement or the shareholders of Summit do not approve an amendment to Summit's Articles of Incorporation (if required by Summit for the assumption of Greater Atlantic's trust preferred securities).

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 the special 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 (page 65)

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 in either case Greater Atlantic must pay Summit a termination fee of \$550,000 according to the following schedule: (i) \$150,000 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) \$200,000 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, or (ii) by Summit due to a breach by Greater Atlantic of any representation, warranty, covenant or other agreement, then in either of those cases 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 65)

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 merger agreement if the amendment or waiver would violate the Delaware General Corporation Law or the West Virginia Business Corporation Act.

Interests of Directors and Officers in the Merger that Differ from Your Interests (page 60)

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.

Stock Options (page 38)

If the merger is completed, each outstanding option to purchase shares of Greater Atlantic common stock under any and all plans of Greater Atlantic under which stock options 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.

Comparative Rights of Summit Shareholders and Greater Atlantic Shareholders (page 76)

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.

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 Capital Market for the twenty (20) trading days prior to closing (the "Average Closing Price") by \$4.00. However, the exchange ratio is subject to a ceiling, which sets the maximum number of shares that Summit will issue. The ceiling provides that each share of Greater Atlantic common stock will be exchanged for no more than 0.328625 of a share 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 37 under the heading "The Merger - 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 amount of Greater Atlantic's shareholders' equity at closing and any adjustments to Greater Atlantic's allowance for loan losses as required by the merger agreement may reduce the value of the shares of Summit common stock you receive in the merger.

The Merger Consideration and exchange ratio may be adjusted based on the amount of Greater Atlantic's shareholders' equity adjusted at closing. If, at closing, Greater Atlantic's shareholders' equity, as adjusted to exclude (a) accumulated other comprehensive income or loss and (b) the effect of removing the benefit of net operating loss carryforwards from the net deferred tax assets (the "Adjusted Shareholders' Equity"), is less than \$4,213,617 (which equals Greater Atlantic's Adjusted Shareholders' Equity at March 31, 2008 and is referred to as the "Benchmark Equity"), then the aggregate value of the merger consideration will be reduced one dollar for each dollar that the Adjusted Shareholders' equity is less than \$4,213,617. For purposes of determining Adjusted Shareholders' equity at closing, the Adjusted Shareholders' Equity will be increased by the actual monthly operating losses, up to \$250,000 per month, incurred by Greater Atlantic after March 31, 2008 and before September 1, 2008, the fees accrued or paid to Greater Atlantic's financial advisor, and the fees accrued or paid to Greater Atlantic's legal counsel up to \$150,000.

The Merger Consideration and exchange ratio may also be adjusted based on additional provisions to Greater Atlantic's loan loss allowance. If Summit's due diligence results in a determination by Summit, with the concurrence of independent accountants retained by Greater Atlantic to review this determination, that additional provisions should be made to Greater Atlantic's allowance for loan losses, then the Merger Consideration will be reduced dollar for dollar by the amount of additional provisions. In calculating the amount of the Merger Consideration reduction, specific reserve reductions may be used to offset losses from other loans to determine the amount of provisions needed to the allowance for loan losses.

Because of the uncertainties relating to amount of Greater Atlantic's shareholders equity at closing and whether any adjustments will be required to be made to Greater Atlantic's loan loss allowance, there can be no guarantee that you will receive shares of Summit stock equal to \$4.00 for each share of Greater Atlantic common stock.

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.

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

The Merger of Greater Atlantic could cause the management of Summit to focus its time and energies on matters related to the Merger 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 11.35 % 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. Consequently, 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 60 .

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. 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. See "Price Range of Common Stock and Dividends" beginning on page 20 .

There is a concentration of ownership of Summit's common stock.

Summit's directors and executive officers beneficially own approximately 24.19 % of Summit'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.

Summit's common stock is not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Risk Factors Relating to Summit's Growth.

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. Summit expects to remain well-capitalized upon the acquisition of Greater Atlantic. It is possible that Summit may need to raise additional capital to support future growth. Summit cannot provide 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.

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
 - 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 Summit 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;
- 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 merger 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 14 to 17 of this proxy statement/prospectus.

RECENT DEVELOPMENTS

On July 25, 2008, Summit issued a News Release announcing its earnings for the second quarter of 2008. This news release is furnished as Exhibit 99 to the Current Report filed on Form 8-K by Summit on July 25, 2008, and is incorporated herein by reference.

CEASE AND DESIST ORDER APPLICABLE TO GREATER ATLANTIC BANK

Effective April 25, 2008, Greater Atlantic Bank consented to the issuance of a Cease and Desist Order (the "Order") by the Office of Thrift Supervision (the "OTS").

The Order, as modified effective June 30, 2008, requires Greater Atlantic Bank, among other things, to:

1. report, within prescribed time periods to the OTS Regional Director for the Southeast Region (the "Regional Director") on the status of the then ongoing negotiations with Summit;
2. have, at September 30, 2008, and maintain a Tier One (Core) Capital Ratio of at least 6% and a total risk based capital ratio of at least 12%;
3. develop a comprehensive long term operating strategy to be implemented if the proposed merger with Summit is not consummated;
4. incorporate the long term operating strategy into a three-year business plan containing at a minimum the requirements set forth in the Order;
5. cease, as of the effective date of the Order, making commercial real estate loans, commercial loans and loans on raw land without the prior written approval of the Regional Director, except for such loans as to which Greater Atlantic Bank has a legally binding written commitment to lend as of the effective date of the Order;
6. cease, as of the effective date of the Order; accepting brokered deposits; and
7. refrain from the payment of dividends or other capital distributions.

In addition, the Order requires the board of directors of Greater Atlantic Bank to take action with respect to credit administration, classified assets and accounting system controls and to establish a regulatory compliance committee of three or more non-employee directors to monitor and coordinate compliance with the provisions of the Order and provide the board of directors with progress reports on compliance, which reports are to be transmitted by the board of directors of the bank to the Regional Director.

The Order provides that it will remain in effect until terminated, modified, or suspended in writing by the OTS, acting through the Regional Director or other authorized representative.

As of the date of this proxy statement/prospectus, Greater Atlantic Bank believes that it has complied with the terms of the Order applicable to it as of that date.

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 June 9, 2008, the last trading date preceding the public announcement of the merger agreement, was \$13.05. 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 June 9, 2008, the last trading date preceding the public announcement of the merger agreement, was \$1.25.

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		Cash Dividend Declared	Sales Price		Cash Dividend Declared
	High	Low		High	Low	
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						