

SUMMIT FINANCIAL GROUP INC  
Form S-4/A  
February 12, 2008

As filed with the Securities and Exchange Commission on February 11, 2008

Registration No. 33- 146882

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
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Pre-Effective Amendment No. 1 to the

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.	George W. Murphy, Jr., Esq.
Bowles Rice McDavid Graff & Love LLP	Victor L. Cangelosi, Esq.
600 Quarrier Street	Muldoon Murphy & Aguggia LLP

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Virginia 25325-1386  
(304) 347-1131

5101 Wisconsin  
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Washington,  
D.C. 20016  
(202) 362-0840

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.

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## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$ 2.50 per share	712,809 shares		\$9,012,175	\$354.18

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 (\$4.78) of Greater Atlantic Financial Corp. common stock as reported on the Pink Sheets on February 5, 2008, less the amount of cash to be paid by Summit Financial Group, Inc. in connection with the merger (\$5,443,596).
- (3) Summit Financial Group, Inc. has previously paid \$308.24 of the filing fee.

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 \_\_\_\_\_, \_\_\_\_\_, 2008 at 10:00 a.m., Eastern Standard Time, at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, Virginia. At the special meeting, you will be asked to approve the proposed merger of Greater Atlantic and Summit Financial Group, Inc. (“Summit”). In the merger, you will receive a combination of cash and shares of Summit common stock for each share of Greater Atlantic common stock that you own, subject to a “stock collar” limiting the maximum and minimum number of shares Summit will issue. The stock collar is described more fully below. Subject to the stock collar, the total consideration for your Greater Atlantic stock will be paid 70% in the form of Summit common stock and 30% in cash, with each share of Greater Atlantic common stock exchanged for shares of Summit common stock valued at \$4.20 and \$1.80 in cash. The number of shares of Summit common stock that you will receive for each share of Greater Atlantic common stock you own will be determined by the exchange ratio at closing.

At the closing, we will determine the exchange ratio by dividing \$4.20 by the average closing price of Summit common stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to closing (the “Average Closing Price”). The exchange ratio is subject to a stock collar, which sets the maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, the exchange ratio will be calculated by dividing \$4.20 by \$24.10. Thus, for each share of Greater Atlantic common stock that you own, you will receive \$1.80 in cash and at least 0.1743 shares of Summit common stock, but no more than 0.2357 shares of Summit common stock, based on an exchange ratio as described in the accompanying proxy statement/prospectus. A chart on page 37 under “Merger Consideration” provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock. Cash will be paid instead of issuing fractional shares of Summit common stock.

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

The merger proposal is described in this proxy statement/prospectus. We encourage you to read this entire document carefully, including the “Risk Factors” section beginning on page 13.

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

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

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

An investment in Summit common stock in connection with the merger involves certain risks and uncertainties. See “Risk Factors” beginning on page 13 of this proxy statement/prospectus.

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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 \_\_\_\_\_, 2008 and is expected to be first mailed to shareholders on or about \_\_\_\_\_, 2008.

#### ADDITIONAL INFORMATION

This document incorporates important business and financial information about Summit Financial Group, Inc. 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 82.

You also may request copies of these documents from Summit Financial Group, Inc. Summit Financial Group, Inc. 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 \_\_\_\_\_, 2008.

[insert logo]

GREATER ATLANTIC FINANCIAL CORP.  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON \_\_\_\_\_, 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 \_\_\_\_\_, \_\_\_\_\_, 2008, at 10:00 a.m. at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, Virginia, for the purpose of considering and voting upon the following:

1. A proposal to approve and adopt the Agreement and Plan of Reorganization dated as of April 12, 2007, as amended on December 6, 2007, by and between Greater Atlantic Financial Corp. ("Greater Atlantic") and Summit Financial Group, Inc. ("Summit") and the transactions contemplated thereby. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization, as amended, as the merger agreement. The merger agreement provides that Greater Atlantic will merge with and into a subsidiary of Summit, upon the terms and subject to the conditions set forth in the merger agreement, as more fully described in the accompanying proxy statement/prospectus. In the merger, among other things, each share of Greater Atlantic common stock will be converted into and become the right to receive a combination of \$1.80 in cash and shares of Summit common stock based on an exchange ratio, subject to adjustment as further described in the accompanying proxy statement/prospectus. Cash will be paid instead of issuing fractional shares of Summit common stock.
2. A proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the shareholders at the meeting, as more fully described in the accompanying proxy statement/prospectus.

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

Our board of directors has fixed the close of business on February 20, 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 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  
\_\_\_\_\_, 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.

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Annex A	Agreement and Plan of Reorganization dated as of April 12, 2007, between Greater Atlantic Financial Corp. and Summit Financial Group, Inc.
Annex A-1	Amendment to Agreement and Plan of Reorganization dated as of December 6, 2007, by and among Summit Financial Group, Inc., Greater Atlantic Financial Corp. 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 _____, 2008, to the board of directors of Greater Atlantic Financial Corp.



Annex D Greater Atlantic Financial Corp. Form 10-K for the year ended September 30, 2007

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QUESTIONS AND ANSWERS ABOUT THE MERGER

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

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

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

Q: Why is Greater Atlantic proposing the merger?

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

You should review the reasons for the merger described in greater detail under the caption "Background of the Merger; Board Recommendations and Reasons for the Merger" beginning on page 42 .

Q: When and where is the shareholder meeting?

A: The special meeting is scheduled to take place on \_\_\_\_\_, 2008, at 10:00 a.m., local time, at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, Virginia.

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

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

Q: What will shareholders receive for their stock?

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

(1) \$1.80 cash; and

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

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



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maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, the exchange ratio will be calculated by dividing \$4.20 by \$24.10. Thus, for each share of Greater Atlantic common stock that you own, you will receive \$1.80 in cash and at least 0.1743 shares of Summit common stock, but no more than 0.2357 shares of Summit common stock, based on an exchange ratio. Cash will be paid instead of issuing fractional shares of Summit common stock. A chart on page 37 under “Merger Consideration” provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock.

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

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

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

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

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

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

A: If you hold your shares of Greater Atlantic common stock in “street name” (i.e., your bank or broker holds your shares for you), you should receive instructions regarding election procedures directly from your bank or broker. If you have any questions regarding these procedures, you should contact your bank or broker directly, or you may contact Summit or Greater Atlantic at the addresses or telephone numbers listed on page 70 .

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 “– Regulatory Approvals” beginning on page 63 .



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Q: What should I do now?

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

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

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

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

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

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

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

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

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

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

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



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

A: Your tax consequences will depend on your basis in the Greater Atlantic common stock that you own. For greater detail, see “Certain Federal Income Tax Consequences of the Merger” beginning on page 66 .

Q: Who should shareholders call with questions?

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

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

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SUMMARY

This brief summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. We urge you to carefully read the entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers to fully understand the merger. See “Where You Can Find More Information” on page 82 . 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 to this proxy statement/prospectus as Annex A. Please read the merger agreement. It is the legal document that governs the merger.

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

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

Our Reasons for the Merger (page 47 )

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

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



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

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

What Shareholders Will Receive (page 36 )

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

At the closing, we will determine the exchange ratio by dividing \$4.20 by the average closing price of Summit common stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to closing (the "Average Closing Price"). The exchange ratio is subject to a stock collar, which sets the maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, the exchange ratio will be calculated by dividing \$4.20 by \$24.10. Thus, for each share of Greater Atlantic common stock that is owned, each Greater Atlantic shareholder will receive \$1.80 in cash and at least 0.1743 shares of Summit common stock, but no more than 0.2357 (based on an exchange ratio) shares of Summit common stock. A chart on page 37 under "Merger Consideration" provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock.

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



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

### Dissenters' or Appraisal Rights (page 38 )

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 66 )

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

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

### Our Recommendation (page 35)

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

### Summary of Risk Factors (page 13 )

The merger is subject to risks, some of which are described below. You should carefully consider these risk factors and others discussed in more detail on pages 13 through 17 in deciding whether to vote for approval of the merger agreement.

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





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

Opinion of Financial Advisor (page 49 )

In approving the merger, Greater Atlantic's board considered the opinion of its financial advisor, Sandler O'Neill & Partners, L.P., as to the fairness from a financial point of view of the consideration to be paid by Summit in the merger as of April 12, 2007, as updated \_\_\_\_\_, 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 66)

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

Certain Federal Income Tax Consequences (page 66 )

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

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

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



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The Companies (page 70 )

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

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

As of September 30, 2007, Summit had total assets of \$1.3 billion, total deposits of \$ 828.6 million, and stockholders' equity of \$ 93.5 million.

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

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

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

As of September 30, 2007, Greater Atlantic reported total assets of \$ 246.0 million, net loans of \$ 176.1 million, deposits of \$ 198 million and shareholders' equity of \$ 9.6 million.

The Special Meeting and Required Vote (page 34 )

Greater Atlantic is holding a special shareholders' meeting on \_\_\_\_\_, 2008 at 10:00 a.m. at the Crowne Plaza Tysons Corner, 1960 Chain Bridge Road, McLean, Virginia . The purpose of the meeting is for Greater Atlantic Financial Corp. stockholders to consider and vote on the merger agreement. The record date for the meeting is the close of business on February 20, 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 February 5, 2008 , Greater Atlantic's directors and executive officers, and their



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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 have indicated that they plan to vote the shares of Greater Atlantic common stock that they own for approval of the merger agreement and the transactions contemplated thereby.

Conditions to Completion of the Merger (page 59 )

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

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

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

Regulatory Approvals (page 63)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System. On October 4, 2007, Summit filed an application to obtain approval of the merger with the Federal Reserve Bank of Richmond. The Division of Banking Supervision and Regulation of the Board of Governors in Washington, D.C. is responsible for processing the application. As discussed in more detail on page 63, Summit requested the Federal Reserve to suspend processing of the application in order to afford Summit sufficient time to file additional information requested by the Federal Reserve and to allow the Federal Reserve sufficient time to review the additional information. As of the mailing date of this proxy statement/prospectus, Summit has filed the supplementary information that the Federal Reserve has requested as of that date. The Federal Reserve has informed Summit that, if the Federal Reserve determines that the application is complete, it will reactivate the application immediately before rendering a decision on the application.

Once the Board of Governors approves 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.

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Termination of the Merger Agreement (page 60 )

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

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

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

the merger is not completed by March 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 or the shareholders of Greater Atlantic do not approve the merger agreement.

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

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

Termination Fee (See Page 61 )

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

In the event the merger agreement is terminated (i) because Greater Atlantic's board fails to recommend, withdraws, modifies, or changes its recommendation of the merger before Greater Atlantic's shareholder meeting, (ii) by Summit due to a breach by Greater Atlantic of any representation, warranty, covenant or other agreement, or (iii) by Summit due to a failure to consummate the merger by March 31, 2008 , then Greater Atlantic must pay Summit a cash termination fee of \$250,000 no later than two (2) business days after the termination date, unless the failure of the merger to be consummated by that date arises out of or results from the knowing action or inaction of Summit.

Waiver and Amendment (page 62 )

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





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Interests of Directors and Officers in the Merger that Differ from Your Interests (page 57 )

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

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

Stock Options (page 38 )

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

Comparative Rights of Summit Shareholders and Greater Atlantic Shareholders (page 73 )

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

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RISK FACTORS

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

Risks Associated with the Merger

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

The number of shares of Summit common stock that you will receive for each share of Greater Atlantic common stock will be calculated at closing based on the exchange ratio. At the closing, we will determine the exchange ratio by dividing the average closing price of Summit common stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to closing (the "Average Closing Price") by \$4.20. However, the exchange ratio is subject to a stock collar, which sets a maximum and minimum numbers of shares that Summit will issue. If the Average Closing Price of Summit common stock is less than \$17.82, then the exchange ratio will be calculated by dividing \$4.20 by \$17.82. If the Average Closing Price is greater than \$24.10, then the exchange ratio will be calculated by dividing \$4.20 by \$24.10. This means that for each share of Greater Atlantic common stock that you own, you will receive at least 0.1742 shares of Summit common stock, but no more than 0.2356 shares of Summit common stock. As a result, the market value of the Summit common stock that you receive in the merger will increase or decrease depending on the direction of the price movement of the Summit common stock. See chart on page 37 under the heading "Merger Consideration" for an illustration of what you will receive based on Summit's stock price. Also, after the merger, the market value of Summit common stock may decrease and be lower than the market value of Summit common stock that was used in calculating the exchange ratio in the merger.

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

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

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

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

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

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

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

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

Some of the directors and officers of Greater Atlantic have interests in the merger that differ from, or are in addition to, their interests as shareholders of Greater Atlantic, generally. These interests exist because of, among other things, employment or severance agreements that certain officers entered into with Greater Atlantic, rights that Greater Atlantic officers and directors have under Greater Atlantic's benefit plans (including the treatment of their stock options and warrants following the merger) and rights to indemnification following the merger. Although the members of each of Summit's and Greater Atlantic's board of directors knew about these additional interests and considered them when they approved the merger agreement and the merger, you should understand that some of the directors and officers of Greater Atlantic will receive benefits or other payments in connection with the merger that you will not receive. See "The Merger – Interests of Certain Persons in the Merger" on page 57 .

## Risks Associated with Summit

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

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

Our success depends on key personnel.

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



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

Summit faces strong competition.

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

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

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

Summit's ability to pay dividends on its common stock is subject to its profitability and to government regulations that limit the aggregate amount of cash dividends paid to shareholders based on retained earnings and then-current income levels. There can be no assurance that Summit's future earnings will support dividend payments in the future.

Summit's settlement of the civil action styled Corinthian Mortgage Corporation v. Summit Financial LLC et al., (the "Litigation") resulted in Summit paying Corinthian Mortgage \$9.25 million and recognizing a one-time pre-tax charge in the fourth quarter of 2007 of \$9.25 million (\$5.8 million after taxes). After taking into account this charge, Summit remained well-capitalized as of December 31, 2007. Summit expects to remain well-capitalized upon completion of the merger.

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

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

Common Stock is not Insured.

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



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Risk Factors Relating to Summit's Growth.

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 make any assurance that additional capital would be available on terms satisfactory to all shareholders. This could force Summit to limit its growth strategy. If Summit is unable to sustain its growth, its earnings could be adversely affected. If Summit grows too quickly, however, and is not able to control costs and maintain asset quality, rapid growth also could adversely affect its financial performance.

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

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

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

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

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

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



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- other factors management believes are relevant.

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

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

#### FORWARD-LOOKING STATEMENTS

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

Factors that might cause such a difference include the following:

- the ability of Greater Atlantic to obtain the required shareholder approval or the ability of the companies to obtain the required regulatory approvals for the merger;
  - the ability of the companies to consummate the merger;
  - Summit's ability to successfully integrate Greater Atlantic into Summit following the merger;
- a material adverse change in the financial condition, results of operations or prospects of either Summit or Greater Atlantic;
- Summit's ability to fully realize any cost savings and revenues or the ability to realize them on a timely basis;
  - the risk of borrower, depositor and other customer attrition after the transaction is completed;
    - a change in general business and economic conditions;
  - changes in the interest rate environment, deposit flows, loan demand, real estate values, and competition;
    - changes in accounting principles, policies or guidelines;
    - changes in legislation and regulation;
- other economic, competitive, governmental, regulatory, geopolitical, and technological factors affecting the companies' operations, pricing, and services; and
  - other risk factors described on pages 13 to 17 of this proxy statement/prospectus.

#### RECENT DEVELOPMENTS

#### Litigation Settlement

On November 21, 2007, Summit entered into a Letter of Intent with Danny L. Wiginton, Commonwealth Savingsshares Corporation, SOUTHBANK FSB, and Corinthian Mortgage Corporation (the "Letter of Intent"). The purpose of the Letter of Intent was to settle the previously disclosed Litigation and to state the basic terms and conditions upon which the parties have agreed to negotiate a proposed transaction whereby Summit may acquire Commonwealth Savingsshares Corporation ("CSC") and its subsidiary, SOUTHBANK FSB, or exercise a cash alternative to settle the Litigation.

Under the Letter of Intent, Summit and CSC agreed to negotiate in an effort to enter into a definitive merger agreement to purchase CSC for a combination of stock and cash equal to \$52.5 million. However, at any time prior to execution of a definitive merger agreement, Summit, CSC, and CSC's principal shareholder (Danny L. Wiginton) each had the right, in its or his sole discretion to choose not to pursue the acquisition of CSC by Summit and to terminate the Letter of Intent. In such case, Summit would pay Corinthian, CSC and Wiginton the total sum of \$10.5 million as consideration (i) for settling the Litigation and (ii) as a break-up fee.

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On December 5, 2007, Summit exercised the cash alternative provided in the Letter of Intent. After due consideration, Summit believes exercise of the cash alternative is in the best interests of Summit and its shareholders. Accordingly, Summit elected to pay Corinthian, CSC and Wiginton the total sum of \$10.5 million. \$1.25 million of this total amount was paid by Summit's insurance carrier. As a result of the settlement, Summit recognized a one-time after-tax charge in the fourth quarter of 2007 of \$5.8 million (\$9.25 million pre-tax). The settlement ends all current litigation between Summit, its wholly owned subsidiary, Summit Community Bank, Inc. (the "Bank"), the individual defendants who were former employees of Summit named in the Litigation, and the plaintiff Corinthian Mortgage Corporation.

Fiscal Year and the Fourth Quarter Financial Results

On January 31, 2008, Summit reported fiscal year and fourth quarter 2007 financial results from continuing operations, which excludes from income substantially all business activities of Summit Mortgage, its residential mortgage loan origination unit, which ceased operations in January 2007. Income from continuing operations for 2007 was \$13.5 million or \$1.85 per diluted share, an increase of 22.4 percent and 20.1 percent, respectively, compared with \$11.1 million or \$1.54 per diluted share reported for the prior-year. Excluding mark-to-market changes in fair value of interest rate swaps, income from continuing operations was \$12.6 million for 2007 compared to \$11.1 million for 2006. The 2007 results from continuing operations reflect strong loan growth, well-controlled operating expenses and a stable net interest margin year-over-year.

For the fourth quarter of 2007, Summit's income from continuing operations was \$3.9 million or \$0.52 per diluted share compared with the \$2.7 million or \$0.39 per diluted share reported for the prior-year quarter, an increase of 40.7 percent and 33.3 percent, respectively. Excluding mark-to-market changes in fair value of interest rate swaps, fourth quarter 2007 income from continuing operations was \$3.4 million compared to \$2.7 million for the same period in 2006.

Consolidated net income for 2007 was \$6.5 million or \$0.88 per diluted share, compared with \$8.3 million or \$1.15 per diluted share reported for 2006, a decline of 21.8 percent and 23.5 percent, respectively. 2007 consolidated results include a loss from discontinued operations related to Summit Mortgage of \$7.1 million, or \$0.97 per diluted share, which includes a \$5.8 million after-tax charge to settle the Corinthian litigation. 2006 results include a loss from discontinued operations of \$2.8 million, or \$0.39 per diluted share.

On a consolidated basis, Summit reported a fourth quarter 2007 net loss of \$2.8 million, or \$0.37 per diluted share, compared with net income of \$207,000, or \$0.03 per diluted share for the prior-year fourth quarter. Consolidated results for the fourth quarter also reflect the above-mentioned 2007 litigation settlement and a charge to terminate the mortgage company in 2006.

For 2007, Summit's returns on average shareholders' equity and average assets from continuing operations calculated in accordance with GAAP were 15.39 percent and 1.04 percent, respectively, compared with prior-year ratios of 13.99 percent and 0.94 percent. Fourth quarter 2007 returns on average shareholders' equity and average assets from continuing operations were 16.23 percent and 1.13 percent, respectively, compared with prior-year ratios of 13.37 percent and 0.89 percent.

Summit's total revenues for 2007 were \$46.4 million, consisting of \$39.0 million of net interest income plus \$7.4 million of noninterest income, an increase of 17.4 percent compared to total revenues of \$39.5 million in 2006. Net interest income for the year increased 8.8 percent above 2006, reflecting 10.7 percent growth in average earning assets, partially offset by a 12 basis point decline in the net interest margin, to 3.26 percent.

Summit's total revenue for the fourth quarter of 2007 was \$13.0 million, up 26.3 percent from fourth quarter 2006 revenue of \$10.3 million. Net interest income was \$10.3 million, up 10.3 percent from the year-ago quarter, from the combined impact of an 11.6 percent increase in average earning assets and an eight basis point decline in the net interest margin, to 3.24 percent.

For 2007, Summit's noninterest income was \$7.4 million, up \$3.7 million or 102.5 percent from the \$3.6 million reported for fiscal 2006. Excluding changes in fair value of interest rate swaps and the net cash settlement of interest on these swaps from fiscal 2007 and 2006, and further excluding the \$2.1 million of insurance revenues from the Kelly Agencies acquisition, noninterest income from organic sources was \$4.5 million, up \$249,000 or 5.8 percent above fiscal 2006. Service fee income increased \$246,000, or 8.9 percent, to \$3.0 million, compared to \$2.8 million for the prior-year. For the fourth quarter of 2007, noninterest income was \$2.7 million, up \$1.8 million from the \$946,000 recorded for the year-ago quarter. Service fee income increased \$161,000, or 22.9 percent, to \$863,000 for fourth quarter of 2007.

Summit's 2007 noninterest expense was \$25.1 million, a 16.1 percent, or \$3.5 million increase over the \$21.6 million record for the previous fiscal year. Salaries and benefits accounted for 79.9 percent of the increase, increasing \$2.8 million, or 23.6 percent, to \$14.6 million for the year; 2007 results include the addition of 34 employees associated with the acquisition of the Kelly Agencies. The efficiency ratio for continuing operations was 53.00 percent for 2007, compared with 52.15 percent for 2006. For the fourth quarter of 2007, noninterest expense was \$6.9 million, up 30.4 percent or \$1.6 million from the fourth quarter of 2006, and 1.3 percent or \$90,000 from the linked quarter. The efficiency ratio (for continuing operations) was 53.03 percent for the fourth quarter of 2007, compared with 49.61 percent for the prior-year fourth quarter, and 53.91 percent for the linked quarter.

Summit's assets at December 31, 2007 were \$1.44 billion, an increase of \$200.0 million, or 16.2 percent, over the prior-year period. Loans, net of unearned income, were \$1.06 billion at period end, up \$138.1 million, or 15.0 percent, year over year. Loan growth was distributed across virtually every loan category (except consumer loans); however, commercial real estate (CRE) loans, the largest loan category at 36.1 percent of the portfolio, was also the driver of 2007 loan growth, up \$70.3 million year-over-year; CRE contributed approximately 50 percent of total loan growth for the year. Residential real estate, the second largest loan category at 30.3 percent, contributed approximately \$40 million of loan growth, mostly in the second half of the year. Growth of construction and development loans slowed substantially this year with only a \$9.5 million increase, its portfolio share reduced to 21.2 percent from 23.3 percent at year-end 2006.

At December 31, 2007, Summit's nonperforming assets were \$12.4 million, or 0.86 percent of total assets, compared with \$7.7 million, or 0.58 percent for the linked quarter and \$5.4 million, or 0.43 percent for the year-ago quarter. Residential real estate loans account for approximately \$4.9 million of nonperforming assets, and construction and development loans – largely residential – accounted for an additional \$2.0 million. Commercial real estate loans totaled approximately \$2.5 million of nonperforming assets.

For the current quarter, Summit had net charge-offs of \$285,000, or an annualized 0.11 percent of average loans, compared with \$566,000, or an annualized 0.23 percent for the linked quarter, and \$263,000, or 0.11 percent annualized for the year earlier period. At December 31, 2007, loan loss reserves were 0.86 percent of loans outstanding.

Summit's total deposits at December 31, 2007 were \$828.7 million compared with \$888.7 million at the prior year-end, a decrease of \$60 million or 6.8 percent. Brokered deposits declined by \$103.2 million or 36.9 percent over the past year, to \$176.4 million at December 31, 2007, while Summit's retail deposit portfolio increased by \$43.2 million, or 7.1 percent, to \$652.3 million at year-end 2007. Retail deposits now account for 78.7 percent of total deposits, compared with 68.5 percent at year end 2006.

Summit's shareholders' equity at December 31, 2007 was \$89.4 million, an increase of 13.5 percent over the last twelve months. Common shares outstanding totaled 7,408,941 at year-end, compared with 7,089,680 for the prior-year end. The increase includes the issuance of approximately 318,000 shares during the third quarter of 2007 for the acquisition of the Kelly Agencies.

## PRICE RANGE OF COMMON STOCK AND DIVIDENDS

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

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

	Summit Financial Group, Inc.			Greater Atlantic Financial Corp.		
	Sales Price		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						
First Quarter	\$21.51	\$19.49	\$ -	\$4.30	\$2.35	\$ -
Second Quarter	\$21.20	\$19.80	\$0.17	\$5.10	\$2.25	\$ -
Third Quarter	\$19.65	\$18.28	\$ -	\$5.50	\$5.00	\$ -
Fourth Quarter	\$18.96	\$13.60	\$0.017	\$5.35	\$4.69	\$ -
2008						
First Quarter (through February 8, 2008)	\$15.52	\$13.52	\$ -	\$4.95	\$3.85	\$ -

The shareholders of Summit are entitled to receive dividends when and as declared by its board of directors. Dividends have been paid semi-annually. Dividends were \$0.34 per share in 2007, \$0.32 per share in 2006 and \$0.30 per share in 2005. The payment of dividends is subject to the restrictions set forth in the West Virginia Business Corporation Act and the limitations imposed by the Federal Reserve Board.

Payment of dividends by Summit depends upon receipt of dividends from its banking subsidiary. Payment of dividends by Summit's state non-member banking subsidiary is regulated by the Federal Deposit Insurance Corporation ("FDIC") and the West Virginia Division of Banking and generally, the prior approval of the FDIC is required if the total dividends declared by a state non-member bank in any calendar year exceeds its net profits, as defined, for that year combined with its retained net profits for the preceding two years. Additionally, prior approval of the FDIC is required when a state non-member bank has deficit retained earnings but has sufficient current year's

net income, as defined, plus the retained net profits of the two preceding years. The FDIC may prohibit dividends if it deems the payment to be an

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

The following table sets forth historical per share market values for Summit common stock and Greater Atlantic common stock (i) on April 12, 2007, the last trading day prior to public announcement of the merger agreement, and (ii) on February 5, 2008, the most recent practicable date before the printing and mailing of this proxy statement/prospectus. The table also shows the equivalent pro forma market value of Greater Atlantic common stock on April 12, 2007, and February 5, 2008, assuming receipt of stock consideration.

The equivalent pro forma market value per share of Greater Atlantic common stock is the result obtained by multiplying the historical market price of Summit common stock by the applicable exchange ratio and adding the cash consideration of \$1.80. For purposes of determining the equivalent pro forma market value and the applicable exchange ratio, we have assumed that the average closing price of a share of Summit common stock is equal to the historical market price on April 12, 2007, and on February 5, 2008. Accordingly, the pro forma market value of Greater Atlantic common stock (i) on April 12, 2007, is determined by multiplying \$20.80 by the exchange ratio of 0.2019, and (ii) on February 5, 2008, is determined by multiplying \$15.50 by the exchange ratio of 0.2357.

The historical market prices represent the last sale prices on April 12, 2007, and February 5, 2008. The average closing price of Summit common stock used to determine the exchange ratio and the market price may be higher or lower than the closing prices of Summit common stock on the dates shown in the table and, therefore, the market value of the Summit common stock that you receive may be higher or lower than the equivalent pro forma market value shown in the table.

	Historical Market Price Per Share		Greater Atlantic Equivalent Pro Forma Market Value Per Share
	Summit	Greater Atlantic	
April 12, 2007	\$ 20.80	\$ 2.54	\$ 6.00
February 5, 2008	\$ 15.50	\$ 4.95	\$ 5.45

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

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UNAUDITED COMPARATIVE PER SHARE DATA

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

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

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

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

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

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



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## For the Nine Months Ended 9/30/07-Summit &amp; 6/30/07-Greater Atlantic

	Summit Historical	Greater Atlantic Historical	Pro Forma Combined	Greater Atlantic Pro Forma Equivalent
Basic earnings (loss) per share				
from continuing operations	\$ 1.34	\$ (0.74)	\$ 1.04	\$ 0.21
Diluted earnings (loss) per share				
from continuing operations	\$ 1.33	\$ (0.74)	\$ 1.04	\$ 0.21
Dividends declared per share	\$ 0.17	\$ -	\$ 0.16	\$ 0.03
Book value per share (at 9/30/2007)	\$ 12.63	\$ 2.19	\$ 13.25	\$ 2.68

## For the Year Ended 12/31/06-Summit &amp; 9/30/06-Greater Atlantic

	Summit Historical	Greater Atlantic Historical	Pro Forma Combined	Greater Atlantic Pro Forma Equivalent
Basic earnings (loss) per share				
from continuing operations	\$ 1.55	\$ (1.02)	\$ 1.16	\$ 0.23
Diluted earnings (loss) per share				
from continuing operations	\$ 1.54	\$ (1.02)	\$ 1.15	\$ 0.23
Dividends declared per share	\$ 0.32	\$ -	\$ 0.29	\$ 0.06
Book value per share (at 12/31/2006)	\$ 11.12	\$ 2.67	\$ 12.20	\$ 2.46



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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed combined consolidated balance sheet as of September 30, 2007 and unaudited pro forma condensed combined consolidated statements of income for the nine months ended September 30, 2007 and the year ended December 31, 2006 combine the historical financial statements of Summit and Greater Atlantic. The unaudited pro forma financial statements give effect to the proposed merger of Greater Atlantic with and into Summit as if the merger occurred on September 30, 2007 with respect to the balance sheet, and on January 1, 2007, and January 1, 2006, with respect to the statements of income for the nine months ended September 30, 2007, and the year ended December 31, 2006, respectively. The unaudited pro forma financial statements give effect to the proposed merger under the purchase method of accounting using an acquisition price of \$6.00 per share for Greater Atlantic common stock.

Summit reports on a calendar year basis while Greater Atlantic reports on a fiscal year ending on September 30. Accordingly for purposes of the unaudited pro forma condensed combined consolidated statements of income, Summit's statements of income for the nine months ended September 30, 2007 and the year ended December 31, 2006 have been combined with Greater Atlantic's statements of income for the nine months ended June 30, 2007 and the year ended September 30, 2006, respectively.

The purchase method of accounting requires that all of Greater Atlantic's assets and liabilities be adjusted to their estimated fair market values as of the date of acquisition. For purposes of the unaudited pro forma financial statements, fair market value of September 30, 2007 assets and liabilities has been estimated by management of Summit using market information available on September 30, 2007. Accordingly, these adjustments are only approximations. This information may not necessarily be indicative of the financial position or results of operations that would have occurred if the merger had been consummated on the date or at the beginning of the period indicated or which may be obtained in the future. Upon consummation of the merger, Summit will make adjustments as of the date of consummation based on appraisals and estimates. The unaudited pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during this period.

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SUMMIT AND GREATER ATLANTIC  
 Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet  
 September 30, 2007  
 (dollars in thousands)

	Actual		Pro Forma		
	Summit Financial Group, Inc.	Greater Atlantic Financial Corp.	Adjustments		Combined
<b>ASSETS</b>					
Cash and due from banks	\$ 13,435	\$ 3,146	\$ -		\$ 16,581
Interest bearing deposits with other banks	179	4,486	(5,736)	(1)	6,433
			(496)	(2)	
			8,000	(5)	
Federal funds sold	2,499	-	-		2,499
Securities available for sale	279,289	50,641	-		329,930
Securities held to maturity	-	3,053	-		3,053
Loans held for sale, net	1,596	-	-		1,596
Loans, net	986,437	176,108	725	(3)	1,163,270
Premises and equipment, net	22,004	2,285	-		24,289
Accrued interest receivable	7,239	1,675	-		8,914
Identifiable intangibles	3,945	-	3,000	(3)	6,945
Goodwill	6,198	956	7,772	(3)	14,926
Other assets	17,858	3,644	(973)	(3)	23,107
			1,600	(3)	
			978	(3)	
<b>Total assets</b>	<b>\$ 1,340,679</b>	<b>\$ 245,994</b>	<b>\$ 14,870</b>		<b>\$ 1,601,543</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Deposits	\$ 828,599	\$ 197,991	\$ 377	(3)	\$ 1,026,967
Short-term borrowings	124,699	2,192	-		126,891
Long-term borrowings	263,679	25,000	788	(3)	297,467
			10,000	(5)	
			(2,000)	(5)	
Subordinated debentures owed to unconsolidated subsidiary trusts	19,589	9,374			28,963

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Other liabilities	10,638	1,866	1,100	(3)	15,077
			615	(3)	
			858	(3)	
Total liabilities	1,247,204	236,423	11,738		1,495,365
<b>Shareholders' Equity</b>					
Common stock and related surplus	24,376	25,303	12,702	(1)	37,078
			(25,303)	(4)	
Retained earnings	69,104	(14,408)	(496)	(2)	69,105
			14,905	(4)	
Accumulated other comprehensive (loss)	(5)	(1,324)	1,324	(4)	(5)
Total shareholders' equity	93,475	9,571	3,132		106,178
Total liabilities and shareholders' equity	\$ 1,340,679	\$ 245,994	\$ 14,870		\$ 1,601,543

See Notes to Unaudited Pro Forma Financial Statements

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SUMMIT AND GREATER ATLANTIC  
 Unaudited Pro Forma Condensed Combined Consolidated Statement of Income  
 (dollars in thousands, except per share amounts)

	Actual		Pro Forma		
	Nine Months Ended				
	September 30, 2007	June 30, 2007			
	Summit Financial Group, Inc.	Greater Atlantic Financial Corp.	Adjustments		Combined
Interest income	\$ 67,587	\$ 14,082	\$ (1,868)	(6)	\$ 80,111
			310	(7)	
Interest expense	38,861	8,976	(1,456)	(6)	46,467
			86	(8)	
Net interest income	28,726	5,106			33,644
Provision for loan losses	1,305	289			1,594
Net interest income after provision for loan losses	27,421	4,817			32,050
Noninterest income					
Service fees	2,141	465	(29)	(6)	2,577
Other	2,518	7			2,525
Total noninterest income	4,659	472			5,102
Noninterest expense					
Salaries and employee benefits	10,518	3,523	(192)	(6)	13,849
Net occupancy expense	1,292	1,051	(81)	(6)	2,262
Equipment expense	1,436	395	(13)	(6)	1,818
Other	4,942	2,545	(17)	(6)	7,792
			322	(9)	
Total noninterest expense	18,188	7,514			25,721
Income (loss) from continuing operations before income taxes	13,892	(2,225)			11,431
Income tax expense	4,223	-	(846)	(10)	3,287
			(90)	(11)	
Income (loss) from continuing operations	\$ 9,669	\$ (2,225)	\$ 700		\$ 8,144

Basic earnings (loss)				
per share				
from continuing				
operations	\$	1.34	\$	(0.74)
				\$
				1.04

Diluted earnings (loss)				
per share				
from continuing				
operations	\$	1.33	\$	(0.74)
				\$
				1.04

Dividends per common				
share	\$	0.17	\$	-
				\$
				0.16

See Notes to Unaudited Pro Forma Financial Statements

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SUMMIT AND GREATER ATLANTIC  
 Unaudited Pro Forma Condensed Combined Consolidated Statement of Income  
 (dollars in thousands, except per share amounts)

	Actual		Pro Forma		
	Year Ended				
	December 31, 2006	September 30, 2006			
	Summit Financial Group, Inc.	Greater Atlantic Financial Corp.	Adjustments		Combined
Interest income	\$ 80,278	\$ 18,794	\$ (2,225)	(6)	\$ 97,261
			414	(7)	
Interest expense	44,379	11,583	(1,692)	(6)	54,383
			113	(8)	
Net interest income	35,899	7,211			42,878
Provision for loan losses	1,845	126			1,971
Net interest income after provision for loan losses	34,054	7,085			40,907
Noninterest income					
Service fees	2,758	610	(40)	(6)	3,328
Other	875	307			1,182
Total noninterest income	3,633	917			4,510
Noninterest expense					
Salaries and employee benefits	11,821	4,718	(256)	(6)	16,283
Net occupancy expense	1,557	1,337	(102)	(6)	2,792
Equipment expense	1,901	554	(24)	(6)	2,431
Other	6,330	4,476	(62)	(6)	11,173
			429	(9)	
Total noninterest expense	21,609	11,085			32,679
Income (loss) from continuing operations before income taxes	16,078	(3,083)			12,738
Income tax expense	5,018	-	(1,172)	(10)	3,748
			(98)	(11)	



Income (loss) from continuing operations	\$	11,060	\$	(3,083)	\$	1,013	\$	8,990
Basic earnings (loss) per share								
from continuing operations	\$	1.55	\$	(1.02)			\$	1.16
Diluted earnings (loss) per share								
from continuing operations	\$	1.54	\$	(1.02)			\$	1.15
Dividends per common share								
	\$	0.32	\$	-			\$	0.29

See Notes to Unaudited Pro Forma Financial Statements

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SUMMIT AND GREAT ATLANTIC  
Notes to Unaudited Pro Forma Financial Statements

- (1) Effect of stock and cash consideration paid by Summit to Greater Atlantic's shareholders in conjunction with the merger and record cash paid for its estimated direct transaction costs. Under the terms of the Greater Atlantic transaction, Summit will pay total consideration of \$6.00 per share for each of the 3,024,220 outstanding common shares of Greater Atlantic. This consideration will be paid 70% (or \$4.20 per share) in the form of Summit common stock and 30% (or \$1.80 per share) in cash.
- (a) Stock consideration: Issuance of 694,843 shares of Summit common stock to Greater Atlantic shareholders assuming Summit's stock price of \$18.28 at September 30, 2007.
- (b) Cash consideration and estimated direct transaction costs: Cash payments totalling \$5,736,000 representing \$5,444,000 in cash consideration paid to Greater Atlantic shareholders, \$89,000 paid to holders of Greater Atlantic stock options in settlement of such options, and \$203,000 for Summit's estimated direct transaction costs.
- (2) Effect of Greater Atlantic's estimated direct transaction costs.
- (3) Adjust acquired assets and liabilities of Greater Atlantic to fair value and record related tax effects as follows (in thousands):

Purchase price and estimated transaction costs (\$18,438) paid by Summit in excess of Greater Atlantic's pro forma equity at September 30, 2007 (\$9,074) adjusted for the direct transaction costs paid by Greater Atlantic.	\$	9,364
Estimated fair value purchase accounting adjustments:		
Loans	\$	725
Deposits		(377)
Borrowings		(788)
Core deposit intangible		3,000
Net deferred tax liabilities on purchase accounting adjustments		(973)
Tax benefit of purchased net operating loss carryforwards	1,600	
	\$ 3,187	(3,187)
Purchase price and estimated transaction costs in excess of fair value of net assets acquired		6,177
Estimated exit and other restructuring costs expected to be incurred in connection with the acquisition of Greater Atlantic:		
Employee severance costs	\$	1,100
EDP contracts cancellation costs		615
Lease termination costs		858
Net deferred tax asset on exit and restructuring costs		(978)
	\$	1,595
Goodwill		7,772

- (4) Reflect elimination of Greater Atlantic's equity accounts.  
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SUMMIT AND GREAT ATLANTIC  
Notes to Unaudited Pro Forma Financial Statements - continued

- (5) Issuance of qualifying subordinated debt prior to acquisition of Greater Atlantic. The proceeds of this issuance will be utilized as follows (in thousands):

Finance cash consideration and transaction costs associated with Greater Atlantic acquisition (\$5,736) and cash reserve (\$2,264)	\$	8,000
Reduction of principal of existing Summit long term borrowing		2,000
Total issuance of qualifying subordinated debt	\$	10,000

- (6) Estimated reductions to interest income, interest expense, non-interest income and non-interest expense as result of sale of Greater Atlantic's Pasadena, Maryland branch bank.

- (7) Other pro forma adjustments to interest income, as follows (in thousands):

	Nine Months Ended September 30, 2007	Year Ended December 31, 2006
Estimated accretion of fair value adjustment to securities over portfolio's estimated 3 year average life to maturity	\$ 446	\$ 595
Estimated amortization of fair value adjustment to loans over portfolio's estimated 4 year average life to maturity	(136)	(181)
	\$ 310	\$ 414

- (8) Other proforma adjustments to interest expense, as follows (in thousands):

	Nine Months Ended September 30, 2007	Year Ended December 31, 2006
Estimated amortization of fair value adjustment to deposits over the estimated 2 year average remaining maturity of the deposits	\$ (141)	\$ (189)
Estimated amortization of fair value adjustment to borrowings over the estimated 3 year average remaining maturity of the borrowings	(197)	(263)
Estimated interest expense on issuance of \$10 million in qualifying subordinated debt at 7.00%, less reduction in interest as result of		

pay down of \$2 million in principal of an existing Summit long term borrowing having an effective interest rate of 6.75% using proceeds from the subordinated debt issuance	424	565
	\$ 86	\$ 113

- (9) Amortization of core deposit intangible over estimated 7 year average life.
- (10) Tax benefit, previously unrecognized, of Greater Atlantic's loss from continuing operations at a 38% effective tax rate.
- (11) Tax effect of pro forma adjustments at a 38% effective tax rate.

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SUMMARY SELECTED FINANCIAL DATA

The following table sets forth certain summary historical consolidated financial information for Summit and Greater Atlantic. The balance sheet data and income statement data of Summit is as of and for the five years in the period ended December 31, 2006 and for Greater Atlantic is as of and for the five years in the period ended September 30, 2007, and are derived from the audited consolidated financial statements of Summit and Greater Atlantic, respectively. The balance sheet data and income statement data of Summit for the nine months ended September 30, 2007, and September 30, 2006, are derived from the unaudited consolidated financial statements of Summit. You should not rely on the nine-month information as being indicative of the results that may be expected for the entire year or for any future interim period.

The following information should be read in conjunction with the audited and unaudited consolidated financial statements and the related notes of Summit, which are incorporated by reference into this proxy statement/prospectus, and the audited consolidated financial statements of Greater Atlantic, which are attached to this proxy statement/prospectus.

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SUMMIT FINANCIAL GROUP, INC. Summary Consolidated Financial Data							
Dollars in thousands, except per share amounts	Nine months ended September 30, 2007	Nine months ended September 30, 2006	For the Year Ended December 31,				
			2006	2005	2004	2003	
<b>Summary of Operations</b>							
Interest income	\$ 67,587	\$ 58,394	\$ 80,278	\$ 56,653	\$ 45,041	\$ 41,154	\$
Interest expense	38,861	31,871	44,379	26,503	18,663	17,827	
Net interest income	28,726	26,523	35,899	30,150	26,378	23,327	
Provision for loan losses	1,305	915	1,845	1,295	1,050	915	
Net interest income after provision for loan losses	27,421	25,608	34,054	28,855	25,328	22,412	
Noninterest income	4,659	2,687	3,634	1,605	3,263	3,275	
Noninterest expense	18,188	16,310	21,610	19,263	16,919	14,218	
Income (loss) before income taxes	13,892	11,985	16,078	11,197	11,672	11,469	
Income tax expense	4,223	3,674	5,018	3,033	3,348	3,414	
Income (loss) from continuing operations	9,669	8,311	11,060	8,164	8,324	8,055	
<b>Discontinued operations:</b>							
Exit costs and impairment of long-lived assets	123	-	(2,480)	-	-	-	-
Operating income (loss)	(798)	(377)	(1,750)	3,862	2,913	(44)	
Income (loss) from discontinued operations before tax	(675)	(377)	(4,230)	3,862	2,913	(44)	
Income tax expense (benefit)	(231)	(116)	(1,427)	1,339	1,004	(15)	
Income (loss) from discontinued operations	(444)	(261)	(2,803)	2,523	1,909	(29)	
Net income	\$ 9,225	\$ 8,050	\$ 8,257	\$ 10,687	\$ 10,233	\$ 8,206	\$
<b>Balance Sheet Data (at period end)</b>							
Assets	\$ 1,340,679	\$ 1,211,195	\$ 1,235,519	\$ 1,110,214	\$ 889,830	\$ 791,577	\$
Securities	279,289	246,332	247,874	223,772	211,362	235,409	
Loans	986,437	894,836	916,045	793,452	602,728	498,340	
Deposits	828,599	865,072	888,688	673,887	524,596	511,801	
Short-term borrowings	124,699	90,422	60,428	182,028	120,629	49,714	
Long-term borrowings and	283,268	165,716	195,698	172,295	173,101	168,549	

subordinated  
debentures

Shareholders equity	93,475	79,481	78,752	72,691	65,150	57,005
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Per Share Data

Earnings per share - continuing  
operations

Basic earnings	\$ 1.34	\$ 1.17	\$ 1.55	\$ 1.15	\$ 1.18	\$ 1.14
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Diluted earnings	1.33	1.16	1.54	1.13	1.17	1.14
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Earnings per share – discontinued  
operations

Basic earnings (loss)	(0.06)	(0.04)	(0.39)	0.35	0.27	-
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Diluted earnings (loss)	(0.06)	(0.04)	(0.39)	0.35	0.27	-
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Earnings per share

Basic earnings	1.28	1.13	1.16	1.51	1.46	1.14
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Diluted earnings	1.27	1.12	1.15	1.48	1.44	1.14
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Shareholders' equity

(at period end)	12.63	11.19	11.12	10.20	9.25	8.12
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Cash dividends	0.17	0.16	0.32	0.30	0.26	0.215
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Performance Ratios

Return on average equity	14.41%	13.79%	10.44%	15.09%	16.60%	14.69%
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Return on average assets	0.97%	0.93%	0.70%	1.10%	1.22%	1.11%
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Dividend payout	13.1%	14.2%	27.6%	20.0%	17.9%	18.8%
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Equity to assets	7.0%	6.6%	6.4%	6.5%	7.3%	7.2%
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## GREATER ATLANTIC FINANCIAL CORP.

## Summary Consolidated Financial Data

For the Year Ended

September 30,

Dollars in thousands, except per share amounts	2007	2006	2005	2004	2003
Summary of Operations					
Interest income	\$ 18,421	\$ 18,794	\$ 16,958	\$ 18,085	\$ 19,361
Interest expense	11,993	11,583	10,013	11,970	12,277
Net interest income	6,428	7,211	6,945	6,115	7,084
Provision for loan losses	685	126	219	209	791
Net interest income after provision for loan losses	5,743	7,085	6,726	5,906	6,293
Noninterest income	615	917	1,695	547	766
Gain on branch sale	4,255	-	945	-	-
Noninterest expense	9,626	11,085	9,889	10,370	10,014
Income before income taxes	987	(3,083)	(523)	(3,917)	(2,955)
Income tax expense	36	-	-	-	-
Income from continuing operations	951	(3,083)	(523)	(3,917)	(2,955)
Discontinued operations					
Exit costs and impairment of long-lived assets	-	-	-	-	-
Operating income (loss)	-	(2,488)	(1,107)	428	4,898
Income (loss) from discontinued operations before tax	-	(2,488)	(1,107)	428	4,898
Income tax expense (benefit)	-	-	-	-	-
Income (loss) from discontinued operations	-	(2,488)	(1,107)	428	4,898
Net income (loss)	\$ 951	\$ (5,571)	\$ (1,630)	\$ (3,489)	\$ 1,943
Balance Sheet Data (at period end)					
Assets	\$ 245,994	\$ 305,219	\$ 339,542	\$ 433,174	\$ 498,456
Securities	51,963	80,157	115,798	153,007	224,784
Loans, net	176,108	193,307	194,920	246,387	242,253
Deposits	197,991	230,174	237,794	288,956	297,876
Short-term borrowings	2,192	18,574	38,479	64,865	77,835
Long-term borrowings and subordinated debentures	34,374	45,388	47,378	60,569	96,159
Shareholders equity	9,571	8,850	14,375	15,944	20,442
Per Share Data					
Earnings per share - continuing operations					
Basic earnings	\$ 0.31	\$ (1.02)	\$ (0.17)	\$ (1.30)	\$ (0.98)
Diluted earnings	0.31	(1.02)	(0.17)	(1.30)	(0.98)
Earnings per share - discontinued operations					
Basic earnings	-	(0.82)	(0.37)	0.14	1.63
Diluted earnings	-	(0.82)	(0.37)	0.14	1.11
Earnings per share					
Basic earnings	0.31	(1.84)	(0.54)	(1.16)	0.65

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Diluted earnings	0.31	(1.84)	(0.54)	(1.16)	0.44
Shareholders' equity (at period end)	3.17	2.93	4.76	5.29	6.79
Cash dividends	-	-	-	-	-
Performance Ratios					
Return on average equity	12.08%	(45.80%)	(11.79%)	(22.90%)	12.83%
Return on average assets	0.33%	(1.77%)	(0.44%)	(0.69%)	0.41%
Dividend payout	0.0%	0.0%	0.0%	0.0%	0.0%
Equity to assets	3.9%	2.9%	4.2%	3.7%	4.1%

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INFORMATION ABOUT THE MEETING AND VOTING

General

This section contains information about the Greater Atlantic special shareholder meeting that has been called to vote upon the matters described below. We expect to mail this proxy statement/prospectus to you, as a Greater Atlantic shareholder, on or about \_\_\_\_\_, 2008 .

In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization dated as of April 12, 2007, as amended on December 6, 2007 , among Summit and Greater Atlantic as the merger agreement. Proxies may be voted on other matters that may properly come before the Greater Atlantic meeting, if any, at the discretion of the proxy holders. Greater Atlantic's board knows of no such other matters except those incidental to the conduct of the meeting. A copy of the merger agreement is attached as Annex A.

Matters Relating to the Special Meeting of Greater Atlantic's Stockholders

Time and Place: \_\_\_\_\_, 2008

10:00 a.m., Eastern Time

Crowne Plaza Tysons Corner

1960 Chain Bridge Road

McLean, Virginia 22102

Purpose To vote on the proposed merger of Greater Atlantic and Summit pursuant to which Greater  
of Meeting: Atlantic will merger with a wholly-owned subsidiary of Summit formed for the merger.

To vote on the proposal to adjourn the meeting to a later date, 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.

Proxies

The accompanying form of proxy is for use at the special meeting if you are unable or do not desire to attend in person. You may attend the meeting even if you have previously delivered a proxy to us. You can revoke your proxy at any time before the vote is taken at the special meeting by submitting to the Greater Atlantic corporate secretary written notice of revocation or a properly executed proxy of a later date, or by attending the special meeting and voting in person. Written notices of revocation and other communications about revoking your proxy should be addressed to:

Greater Atlantic Financial Corp.  
10700 Parkridge Boulevard, Suite P50  
Reston, Virginia 20191  
Attention: Edward C. Allen  
Telephone: (703) 391-1300

All shares represented by valid proxies that we receive through this solicitation, and not revoked before they are exercised, will be voted in the manner specified in such proxies. If you make no specification on your returned proxy card, your proxy will be voted "FOR" the matters to be considered at the special meeting as described above.



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### Solicitation of Proxies

Greater Atlantic will bear the entire cost of soliciting proxies from you, except that Summit has agreed to pay the cost of the preparation and filing of this proxy statement/prospectus and other fees relating to the merger paid to the Securities and Exchange Commission. In addition to solicitation of proxies by mail, we will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of the stock and secure their voting instructions, if necessary. Greater Atlantic will reimburse those record holders for their reasonable expenses in taking those actions. If necessary, we also may use several of our regular employees, who will not be specially compensated, to solicit proxies from our shareholders, either personally or by telephone, the Internet, fax, letter or special delivery letter. Finally, Greater Atlantic has retained a professional proxy solicitation firm, Georgeson Inc., to assist in soliciting proxies. We will pay a fee in the amount of \$5,500 to Georgeson Inc. for its services, and we will also reimburse them for all costs and expenses, which we expect to be approximately \$2,500, in connection with this solicitation.

### Record Date and Voting Rights

In accordance with Delaware law and Greater Atlantic's certificate of incorporation and bylaws, we have fixed February 20, 2008 as the record date for determining the shareholders entitled to notice of and to vote at the special meeting. Accordingly, you are only entitled to notice of, and to vote at, the special meeting if you were a record holder of Greater Atlantic common stock at the close of business on the record date. At that time, 3,024,220 shares of Greater Atlantic common stock were outstanding, held by 271 holders of record. To have a quorum that permits us to conduct business at the special meeting, we require the presence, whether in person or through the prior submission of a proxy, of the holders of Greater Atlantic common stock representing a majority of the shares outstanding and entitled to vote on the record date. You are entitled to one vote for each outstanding share of Greater Atlantic common stock you held as of the close of business on the record date.

Holders of shares of Greater Atlantic common stock present in person at the special meeting but not voting, and shares of Greater Atlantic common stock for which we have received proxies indicating that their holders have abstained, will be counted as present at the special meeting for purposes of determining whether we have a quorum for transacting business. Shares held in street name that have been designated by brokers on proxy cards as not voted will not be counted as votes cast for or against any proposal. These broker non-votes, however, will be counted for purposes of determining whether a quorum exists.

### Vote Required

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.

Because approval of the merger agreement and the transactions contemplated thereby require the affirmative vote of the holders of a majority of the outstanding shares of Greater Atlantic common stock entitled to vote at the special meeting, abstentions and broker non-votes will have the same effect as votes against these matters. Accordingly, the Greater Atlantic board of directors urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope.

As of the record date, directors and executive officers, and their affiliates, of Greater Atlantic beneficially owned approximately 301,759 shares of Greater Atlantic common stock, entitling them to exercise approximately 9.98% of the voting power of the Greater Atlantic common stock entitled to vote at the special meeting. Each director and executive officer of Greater Atlantic intends to vote



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each share of Greater Atlantic common stock that he owns “FOR” approval and adoption of the merger agreement and the transactions contemplated thereby.

Recommendation of the Greater Atlantic Board of Directors

The Greater Atlantic board of directors has approved the merger agreement and the transactions contemplated thereby, including the merger. The Greater Atlantic board believes that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, and are in the best interests of, Greater Atlantic and its shareholders and unanimously recommends that shareholders vote “FOR” approval of the merger agreement and the transactions contemplated thereby.

Appraisal Rights for Greater Atlantic Stockholders

If the merger agreement is approved and adopted by the Greater Atlantic stockholders, holders of Greater Atlantic common stock who delivered a written demand for appraisal to Greater Atlantic prior to the vote on the merger agreement at Greater Atlantic’s special meeting and did not vote in favor of the approval and adoption of the merger agreement will be entitled to receive the fair value of their shares under Section 262 of the Delaware General Corporation Law. The text of this law is attached to this proxy statement/prospectus as Annex B.

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THE MERGER

This summary of the material terms and provisions of the merger agreement is qualified in its entirety by reference to such document. The merger agreement and its amendment are attached as Annex A and Annex A-1 to this proxy statement/prospectus. We incorporate this document into this summary by reference.

Merger

Subject to satisfaction or waiver of all conditions in the merger agreement, Greater Atlantic will merge with and into SFG II, Inc., a wholly-owned subsidiary of Summit. Upon completion of the merger, Greater Atlantic's corporate existence will terminate and SFG II, Inc. will continue as the surviving corporation.

Merger Consideration

In the merger, you will receive a combination of cash and shares of Summit common stock for each share of Greater Atlantic common stock that you own, subject to a "stock collar" limiting the maximum and minimum number of shares Summit will issue. The stock collar is described more fully below. Subject to the stock collar, the total consideration for your Greater Atlantic stock will be paid 70% in the form of Summit common stock and 30% in cash, with each share of Greater Atlantic common stock exchanged for shares of Summit common stock valued at \$4.20 and \$1.80 in cash.

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

The following chart provides examples of the value of the transaction to shareholders of Greater Atlantic at selected Average Closing Prices of Summit common stock.



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SMMF Stock Price	Exchange Ratio	Value to GAFC Shareholders		Deal Value Per Share
		Stock (\$)	Cash (\$)	
\$28.75	0.1743	\$5.01	\$1.80	\$6.81
\$26.50	0.1743	\$4.62	\$1.80	\$6.42
\$25.00	0.1743	\$4.36	\$1.80	\$6.16
\$24.10	0.1743	\$4.20	\$1.80	\$6.00
\$24.00	0.1750	\$4.20	\$1.80	\$6.00
\$23.25	0.1806	\$4.20	\$1.80	\$6.00
\$22.50	0.1867	\$4.20	\$1.80	\$6.00
\$21.75	0.1931	\$4.20	\$1.80	\$6.00
\$21.00	0.2000	\$4.20	\$1.80	\$6.00
\$20.25	0.2074	\$4.20	\$1.80	\$6.00
\$19.50	0.2154	\$4.20	\$1.80	\$6.00
\$18.75	0.2240	\$4.20	\$1.80	\$6.00
\$18.00	0.2333	\$4.20	\$1.80	\$6.00
\$17.82	0.2357	\$4.20	\$1.80	\$6.00
\$16.75	0.2357	\$3.95	\$1.80	\$5.75
\$15.25	0.2357	\$3.59	\$1.80	\$5.39
\$13.75	0.2357	\$3.24	\$1.80	\$5.04
\$12.25	0.2357	\$2.89	\$1.80	\$4.69
\$10.75	0.2357	\$2.53	\$1.80	\$4.33

The amount and nature of the merger consideration was established through arm's-length negotiations between Summit and Greater Atlantic and their respective advisors, and reflects the balancing of a number of countervailing factors. The total amount of the merger consideration reflects a price both parties concluded was appropriate. See “– Background of the Merger; Board Recommendations and Reasons for the Merger” beginning on page 42 and “– Summit’s Reasons for the Merger” beginning on page 48 . The parties have structured the merger, in part, to have the favorable tax attributes of a “reorganization” for federal income tax purposes. See “– Certain Federal Income Tax Consequences of the Merger” beginning on page 66 .

We cannot assure you that the current fair market value of Summit or Greater Atlantic common stock will be equivalent to the fair market value of Summit or Greater Atlantic common stock on the effective date of the merger.

#### Surrender of Stock Certificates

Registrar and Transfer Company will act as exchange agent in the merger and in that role will process the exchange of Greater Atlantic stock certificates for cash and Summit common stock. Within five (5) business days after completion of the merger, the exchange agent will mail to each Greater Atlantic shareholder of record a letter of transmittal and instructions for use in effecting the surrender of their Greater Atlantic common stock for Summit common stock, if any, that the holders of the Greater Atlantic common stock are entitled to receive, and the cash, if any, that the holders of the Greater Atlantic common stock are entitled to receive, any cash in lieu of fractional shares and any payment equal to any dividend or other distribution with respect to Summit common stock with a record date prior to the effective time of the merger.

After the effective time of the merger, each certificate formerly representing Greater Atlantic common stock, until so surrendered and exchanged, will evidence only the right to receive the cash and the number of whole shares of Summit common stock that the holder is entitled to receive in the merger, any cash payment in lieu of a fractional

share of Summit common stock and any dividend or other

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distribution with respect to Summit common stock with a record date prior to the effective time of the merger. The holder of such unexchanged certificate will not be entitled to receive any dividends or distributions payable by Summit until the certificate has been exchanged. Subject to applicable laws, following surrender of such certificates, such dividends and distributions, together with any cash payment in lieu of a fractional share of Summit common stock, will be paid without interest.

After the completion of the merger, there will be no further transfers of Greater Atlantic common stock. Greater Atlantic stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

If your Greater Atlantic stock certificates have been either lost, stolen or destroyed, you will have to prove your ownership of these certificates and that they were lost, stolen or destroyed before you receive any consideration for your shares. Upon request, our exchange agent, Registrar and Transfer Company, will send you instructions on how to provide evidence of ownership.

### No Fractional Shares

Each holder of shares of common stock exchanged pursuant to the merger who would otherwise have been entitled to receive a fraction of a share of Summit common stock shall receive, in lieu thereof, cash (without interest) in an amount equal to the product of (i) such fractional part of a share of Summit common stock multiplied by (ii) the closing price for a share of Summit common stock on the NASDAQ Capital Market on the effective date of the merger.

### Treatment of Greater Atlantic Stock Options and Warrants

At the effective time, each outstanding and unexercised option and warrant granted by Greater Atlantic to purchase shares of Greater Atlantic common stock shall vest and holders of such options and warrants 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 option and warrant granted by Greater Atlantic to purchase shares of Greater Atlantic common stock. At the effective time, Summit shall have no obligation to make any additional grants or awards under the Greater Atlantic stock plans or warrants.

### Dissenters' or Appraisal Rights

Under the Delaware General Corporation Law (DGCL), Greater Atlantic stockholders may object to the merger and demand in writing to be paid the fair value of their shares. Determination of fair value is based on all relevant factors, but excludes any appreciation or depreciation resulting from the accomplishment or expectation of the merger. Stockholders who elect to exercise appraisal rights must comply with all of the procedures of Section 262 of the DGCL to preserve those rights. A copy of Section 262 is attached as Annex B to this proxy statement/prospectus.

Section 262 sets forth the procedures to be followed by a stockholder electing to demand appraisal of his or her shares. These procedures are complicated and must be followed strictly. Failure to comply with these procedures may cause you to lose your appraisal rights. The following information is only a brief summary of the required procedures under Delaware law and is qualified in its entirety by the provisions of Section 262.

Under Section 262, Greater Atlantic is required to notify stockholders not less than 20 days before the special meeting to vote on the merger that appraisal rights will be available. A copy of Section 262 must be included with that notice. This proxy statement/prospectus constitutes Greater Atlantic's notice to its stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262. If you wish to

consider exercising your appraisal

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rights, you should carefully review the text of Section 262 contained in Annex B. If you fail to timely and properly comply with the requirements of Section 262, your appraisal rights under Delaware law may be lost.

Please review Section 262 for the complete procedures. Neither Summit nor Greater Atlantic will give you any notice of your appraisal rights other than as described in this proxy statement/prospectus and as required by the DGCL.

### General Requirements

If you want to object to the merger and be paid the full value of your shares in cash, Section 262 generally requires you to take the following actions:

- You must deliver a written demand for appraisal to Greater Atlantic before the vote is taken on the merger agreement at Greater Atlantic's special meeting. This written demand for appraisal must be in addition to and separate from any proxy or vote against the merger agreement. Merely voting against, abstaining from voting or failing to vote in favor of adoption of the merger agreement will not constitute a demand for appraisal within the meaning of Section 262. See "Requirements for Written Demand for Appraisal" below for more details on making a demand for appraisal.
- You must not vote in favor of approval and adoption of the merger agreement. A failure to vote will satisfy this requirement, but a vote in favor of the merger agreement will constitute a waiver of your right of appraisal. Accordingly, if you want to maintain your appraisal rights you must either check the "Against" box or the "Abstain" box on the proxy card or refrain from executing and returning the enclosed proxy card.
- You must continuously hold your shares of Greater Atlantic stock from the date you make the demand for appraisal through the effective date of the merger.

### Requirements for Written Demand for Appraisal

A written demand for appraisal of Greater Atlantic stock is only effective if it is signed by, or for, the stockholder of record who owns the shares at the time the demand is made. The demand must be signed as the stockholder's name appears on its Greater Atlantic stock certificate(s). If you are a beneficial owner of Greater Atlantic stock but not a stockholder of record, you must have the stockholder of record for your shares sign a demand for appraisal on your behalf.

If you own Greater Atlantic stock in a fiduciary capacity, such as a trustee, guardian or custodian, you must disclose the fact that you are signing the demand for appraisal in that capacity.

If you own Greater Atlantic stock with one or more other persons, such as in a joint tenancy or tenancy in common, all of the owners must sign, or have signed for them, the demand for appraisal. An authorized agent, which could include one or more of the owners, may sign the demand for appraisal for a stockholder of record; however, the agent must expressly disclose who the stockholder of record is and that he or she is signing the demand as that stockholder's agent.

If you are a record owner, such as a broker, who holds Greater Atlantic stock as a nominee for others, you may exercise a right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising that right for other beneficial owners. In such a case, you should specify in the written demand the number of shares as to which you wish to demand appraisal. If you do not specify the number of shares, it will be assumed that your written demand covers all the shares of Greater Atlantic stock that are in your name.



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Greater Atlantic stockholders who wish to exercise their appraisal rights should address written demands to:

Greater Atlantic Financial Corp.  
10700 Parkridge Boulevard  
Suite P50  
Reston, Virginia 20191  
Attention: Corporate Secretary

Greater Atlantic must receive all written demands for appraisal before the vote concerning the merger agreement is taken. As explained above, this written demand should be signed by, or on behalf of, the stockholder of record. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares of stock owned, and that the stockholder is thereby demanding appraisal of such stockholder's shares.

Written Notice

Within 10 days after the effective date of the merger, Summit, as the surviving corporation in the merger, must give written notice that the merger has become effective to each Greater Atlantic stockholder who has properly sent a written demand for appraisal and who did not vote in favor of the merger. Except as required by law, Summit will not notify stockholders of any dates by which appraisal rights must be exercised.

Petition With Chancery Court

Within 120 days after the effective date of the merger, either Summit or any stockholder who has complied with the requirements of Section 262(a) and (d) may file a petition in the Delaware Court of Chancery demanding a determination of the value of the shares of all stockholders entitled to appraisal. Summit does not presently intend to file a petition, and if you seek to exercise appraisal rights you should not assume that Summit will file a petition or that Summit will initiate any negotiations with respect to the fair value of your shares. If you are a Greater Atlantic stockholder and want to have your Greater Atlantic shares appraised you should be prepared to initiate any petitions necessary for the perfection of your appraisal rights within the time period and in the manner prescribed in Section 262. Since Summit has no obligation to file a petition, your failure to file a petition within the period specified could result in the loss of your appraisal rights.

Withdrawal of Demand

If you change your mind and decide you no longer want an appraisal, you may withdraw your demand for appraisal at any time within 60 days after the effective date of the merger. If you withdraw your demand for appraisal, your appraisal rights will be terminated and you will receive the merger consideration provided in the merger agreement.

Request for Appraisal Rights Statement

If you have complied with the conditions of Section 262, you are entitled, upon written request, to receive from Summit a statement setting forth the aggregate number of shares for which appraisal rights have been properly exercised and the aggregate number of holders of such shares. Summit must mail this statement to you within 10 days after receiving your written request. In order to receive this statement, you must send your request within 120 days after the effective date of the merger to Summit at the following address:





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Summit Financial Group, Inc.  
300 North Main Street  
Moorefield, West Virginia 26836  
Attention: H. Charles Maddy, III

### Chancery Court Procedures

If you properly file a petition for appraisal in the Court and deliver a copy of such petition to Summit, Summit will then have 20 days to provide the Court with a list of the names and addresses of all the stockholders who have demanded payment for their shares and have not reached an agreement with Summit as to the value of their shares. If the Court decides it is appropriate, it has the power to conduct a hearing to determine which stockholders have complied with Section 262 and have become entitled to appraisal. The Register in Chancery, if ordered to do so by the Court, will then send notice of the time and place of the hearing on the petition to all the stockholders who have demanded appraisal. The Court may also require you to submit your stock certificates to the Register in Chancery so that it can note on the certificates that an appraisal proceeding is pending. If you do not follow the Court's directions, you may be dismissed from the proceeding.

### Chancery Court Appraisal of Greater Atlantic Shares

After the Court determines which stockholders are entitled to an appraisal, the Court will appraise the shares, determining their fair value by considering all relevant factors except for any appreciation or depreciation resulting from the accomplishment or expectation of the merger, together with a fair rate of interest, if the payment of interest is deemed appropriate by the Court. After the Court determines the fair value of the shares, it will direct Summit to pay that value to the stockholders who are entitled to such payment. In order to receive the fair value for your shares, you must surrender your stock certificates.

The Court could determine that the fair value of shares of Greater Atlantic stock is more than, the same as, or less than the merger consideration. In other words, if you demand appraisal rights, you could receive less consideration than you would under the merger agreement.

### Costs and Expenses of Appraisal Proceeding

The costs of the appraisal proceeding may be determined by the Court and assessed against the parties as the Court deems equitable under the circumstances. Upon application of a stockholder, the Court may also order that all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all the shares entitled to an appraisal.

### Loss of Stockholders' Rights

If you demand appraisal, after the effective date of the merger you will not be entitled to:

- vote your shares of stock, for any purpose, for which you have demanded appraisal;
- receive payment of dividends or other distributions with respect to your shares, except for dividends or distributions, if any, that are payable to the holders of record as of a record date before the effective date of the merger; or
- receive the payment of the consideration provided for in the merger agreement.

However, you can regain these rights if no petition for an appraisal is filed within 120 days after the effective date of the merger, or if you deliver to Summit a written withdrawal of your demand for an appraisal and your acceptance of the merger, either within 60 days after the effective date of the merger or

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with the written consent of Summit. As explained above, these actions will also terminate your appraisal rights. However, an appraisal proceeding in the Court cannot be dismissed without the Court's approval. The Court may condition its approval upon any terms that it deems just.

If you fail to comply strictly with these procedures you will lose your appraisal rights. Consequently, if you wish to exercise your appraisal rights, you are strongly urged to consult a legal advisor before attempting to exercise your appraisal rights.

### Background of the Merger; Board Recommendations and Reasons for the Merger

Periodically, the management of Greater Atlantic has evaluated Greater Atlantic's strategic options, including continuing to operate as an independent entity. At the time of the most recent strategic evaluation in early 2006, Greater Atlantic had not achieved consistent profitable earnings, sustaining losses in fiscal years 2002, 2004 and 2005, and had continued to suffer losses in the first quarter of fiscal year 2006. This inability to achieve consistent profitability and its potential implications for Greater Atlantic's financial condition has been and continues to be an item of supervisory note by the Office of Thrift Supervision, Greater Atlantic's primary regulator.

At a meeting of the Board of Directors on September 28, 2005, the Board of Directors authorized Charles W. Calomiris, Greater Atlantic's Chairman of the Board, to select and engage a qualified financial advisory firm to assist the Board of Directors in its strategic planning process. Subsequently, the Chairman of the Board, together with Carroll E. Amos, Greater Atlantic's President and Chief Executive Officer, met with representatives of financial advisory firms, including with representatives of Sandler O'Neill & Partners, L.P. ("Sandler O'Neill"). On January 30, 2006, Greater Atlantic engaged Sandler O'Neill to serve as independent financial advisor to the Board of Directors in connection with Greater Atlantic's review of its strategic options and to provide merger and acquisition analyses in connection with a potential business combination transaction.

At a meeting on March 8, 2006, the Board of Directors met with representatives of Sandler O'Neill who made a presentation to the Board of Directors regarding strategic options available to Greater Atlantic. The discussion focused on the merits of engaging in a potential business combination transaction (either a whole-bank merger or acquisition or sale of one or more branch offices) versus remaining independent. In discussing those options, the Board of Directors noted and assessed the various perceived risks, including the perceived supervisory risk associated with remaining independent given Greater Atlantic's recent operating history. Sandler O'Neill's presentation also included an overview of the current merger and acquisitions environment. The representatives of Sandler O'Neill presented a listing of recent thrift merger and acquisition transactions with characteristics that would be comparable to a potential transaction involving Greater Atlantic, branch sales in the immediate and adjoining markets, a list of potential acquirers, an overview of the equity market for bank and thrift stocks and comparable group analyses on both nationwide and regional bases. At the conclusion of the discussion, the Board of Directors directed the Executive Committee of the Board of Directors, in consultation with Greater Atlantic Financial Corp.'s financial and legal advisors, to take all necessary and appropriate action to conduct a process to determine what, if any, level of interest other parties might have in engaging in a potential business combination transaction with Greater Atlantic.

On March 29, 2006, Sandler O'Neill identified for Greater Atlantic 69 parties Sandler O'Neill believed might have an interest in exploring a potential business combination with Greater Atlantic. Over approximately the next month, Sandler O'Neill, in consultation with Greater Atlantic's senior management and legal counsel, prepared a Confidential Information Memorandum containing financial and other information regarding Greater Atlantic for distribution to interested parties following their execution of confidentiality agreements. The Confidential Offering Memorandum provided instructions for interested parties to submit, by June 9, 2006, written indications of interest for a whole-bank transaction, a branch purchase transaction or an equity investment.



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During April and May 2006, 16 interested parties executed confidentiality agreements and thereafter received a Confidential Offering Memorandum, including Summit which executed a confidentiality agreement dated April 25, 2006.

On June 22, 2006, the Board of Directors met, together with representatives of Sandler O'Neill and with representatives of legal counsel, to consider the 16 indications of interest that had been received: three for a whole-bank transaction, 12 for a branch acquisition and one for an equity investment. The representatives of Sandler O'Neill reviewed and discussed the financial terms of each indication of interest with the Board of Directors.

The whole-bank indications of interest varied with Party "A" indicating a proposed transaction value of approximately \$12.2 million, and Party "B" and Summit each indicating a proposed transaction value of approximately \$18.2 million, or \$6.00 per share. Parties "A" and "B" proposed all-cash transactions, and Summit proposed a stock/cash transaction. Summit's indication of interest, however, was conditioned on Greater Atlantic Bank selling its branch office in Pasadena, Maryland, before the closing of the proposed transaction. Summit's indication of interest, coupled with the sale of the Pasadena branch office to Bay-Vanguard Federal Savings Bank, which indicated the highest deposit premium for that branch (9.5%), would result in an aggregate indicated value of approximately \$23.2 million, or \$7.67 per share, compared to approximately \$18.2 million, or \$6.00 per share, indicated by Party "B" and approximately \$12.2 million, or \$4.03 per share, indicated by Party "A". During its discussion, the Board of Directors noted that engaging in a proposed transaction with Summit would require separate applications for regulatory approval and incur additional cost and possibly a longer approval process because it would entail the separate sale of the Pasadena branch office. The representatives of Sandler O'Neill then presented the Board with financial profiles, comparable peer analyses and background on the three interested parties.

Following the review of the whole-bank indications of interest, the Board reviewed and discussed the indications of interest for the separate branch sales, noting that Greater Atlantic had received indications of interest providing for deposit premiums ranging from 5.0% to 9.5%, with both the high and the low being for the Pasadena branch office. The representatives of Sandler O'Neill noted that the median deposit premium for recently announced branch sales ranged from 4.5% to 8.1%. The highest indication of interest for the Pasadena branch office, at a 9.5% deposit premium, was submitted by Bay-Vanguard Federal Savings Bank.

The Board of Directors then turned to the indication of interest submitted by the private equity investor. The Board of Directors noted that while five private equity investors had expressed interest when initially contacted by Sandler O'Neill, and four had executed confidentiality agreements and received a Confidential Offering Memorandum, only one of the private equity investors submitted a written indication of interest. The indication of interest received from the private equity investor proposed the sale of two branch offices of Greater Atlantic Bank, a substantial loan sale, a capital investment of approximately \$7.5 million and a consulting contract for the private equity group. In addition, the indication of interest provided that Greater Atlantic negotiate exclusively with the private equity investor for four weeks toward a definitive agreement. Given the whole-bank indications of interest that had been received, the Board of Directors determined not to give exclusivity to any interested party at this time.

Following further discussion, the Board of Directors authorized Sandler O'Neill to contact each of the parties that had submitted a whole-bank indication of interest and communicate to them Greater Atlantic's interest in pursuing a proposed transaction and to contact both Summit and Bay-Vanguard Federal Savings Bank to invite them to commence their respective due diligence reviews. The Board of Directors also authorized Sandler O'Neill to contact Party "B" and invite it to commence its due diligence review as soon as Summit and Bay-Vanguard Federal Savings Bank had completed their reviews.



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On June 22, 2006, Mr. Amos, Edward C. Allen, Chief Operating Officer of Greater Atlantic Bank, and David E. Ritter, Greater Atlantic's Senior Vice President and Chief Financial Officer, met with H. Charles Maddy, III, Summit's President and Chief Executive Officer, and Robert S. Tissue, Summit's Senior Vice President and Chief Financial Officer, to discuss Summit's indication of interest.

On June 26, 2006, Summit began its due diligence review of Greater Atlantic at the main offices of Greater Atlantic.

On June 30, 2006, Bay-Vanguard Federal Savings Bank began its due diligence review of the Pasadena branch office. Also, on that date, Summit advised Sandler O'Neill that its Board of Directors had authorized management to proceed with negotiations toward a definitive agreement with Greater Atlantic, subject to completion of its due diligence review.

On August 10, 2006, Greater Atlantic announced publicly that it was investigating an unreconciled inter-company account between Greater Atlantic Bank and Greater Atlantic Mortgage Corporation, Greater Atlantic Bank's wholly-owned mortgage banking subsidiary that had terminated operations earlier in the year.

On September 8, 2006, Greater Atlantic announced publicly that the former management company of Greater Atlantic Mortgage Corporation and its principal had initiated arbitration proceedings against Greater Atlantic, Greater Atlantic Bank and Mr. Amos.

On September 26, 2006, Greater Atlantic received from Party "C" an unsolicited indication of interest to purchase the Rockville, Maryland, and South Riding, Virginia, branch offices of Greater Atlantic Bank for a 4% deposit premium.

Following the public announcements of the internal accounting issue and the commencement of the arbitration proceeding, various interested parties, including Summit, informed Greater Atlantic that these outstanding issues would have to be resolved before they could complete their due diligence review of Greater Atlantic and confirm their continued interest in pursuing a proposed transaction. In an effort to continue the process, on October 4, 2006, Greater Atlantic authorized Sandler O'Neill to contact Summit and the other parties that expressed interest in pursuing a whole-bank transaction to determine whether they would be interested in pursuing a purchase and assumption transaction, which would permit them to acquire all of Greater Atlantic's assets and liabilities other than the liabilities associated with the internal accounting issue and the arbitration proceeding.

On December 7, 2006, Greater Atlantic Financial Corp. was advised of the interest of Party "D" in acquiring Greater Atlantic Financial Corp. Party "D" provided a confidentiality agreement and information concerning itself on December 7, 2006. Subsequently, on February 8, 2007, Party "D" submitted an indication of interest providing for an all-cash transaction ranging from \$15 million to \$20 million, or an indicated range of \$5.00 to \$6.67 per share, subject to, among other things, settlement of the outstanding arbitration and due diligence.

On January 11, 2007, Greater Atlantic received an indication of interest letter from Summit proposing a purchase and assumption transaction.

On January 16, 2007, the Board of Directors held a special meeting. A representative of Sandler O'Neill analyzed the financial terms of Summit's purchase and assumption proposal as compared to the branch purchase indications of interest with the highest deposit premiums. The Board of Directors noted that Greater Atlantic would lose the tax benefit of its net operating loss carryforwards in a purchase and assumption transaction but would preserve it in a whole-bank merger or acquisition transaction. Valuing the deferred tax asset at approximately \$1.98 million for purposes of evaluating a proposed purchase and assumption transaction, the Board of Directors noted that Summit's purchase and assumption proposal





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indicated a net transaction value of approximately \$13.48 million, or \$4.46 per share. Following a review of the indications of interest received for branch office transactions, the Board of Directors noted that the aggregate transaction value for those transactions would amount to approximately \$14.99 million, or \$4.92 per share. During its discussion, the Board of Directors also noted the execution risk that would be involved in dealing with multiple acquirors, as well as the regulatory risk that would be involved given that the Office of Thrift Supervision may raise issue with a series of proposed purchase and assumption transactions that would leave Greater Atlantic Bank a smaller institution with substantial liabilities, including the potential liability associated with the pending arbitration proceeding.

Following further discussion, the Board of Directors instructed the representative of Sandler O'Neill to advise Summit that Greater Atlantic has continued interest in pursuing a whole-bank transaction with Summit and that Summit was authorized to continue its due diligence review of Greater Atlantic.

On January 18, 2007, the representative of Sandler O'Neill advised Greater Atlantic that Summit remained interested in proceeding with its due diligence review in an effort to negotiate and execute a definitive merger agreement.

On January 24, 2007, Party "E" executed a confidentiality agreement, and on January 25, 2007, Party "E" submitted an indication of interest.

On January 25, 2007, the Board of Directors met to discuss the indication of interest submitted by Party "E". Party "E" proposed an all-cash transaction valuing Greater Atlantic at \$4.634 per share, subject to an exclusivity period and other conditions.

On January 25, 2007, Party "F" executed a confidentiality agreement.

On January 29, 2007, Summit resumed its due diligence review of Greater Atlantic.

On February 7, 2007, Party "F" submitted an indication of interest for an all-cash transaction that indicated a range of value from approximately \$14.5 million to \$16.0 million, or a range of \$4.79 to \$5.30 per share, subject to due diligence and other conditions.

On February 8, 2007, an indication of interest for an all-cash, whole-bank transaction was received from Party "D" indicating a transaction value ranging from \$15 million to \$20 million, or \$5.00 to \$6.67, per share, subject to due diligence and other conditions.

On February 9, 2007, Summit submitted a revised indication of interest for a whole-bank transaction, but with the exclusion of the Pasadena branch office and with an indicated value of \$4.60 per share.

On February 9, 2007, Greater Atlantic announced publicly the resolution of the arbitration proceeding.

On February 13, 2007, Messrs. Calomiris and Amos, Sidney M. Bresler, a director of Greater Atlantic, and Paul J. Cinquegrana, a director of Greater Atlantic now deceased, met with Messrs. Maddy, III and Tissue. Messrs. Maddy, III and Tissue provided background information about Summit and expressed Summit's interest in a transaction with Greater Atlantic.

On February 14, 2007, the Board of Directors of Greater Atlantic met. A representative of Sandler O'Neill and representatives of Greater Atlantic's legal counsel were also present. The representative of Sandler O'Neill reviewed the terms of the various indications of interest that had been received to date. The Board of Directors considered and discussed in detail Greater Atlantic's prospects as an independent entity and came to the consensus that it would be in

the best interests of Greater Atlantic and its stockholders to pursue a merger transaction with Summit, as well as the sale of the

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Pasadena branch office to Bay-Vanguard Federal Savings Bank. Following all discussion, the Board of Directors determined to pursue the proposals by Summit and Bay-Vanguard Federal Savings Bank and instructed senior management, in consultation with Greater Atlantic's legal and financial advisors, to proceed to negotiate the terms of a definitive merger agreement with Summit and the terms of a definitive purchase and assumption agreement with Bay-Vanguard Federal Savings Bank, consistent with their respective indications of interest, for presentation to and consideration by the Board of Directors at the earliest practicable time.

On February 20, 2007, representatives of Bay-Vanguard Federal Savings Bank conducted a due diligence review of the Pasadena branch office.

On March 1 and 2, 2007, representatives of Greater Atlantic conducted a due diligence review of Summit at its offices in Moorefield, West Virginia.

On March 21, 2007, Bay-Vanguard Federal Savings Bank informed Greater Atlantic, through a representative of Sandler O'Neill, that its had revised its indication of interest to reduce the deposit premium for the Pasadena branch office to 8.5%.

On March 28, 2007, the Board of Directors of Greater Atlantic met. Senior management of Greater Atlantic advised the Board of Directors that representatives of the Office of Thrift Supervision had inquired recently about the status of the ongoing merger and acquisition discussions and the prospects of negotiating and entering into a definitive agreement in the near term. The Board of Directors then discussed the Bay-Vanguard Federal Savings Bank's revised indication of interest for the purchase of the Pasadena branch office at a deposit premium of 8.5%. The representative of Sandler O'Neill noted that the new proposed deposit premium, although reduced from the 9.5% proposed initially, remained the highest proposal obtained. Following discussion, the Board of Directors authorized management, with the assistance of Greater Atlantic's legal and financial advisors, to negotiate a definitive purchase and assumption agreement for the sale of the Pasadena branch office consistent with the terms of the revised indication of interest of Bay-Vanguard Federal Savings Bank.

During the balance of March and early April 2007, representatives of Greater Atlantic and of Summit negotiated the terms of the definitive merger agreement and senior management representatives of Greater Atlantic and of Summit were in periodic contact to discuss transaction integration issues. During the same period, representatives of Greater Atlantic Bank and of Bay-Vanguard Federal Savings Bank negotiated the terms of the definitive purchase and assumption agreement for the purchase of the Pasadena branch office.

On the morning of April 12, 2007, a joint meeting of the Boards of Directors of Greater Atlantic and Greater Atlantic Bank was held to consider and discuss the terms of the definitive merger agreement as negotiated by Greater Atlantic and Summit and the terms of the definitive purchase and assumption agreement as negotiated by Greater Atlantic Bank and Bay-Vanguard Federal Savings Bank for the purchase the Pasadena branch office. A representative of Sandler O'Neill and representatives of Greater Atlantic's legal counsel were present at the meeting. Copies of the merger agreement and ancillary documents and of the purchase and assumption agreement were sent to each director before the meeting. The representative of Sandler O'Neill made a presentation regarding the fairness of the proposed merger consideration to the holders of Greater Atlantic's common stock from a financial point of view and delivered the opinion of Sandler O'Neill that, as of April 12, 2007, and subject to the limitations and qualifications set forth in the opinion, the proposed merger consideration was fair from a financial point of view to the holders of Greater Atlantic common stock. The Board of Directors considered carefully the opinion of Sandler O'Neill as well as Sandler O'Neill's experience, qualifications and interest in the proposed transactions. Representatives of Greater Atlantic's legal counsel reviewed in detail the terms of the merger agreement and the ancillary documents and the terms of the purchase and assumption agreement with the Board of Directors and reviewed with the Board of Directors its fiduciary duties in the



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context of the proposed transactions. In addition, senior management of Greater Atlantic, along with representatives of Sandler O'Neill and of legal counsel, presented the findings of Greater Atlantic's due diligence review of Summit. In addition, the Board discussed the expected transaction costs including the value of severance obligations under existing employment and change in control agreements with members of management and other benefit arrangements. Following those presentations, and discussion regarding the transactions, all of the directors present determined that the merger agreement and the ancillary transactions and the purchase and assumption agreement were advisable and in the best interests of Greater Atlantic and its stockholders and authorized Mr. Amos to execute and deliver the merger agreement and related documents and the purchase and assumption agreement on behalf of Greater Atlantic and Greater Atlantic Bank and to take all actions appropriate to effect the transactions contemplated by those agreements. Jeffrey M. Gitelman, D.D.S was the only director of Greater Atlantic and Greater Atlantic Bank absent from the meeting. Dr. Gitelman's absence was unavoidable but he advised the Board of Directors before the meeting by e-mail that he was in favor of both transactions. Later in the day, Greater Atlantic issued a press release announcing the execution of the merger agreement with Summit and the execution by Greater Atlantic Bank of the purchase and assumption agreement with Bay-Vanguard Federal Savings Bank.

Greater Atlantic's Reasons for the Merger

At the meeting at which the merger agreement was presented for consideration, Greater Atlantic's Board of Directors, by a unanimous vote of the directors present at the meeting, approved the merger agreement and recommended that Greater Atlantic's stockholders vote "FOR" approval of the merger agreement.

Greater Atlantic's Board of Directors has determined that the merger is advisable and in the best interests of Greater Atlantic and its stockholders. In approving the merger agreement, the Board of Directors consulted with Sandler O'Neill regarding the fairness of the transaction to Greater Atlantic's stockholders from a financial point of view and with Greater Atlantic's legal counsel regarding its legal duties and the terms of the merger agreement and ancillary documents. In determining to approve the merger agreement and recommend that stockholders approve the merger, the Board of Directors, in consultation with Greater Atlantic's senior management and financial and legal advisors, considered a number of factors, including the following material factors:

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



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- 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 timely receiving 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.

The foregoing information and factors considered by Greater Atlantic's Board of Directors is not exhaustive, but includes all material factors that the Board of Directors considered and discussed in approving the merger agreement and recommending that Greater Atlantic's stockholders vote to approve the merger. In view of the wide variety of factors considered and discussed by the Board of Directors in connection with its evaluation of the merger and the complexity of these factors, the Board of Directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign any specific or relative weights to the specific factors that it considered in reaching its decision; rather it considered all of the factors as a whole. The Board of Directors discussed and considered the foregoing factors and reached general consensus that the merger was in the best interests of Greater Atlantic and its stockholders. In considering the foregoing factors, individual directors of Greater Atlantic may have assigned different weights to different factors. The Board of Directors relied on the experience and expertise of Sandler O'Neill for quantitative analysis of the financial terms of the merger agreement. See "The Merger Opinion of Greater Atlantic's Financial Advisor" attached to this proxy statement/prospectus as Annex C. It should be noted that this explanation of the reasoning of Greater Atlantic's Board of Directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under "Warning About Forward-Looking Statements" on page 17 .

Summit's Reasons for the Merger

The merger is consistent with Summit's plan to have operations, offices and distinct capabilities in every market of its choice within its region. The merger will afford Summit the opportunity to further expand market share in the Northern Virginia market. Summit believes that, in addition to expanding Summit's presence in very attractive markets, the merger provides an opportunity to enhance Summit's stockholder value with the prospects of positive long-term performance of Summit's common stock. Summit believes that the merger is a strategic fit between Summit and Greater Atlantic given the compatibility of the management and business philosophy of each company. Enhanced opportunities should result from the merger by eliminating redundant or unnecessary costs and enhancing revenue growth prospects.





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Opinion of Greater Atlantic's Financial Advisor

By letter agreement dated January 30, 2006, Greater Atlantic retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Greater Atlantic in connection with the proposed merger with Summit and participated in certain of the negotiations leading to the merger agreement. At the April 12, 2007 meeting at which Greater Atlantic's Board considered and approved the merger agreement, Sandler O'Neill delivered to the Board its oral opinion, subsequently confirmed in writing that, as of such date, the merger consideration was fair to Greater Atlantic's stockholders from a financial point of view. Sandler O'Neill has updated its fairness opinion as of the date of this proxy statement. The full text of Sandler O'Neill's updated opinion is attached as Annex C to this document. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Greater Atlantic stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler O'Neill's opinion speaks only as of the date of the opinion and was necessarily based upon financial, economic, market and other conditions as they existed, and could be evaluated, on that date. The opinion is directed to the Greater Atlantic Board and speaks only to the fairness of the merger consideration to Greater Atlantic stockholders from a financial point of view. It does not address the underlying business decision of Greater Atlantic to engage in the merger or any other aspect of the merger and is not a recommendation to any Greater Atlantic stockholder as to how such stockholder should vote at the special meeting with respect to the merger, the form of consideration such stockholder should elect, or any other matter.

In connection with rendering its April 12, 2007 opinion and its opinion dated \_\_\_\_\_, 2008, Sandler O'Neill reviewed and considered, among other things:

- (1) the merger agreement;
- (2) certain publicly available financial statements and other historical financial information of Greater Atlantic that Sandler O'Neill deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of Summit that Sandler O'Neill deemed relevant;
- (4) internal financial projections for Greater Atlantic for the year ending December 31, 2007, prepared by and reviewed with senior management of Greater Atlantic and growth and performance projections for the years ending December 31, 2008, 2009 and 2010, as provided by and reviewed with senior management of Greater Atlantic;
- (5) internal financial projections for Summit for the years ending December 31, 2007 and 2008 prepared by and reviewed with management of Summit and growth and performance projections for the year ending December 31, 2009 and 2010, as provided by and reviewed with management of Summit;



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- (6) the pro forma financial impact of the merger on Summit based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior managements of Greater Atlantic and Summit;
- (7) the pro forma financial impact on Greater Atlantic of the sale of Greater Atlantic Bank's Pasadena branch office;
- (8) the publicly reported historical price and trading activity for Greater Atlantic's and Summit's respective common stock, including a comparison of certain financial and stock market information for Greater Atlantic and Summit with similar publicly available information for certain other companies the securities of which are publicly traded;
- (9) the financial terms of certain recent business combinations in the commercial banking and thrift industries, to the extent publicly available;
- (10) the current market environment generally and the banking environment in particular; and
- (11) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of Greater Atlantic's senior management the business, financial condition, results of operations and prospects of Greater Atlantic and held similar discussions with certain members of senior management of Summit regarding the business, financial condition, results of operations and prospects of Summit.

In performing its reviews and analyses, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to it from public sources, that was provided by Greater Atlantic and Summit or their respective representatives or that was otherwise available to Sandler O'Neill and assumed such accuracy and completeness for purposes of rendering its opinions. Sandler O'Neill further relied on the assurances of senior management of Greater Atlantic and Summit that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill was not asked to, and did not, undertake an independent verification of any of such information and Sandler O'Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Greater Atlantic or Summit or any of their subsidiaries, or the collectibility of any such assets, nor was Sandler O'Neill furnished with any such evaluations or appraisals. Sandler O'Neill is not an expert in the evaluation of allowances for loan losses and it did not make an independent evaluation of the adequacy of the allowance for loan losses of Greater Atlantic or Summit, nor did Sandler O'Neill review any individual credit files relating to Greater Atlantic or Summit. Sandler O'Neill assumed, with Greater Atlantic's consent, that the respective allowances for loan losses for both Greater Atlantic and Summit were adequate to cover such losses and together will be adequate for the combined company.

With respect to the internal financial projections for Greater Atlantic and Summit and the projections of transaction costs, purchase accounting adjustments and expected cost savings prepared by and/or reviewed with the senior managements of Greater Atlantic and Summit used by Sandler O'Neill in its analyses, senior management of Greater Atlantic and Summit confirmed that those projections and the assumptions related thereto reflected the best currently available estimates and judgments of the future financial performance of Greater Atlantic and Summit. Sandler O'Neill assumed that the financial performances reflected in all projections and estimates used by them in their analyses would be achieved and expressed no opinion as to such projections or estimates or the assumptions on which they were based. Those estimates and projections, as well as the other estimates used by Sandler O'Neill in its



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analysis, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

Sandler O'Neill also assumed that there had been no material change in Greater Atlantic's and Summit's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Greater Atlantic and Summit would remain as going concerns for all periods relevant to its analyses, that all of the representations and warranties contained in the merger agreement were true and correct as set forth in the merger agreement, that each party to the merger agreement would perform all of the covenants required to be performed by such party under that agreement, that the conditions precedent in the merger agreement will not be waived and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Sandler O'Neill, with Greater Atlantic's consent, relied on the advice Greater Atlantic received from its legal, accounting, and tax advisors as to all legal, accounting, and tax matters relating to the merger agreement and the merger.

In rendering its April 12, 2007 opinion and its updated opinion, Sandler O'Neill performed a variety of financial analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinions and provided such analyses to the Greater Atlantic Board of Directors. The summary below is not a complete description of the analyses underlying Sandler O'Neill's opinions or the presentation made by Sandler O'Neill to Greater Atlantic's Board, but is instead a summary of the material analyses performed and presented in connection with its opinions. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Greater Atlantic or Summit and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect their public trading values or merger transaction values. The process, therefore, is not necessarily susceptible to a partial analysis or summary description.

In arriving at its opinions, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made its own qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinions; rather Sandler O'Neill made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all the analyses taken as a whole. Accordingly, Sandler O'Neill believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analysis and opinions. The tables alone do not constitute complete descriptions of the financial analyses presented in such tables.

In performing its analysis, Sandler also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Greater Atlantic, Summit and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analysis. Estimates on the values of companies did not purport to be appraisals or necessarily reflect the prices at which companies or their securities might actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analysis does not necessarily reflect the value of Greater Atlantic's common stock or Summit's common stock or the prices at which Greater Atlantic's or Summit's common stock may be sold at any time. The analysis of Sandler and its opinions



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were among a number of factors taken into consideration by Greater Atlantic's Board in making its determination to adopt the merger agreement and the analysis described below should not be viewed as determinative of the decision of Greater Atlantic's Board with respect to the fairness of the merger.

Summary of Proposal. Sandler O'Neill reviewed the financial terms of the proposed transaction. Pursuant to the merger agreement, each share of Greater Atlantic common stock issued and outstanding immediately prior to the merger will be converted into the right to receive (a) cash in an amount equal to \$1.80 per share and (b) that number of shares of Summit common stock, \$2.50 par value per share, (the "Summit Common Stock") equal to \$4.20 divided by the average closing price of Summit Common Stock reported on the NASDAQ Capital Market for the twenty (20) trading days prior to the closing of the Merger; provided, however, if the Average Closing Price is less than \$17.82, the Exchange Ratio will be seventy percent of the Merger Consideration divided by \$17.82. If the Average Closing Price is greater than \$24.10, then the Exchange Ratio will be seventy percent of the Merger Consideration divided by \$24.10. Sandler O'Neill calculated the aggregate transaction value to be \$18.2 million. Based upon financial information for Greater Atlantic for the twelve months ended June 30, 2006, Sandler O'Neill calculated the following ratios:

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**Transaction Ratios**


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Transaction price / Last twelve months' earnings per share  
NM

Transaction price / Book value per share (1)  
167%

Transaction price / Tangible book value per share (1)  
183%

Tangible book premium / Core Deposits (1), (2)  
4.1%

2 Day market premium as of September 27, 2007  
17.2%

2 Day market premium as of April 10, 2007  
140.0%

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(1) Book value has been adjusted for the branch sale proceeds of \$4.2 million, resulting in an addition of \$1.40 per share.

(2) Core deposits exclude time deposits with account balances greater than \$100,000.

Stock Trading History. Sandler O'Neill also reviewed the history of the publicly reported trading prices of Greater Atlantic's common stock for the three-year period ended April 5, 2007. Sandler O'Neill also reviewed the history of the reported trading prices and volume of Summit's common stock for the one year and the three year periods ended April 5, 2007. Sandler O'Neill then compared the relationship between the movements in the price of Greater Atlantic's common stock against the movements in the prices of the Standard & Poor's 500 Index, the NASDAQ Bank

Index, the Standard & Poor's Bank Index and the performance of a composite peer group - a weighted average (by market capitalization) composite of publicly traded comparable depository institutions selected by Sandler O'Neill. Sandler O'Neill also compared the relationship between the movements in the prices of Summit's common stock to movements in the prices of the Nasdaq Bank Index, S&P Bank Index, and S&P 500 Index and the performance of a composite peer group - a weighted average (by market capitalization) composite of publicly traded comparable depository institutions selected by Sandler O'Neill. The composition of the peer group for Greater Atlantic is discussed under the relevant section under "Comparable Company Analysis" below. The composition of the peer group for Summit is discussed under the relevant section under "Comparable Company Analysis" below.

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The relative performances were as follows:

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**Greater Atlantic's Stock Performance**


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Beginning Index Value April 8, 2004	Ending Index Value April 5, 2007	
Greater Atlantic	100.00%	32.2%
S&P 500 Index	100.00	126.8
NASDAQ Bank Index	100.00	109.5
S&P Bank Index	100.00	117.5
Regional Peer Group Index(1)	100.00	96.0

(1) Refers to the peer group outlined in the Comparable Group Analysis section below.

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**Summit's Stock Performance**


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Beginning Index Value April 8, 2004	Ending Index Value April 5, 2007	
Summit	100.00%	121.4%
S&P 500 Index	100.00	126.8
NASDAQ Bank Index	100.00	109.5
S&P Bank Index	100.00	117.5
Regional Peer Group Index(1)	100.00	111.1

(1) Refers to the peer group outlined in the Comparable Group Analysis section below.

Comparable Company Analysis. Sandler O'Neill used publicly available information to compare selected financial and market trading information for Greater Atlantic and Summit to various peer groups selected by Sandler O'Neill. The peer group for Greater Atlantic consisted of the following companies:

American Bank Holdings, Inc.	KS Bancorp, Inc.
Coddle Creek Financial Corp.	SE Financial Corp.
Community Financial	South Street Financial Corp.

Corporation

First Keystone Financial, Inc.

First Star Bancorp, Inc.

Independence Federal Savings  
Bank

Virginia Savings Bank, FSB

Washington Savings Bank, F.S.B.

WVS Financial Corp.

The analysis compared publicly available financial information as of and for the most recently reported twelve-month period and market trading information as of April 10, 2007. The table below compares the data for Greater Atlantic with the median data for the regional peer group.

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## Greater Atlantic Comparable Group Analysis

	Greater Atlantic	Regional Peer Group Median
Market Capitalization (in millions)	\$7	\$34
Total assets (in millions)	\$287	\$325
Tangible equity/Tangible assets	2.49%	7.99%
Last twelve months' return on average assets	(1.36%)	0.67%
Last twelve months' return on average equity	(37.18%)	7.91%
Price/Tangible book value per share	100%	126%
Price/Last twelve months' earnings per share	NM	15.6x

The "Regional Peer Group" for Summit consisted of the following companies:

Burke & Herbert Bank & Trust Co.	Middleburg Financial Corporation
Cardinal Financial Corporation	National Bankshares, Incorporated
Eastern Virginia Bankshares, Inc.	Old Point Financial Corporation
First Mariner Bancorp	Shore Bancshares, Inc.
First United Corporation	Virginia Commerce Bancorp, Inc.
FNB Corporation	Virginia Financial Group, Inc.

The analysis compared publicly available financial information as of and for the most recently reported twelve-month period and market trading information as of April 10, 2007. The table below compares the data for Summit with the median data for the peer group.

## Summit Comparable Group Analysis

	Summit	Regional Peer Group Median
Market Capitalization (in millions)	\$149	\$190
Total assets (in millions)	\$1,235	\$1,306
Tangible equity/Tangible assets	6.23%	8.69%
Last twelve months' return on average assets	0.70 %	1.12%

Last twelve months' return on average equity	10.46%	12.46%
Price/Tangible book value per share	194%	202%
Price/Last twelve months' earnings per share	18.2x	15.7x
Price/Estimated 2007 earnings per share	12.2x	14.9x

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Analysis of Selected Merger Transactions. Sandler O'Neill reviewed 17 merger transactions announced from January 1, 2004 through April 10, 2007 involving acquisitions of banks and thrifts in the United States with announced transaction value less than \$30 million and the selling companies recorded negative earnings for the last twelve month period. Sandler O'Neill reviewed the multiples of transaction price at announcement to stated book value per share, tangible book value per share, as well as tangible book premium to core deposits and current market price premium, and computed high, low, mean and median multiples and premiums for the transactions.

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 Comparable Transactions Analysis
 

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	Selected Merger Median Multiple
Transaction price/ Book value per share	172%
Transaction price / Tangible book value per share	172%
Tangible book premium / Core deposits (1)	13.1%
Premium to current market price	66.8%

(1) Core deposits exclude time deposits with account balances greater than \$100,000.

Discounted Cash Flow Analysis. Sandler O'Neill performed an analysis to estimate the future stream of after-tax cash flows that Summit would provide to equity holders through 2010 on a stand-alone basis, assuming Summit increased their annual dividend by \$0.02 annually and that Summit performed in accordance with the earnings and growth projections reviewed with Summit's senior management. To approximate the terminal value of Summit common stock at December 31, 2010, Sandler O'Neill applied price/earnings multiples ranging from 10x to 20x and multiples of tangible book value ranging from 150% to 275%. The dividend stream and terminal values were then discounted to present values using discount rates ranging from 9% to 15%, which were selected by Sandler O'Neill to reflect different assumptions regarding required rates of return of holders or prospective buyers of Summit's common stock. This analysis resulted in the following reference ranges of indicated per share values for Summit's common stock:

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 Terminal Earnings Multiple
 

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Discount Rate	10x	12x	14x	16x	18x	20x
9.0%	\$17.48	\$20.74	\$24.00	\$27.26	\$30.52	\$33.78
10.0%	\$16.86	\$20.01	\$23.15	\$26.30	\$29.44	\$32.58

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11.0%	\$16.28	\$19.31	\$22.34	\$25.38	\$28.41	\$31.44
12.0%	\$15.72	\$18.65	\$21.57	\$24.50	\$27.42	\$30.35
13.0%	\$15.19	\$18.01	\$20.83	\$23.66	\$26.48	\$29.30
14.0%	\$14.68	\$17.40	\$20.13	\$22.85	\$25.58	\$28.30
15.0%	\$14.19	\$16.82	\$19.45	\$22.08	\$24.71	\$27.34

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Table of ContentsTerminal Tangible Book Multiple

Discount Rate	150%	175%	200%	225%	250%	275%
9.0%	\$19.98	\$23.11	\$26.25	\$29.38	\$32.51	\$35.64
10.0%	\$19.28	\$22.30	\$25.32	\$28.34	\$31.36	\$34.38
11.0%	\$18.61	\$21.52	\$24.44	\$27.35	\$30.26	\$33.17
12.0%	\$17.97	\$20.78	\$23.59	\$26.40	\$29.21	\$32.02
13.0%	\$17.36	\$20.07	\$22.78	\$25.49	\$28.20	\$30.92
14.0%	\$16.77	\$19.39	\$22.01	\$24.62	\$27.24	\$29.86
15.0%	\$16.21	\$18.74	\$21.27	\$23.79	\$26.32	\$28.85

Sandler O'Neill performed a similar analysis assuming Summit's 2010 net income varied from 25% above to 25% below the estimates noted above. This analysis resulted in the following reference ranges of indicated per share values for Summit's common stock, using a discount rate of 12.98%:

Terminal Earnings Multiple

EPS Projection Change from Base Case	10x	12x	14x	16x	18x	20x
(25.0%)	\$11.67	\$13.79	\$15.90	\$18.02	\$20.14	\$22.26
(20.0%)	\$12.37	\$14.63	\$16.89	\$19.15	\$21.41	\$23.67
(15.0%)	\$13.08	\$15.48	\$17.88	\$20.28	\$22.68	\$25.09
(10.0%)	\$13.79	\$16.33	\$18.87	\$21.41	\$23.96	\$26.50
(5.0%)	\$14.49	\$17.18	\$19.86	\$22.54	\$25.23	\$27.91
0.0%	\$15.20	\$18.02	\$20.85	\$23.67	\$26.50	\$29.32
5.0%	\$15.90	\$18.87	\$21.84	\$24.80	\$27.77	\$30.73
10.0%	\$16.61	\$19.72	\$22.83	\$25.93	\$29.04	\$32.15
15.0%	\$17.32	\$20.57	\$23.81	\$27.06	\$30.31	\$33.56
20.0%	\$18.02	\$21.41	\$24.80	\$28.19	\$31.58	\$34.97
25.0%	\$18.73	\$22.26	\$25.79	\$29.32	\$32.85	\$36.38

In its discussions with the Greater Atlantic Board, Sandler O'Neill noted that the discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming (1) a deal price per share of \$6.00; (2) all options to purchase shares of Greater Atlantic common stock with a strike price lower than the current market value of Greater Atlantic common stock outstanding at June 30, 2007 are to be cashed out; (3) each of Greater Atlantic and Summit performs in accordance with the earnings projections and estimates discussed above; (4) the Pasadena, MD branch sale closes during the third quarter of 2007; (5) the Pasadena branch

deposits, overall core deposits, and total equity remain constant; and (6) the merger closes during the fourth quarter of 2007. Sandler O'Neill

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also assumed various purchase accounting adjustments (including amortizable identifiable intangibles created in the merger), charges and transaction costs associated with the merger, and cost savings resulting from the merger (100% of which would be realized in 2008). Based on the assumptions listed above, the analysis indicated that the merger would be 1.3% dilutive to Summit's estimated 2008 earnings per share and approximately 6.5% accretive to 2009 earnings per share, and accretive to Summit's estimated 2008 and 2009 tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler O'Neill's Compensation and Other Relationships with Greater Atlantic and Summit. Greater Atlantic has agreed to pay Sandler O'Neill a monthly retainer of \$10,000 each month ("General Advisory Services Fee") and will continue to do so until the closing of the transaction. Sandler O'Neill will also be paid a transaction fee in connection with the merger of \$150,000, plus an incentive fee of \$61,209, which is equal to 5% of the Aggregate Purchase Price over \$17,000,000. It is agreed that one-half of the General Advisory Services Fee shall be credited against the \$150,000 transaction fee. A fee of \$100,000 has been paid to Sandler O'Neill for rendering its fairness opinions. In connection with the Pasadena, Maryland branch sale, Greater Atlantic has agreed to pay Sandler O'Neill a fee of \$77,281, which is equal to 0.15% of the total deposits in the branch sale transaction. 50% of such branch sale transaction fee was paid upon signing of the definitive agreement and the remaining amount was paid the day of closing of the branch sale transaction. Greater Atlantic has also agreed to reimburse certain of Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents and controlling persons against certain expenses and liabilities, including liabilities under the securities laws.

In the ordinary course of its business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to Greater Atlantic and Summit and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of Greater Atlantic or Summit or their affiliates for its own account or for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

### Interests of Certain Persons in the Merger

Certain members of Greater Atlantic's management have interests in the merger in addition to their interests as shareholders of Greater Atlantic. These interests are described below. In each case, the Greater Atlantic board of directors was aware of these potential interests, and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby.

### Employment and Severance Agreements.

After the effective date of the merger, the employment of certain employees of Greater Atlantic may be terminated in a manner which will entitle them to receive termination benefits provided under existing employment agreements with Greater Atlantic. The terms of such termination benefits for each employee are set forth below.

Amos Employment Agreement. Effective, November 1, 1997, Greater Atlantic Bank entered into an employment agreement with Carroll E. Amos, President and Chief Executive Officer of Greater Atlantic Bank. Under the employment agreement, if, following a change in control (as defined in the employment agreement), Mr. Amos voluntarily resigns or his employment is terminated involuntarily for reasons other than cause, Mr. Amos (or in the event of his death, his beneficiary) would be entitled to a lump sum cash severance payment equal to the greater of: (i) the remaining payments due for the term of the employment agreement, or (ii) two times the average of Mr. Amos' annual compensation for the three years preceding the change in control. For purposes of the employment agreement, the merger with Summit Financial Group constitutes a change in control. In addition to a cash severance payment, the employment agreement provides that Greater Atlantic Bank or its successor will cause to be continued



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Mr. Amos' life, health, dental and disability insurance coverage for thirty-six months following his termination of employment in connection with a change in control. That insurance coverage is required to be provided under terms substantially identical to the coverage maintained by Greater Atlantic Bank prior to Mr. Amos' termination date. In the event Mr. Amos' employment is voluntarily or involuntarily terminated following the merger by and between Summit Financial and Greater Atlantic, Mr. Amos would be entitled to a lump sum cash payment and health and welfare benefits equal to approximately \$394,000 .

Senior Officers' Severance Compensation Plan. Effective on December 1, 1999, Greater Atlantic's subsidiary, Greater Atlantic Bank, implemented an Employee Severance Compensation Plan (the "Officer Plan"), to provide severance benefits to the following senior officers who are terminated, voluntarily or involuntarily from employment with Greater Atlantic Bank within one year of a change in control (as defined in the Officer Plan) of the bank or Greater Atlantic: Edward C. Allen, Justin R. Golden, Gary L. Hobert, Robert W. Neff and David E. Ritter. The severance benefits are paid in a lump sum cash payment within thirty days after termination equal in amount to the compensation paid to such Participant during the twelve months immediately preceding the date of termination. The merger would constitute a change in control under the Officer Plan. Accordingly, if the employment of the Participants is terminated within one year of the merger, then each Participant will receive the following severance benefits: Edward C. Allen - \$121,000, Justin R. Golden - \$101,000, Gary L. Hobert - \$135,000, Robert W. Neff - \$130,000 and David E. Ritter - \$114,000.

Conversion of Stock Options and Warrants. The merger agreement provides that each stock option and warrant granted to officers, employees and directors of Greater Atlantic under Greater Atlantic's stock option plan and outstanding prior to the effective date will vest and holders of such 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 option and warrant granted by Greater Atlantic to purchase shares of Greater Atlantic common stock. The following table sets forth the cash that will be paid to each executive officer of Greater Atlantic upon consummation of the merger in accordance with the terms of the merger agreement and assumes that the value for each share of stock of Greater Atlantic that will be exchanged in the merger is \$6.00.

GREATER ATLANTIC FINANCIAL  
CORP.

Option Payouts at Merger

Employee	# of options	Exercise Price (per share)	Value of Merger Consideration (per share)	Cash Payout
Carroll E. Amos	8,666	4.00	6.00	\$17,332.00
Robert W. Neff	8,000	4.00	6.00	\$16,000.00
David E. Ritter	8,000	4.00	6.00	\$16,000.00
Edward C. Allen	9,000	4.00	6.00	\$18,000.00
Justin R. Golden	8,000	4.00	6.00	\$16,000.00
Gary L. Hobert	10,000	5.31	6.00	\$ 6,900.00

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Employee Benefit Plans. Summit intends to provide the employees of Greater Atlantic with employee benefit plans substantially similar to those provided to the employees of Summit. Employees of Greater Atlantic will receive credit for their service to Greater Atlantic in determining their eligibility and vesting in the benefit plans provided by Summit.

Conditions of the Merger

The respective obligations of Summit and Greater Atlantic to consummate the merger are subject to the satisfaction of certain mutual conditions, including the following:

- The shareholders of Greater Atlantic approve the merger agreement and the transactions contemplated thereby, described in the proxy statement/prospectus at the meeting of shareholders for Greater Atlantic;
- All regulatory approvals required by law to consummate the transactions contemplated by the merger agreement are obtained from the Federal Reserve Board and any other appropriate federal and/or state regulatory agencies without unreasonable conditions, and all waiting periods after such approvals required by law or regulation expire;
- The registration statement (of which this proxy statement/prospectus is a part) registering shares of Summit common stock to be issued in the merger is declared effective and not subject to a stop order or any threatened stop order;
- There shall be no actual or threatened litigation, investigations or proceedings challenging the validity of, or damages in connection with, the merger that would have a material adverse effect with respect to the interests of Summit or Greater Atlantic or impose a term or condition that shall be deemed to materially adversely impact the economic or business benefits of the merger;
- The absence of any statute, rule, regulation, judgment, decree, injunction or other order being enacted, issued, promulgated, enforced or entered by a governmental authority effectively prohibiting consummation of the merger;
- All permits or other authorizations under state securities laws necessary to consummate the merger and to issue the shares of Summit common stock to be issued in the merger being obtained and remaining in full force and effect; and
- Authorization for the listing on the NASDAQ Capital Market of the shares of Summit common stock to be issued in the merger.

In addition to the mutual covenants described above, the obligation of Summit to consummate the merger is subject to the satisfaction, unless waived, of the following other conditions:

- The representations and warranties of Greater Atlantic made in the merger agreement are true and correct as of the date of the merger agreement and as of the effective time of the merger and Summit receives a certificate of the chief executive officer and the chief financial officer of Greater Atlantic to that effect;
- Greater Atlantic performs in all material respects all obligations required to be performed under the merger agreement prior to the effective time of the merger and delivers to Summit a certificate of its chief executive officer and chief financial to that effect; and



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Summit shall have received an opinion of Hunton & Williams, special counsel to Summit, dated as of the effective time of the merger, that the merger constitutes a “reorganization” under Section 368 of the Internal Revenue Code.

In addition to the mutual covenants described above, Greater Atlantic’s obligation to complete the merger is subject to the satisfaction, unless waived, of the following other conditions:

- The representations and warranties of Summit made in the merger agreement are true and correct as of the date of the merger agreement and as of the effective time of the merger and Greater Atlantic receives a certificate of the chief executive officer and chief financial officer of Summit to that effect;
- Summit performs in all material respects all obligations required to be performed under the merger agreement prior to the effective time of the merger and delivers to Greater Atlantic a certificate of its chief executive officer and chief financial officer to that effect; and

Representations and Warranties

The merger agreement contains representations and warranties by Summit and Greater Atlantic. These representations and warranties are qualified by a materiality standard, which means that Summit or Greater Atlantic is not in breach of a representation or warranty unless the existence of any fact, event or circumstance, individually, or taken together with other facts, events or circumstances has had or is reasonably likely to have a material adverse effect on Summit or Greater Atlantic. These include, among other things, representations and warranties by Summit and Greater Atlantic to each other as to:

- organization and good standing of each entity and its subsidiaries;
  - each entity’s capital structure;
- each entity’s authority relative to the execution and delivery of, and performance of its obligations under, the merger agreement;
- absence of material adverse changes since September 30, 2006, or December 31, 2006, for Greater Atlantic and Summit, respectively;
  - consents and approvals required;
    - regulatory matters;
- accuracy of documents, including financial statements and other reports, filed by each company with the SEC;
  - absence of defaults under contracts and agreements;
  - absence of environmental problems;
- absence of conflicts between each entity’s obligations under the merger agreement and its charter documents and contracts to which it is a party or by which it is bound;
  - litigation and related matters;
  - taxes and tax regulatory matters;
  - compliance with the Sarbanes-Oxley Act and accounting controls;
- absence of brokerage commissions, except as disclosed for financial advisors;
  - employee benefit matters;
- books and records fully and accurately maintained and fairly present events and transactions; and
  - insurance matters.

In addition, Greater Atlantic represents and warrants to Summit that, except as disclosed, neither Greater Atlantic nor any of its subsidiaries are parties to any interest rate swaps, caps, floors, option agreements, futures and forward contract and other similar risk management agreements. Summit represents and warrants to Greater Atlantic that Summit has taken all action to exempt the merger



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agreement and the merger from the requirements of takeover laws and has sources of capital to pay the cash consideration and to effect the merger.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the closing in any of the following ways.

The merger agreement may be terminated by mutual written consent of Greater Atlantic and Summit.

The merger agreement may be terminated by either Greater Atlantic or Summit if:

the approval of any governmental entity required for consummation of the merger is denied by a final nonappealable action of such governmental entity;

- the merger has not been completed on or before March 31, 2008;

there has been a breach by the other party of any of its obligations under the merger agreement, which breach cannot be or has not been cured within 30 days following written notice to the breaching party of such breach; or

- the merger agreement is not approved by the shareholders of Greater Atlantic.

The merger agreement may be terminated by Summit if Greater Atlantic's board fails to recommend the merger or withdraws, modifies or changes such recommendation in a manner adverse to Summit.

The merger agreement may be terminated by Greater Atlantic, if the Greater Atlantic board of directors determines that Greater Atlantic has received 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.

Effect of Termination; Termination Fee

The provisions of the merger agreement relating to expenses and termination fees will continue in effect notwithstanding termination of the merger agreement. If the merger agreement is validly terminated, the merger agreement will become void without any liability on the part of any party except termination will not relieve a breaching party from liability for any willful breach of the merger agreement.

Greater Atlantic has agreed to pay a cash termination fee to Summit equal to \$750,000 if:

- the merger agreement is terminated for failure to obtain the approval of Greater Atlantic's shareholders, and before such time a competing acquisition proposal for Greater Atlantic has been made public and not withdrawn; or
- Greater Atlantic terminates the merger agreement to accept a proposal by a third party that it believes is superior to Summit's offer set forth in the merger agreement.





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This termination fee would be payable as follows: (i) \$250,000 no later than two (2) business days after the date of termination, (ii) \$100,000 on the date that is one (1) year after the termination date, (iii) \$100,000 on the date that is two (2) years after the termination date, and (iv) \$300,000 on the date that is three (3) years after the termination date.

Greater Atlantic also has agreed to pay a cash termination fee to Summit equal to \$250,000 if:

- the merger agreement is terminated because Greater Atlantic's board fails to recommend, withdraws, modifies, or changes its recommendation of the merger before the special meeting;
- Summit terminates the merger agreement due to a breach by Greater Atlantic of any representation, warranty, covenant or other agreement; or
- the merger agreement is terminated due to a failure to consummate the merger by March 31, 2008; unless the failure of the merger to be consummated by that date arises out of or results from the knowing action or inaction of Summit;

This termination fee would be payable no later than two (2) business days after the date of termination.

## Waiver and Amendment

Prior to the effective time of the merger, any provision of the merger agreement may be waived by the party benefiting by the provision or amended or modified by an agreement in writing between the parties, except that, after the special meeting, the merger agreement may not be amended if it would violate the Delaware General Corporation Law or the West Virginia Business Corporation Act.

## Indemnification

Summit has agreed to indemnify the directors, officers and employees of Greater Atlantic for a period of three (3) years from the effective time of the merger to the fullest extent that Greater Atlantic is permitted or required to indemnify (and advance expenses to) its directors, officers and employees under the laws of the State of Delaware and Greater Atlantic's Articles of Incorporation and Bylaws.

## Acquisition Proposals

Greater Atlantic has agreed that it will not, and that it will cause its officers, directors, agents, advisors, and affiliates not to: solicit or encourage inquiries or proposals with respect to engage in any negotiations concerning, or provide any confidential information to any person relating to any proposal to acquire the stock or assets of Greater Atlantic or other business combination transactions with Greater Atlantic, unless the Greater Atlantic board of directors concludes in good faith, after consultation with and consideration of the advice of outside counsel, that the failure to enter into such discussions or negotiations or resolving to accept such acquisition proposal, would constitute a breach of its fiduciary duties to shareholders under applicable law. If the board of directors of Greater Atlantic is obligated by its fiduciary duties to accept a third party proposal that it believes is superior to Summit's offer set forth in the merger agreement, Greater Atlantic is obligated to pay to Summit the termination fee equal to \$750,000. See "– Effect of Termination; Termination Fee" beginning on page 61 .

## Closing Date; Effective Time

The merger will be consummated and become effective upon the issuance of a certificate of merger by the West Virginia Secretary of State and the Delaware Division of Corporations (or on such other date as may be specified in the articles of merger to be filed with the West Virginia Secretary of

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State and the Delaware Division of Corporations). Unless otherwise agreed to by Summit or Greater Atlantic, the closing of the merger will take place on the fifth business day to occur after the last of the conditions to the merger has been satisfied or waived, or, at the election of Summit, on the last business day of the month in which such fifth business day occurs.

Regulatory Approvals

The merger and the other transactions contemplated by the merger agreement require the approval of the Federal Reserve Board. As a bank holding company, Summit is subject to regulation under the Bank Holding Company Act of 1956. Greater Atlantic Bank is a federally-chartered savings bank, regulated by the Office of Thrift Supervision. Summit Community Bank is a West Virginia banking corporation, is a non-member bank and is subject to the State Banking Code of West Virginia. Summit and Greater Atlantic have filed all required applications seeking approval of the merger with the Federal Reserve.

Under the Bank Holding Company Act, the Federal Reserve Board is required to examine the financial and managerial resources and future prospects of the combined organization and analyze the capital structure and soundness of the resulting entity. The Federal Reserve Board has the authority to deny an application if it concludes that the combined organization would have inadequate capital. In addition, the Federal Reserve Board can withhold approval of the merger if, among other things, it determines that the effect of the merger would be to substantially lessen competition in the relevant market. Further, the Federal Reserve must consider whether the combined organization meets the requirements of the Community Reinvestment Act of 1977 by assessing the involved entities' records of meeting the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. The Federal Reserve has ninety (90) days from the date of filing the application to act on the application.

On October 2, 2007, Summit filed an application with the Federal Reserve seeking approval of the merger. On November 2, 2007, the Federal Reserve requested additional information from Summit to complete the processing of the application, including additional pro forma financial information, cash flow projections, and an action plan with respect to the integration of Greater Atlantic's operations. At the time Summit received the request for additional information, Summit was negotiating the settlement of the Corinthian litigation and Summit was uncertain as to whether it would exercise the cash alternative or elect to acquire Commonwealth Savingsshares Corporation. Accordingly, Summit was unable to respond immediately to the Federal Reserve's request for additional information.

On December 18, 2007, Summit requested the Federal Reserve to suspend processing of the application until the staff of the Federal Reserve and Summit consented to the continuation of the processing of the application. Summit made that request in order to gain sufficient time to respond to the Federal Reserve's request for additional information, to obtain a commitment for the issuance of \$10 million in subordinated debt and to provide sufficient time for the Federal Reserve to review the application within the Federal Reserve's established ninety (90) day processing period.

On January 14, 2008, and January 28, 2008, Summit filed additional information with the Federal Reserve, including updated pro forma financial information, which included the proposed subordinated debt issuance, and cash flow projections that the Federal Reserve has requested as of that date. As of the mailing date of this proxy statement/prospectus, Summit has filed the supplementary information that the Federal Reserve has requested as of that date. The Federal Reserve has informed Summit that it will review the information that has been filed in support of the application and if it deems the application complete, will reactivate Summit's application immediately before rendering a decision on it. Summit has requested that the Federal Reserve render a decision on the application before March 31, 2008.

The merger cannot be consummated prior to receipt of all required approvals. There can be no assurance that required regulatory approvals for the merger will be obtained and, if the merger is approved, as to the date of such approvals or whether the approvals will contain any unacceptable conditions. Summit and Greater Atlantic are not aware of any governmental approvals or actions that may be required for consummation of the merger other than as described above. Should any other approval or action be required, it is presently contemplated that such approval or action would be sought. There can be no assurance that any necessary regulatory approvals or actions will be timely received or taken, that no action will be brought challenging such approval or action or, if such a challenge is brought, as to the result thereof, or that any such approval or action will not be conditioned in a manner that would cause the parties to abandon the merger.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the cash consideration or the exchange ratio for converting Greater Atlantic common stock to Summit common stock. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

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Conduct of Business Pending the Merger

The merger agreement contains reciprocal forbearances made by Greater Atlantic and Summit to each other. Greater Atlantic and Summit have agreed that, until the effective time of the merger, each of them and each of their subsidiaries, without the prior written consent of the other, will not:

- Conduct business other than in the ordinary and usual course or fail to use reasonable efforts to preserve intact their business organizations and assets, or take any action reasonably likely to have an adverse effect upon its ability to perform any of its material obligations under the merger agreement;
- Except as required by applicable law or regulation, implement or adopt any material change in its interest rate or other risk management policies, practices or procedures, fail to follow existing policies or practices with respect to managing exposure to interest rate and other risks, or fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to interest rate risk; or
- Take any action while knowing that such action would, or is reasonably likely to, prevent or impede the merger from qualifying as a merger within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended, or knowingly take any action that is intended or is reasonably likely to result in any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at any time at or prior to the effective time, any of the conditions to the merger not being satisfied, or a material violation of any provision of the merger agreement except, in each case, as may be required by applicable law or regulation.

Greater Atlantic has also agreed that, prior to the effective time, without the prior written consent of Summit it will not:

- Other than pursuant to rights previously disclosed and outstanding on the date of the merger agreement, issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of Greater Atlantic common stock or any rights to purchase Greater Atlantic common stock, enter into any agreement with respect to the foregoing, or permit any additional shares of Greater Atlantic common stock to become subject to new grants of employee or director stock options, other rights or similar stock-based employee rights;
- Make, declare, pay or set aside for payment any dividend on or in respect of, or declare or make any distribution on, any shares of Greater Atlantic stock or directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its capital stock;
- Enter into or amend or renew any employment, consulting, severance or similar agreements or arrangements with any director, officer or employee of Greater Atlantic or its subsidiaries, or grant any salary or wage increase or increase any employee benefit (including incentive or bonus payments), except for (i) normal individual payments of incentives and bonuses to employees in the ordinary course of business consistent with past practice, not to exceed \$10,000 in the aggregate, (ii) normal individual payment of incentives and bonuses to employees under Greater Atlantic Bank's branch incentive plan, not to exceed \$30,000 per quarter in the aggregate, (iii) normal individual increases in compensation to employees in the ordinary course of business consistent with past practices, (iv) other changes required by applicable law, (v) to satisfy previously

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disclosed contractual obligations, and (vi) grants of awards to newly hired employees consistent with past practices;

- Enter into, establish, adopt or amend (except as may be required by applicable law or to satisfy previously disclosed contractual obligations existing as of the date of the merger agreement) any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any director, officer or employee of Greater Atlantic or its subsidiaries, or take any action to accelerate the vesting or exercisability of stock options, restricted stock or other compensation or benefits payable thereunder;
- Except as previously disclosed or in connection with the consummation of the sale of the Pasadena Branch, sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits, business or properties except in the ordinary course of business and in a transaction that is not material to it and its subsidiaries taken as a whole;
- Except as previously disclosed, acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice) all or any portion of the assets, business, deposits or properties of any other entity;
- Amend Greater Atlantic's certificate of incorporation or bylaws or the articles of incorporation or bylaws (or similar governing documents) of any of Greater Atlantic's subsidiaries;
- Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by generally accepted accounting principles;
- Except in the ordinary course of business consistent with past practice, enter into or terminate any material contract or amend or modify in any material respect any of its existing material contracts;
- Except in the ordinary course of business consistent with past practice, settle any claim, action or proceeding, except for any claim, action or proceeding that does not involve precedent for other material claims, actions or proceedings and that involve solely money damages in an amount, individually or in the aggregate for all such settlements, that is not material to Greater Atlantic and its subsidiaries, taken as a whole;
- Make any loans in a principal amount in excess of \$750,000, or make any loans outside the District of Columbia, Delaware, Maryland, Pennsylvania, Virginia and West Virginia;
  - Incur any indebtedness for borrowed money other than in the ordinary course of business; or
  - Agree or commit to do any of the foregoing.

Summit has agreed that, prior to the effective time, without the prior written consent of Greater Atlantic it will not:

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- Make, declare, pay or set aside for payment any extraordinary dividend;
- Agree or commit to do any of the foregoing.

### Accounting Treatment

The merger will be accounted for under the “purchase” method of accounting. Under the purchase method of accounting, the tangible assets and liabilities of Greater Atlantic, as of the completion of the merger, will be recorded at their fair values as well as any identifiable intangible assets. Any remaining excess purchase price will be allocated to goodwill and will not be amortized. Instead, goodwill is evaluated for impairment annually. Financial statements of Summit issued after the consummation of the merger will reflect such values and will not be restated retroactively to reflect the historical position or results of operations of Greater Atlantic. The operating results of Greater Atlantic will be reflected in Summit’s consolidated financial statements from and after the date the merger is consummated.

### Management and Operations after the Merger

**Board of Directors.** The current Board of Directors of Summit will continue to serve as the Board of Directors after the Merger.

**Management.** The current executive officers of Summit will continue to serve as executive officers after the Merger.

### Resales of Summit Common Stock

The shares of Summit common stock to be issued to shareholders of Greater Atlantic under the merger agreement have been registered under the Securities Act of 1933 and may be freely traded without restriction by holders who will not be affiliates of Summit after the merger and who were not affiliates of Greater Atlantic on the date of the special meeting.

All directors and executive officers of Greater Atlantic are considered affiliates of Greater Atlantic for this purpose. They may resell shares of Summit common stock received in the merger only if the shares are registered for resale under the Securities Act or an exemption is available. They may resell under the safe harbor provisions of Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. Each Greater Atlantic director and each other person deemed to be an affiliate will enter into an agreement with Summit providing that the person will not transfer any shares of Summit common stock received in the merger, except in compliance with the Securities Act. We encourage any such person to obtain advice of securities counsel before reselling any Summit common stock.

## CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

### General

The following summary sets forth the material U.S. federal income tax consequences of the merger to the holders of Greater Atlantic common stock who exchange such stock for a combination of the cash and Summit common stock. The tax consequences under state, local and foreign laws are not addressed in this summary. The following summary is based upon the Internal Revenue Code of 1986, as amended, Treasury regulations, administrative rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Such a change could affect the continuing validity of this summary. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.





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The following summary addresses only shareholders who are citizens or residents of the United States who hold their Greater Atlantic common stock as a capital asset. It does not address all the tax consequences that may be relevant to particular shareholders in light of their individual circumstances or to shareholders that are subject to special rules, including, without limitation: financial institutions; tax-exempt organizations; S corporations, partnerships or other pass-through entities (or an investor in an S corporation, partnership or other pass-through entities); insurance companies; mutual funds; dealers in stocks or securities, or foreign currencies; foreign holders; a trader in securities who elects the mark-to-market method of accounting for the securities; persons that hold shares as a hedge against currency risk, a straddle or a constructive sale or conversion transaction; holders who acquired their shares pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan; holders of Greater Atlantic stock options, stock warrants or debt instruments; and holders subject to the alternative minimum tax.

### The Merger

No ruling has been, or will be, sought from the Internal Revenue Service as to the U.S. federal income tax consequences of the merger. Consummation of the merger is conditioned upon Summit's receiving an opinion from Hunton & Williams to the effect that, based upon facts, representations and assumptions set forth in such opinions, the merger constitutes a reorganization within the meaning of Section 368 of the Internal Revenue Code. The issuance of the opinion is conditioned on, among other things, such tax counsel's receipt of representation letters from each of Greater Atlantic or Summit, in each case in form and substance reasonably satisfactory to such counsel. Opinions of counsel are not binding on the Internal Revenue Service.

Based upon the above assumptions and qualifications, for U.S. federal income tax purposes the merger will constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code. Each of Greater Atlantic and Summit will be a party to the merger within the meaning of Section 368(b) of the Internal Revenue Code, and neither of Greater Atlantic or Summit will recognize any gain or loss as a result of the merger.

### Consequences to Shareholders

**Exchange of Greater Atlantic Common Stock for Summit Common Stock and Cash.** A holder of Greater Atlantic common stock who exchanges his or her Greater Atlantic common stock actually owned for a combination of cash and common stock of Summit will recognize income or gain in an amount equal to the lesser of (a) the amount of cash received, or (b) the gain realized on the exchange. The gain realized on the exchange will equal the fair market value of Summit common stock received plus the amount of cash received, less the holder's adjusted tax basis in the shares of Greater Atlantic common stock exchanged by the holder. No loss may be recognized by a holder of Greater Atlantic common stock from the combined distribution of cash and Summit common stock or the stock distribution.

**Cash in Lieu of Fractional Shares.** Holders of Greater Atlantic common stock who receive cash in lieu of fractional shares of Summit common stock in the merger generally will be treated as if the fractional shares of Summit common stock had been distributed to them as part of the merger, and then redeemed by Summit in exchange for the cash actually distributed in lieu of the fractional shares, with the redemption generally qualifying as an "exchange" under Section 302 of the Internal Revenue Code, as described below. Consequently, those holders generally will recognize capital gain or loss with respect to the cash payments they receive in lieu of fractional shares measured by the difference between the amount of cash received and the tax basis allocated to the fractional shares.

**Possible Treatment of Cash as a Dividend.** Whether the cash received by a holder of Greater Atlantic common stock, in those situations described in the immediately preceding two paragraphs, will be treated as capital gain or as ordinary dividend income is determined under the principles of



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Section 302 of the Internal Revenue Code. In applying these principles, the holder is treated as if shares of Summit common stock having a fair market value equal to the cash paid to the holder had been distributed by Summit to the holder with such shares of Summit common stock then being redeemed by Summit in return for the cash. If this hypothetical redemption constitutes an “exchange” under Section 302 of the Internal Revenue Code, taking into account the holder’s actual and constructive ownership of Greater Atlantic common stock under Section 318 of the Internal Revenue Code, the holder of Greater Atlantic common stock who receives cash will recognize capital gain measured by the difference between that holder’s adjusted basis for the Greater Atlantic common stock exchanged and the cash received. If the hypothetical redemption does not qualify as an “exchange” under Section 302 of the Internal Revenue Code, the cash received by the holder will be treated as ordinary dividend income, generally to the extent of the holder’s ratable share of accumulated earnings and profits. To the extent the cash distribution exceeds the holder’s ratable share of accumulated earnings and profits, the amount received will be applied against and reduce the holder’s adjusted basis in his or her stock and any excess will be treated as gain from the sale or exchange of the stock.

In general, whether this hypothetical redemption constitutes an “exchange” under Section 302 of the Internal Revenue Code will depend upon whether and to what extent the hypothetical redemption reduces the holder’s percentage stock ownership in Summit. The hypothetical redemption will be treated as an “exchange” if, under the principles of Section 302 of the Internal Revenue Code, the hypothetical redemption is (a) “substantially disproportionate,” (b) “not essentially equivalent to a dividend” or (c) results in a “complete termination” of the holder’s interest in Summit common stock.

In general, the determination of whether the hypothetical redemption will be “substantially disproportionate” will require a comparison of (x) the percentage of the outstanding voting stock of Summit that the holder of Greater Atlantic common stock is deemed to actually and constructively own immediately before the hypothetical redemption by Summit and (y) the percentage of the outstanding voting stock of Summit actually and constructively owned by the holder immediately after the hypothetical redemption by Summit. Generally, the hypothetical redemption will be “substantially disproportionate” to a holder of Greater Atlantic common stock if the percentage described in (y) above is less than 80% of the percentage described in (x) above.

Whether the hypothetical redemption is “not essentially equivalent to a dividend” with respect to the holder will depend on the holder’s particular circumstances. In order for the hypothetical redemption to be “not essentially equivalent to a dividend,” the hypothetical redemption must result in a “meaningful reduction” in the holder’s percentage stock ownership of the merged company’s common stock. The Internal Revenue Service has ruled that a minority shareholder in a publicly traded corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a “meaningful reduction” generally if such shareholder has some reduction in such shareholder’s percentage stock ownership. Holders should consult their tax advisors as to the applicability of the ruling to their own individual circumstances.

The hypothetical redemption will result in a “complete termination” of the holder’s interest in Summit common stock if all of the shares actually owned by the holder are exchanged pursuant to the merger and the holder is eligible to waive, and effectively waives, the attribution of shares constructively owned by the holder in accordance with the procedures described in Section 302(c)(2) of the Internal Revenue Code. Only family attribution, as referred to below, may be waived under Section 302(c)(2) of the Internal Revenue Code.

Taxation of Capital Gain. Any capital gain recognized by any holder of Greater Atlantic common stock under the above discussion will be long-term capital gain if the holder has held the Greater Atlantic common stock for more than twelve months at the time of the exchange. In the case of a non-corporate holder, that long-term capital gain may be subject to a maximum federal income tax of 15%. The deductibility of capital losses by shareholders may be limited.



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**Basis in Summit Common Stock.** Each holder's aggregate tax basis in Summit common stock received in the merger will be the same as the holder's aggregate tax basis in the Greater Atlantic common stock exchanged, decreased by the amount of any cash received in the merger and by the amount of any tax basis allocable to any fractional share interest for which cash is received and increased by any gain recognized in the exchange. The holding period of Summit common stock received by a holder in the merger will include the holding period of the Greater Atlantic common stock exchanged in the merger to the extent the Greater Atlantic common stock exchanged is held as a capital asset at the time of the merger.

**Constructive Ownership.** In applying the constructive ownership provisions of Section 318 of the Internal Revenue Code, a holder of Greater Atlantic common stock may be deemed to own stock that is owned directly or indirectly by other persons, such as certain family members and entities such as trusts, corporations, partnerships or other entities in which the holder has an interest. Since the constructive ownership provisions are complex, holders should consult their tax advisors as to the applicability of these provisions.

**Backup Withholding and Reporting Requirements**

Holders of Greater Atlantic common stock, other than certain exempt recipients, may be subject to backup withholding at a rate of 28% with respect to any cash payment received in the merger. However, backup withholding will not apply to any holder who either (a) furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding by completing the substitute Form W-9 that will be included as part of the election form and the transmittal letter, or (b) otherwise proves to Summit and its exchange agent that the holder is exempt from backup withholding.

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

The discussion of U.S. 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. We strongly encourage shareholders of Greater Atlantic to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.

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INFORMATION ABOUT  
SUMMIT FINANCIAL GROUP, INC. AND  
GREATER ATLANTIC FINANCIAL CORP.

Summit Financial Group, Inc.

Summit is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. Summit was incorporated on March 3, 1987, organized on March 5, 1987, and began conducting business on March 5, 1987. At December 31, 2006, Summit has one banking subsidiary “doing business” under the name of Summit Community Bank. Summit Community Bank offers a full range of commercial and retail banking services and products.

As a bank holding company registered under the Bank Holding Company Act of 1956, as amended, Summit’s present business is community banking. As of September 30, 2007, Summit’s consolidated assets approximated \$1.3 billion and total shareholders’ equity approximated \$93.5 million. At June 30, 2007, Summit’s loan portfolio, net of unearned income, was \$949 million and its deposits were \$850 million.

The principal executive offices of Summit are located in Moorefield, West Virginia at 300 North Main Street. The telephone number for Summit’s principal executive offices is (304) 530-1000. Summit operates 15 full service offices - 9 located throughout West Virginia and 6 throughout Northern Virginia and the Shenandoah Valley.

Greater Atlantic Financial Corp.

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

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

As of September 30, 2007, Greater Atlantic reported, on a consolidated basis, total assets of approximately \$246 million, net loans of \$176.1 million, deposits of \$198 million and shareholders’ equity of \$9.6 million.

The principal executive offices of Greater Atlantic Financial Corp. are located at 10700 Parkridge Boulevard, Reston, Virginia 20191, telephone number (703) 391-1300.

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DESCRIPTION OF  
SUMMIT FINANCIAL GROUP COMMON STOCK

General

The authorized capital stock of Summit consists of 20 million shares of common stock, par value \$2.50 per share. Summit has 7,402,666 shares of common stock issued (including no shares held as treasury shares) as of September 30, 2007. The outstanding shares are held by 1,309 shareholders of record, as well as 1,056 shareholders in street name as of September 30, 2007. All outstanding shares of Summit common stock are fully paid and nonassessable. The unissued portion of Summit's authorized common stock (subject to registration approval by the SEC) and the treasury shares are available for issuance as the board of directors of Summit determines advisable.

Summit has also established a stock option plan as incentive for certain eligible officers. It has 349,080 stock options issued and outstanding as of September 30, 2007.

Common Stock

**Voting Rights.** Summit has only one class of stock and all voting rights are vested in the holders of Summit stock. On all matters subject to a vote of shareholders, the shareholders of Summit will be entitled to one vote for each share of common stock owned. Shareholders of Summit have cumulative voting rights with regard to election of directors.

**Dividend Rights.** The shareholders of Summit are entitled to receive dividends when and as declared by its board of directors. Dividends have been paid semi-annually. Summit paid a dividend of \$0.17 per share in the first half of 2007. Dividends were \$0.32 per share in 2006, \$0.30 per share in 2005 and \$0.26 per share in 2004. The payment of dividends is subject to the restrictions set forth in the West Virginia Corporation Act and the limitations imposed by the Federal Reserve Board.

Payment of dividends by Summit is dependent upon receipt of dividends from its banking subsidiary. Payment of dividends by Summit's banking subsidiary is regulated by the Federal Reserve System and generally, the prior approval of the Federal Reserve Board is required if the total dividends declared by a state non-member bank in any calendar year exceeds its net profits, as defined, for that year combined with its retained net profits for the preceding two years. Additionally, prior approval of the Federal Reserve is required when a state non-member bank has deficit retained earnings but has sufficient current year's net income, as defined, plus the retained net profits of the two preceding years. The Federal Reserve may prohibit dividends if it deems the payment to be an unsafe or unsound banking practice. The Federal Reserve has issued guidelines for dividend payments by state non-member banks emphasizing that proper dividend size depends on the bank's earnings and capital.

**Liquidation Rights.** Upon any liquidation, dissolution or winding up of its affairs, the holders of Summit common stock are entitled to receive pro rata all of the assets of Summit for distribution to shareholders. There are no redemption or sinking fund provisions applicable to the common stock.

**Assessment and Redemption.** Shares of Summit common stock presently outstanding are validly issued, fully paid and nonassessable. There is no provision for any voluntary redemption of Summit common stock.

**Transfer Agent and Registrar.** The transfer agent and registrar for Summit's common stock is Registrar and Transfer Company.





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Preemptive Rights

No holder of any share of the capital stock of Summit has any preemptive right to subscribe to an additional issue of its capital stock or to any security convertible into such stock.

Certain Provisions of the Bylaws

Indemnification and Limitations on Liability of Officers and Directors

As permitted by the West Virginia Business Corporation Act, the articles of incorporation of Summit contain provisions that indemnify its directors and officers to the fullest extent permitted by West Virginia law. These provisions do not limit or eliminate the rights of Summit or any shareholder to seek an injunction or any other non-monetary relief in the event of a breach of a director's or officer's fiduciary duty. In addition, these provisions apply only to claims against a director or officer arising out of his role as a director or officer and do not relieve a director or officer from liability if he engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law.

In addition, the articles of incorporation of Summit provide for the indemnification of both directors and officers for expenses that they incur in connection with the defense or settlement of claims asserted against them in their capacities as directors and officers. This right of indemnification extends to judgments or penalties assessed against them. Summit has limited its exposure to liability for indemnification of directors and officers by purchasing directors and officers liability insurance coverage.

The rights of indemnification provided in the articles of incorporation of Summit are not exclusive of any other rights that may be available under any insurance or other agreement, by vote of shareholders or disinterested directors or otherwise.

Shares Eligible for Future Sale

All of the shares that will be exchanged for shares of Summit common stock upon consummation of the merger will be freely tradable without restriction or registration under the Securities Act, except for shares owned by "affiliates" as described under "– Resales of Summit Common Stock" on page 66 .

Summit cannot predict the effect, if any, that future sales of shares of its common stock, or the availability of shares for future sales, will have on the market price prevailing from time to time. Sales of substantial amounts of shares of our common stock, or the perception that such sales could occur, could adversely affect the prevailing market price of the shares.

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COMPARATIVE RIGHTS OF SHAREHOLDERS

The rights of Summit's shareholders are governed by the West Virginia Business Corporation Act and the rights of Greater Atlantic's shareholders are governed by the Delaware General Corporation Law. The rights of shareholders under both corporations are also governed by their respective articles/certificate of incorporation and bylaws. Following the merger, the rights of Greater Atlantic's shareholders that receive Summit common stock will be governed by the articles of incorporation and bylaws of Summit. This summary does not purport to be a complete discussion of, and is qualified in its entirety by reference to, Greater Atlantic's articles of incorporation and bylaws, Summit's articles of incorporation and bylaws and West Virginia and Delaware law.

Authorized Capital Stock

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

20,000,000 shares of common stock, \$2.50 par value per share, and 250,000 shares of preferred stock, \$1.00 par value per share.	10,000,000 shares of common stock, \$0.01 par value per share, and 2,500,000 shares of preferred stock, no par value per share.
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Size of Board of Directors

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's bylaws provide that the board of directors shall consist of at least 9 and no more than 21 directors. Summit's board of directors currently consists of 16 individuals, and immediately following the merger will consist of 16 individuals.	The bylaws of Greater Atlantic provide that the number of directors shall be such number as the majority of the whole board shall from time to time have designated, and in the absence of such designation, shall be 5. The board currently consists of 5 directors.
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Cumulative Voting for Directors

Cumulative voting entitles each shareholder to cast an aggregate number of votes equal to the number of voting shares held, multiplied by the number of directors to be elected. Each shareholder may cast all of his or her votes for one nominee or distribute them among two or more nominees, thus permitting holders of less than a majority of the outstanding shares of voting stock to achieve board representation. Where cumulative voting is not permitted, holders of all outstanding shares of voting stock of a corporation elect the entire board of directors of the corporation, thereby precluding the election of any directors by the holders of less than a majority of the outstanding shares of voting stock.

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit stockholders are allowed to cumulate their votes in the election of directors. Each share of Summit stock may be voted for as many individuals as there are directors to be elected. Directors are elected by a plurality of the votes cast by the holders entitled to vote at the meeting.	Greater Atlantic stockholders may not cumulate their votes for the election of directors. Directors are elected by a plurality of the votes cast by the holders entitled to vote at the meeting.
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Classes of Directors

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's Articles provide that the board of directors shall be divided into three (3) classes, consisting of an equal number of directors per class. The term of office of directors of one class shall expire at each annual meeting of shareholders.

The bylaws of Greater Atlantic provide that the board of directors shall be divided into three classes, with one class elected at each annual meeting.

Qualifications of Directors

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's bylaws require that a person own a minimum of 2,000 shares of stock of Summit to be qualified as a director.

None.

Filling Vacancies on the Board

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's bylaws provide that each vacancy existing on the board of directors and any directorship to be filled by reason of an increase in the number of directors, unless the articles of incorporation or bylaws provide that a vacancy shall be filled in some other manner, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors at a regular or special meeting of the board of directors. Any directorship to be filled by reason of a vacancy may be filled for the unexpired term of his predecessor in office.

Greater Atlantic's bylaws provide that, unless the board of directors otherwise determines, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires and until such director's successor shall have been duly elected and qualified.

Removal of Directors

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Under West Virginia law any member of the board may be removed, with or without cause, by the affirmative vote of a majority of all the votes entitled to be cast for the election of directors; provided, however, that a director

Under Delaware law, subject to the rights of preferred stockholders, any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by the affirmative vote of at least 80% of the

may not be removed if the number of votes voting power of the then-outstanding shares of sufficient to elect the director under cumulative capital stock entitled to vote generally in the voting is voted against the director's removal. election of directors voting together as a single class.

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Notice of Shareholder Proposals and Director Nominations

Summit Financial Group, Inc.

Summit's Articles provide that shareholders may make a nomination for director provided that such nomination or nominations must be made in writing and delivered or mailed to, the President of Summit no later than 30 days prior to any meeting of shareholders called for the election of directors; provided, however, that if less than thirty (30) days notice of the meeting is given to shareholders, such nomination or nominations shall be mailed or delivered to the President of Summit no later than the fifth (5th) day following the day on which the notice of meeting was mailed.

Greater Atlantic Financial Corp.

For business to be properly brought before an annual meeting by a stockholder, the business must relate to a proper subject matter for stockholder action and the stockholder must have given timely notice thereof in writing to the Secretary of Greater Atlantic. To be timely, a stockholder's notice must be delivered or mailed to and received at the principal executive offices of Greater Atlantic not less than ninety (90) days prior to the date of the annual meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter such stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (ii) the name and address, as they appear on Greater Atlantic's books, of the stockholder proposing such business; (iii) the class and number of shares of Greater Atlantic's capital stock that are beneficially owned by such stockholder; and (iv) any material interest of such stockholder in such business. Nominations of persons for election to the board of directors may be made by any stockholder entitled to vote for the election of directors at the meeting if made by timely notice in writing to the Secretary of Greater Atlantic. To be timely, a stockholder's notice shall be delivered or mailed to and received at the principal executive offices of Greater Atlantic not less than ninety (90) days prior to the date of the meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the





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Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

meeting was mailed or such public disclosure was made. Such stockholder's notice shall set forth: (i) as to each person whom such stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (ii) as to the stockholder giving the notice (x) the name and address, as they appear on Greater Atlantic's books, of such stockholder and (y) the class and number of shares of Greater Atlantic's capital stock that are beneficially owned by such stockholder.

Anti-Takeover Provisions - Business Combinations

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's Articles of Incorporation provide that at least 66 2/3% of the authorized, issued and outstanding voting shares of Summit must approve certain "business combinations" unless the "business combination" has been previously approved by at least 66 2/3% of the board of directors of Summit, in which case only a simple majority vote of the shareholders shall be required.

Greater Atlantic's certificate of incorporation provides that at least 80% of the voting power of the then outstanding shares of voting stock must approve certain "business combinations" involving an "interested stockholder." However, this vote requirement is not applicable to any particular business combination, and such business combination shall require only the vote of a majority of the outstanding shares of capital stock entitled to vote, if a majority of directors not affiliated with the interested stockholder approves the business combination, or certain price and procedure requirements are met. An "interested stockholder" generally means a person who is a greater than 10% stockholder of Greater Atlantic or who is an affiliate of Greater

Summit's Articles of Incorporation additionally provide that neither Summit nor any of its subsidiaries shall become a party to any "business combination" unless certain fair price requirements are satisfied. West Virginia corporate law does not contain statutory provisions concerning restrictions on business

combinations.

Atlantic and at any time within the past two years was a greater than 10% stockholder of Greater Atlantic.

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Shareholder Action Without a Meeting

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's bylaws provide that any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote on the matter at issue.

Under Delaware law, unless limited by the certificate of incorporation, any action that could be taken by shareholders at a meeting may be taken without a meeting if a consent (or consents) in writing, setting forth the action so taken, is signed by the holders of record of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Greater Atlantic's certificate of incorporation does not contain a provision limiting such action.

Calling Special Meetings of Shareholders

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Special meetings of the shareholders may be called by the president or by the board of directors, and shall be called by the President if the holders of at least 10% of all the votes entitled to be cast on an issue to be considered at the proposed special meeting sign, date and deliver to Summit one or more written demands for the meeting describing the purpose or purposes for which it shall be held.

Special meetings of stockholders may be called only by the board of directors pursuant to a resolution adopted by a majority of the total number of directors which Greater Atlantic would have if there were no vacancies on the board of directors.

Notice of Meetings

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's bylaws require that the notice of annual and special meetings be given by mailing to each shareholder a written notice specifying the time and place of such meeting, and, in the case of special meetings, the business to be transacted. The notice must be mailed to the last addresses of the shareholders as they respectively appear upon the books of the Summit not less than 10 nor more than 60 days before the date of such meeting.

Greater Atlantic's bylaws provide that written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise required by law (meaning, as required from time to time by the Delaware General Corporation Law or the certificate of incorporation).



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Vote Required for Amendments to Articles  
of Incorporation and Certain Transactions

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Summit's articles of incorporation require the affirmative vote of holders of at least 66 2/3% of the then outstanding voting shares of Summit; provided, however, such vote shall not be required for any such amendment, change or repeal recommended to the stockholders by the favorable vote of not less than 66 2/3% of the directors of Summit, and any such amendment shall require only a majority vote.

West Virginia law provides that on matters other than the election of directors and certain extraordinary corporate actions, if a quorum is present, then action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the vote of a greater number is required by law or the articles of incorporation or bylaws. The articles of incorporation or bylaws of Summit do not require a greater number. An abstention is not considered a "vote cast" for purposes of the voting requirements, but a stockholder who abstains in person or by proxy is considered present for purposes of the quorum requirement.

The articles of incorporation of Summit provide that at least 66 2/3% of the authorized, issued and outstanding voting shares of Summit must approve any merger or consolidation of Summit with another corporation or any sale, lease or exchange by liquidation or otherwise of all or substantially all of the assets of Summit unless such transaction has been previously approved by at least 66 2/3% of the board of directors in which case a simple majority vote of the shareholders shall be required.

Greater Atlantic's certificate of incorporation reserves the right to amend or repeal any provision in the certificate of Incorporation in the manner prescribed by the laws of the State of Delaware; provided, however, that, notwithstanding any other provision of the certificate of incorporation or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class, are required to amend or repeal certain articles.

Delaware law provides that any amendment to the certificate of incorporation must first be proposed by the board of directors in a resolution setting forth the proposed amendment, declaring its advisability and submitting it to the stockholders entitled to vote on approval of the amendment. It must then be submitted to the stockholders at the next annual meeting, or at a special meeting called for the purpose of considering the amendment or submitted for adoption by written consent. The affirmative vote required is a majority of the outstanding shares entitled to vote thereon.

Amendment of Bylaws

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

Under West Virginia law both the board of directors and stockholders have the power to amend the bylaws. Summit's bylaws provide that the bylaws may only be altered, amended or repealed and new bylaws may only be adopted by the board of directors at a regular or special meeting of the board of directors by a vote of three

The bylaws of Greater Atlantic provide that the board of directors may amend, alter or repeal the bylaws at any meeting of the board, provided notice of the proposed change was given not less than two (2) days prior to the meeting. The stockholders shall also have power to amend, alter or repeal the bylaws at any meeting of

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Summit Financial Group, Inc.

fourths of the board of directors or by a majority of the stockholders.

Greater Atlantic Financial Corp.

stockholders provided notice of the proposed change was given in the notice of the meeting, and provided there is the vote of at least 80% of the voting power of all the then-outstanding shares of the voting stock, voting together as a single class.

Appraisal Rights

Summit Financial Group, Inc.

Under West Virginia law, stockholders are generally entitled to object and receive payment of the fair value of their stock in the event of any of the following corporate actions: merger, transfer of all or substantially all of the corporation's assets, participation in share exchange as the corporation the stock of which is to be acquired, or an amendment to the articles of incorporation that reduces the number of shares of a class or series owned by stockholders to a fraction of a share if the corporation has the obligation or right to repurchase the fractional shares.

Greater Atlantic Financial Corp.

Delaware law provides that stockholders of a corporation who are voting on a merger or consolidation generally are entitled to dissent from the transaction and obtain payment of the fair value of their shares (so-called "appraisal rights"). Appraisal rights do not apply if, however, (1) the shares are listed on a national securities exchange or are held by 2,000 or more holders of record (not currently the case with respect to Greater Atlantic's common stock) and (2) except for cash in lieu of fractional share interests, the shares are being exchanged for the shares of the surviving corporation of the merger or the shares of any other corporation, which shares of such other corporation will, as of the effective date of the merger or consolidation, be listed on a national securities exchange or be held of record by more than 2,000 holders. Appraisal rights also are not available to a corporation's stockholders when the corporation will be the surviving corporation and a vote of its stockholders is not required to approve the merger.

Delaware law also provides that any corporation may provide in its certificate of incorporation that appraisal rights shall be available in connection with amendments to its certificate of incorporation, any merger to which the corporation is a party or the sale of all or substantially all of the corporation's assets. Greater Atlantic's certificate of incorporation contains no such provision.





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Dividends

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

A West Virginia corporation generally may pay dividends in cash, property or its own shares except when the corporation is unable to pay its debts as they become due in the usual course of business or the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the dividend, to satisfy any stockholders who have rights superior to those receiving the dividend. Summit's Articles of Incorporation provide that preferred stock will not pay any dividends.

Under Delaware law, stockholders are entitled, when declared by the board of directors, to receive dividends, subject to any restrictions contained in the certificate of incorporation and subject to any rights or preferences of any series of preferred stock. There are no express restrictions regarding dividends in Greater Atlantic's certificate of incorporation.

Discharge of Duties; Exculpation and Indemnification

Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

West Virginia law requires that a director of a West Virginia corporation discharge duties as a director in good faith, in a manner reasonably believed to be in the best interest of the corporation and with the care that a person in a like position would reasonably believe appropriate under similar circumstances. Summit's articles of incorporation provide that each director or officer of Summit shall be indemnified for costs and expenses arising out of any civil suit or proceeding against the director or officer by reason of being a director or officer of Summit provided the director or officer acted in good faith and in a manner which the director or officer reasonably believed to be in or not opposed to the best interests of the corporation.

The Delaware General Corporation Law requires directors to discharge their duties as a director in good faith, on an informed basis, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the corporation.

Delaware law provides that a corporation may indemnify any director made party to any proceeding by reason of service in that capacity if the person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful.

With respect to any criminal proceeding, a director or officer shall be entitled to indemnification if such person had no reasonable cause to believe his or her conduct was unlawful.

Delaware law also provides that a corporation may not indemnify a director in respect to any claim, issue or matter as to which the director has been adjudged to be liable to the corporation unless and only to the extent that, the Court of Chancery or court where such action was brought determines indemnity is proper. Furthermore, directors shall be

However, a director or officer shall not be indemnified if he or she is adjudged in such suit or proceeding to be liable for gross

negligence or willful misconduct in                      indemnified where they have been successful  
performance of a duty owed to the corporation. on the merits or otherwise.

Greater Atlantic's certificate of incorporation  
provides that the corporation shall indemnify

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Summit Financial Group, Inc.

Greater Atlantic Financial Corp.

any director made party to a proceeding because he or she is or was serving as director against all expense, liability and loss to the fullest extent authorized by Delaware law.

Greater Atlantic's certificate of incorporation also provides that a director shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for unlawful payment of dividends or unlawful stock purchases or redemption; or (iv) for any transaction from which the director derived an improper personal benefit.

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ADJOURNMENT OF THE MEETING

In the event that there are not sufficient votes to constitute a quorum or to approve the matters to be considered at the time of the special meeting, the merger agreement will not be approved unless the special meeting is adjourned to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received at the time of the meeting to be voted for an adjournment, if necessary, Greater Atlantic is submitting the question of adjournment to its shareholders as a separate matter for their consideration. The board of directors of Greater Atlantic recommends that its shareholders vote FOR the adjournment proposal. If it is necessary to adjourn a meeting, no notice of such adjourned meeting is required to be given to the company's shareholders, other than an announcement at the special meeting of the place, date and time to which the meeting is adjourned, if the meeting is adjourned for 30 days or less.

The board of directors of Greater Atlantic recommends that you vote "FOR" approval of this proposal.

LEGAL MATTERS

Hunton & Williams will opine as to the qualification of the merger as a reorganization and the tax treatment of the consideration paid in connection with the merger under the Internal Revenue Code. Bowles Rice McDavid Graff & Love LLP will opine as to the legality of the common stock of Summit offered by this proxy statement/prospectus. Bowles Rice McDavid Graff & Love LLP rendered legal services to Summit and its subsidiaries during 2006 and it is expected that the firm will continue to render certain services to both in the future. The fees paid to Bowles Rice McDavid Graff & Love LLP represented less than 5% of Bowles Rice McDavid Graff & Love LLP's and Summit's revenues for 2006.

EXPERTS

The consolidated financial statements of Summit appearing in Summit's Annual Report (Form 10-K) for the year ended December 31, 2006, as amended on September 26, 2007 on Form 10-K/A, and Summit management's assessment of effectiveness of internal control over financial reporting as of December 31, 2006, included therein, have been audited by Arnett & Foster P.L.L.C., independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Greater Atlantic and subsidiaries as of September 30, 2007 and 2006 and for each of the three years in the period ended September 30, 2007, attached to this proxy statement/prospectus and the registration statement on Form S-4, as amended, as Annex D, have been attached hereto and to the registration statement in reliance upon the report of BDO Seidman, LLP, independent registered public accountants, and upon the authority of BDO Seidman, LLP as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Summit has filed with the SEC under the Securities Act the registration statement on Form S-4 to register the shares of Summit common stock to be issued to Greater Atlantic's shareholders in connection with the merger. The registration statement, including the exhibits and schedules thereto, contains additional relevant information about Summit and its common stock. The rules and regulations of the SEC allow Summit and Greater Atlantic to omit certain information included in the registration statement from this proxy statement/prospectus. This proxy statement/prospectus is part of the registration



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statement and is a prospectus of Summit in addition to being Greater Atlantic's proxy statement for its special meeting.

Both Summit (File No. 0-16587) and Greater Atlantic (File No. 0-26467) file reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet web site that contains reports, proxy statements and other information about issuers, like Summit and Greater Atlantic, who file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov). Each of Summit and Greater Atlantic also posts its SEC filings on its web site. The website addresses are [www.summitfgi.com](http://www.summitfgi.com) and [www.gab.com](http://www.gab.com), respectively. Information contained on the Summit website or the Greater Atlantic website is not incorporated by reference into this proxy statement/prospectus, and you should not consider information contained in its website as part of this proxy statement/prospectus. You can also inspect reports, proxy statements and other information that Summit and Greater Atlantic have filed with the SEC at the National Association of Securities Dealers, Inc., 1735 K Street, Washington, D.C. 20096.

The SEC allows Summit to "incorporate by reference" information into this proxy statement/prospectus. This means that we can disclose important information to you by referring you to another document filed separately by Summit with the SEC. The information incorporated by reference is considered to be a part of this proxy statement/prospectus, except for any information that is superceded by information that is included in this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that Summit previously filed with the SEC:

Quarterly Report on Form 10-Q      Quarter ended March 31, 2007, as amended September 26, 2007, Quarter ended June 30, 2007, as amended on September 26, 2007, and Quarter ended September 30, 2007 .

Annual Report on Form 10-K      Year ended December 31, 2006, as amended on September 26, 2007.

Definitive Proxy      Filed on April 11, 2007.  
Materials for  
the 2007 Annual Meeting of  
Shareholders

Current Reports on Form 8-K      Filed on January 26, 2007, April 13, 2007, April 20, 2007, April 30, 2007, July 20, 2007, July 27, 2007, August 22, 2007, October 19, 2007, October 30, 2007, November 23, 2007, December 10, 2007, December 20, 2007, and February 5, 2008 .

Greater Atlantic previously filed with the SEC the document listed below which is attached to this proxy statement/prospectus for your reference:

Annual Report on Form 10-K      Year ended September 30, 2007.

Neither Summit nor Greater Atlantic has authorized anyone to give any information or make any representation about the merger or the companies that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that we have incorporated into this proxy statement/prospectus. Therefore, if anyone does

give you information of this sort, you should not rely on

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it. Information in this proxy statement/prospectus about Summit has been supplied by Summit and information about Greater Atlantic has been supplied by Greater Atlantic. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

OTHER MATTERS

The board of directors knows of no other matters that may come before this meeting. If any matters other than those referred to should properly come before the meeting, it is the intention of the persons named in the enclosed proxy to vote such proxy in accordance with their best judgment.

By Order of the Board of Directors

Edward C. Allen, Secretary



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ANNEX A

AGREEMENT AND PLAN OF REORGANIZATION

dated as of April 12, 2007

by and between

SUMMIT FINANCIAL GROUP, INC.

AND

GREATER ATLANTIC FINANCIAL CORP.

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