

SUMMIT FINANCIAL GROUP INC

Form S-4/A

October 12, 2016

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

Registration No. 333-213526

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

Amendment No. 1  
to  
FORM S-4  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

SUMMIT FINANCIAL GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

<b>West Virginia</b> <b>(State or Other Jurisdiction of</b>	<b>6711</b> <b>(Primary Standard Industrial</b>	<b>55-0672148</b> <b>(I. R. S. Employer</b>
<b>Incorporation or Organization)</b>	<b>Classification Code Number)</b> <b>300 North Main Street</b>	<b>Identification Number)</b>

**Moorefield, West Virginia 26836**

**(304) 530-1000**

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

**H. Charles Maddy, III**

**Summit Financial Group, Inc.**

**300 North Main Street**

**Moorefield, West Virginia 26836**

**(304) 530-1000**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)**

*with copies to:*

**Peter G. Weinstock, Esq.**

**Hunton & Williams LLP**

**1445 Ross Avenue, Suite 3700**

**Dallas, Texas 75202**

**(214) 468-3395**

**Sandra M. Murphy, Esq.**

**Bowles Rice LLP**

**600 Quarrier Street**

**P.O. Box 1386**

**Charleston, West Virginia 25325**

**(304) 347-1131**

Approximate date of commencement of proposed sale to the public: as soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

Large accelerated filer "  Accelerated filer  x

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

### CALCULATION OF REGISTRATION FEE

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

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

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

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

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus and proxy statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED OCTOBER 12, 2016**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

**Dear Shareholder:**

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

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

The merger consideration is subject to adjustment if First Century's total shareholders' equity decreases, as specified under The Merger Agreement Shareholders' Equity beginning on page 65, and First Century has the right to terminate the merger agreement if Summit's stock price falls below a certain floor, as specified under The Merger Agreement Termination of the Merger Agreement beginning on page 78.

**The number of shares of Summit common stock that First Century shareholders making a stock election will receive in the merger for each share of First Century common stock is fixed. The implied value of the stock consideration that First Century shareholders will receive in the merger will change depending on changes in the market price of Summit common stock and will not be known at the time you vote on the merger.**

The market value of the stock consideration will fluctuate with the market price of Summit common stock, however the cash consideration will remain a fixed amount regardless of any change in the market value of the stock consideration. The following table presents the closing prices of Summit common stock on June 1, 2016, the last trading day before public announcement of the merger, and on [ ], 2016, the last practicable trading day before the distribution of this prospectus and proxy statement. The table also presents the implied value of the stock consideration proposed for each share of First Century common stock converted into the stock consideration on those dates, as determined by multiplying the closing price of Summit common stock on those dates by the exchange ratio of 1.2433 provided for in the merger agreement. This table also presents the value of the cash consideration proposed for each share of First Century common stock converted into the cash consideration, which will remain a fixed amount regardless of any change in the market value of the stock consideration.

	Summit Common Stock (NASDAQ: SMMF)	Implied Value of One Share of First Century Common Stock	Value of the Cash Consideration for One Share of First Century Common Stock
At June 1, 2016	\$ 17.30	\$ 21.51	\$ 22.50
At [ ], 2016	\$ [ ]	\$ [ ]	\$ 22.50

**The common stock of Summit is listed on the NASDAQ Capital Market. Summit and First Century urge you to obtain current market quotations for Summit (trading symbol SMMF ).**

The merger and the bank merger are intended to be treated as a single integrated transaction qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and holders of First Century common stock are not expected to recognize any gain or loss for United States federal income tax purposes on the exchange of shares of First Century common stock for shares of Summit common stock in the merger, except to the extent of the total cash consideration and cash in lieu of any fractional shares of Summit common stock.

At the special meeting of First Century shareholders to be held on November 29, 2016, holders of First Century common stock will be asked to vote to (1) approve the merger agreement, which is the plan of merger, and (2) approve the adjournment of the special meeting, if necessary or appropriate, in order to further solicit proxies in favor of approval of the merger agreement. Approval of the merger agreement requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting at which a quorum is present.

**The First Century board of directors unanimously recommends that holders of First Century common stock vote FOR approval of the merger agreement and FOR the approval of the adjournment of the special meeting, if necessary or appropriate, in order to further solicit proxies in favor of the merger agreement.**

**This prospectus and proxy statement describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including Risk Factors beginning on page 15 for a discussion of the risks relating to the proposed merger and owning Summit common stock after the merger. You also can obtain information about Summit from documents that it has filed with the Securities and Exchange Commission.**

Sincerely,

Frank W. Wilkinson

President and Chief Executive Officer

First Century Bankshares, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved the Summit common stock to be issued in the merger or passed upon the adequacy or accuracy of this prospectus and proxy statement. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the merger are not savings and deposit accounts of any bank or non-bank subsidiary of Summit or of First Century and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The date of this prospectus and proxy statement is [ ], 2016 and it is first being mailed or otherwise delivered to First Century shareholders on or about [ ], 2016.

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**REFERENCES TO ADDITIONAL INFORMATION**

This prospectus and proxy statement incorporates by reference important business and financial information about Summit from documents filed with or furnished to the Securities and Exchange Commission, which is referred to as the SEC, that are not included in or delivered with this prospectus and proxy statement.

You can obtain documents incorporated by reference in this prospectus and proxy statement with respect to Summit free of charge through the SEC's website (<http://www.sec.gov>) or by requesting them in writing or by telephone by contacting Summit or First Century, as the case may be, at the following addresses:

Summit Financial Group, Inc.

300 North Main Street

Moorefield, West Virginia  
26836

Attention: Robert S. Tissue

Telephone: (304) 530-1000

First Century Bankshares, Inc.

500 Federal Street

Bluefield, West Virginia

Attention: J. Ronald Hypes

Telephone: (304) 325-8181

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

In addition, if you have questions about the merger or the First Century special meeting, need additional copies of this prospectus and proxy statement or need to obtain proxy cards or other information related to the proxy solicitation, you may contact J. Ronald Hypes, First Century, at the following address and telephone number:

First Century Bankshares, Inc.

500 Federal Street

Bluefield, West Virginia 24701

Telephone: (304) 325-8181

**ABOUT THIS PROSPECTUS AND PROXY STATEMENT**

This prospectus and proxy statement, which forms part of a registration statement on Form S-4 filed with the SEC by Summit, constitutes a prospectus of Summit under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, with respect to the shares of Summit common stock to be issued to the First Century shareholders pursuant to the merger. This prospectus and proxy statement also constitutes a proxy statement for First Century. It also constitutes a notice of meeting with respect to the special meeting of First Century shareholders.

First Century does not have a class of securities registered under Section 12 of the Securities and Exchange Act of 1934, as amended (the Exchange Act), is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, and accordingly does not file documents or reports with the SEC.



You should rely only on the information contained or incorporated by reference into this prospectus and proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this prospectus and proxy statement. This prospectus and proxy statement is dated [ ], 2016, and you should assume that the information in this prospectus and proxy statement is accurate only as of such date. You should assume that the information incorporated by reference into this prospectus and proxy statement is accurate as of the date of such document. Neither the mailing of this prospectus and proxy statement to First Century shareholders nor the issuance by Summit of shares of Summit common stock in connection with the merger will create any implication to the contrary.

Information on the websites of Summit or First Century, or any subsidiary of Summit or First Century, is not part of this prospectus and proxy statement. You should not rely on that information in deciding how to vote.

**This prospectus and proxy statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this prospectus and proxy statement regarding First Century has been provided by First Century and information contained in this prospectus and proxy statement regarding Summit has been provided by Summit.**

See Where You Can Find More Information on page 112.

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**APPENDICES**

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APPENDIX B  
APPENDIX C

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

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**QUESTIONS AND ANSWERS**

*The following are answers to certain questions that you may have regarding the First Century special meeting and the merger. Summit and First Century urge you to read carefully the remainder of this prospectus and proxy statement because the information in this section may not provide all the information that might be important to you with respect to the merger or the First Century special meeting or in determining how to vote, including the risk factors beginning on page 15. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this prospectus and proxy statement. Unless the context requires otherwise, references in this prospectus and proxy statement to Summit refer to Summit Financial Group, Inc., a West Virginia corporation, and/or its consolidated subsidiaries, references in this prospectus and proxy statement to First Century refer to First Century Bankshares, Inc., a West Virginia corporation, and/or its consolidated subsidiaries, and references in this prospectus and proxy statement to we, our and us refer to Summit and First Century collectively.*

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

A: Holders of First Century common stock are being asked to vote to approve the Agreement and Plan of Merger, dated as of June 1, 2016, between Summit and First Century, as it may be amended from time to time, referred to as the merger agreement or the First Century merger proposal, and to approve the adjournment of the special meeting, on one or more occasions, if necessary or appropriate, to solicit additional proxies in favor of the First Century merger proposal, referred to as the First Century adjournment proposal.

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

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

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

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

**Q: What do holders of First Century common stock need to do now?**

A: After you have carefully read this prospectus and proxy statement and have decided how you wish to vote your shares, please vote your shares as soon as possible. If you are a shareholder of record, to vote by proxy card, indicate on your proxy card how you want your shares to be voted with respect to each of the matters indicated. When complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. If you beneficially hold your shares through a bank, broker, nominee or other holder of record, you should follow the voting instructions you receive from that holder of record to vote your shares.

Submitting your proxy by mail or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the First Century special meeting. If you would like to attend the First Century special meeting to vote your shares in person, see **The First Century Special Meeting Attending the Special Meeting** beginning on page 36.

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

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

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

A: The presence at the First Century special meeting, in person or by proxy, of the holders of a majority of the First Century common stock issued and outstanding and entitled to vote will constitute a quorum for the transaction of business. If a quorum is not present, the First Century special meeting will be postponed until the holders of the number of shares of First Century common stock required to constitute a quorum attend. If you submit a properly executed proxy card, even if you abstain from voting, your shares of First Century common stock will be counted for purposes of determining whether a quorum is present at the First Century special meeting. If additional votes must be solicited to approve the merger agreement and the First Century adjournment proposal is approved, it is expected that the First Century special meeting will be adjourned to solicit additional proxies.

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

A: In addition to solicitation of proxies by First Century by mail, proxies may also be solicited by First Century's directors and employees personally and by telephone, facsimile or other means. For more information on solicitation of proxies in connection with the special meeting of First Century shareholders, see "The First Century Special Meeting-Solicitation of Proxies" beginning on page 36.

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

A: If you do not vote by proxy card or vote in person at the First Century special meeting, it will be more difficult for First Century to obtain the necessary quorum to hold its special meeting. In addition, approval of the First Century merger proposal requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting at which a quorum is present. **The First Century board of directors recommends that you vote to approve the merger agreement.** Further, due to the importance of the vote to approve the merger agreement, First Century is also seeking authority from shareholders through the First Century adjournment proposal to adjourn the special meeting to a later date, if necessary or appropriate, in order to further solicit proxies in favor of approval of the First Century merger proposal.

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

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. Without instructions, your shares will not be voted, which will have the effect described below.

**Q: What if I abstain from voting or fail to vote or instruct my broker or other holder of record how to vote?**

A: If you are a record holder of First Century common stock and you submit a proxy card in which you abstain from voting, the abstention will be counted toward a quorum at the First Century special meeting, but it will have the same effect as a vote against the First Century merger proposal and against the First Century adjournment proposal.

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

If your bank, broker, nominee or other holder of record holds your shares of First Century common stock in street name, for each proposal your bank, broker, nominee or other holder of record generally will vote such shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank, nominee or other holder of record with this prospectus and proxy statement. Your shares held in street name generally



will not be voted on any proposal with respect to which you do not provide voting instructions (referred to as broker non-votes). Broker non-votes will have the same effect as a vote against the First Century merger proposal, but will have no effect on any other proposal at the First Century special meeting.

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

A: Yes. All holders of First Century common stock, including shareholders of record and shareholders who beneficially own their shares through banks, brokers, nominees or any other holder of record, at the close of business

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on October 14, 2016, which is the record date for the special meeting, are invited to attend the First Century special meeting. Holders of record of First Century common stock as of the record date can vote in person at the First Century special meeting. If you wish to vote in person at the special meeting and if you are a shareholder of record, you should bring the enclosed proxy card and proof of identity. If you hold your shares in street name, through your broker or beneficially own your shares through another holder of record, you will need to bring with you proof of identity and a letter from your bank, broker, nominee or other holder of record confirming your beneficial ownership of common stock as of the record date (a written proxy from your holder of record). At the appropriate time during the special meeting, the shareholders present will be asked whether anyone wishes to vote in person. You should raise your hand at this time to receive a ballot to record your vote. Everyone who attends the special meeting must abide by the rules for the conduct of the meeting distributed at the meeting.

Even if you plan to attend the special meeting, you are encouraged to vote your shares as soon as possible by submitting a properly executed proxy card in the enclosed prepaid envelope.

**Q: Will First Century be required to submit the First Century merger proposal to its shareholders even if the First Century board of directors has withdrawn or modified its recommendation?**

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

**Q: If I am a holder of First Century common stock, can I change or revoke my vote?**

A: Yes. If you are a shareholder of record of common stock on the record date, you may change your vote and revoke your proxy by:

before the meeting, submitting a properly executed proxy card with a later date;

voting in person at the First Century special meeting; or

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

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

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

A: Yes. Under West Virginia law, holders of First Century common stock will be entitled to exercise appraisal or dissenters' rights in connection with the First Century merger proposal. To exercise appraisal rights, First Century shareholders must strictly follow the procedures prescribed by the laws of West Virginia. These procedures are summarized under the section entitled "The Merger Dissenters' or Appraisal Rights" beginning on page 59, and Sections

31D-13-1301 through 31D-13-1331 of the West Virginia Business Corporation Act, which are attached to this prospectus and proxy statement as Appendix C.

**Q: If I am a holder of First Century common stock with shares represented by stock certificates, should I send in my First Century stock certificates now?**

A: No. You should not send in your First Century stock certificates at this time. After completion of the merger, Summit will send you instructions for exchanging First Century stock certificates for the merger consideration. The shares of Summit common stock that First Century shareholders will receive in the merger will be issued in book-entry form. **Please do not send in your stock certificates with your proxy card.**

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

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

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

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

No guarantee can be made that you will receive the amount of the cash consideration or the stock consideration you elect. As a result of the proration procedures provided for in the merger agreement, as described in this prospectus and proxy statement, you may receive the stock consideration or the cash consideration in amounts that are different from the amounts you elect to receive.

**Q: Is the merger consideration subject to adjustment?**

A: Yes. The merger consideration could be subject to downward adjustment if, at the earlier of December 31, 2016 or the effective time, First Century's total adjusted shareholders' equity is less than \$39,664,000. In such an event, there will be a dollar-for-dollar downward adjustment to the aggregate merger consideration equal to the amount of the deficit, allocated proportionately to the cash consideration and stock consideration. If, immediately prior to the effective time, First Century's total adjusted shareholders' equity is more than \$42,118,000, then First Century will issue a special distribution in the amount of such excess to its shareholders, subject to certain limitations due to the structure of the merger and the bank merger as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. These potential adjustments are described more fully in this prospectus and proxy statement. See *The Merger Agreement - Shareholders' Equity* for further explanation.

In addition, there may be an adjustment to the fixed number of shares of Summit common stock that will be issued to First Century shareholders based upon changes in the market price of Summit common stock and the NASDAQ Bank Index (IBIX) prior to the closing. However, any changes to the fixed number of shares of Summit common stock will not increase the per share value that First Century shareholders will receive in the merger from the value calculated using the pre-announcement market price of Summit common stock. Furthermore, the First Century board of directors may terminate the merger agreement if the average closing price of Summit common stock falls more than 15% on an actual basis and 15% on a relative basis to the NASDAQ Bank Index (IBIX) prior to the effective time, in which case the merger will not occur, unless Summit agrees to increase the number of shares of Summit common stock to be issued to holders of First Century common stock.

**Q: How do I elect common stock, cash or both?**

A: You may indicate a preference to receive Summit common stock, cash or a combination of both in the merger by completing the stock/cash election form and letter of transmittal, referred to herein as the election form, that you will receive under separate cover. You should carefully review the instructions that will be included with the election form. The deadline to make an election is 5:00 p.m. Eastern Time on the 15th day following the mailing date of the election form.

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**Q: How does the consideration proration work?**

A: Under the merger agreement, the number of shares of First Century common stock to be converted into cash will equal, as closely as possible, but will in no event exceed 35% of the total merger consideration. The remaining shares of First Century common stock outstanding will be converted into a right to receive shares of Summit common stock that will equal, as closely as possible, but will in no event exceed 65% of the merger consideration. In the event that First Century shareholders elect to receive, in the aggregate, a particular form of consideration in an amount that exceeds the allocation established in the merger agreement, all shareholders who elected to receive such form of consideration will have their election prorated as contemplated in the merger agreement to the extent necessary to cause the aggregate mix of consideration to be equal to, as closely as possible, the allocation set forth in the merger agreement. Accordingly, First Century shareholders may receive a consideration mix that is different from the consideration that they elect to receive. See *The Merger Agreement – Election Procedures; Surrender of First Century Stock Certificates* beginning on page 65 for further explanation.

**Q: Is the value of the per share consideration that I receive for my shares of First Century common stock expected to be the same regardless of which election I make?**

A: No. The value of the cash consideration will not change and is fixed at \$22.50 per share. However, the value of the stock consideration will vary based on the market price of Summit common stock. There will be no adjustment to the fixed number of shares of Summit common stock that will be issued to First Century shareholders who receive the stock consideration based upon changes in the market price of Summit common stock or First Century common stock prior to the effective time of the merger. As result, the value of the merger consideration received by holders of First Century common stock who receive the cash consideration may differ from the value of the merger consideration received by holders of First Century common stock who receive the stock consideration.

The market price of Summit common stock at the time the merger is completed may vary from the price of Summit common stock on the date the merger agreement was executed, on the date of this prospectus and proxy statement, on the date of the First Century special meeting and at the effective time of the merger as a result of various factors that are beyond the control of Summit and First Century, including but not limited to, general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. In addition to the adoption and approval of the merger agreement by First Century shareholders, consummation of the merger is subject to satisfaction of certain conditions that may not occur until after the First Century special meeting. See *The Merger Agreement – Conditions to Completion of the Merger* beginning on page 67 for further explanation. Therefore, at the time of the First Century special meeting you will not know the precise value of the stock consideration, if any, that you will receive at the effective time of the merger. You should obtain current market quotations for shares of Summit common stock.

**Q: What happens if I do not make an election or my election form is not received before the election deadline?**

A: Any shares of First Century common stock with respect to which the exchange agent does not receive a properly completed election form by the election deadline, including stock certificate(s) and other transmittal materials, will be treated as no election shares. No election shares will be converted into the right to receive Summit common stock and/or cash according to the allocation procedures specified in the merger agreement. See *The Merger Agreement – Merger Consideration* beginning on page 64.

**Q: How will I receive the merger consideration to which I am entitled?**

A: After receiving the proper documentation from you and determining the proper allocations of shares of Summit common stock and cash to be paid or issued to First Century shareholders, the exchange agent will forward to you the Summit common stock and/or cash to which you are entitled. See The Merger Agreement Election Procedures; Surrender of First Century Stock Certificates beginning on page 65. First Century shareholders will not receive any fractional shares of Summit common stock in the merger. Instead, they will receive an amount in cash equal to the fractional share interest multiplied by \$22.50, the per share cash consideration.

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**Q: When do you expect to complete the merger?**

A: Summit and First Century currently expect to complete the merger during the first quarter of 2017. However, they cannot assure you when or if the merger will occur. Summit and First Century must, among other things, obtain the approval of First Century shareholders at its special meeting and satisfy the other conditions described below in *The Merger Agreement* *Conditions to Completion of the Merger* beginning on page 67.

**Q: What happens if the merger is not completed?**

A: If the merger is not completed, holders of First Century common stock will not receive any consideration for their shares in connection with the merger. Instead, First Century will remain an independent private company. In addition, in certain circumstances, a termination fee may be required to be paid by First Century. See *The Merger Agreement* *Effect of Termination; Termination Fee* beginning on page 80 for a complete discussion of the circumstances under which termination fees will be required to be paid.

**Q: Who will be soliciting proxies?**

A: In addition to soliciting proxies by mail, the directors and certain employees of First Century may be soliciting proxies for the First Century special meeting. See *The First Century Special Meeting* *Solicitation of Proxies* beginning on page 36 for more information.

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

A: The merger is intended to qualify, and the obligation of Summit and First Century to consummate the merger is conditioned upon, the receipt of an opinion from their respective legal counsel to the effect that the merger will qualify, as a reorganization within the meaning of Section 368(a) of the Code and that First Century and Summit will each be treated as a party to each reorganization within the meaning of Section 368(b) of the Code. Neither Summit nor First Century currently intends to waive this opinion condition to its obligation to consummate the merger. If either Summit or First Century waives this opinion condition after this prospectus and proxy statement is declared effective by the SEC, and if the tax consequences of the merger to First Century shareholders have materially changed, Summit and First Century will recirculate appropriate soliciting materials to resolicit the votes of First Century shareholders. Assuming that the merger and the bank merger so qualifies as a reorganization, which First Century and Summit anticipate, in general, for U.S. federal income tax purposes:

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

Holders of First Century common stock who receive solely the stock consideration in the merger generally will not recognize any gain or loss as a result of the exchange (other than for cash received in lieu of any fractional share of Summit common stock); and

Holders of First Century common stock who receive a combination of the cash consideration and the stock consideration in the merger will not generally recognize any loss but will generally recognize gain, if any, equal to the lesser of (1) the excess, if any, of the sum of the cash received and the fair market value of the



Summit common stock received pursuant to the merger over that holder's adjusted tax basis in his, her or its shares of First Century common stock surrendered, and (2) the amount of cash consideration received by that holder pursuant to the merger.

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

The U.S. federal income tax consequences described above may not apply to all holders of First Century common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

**Q: Whom should I call with questions?**

A: First Century shareholders should contact J. Ronald Hypes at First Century by telephone at (304) 325-8181.

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**SUMMARY**

*This summary highlights selected information from this prospectus and proxy statement. It does not contain all of the information that may be important to you. We urge you to carefully read this entire prospectus and proxy statement and the other documents to which this prospectus and proxy statement refers to fully understand the merger and the other matters to be considered at the special meeting. See *Where You Can Find More Information* on page 112 to obtain the information incorporated by reference into this prospectus and proxy statement without charge. Each item in this summary includes a page reference directing you to a more complete description of that item.*

**The Companies (page 85)**

*Summit Financial Group, Inc.*

*300 North Main Street*

*Moorefield, West Virginia 26836*

*(304) 530-1000*

Summit is a West Virginia corporation registered as a financial holding company pursuant to the Bank Holding Company Act of 1956, as amended, or the BHCA. Summit was incorporated and organized on March 5, 1987. Summit's banking subsidiary offers a full range of commercial and retail banking services and products. Summit provides these services through its community bank subsidiary, Summit Community Bank, with 18 full service offices located throughout West Virginia, Northern Virginia and the Shenandoah Valley. Summit also operates Summit Insurance Services, LLC in Moorefield, West Virginia and Leesburg, Virginia.

As of June 30, 2016, Summit had total assets of \$1.57 billion, total deposits of \$1.10 billion, and shareholders' equity of \$150.7 million.

*First Century Bankshares, Inc.*

*500 Federal Street*

*Bluefield, West Virginia 24701*

*(304) 325-8181*

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

As of June 30, 2016, First Century had total assets of \$409.9 million, total deposits of \$351.6 million, and total stockholders' equity of \$46.1 million.

**The Merger (page 39)**

We have attached the merger agreement to this prospectus and proxy statement as Appendix A. We encourage you to read the merger agreement. It is the legal document that governs the merger. All descriptions in this summary and elsewhere in this prospectus and proxy statement of the terms and conditions of the merger are qualified by reference to the merger agreement.

In the merger, Summit will acquire First Century by means of the merger of First Century into FCB Merger Sub LLC, a West Virginia limited liability company and wholly-owned subsidiary of Summit's wholly-owned banking subsidiary, Summit Community Bank, or merger sub, with merger sub as the surviving entity in the merger. Immediately following the merger, merger sub will be liquidated so that Summit Community Bank will own all of the outstanding shares of First Century's wholly owned banking subsidiary, First Century Bank. Immediately following the liquidation of merger sub, First Century Bank will be merged with and into Summit Community Bank, or the bank merger, with Summit Community Bank surviving as the surviving bank in the bank merger.

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Each share of First Century common stock outstanding will be converted in the merger into the merger consideration as further described below. We expect to complete the merger in the first quarter of 2017, although there can be no assurance in this regard.

### **Merger Consideration (page 64)**

Upon completion of the merger, each First Century shareholder will receive (i) 1.2433 shares of Summit common stock in exchange for each share of First Century common stock held immediately prior to the merger, which is referred to herein as the stock consideration, (ii) cash in the amount of \$22.50 per share of First Century common stock, which is referred to herein as the cash consideration, or (iii) a combination of cash and shares of Summit common stock in accordance with the election procedures set forth in the merger agreement. However, the aggregate number of First Century shares that will be converted for cash consideration will be equal to, as closely as possible, but in no event will exceed 666,092 shares, and the aggregate cash consideration will be equal to, as closely as possible, but in no event will exceed \$14,987,073 or approximately 35% of the merger consideration. The aggregate number of First Century shares that will be converted for stock consideration will be equal to, as closely as possible, but in no event will exceed 1,237,028, or approximately 65% of the merger consideration. Accordingly, elections by First Century shareholders to receive a particular form of consideration, whether cash or shares of Summit common stock, will be prorated as necessary to cause the aggregate mix of consideration received by First Century shareholders in the merger to comply with the foregoing allocation. Any shares of First Century common stock for which no valid election has been made will be converted into the right to receive shares of Summit common stock and/or cash in accordance with the allocation procedures specified by the merger agreement.

Summit will not issue any fractional shares. A First Century shareholder entitled to a fractional share of Summit common stock will instead receive an amount in cash equal to the fractional share interest to which such shareholder would otherwise be entitled multiplied by \$22.50, the per share cash consideration.

In addition, the merger consideration could be subject to downward adjustment if, at the earlier of December 31, 2016 or the effective time, First Century's total adjusted shareholders' equity is less than \$39,664,000. In such an event, there will be a dollar-for-dollar downward adjustment to the aggregate merger consideration equal to the amount of the deficit, allocated proportionately to the cash consideration and stock consideration. If, immediately prior to the effective time, First Century's total adjusted shareholders' equity is more than \$42,118,000, then First Century will issue a special distribution in the amount of such excess to its shareholders, subject to certain limitations due to the structure of the merger and the bank merger as a reorganization under Section 368(a) of the Code.

The exchange ratio may be adjusted if the outstanding shares of Summit Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization.

Upon completion of the merger, we expect that Summit shareholders will own approximately 87.59% of the combined company and former First Century shareholders will own approximately 12.41% of the combined company.

**The market price of Summit common stock will fluctuate prior to the merger. Summit and First Century urge you to obtain current market quotations for Summit (trading symbol SMME ).**

### **Cash and Stock Elections (page 65)**

An election form will be mailed separately to First Century shareholders and First Century shareholders should carefully review and follow the instructions that will be included with the election form. The deadline to make an election and return the election form along with the First Century stock certificates will be 5:00 p.m. Eastern Time on the 15th day following the mailing date of the election form. In the event that First Century shareholders elect to receive, in the aggregate, a particular form of consideration in an amount that exceeds the allocation established in the merger agreement, all shareholders who elected to receive such form of consideration will have their elections prorated as necessary to cause the aggregate mix of consideration to equal, as closely as possible, the allocation set forth in the merger agreement. Accordingly, First Century shareholders may receive a consideration mix that is different from the consideration that they elect to receive.

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### **First Century's Reasons for the Merger (page 42)**

In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its shareholders approve the merger agreement, the First Century board of directors evaluated the merger and the merger agreement with executive management, Sandler O'Neill & Partners, L.P., or Sandler O'Neill, its financial advisor, and Bowles Rice, LLP, or Bowles Rice, its legal counsel. The First Century board of directors carefully considered the terms of the merger agreement and the value of the merger consideration to be received by First Century shareholders and ultimately determined that it was in the best interests of First Century and its shareholders for First Century to enter into the merger agreement with Summit. For more detail concerning the factors considered by the First Century board of directors in reaching its decision to approve the merger and the merger agreement, which is the plan of merger, see the section entitled "The Merger - First Century's Reasons for the Merger; Recommendation of the First Century Board of Directors."

### **First Century's Recommendation (page 37)**

The First Century board of directors believes that the merger is fair to and in the best interests of the First Century shareholders. First Century's board of directors unanimously recommends that First Century shareholders vote **FOR** the First Century merger proposal. For the factors considered by the First Century board of directors in reaching its decision to approve the merger and the merger agreement, which is the plan of merger, see the section entitled "The Merger - First Century's Reasons for the Merger; Recommendation of the First Century Board of Directors."

### **Opinion of First Century's Financial Advisor (page 46 and Appendix B)**

In connection with the merger, First Century's financial advisor, Sandler O'Neill, delivered a written opinion, dated June 1, 2016, to the First Century board of directors as to the fairness of the merger consideration, from a financial point of view and as of the date of the opinion, to the holders of First Century common stock. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Sandler O'Neill in preparing the opinion, is attached as Appendix B to this prospectus and proxy statement. **The opinion was for the information of, and was directed to, the First Century board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of First Century to engage in the merger or enter into the merger agreement or constitute a recommendation to the First Century board in connection with the merger, and it does not constitute a recommendation to any holder of First Century common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.**

### **Dissenters' or Appraisal Rights (page 59)**

Under Section 31D-13-1302 of the West Virginia Business Corporation Act, or the WVBCA, First Century shareholders will have appraisal rights in connection with the merger. To exercise appraisal rights, First Century shareholders must strictly follow the procedures prescribed by the laws of West Virginia. These procedures are summarized under the section entitled "The Merger - Dissenters' or Appraisal Rights" beginning on page 59, and Sections 31D-13-1301 through 31D-13-1331 of the WVBCA, which are attached to this prospectus and proxy statement as Appendix C.

### **Accounting Treatment (page 63)**

Summit will account for the merger using acquisition accounting in accordance with U.S. generally accepted accounting principles.



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**The Merger Is Intended to Be Tax-Free to Holders of First Century Common Stock as to the Shares of Summit Common Stock They Receive (page 81)**

The merger and the bank merger are intended to qualify as a reorganization within the meaning of Section 368(a) of the Code, and, as a condition to the respective obligations of Summit and First Century to complete the merger, each of Summit and First Century shall receive an opinion from its legal counsel to that effect. Accordingly, the merger generally will be tax-free to a holder of First Century common stock for U.S. federal income tax purposes who receives solely the stock consideration for all of his, her or its shares, except for any gain or loss that may result from the receipt of cash instead of fractional shares of Summit common stock that such holder of First Century common stock would otherwise be entitled to receive. If the holder of First Century common stock receives solely the cash consideration for all of his, her or its shares, the holder of First Century common stock generally will recognize gain or loss equal to the difference between the amount of cash received and the adjusted tax basis in his, her or its shares of First Century common stock as set forth below. If the holder of First Century common stock receives a combination of cash consideration and stock consideration in the merger, the holder will not generally recognize any loss but will generally recognize gain, if any, equal to the lesser of (1) the excess, if any, of the sum of the cash received and the fair market value of the Summit common stock received pursuant to the merger over that holder's adjusted tax basis in his, her or its shares of First Century common stock surrendered, and (2) the amount of cash consideration received by that holder pursuant to the merger. For further information, see the section entitled "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 81.

**The First Century Special Meeting (page 35)**

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

To approve the First Century merger proposal; and

To approve the First Century adjournment proposal.

**Record Date; Vote Required (page 37)**

First Century shareholders can vote at the special meeting if they owned shares of First Century common stock at the close of business on October 14, 2016, which is the record date for the special meeting. On the record date, First Century had approximately [ ] shares of common stock outstanding and entitled to vote at the First Century special meeting. Each First Century shareholder can cast one vote for each share of First Century common stock owned on that date.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of First Century common stock entitled to vote at the First Century special meeting is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Although brokers have discretionary power to vote your shares of First Century common stock with respect to routine matters, they do not have discretionary power to vote your shares of First Century common stock on non-routine matters. All proposals for consideration at the First Century special meeting are non-routine and therefore



your broker will not be able to vote your shares of First Century common stock with respect to these proposals unless the broker received appropriate instructions from you.

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

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

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As of the record date, First Century directors and executive officers, and their affiliates, held approximately [ ]% of the outstanding shares of First Century common stock entitled to vote at the special meeting. First Century directors have entered into support agreements, a form of which is included as an exhibit to Appendix A attached to this prospectus and proxy statement, that obligate each director to vote shares of First Century common stock over which each such director has sole voting and dispositive power for approval of the merger agreement.

**Conditions to Completion of the Merger (page 67)**

The obligations of Summit and First Century to complete the merger depend on a number of conditions being satisfied or waived. These conditions include:

First Century shareholders' approval of the merger agreement;

Approval of the merger by the necessary federal and state regulatory authorities;

The effectiveness of the registration statement filed on Form S-4 of which this prospectus and proxy statement is a part and no stop order suspending the effectiveness thereof shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Securities and Exchange Commission, or SEC;

Authorization for the listing on the NASDAQ Capital Market, or NASDAQ, 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 opinions from counsel to First Century and Summit that the merger will be treated as a reorganization under Section 368(a) of the Code;

The accuracy of the other party's representations and warranties subject to the material adverse effect standard in the merger agreement;

The performance in all material respects of all obligations of the other party contained in the merger agreement;

The parties' use of commercially reasonable efforts to execute the key employment contracts referenced in the merger agreement;

Payment by First Century of all change in control fees associated with the previous employment contracts;

Less than 10.0% of the outstanding shares of First Century common stock exercising dissenters' rights;

As of the effective date, the allowance for loan and lease losses for First Century Bank's general loan portfolio shall not be less than \$2,254,000;

Receipt of a voting agreement executed by each of the individuals set forth on the disclosure schedules; and

Receipt of a director support agreement executed by each of the directors of First Century.

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 73)**

On August 3, 2016, the Board of Governors of the Federal Reserve System, or the Federal Reserve, issued a letter granting Summit's request for a waiver of the Section 3 application with the Federal Reserve. On September 12, 2016, Summit Community Bank received an order from the West Virginia Division of Financial Institutions, or the WV DFI, approving the application of Summit Community Bank to merge with First Century Bank. On September 30, 2016, the Federal Deposit Insurance Corporation, or the FDIC, issued an approval letter enclosing its order and basis for corporation approval with respect to Summit Community Bank's application for consent to merge with First Century Bank. Summit and First Century are not aware of any other governmental approvals or actions required for consummation of the merger other than as described above.

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In accordance with the FDIC's September 30, 2016 approval order, the merger may not be consummated before the fifteenth calendar day following the date of the order. During this period, the United States Department of Justice may file objections to the merger under the federal antitrust laws. As of the date of this prospectus and proxy statement, we have not received any indication that the United States Department of Justice will challenge the merger. However, there can be no assurance that the United States Department of Justice will not challenge the merger during the waiting period set aside for such challenges. See *The Merger Agreement – Regulatory Approvals* on page 73 for further explanation.

### **Termination of the Merger Agreement (page 78)**

First Century and Summit may mutually agree to terminate the merger agreement at any time.

Either First Century or Summit may terminate the merger agreement if the merger is not completed by March 31, 2017, 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.

Summit may terminate the merger agreement if any of the following occurs:

The approval of any governmental entity required for consummation of the merger is denied by a final non-appealable action of such governmental entity, any such regulatory approval contains a burdensome condition on Summit, or the First Century shareholders do not approve the merger agreement;

First Century materially breaches any of its representations or obligations under the merger agreement, and does not cure the breach within 30 days of written notice of the breach;

First Century is not able to confirm, as of the effective time of the merger, (i) the continued accuracy of its representations and warranties in the merger agreement as of the effective time of the merger or (ii) the performance in all material respects of all of its obligations in the merger agreement;

First Century experiences a material adverse effect since the date of the merger agreement; or

First Century's board of directors fails to recommend approval of the merger agreement, withdraws its recommendation or modifies its recommendation in a manner adverse to Summit; First Century enters into an acquisition agreement in the limited contexts set forth in the merger agreement; or First Century breaches its obligations to call the First Century shareholder meeting or its obligations not to solicit alternative acquisition proposals under the terms of the merger agreement.

First Century may terminate the merger agreement if any of the following occurs:

The approval of any governmental entity required for consummation of the merger is denied by a final non-appealable action of such governmental entity or the First Century shareholders do not approve the merger agreement;

Summit materially breaches any of its representations or obligations under the merger agreement, and does not cure the breach within 30 days of written notice;

Summit is not able to confirm, as of the effective time of the merger, (i) the continued accuracy of its representations and warranties in the merger agreement as of the effective time of the merger or (ii) the performance in all material respects of all of its obligations in the merger agreement;

Summit experienced a material adverse effect since the date of the merger agreement; or

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The average closing price of Summit common stock declines by more than 15% from \$17.30 and underperforms an index of banking companies by more than 15% over a designated measurement period, unless Summit agrees to increase the number of shares of Summit common stock to be issued to holders of First Century common stock.

Additionally, First Century may terminate the merger agreement in order to enter into an agreement with respect to an unsolicited acquisition proposal that if consummated would result in a transaction more favorable to First Century 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 (as determined by the First Century board of directors) and First Century pays the termination fee described below.

### **Termination Fee (page 79)**

In the event that the merger agreement is terminated (i) by First Century because it has received an unsolicited acquisition proposal that is more favorable to First Century shareholders from a financial point of view than the merger with Summit and Summit does not make a counteroffer that the First Century board of directors determines is at least as favorable to the unsolicited acquisition proposal or (ii) by Summit because the First Century board of directors fails to recommend, withdraws, modifies or changes its recommendation of the merger in a manner adverse in any respect to the interests of Summit and within 12 months after the date of termination of the merger agreement, First Century enters into an agreement with respect to another acquisition proposal or consummates another acquisition proposal, then First Century must pay Summit a termination fee of \$1,300,000.

If the agreement is terminated by First Century because (i) the merger did not take place before March 31, 2017, (ii) Summit materially breached the agreement following notice and an opportunity for cure or (iii) Summit experienced a material adverse effect, Summit shall pay First Century within one business day the total amount of third party costs expended by First Century in its efforts to terminate the First Century Bankshares, Inc. and Affiliates Employees Pension Plan, which is referred to as the Defined Benefit Plan.

### **Waiver and Amendment (page 70)**

Summit and First Century may jointly amend the merger agreement and each may waive its right to require the other party to adhere to the terms and conditions of the merger agreement. However, Summit and First Century may not do so after First Century shareholders approve the merger agreement if the amendment or waiver would violate the West Virginia Business Corporation Act, require further approval from First Century's shareholders or such amendment changes the form or amount of merger consideration in a manner that is adverse in any respect to First Century's shareholders.

### **Interests of Directors and Executive Officers in the Merger that Differ from Your Interests (page 61)**

Some of the directors and executive officers of First Century have interests in the merger that differ from, or are in addition to, their interests as shareholders of First Century. These interests exist because of, among other things, employment agreements that the executive officers entered into with First Century, rights that these executive officers and directors have under First Century's benefit plans, arrangements to continue as employees and/or directors of Summit or its subsidiaries, including Summit Community Bank, following the merger, and rights to indemnification and directors and officers insurance following the merger. These employment and severance agreements provide certain executive officers with severance benefits if their employment is terminated in connection with the merger. First Century and Summit expect that each executive will waive his severance benefits in connection with entering into an employment agreement with Summit Community Bank, the execution of which is a condition to the consummation of the merger, and which provides, among other things, for the payment of certain retention bonus

amounts contingent on continued employment with Summit Community Bank during the first year after the merger. The aggregate compensation that certain First Century directors and named executive officers may receive as a result of the merger is described in greater detail under "The Merger - Interests of Certain First Century Directors and Executive Officers in the Merger" beginning on page 61.

In addition, one individual from First Century, a person who is an active member of the First Century board of directors as of June 1, 2016 through the effective time, with personal connections to the local civic and business

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community, who meets the qualifications under Summit's and Summit Community Bank's charter documents and their respective board policies and applicable law, will join the board of directors of Summit and the board of directors of Summit Community Bank.

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

**Material Differences in the Rights of Summit Shareholders and First Century Shareholders (page 106)**

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

This prospectus and proxy statement contains descriptions of the material differences in shareholder rights under each of the Summit and First Century governing documents.

**Risk Factors (page 15)**

Before voting at the special meeting, you should carefully consider all of the information contained in or incorporated by reference into this document, including the risk factors set forth in the section entitled "Risk Factors" or described in Summit's Annual Report on Form 10-K for the year ended on December 31, 2015 and other reports filed with the SEC, which are incorporated by reference into this document. Please see "Where You Can Find More Information" beginning on page 112.

**Market Prices of Securities (page 30)**

Summit common stock is listed on the NASDAQ under the symbol SMMF. First Century common stock is listed on the OTC Pink Open Market (OTCPink) under the symbol FCBS.

The market value of the stock consideration will fluctuate with the market price of Summit common stock, however the cash consideration will remain a fixed amount regardless of any change in the market value of the stock consideration. The following table presents the closing prices of Summit common stock on June 1, 2016, the last trading day before public announcement of the merger, and on [ ], 2016, the last practicable trading day before the distribution of this prospectus and proxy statement. The table also presents the implied value of the stock consideration proposed for each share of First Century common stock converted into the stock consideration on those dates, as determined by multiplying the closing price of Summit common stock on those dates by the exchange ratio of 1.2433 provided for in the merger agreement. This table also presents the value of the cash consideration proposed for each share of First Century common stock converted into the cash consideration, which will remain a fixed amount regardless of any change in the market value of the stock consideration. **We urge you to obtain current market quotations for shares of Summit common stock.**

Summit Common Stock (NASDAQ:	Implied Value of One Share of First	Value of the Cash Consideration for One Share of
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	SMMF)	Century Common Stock	First Century Common Stock
At June 1, 2016	\$ 17.30	\$ 21.51	\$ 22.50
At [ ], 2016	\$ [ ]	\$ [ ]	\$ 22.50

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**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this prospectus and proxy statement, including the matters addressed under the heading **Cautionary Statement Regarding Forward-Looking Statements** on page 33 and the matters described under the caption **Risk Factors** in the Annual Report on Form 10-K filed by Summit for the year ended December 31, 2015, First Century shareholders should consider the matters described below in determining whether to approve the merger agreement.*

**Because the exchange ratio is fixed, 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 exchange ratio is set at 1.2433 shares of Summit common stock for each share of First Century common stock. As a result, the market value of the Summit common stock that First Century shareholders receive in the merger will depend on the market price of Summit common stock at the time the shares are issued. Because the exchange ratio is fixed, the value of the shares of Summit common stock that will be issued to First Century shareholders in the merger will depend on the market price of Summit common stock at the time the shares are issued. 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. Except as described in this prospectus and proxy statement, there will be no adjustment to the fixed number of shares of Summit common stock that will be issued to First Century shareholders based upon changes in the market price of Summit common stock or First Century common stock prior to the closing.

There may be an adjustment to the fixed number of shares of Summit common stock that will be issued to First Century shareholders based upon changes in the market price of Summit common stock and the NASDAQ Bank Index (IBIX) prior to the closing. However, any changes to the fixed number of shares of Summit common stock will not increase the per share value that First Century shareholders will receive in the merger from the value calculated using the pre-announcement market price of Summit common stock. Furthermore, the First Century board of directors may terminate the merger agreement if the average closing price of Summit common stock falls more than 15% on an actual basis and 15% on a relative basis to the NASDAQ Bank Index (IBIX) prior to the closing, in which case the merger will not occur, unless Summit agrees to increase the number of shares of Summit common stock to be issued to holders of First Century common stock.

The market price of Summit common stock at the time the merger is completed may vary from the price of Summit common stock on the date the merger agreement was executed, on the date of this prospectus and proxy statement and on the date of the First Century special meeting as a result of various factors that are beyond the control of Summit and First Century, including, but not limited to, general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. In addition to the approval of the merger agreement by First Century shareholders, completion of the merger is subject to satisfaction of certain conditions that may not occur until after the First Century special meeting. See **The Merger Agreement – Conditions to Completion of the Merger** beginning on page 67 for further explanation. Therefore, at the time of the First Century special meeting First Century shareholders will not know the precise value of the stock consideration they will receive at the effective time of the merger. First Century shareholders should obtain current market quotations for shares of Summit common stock.

**The elections made by holders of First Century common stock with respect to the types of merger consideration they would like to receive are subject to proration, and there can be no assurance that a shareholder will receive the type of merger consideration that he, she or it elects.**

Each holder of First Century common stock will be able to elect the type of merger consideration that he, she or it would like to receive for each of his, her or its shares of First Century common stock, including electing to receive the cash consideration for a portion of his, her or its shares of First Century common stock and receive the stock consideration for the remainder of his, her or its shares of First Century common stock. A share of First Century common stock for which an election to receive the cash consideration is made we refer to as a cash election share, and a share of First Century common stock for which an election to receive the stock consideration is made we refer to as a stock election share. Shares of First Century common stock for which no election is made will be deemed to be no-election shares. All such elections are subject to adjustment on a pro rata basis.

The merger agreement provides that the aggregate number of First Century shares that will be converted for cash consideration will be equal to, as closely as possible, 666,092 shares, and the aggregate cash consideration will be equal to, as closely as possible, \$14,987,073, or approximately 35% of the merger consideration. The aggregate number of First Century shares that will be converted for stock consideration will be equal to, as closely as possible, but in no event will exceed

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1,237,028, or approximately 65% of the merger consideration. As a result, all elections may be subject to proration depending on the elections made by other holders of First Century common stock if the cash consideration (or the stock consideration) is undersubscribed or oversubscribed. Proration will be applied so that ultimately approximately 35% of the shares of First Century common stock are treated as cash election shares and approximately 65% of the shares of First Century common stock are treated as stock election shares.

For example, if the aggregate of the cash consideration payable to holders of cash election shares is in excess of the maximum cash consideration, all of the no-election shares will be treated as stock election shares and a number of cash election shares will be converted into stock election shares until the maximum cash consideration is no longer oversubscribed. If the aggregate of the cash consideration payable to holders of cash election shares is less than the maximum cash consideration, a number of no-election shares will be treated as cash election shares until the maximum cash consideration is no longer undersubscribed and, if necessary or appropriate, a number of stock election shares will be converted into cash election shares until the maximum cash consideration is no longer undersubscribed.

Accordingly, depending on the elections made by other First Century shareholders, if a holder of First Century common stock elects to receive all cash consideration pursuant to the merger, such holder may receive a portion of the merger consideration due to such holder in the form of stock consideration. If a holder of First Century common stock elects to receive all stock consideration pursuant to the merger, such holder may receive a portion of the merger consideration due to such holder in the form of cash consideration. Holders of First Century common stock who make an election to receive the stock consideration for some of their shares and the cash consideration for the remainder of their shares may receive different amounts or proportions of the stock consideration and the cash consideration than they elected.

### **The market price of Summit common stock after the merger may be affected by factors different from those affecting the shares of First Century or Summit currently.**

Upon completion of the merger, holders of First Century common stock will become holders of Summit common stock. Summit's business differs from that of First Century, and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of each of Summit and First Century. For a discussion of the businesses of Summit and First Century and of certain factors to consider in connection with those businesses, see the documents incorporated by reference or described elsewhere in this prospectus and proxy statement.

### **The integration of the operations of Summit and First Century may be more difficult, costly or time-consuming than anticipated.**

The success of the merger will depend, in part, on Summit's ability to realize the anticipated benefits and cost savings from successfully combining the businesses of Summit and First Century and to combine the businesses of Summit and First Century in a manner that permits growth opportunities and cost savings to be realized without materially disrupting the existing customer relationships of First Century or decreasing revenues due to loss of customers. If Summit is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. The loss of key employees could adversely affect Summit's ability to

successfully conduct its business in the markets in which First Century now operates, which could have an adverse effect on Summit's financial results and the value of its common stock. If Summit experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause First Century to lose customers or cause customers to remove their accounts from First Century and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of First Century and Summit during this transition period and for an undetermined period after consummation of the merger.

The success of the merger will also depend on Summit's ability to:

Retain and attract qualified personnel to Summit;

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Maintain existing relationships with depositors of First Century to minimize withdrawals of deposits prior to and subsequent to the merger;

Maintain and enhance existing relationships with borrowers to limit unanticipated losses from loans of First Century;

Control the incremental non-interest expense from Summit to maintain overall operating efficiencies; and

Compete effectively in the communities served by Summit and First Century and in nearby communities.

Summit may not be able to manage effectively its growth resulting from the merger.

**Summit may fail to realize the cost savings estimated for the merger.**

Although Summit estimates that it will realize cost savings of approximately \$2.7 million annually (excluding one-time costs and expenses associated with the merger with First Century) from the merger when fully phased in, it is possible that the estimates of the potential cost savings could turn out to be incorrect. For example, the combined purchasing power may not be as strong as expected, and therefore the cost savings could be reduced. In addition, future business developments may require Summit to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced. The cost savings estimates also depend on Summit's ability to combine the businesses of Summit and First Century in a manner that permits those cost savings to be realized. If the estimates turn out to be incorrect or Summit is not able to combine the two companies successfully, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

**Results after the merger may materially differ from the pro forma per share information presented in this prospectus and proxy statement.**

Results after the merger of First Century with and into Summit may be materially different from those shown in the pro forma per share information that only show a combination of historical results from Summit and First Century. Merger, integration, restructuring and transaction costs related to the acquisition and combination of the companies are estimated to be in the range of approximately \$2-\$3 million and could be higher or lower depending on how difficult it will be to integrate Summit and First Century. Furthermore, these charges may decrease capital of the combined company that could be used for profitable, income earning investments in the future.

**The unaudited prospective financial information of First Century and Summit included in this prospectus and proxy statement involves risks, uncertainties and assumptions, many of which are beyond the control of First Century and Summit. As a result, it may not prove to be accurate and is not necessarily indicative of current values or future performance.**

The unaudited prospective financial information of each of First Century and Summit contained in the sections entitled "The Merger - Certain First Century Unaudited Prospective Financial Information" and "The Merger - Certain Summit Unaudited Prospective Financial Information" of this prospectus and proxy statement involves risks, uncertainties and assumptions and is not a guarantee of future performance. The future financial results of each of First Century and Summit may materially differ from those expressed in the unaudited prospective financial

information due to factors that are

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beyond such company's ability to control or predict. No assurances can be made regarding future events or that the assumptions made in preparing the unaudited prospective financial information will accurately reflect future conditions. The internal financial projections were based on numerous variables and assumptions that are inherently subjective, and depend on a number of factors, including but not limited to, risks and uncertainties relating to the businesses of First Century and Summit (including the ability of each to achieve strategic goals, objectives and targets over applicable periods), industry performance, general business and economic conditions, and other factors described or incorporated by reference in this section or the section entitled "Cautionary Statement Regarding Forward-Looking Statements," all of which are uncertain and many of which are beyond the control of First Century and Summit, and, if the merger is completed, will be beyond the control of the combined company. Each company cannot provide any assurance that its future financial results, or if the merger is completed, those of the combined company, will not materially vary from the unaudited prospective financial information. The unaudited prospective financial information covers multiple years, and the information by its nature becomes subject to greater uncertainty with each successive year. The unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared.

### **The merger with First Century may distract management of Summit from its other responsibilities.**

The acquisition of First Century 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 affect the business and earnings of Summit.

### **If the merger is not completed, Summit and First Century will have incurred substantial expenses without realizing the expected benefits of the merger.**

Each of Summit and First Century has incurred and will continue to incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this prospectus and proxy statement and all filing and other fees paid to the SEC in connection with the merger. If the merger is not completed, Summit and First Century would have to recognize these expenses without realizing the expected benefits of the merger.

### **First Century shareholders will have less influence as shareholders of Summit than as shareholders of First Century.**

First Century shareholders currently have the right to vote in the election of the board of directors of First Century and on other matters affecting First Century. Following the merger, the shareholders of First Century as a group will own approximately 12.41% of the combined organization. When the merger occurs, each First Century 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 First Century. Because of this, First Century shareholders will have less influence on the management and policies of Summit than they now have on the management and policies of First Century.

### **Some of the directors and executive officers of First Century may have interests in the merger that differ from the interests of non-director or non-management shareholders.**

The interests of some of the directors and executive officers of First Century may be different from those of holders of First Century common stock, and directors and executive officers of First Century may be participants in arrangements that are different from, or in addition to, those of holders of First Century common stock. These interests



are described in more detail in the section entitled "The Merger - Interests of Certain First Century Directors and Executive Officers in the Merger" beginning on page 61.

**The fairness opinion delivered to the First Century board of directors by First Century's financial advisor will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.**

The opinion of Sandler O'Neill, First Century's financial advisor, to the First Century board of directors, was delivered on, and was dated, June 1, 2016. Changes in the operations and prospects of First Century or Summit, general market and economic conditions and other factors that may be beyond the control of First Century and Summit may alter the value of First Century or Summit or the prices of shares of First Century common stock or Summit common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. The opinion is included as Appendix B to this prospectus and proxy statement. For a

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description of the opinion, please refer to *The Merger Opinion of First Century's Financial Advisor* on page 46. For a description of the other factors considered by First Century's board of directors in determining to approve the merger, please refer to *The Merger First Century's Reasons for the Merger; Recommendation of the First Century Board of Directors* on page 42.

**The merger agreement limits First Century's ability to pursue an alternative acquisition proposal and requires First Century to pay a termination fee of \$1,300,000 under limited circumstances relating to alternative acquisition proposals.**

The merger agreement prohibits First Century from soliciting, initiating, or encouraging certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See *The Merger Agreement Acquisition Proposals* on page 71. The merger agreement also provides for the payment by First Century of a termination fee in the amount of \$1,300,000 in the event that the other party terminates the merger agreement for certain reasons. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of First Century from considering or proposing such an acquisition. See *Merger Agreement Termination Fee* on page 79.

**The merger will not be completed unless important conditions are satisfied.**

Specified conditions set forth in the merger agreement must be satisfied or waived to complete the merger. If the conditions are not satisfied or waived, to the extent permitted by law or stock exchange rules, the merger will not occur or will be delayed and each of Summit and First Century may lose some or all of the intended benefits of the merger. The following conditions, in addition to other closing conditions, must be satisfied or waived, if permissible, before Summit and First Century are obligated to complete the merger:

The merger agreement and merger must be duly approved by the requisite vote of the shareholders of First Century;

All required regulatory approvals must be obtained;

The absence of any law or order by a court or regulatory authority that prohibits, restricts or makes illegal the merger;

The registration statement shall become effective under the Securities Act and no stop order shall have been issued or threatened by the SEC; and

To the extent required, the shares of Summit common stock to be issued in the merger must be approved for listing on NASDAQ.

**Some of the conditions to the merger may be waived by Summit or First Century without resoliciting shareholder approval of the merger agreement.**

Some of the conditions set forth in the merger agreement may be waived by Summit or First Century, subject to the agreement of the other party in specific cases. See The Merger Agreement Conditions to of the Merger. If any conditions are waived, First Century will evaluate whether an amendment of this prospectus and proxy statement and resolicitation of proxies is warranted. In the event that the board of directors of First Century determines that resolicitation of shareholders is not warranted, Summit and First Century will have the discretion to complete the transaction without seeking further First Century shareholder approval.

**Termination of the merger agreement could negatively impact First Century.**

If the merger agreement is terminated, there may be various consequences. For example, First Century's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. If the merger agreement is terminated and the First Century board of directors seeks another merger or business combination, First Century shareholders cannot be certain that First Century will be able to find a party willing to pay the equivalent or greater consideration than that which Summit has agreed to pay in the merger. In addition, if the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by First Century's board of directors, First Century may be required to pay Summit a termination fee of \$1,300,000, which could have an adverse effect on First Century's financial condition.

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**Failure to complete the merger could negatively affect the market price of First Century common stock.**

If the merger is not completed for any reason, First Century will be subject to a number of material risks, including the following:

The market price of its common stock may decline to the extent that the current market prices of its shares reflect a market assumption that the merger will be completed;

Costs relating to the merger, such as legal, accounting and financial advisory fees, and, in specified circumstances, termination fees, must be paid even if the merger is not completed;

The diversion of management's attention from the day-to-day business operations and the potential disruption to First Century's employees and business relationships during the period before the completion of the merger may make it difficult to regain financial and market positions if the merger does not occur; and

If First Century's board of directors seeks another merger or business combination, First Century shareholders cannot be certain that First Century will be able to find a party willing to pay an equivalent or greater consideration than that which Summit has agreed to pay in the merger.

**The shares of Summit common stock to be received by First Century shareholders as a result of the merger will have different rights from the shares of First Century common stock.**

Upon completion of the merger, First Century shareholders who receive Summit common stock will become Summit shareholders and their rights as shareholders will be governed by the Summit's articles of incorporation and the Summit's bylaws. The rights associated with First Century common stock are different from the rights associated with Summit common stock. Please see "Comparative Rights of Shareholders" beginning on page 106 for a discussion of the different rights associated with Summit common stock.

**First Century will be subject to business uncertainties and contractual restrictions while the merger is pending.**

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on First Century. These uncertainties may impair First Century's ability to attract, retain and motivate strategic personnel until the merger is consummated, and could cause customers and others that deal with First Century to seek to change existing business relationships with First Century. Experienced employees in the financial services industry are in high demand, and competition for their talents can be intense. Employees of First Century may experience uncertainty about their future role with the surviving corporation until, or even after, strategies with regard to the combined company are announced or executed. If strategic First Century employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the surviving corporation, First Century's business following the merger could be harmed. In addition, the merger agreement restricts First Century from making certain acquisitions and taking other specified actions until the merger occurs without the consent of Summit. These restrictions may prevent First Century from pursuing attractive business opportunities that may arise prior to the completion of the merger. See "The Merger Agreement - Conduct of Business Pending the Merger" on page 73.

**If the merger and the bank merger do not constitute a reorganization under Section 368(a) of the Code, then each First Century shareholder may be responsible for payment of U.S. income taxes related to the merger.**

The United States Internal Revenue Service, or the IRS, may determine that the merger and the bank merger do not qualify as a nontaxable reorganization under Section 368(a) of the Code. In that case, each First Century shareholder would recognize a gain or loss equal to the difference between the (i) the sum of the fair market value of Summit common stock and the amount of cash consideration, if any, received by the First Century shareholder in the merger and (ii) the First Century shareholder's adjusted tax basis in the shares of First Century common stock exchanged therefor.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FIRST CENTURY**

The following table summarizes selected historical consolidated financial data of First Century for the periods and as of the dates indicated. Historical financial data as of and for the six months ended June 30, 2016 and June 30, 2015 are unaudited and include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition of First Century. You should not assume the results of operations for past periods and for the six months ended June 30, 2016 and June 30, 2015 indicate results for any future period.

**First Century - Historical Financial Information**

**As of and for the Six  
Months Ended  
June 30,  
(unaudited)**

**As of/For the Year Ended December 31,**

*Dollars in thousands, except*

<i>per share amounts</i>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Summary of Operations</b>							
Interest income	\$ 6,684	\$ 6,750	\$ 13,924	\$ 13,762	\$ 13,652	\$ 14,338	\$ 15,903
Interest expense	545	559	1,123	1,096	1,139	1,583	2,418
Net interest income	6,139	6,191	12,801	12,666	12,513	12,755	13,485
Provision for loan losses	102	(302)	283	(313)	75	885	3,241
Net interest income after provision for loan losses	6,037	6,493	12,518	12,979	12,438	11,870	10,244
Noninterest income	2,603	2,482	5,276	5,398	5,616	5,994	6,793
Noninterest expense	6,857	7,502	14,428	13,738	13,541	13,874	13,943
Income before income taxes	1,783	1,473	3,366	4,639	4,513	3,990	3,094
Income tax expense	603	454	1,040	1,464	1,412	1,066	878
Net income	\$ 1,180	\$ 1,019	\$ 2,326	\$ 3,175	\$ 3,101	\$ 2,924	\$ 2,216
<b>Per Common Share:</b>							
<b>Earnings per share</b>							
Basic earnings	\$ 0.62	\$ 0.54	\$ 1.22	\$ 1.67	\$ 1.63	\$ 1.54	\$ 1.16
Diluted earnings	0.62	0.54	1.22	1.67	1.63	1.54	1.16
Cash dividends	\$ 0.45	\$ 0.43	\$ 0.83	\$ 0.79	\$ 0.73	\$ 0.65	\$ 0.45
<b>Period-End Balances:</b>							
Assets	\$ 409,917	\$ 406,230	\$ 406,139	\$ 401,242	\$ 412,451	\$ 410,812	\$ 417,820
Loans, net	240,002	232,878	230,682	236,346	234,313	230,271	243,462
Deposits	351,555	351,486	350,260	344,102	357,718	350,882	352,649
Short-term borrowings	8,973	7,065	7,394	9,670	10,088	13,292	20,097

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Long-term borrowings		78	30	125	194	289	
Shareholders equity	46,112	45,041	45,291	44,666	42,720	41,900	40,724

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SUMMIT**

The following table summarizes selected historical consolidated financial data of Summit for the periods and as of the dates indicated. This information has been derived from Summit's consolidated financial statements filed with the SEC. Historical financial data as of and for the six months ended June 30, 2016 and June 30, 2015 are unaudited and include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition of Summit. You should not assume the results of operations for past periods and for the six months ended June 30, 2016 and June 30, 2015 indicate results for any future period.

You should read this information in conjunction with Summit's consolidated financial statements and related notes thereto included in Summit's Annual Report on Form 10-K as of and for the year ended December 31, 2015, and in Summit's Quarterly Report on Form 10-Q as of and for the six months ended June 30, 2016, which are incorporated by reference into this prospectus and proxy statement. See "Where You Can Find More Information" beginning on page 112 of this prospectus and proxy statement.

**Summit - Historical Financial Information**

**As of and for the Six  
Months Ended June 30,  
(unaudited)**

**As of/For the Year Ended December 31,**

*Dollars in thousands, except*

<i>per share amounts</i>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Summary of Operations</b>							
Interest income	\$ 30,448	\$ 29,402	\$ 58,883	\$ 57,626	\$ 57,280	\$ 63,884	\$ 71,047
Interest expense	6,935	6,424	12,867	15,241	18,477	24,064	31,203
Net interest income	23,513	22,978	46,016	42,385	38,803	39,820	39,844
Provision for loan losses	500	750	1,250	2,250	4,500	8,500	10,000
Net interest income after provision for loan losses	23,013	22,228	44,766	40,135	34,303	31,320	29,844
Noninterest income	5,852	5,999	11,861	11,223	11,209	12,879	11,906
Noninterest expense	16,991	16,266	33,632	35,324	34,756	37,267	36,641
Income before income taxes	11,874	11,961	22,995	16,034	10,756	6,932	5,109
Income tax expense	3,569	3,667	6,893	4,678	2,688	1,219	1,035
Net income	8,305	8,294	16,102	11,356	8,068	5,713	4,074
Dividends on preferred shares				771	775	777	371
Net income applicable to common shares	\$ 8,305	\$ 8,294	\$ 16,102	\$ 10,585	\$ 7,293	\$ 4,936	\$ 3,703

Per Common Share:



Earnings per share														
Basic earnings	\$	0.78	\$	0.85	\$	1.56	\$	1.40	\$	0.98	\$	0.66	\$	0.50
Diluted earnings		0.78		0.78		1.50		1.17		0.84		0.60		0.49
Cash dividends	\$	0.20	\$	0.16	\$	0.32	\$		\$		\$		\$	
Period-End Balances:														
Assets	\$	1,565,181	\$	1,479,969	\$	1,492,429	\$	1,443,568	\$	1,386,227	\$	1,387,104	\$	1,450,121
Loans		1,166,723		1,064,472		1,079,331		1,019,842		937,070		937,168		965,516
Deposits		1,096,545		1,053,310		1,066,709		1,061,314		1,003,812		1,027,125		1,016,500
Short-term borrowings		205,553		174,599		171,394		123,633		62,769		3,958		15,956
Long-term borrowings		74,625		76,536		75,581		77,490		163,516		203,268		270,254
Shareholders equity		150,669		140,072		143,744		131,644		111,072		108,555		102,566

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial information combines the historical consolidated financial position and results of operations of Summit and its subsidiaries and First Century and its subsidiary, as an acquisition by Summit of First Century using the acquisition method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes. Under the acquisition method of accounting, the assets and liabilities of First Century will be recorded by Summit at their respective fair values as of the effective date of the merger, and the excess of the merger consideration over the fair value of First Century's net assets will be allocated to goodwill.

The unaudited pro forma condensed combined balance sheet gives effect to the merger as if the transaction had occurred on June 30, 2016. The unaudited pro forma condensed combined income statements for the six months ended June 30, 2016 and for the year ended December 31, 2015, give effect to the merger as if the transaction had occurred on January 1, 2015.

The unaudited pro forma condensed combined financial information included herein is presented for informational purposes only and does not necessarily reflect the financial results of the combined companies had the companies actually been combined at the beginning of the periods presented. The adjustments included in this unaudited pro forma condensed combined financial information are preliminary and are subject to revision and may vary from the actual purchase price allocation that will be recorded at the effective date of the merger. Revision to the adjustments may include, but not be limited to, changes in (i) First Century's balance sheet through the effective date of the merger, (ii) the aggregate value of the merger consideration paid if the price of Summit's common stock varies from the assumed price, (iii) total merger related expenses if completion and/or implementation cost vary from currently estimated amounts, and (iv) the underlying value of assets and liabilities if market conditions differ from current assumptions. This information also does not reflect the benefits of the expected cost savings and expense efficiencies, opportunities to earn additional revenue, potential impacts of current market conditions on revenues or asset dispositions, among other factors.

The unaudited pro forma condensed combined financial information should be read in conjunction with and is qualified in its entirety by the accompanying notes, reference to the historical consolidated financial statements and related notes thereto of Summit and its subsidiaries, which are incorporated in this document by reference, and the historical consolidated financial statements and related notes thereto of First Century and its subsidiary, which are included elsewhere in this prospectus and proxy statement. See "Where You Can Find More Information" on page 112, and "Selected Historical Financial Data of First Century" on page 21.

**Table of Contents****SUMMIT AND FIRST CENTURY****Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet****June 30, 2016***(dollars in thousands)*

	Actual		Pro Forma	
	Summit Financial Group, Inc.	First Century Bankshares, Inc.	Adjustments	Combined
<b>ASSETS</b>				
Cash and due from banks	\$ 4,161	\$ 12,599	\$ (2,500)(B)	\$ 14,260
Interest bearing deposits with other banks	8,897	29,131	(14,987)(A)	23,041
Securities available for sale	261,633	69,285		330,918
Securities held to maturity		35,195	1,226(C)	36,421
Other investments	12,233	582		12,815
Loans held for sale, net	245			245
Loans, net	1,166,723	240,002	(7,750)(D) 3,552(E)	1,402,527
Property held for sale	23,425	4,471	(1,500)(F)	26,396
Premises and equipment, net	21,405	10,937		32,342
Accrued interest receivable	5,352	1,168		6,520
Identifiable intangibles	1,400		2,500(H)	3,900
Goodwill	5,998	5,183	457(G) (5,183)(G)	6,455
Other assets	53,709	1,364	2,599(I) (947)(E)	56,725
<b>Total assets</b>	<b>\$ 1,565,181</b>	<b>\$ 409,917</b>	<b>\$ (22,533)</b>	<b>\$ 1,952,565</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>Liabilities</b>				
Deposits	\$ 1,096,545	\$ 351,555	\$	\$ 1,448,100
Short-term borrowings	205,553	8,973		214,526
Long-term borrowings	74,625			74,625
Subordinated debentures owed to unconsolidated subsidiary trusts	19,589			19,589
Other liabilities	18,200	3,277	(1,933)(G)	19,544
<b>Total liabilities</b>	<b>1,414,512</b>	<b>363,805</b>	<b>(1,933)</b>	<b>1,776,384</b>
<b>Shareholders Equity</b>				
Common stock and related surplus	44,195	977	26,607(A)	70,802

			(977)(J)	
Retained earnings	106,594	48,227	(49,322)(K)	105,499
Accumulated other comprehensive (loss)	(120)	(3,092)	3,092(L)	(120)
<b>Total shareholders equity</b>	150,669	46,112	(20,600)	176,181
<b>Total liabilities and shareholders equity</b>	\$ 1,565,181	\$ 409,917	\$ (22,533)	\$ 1,952,565

*See Notes to Unaudited Pro Forma Condensed Combined Financial Information*

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## SUMMIT AND FIRST CENTURY

## Unaudited Pro Forma Condensed Combined Consolidated Statement of Income

For the Six Months Ended June 30, 2016

*(dollars in thousands, except per share amounts)*

	Actual		Pro Forma	
	Summit Financial Group, Inc.	First Century Bankshares, Inc.	Adjustments	Combined
Interest income	\$ 30,448	\$ 6,684	\$ 775(M)	\$ 37,907
Interest expense	6,935	545		7,480
<b>Net interest income</b>	23,513	6,139	775	30,427
Provision for loan losses	500	102		602
<b>Net interest income after provision for loan losses</b>	23,013	6,037	775	29,825
<b>Noninterest income</b>				
Service fees	2,038	723		2,761
Insurance commissions	2,014	1		2,015
Income from fiduciary activities		921		921
Other	1,800	958		2,758
<b>Total noninterest income</b>	5,852	2,603		8,455
<b>Noninterest expense</b>				
Salaries and employee benefits	9,446	3,035		12,481
Net occupancy expense	1,051	1,300		2,351
Equipment expense	1,342	575		1,917
Merger expense	265	214		479
Other	4,887	1,733	125(N)	6,745
<b>Total noninterest expense</b>	16,991	6,857	125	23,973
<b>Income before income taxes</b>	11,874	1,783	650	14,307
Income tax expense	3,569	603	240(O)	4,412
<b>Net income</b>	\$ 8,305	\$ 1,180	\$ 410	\$ 9,895
Basic earnings per share	\$ 0.78	\$ 0.62		\$ 0.81

Diluted earnings per share	\$ 0.78	\$ 0.62	\$ 0.81
Dividends per share	\$ 0.20	\$ 0.45	\$ 0.20

*See Notes to Unaudited Pro Forma Condensed Combined Financial Information*

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## SUMMIT AND FIRST CENTURY

## Unaudited Pro Forma Condensed Combined Consolidated Statement of Income

For the Year Ended December 31, 2015

*(dollars in thousands, except per share amounts)*

	Actual		Pro Forma	
	Summit Financial Group, Inc.	First Century Bankshares, Inc.	Adjustments	Combined
Interest income	\$ 58,883	\$ 13,924	\$ 1,550(M)	\$ 74,357
Interest expense	12,867	1,123		13,990
<b>Net interest income</b>	46,016	12,801	1,550	60,367
Provision for loan losses	1,250	283		1,533
<b>Net interest income after provision for loan losses</b>	44,766	12,518	1,550	58,834
<b>Noninterest income</b>				
Service fees	4,285	1,472		5,757
Insurance commissions	4,042	2		4,044
Income from fiduciary activities		1,897		1,897
Other	3,534	1,905		5,439
<b>Total noninterest income</b>	11,861	5,276		17,137
<b>Noninterest expense</b>				
Salaries and employee benefits	17,638	6,432		24,070
Net occupancy expense	1,964	2,710		4,674
Equipment expense	2,294	1,194		3,488
Other	11,736	4,092	250(N)	16,078
<b>Total noninterest expense</b>	33,632	14,428	250	48,310
<b>Income before income taxes</b>	22,995	3,366	1,300	27,661
Income tax expense	6,893	1,040	480(O)	8,413
<b>Net income</b>	\$ 16,102	\$ 2,326	\$ 820	\$ 19,248
Basic earnings per share	\$ 1.56	\$ 1.22		\$ 1.63
Diluted earnings per share	\$ 1.50	\$ 1.22		\$ 1.57

Dividends per share	\$ 0.32	\$ 0.83	\$ 0.32
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*See Notes to Unaudited Pro Forma Condensed Combined Financial Information*



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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED**

**FINANCIAL INFORMATION**

**Note 1. Basis of Presentation**

The unaudited pro forma condensed combined consolidated financial information presents the combined financial statements of Summit and its subsidiaries and First Century and its subsidiary after giving effect to the merger assuming the merger had occurred as of June 30, 2016 for purposes of balance sheet presentation and January 1, 2015 for purposes of the presentation of the statements of income for the six months ended June 30, 2016 and for the year ended December 31, 2015.

The unaudited pro forma condensed combined consolidated balance sheet includes the effect of preliminary estimated adjustments to record First Century's assets acquired and liabilities assumed at their respective fair values based on management's best estimate using information available at this time. The final determination of estimated fair values of First Century's assets and liabilities cannot be made until the completion of the merger and will be based on the actual assets and liabilities that exist as of the date of the completion of the merger. Consequently, fair value adjustments and amounts preliminarily allocated to assets, including identifiable intangible assets, goodwill and liabilities could change significantly from amounts preliminarily allocated in the unaudited pro forma condensed combined consolidated financial statements presented herein. In addition, the value of the final purchase price of the merger will be based on the closing price of Summit's common stock on the date preceding the date of the merger. For purposes of the unaudited pro forma condensed combined consolidated financial information, the fair value of Summit's common stock is \$17.30 per share, which was its closing price per share on June 1, 2016. The actual value of Summit's common stock at the completion of the merger could differ.

Summit and First Century anticipate that nonrecurring charges, such as systems conversion costs, legal, investment banking and accounting fees, fees paid to regulatory agencies, severance costs, change-in-control payments, and other merger-related costs will be incurred. Summit also anticipates that as a result of the integration following the completion of the merger, there will be certain cost savings resulting from the integration of the operations of the companies. The unaudited pro forma condensed combined consolidated statements of income do not include the effects of the costs associated with any nonrecurring charges or integration activities resulting from the merger, as they are nonrecurring in nature and not factually supportable at this time. In addition, the unaudited pro forma condensed combined consolidated financial information does not include any expected cost savings to be realized as a result of the merger. However, these charges and savings will affect the statement of income of the combined company following the completion of the merger and in the periods in which they are recorded and/or realized. The unaudited pro forma condensed combined consolidated balance sheet does include a pro forma adjustment to reduce cash, other liabilities and shareholders' equity to reflect the payment of certain anticipated merger and integration costs, including amounts paid for systems conversion costs, legal, investment banking, severance costs, change-in-control payments, and other merger-related costs.

**Note 2. Pro Forma Adjustments**

The merger will be accounted for under the acquisition method of accounting, whereby the acquired assets and assumed liabilities of First Century will be recorded by Summit at their estimated fair values as of the date of the completion of the merger. The following summarizes the estimated fair value adjustments reflected in the unaudited condensed combined balance sheet as if the merger had been completed on June 30, 2016 and the estimated effect of these adjustments for the unaudited condensed combined statements of income for the six months ended June 30, 2016 and for the year ended December 31, 2015 as if the merger had been completed on January 1, 2015. The

estimated fair value and other acquisition accounting adjustments are preliminary; actual amounts could differ significantly.

*Balance Sheet Adjustments*

- (A) Effect of stock and cash consideration paid by Summit to First Century's shareholders in conjunction with the merger and record cash paid for its estimated direct transaction costs. Under the terms of the First Century transaction, Summit will pay total consideration of \$22.50 per share for each of the 1,903,120 outstanding common shares of First Century. Each outstanding share of First Century common stock will be canceled and converted into the right to receive (i) 1.2433 shares of Summit common stock, (ii) cash in the amount of \$22.50 per share of First Century common stock, or (iii) a combination of cash and shares of Summit common stock in accordance with the election procedures set forth in the merger agreement. This consideration will be paid approximately 65% in the form of Summit common stock and 35% in cash.

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- (i) Stock consideration: Issuance of 1,537,997 shares of Summit common stock to First Century shareholders assuming Summit's stock price of \$17.30 at June 1, 2016.
- (ii) Cash consideration of \$14,987,000 paid to First Century shareholders.
  
- (B) Adjustment to reflect the payment of estimated costs related to the completion of the merger, including systems conversion costs, legal, investment banking and accounting fees, fees paid to regulatory agencies, severance costs, and other merger-related expenses.
  
- (C) Adjustment to reflect First Century's held to maturity securities at fair value.
  
- (D) Adjustment to reflect First Century's loan portfolio at estimated fair value, including adjustments for credit and interest rates.
  
- (E) Adjustment to eliminate First Century's existing allowance for loan losses (\$3,552,000), net of existing deferred taxes (\$947,000).
  
- (F) Adjustment to reflect First Century's other foreclosed properties at fair value.
  
- (G) Adjustment reflects the elimination of First Century's existing goodwill (\$5,183,000) and related existing deferred taxes (\$1,933,000), and the addition of the estimated goodwill resulting from the allocation of the total purchase price in excess of the estimated fair value of identifiable net assets acquired (\$457,000). (See Note 3, "Pro Forma Allocation of Purchase Price" below for additional information.)
  
- (H) Adjustment reflects the addition of the estimated core deposit intangible asset.
  
- (I) Adjustment reflects two components related to the net deferred tax assets of the pro forma combined company. One component is \$2,044,000 net deferred tax asset resulting from the estimated fair value adjustments. (See Note 3, "Pro Forma Allocation of Purchase Price" below for additional information.) The second component reflects \$555,000 net deferred tax asset resulting from the deduction of Summit's merger-related costs. It is assumed that \$1,500,000 of the \$1,650,000 of Summit's estimated merger-related costs would be deductible for tax purposes.
  
- (J) Adjustment to eliminate 1,903,120 shares and related surplus of First Century common stock outstanding at June 30, 2016.
  
- (K)

Adjustment reflects two components. One component is to eliminate First Century's retained earnings (\$48,227,000). The second component reflects \$1,500,000 in Summit's estimated merger-related costs, net of taxes of \$555,000.

(L) Adjustment to eliminate First Century's accumulated other comprehensive income, net of tax, as of June 30, 2016.

*Income Statement Adjustments*

(M) Adjustment reflects accretion of the estimated credit and interest rate fair value adjustments associated with First Century's loan portfolio. These adjustments were calculated on a straight-line basis using an accretion period of 5 years.

(N) Adjustment represents the amortization of the core deposit intangible asset resulting from the merger over a period of 10 years.

(O) Adjustment represents income taxes associated with the pre-tax pro forma adjustments assuming a 37% annual effective tax rate for all periods.

**Table of Contents****Note 3. Pro Forma Allocation of Purchase Price**

The following table presents the pro forma allocation of the purchase price paid for the net assets of First Century and the estimated goodwill resulting from the allocation of the purchase price. Purchase consideration is based on Summit's June 1, 2016 common stock closing price. Final consideration could differ significantly. Fair value adjustments are preliminary. Final fair value adjustments could also differ significantly.

*(in thousands, unaudited)*

**Purchase price:**

Issuance of common stock	\$ 26,607
Cash consideration	14,987

Total purchase consideration	\$ 41,594
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**First Century's net assets at estimated fair value:**

First Century's equity at June 30, 2016	46,112
Less estimated merger transaction costs of First Century prior to close	(850)

First Century's equity at June 30, 2016, as adjusted	45,262
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**Estimated fair value adjustments:**

Eliminate existing allowance for loan losses, net of deferred taxes of \$947	2,605
Securities held to maturity	1,226
Loans	(7,750)
OREO	(1,500)
Core deposit intangible	2,500
Net deferred tax asset on acquisition accounting adjustments	2,044
Eliminate existing goodwill, net of deferred taxes of \$1,933	(3,250)

Estimated fair value of identifiable net assets acquired	41,137
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Purchase price in excess of fair value of net identifiable assets acquired	457
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<b>Goodwill</b>	<b>\$ 457</b>
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**Table of Contents****PRICE RANGE OF COMMON STOCK AND DIVIDENDS**

Summit common stock is traded on NASDAQ under the symbol SMMF. First Century common stock is traded on the OTC Pink Open Market (OTCPink) under the symbol FCBS. The closing sale price reported for Summit common stock on June 1, 2016, the last trading date preceding the public announcement of the merger agreement, was \$17.30 and the closing price reported for First Century on such date was \$19.39. On [ ], 2016, the last practicable trading date before the distribution of this prospectus and proxy statement, the closing sales price per share of Summit common stock was \$[ ] and the closing price reported for First Century on such date was \$[ ]

The following table sets forth for the periods indicated the high and low prices per share of Summit common stock as reported on NASDAQ and the high and low prices per share of First Century common stock as quoted on the OTC Pink Open Market (OTCPink), along with the quarterly cash dividends per share declared. The per share prices do not include adjustments for markups, markdowns or commissions.

Time Period	Dividends	Summit Sales Price		Dividend	First Century Sales Price	
		High	Low		High	Low
<b>2016</b>						
Fourth Quarter (through October 10, 2016)	\$	\$ 19.70	\$ 18.05	\$	\$ 23.25	\$ 23.00
Third Quarter	\$ 0.10	\$ 20.47	\$ 16.45	\$ 0.20	\$ 23.90	\$ 21.40
Second Quarter	\$ 0.10	\$ 20.77	\$ 14.91	\$ 0.20	\$ 21.75	\$ 18.70
First Quarter	\$ 0.10	\$ 16.14	\$ 11.13	\$ 0.25	\$ 21.00	\$ 19.00
<b>2015</b>						
Fourth Quarter	\$ 0.08	\$ 12.00	\$ 11.03	\$ 0.20	\$ 27.98	\$ 18.05
Third Quarter	\$ 0.08	\$ 12.79	\$ 11.27	\$ 0.20	\$ 20.00	\$ 18.00
Second Quarter	\$ 0.08	\$ 13.09	\$ 11.15	\$ 0.19	\$ 21.20	\$ 18.00
First Quarter	\$ 0.08	\$ 12.87	\$ 10.80	\$ 0.24	\$ 20.00	\$ 16.30
<b>2014</b>						
Fourth Quarter	\$	\$ 12.70	\$ 9.61	\$ 0.19	\$ 19.00	\$ 17.55
Third Quarter	\$	\$ 10.98	\$ 9.17	\$ 0.19	\$ 19.00	\$ 17.75
Second Quarter	\$	\$ 11.23	\$ 9.75	\$ 0.18	\$ 19.00	\$ 17.90
First Quarter	\$	\$ 11.00	\$ 8.89	\$ 0.23	\$ 18.40	\$ 15.35

As of [ ], 2016, the last date prior to distribution of this prospectus and proxy statement for which it was practicable to obtain this information, there were approximately [ ] registered holders of Summit common stock and approximately [ ] registered holders of First Century common stock.

The following table sets forth historical per share market values for Summit common stock (i) on June 1, 2016, the last trading day prior to public announcement of the merger agreement, and (ii) on [ ], 2016, the most recent practicable date before the printing and mailing of this prospectus and proxy statement. The table also shows the equivalent pro forma market value of First Century common stock on those dates. First Century common stock is traded on the OTC Pink Open Market (OTCPink) under the symbol FCBS.

The equivalent pro forma market value of First Century common stock is obtained by multiplying the historical market price of Summit common stock by the applicable exchange ratio. 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 June 1, 2016 and [ ]. Accordingly, the pro forma market value (i) on June 1, 2016 is determined by multiplying \$17.30 by the exchange ratio and (ii) on [ ] is determined by multiplying \$[ ] by the exchange ratio.

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The historical market prices represent the last sale prices on or before the dates indicated. 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**

	Summit Financial Group, Inc.	First Century Equivalent Pro Forma Market Value
June 1, 2016	\$ 17.30	\$ 21.51
[ ]	\$ [ ]	\$ [ ]

The market price of Summit common stock will fluctuate between the date of this prospectus and proxy statement and the effective time of the merger. First Century shareholders should obtain current stock price quotations for Summit common stock. No assurance can be given concerning the market price of Summit common stock before or after the effective time of the merger. Any change in the market price of Summit common stock prior to the effective time of the merger will affect the market value of the merger consideration that First Century's shareholders will receive upon the effective time of the merger. Once the merger is completed, there will be no further private or public market for First Century common stock.

**UNAUDITED PRO FORMA PER SHARE DATA**

Presented below for Summit and First Century is historical, unaudited pro forma combined and pro forma equivalent per share financial data as of June 30, 2016 and for the six months ended June 30, 2016 and for the year ended December 31, 2015. The information presented below should be read together with the historical consolidated financial statements of Summit and First Century, including the related notes, and the unaudited pro forma financial information, in each case included elsewhere in this prospectus and proxy statement.

The unaudited pro forma and pro forma per equivalent share information gives effect to the merger as if the merger had been effective in the case of the book value data as of June 30, 2016 and as if the merger had been effective as of January 1, 2015 in the case of the earnings and dividends per share data. The unaudited pro forma data combines the historical results of First Century into Summit's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2015 or June 30, 2016.

The unaudited pro forma adjustments are based upon available information and certain assumptions that Summit and First Century management believe are reasonable. The unaudited pro forma per share data, while helpful in illustrating the financial characteristics of the combined companies under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, or asset dispositions, among other factors. As a result, unaudited pro forma per share data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results, and should not be relied on as being indicative of the historical results that we would have had if we had been combined or the future results that we will experience after the merger.





**Table of Contents****For the Six Months Ended June 30, 2016**

	<b>Summit Historical</b>	<b>First Century Historical</b>	<b>Summit Pro Forma Combined</b>	<b>First Century Pro Forma Equivalent (1)</b>
Basic earnings per share	\$ 0.78	\$ 0.62	\$ 0.81	\$ 1.01
Diluted earnings per share	\$ 0.78	\$ 0.62	\$ 0.81	\$ 1.01
Dividends per share (2)	\$ 0.20	\$ 0.45	\$ 0.20	\$ 0.25
Book value per share at 6/30/2016 (3)	\$ 14.09	\$ 24.23	\$ 14.41	\$ 17.92

**For the Year Ended December 31, 2015**

	<b>Summit Historical</b>	<b>First Century Historical</b>	<b>Summit Pro Forma Combined</b>	<b>First Century Pro Forma Equivalent (1)</b>
Basic earnings per share	\$ 1.56	\$ 1.22	\$ 1.63	\$ 2.03
Diluted earnings per share	\$ 1.50	\$ 1.22	\$ 1.57	\$ 1.95
Dividends per share (2)	\$ 0.32	\$ 0.83	\$ 0.32	\$ 0.40
Book value per share at 12/31/2015 (3)	\$ 13.48	\$ 23.80	\$ 13.95	\$ 17.34

- (1) First Century Pro Forma Equivalent was computed by multiplying the Summit Pro Forma Combined amounts by the exchange ratio of 1.2433.
- (2) Summit Pro Forma Combined dividends were based on Summit's historical amounts.
- (3) Summit's Pro Forma Combined book value was computed using Summit's book value for the dates shown adjusted for the estimated impact to common shareholders' equity, which was determined using the June 1, 2016 closing share prices, as applicable, of Summit common stock and the estimated number of shares to be issued in connection with the merger.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and proxy statement contains or incorporates by reference a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the financial conditions, results of operations, earnings outlook and prospects of Summit, First Century and the potential combined company and may include statements for the period following the completion of the merger. You can find many of these statements by looking for words such as plan, believe, expect, intend, anticipate, estimate, project, possible or other similar expressions which identify these forward-looking statements and appear in a number of places in this prospectus and proxy statement (and the documents to which you are referred in this prospectus and proxy statement) and include, but are not limited to, all statements relating directly or indirectly to the timing or likelihood of completing the merger to which this prospectus and proxy statement relates, the timing and amount of growth and cost savings realized, following the merger, plans for future growth and other business development activities as well as capital expenditures, financing sources and the effects of regulation and competition, potential effects of not approving proposals discussed in this prospectus and proxy statement or not completing the merger, and all other statements regarding the intent, plans, beliefs or expectations of Summit, First Century, or those of their respective directors or officers.

The forward-looking statements involve certain risks and uncertainties. The ability of either Summit or First Century to predict results or the actual effects of its plans and strategies, or those of the combined company, is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include those set forth on page 15 under Risk Factors, as well as, among others, the following:

Those discussed and identified in public filings with the SEC made by Summit;

Fluctuations in the market price of Summit common stock and the related effect on the market value of the merger consideration that First Century common shareholders will receive upon completion of the merger;

Changes in goals and targets and statements of the assumptions underlying or relating to any such statements;

Business uncertainties and contractual restrictions while the merger is pending;

The possibility that the proposed merger does not close when expected or at all because required regulatory, shareholder or other approvals and conditions to closing are not received or satisfied on a timely basis or at all;

The terms of the proposed merger may need to be modified to satisfy such approvals or conditions;

The anticipated benefits from the proposed merger such as it being accretive to earnings and expanding Summit's geographic presence and synergies are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations (including changes to capital requirements) and their enforcement, and the degree of competition in the geographic and business areas in which the companies operate;

The ability to promptly and effectively integrate the businesses of Summit and First Century;

Reputational risks and the reaction of the companies' customers to the merger;

Diversion of management time on merger related issues;

Changes in asset quality and credit risk;

The inability to sustain revenue and earnings;

Changes in interest rates and capital markets;

Inflation;

Customer acceptance of Summit products and services;

Customer borrowing, repayment, investment and deposit practices;

Customer disintermediation;

The introduction, withdrawal, success and timing of business initiatives;

Competitive conditions;

The impact, extent and timing of technological changes;

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Changes in fiscal and monetary policies, including changes in tax laws, and their effects on markets and customers; and

Changes in regulations and other actions of the Federal Reserve Board and federal and state banking regulators, and legislative and regulatory actions and reforms, including those associated with the Dodd-Frank Act and the Volcker Rule, and the new regulatory capital rules under Basel III.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this prospectus and proxy statement or the date of any document incorporated by reference in this prospectus and proxy statement.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this prospectus and proxy statement and attributable to Summit or First Century or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this prospectus and proxy statement. Except to the extent required by applicable law or regulation, Summit and First Century undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this prospectus and proxy statement or to reflect the occurrence of unanticipated events.

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**THE FIRST CENTURY SPECIAL MEETING**

This section contains information about the special meeting of First Century shareholders that has been called to consider and approve the merger agreement.

Together with this prospectus and proxy statement, First Century is also sending you a notice of the special meeting and a proxy card that is solicited by the First Century board of directors. The special meeting will be held on Tuesday, November 29, 2016, at 10:00 a.m., local time, at the First Century Bank Seminar Center, located at 525 Federal Street, Bluefield, West Virginia 24701.

**Matters to Be Considered**

At the First Century special meeting, you will be asked to consider and vote upon the following matters:

- (1) a proposal to approve the merger agreement, which is the plan of merger, as may be amended from time to time, or the First Century merger proposal;
- (2) a proposal to approve adjournment of the special meeting, on one or more occasions, if necessary or appropriate, to solicit additional proxies in favor of approval of the merger agreement, or the First Century adjournment proposal.

**Other Business**

We do not expect that any matter other than the First Century merger proposal and the First Century adjournment proposal will be brought before the First Century special meeting. If, however, any other matter shall be properly brought before the First Century special meeting, the shares represented by a valid proxy will be voted by the named proxies, to the extent entitled, in accordance with their best judgment.

**Proxies**

Each copy of this prospectus and proxy statement mailed to record holders of First Century common stock is accompanied by a proxy card with instructions for voting. The First Century board of directors requests that you submit your proxy promptly, whether or not you plan to attend the meeting. If you hold your shares of First Century common stock under your own name (also known as record ownership), you can vote your shares in one of the following manners:

By proxy via mail by signing and returning the enclosed proxy card in the postage-paid envelope; or

By attending the meeting and voting your shares in person.

Any vote by proxy card may be revoked by you at any time before the meeting by giving written notice of such revocation to the corporate secretary or executing another proxy as of a date subsequent to the prior proxy card. If you are a shareholder of record or have a legal proxy from a shareholder of record, you may also revoke your proxy by voting in person at the special meeting.

If you hold your shares in street name through a bank, broker, nominee or other holder of record, you will receive a voting instruction form directly from them. Follow the instructions on the form they provide to have your shares voted by proxy. If you wish to attend the meeting and vote in person, you must obtain a written proxy, executed in your favor, from the bank, broker, nominee or other holder of record to do so.

All shares represented by valid proxies that First Century receives through this solicitation and that are not revoked will be voted in accordance with your instructions on the proxy card, or with respect to shares beneficially held in street name, in accordance with the voting instructions received from the appropriate bank, broker, nominee or other holder of record. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR each of the proposals described above.

First Century shareholders with shares represented by stock certificates should not send First Century stock certificates with their proxy cards. Prior to the effective time, holders of First Century common stock with shares represented by stock certificates or held in book-entry form will be mailed an election form with instructions on how to exchange their First Century stock certificates or book-entry shares for the merger consideration.

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### **Solicitation of Proxies**

First Century will bear the entire cost of soliciting proxies from its shareholders. In addition to solicitation of proxies by mail, proxies may also be solicited by First Century's directors and employees personally and by telephone, facsimile, or other means. No additional compensation will be paid to these individuals for proxy solicitation nor is it expected to result in more than a minimal cost. First Century may make arrangements directly with banks, brokerage houses, custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of First Century common stock held of record by them and to obtain authorization for the execution of proxies. First Century expects to reimburse these institutional holders for their reasonable expenses in connection with these activities.

### **Record Date**

The close of business on October 14, 2016 has been fixed as the record date for determining the First Century shareholders entitled to receive notice of and to vote at the special meeting. At that time, [ ] shares of First Century common stock were outstanding and entitled to vote at the special meeting, held by approximately [ ] holders of record.

### **Quorum and Voting Rights**

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of First Century common stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present. If a quorum exists, the approval of the First Century merger proposal and the First Century adjournment proposal requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting.

As of the record date, directors and executive officers of First Century had the right to vote [ ] shares of First Century common stock, or approximately [ ]% of the outstanding First Century common stock entitled to be voted at the special meeting. Each of these individuals has agreed to vote their shares of First Century common stock in favor of the proposals to be presented at the special meeting in accordance with a voting agreement executed by each such individual.

If you are a holder of First Century common stock and you submit a proxy in which you abstain from voting, the abstention will be counted toward a quorum at the First Century special meeting, but it will have the same effect as a vote against approval of the First Century merger proposal. An abstention will have the same effect as a vote against the First Century adjournment proposal.

Brokers, banks, nominees and other holders of record holding shares of First Century common stock in street name may only vote your shares of First Century common stock on the First Century merger proposal and the First Century adjournment proposal if you provide instructions on how to vote. If you do not provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank, nominee or other holder of record, your shares will not be voted on any proposal with respect to which you did not provide instructions. Broker non-votes will have the same effect as a vote against approval of the First Century merger proposal, and will have no effect on the First Century adjournment proposal.

### **Voting Agreement Executed by Directors of First Century and First Century Bank and an Officer of First Century Bank**



Concurrently with execution of the merger agreement, each of the directors of First Century and First Century Bank, in their capacities as shareholders of First Century, and First Century Bank's Chief Financial Officer entered into a voting agreement, a form of which is included as an exhibit to Appendix A attached to this prospectus and proxy statement, with Summit, under which such individuals agreed to vote their shares of First Century common stock in favor of the merger agreement and the merger at the First Century special meeting.

### **Attending the Special Meeting**

All holders of First Century common stock, including holders of record and shareholders who beneficially hold their stock through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record on the record date can vote in person at the special meeting. If you beneficially hold your shares in street name, you must obtain a written proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must either hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership.

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**PROPOSALS TO BE CONSIDERED AT THE FIRST CENTURY SPECIAL MEETING**

**PROPOSAL NO. 1**

**APPROVAL OF THE MERGER AGREEMENT**

First Century is asking its shareholders to approve the merger agreement. For a detailed discussion of the merger, including the terms and conditions of the merger agreement, see *The Merger Agreement* beginning on page 64. As discussed in detail in the sections entitled *The Merger* *First Century's Reasons for the Merger*; *Recommendation of the First Century Board of Directors* beginning on page 42, after careful consideration, the First Century board of directors determined that the terms of the merger agreement and the transactions contemplated thereby are in the best interests of First Century and the board unanimously approved the merger agreement. Accordingly, First Century's board of directors unanimously recommends that First Century shareholders vote **FOR** the First Century merger proposal.

**Required Vote**

Approval of the First Century merger proposal requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting at which a quorum is present. You are entitled to one vote for each share of First Century common stock you held as of the record date.

Because the affirmative vote of the holders of a majority of the outstanding voting stock entitled to be cast on the matter, assuming a quorum is present at the special meeting, is needed in order to proceed with the merger, an abstention will have the effect of a vote against approval of the merger agreement. **The First Century board of directors urges First Century shareholders to promptly vote by completing, dating and signing the accompanying proxy card and returning it promptly in the enclosed postage-paid envelope, or, if you hold your stock in street name through a bank, broker, nominee or other holder of record, by following the voting instructions of your bank, broker, nominee or other holder of record.** If you hold stock in your name as a shareholder of record, you may complete, sign, date and mail your proxy card in the enclosed postage paid return envelope or vote in person at the First Century special meeting. If you hold your stock in street name through a bank, broker, nominee or other holder of record, you must direct your bank or broker to vote in accordance with the instruction form forwarded to you by your bank or broker. This voting instruction form provides instructions on voting by mail.

**Recommendation of the First Century Board of Directors**

The First Century board of directors recommends that you vote **FOR** approval of the First Century merger proposal. See *The Merger* *First Century's Reasons for the Merger*; *Recommendation of the First Century Board of Directors* on page 42 for a more detailed discussion of the First Century board of directors' recommendation.

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**PROPOSAL NO. 2**

**APPROVAL GRANTING THE BOARD OF DIRECTORS AUTHORITY TO ADJOURN THE FIRST CENTURY SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO PERMIT FURTHER SOLICITATION OF PROXIES**

If at the First Century special meeting the number of shares of common stock present in person or represented by proxy and voting in favor of the First Century merger proposal is insufficient to approve such proposal, management may move to adjourn the special meeting on one or more occasions in order to enable the board of directors to continue to solicit additional proxies in favor of such proposal; however, the special meeting may not be adjourned, postponed or continued to a date later than [ ], 2016. In that event, you will be asked to vote only upon the First Century adjournment proposal and will not be asked to vote on the First Century merger proposal at the special meeting.

In this proposal, First Century is asking the First Century shareholders to authorize the holder of any proxy solicited by its board of directors to grant to the First Century board of directors the authority to adjourn the special meeting and any later adjournments. If the First Century shareholders approve this proposal, First Century could adjourn the special meeting, and any adjourned session of the special meeting on one or more occasions, to use the additional time to solicit proxies in favor of the First Century merger proposal, including the solicitation of proxies from the shareholders that have previously voted against such proposal. Among other effects, approval of this proposal could mean that, even if proxies representing a sufficient number of votes against the approval of the First Century merger proposal have been received, First Century could adjourn the special meeting without a further shareholder vote on such proposal and seek to convince the holders of those shares to change their votes to vote in favor of such proposal.

Generally, if the special meeting is adjourned, no notice of the adjourned meeting is required to be given to shareholders, other than an announcement at the First Century special meeting of the place, date and time to which the meeting is adjourned.

**Required Vote**

Approval of the First Century adjournment proposal requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the First Century special meeting. An abstention will have the same effect as a vote against the First Century adjournment proposal.

**Recommendation of the First Century Board of Directors**

The First Century board of directors believes that if the number of shares of its common shares present in person or represented by proxy at the First Century special meeting and voting in favor of the approval of the merger agreement is insufficient to approve such proposal, it is in the best interests of the First Century shareholders to enable the board of directors, for a limited period of time, to continue to seek to obtain a sufficient number of additional votes to approve such proposal. The First Century board of directors unanimously recommends that shareholders vote **FOR** the approval of the First Century adjournment proposal.

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**THE MERGER**

*The following summary describes certain aspects of the merger, including all the terms of the merger agreement that the respective managements of First Century and Summit believe are material. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. The merger agreement is attached to this prospectus and proxy statement as Appendix A and is incorporated by reference in this prospectus and proxy statement. You are urged to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.*

**Background and Negotiation of the Merger**

As part of its ongoing consideration and evaluation of its long-term prospects and strategies, First Century's board of directors and executive management have regularly reviewed and assessed their respective business strategies and objectives, including strategic opportunities and challenges, and have considered various strategic options potentially available to First Century. The goals of these discussions were exploring avenues to maintain above average growth, increase profitability and enhance long-term value for First Century shareholders.

In the fall of 2014, as part of its strategic planning process, the First Century board of directors unanimously decided to create a Strategic Alternatives Subcommittee of its Executive Committee, or the subcommittee, to analyze the various strategic alternatives then available to First Century. Board members Richard Chambers, Frank Wilkinson and Mike Shott were appointed to the subcommittee with First Century Bank's Chief Financial Officer, Ronnie Hypes, assisting as necessary.

The subcommittee's first objective was to identify and hire an investment banking firm to assist with the analysis. The subcommittee met with First Century's legal counsel, Bowles Rice LLP, or Bowles Rice, to gain a better understanding of its role and the board's role in the process of evaluating First Century's strategic alternatives. The primary focus of the subcommittee and any investment banking firm engaged by the board of directors was to analyze the impact on shareholder value for each of the alternatives to be considered by the board of directors.

The subcommittee sent requests for proposals to four investment banking firms, requesting that respondents include feedback with respect to their ability to assist First Century in evaluating the following alternatives: (i) remaining independent and growing organically; (ii) acquiring other banking institutions or pursuing a merger-of-equals transaction; and (iii) pursuing a sale or merger of First Century into another banking institution.

Following the subcommittee's review of the proposals submitted by the investment banking firms and interviews with representatives of the various candidates, the subcommittee recommended to the executive committee and the full board of directors that First Century engage Sandler O'Neill & Partners, L.P., or Sandler O'Neill, in the spring of 2015.

First Century's strategic plan was due to expire in December 2015 and the First Century board of directors unanimously determined that any process to update that plan should be considered in connection with Sandler O'Neill's work.

On April 14, 2015, the board of directors authorized First Century to engage Sandler O'Neill to assist in evaluating its strategic alternatives.

Sandler O'Neill reported to the subcommittee throughout mid-2015 and to the board of directors at its meeting on July 21, 2015. Sandler O'Neill's analysis indicated that First Century was an outlier among its peers with respect to its lower loan-to-deposit ratio. Banks with a loan-to-deposit ratio below 70% were having difficulty maintaining their

interest margins. The current low interest rate environment that has persisted for the past decade was also negatively affecting First Century's performance.

Sander O'Neill modelled a scenario for a stand-alone case where First Century would remain independent and attempt to grow organically. Sander O'Neill also provided an overview for strategic growth through acquisitions. Anticipated challenges in implementing this strategy arose out of First Century's presence in a region with low and no-growth markets, which impacted potential acquisition targets along with First Century, and related to the current trading value of First Century's common stock compared to its tangible book value, which would make First Century stock difficult to use as currency in an acquisition.

Sander O'Neill reviewed 12 potential acquisition targets with the board of directors and presented branch maps with layover duplications for cost savings. However, combinations of First Century with any of the potential targets resulted in the combined company having a loan-to-deposit ratio lower than desired by the board of directors.

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With respect to a potential merger-of-equals alternative, Sandler O'Neill presented a list of merger partners. That list was further narrowed down to two banks operating in similar markets to First Century. Sandler O'Neill shared pro forma financial performance of the combined entities and members of the board of directors discussed the cultural issues that could arise out of merging the companies' cultures. The board of directors determined that the cultural issues with each of the two potential partners would likely be insurmountable in negotiating and closing a deal.

Sandler O'Neill then reviewed the third alternative, a possible sale of First Century, discussing precedent transactions, prices paid in precedent transactions and comparing target companies' values to First Century's potential value. Sample sets of reviewed transactions included transactions focused in the southeastern United States and nationwide. Sandler O'Neill also discussed valuation ranges for banks with loan-to-deposit ratios of less than 70% and in those scenarios, the multiples of purchase price to tangible book value and book value were lower.

Following the presentation, the board of directors authorized Sandler O'Neill to reach out to a list of 18 potential partners to determine if those parties were interested in beginning discussions to acquire First Century. Bowles Rice worked with Sandler O'Neill to prepare a form non-disclosure agreement for each interested party to sign. Sandler O'Neill provided each party that signed a non-disclosure agreement with access to a data room to review current information concerning First Century.

Seven interested parties signed non-disclosure agreements and reviewed the materials prepared by Sandler O'Neill. Following their review of the dataroom, two interested parties, Company A and Summit, submitted non-binding indications of interest to Sandler O'Neill.

On October 21, 2015, following the unanimous approval of the board of directors, First Century engaged Sandler O'Neill to assist it in the sales discussions and to render a fairness opinion in any transaction that arose out of such discussions.

After reviewing the non-binding indications of interest from Company A and from Summit in October 2015, and following consultation with Sandler O'Neill and Bowles Rice, the board of directors unanimously voted to execute the non-binding indication of interest submitted by Company A, which contained an exclusivity clause. First Century executed a non-binding indication of interest with Company A on October 27, 2015. First Century executed an updated non-binding indication of interest, which included greater detail with respect to the proposed merger consideration, with Company A on November 24, 2015. After conducting its due diligence, in mid-December 2015, Company A notified Sandler O'Neill that it had elected not to proceed with an acquisition of First Century.

The First Century board of directors reconvened in January 2016 with representatives from Sandler O'Neill and Bowles Rice to discuss First Century's options. Following a robust discussion, the board of directors unanimously agreed to direct Mr. Wilkinson to approach H. Charles Maddy, III, President & CEO of Summit, to determine whether Summit was interested in pursuing a transaction with First Century along the lines of its indication of interest from the fall of 2015.

In early February 2016, Mr. Wilkinson and Mr. Maddy discussed Summit's interest in pursuing a transaction consistent with its earlier proposal.

Following Summit's submission of an updated, but substantially similar, indication of interest on February 9, 2016, the board of directors unanimously voted to enter into the indication of interest with Summit on February 10, 2016, agreeing to be bound by a customary exclusivity provision.

On February 10, 2016, Mr. Wilkinson executed the indication of interest with Summit on behalf of First Century and Summit began its next round of due diligence on First Century.

During the next several weeks, Summit's team pursued its due diligence investigation and requested additional documentation that was supplied by First Century.

The First Century board of directors charged the subcommittee with reviewing and negotiating the definitive merger documents in consultation with First Century's senior management and legal counsel.

On March 29, 2016, at the request of Summit, Mr. Wilkinson executed a letter extending the exclusivity period until May 31, 2016 to permit the parties to continue their discussions.

On May 5, 2016, representatives of Sandler O'Neill visited Moorefield, WV for meetings with certain members of Summit's management team and for the purposes of pursuing a due diligence review of Summit.

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On May 8, 2016, Hunton & Williams LLP, or Hunton & Williams, counsel to Summit, provided an initial draft of the merger agreement to Bowles Rice. Bowles Rice reviewed the draft merger agreement with both First Century management and representatives of Sandler O'Neill and, following feedback from the subcommittee, on May 16, 2016, provided comments on the draft merger agreement to Hunton & Williams.

On May 16, 2016, Hunton & Williams provided an initial draft of a support agreement and voting agreement to Bowles Rice. The voting agreement provided, among other things, for each director of First Century and First Century Bank to vote his or her shares of First Century common stock in favor of the merger at any meeting of the First Century shareholders held to consider and vote on the merger. The support agreement obligated each director of First Century and First Century Bank to refrain from soliciting First Century customers or competing against the combined company after the consummation of the proposed transaction for a defined period of time.

Throughout this process, the subcommittee worked actively with management and representatives of Sandler O'Neill and Bowles Rice to review and analyze the various revised drafts of the definitive merger agreement. The subcommittee and Mr. Hypes participated in teleconferences with representatives of Sandler O'Neill and Bowles Rice on May 16, 2016 and May 25, 2016, respectively.

On May 23, 2016, a meeting of the board of directors of First Century and the board of directors of First Century Bank was held to discuss and review the terms of the voting agreement and the support agreement that the members of each board would be required to sign in connection with the execution of the merger agreement. Bowles Rice provided comments on the form support agreement and voting agreement to Hunton & Williams on May 23, 2016.

From May 16 through May 31, 2016, First Century, Summit and their respective financial and legal advisors continued to negotiate the terms of the definitive merger agreement and related documents. In addition, First Century and Summit and their respective financial and legal advisors continued to discuss various matters related to the proposed combination of Summit and First Century.

Also on May 26, 2016, following a final discussion between Sandler O'Neill and Summit regarding the financial terms of the proposed transaction, including the determination of the exchange rate for converting shares of First Century common stock into shares of Summit common stock, the subcommittee and Mr. Hypes participated in a teleconference with representatives of Sandler O'Neill and Bowles Rice to review the final terms of the proposed merger and the most recent version of the merger agreement. Following these discussions, the subcommittee voted unanimously to recommend the merger and the merger agreement to the board of directors.

On May 26, 2016, the Summit board of directors approved the merger.

On June 1, 2016, the First Century board of directors held a special meeting to review the proposed terms of the merger agreement, including the merger consideration and the various related agreements contemplated by the merger agreement, and the transactions contemplated by the merger agreement, including the merger. The First Century board of directors received presentations regarding the proposed merger from Sandler O'Neill and Bowles Rice. Sandler O'Neill also briefed the board of directors on the results of its due diligence review conducted on Summit. Representatives of Bowles Rice updated the board of directors on the negotiations with Summit regarding the merger agreement and further advised the First Century board of directors on its legal duties. Representatives of Sandler O'Neill and Bowles Rice responded to questions from the directors. At this meeting, Sandler O'Neill reviewed the financial aspects of the proposed merger and rendered its opinion to the board of directors to the effect that, as of that date and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill, as set forth in such opinion, the merger consideration was fair, from a financial point of view, to the holders of First Century common stock. See Opinion of First Century's Financial



Advisor on page 46, for more information.

After careful and deliberate consideration of the presentations by First Century's financial advisor and legal counsel as well as consideration of the factors described under First Century's Reasons for the Merger; Recommendation of the First Century's Board of Directors on page 42 and the interests of First Century shareholders, customers, employees and the communities served by First Century, the First Century board of directors unanimously (i) approved the merger agreement and the related documents, with Mr. Wilkinson abstaining to the extent that his potential employment arrangement with Summit Community Bank following the merger gave rise to a conflicting interest transaction under West Virginia law, (ii) approved the submission of the merger agreement to First Century's shareholders and (iii) recommended that First Century's shareholders approve the merger.

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Following the special meeting of the First Century board of directors on June 1, 2016, the merger agreement and related documents were executed and the parties issued a press release announcing the proposed merger on the evening of June 1, 2016.

### **First Century's Reasons for the Merger; Recommendation of the First Century Board of Directors**

The First Century board of directors believes that the merger is in the best interest of First Century and its shareholders. Accordingly, the First Century board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that First Century shareholders vote **FOR** approval of the merger agreement.

In reaching its decision to approve the merger and the merger agreement and to recommend the approval of the merger agreement to First Century shareholders, the First Century board of directors evaluated the merger and the merger agreement in consultation with executive management, Sandler O'Neill, its financial advisor, and Bowles Rice, its legal counsel. The First Century board of directors carefully considered the terms of the merger agreement and the value of the merger consideration to be received by First Century shareholders and ultimately determined that it was in the best interest of First Century and its shareholders for First Century to enter into the merger agreement with Summit. The First Century board of directors believes that partnering with Summit will maximize the long-term value of its shareholders' investment in First Century, and that the merger will provide the combined company with additional resources necessary to compete more effectively in southern West Virginia and southwestern Virginia. In addition, the First Century board of directors believes that the customers and communities served by First Century will benefit from the combined company's enhanced abilities to meet their banking needs.

In reaching its unanimous decision to approve the merger and the merger agreement and to recommend that First Century shareholders vote **FOR** approval of the merger agreement, the First Century board of directors considered many factors, including, without limitation, the following:

The extensive review undertaken by the Strategic Alternatives Subcommittee of the Executive Committee and the First Century board of directors, with the assistance of First Century's financial and legal advisors, with respect to the strategic alternatives available to First Century;

The consideration being offered to First Century shareholders in relation to the book value per share, tangible book value per share, earnings per share and projected earnings per share of First Century;

The results that could be expected to be obtained by First Century if it continued to operate independently and the potential future value of First Century common stock compared to the value of the merger consideration offered by Summit;

The implied value of the merger consideration offered by Summit and the uncertainty whether or when the First Century common stock would attain a value equal to implied value of the merger consideration;

The impact on First Century's continuing operations and marketability as a potential acquisition target of the Defined Benefit Plan and the costs of terminating such plan;

The limited prospects for First Century to grow its franchise through acquisitions given First Century's relatively small size, corporate structure and lack of liquidity in First Century common stock;

Its understanding of the current and prospective environment in which First Century operates, including national, regional and local economic conditions, the interest rate environment, the competitive and regulatory environments for financial institutions generally, the increased regulatory burdens on financial institutions, the uncertainties of the regulatory environment in the future and the likely effect of these factors on First Century both with and without the merger;

The expected future receipt by First Century shareholders of dividends after completion of the merger as Summit shareholders, based on Summit's current and forecasted dividend yield;

The feasibility and prospects of First Century continuing to operate independently, including First Century's ability to compete with much larger regionally-based banks, the potential need to eventually raise additional capital that could be dilutive to existing First Century shareholders and the potential future trading value of First Century common stock compared to the implied value of the merger consideration offered by Summit;

The anticipated future earnings growth of First Century compared to the potential future earnings growth of Summit and the combined entity;

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The common stock consideration offered by Summit, including the opportunity for First Century shareholders to receive shares of Summit common stock on a tax-free basis for their shares of First Century common stock;

The market capitalization and trading liquidity of Summit common stock in the event First Century shareholders desired to sell the shares of Summit common stock to be received by them upon completion of the merger;

The solicitation process undertaken by First Century with Sandler O'Neill's assistance;

The addition of one of First Century's directors to the Summit board of directors;

The complementary geographic locations of the First Century and Summit branch networks;

Summit's significantly greater asset size and capital level compared to First Century;

The absence of any trading market for First Century common stock;

The cash/stock election provisions in the merger agreement providing First Century shareholders with an ability to choose the form of consideration that they wish to receive, subject to the overall approximately 65% stock/35% cash allotment;

The fact that 65% of the merger consideration would be in the form of Summit common stock based upon a fixed exchange ratio, which will permit First Century shareholders who receive Summit common stock in the merger with the ability to participate in the future performance of the combined company or, for those First Century shareholders who receive cash, to participate in a liquidity event;

The financial presentation, dated June 1, 2016, of Sandler O'Neill to the First Century board of directors and the opinion, dated June 1, 2016, of Sandler O'Neill to the First Century board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of First Century common stock of the merger consideration as more fully described below under "Opinion of First Century's Financial Advisor";

The analyses presented by Bowles Rice, First Century's legal counsel, as to the structure of the merger, including the condition that the merger must qualify as a transaction that will permit First Century shareholders to receive Summit shares in exchange for their First Century shares on a tax-free basis for federal income tax purposes, the merger agreement, duties of the First Century board of directors under applicable law, and the process that First Century (including its board of directors) employed in

considering all potential strategic transactions including the merger with Summit;

The scale, scope, strength and diversity of operations, product lines and delivery systems that could be achieved by combining First Century with Summit;

The additional products offered by Summit to its customers, the ability of the combined company to provide comprehensive financial services to its customers, and the potential for operating synergies and cross-marketing of products and services across the combined company;

The potential value of an expansion of the Summit branch network adding First Century branch locations to Summit's existing branch network in Virginia and West Virginia;

The earnings prospects of the combined company after completion of the merger;

The shared community banking philosophies of First Century and Summit, and each entity's commitment to community service and support of community-based non-profit organizations and causes;

The report of Sandler O'Neill to the First Century board of directors concerning the operations, financial condition and prospects of Summit and the expected financial impact of the merger on the combined company, including pro forma assets, earnings, deposits and capital ratios;

The likelihood of successful integration and operation of the combined company;

The likelihood of obtaining the regulatory approvals needed to complete the transaction;

The potential cost-saving opportunities resulting from the merger; and

The effects of the merger on First Century employees, including the prospects for continued employment and the severance and other benefits agreed to be provided to First Century employees.

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The First Century board of directors also considered a number of potential risks and uncertainties associated with the merger in connection with its deliberation of the proposed transaction, including, without limitation, the following:

The challenges of integrating First Century's businesses, operations and employees with those of Summit;

The need to obtain approval by shareholders of First Century, as well as regulatory approvals in order to complete the transaction;

The risks associated with the operations of the combined company, including the ability to achieve the anticipated cost savings;

The risk associated with the requirement that First Century maintain a mutually agreed value of shareholders' equity through the earlier of the effective time of the merger or December 31, 2016;

The fact that First Century directors and executive officers have interests in the merger that are different from, or in addition to, those of other First Century shareholders, as more fully discussed under "Interests of Certain First Century Directors and Executive Officers in the Merger" on page 61; and

The risks associated with entry into the merger agreement and conduct of First Century's business before the merger is completed, and the impact that provisions of the merger agreement relating to reimbursement of expenses and payment of a termination fee by First Century may have on First Century receiving superior acquisition offers.

The First Century board of directors also considered the structural protections included in the merger agreement, such as the ability of First Century to terminate the merger agreement if, without limitation:

Summit breaches the representation that, since December 31, 2015, no event has occurred or circumstance arisen that is reasonably likely to have a material adverse effect with respect to Summit, which breach cannot be or has not been cured within 30 days after written notice of the breach to Summit;

The average closing price of Summit common stock declines by more than 15% from \$17.30, and Summit common stock underperforms the NASDAQ Bank Index (IBIX) by more than 15%, all as calculated pursuant to the merger agreement, unless Summit agrees to increase the number of shares of Summit common stock to be issued to holders of First Century common stock;

Summit materially breaches any of its covenants or agreements under the merger agreement, which material breach cannot be or has not been cured within 30 days after written notice of the breach to Summit; or

Any required approval of any government authority is denied by final nonappealable action of such government authority, or the shareholders of Summit or First Century do not approve the merger at the First Century special meeting.

The First Century board of directors also noted that it could terminate the merger agreement in order to concurrently enter into an agreement with respect to an unsolicited acquisition proposal that was received and considered by First Century in compliance with the nonsolicitation provisions of the merger agreement and that would, if consummated, result in a transaction that is more favorable to First Century shareholders than the merger. This termination right is conditioned on First Century providing notice of the unsolicited acquisition proposal to Summit, Summit not making a revised offer to First Century that is at least as favorable as the unsolicited acquisition proposal and First Century paying a \$1,300,000 break-up fee to Summit. The amount of this potential fee was negotiated at arm's-length and was deemed by the First Century board of directors to be reasonable based upon the break-up fees paid in comparable transactions and the fact that multiple institutions had already been given an opportunity to bid prior to the merger agreement being approved. As of the date of this prospectus and proxy statement, no unsolicited acquisition proposals have been received. See *The Merger Agreement Acquisition Proposals* on page 71 for more information.

The First Century board also discussed its right to require Summit to pay the total amount paid by First Century to any persons in connection with the termination of the Defined Benefit Plan, but excluding any insurance cost and the costs of annuities incurred by First Century with respect to the termination of the Defined Benefit Plan if (i) First Century terminates the merger agreement as a result of the failure to consummate the merger by March 31, 2017, (ii) First Century terminates the merger agreement as a result of Summit's material breach of the representations and warranties in the merger agreement following notice and an opportunity for cure or (iii) First Century terminates the merger agreement because Summit experienced a material adverse effect.

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The foregoing discussion of the information and factors considered by the First Century board of directors is not intended to be exhaustive, but includes the material factors considered by the board of directors. In view of the wide variety and complexity of factors considered in connection with its evaluation of the merger, the First Century board of directors did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The First Century board of directors did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. The First Century board of directors based its recommendation on the totality of the information presented.

**The First Century board of directors unanimously recommends that you vote FOR the proposal to approve the merger agreement, which is the plan of merger. In considering the recommendation of the First Century board of directors with respect to the proposal to approve the merger agreement and plan of merger, First Century shareholders should be aware that First Century's directors and executive officers have interests in the merger that are different from, or in addition to, those of other First Century shareholders. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement and plan of merger be adopted by the shareholders of First Century. See The Merger Interests of Certain First Century Directors and Executive Officers in the Merger on page 61.**

This summary of the reasoning of First Century's board of directors and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Regarding Forward-Looking Statements on page 33.

### **Summit's Reasons for the Merger**

In reaching its decision to adopt and approve the merger agreement, the merger, the issuance of Summit common stock in connection with the merger and the other transactions contemplated by the merger agreement, the Summit board of directors consulted with Summit management, as well as its legal advisors, and considered a number of factors, including the following material factors:

Summit's, First Century's and the combined entity's business, operations, financial condition, risk profile, asset quality, earnings and prospects. In reviewing these factors, the Summit board of directors considered its view that First Century's business and operations complement those of Summit and that the merger would result in a combined company with a well-balanced loan portfolio and an attractive funding base;

The fact that the core deposits made up the vast majority of First Century's deposit mix;

The fact that the merger will result in a combined entity with assets of approximately \$1.95 billion and the regulatory and compliance consequences related to being an entity of that size in the financial services industry;



The potential of enhancing a regional banking franchise with additional scale and access to a broader base of middle market and small business prospects;

First Century's familiarity with the southern West Virginia and southwestern Virginia markets;

Management's understanding of the current and prospective environment in which Summit and First Century operate, including national and local economic conditions, the competitive environment for financial institutions generally and the likely effect of these factors on Summit both with and without the proposed transaction;

Management's expectation regarding cost synergies, earnings accretion, tangible book value dilution and internal rate of return;

Management's due diligence examination of First Century;

Sensitivity of the proposed transaction's economic returns to a variety of factors, including changes to the amount of cost synergies, First Century's pro forma earnings, First Century's rates of growth and estimated mark-to-market of the associated loan portfolio;

The market for alternative merger or acquisition transactions in the banking industry and the likelihood and timing of other material strategic transactions;

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The complementary nature of the cultures and product mix of the two companies, which management believes should facilitate integration and implementation of the transaction;

Management's expectation that the strong capital position maintained by each separate company prior to the completion of the merger will contribute to a strong capital position for the combined entity upon completion of the merger;

The financial and other terms of the merger agreement, including the fixed exchange ratio, tax treatment and mutual deal protection and termination fee provisions, which it reviewed with its outside legal advisors;

The potential risks associated with and management's recent experience in achieving anticipated cost synergies and savings and successfully integrating First Century's business, operations and workforce with those of Summit;

The nature and amount of payments to be received by First Century management in connection with the merger and the merger-related costs and restructuring charges that will be incurred in connection with the merger;

The commitment by certain First Century Bank executives to continue employment with Summit Community Bank after the bank merger;

The potential risk of diverting management attention and resources from the operation of Summit's business and towards the completion of the merger; and

The regulatory and other approvals required in connection with the merger.

The foregoing discussion of the information and factors considered by the Summit board of directors is not intended to be exhaustive, but includes the material factors considered by the Summit board of directors. In reaching its decision to approve the merger agreement, the merger, the issuance of Summit common stock to First Century shareholders in connection with the merger, and the other transactions contemplated by the merger agreement, the Summit board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. Summit board of directors considered all these factors as a whole, including discussions with, and questioning of, Summit management and Summit's legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

**Opinion of First Century's Financial Advisor**

By letter dated October 21, 2015, the First Century board of directors engaged Sandler O'Neill to act as its financial advisor in connection with First Century's consideration of 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. The First Century board of directors selected Sandler O'Neill to act as its financial advisor in connection with a possible merger of First Century based on Sandler O'Neill's qualifications, expertise, reputation and experience in mergers and acquisitions involving community banks and its knowledge with respect to First Century.

Sandler O'Neill acted as financial advisor to the First Century board of directors in connection with the proposed merger with Summit and participated in certain of the negotiations leading to the execution of the merger agreement. At the June 1, 2016 meeting of the First Century board of directors, Sandler O'Neill delivered to the First Century board of directors its oral opinion, which was subsequently confirmed in writing, that, as of such date, the merger consideration was fair to the holders of First Century common stock from a financial point of view. **The full text of Sandler O'Neill's opinion is attached hereto as Appendix B to this prospectus and proxy statement. 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 Sandler O'Neill's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. First Century's shareholders 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. The opinion was directed to First Century's board of directors in connection with its consideration of the merger and is directed only to the fairness, from a financial point of view, of the merger consideration to the holders of First Century common stock. Sandler O'Neill's opinion does not constitute a recommendation to any holder of First Century common stock as to how such holder of First Century common stock should vote with respect to the merger or any other matter. It does not address the**

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**underlying business decision of First Century to engage in the merger or any other aspect of the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for First Century, or the effect of any other transaction in which First Century might engage.** Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any First Century or Summit officer, director, or employee, or class of such persons, if any, relative to the merger consideration to be received by any other shareholders. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee.

In connection with rendering its opinion, Sandler O'Neill reviewed and considered, among other things:

A draft of the merger agreement, dated June 1, 2016;

certain publicly available financial statements and other historical financial information of First Century that Sandler O'Neill deemed relevant;

certain publicly available financial statements and other historical financial information of Summit that Sandler O'Neill deemed relevant;

internal financial projections for First Century for the years ending December 31, 2016 through December 31, 2020, as provided by the senior management of First Century;

internal financial projections for Summit for the years ending December 31, 2016 through December 31, 2020, as provided by the senior management of Summit;

the pro forma financial impact of the merger on Summit based on certain assumptions relating to estimated transaction expenses, purchase accounting adjustments, the core deposit intangible asset and cost savings, as provided by the senior management of Summit;

the publicly reported historical price and trading activity for First Century common stock and Summit common stock, including a comparison of certain stock market information for First Century common stock and Summit common stock and certain stock indices as well as publicly available information for certain other similar companies, the securities of which are publicly traded;

a comparison of certain financial information for First Century and Summit with similar institutions for which information is publicly available;

the financial terms of certain other recent business combinations in the commercial banking industry (on a regional and nationwide basis), to the extent publicly available;

the current market environment generally and the banking environment in particular; and

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 the senior management of First Century the business, financial condition, results of operations and prospects of First Century and held similar discussions with the senior management of Summit regarding the business, financial condition, results of operations and prospects of Summit, including a discussion of the assumptions on which such performance is based.

In performing its review, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O Neill from public sources, that was provided to Sandler O Neill by First Century and Summit or their respective representatives or that was otherwise reviewed by Sandler O Neill and Sandler O Neill assumed such accuracy and completeness for purposes of rendering its fairness opinion without any independent verification or investigation. Sandler O Neill further relied on the assurances of the respective managements of First Century and Summit that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading as of the date such information was provided. 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 First Century or Summit or any of their respective affiliates or subsidiaries, nor was Sandler O Neill furnished with any such evaluations or appraisals. Sandler O Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of First Century or Summit or any of their respective affiliates or subsidiaries. Sandler O Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of First Century, Summit or the combined entity after the merger and Sandler O Neill did not review any individual credit files relating to First Century or Summit. Sandler O Neill assumed, with First Century's consent, that the respective allowances for loan losses for both First Century and Summit were adequate to cover such losses and that they would be adequate on a pro forma basis for the combined entity.

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In preparing its analyses, Sandler O'Neill used internal financial projections for First Century for the years ending December 31, 2016 through December 31, 2020, as provided by the senior management of First Century, as well as internal financial projections for Summit for the years ending December 31, 2016 through December 31, 2020, as provided by the senior management of Summit. Sandler O'Neill also received and used in its pro forma analyses certain assumptions relating to estimated transaction expenses, purchase accounting adjustments, the core deposit intangible asset and cost savings, as provided by the senior management of Summit. With respect to those projections, estimates and judgments, the respective managements of First Century and Summit confirmed to Sandler O'Neill that those respective projections, estimates and judgments reflected the best currently available projections, estimates and judgments of those respective managements of the future financial performance of First Century and Summit, respectively, and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expressed no opinion as to such projections, estimates or judgments or the assumptions on which they were based. Sandler O'Neill assumed that there were no material changes in the respective assets, financial condition, results of operations, business or prospects of First Century or Summit since the date of the most recent financial data made available to Sandler O'Neill. Sandler O'Neill also assumed in all respects material to its analysis that First Century and Summit would remain as going concerns for all periods relevant to Sandler O'Neill's analyses.

Sandler O'Neill also assumed, with First Century's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants required to be performed by such party under the agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on First Century, Summit or the merger or any related transaction, and (iii) the merger and any related transaction would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with First Century's consent, Sandler O'Neill relied upon the advice that First Century received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement.

Sandler O'Neill's analyses and the views expressed therein were necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of its fairness opinion. Events occurring after the date thereof could materially affect Sandler O'Neill's views. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its fairness opinion or otherwise comment upon events occurring after the date thereof. Sandler O'Neill expressed no opinion as to the trading values of First Century common stock or Summit common stock at any time or what the value of Summit's common stock would be once it is actually received by the holders of First Century common stock.

In rendering its opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's fairness opinion or the presentation made by Sandler O'Neill to the First Century board of directors. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** 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. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative

weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to First Century 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 the public trading values or merger transaction values, as the case may be, of First Century or Summit and the companies to which they are being compared. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. 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 opinion; 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 its analyses taken as a whole.

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In performing its analyses, Sandler O'Neill 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 First Century, Summit and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its fairness opinion and provided such analyses to First Century's board of directors at the meeting held on June 1, 2016. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. The analyses and fairness opinion of Sandler O'Neill were among a number of factors taken into consideration by First Century's board of directors in making its determination to approve the merger agreement and the transactions contemplated by the merger agreement (including the merger) and the analyses described below should not be viewed as determinative of the decision of First Century's board of directors or management with respect to the fairness of the merger.

***Summary of Proposed Merger Consideration and Implied Transaction Metrics.*** Sandler O'Neill reviewed the financial terms of the proposed merger. Pursuant to the terms of the merger agreement, upon the effective time of the merger, each share of First Century common stock issued and outstanding as of the effective time will be converted into the right to receive, at the election of the holder thereof, either: (i) 1.2433 shares of Summit common stock, or the stock consideration, (ii) \$22.50 in cash, or the cash consideration or, (iii) a combination of the cash consideration and the stock consideration, subject to the limitations set forth in the merger agreement, which provide generally that shareholder elections may be adjusted as necessary to result in an overall ratio of 35% of First Century's common stock being converted into the right to receive cash consideration and 65% of First Century's common stock being converted into the right to receive stock consideration. The stock consideration and cash consideration are contingent upon First Century meeting a minimum adjusted equity requirement of \$40.891 million as of the closing of the merger subject to a 3.0% +/- collar. In accordance with the merger agreement, First Century's adjusted equity is calculated in accordance with GAAP, adjusted to exclude certain after-tax net unrealized gains or losses on available-for-sale securities, and including in the calculation, all transaction related charges, all IT contract termination and related charges and expenses related to the termination of First Century's Defined Benefit Plan. Should First Century's adjusted equity fall below the collar floor of \$39.664 million, the purchase price will be reduced dollar-for-dollar, allocated between the cash consideration and the stock consideration proportionately in accordance with the limitations set forth in the agreement. Should First Century's adjusted equity exceed the collar ceiling of \$42.118 million, equity in excess of the ceiling shall be d