



Strength. Vision. Prosperity.

D.A. Davidson  
20<sup>th</sup> Annual FIG Summit and  
Financial Institutions Conference  
May 8-10, 2018

# Forward-Looking Statements

This presentation contains information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. The information contained in this report should be read in conjunction with Summit's Form 10-K for the year ended December 31, 2017 and documents subsequently filed by Summit with the Securities and Exchange Commission ("SEC"), including Summit's Form 10-Q for the quarter ended March 31, 2018, which are available at the SEC's website, [www.sec.gov](http://www.sec.gov), or at Summit's website, [www.summitfji.com](http://www.summitfji.com).

Words such as "expects", "anticipates", "believes", "estimates" and other similar expressions or future or conditional verbs such as "will", "should", "would" and "could" are intended to identify such forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially. Factors that might cause such a difference include changes in interest rates and interest rate relationships; changes in the national and local economies; demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking laws and regulations; changes in tax laws; the impact of technological advances; the outcomes of contingencies; trends in customer behavior as well as their ability to repay loans; and our ability to successfully complete and integrate acquisitions. We undertake no obligation to revise these statements following the date of this presentation.

# Who We Are

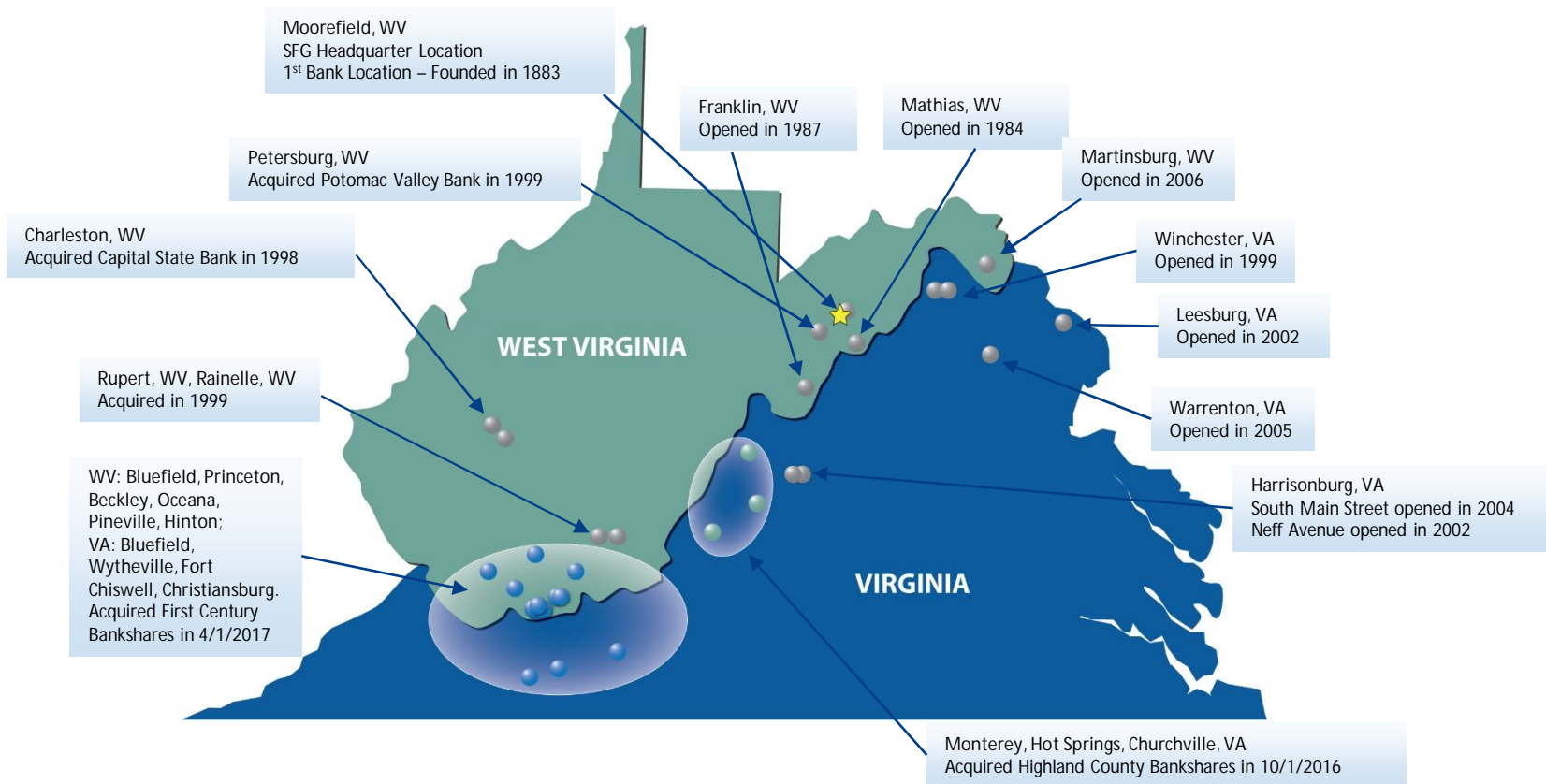


- Ø Headquartered in Moorefield, WV
  - ✓ *Founded in 1987*
  - ✓ *Approximately 360 Employees*
- Ø \$2.1 billion financial holding company
  - ✓ *4<sup>th</sup> largest bank headquartered in West Virginia*
- Ø 30 locations in West Virginia and Virginia
  - ✓ *Primarily in the Eastern Panhandle and Southern regions of West Virginia and the Northern, Shenandoah Valley and Southwestern regions of Virginia.*

## FINANCIAL HIGHLIGHTS at MARCH 31, 2018

Total Assets	\$2,135,000	Loans/Deposits	98.61%
Total Loans	\$1,631,000	ROAA	1.40%
Deposits	\$1,654,000	ROAE	14.73%

# Where We Are



# Investment Rationale

- Ø Strong focus on driving shareholder value through earnings growth
- Ø Solid current profitability profile, driven by a fundamental focus on cost control that delivers positive operating leverage
- Ø Favorable operating metrics compared to peers
- Ø Disciplined M&A growth strategy
- Ø SMMF presently trades at 7-8 earnings multiple discount to peer average, despite above peer operating performance

# Culture & Business Model

- Ø Hire the best and brightest ... hold them accountable and reward them for results
- Ø Emphasize community banking
- Ø Emphasize asset quality
- Ø Emphasize efficiency
- Ø Emphasize profitability
- Ø Maintain moderate, but stable organic growth
- Ø Seek expansion opportunities in WV and VA and possibly other contiguous states that make sense

# Executive Management Team



H. Charles Maddy III

CPA with over 29 years of banking experience. Joined Summit's predecessor, South Branch Valley National Bank, in 1988 as Controller and was elevated to President and Chief Executive Officer of South Branch in 1992 and subsequently Summit.



Robert S. Tissue

CPA with over 27 years of bank-related experience. Joined Summit Financial Group in 1998 as Chief Financial Officer.



Scott C. Jennings

33 years of banking experience through various positions. Joined Summit's predecessor, South Valley National Bank, in 1986 and was later promoted to Chief Operations Officer of Branch Summit.



Patrick N. Frye

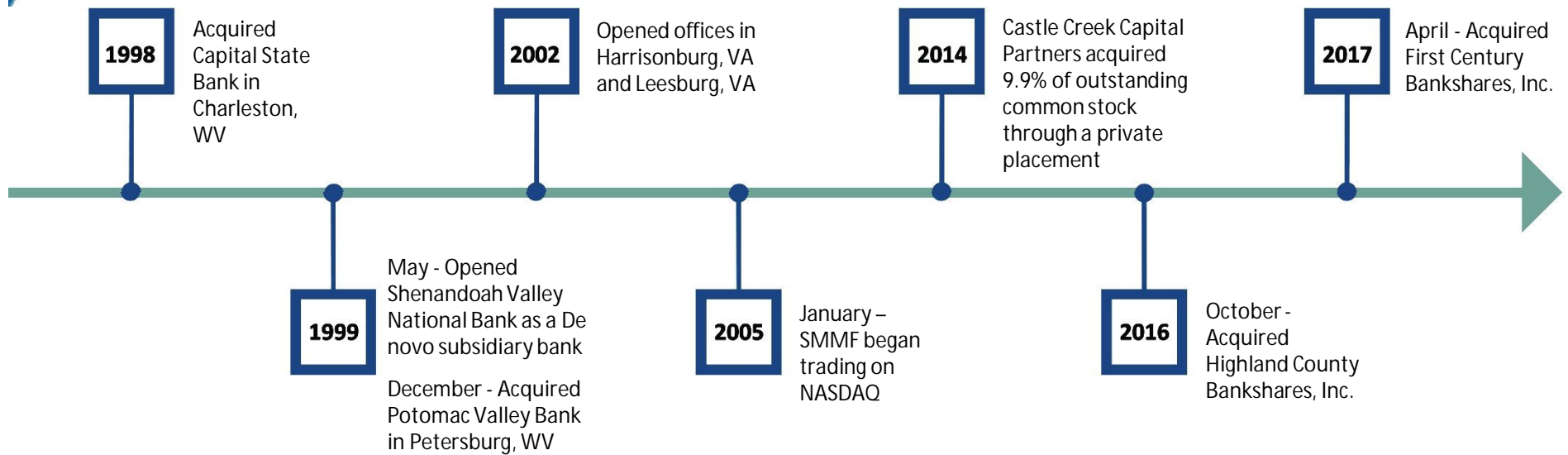
35 years of banking experience. Former President and CEO of Potomac Valley Bank, acquired by Summit in 2000. Currently serves as Summit's Chief of Credit Administration.



Brad Ritchie

CPA with over 26 years of bank related-experience. Former Regional President of United Bank's (UBSI) southern West Virginia region. Joined Summit in 2008 and has served as President of Summit Community Bank since 2012.

# Significant Milestones





# Our Markets

West Virginia				
Market	# Offices	Deposits in Market (\$)	Market Share	Median HH Income 2015 (\$)
<i>Eastern Panhandle WV</i>				
Hardy	2	608,394	79.98%	40,303
Grant	1	117,790	47.09%	39,088
Pendleton	1	35,572	20.97%	36,953
Berkeley	1	13,846	1.03%	55,239
<i>Southern Region WV</i>				
Kanawha	2	93,571	1.77%	45,882
Greenbrier	2	61,183	8.56%	39,746
Mercer	5	173,255	18.42%	36,195
Wyoming	2	56,688	23.49%	33,730
Summers	1	54,819	41.36%	36,651
Raleigh	1	7,080	0.58%	41,032

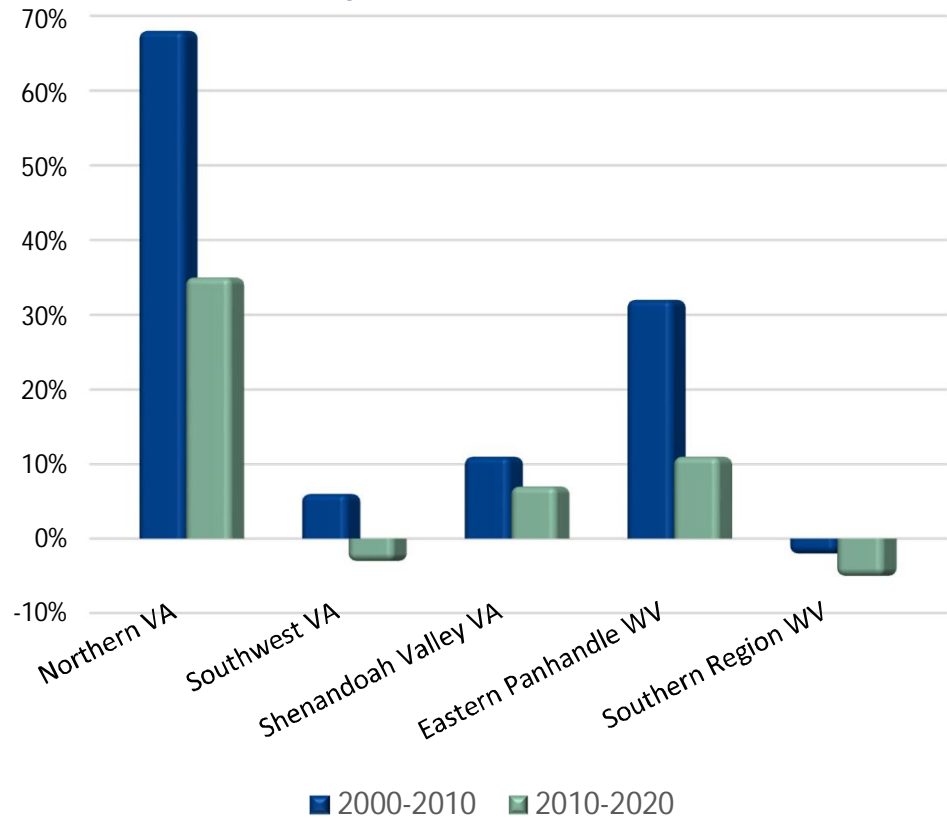
Virginia				
Market	# Offices	Deposits in Market (\$)	Market Share	Median HH Income 2015 (\$)
<i>Northern VA</i>				
Loudoun	1	35,206	0.54%	123,453
Fauquier	1	26,354	1.51%	91,609
<i>Southwest VA</i>				
Wythe	2	35,642	5.88%	41,360
<i>Shenandoah Valley VA</i>				
Winchester	2	105,135	7.28%	45,363
Harrisonburg	2	64,549	4.61%	38,750
Highland	1	69,478	64.75%	43,914
Bath	1	27,318	36.59%	43,646
Augusta	1	8,622	2.13%	54,558
Bluefield	1	21,198	6.58%	34,972

# Our Markets

## Major Employers



## Population Growth (%)



# Financial Highlights

# Recent Financial and Operational Highlights

- Ø **Earnings growth:** Achieved record quarterly net income of \$7.4 million, which was positively impacted by \$732,000 realized securities gains.
- Ø **Solid loan growth:** Loans, excluding mortgage warehouse lines, grew \$42.7 million, or 12.3% annualized, in Q1 2018.
- Ø **Core deposit growth:** Core deposits grew \$27.1 million or 11.0% (annualized) during Q1 2018.

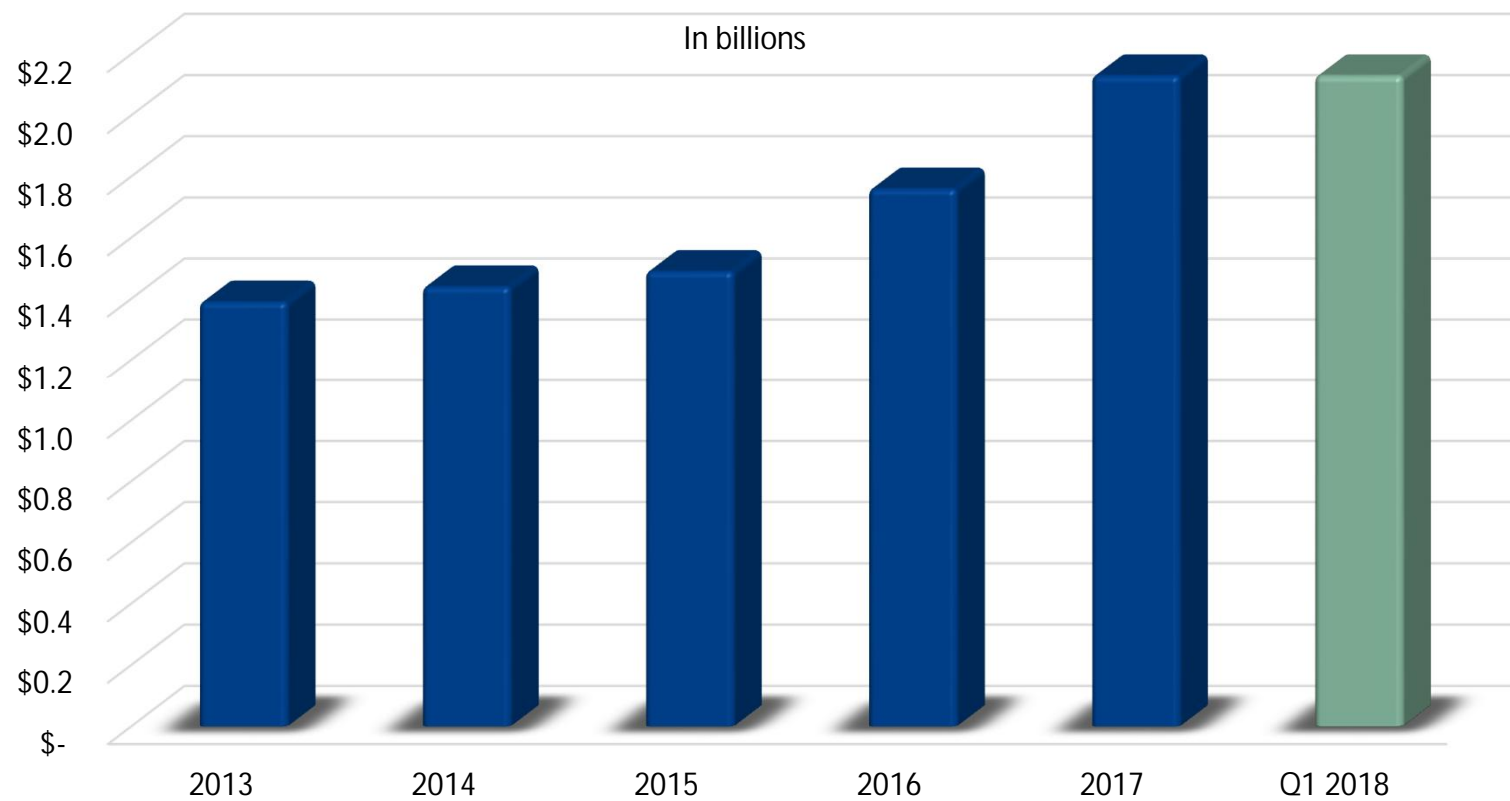
# Recent Financial and Operational Highlights

- Ø **Net interest margin:** Net interest margin for Q1 2018 declined 7 basis points compared to Q4 2017 due to enactment of TCJA, but increased 4 basis points compared to Q1 2017.
- Ø **Nonperforming assets:** Remained unchanged compared to the linked quarter and declined from 2.16 percent a year-ago, reaching its lowest level since Q2 2008.

# Balance Sheet Trends

## Assets

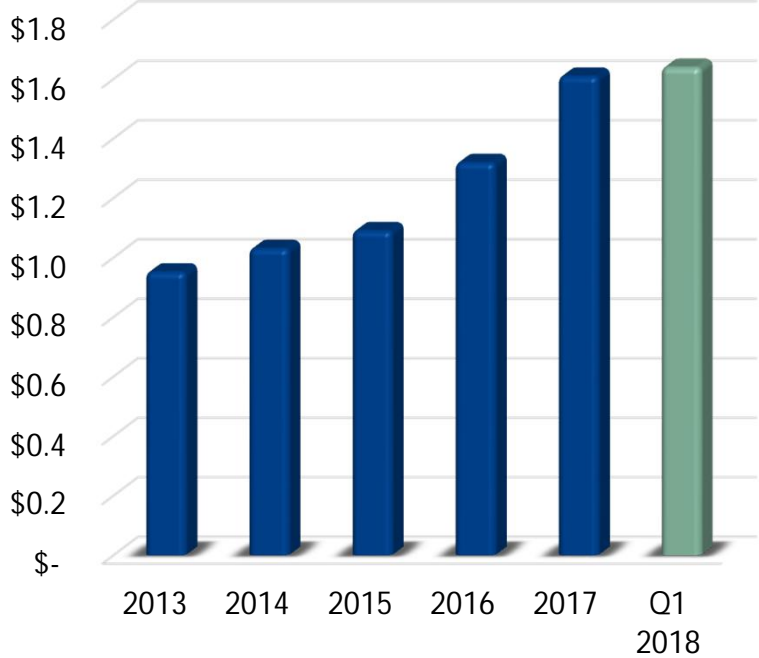
In billions



# Balance Sheet Trends

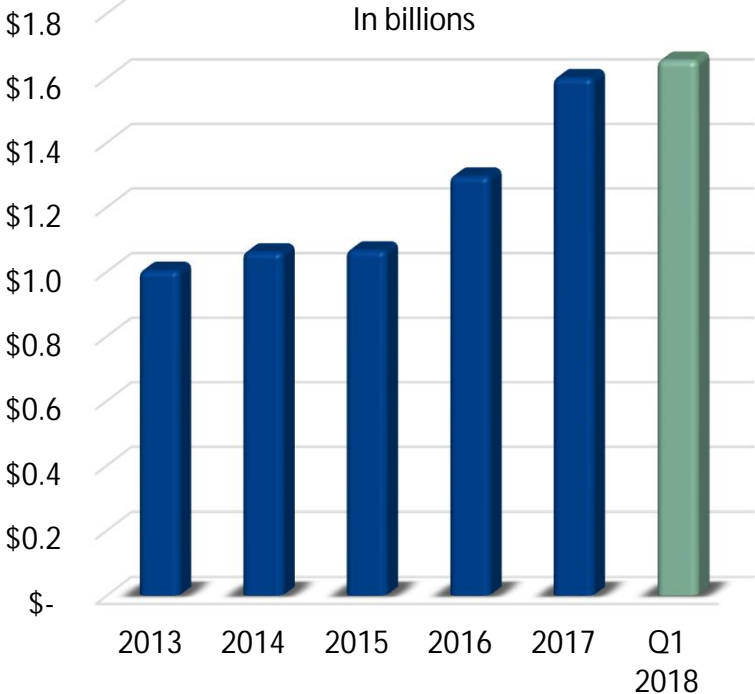
## Loans

In billions



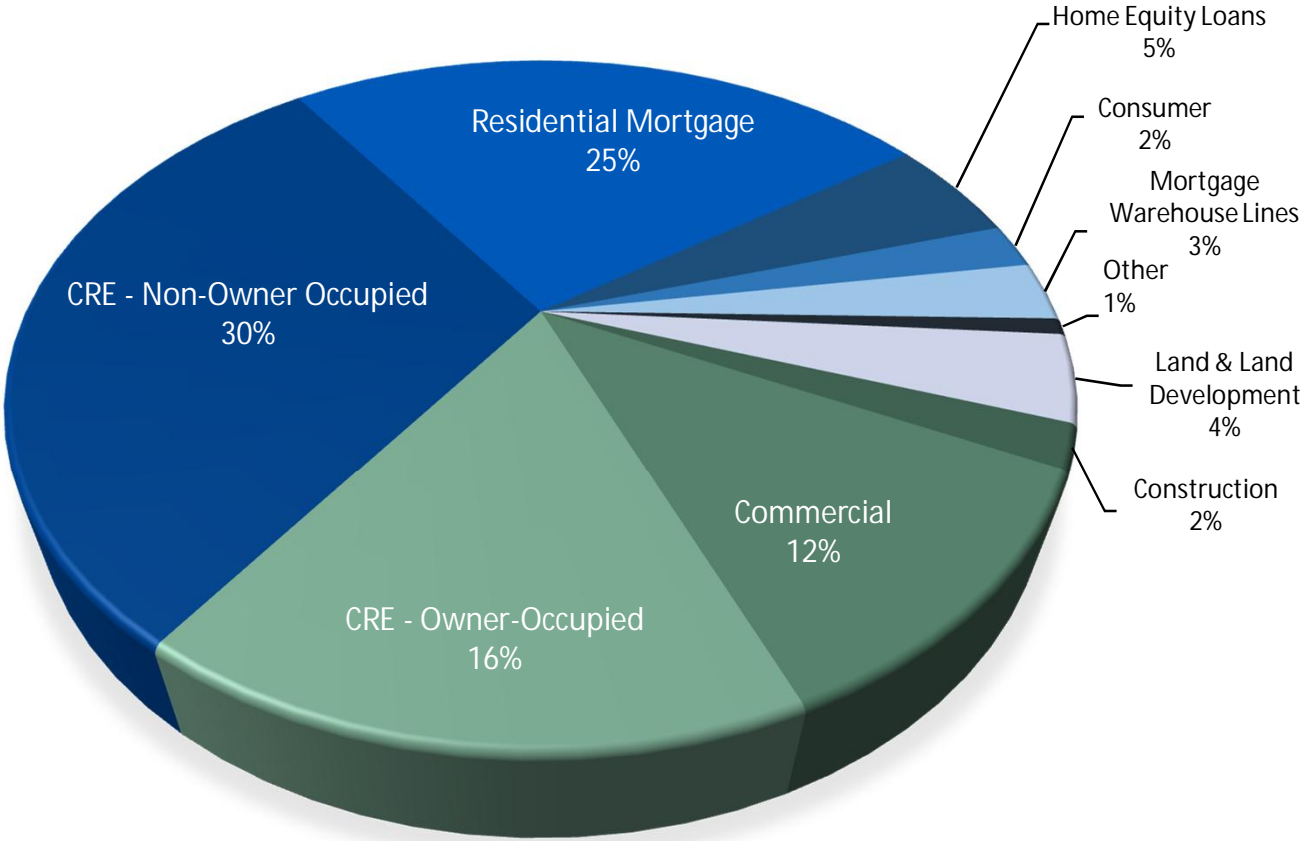
## Deposits

In billions



# Loan Portfolio

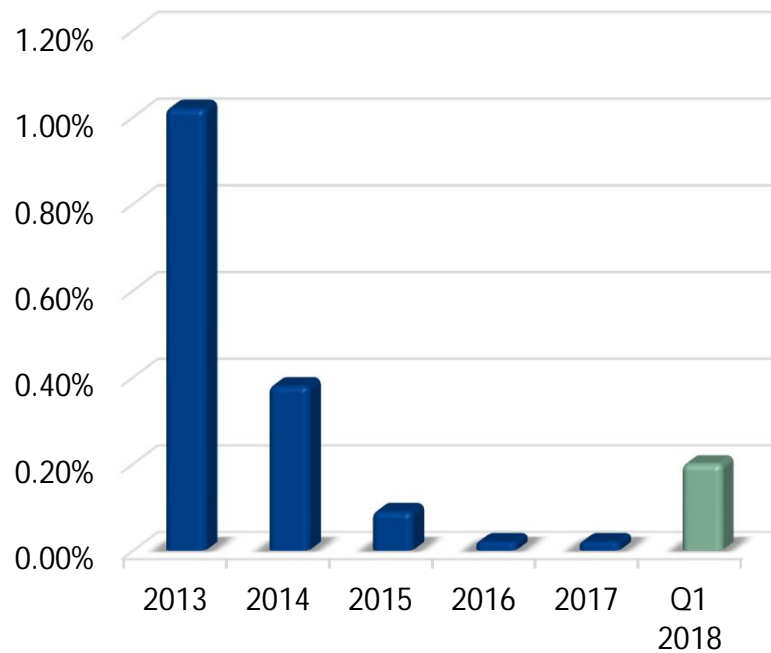
## Q1 2018



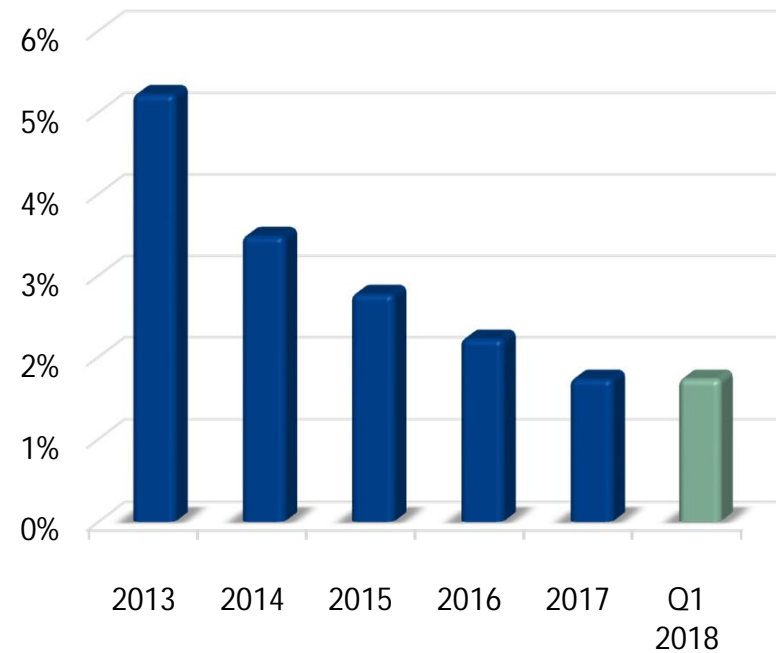


# Assets Quality Trends

## NCOs/Average Loans



## NPA/Total Assets



# Full Year Financial Performance

<i>\$ in millions, except EPS</i>	2017	2016	2015	2014	2013
Net income applicable to common shares	\$11.9	\$17.3	\$16.1	\$10.6	\$7.3
Diluted EPS	\$1.00	\$1.61	\$1.50	\$1.17	\$0.84
Loan Loss Provision	\$1.3	\$0.5	\$1.3	\$2.3	\$4.5
Writedowns of Foreclosed Properties	\$0.9	\$0.7	\$2.4	\$3.8	\$3.7
NPAs (excl. TDRs) / Total Assets	1.73%	2.22%	2.77%	3.48%	5.22%
Net Interest Margin	3.67%	3.39%	3.50%	3.39%	3.22%
Return on Average Tangible Equity	7.35%	12.27%	12.29%	10.22%	7.98%
Return on Average Assets	0.59%	1.08%	1.10%	0.80%	0.58%
Cash Dividends per Common Share	\$0.44	\$0.40	\$0.32	\$ -	\$ -

# Quarterly Financial Performance

<i>\$ in millions, except EPS</i>	Q1 2018	Q4 2017	Q1 2017
Net income	\$7.4	\$2.3	\$4.6 <sup>1</sup>
Diluted EPS	\$0.60	\$0.19	\$0.43 <sup>1</sup>
Loan Loss Provision	\$0.50	\$0.38	\$0.25
Writedowns of Foreclosed Properties	\$0.3	\$0.3	\$0.4
NPAs (excl. TDRs) / Total Assets	1.73%	1.73%	2.16%
Net Interest Margin	3.58%	3.65%	3.54%
Return on Average Tangible Equity	17.04%	5.36%	13.24% <sup>1</sup>
Return on Average Assets	1.40%	0.44%	1.08% <sup>1</sup>
Cash Dividends per Common Share	\$0.13	\$0.11	\$0.11

<sup>1</sup> - Adjusted to exclude impact of \$9.9 million (\$6.2 million after-tax) litigation settlement charge

# Summit Peer Group<sup>1</sup>

Q1 2018			ROAA	ROAE
\$ in Millions	Ticker	Assets	(LTM)	(LTM)
Access National Corporation	ANCX	\$2,834	0.77%	5.33%
American National Bankshares, Inc.	AMNB	\$1,818	0.95%	8.12%
C & F Financial Corporation	CFFI	\$1,532	0.52%	5.37%
Community Bankers Trust Corporation	ESXB	\$1,353	0.56%	5.89%
First Community Bankshares, Inc.	FCBC	\$2,428	1.02%	6.87%
MVB Financial Corp.	MVBF	\$1,534	0.52%	5.23%
National Bankshares, Inc.	NKSH	\$1,271	1.11%	7.40%
Premier Financial Bancorp, Inc.	PFBI	\$1,526	1.09%	8.89%
Southern National Bancorp of Virginia, Inc.	SONA	\$2,650	0.38%	3.00%

<sup>1</sup> - WV and VA publicly-traded bank holding companies with assets of \$1-\$3 billion

# How Summit Compares

Q1 2018

\$ in Millions

	Summit	Peer Average
Total Assets	\$2,135	\$1,883
Total Assets 3Y CAGR	13.49%	12.35%
Return on Avg Asset (LTM)	1.00%	0.77%
Return on Avg Equity (LTM)	10.63%	6.23%
Return on Avg Tang Equity (LTM)	12.90%	7.92%
Net Interest Margin (LTM)	3.67%	4.00%
Efficiency Ratio (LTM)	52.87%	62.04%
NPAs (excl. TDRs) / Assets	1.73%	0.65%
Net Charge-offs / Avg Loans (LTM)	0.06%	0.31%

# How SMMF Compares

Price Ratio	SMMF	Peer Average
Price <sup>1</sup> / LTM Earnings	15.2x	23.6x
Price <sup>1</sup> / Tangible Book Value	1.80x	1.87x

<sup>1</sup> - As of 05/04/2018

# Contact Information



Charlie Maddy  
President & Chief Executive Officer

*Summit Financial Group, Inc.  
300 North Main Street  
PO Box 179  
Moorefield, WV 26836  
Direct: (304) 530-0542  
E-Mail: [cmaddy@summitfgi.com](mailto:cmaddy@summitfgi.com)*

Robert S. Tissue  
Sr. Vice President & CFO

*Summit Financial Group, Inc.  
300 North Main Street  
PO Box 179  
Moorefield, WV 26836  
Direct: (304) 530-0552  
Email: [rtissue@summitfgi.com](mailto:rtissue@summitfgi.com)*