

SUMMIT FINANCIAL GROUP INC

Form S-3

September 17, 2008

As filed with the Securities and Exchange Commission on _____ Registration No. 33-_____

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

FORM S-3

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

SUMMIT FINANCIAL GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

West Virginia
(State or Other Jurisdiction
of Incorporation or Organization)

55-0672148
(I. R. S. Employer
Identification Number)

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

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

H. Charles Maddy, III

Summit Financial Group, Inc.
300 N. Main Street
Moorefield, West Virginia 26836
(304) 530-1000
(Name, Address, Including Zip Code, and
Telephone Number, Including Area Code,
of Agent for Service)

With copies to:
Sandra M. Murphy, Esq.
Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
P.O. Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1131

Approximate date of commencement of proposed sale to the public: From time to time following the effectiveness of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. x

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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(c) 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 registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer Accelerated
filer

Non-accelerated filer Smaller reporting
company

(do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock par value \$2.50 Per Share	500,000	\$12.40	\$620,000	\$243.66

(1) The amount of Common Stock registered hereunder shall be deemed to include any additional shares issuable as a result of any stock split, stock dividend or other change in the capitalization of the Registrant.

(2) Pursuant to Rule 457(c), the offering price is based on the average of the high (\$12.40) and low (12.40) sales prices of one share of common stock, as reported on the Nasdaq Capital Market on September 12, 2008, and has been established solely for the purpose of calculating the registration fee.

PROSPECTUS

September 15, 2008

SUMMIT FINANCIAL GROUP, INC.

DIVIDEND REINVESTMENT PLAN

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

500,000 Shares

Common Stock, Par Value \$2.50 Per Share

This prospectus relates to shares of common stock, par value \$2.50 per share, of Summit Financial Group, Inc., a West Virginia banking corporation, which may be offered and sold from time to time pursuant to the terms of the Summit Financial Group, Inc. Dividend Reinvestment Plan.

The Plan provides participants with a convenient and economical method for investing cash dividends paid on our common stock in additional shares of our common stock. This prospectus describes the material provisions of the Plan.

Shares of common stock to be issued under the Plan will be (i) purchased on the open market or (ii) purchased directly from us from authorized but unissued shares.

Shares of our common stock are traded on the NASDAQ Capital Market under the symbol "SMMF." The closing price for our common stock on September 12, 2008, was \$12.40 per share.

We have registered 500,000 shares of our common stock for sale under the Plan. You should keep this prospectus for future reference.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OFFERED ARE OUR EQUITY SECURITIES AND ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF ANY BANK SUBSIDIARY OF OURS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.

THERE ARE RISKS AND UNCERTAINTIES INVOLVED IN AN INVESTMENT IN SHARES OF OUR COMMON STOCK. FOR A DISCUSSION OF THE FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH SUCH INVESTMENT, SEE THE "RISK FACTORS" SECTION OF OUR ANNUAL REPORTS ON FORM 10-K AND QUARTERLY REPORTS ON FORM 10-Q WHICH WE FILE WITH THE

SECURITIES EXCHANGE COMMISSION AND INCORPORATE BY REFERENCE INTO THIS PROSPECTUS.

PROSPECTUS

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	1
WHERE YOU CAN FIND MORE INFORMATION	1
INCORPORATION OF INFORMATION THAT WE FILE WITH THE SECURITIES AND EXCHANGE COMMISSION	1
ADDITIONAL INFORMATION	3
RISK FACTORS	4
DESCRIPTION OF THE DIVIDEND REINVESTMENT PLAN	4
USE OF PROCEEDS	11
LEGAL MATTERS	11
EXPERTS	11
INDEMNIFICATION	12

We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. The Plan is not available to any person to whom we may not legally offer it. The date of this prospectus is September 15, 2008. You should not assume that the information in this prospectus is still accurate as of any later date.

ABOUT THIS PROSPECTUS

This document is called a prospectus and is part of a registration statement that we filed with the Securities and Exchange Commission relating to the offer and sale of shares of our common stock. This prospectus does not include all of the information in the registration statement, but provides you with a general description of the securities offered and the Plan. The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us, the Plan and the securities offered. The registration statement can be read at the Securities and Exchange Commission web site or at the Securities and Exchange Commission offices. See “Where You Can Find More Information” for more information.

When acquiring any securities discussed in this prospectus, you should rely only on the information provided in this prospectus, including the information incorporated by reference. We have not authorized anyone to provide you with different information. We are not offering the securities in any state or jurisdiction where the offer is prohibited. You should not assume that the information in this prospectus or any document incorporated by reference is truthful or complete at any date mentioned other than on the cover page of these documents.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to “we,” “us,” “our” or similar references mean Summit Financial Group, Inc. and its subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

Our corporate headquarters are located at 300 North Main Street, Moorefield, West Virginia 26836, and our phone number is (304) 530-1000. We also maintain a web site at www.summitfgi.com that contains information relating to us and our business.

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document we file at the Securities and Exchange Commission’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room. In addition, our Securities and Exchange Commission filings are available to the public at the Securities and Exchange Commission’s web site at www.sec.gov.

This prospectus is part of a registration statement filed by us with the Securities and Exchange Commission. Because the rules and regulations of the Securities and Exchange Commission allow us to omit certain portions of the registration statement from this prospectus, this prospectus does not contain all of the information set forth in the registration statement. You may review the registration statement and the exhibits filed with it for further information regarding us and the shares of our common stock being sold by this prospectus. The registration statement and its exhibits may be inspected at the Securities and Exchange Commission’s web site or at its public reference room at the address set forth above.

INCORPORATION OF INFORMATION THAT WE FILE WITH THE SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission allows us to “incorporate by reference” into this prospectus the information in documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is

considered to be a part of this prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the Securities and Exchange Commission, the information incorporated by reference in this prospectus is considered to be updated automatically and superseded. In other words, in the case of a conflict or inconsistency between information contained in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. We incorporate by reference the specific documents listed below and any documents we file with the Securities and Exchange Commission in the future under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until our offering is completed, except that we are not incorporating by reference any document or information that is only “furnished” to the Securities and Exchange Commission or that is otherwise not deemed to be filed with the Securities and Exchange Commission under those sections.

The following documents, which provide certain information about us, are incorporated by reference in this prospectus:

1. Annual report on Form 10-K for the fiscal year ended December 31, 2007 (including the description of our common stock set forth therein);
2. Quarterly reports on Form 10-Q for the quarters ended March 31, 2008, and June 30, 2008;
3. Current reports on Form 8-K filed on February 5, 2008, April 10, 2008 (with respect to termination of a merger agreement), April 25, 2008, and June 12, 2008 (with respect to entry into a merger agreement), July 25, 2008, and September 12, 2008 (with respect to material impairment of certain assets); and
4. The description of our common stock set forth under the caption “Description of Summit Financial Group Common Stock” included in our Registration Statement on Form S-4 dated July 30, 2008.

All documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to termination of the offering shall be deemed to be incorporated by reference into this prospectus and to be a part of it from the date of filing of such documents. Any statement in this prospectus or in a document incorporated by reference into this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that the statement is modified or superseded by any other subsequently filed document which is incorporated or is deemed to be incorporated by reference into this prospectus. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

This prospectus incorporates documents by reference that are not presented or delivered with this prospectus. We will provide without charge to each person, including any beneficial owner, to whom this prospectus has been delivered, on the written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated into this prospectus and deemed to be part of it, other than exhibits to such documents unless such exhibits are specifically incorporated by reference in such documents. These documents are available upon request by contacting Summit Financial Group, Inc. c/o Teresa D. Ely, 300 North Main Street, Moorefield, West Virginia 26836 or by calling (304) 530-1000.

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 Securities and Exchange Commission's website, public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at the Securities and Exchange Commission's website www.sec.gov. See "Where You Can Find More Information" on page 1.

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. Ely
Telephone: (304) 530-1000

RISK FACTORS

There are risks and uncertainties involved with an investment in shares of our common stock. See the “Risk Factors” sections of our annual reports on Form 10-K and quarterly reports on Form 10-Q, which we file with the Securities and Exchange Commission and incorporate by reference into this prospectus, for a discussion of the factors that should be considered in connection with such an investment.

DESCRIPTION OF THE DIVIDEND REINVESTMENT PLAN

The following questions and answers constitute a description of the provisions of our Dividend Reinvestment Plan.

Purpose and Advantage

1. What is the purpose of the Plan?

The purpose of the Plan is to provide participants with a simple, convenient and economical method of investing cash dividends paid on shares of our common stock for the purchase of additional shares of our common stock. The Plan allows participants to have all or a portion of cash dividends paid on their shares of common stock automatically reinvested in shares of our common stock without incurring brokerage commissions, service charges and other related expenses which are normally paid when purchasing our common stock. Additionally, the Plan allows us to retain funds normally used to pay dividends for general corporate purposes if we issue shares directly to participants.

2. What are the advantages of the Plan?

Participants may increase their holding of shares of common stock with the reinvestment of cash dividends received on previously owned shares of common stock registered in their names without incurring any service charges and without payment of brokerage commissions in connection with purchases under the Plan.

Regular account statements provide each participant in the Plan with a record of each transaction. Participation in the Plan is entirely voluntary. You may join or terminate your participation at any time prior to a particular dividend record date by making timely written notice to the Plan Administrator (see Question 3), subject to your eligibility to participate and the payment of termination fees (see Questions 4 and 19).

Participants may deposit certificates into their plan accounts, avoiding cumbersome safekeeping requirements and the risk of losing the certificates. The cost to deposit your certificate into the Plan is \$5.00 per deposit.

Plan Administration

3. Who administers the Plan for participants?

Registrar and Transfer Company is our transfer agent and, as the Plan Administrator, administers the Plan for participants by maintaining records, sending account statements to participants and performing other duties relating to the Plan. Shares of common stock purchased under the Plan are registered in the name of the Plan Administrator’s nominee and are credited to the accounts of the participants in the Plan.

Registrar and Transfer Company can be contacted at:

Registrar and Transfer Company
Attn: Dividend Reinvestment Plan Department
10 Commerce Drive
P.O. Box 664
Cranford, New Jersey 07016

Phone Number: 1-800-368-5948

We may change the Plan Administrator at any time at our sole discretion.

We will bear all costs of administering the Plan, except as described under Question 14 below.

Participation

4. Who is eligible to participate?

Any holder of record who owns shares of our common stock is eligible to participate in the Plan. Beneficial owners of shares of common stock whose shares are registered in names other than their own may participate by requesting their broker or nominee to transfer their shares into their own name or requesting that the broker or nominee enroll in the Plan on their behalf.

The right to participate in the Plan is not transferable to another person apart from a transfer of a participant's shares of our common stock. Shareholders who reside in jurisdictions in which it is unlawful for a shareholder to participate in the Plan are not eligible to participate in the Plan.

5. How does an eligible shareholder participate?

To participate in the Plan, a shareholder of record must complete an Authorization Form and return it to the Plan Administrator. Copies of the Authorization Form may be obtained at any time by written request to Registrar and Transfer Company, 10 Commerce Drive, P.O. Box 664, Cranford, New Jersey 07016, Attn: Dividend Reinvestment Department, online at www.rtc.com, or by calling (800) 368-5948.

Beneficial owners of shares of common stock should contact their broker or nominee regarding participation in the Plan.

6. When may an eligible shareholder join the Plan?

Any shareholder of record of our common stock may enroll in the Plan at any time. If the Authorization Form is received by the Plan Administrator no fewer than five business days before the record date for a dividend payment, and the participant elects to reinvest the dividends in shares of our common stock, such reinvestment of dividends will begin with that dividend payment. If the Authorization Form is received later than as described above, the shareholder will be eligible for participation in the program following the payment date of such dividend, and the reinvestment of dividends through the Plan will begin with the next dividend.

Please note that the Plan does not represent any change in our dividend policy or a guarantee of the payment of any future dividends.

7. What does the Authorization Form provide?

The Authorization Form directs us to pay to the Plan Administrator for the account of the participating shareholder of record all dividends paid on the shares credited to the participant's account under the Plan. It also appoints the Plan Administrator (or such other Plan administrator as we may from time to time designate) as agent for the shareholder and directs such agent to apply all of such dividends for the purchase of additional shares of common stock in accordance with the terms and conditions of the Plan.

8. May a shareholder have dividends reinvested under the Plan with respect to less than all of the shares of common stock registered in that shareholder's name?

Yes. A shareholder may elect to have the dividends received on some or all of his or her shares reinvested. The Plan does not require a minimum number of shares to participate.

Optional Cash Payments

9. May a participant elect to make additional cash payments under the Plan?

No. The Plan does not permit optional, additional purchases.

Purchases

10. How will purchases be made?

Shares of our common stock needed to fund the Plan may be:

- (i) acquired by the Plan Administrator on the open market;
- (ii) issued directly by us from authorized but unissued shares; or
- (iii) through a combination of (i) and (ii), above.

Open market purchases under the Plan will be made on each "Investment Date," which will be the first business day following a dividend payment date or as soon as practicable thereafter. Purchases of shares of common stock will be made at the direction of the Plan Administrator or its selected broker/dealer. Such purchases will be made in accordance with applicable state and federal securities laws and regulations. No interest or earnings will be paid by the Plan Administrator on dividend payments pending their investment in shares of our common stock.

In the event applicable law or the closing of the securities markets requires temporary curtailment or suspension of open market purchases of the shares of our common stock, the Plan Administrator is not accountable for its inability to make purchases at such time. If shares of our common stock are not available for purchase for a period longer than 30 days from the prior dividend payment date, the Plan Administrator will promptly mail to each participant a check in the amount of any unapplied funds in the participant's account.

11. How many shares of common stock will be purchased for participants?

The number of shares that will be purchased for each participant on any dividend payment date will depend on the amount of the participant's cash dividend and the purchase price of the shares of our common stock. Each participant's account will be credited with that number of shares (including

fractional shares computed to four decimal places) equal to the total amount to be invested, divided by the applicable purchase price as defined in Question 12 (also computed to four decimal places).

12. What will be the price of shares of common stock purchased under the Plan?

In making purchases of shares of our common stock for a participant's account associated with each Investment Date, the Plan Administrator will commingle the participant's funds with those of other participants under the Plan.

With respect to shares purchased on the open market, the price of shares of our common stock purchased for participants under the Plan with reinvested dividends on their shares of common stock for each Investment Date will be equal to the average price of all shares of common stock purchased on the Investment Date by the Plan Administrator on behalf of the Plan.

With respect to shares purchased directly from us, the price of such shares will be the closing price of shares of our common stock as quoted on the NASDAQ Capital Market as of the close of business on the business day immediately preceding the applicable Investment Date. The Plan Administrator shall have no responsibility with respect to the value of the shares of our common stock acquired under the Plan.

13. How are dividends on shares purchased through the Plan applied?

The purpose of the Plan is to provide the participant with a convenient method of purchasing shares of common stock and to have the dividends on those shares reinvested. Accordingly, dividends paid on shares held in the Plan will be automatically reinvested in additional shares of common stock unless and until the participant elects in writing to terminate participation in the Plan.

Costs to Participants

14. Are there any expenses to participants in connection with purchases under the Plan?

The following are the fees charged by the Plan Administrator to Participants and other expenses relating to the Plan:

- Dividend Reinvestment: All fees and brokerage commissions are absorbed by the Company.
- Certificate Deposit: The cost to deposit your certificates into the plan is \$5.00 per deposit.
- Duplicate Statements: \$5.00 for current year, \$10.00 per request for prior year(s).
- Termination of Plan participation: \$5.00 per account terminated.

All purchases of Common Stock made in conjunction with the Plan will be conducted through routine open-market purchases. Purchases will be directed by the Plan Administrator through an unaffiliated, registered broker-dealer. The Plan Administrator's fees are subject to change.

Reports to Participants

15. How will participants be advised of their purchases of shares of common stock?

As soon as practicable after each purchase, each participant will receive an account statement from the Plan Administrator. These statements are the participant's continuing record of the purchase price of the shares of common stock acquired and the number of shares acquired, and should be retained for tax purposes. Participants will also receive, from time to time, communications sent to all record holders of the shares of our common stock. These communications will include, among other things, proxy statements and annual reports to shareholders.

Dividends

16. Will participants be credited with dividends on shares held in their account under the Plan?

Yes. The participant's account will be credited with dividends paid on whole shares and fractional shares credited to the participant's account. The Plan Administrator will automatically reinvest the cash dividends received for the purchase of additional shares of our common stock.

Stock Certificates

17. Will stock certificates be issued for shares of common stock purchased?

The Plan Administrator will hold all stock certificates representing the shares of common stock purchased under the Plan in the name of its nominee. Normally, certificates for shares of our common stock purchased under the Plan will not be issued to participants. The number of shares credited to an account under the Plan will be shown on the participant's account statement. This feature protects against loss, theft or destruction of stock certificates.

The participant may receive certificates for whole shares accumulated in his or her account under the Plan by sending a written request to the Plan Administrator and payment of applicable fees. When certificates are issued to the participant, future dividends on such shares will continue to be reinvested in additional shares of common stock, unless the participant withdraws from the Plan. Any undistributed shares will continue to be reflected in the participant's account. No certificates representing fractional shares will be issued.

The participant's rights under the Plan and shares credited to the account of the participant under the Plan may not be pledged. A participant who wishes to pledge such shares must request that certificates for such shares be issued in his or her name.

Accounts under the Plan are maintained in the names in which the certificates of participants were registered at the time they entered the Plan. Additional certificates for whole shares will be similarly registered when issued.

Sale of Shares from the Plan

18. How does a participant sell shares from the Plan?

A participant may request in writing that any or all of the whole shares credited to his or her account be sold by a Plan Administrator. If such sale is requested, the sale will be made for the account of the participant by the Plan Administrator's broker within ten business days after receipt of the request.

at the prevailing market price at the time of such sale. Within ten business days after the sale, the participant will receive from the Plan Administrator a check for the proceeds of the sale less the \$15 processing fee, any applicable brokerage commission and any transfer tax. The signature on any request for sales in excess of \$10,000 must be guaranteed by a firm that is a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents' Medallion Program.

Because the Administrator will sell the shares on behalf of the Plan, neither we nor any participant in the Plan has the authority or power to control the timing or pricing of shares sold or the selection of the broker making sales. Therefore, you will not be able to precisely time the sale of your shares through the Plan, and you will bear the market risk associated with fluctuations in the price of our common stock. Accordingly, if you send in a request to sell shares, it is possible that the market price of our common stock could go down or up before the broker sells your shares. In addition, you will not earn interest on a sales transaction.

Withdrawal from the Plan

19. How does a participant withdraw from the Plan?