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

FORM 10 - Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003.

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ________ to ________.

Commission File Number 0-16587

Summit Financial Group, Inc.
(Exact name of registrant as specified in its charter)

West Virginia	55-0672148
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

300 North Main Street
Moorefield, West Virginia 26836
(Address of principal executive offices) (Zip Code)

(304) 530-7233
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes |_| No |X|

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date.
Common Stock, $2.50 par value
3,504,820 shares outstanding as of October 24, 2003

Summit Financial Group, Inc. and Subsidiaries

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Summit Financial Group, Inc. and Subsidiaries

Consolidated Balance Sheets

	September 30, 2003 (unaudited)	December 31, 2002 (*)	September 30, 2002 (unaudited)
ASSETS			
Cash and due from banks	$ 11,370,800	$ 11,470,311	$ 11,967,810
Interest bearing deposits with other banks	3,681,418	2,185,369	2,315,399
Federal funds sold	99,000	3,390,135	1,384,928
Securities available for sale	223,606,544	212,597,975	218,490,418
Loans held for sale	709,400	906,900	2,339,060
Loans, net	473,779,481	414,245,082	405,846,959
Property held for sale	1,276,798	1,859,650	81,000
Premises and equipment, net	14,476,797	11,199,037	13,109,239
Accrued interest receivable	3,564,026	4,025,167	4,210,043
Intangible assets	3,087,764	3,201,128	3,238,917
Other assets	8,521,058	6,703,636	6,398,094
Total assets	$ 744,173,086	$ 671,784,390	$ 669,381,867
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits			
Non interest bearing	$ 47,034,511	$ 46,312,596	$ 52,108,168
Interest bearing	427,920,074	412,334,977	411,806,850
Total deposits	474,954,585	458,647,573	463,915,018
Short-term borrowings	41,049,045	20,191,103	12,165,301
Long-term borrowings	165,526,033	133,787,020	137,596,604
Company-obligated mandatorily redeemable capital securities of subsidiary trust holding solely subordinated debentures of the Company	3,500,000	3,500,000	-
Other liabilities	3,641,899	3,578,898	4,326,049
Total liabilities	688,671,562	619,704,594	618,002,972
Commitments and Contingencies			
Shareholders' Equity			
Preferred stock, $1.00 par value; authorized 250,000 shares; no shares issued	-	-	-
Common stock, $2.50 par value; authorized 5,000,000 shares, issued 2003 - 3,562,760 shares ; December 2002 - 3,561,660 shares; September 2002 - 3,561,560 shares	8,906,900	8,904,150	8,903,900
Capital surplus	3,814,906	3,805,891	3,804,951
Retained earnings	41,741,298	36,726,583	35,348,274
Less cost of shares acquired for the treasury, 2003 and December 2002 - 57,940 shares and September 2002 - 54,140 shares	(627,659)	(619,711)	(554,403)
Accumulated other comprehensive income	1,666,079	3,262,883	3,876,173
Total shareholders' equity	55,501,524	52,079,796	51,378,895
Total liabilities and shareholders' equity	$ 744,173,086	$ 671,784,390	$ 669,381,867

(*) - December 31, 2002 financial information has been extracted from audited consolidated financial statements

See Notes to Consolidated Financial Statements

Summit Financial Group, Inc. and Subsidiaries

Consolidated Statements of Income (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2003	September 30, 2002	September 30, 2003	September 30, 2002
Interest income				
Interest and fees on loans				
Taxable	$ 7,797,099	$ 7,323,374	$22,827,468	$21,075,193
Tax-exempt	79,868	89,622	242,412	258,699
Interest and dividends on securities				
Taxable	1,886,823	2,406,690	5,944,617	7,506,835
Tax-exempt	486,581	480,518	1,442,439	1,268,976
Interest on interest bearing deposits with other banks	37,868	23,097	115,199	69,607
Interest on Federal funds sold	3,985	22,156	17,660	43,832
Total interest income	10,292,224	10,345,457	30,589,795	30,223,142
Interest expense				
Interest on deposits	2,466,649	2,998,480	7,608,580	8,709,988
Interest on short-term borrowings	113,039	64,782	285,848	246,042
Interest on long-term borrowings	1,770,501	1,739,512	5,383,790	5,191,621
Total interest expense	4,350,189	4,802,774	13,278,218	14,147,651
Net interest income	5,942,035	5,542,683	17,311,577	16,075,491
Provision for loan losses	232,500	307,500	682,500	907,500
Net interest income after provision for loan losses	5,709,535	5,235,183	16,629,077	15,167,991
Other income				
Insurance commissions	64,963	61,771	149,832	136,921
Service fees	403,188	353,942	1,131,137	977,163
Mortgage origination revenue	210,789	120,706	533,564	219,861
Securities gains	-	8,651	106,410	73,728
Other	130,992	56,120	259,050	130,781
Total other income	809,932	601,190	2,179,993	1,538,454
Other expense				
Salaries and employee benefits	2,141,611	1,700,763	5,940,432	5,056,470
Net occupancy expense	223,188	204,048	628,324	585,030
Equipment expense	326,401	313,969	937,238	949,084
Supplies	119,873	121,040	351,795	359,475
Professional fees	151,351	116,786	427,507	314,213
Amortization of intangibles	37,788	37,788	113,364	113,364
Other	796,423	620,313	2,177,757	2,002,253
Total other expense	3,796,635	3,114,707	10,576,417	9,379,889
Income before income taxes	2,722,832	2,721,666	8,232,653	7,326,556
Income tax expense	879,675	798,600	2,517,075	2,132,730
Net income	$ 1,843,157	$ 1,923,066	$ 5,715,578	$ 5,193,826
Basic earnings per common share	$ 0.53	$ 0.55	$ 1.63	$ 1.48
Diluted earnings per common share	$ 0.52	$ 0.54	$ 1.61	$ 1.47
Average common shares outstanding				
Basic	3,504,820	3,508,566	3,504,373	3,508,602
Diluted	3,554,700	3,536,220	3,549,988	3,535,458
Dividends per common share	$ -	$ -	$ 0.20	$ 0.19

See Notes to Consolidated Financial Statements

Summit Financial Group, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity (unaudited)

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2002	$ 8,904,150	$ 3,805,891	$ 36,726,583	$ (619,711)	$ 3,262,883	$ 52,079,796
Nine Months Ended September 30, 2003						
Comprehensive income:						
Net income	-	-	5,715,578	-	-	5,715,578
Other comprehensive income, net of deferred taxes of ($978,686):						
Net unrealized (loss) on securities of $(1,530,830), net of reclassification adjustment for gains included in net income of $65,974	-	-	-	-	(1,596,804)	(1,596,804)
Total comprehensive income						4,118,774
Exercise of stock options	2,750	9,015	-	-	-	11,765
Purchase of treasury shares	-	-	-	(7,948)	-	(7,948)
Cash dividends declared ($.20 per share)	-	-	(700,863)	-	-	(700,863)
Balance, September 30, 2003	$ 8,906,900	$ 3,814,906	$ 41,741,298	$ (627,659)	$ 1,666,079	$ 55,501,524
Balance, December 31, 2001	$ 8,903,900	$ 3,804,951	$ 30,803,543	$ (532,479)	$ 1,307,432	$ 44,287,347
Nine Months Ended September 30, 2002						
Comprehensive income:						
Net income	-	-	5,193,826	-	-	5,193,826
Other comprehensive income, net of deferred taxes of $1,574,390:						
Net unrealized gain on securities of $2,614,452, net of reclassification adjustment for gains included in net income of $45,711	-	-	-	-	2,568,741	2,568,741
Total comprehensive income	-	-	-	-	-	7,762,567
Cash dividends declared ($.19 per share)	-	-	(649,095)	-	-	(649,095)
Purchase of treasury shares	-	-	-	(21,924)	-	(21,924)
Balance, September 30, 2002	$ 8,903,900	$ 3,804,951	$ 35,348,274	$ (554,403)	$ 3,876,173	$ 51,378,895

See Notes to Consolidated Financial Statements

Summit Financial Group, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

	Nine Months Ended	
	September 30, 2003	September 30, 2002
Cash Flows from Operating Activities		
Net income	$ 5,715,578	$ 5,193,826
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	767,878	763,796
Provision for loan losses	682,500	907,500
Deferred income tax (benefit) expense	(238,050)	(400,470)
Loans originated for sale	(30,712,570)	(11,502,070)
Proceeds from loans sold	30,910,070	10,681,375
Securities (gains) losses	(106,410)	(73,728)
(Gain) loss on disposal of other assets	(2,747)	8,275
Amortization of securities premiums (accretion of discounts) net	1,110,682	216,818
Amortization of goodwill and purchase accounting adjustments, net	128,160	131,244
(Increase) decrease in accrued interest receivable	461,141	(336,041)
(Increase) decrease in other assets	(545,021)	(260,541)
Increase (decrease) in other liabilities	310,704	(294,561)
Net cash provided by operating activities	8,481,915	5,035,423
Cash Flows from Investing Activities		
Net (increase) decrease in interest bearing deposits with other banks	(1,496,049)	(53,573)
Proceeds from maturities and calls of securities available for sale	23,361,500	10,711,500
Proceeds from maturities and calls of securities held to maturity	-	150,000
Proceeds from sales of securities available for sale	6,485,830	18,983,528
Principal payments received on securities available for sale	77,349,314	30,597,959
Purchases of securities available for sale	(121,902,748)	(67,869,813)
Net (increase) decrease in Federal funds sold	3,291,135	463,201
Net loans made to customers	(61,006,768)	(63,922,228)
Purchases of premises and equipment	(4,694,493)	(991,996)
Proceeds from sales of other assets	2,021,251	68,900
Purchases of life insurance contracts	-	(2,250,000)
Net cash provided by (used in) investing activities	(76,591,028)	(74,112,522)
Cash Flows from Financing Activities		
Net increase (decrease) in demand deposit, NOW and savings accounts	3,283,990	38,193,878
Net increase (decrease) in time deposits	13,085,239	29,609,219
Net increase (decrease) in short-term borrowings	20,857,942	(11,867,488)
Proceeds from long-term borrowings	40,000,000	14,590,000
Repayment of long-term borrowings	(8,520,523)	(585,912)
Exercise of stock options	11,765	-
Dividends paid	(700,863)	(649,095)
Purchase of treasury stock	(7,948)	(21,924)
Net cash provided by financing activities	68,009,602	69,268,678
Increase (decrease) in cash and due from banks	(99,511)	191,579
Cash and due from banks:		
Beginning	11,470,311	11,776,231
Ending	$ 11,370,800	$ 11,967,810

(Continued)

See Notes to Consolidated Financial Statements

Summit Financial Group, Inc. and Subsidiaries

Consolidated Statements of Cash Flows - continued (unaudited)

	Nine Months Ended	
	September 30, 2003	September 30, 2002
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	$13,250,968	$14,186,188
Income taxes	$ 2,420,000	$ 2,317,000
Supplemental Schedule of Noncash Investing and Financing Activities		
Other assets acquired in settlement of loans	$ 787,871	$ 59,850

Notes to Consolidated Financial Statements (unaudited)

Note 1. Basis of Presentation

We, Summit Financial Group, Inc. and subsidiaries, prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America for interim financial information and with instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for annual year end financial statements. In our opinion, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature.

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

The results of operations for the nine months ended September 30, 2003 are not necessarily indicative of the results to be expected for the full year. The consolidated financial statements and notes included herein should be read in conjunction with our 2002 audited financial statements and Annual Report on Form 10-K. Certain accounts in the consolidated financial statements for December 31, 2002 and September 30, 2002, as previously presented, have been reclassified to conform to current year classifications.

Note 2. Earnings per Share

The computations of basic and diluted earnings per share follow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Numerator:				
Net Income	$1,843,157	$1,923,066	$5,715,578	$5,193,826
Denominator:				
Denominator for basic earnings per share - weighted average common shares outstanding	3,504,820	3,508,566	3,504,373	3,508,602
Effect of dilutive securities:				
Stock options	49,880	27,654	45,615	26,856
Denominator for diluted earnings per share - weighted average common shares outstanding and assumed conversions	3,554,700	3,536,220	3,549,988	3,535,458
Basic earnings per share	$ 0.53	$ 0.55	$ 1.63	$ 1.48
Diluted earnings per share	$ 0.52	$ 0.54	$ 1.61	$ 1.47

Note 3. Securities

The amortized cost, unrealized gains, unrealized losses and estimated fair values of securities at September 30, 2003 and December 31, 2002, and September 30, 2002 are summarized as follows:

	September 30, 2003			
	Amortized	Unrealized		Estimated
	Cost	Gains	Losses	Fair Value
Available for Sale				
Taxable:				
U. S. Government agencies and corporations	$ 29,190,922	$ 674,663	$ 25,599	$ 29,839,986
Mortgage-backed securities	113,335,764	924,851	854,787	113,405,828
State and political subdivisions	4,602,024	32,371	-	4,634,395
Corporate debt securities	20,796,792	1,063,383	-	21,860,175
Federal Reserve Bank stock	436,000	-	-	436,000
Federal Home Loan Bank stock	10,257,400	-	-	10,257,400
Other equity securities	175,535	-	-	175,535
Total taxable	178,794,437	2,695,268	880,386	180,609,319
Tax-exempt:				
State and political subdivisions	34,805,206	1,238,243	51,308	35,992,141
Federal Reserve Bank stock	8,400	-	-	8,400
Other equity securities	7,528,703	-	532,019	6,996,684
Total tax-exempt	42,342,309	1,238,243	583,327	42,997,225
Total	$221,136,746	$ 3,933,511	$ 1,463,713	$223,606,544

	December 31, 2002			
	Amortized	Unrealized		Estimated
	Cost	Gains	Losses	Fair Value
Available for Sale				
Taxable:				
U. S. Government agencies and corporations	$ 32,699,059	$ 1,121,860	$ -	$ 33,820,919
Mortgage-backed securities	94,022,894	1,925,599	168,040	95,780,453
State and political subdivisions	5,450,901	94,315	-	5,545,216
Corporate debt securities	27,961,831	1,163,744	7,352	29,118,223
Federal Reserve Bank stock	397,000	-	-	397,000
Federal Home Loan Bank stock	7,738,200	-	-	7,738,200
Other equity securities	88,348	-	-	88,348
Total taxable	168,358,233	4,305,518	175,392	172,488,359
Tax-exempt:				
State and political subdivisions	34,003,131	1,166,600	101,629	35,068,102
Federal Reserve Bank stock	8,400	-	-	8,400
Other equity securities	5,065,152	106,169	138,207	5,033,114
Total tax-exempt	39,076,683	1,272,769	239,836	40,109,616
Total	$207,434,916	$ 5,578,287	$ 415,228	$212,597,975

	September 30, 2002			
	Amortized	Unrealized		Estimated
	Cost	Gains	Losses	Fair Value
Available for Sale				
Taxable:				
U. S. Government agencies and corporations	$ 36,728,531	$ 1,187,948	$ -	$ 37,916,479
Mortgage-backed securities	95,245,831	2,208,555	131,061	97,323,325
State and political subdivisions	5,448,472	185,333	-	5,633,805
Corporate debt securities	30,106,915	1,228,554	62,878	31,272,591
Federal Reserve Bank stock	397,000	-	-	397,000
Federal Home Loan Bank stock	7,368,800	-	-	7,368,800
Other equity securities	6,625	-	-	6,625
Total taxable	175,302,174	4,810,390	193,939	179,918,625
Tax-exempt:				
State and political subdivisions	31,977,763	1,515,256	4,678	33,488,341
Federal Reserve Bank stock	8,400	-	-	8,400
Other equity securities	5,066,498	152,325	143,771	5,075,052
Total tax-exempt	37,052,661	1,667,581	148,449	38,571,793
Total	$212,354,835	$ 6,477,971	$ 342,388	$218,490,418

The maturites, amortized cost and estimated fair values of securities at September 30, 2003, are summarized as follows:

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 65,747,863	$ 66,222,749
Due from one to five years	86,013,998	87,200,108
Due from five to ten years	26,648,097	27,321,940
Due after ten years	24,320,750	24,987,728
Equity securities	18,406,038	17,874,019
	$221,136,746	$223,606,544

Note 4. Loans

Loans are summarized as follows:

	September 30, 2003	December 31, 2002	September 30, 2002
Commerical	$ 43,887,181	$ 34,745,430	$ 32,308,945
Commercial real estate	201,011,465	171,822,280	165,271,845
Real estate - construction	4,042,282	4,493,569	3,885,468
Real estate - mortgage	183,141,730	161,005,744	160,619,722
Consumer	40,846,458	40,655,422	39,774,206
Other	6,330,576	6,389,812	8,715,381
Total loans	479,259,692	419,112,257	410,575,567
Less unearned income	995,948	814,044	809,726
Total loans net of unearned income	478,263,744	418,298,213	409,765,841
Less allowance for loan losses	4,484,263	4,053,131	3,918,882
Loans, net	$473,779,481	$414,245,082	$405,846,959

Note 5. Allowance for Loan Losses

An analysis of the allowance for loan losses for the nine month periods ended September 30, 2003 and 2002, and for the year ended December 31, 2002 is as follows:

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Year Ended December 31, 2002
Balance, beginning of period	$4,053,131	$3,110,248	$3,110,248
Losses:			
Commercial	1,308	35,109	105,650
Commercial real estate	96,640	-	31,500
Real estate - mortgage	59,952	18,618	30,400
Consumer	150,378	88,982	173,430
Other	42,333	48,153	74,899
Total	350,611	190,862	415,879
Recoveries:			
Commercial	1,583	4,339	39,251
Commercial real estate	-	-	-
Real estate - mortgage	300	15,289	16,489
Consumer	65,638	57,986	70,568
Other	31,722	14,382	17,454
Total	99,243	91,996	143,762
Net losses	251,368	98,866	272,117
Provision for loan losses	682,500	907,500	1,215,000
Balance, end of period	$4,484,263	$3,918,882	$4,053,131

Note 6. Deposits

The following is a summary of interest bearing deposits by type as of September 30, 2003 and 2002 and December 31, 2002:

	September 30, 2003	December 31, 2002	September 30, 2002
Interest bearing demand deposits	$101,739,751	$ 99,752,155	$103,773,031
Savings deposits	47,306,731	46,732,252	46,274,276
Certificates of deposit	252,405,795	241,439,194	237,939,820
Individual retirement accounts	26,467,797	24,411,376	23,819,723
Total	$427,920,074	$412,334,977	$411,806,850

The following is a summary of the maturity distribution of certificates of deposit and Individual Retirement Accounts in denominations of $100,000 or more as of September 30, 2003:

	Amount	Percent
Three months or less	$15,001,461	18.5%
Three through six months	12,356,396	15.2%
Six through twelve months	22,942,343	28.2%
Over twelve months	30,993,405	38.1%
Total	$81,293,605	100.0%

A summary of the scheduled maturities for all time deposits as of September 30, 2003 is as follows:

Three month period ending December 31, 2003	$ 43,013,868
Year Ending December 31, 2004	168,190,997
Year Ending December 31, 2005	32,513,810
Year Ending December 31, 2006	7,804,983
Year Ending December 31, 2007	15,223,986
Thereafter	12,125,948
	$278,873,592

Note 7. Borrowed Funds

Short-term borrowings: A summary of short-term borrowings is presented below:

	Nine Months Ended September 30, 2003		
	Federal Funds Purchased and Lines of Credit	Repurchase Agreements	Federal Home Loan Bank Short-term Advances
Balance at September 30	$ 500,000	$ 8,799,845	$ 31,749,200
Average balance outstanding for the period	968,949	8,365,447	17,019,751
Maximum balance outstanding at any month end during quarter	6,851,000	9,002,590	31,749,200
Weighted average interest rate for the period	3.50%	1.62%	1.28%
Weighted average interest rate for balances outstanding at September 30	2.61%	1.55%	1.33%

	Year Ended December 31, 2002		
	Federal Funds Purchased and Lines of Credit	Repurchase Agreements	Federal Home Loan Bank Short-term Advances
Balance at December 31	$ -	$ 8,596,103	$ 11,595,000
Average balance outstanding for the year	934,768	8,960,391	6,057,233
Maximum balance outstanding at any month end	2,370,000	10,778,052	11,595,000
Weighted average interest rate for the year	4.19%	1.71%	2.21%
Weighted average interest rate for balances outstanding at December 31	-	1.57%	1.48%

	Nine Months Ended September 30, 2002		
	Federal Funds Purchased and Lines of Credit	Repurchase Agreements	Federal Home Loan Bank Short-term Advances
Balance at September 30	$ 650,000	$ 8,515,301	$ 3,000,000
Average balance outstanding for the period	1,050,176	9,315,707	5,040,910
Maximum balance outstanding at any month end during quarter	2,370,000	10,778,052	9,344,800
Weighted average interest rate for the period	4.20%	1.72%	2.45%
Weighted average interest rate for balances outstanding at September 30	4.25%	1.86%	2.44%

Long-term borrowings: Our long-term borrowings of $165,526,033, $133,787,020 and $137,596,604 at September 30, 2003, December 31, 2002, and September 30, 2002 respectively, consisted primarily of advances from the Federal Home Loan Bank ("FHLB").

These borrowings bear both fixed and variable rates and mature in varying amounts through the year 2016.

The average interest rate paid on long-term borrowings for the nine month period ended September 30, 2003 was 4.63% compared to 5.19% for the first nine months of 2002.

A summary of the maturities of all long-term borrowings for the next five years and thereafter is as follows:

Year Ending December 31,	Amount
2003	$ 3,613,953
2004	20,428,435
2005	17,101,592
2006	11,690,863
2007	5,519,208
Thereafter	107,171,982
	$ 165,526,033

Note 8. Stock Option Plan

In accordance with Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, we have elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for our employee stock options.

The Officer Stock Option Plan, which provides for the granting of stock options for up to 480,000 shares of common stock to our key officers, was adopted in 1998 and expires in 2008. Each option granted under the plan vests according to a schedule designated at the grant date and shall have a term of no more than 10 years following the vesting date. Also, the option price per share shall not be less than the fair market value of our common stock on the date of grant. Accordingly, no compensation expense is recognized for options granted under the Plan.

The following pro forma disclosures present for the quarters ended and nine months ended September 30, 2003 and 2002, our reported net income and basic and diluted earnings per share had we recognized compensation expense for our Officer Stock Option Plan based on the grant date fair values of the options (the fair value method described in Statement of Financial Accounting Standards No. 123).

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
(in thousands, except per share data)				
Net income:				
As reported	$ 1,843	$ 1,923	$ 5,716	$ 5,194
Deduct total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(9)	(3)	(27)	(15)
Pro forma	$ 1,834	$ 1,920	$ 5,689	$ 5,179
Basic earnings per share:				
As reported	$ 0.53	$ 0.55	$ 1.63	$ 1.48
Pro forma	$ 0.52	$ 0.55	$ 1.62	$ 1.48
Diluted earnings per share:				
As reported	$ 0.52	$ 0.54	$ 1.61	$ 1.47
Pro forma	$ 0.52	$ 0.54	$ 1.60	$ 1.46

For purposes of computing the above pro form a amounts, we estimated the fair value of the options at the date of grant using a Black-Scholes option pricing model. There were no option grants during the first nine months of 2003. For purposes of the pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

Note 9. Stock Split

On February 21, 2003, our Board of Directors authorized a 2-for-1 split of our common stock to be effected in the form of a 100% stock dividend that was distributed on March 14, 2003 to shareholders of record as of March 3, 2003. All share and per share amounts included in the consolidated financial statements and the accompanying notes have been restated to give effect to the stock split.

Note 10. Restrictions on Capital

We and our subsidiaries are subject to various regulatory capital requirements administered by the banking regulatory agencies. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we and each of our subsidiaries must meet specific capital guidelines that involve quantitative measures of our and our subsidiaries' assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. We and each of our subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require us and each of our subsidiaries to maintain minimum amounts and ratios of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). We believe, as of September 30, 2003, that we and each of our subsidiaries met all capital adequacy requirements to which they were subject.

The most recent notifications from the banking regulatory agencies categorized us and each of our subsidiaries as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, we and each of our subsidiaries must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below.

Our actual capital amounts and ratios as well as our subsidiaries', Summit Community Bank's ("Summit Community"), Capital State Bank, Inc.'s ("Capital State") and Shenandoah Valley National Bank's ("Shenandoah") are presented in the following table.

(Dollars in thousands)

	Actual		Minimum Required Regulatory Capital		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2003						
Total Capital (to risk weighted assets)						
Summit	$ 58,303	11.3%	$ 41,234	8.0%	$ 51,542	10.0%
Summit Community	28,275	11.2%	20,115	8.0%	25,144	10.0%
Capital State	12,277	10.6%	9,253	8.0%	11,567	10.0%
Shenandoah	16,024	11.1%	11,524	8.0%	14,404	10.0%
Tier I Capital (to risk weighted assets)						
Summit	53,818	10.4%	20,617	4.0%	30,925	6.0%
Summit Community	25,914	10.3%	10,058	4.0%	15,086	6.0%
Capital State	11,341	9.8%	4,627	4.0%	6,940	6.0%
Shenandoah	14,836	10.3%	5,762	4.0%	8,643	6.0%
Tier I Capital (to average assets)						
Summit	53,818	7.4%	21,679	3.0%	36,131	5.0%
Summit Community	25,914	7.2%	10,778	3.0%	17,964	5.0%
Capital State	11,341	7.0%	4,874	3.0%	8,124	5.0%
Shenandoah	14,836	7.5%	5,967	3.0%	9,945	5.0%
As of December 31, 2002						
Total Capital (to risk weighted assets)						
Summit	$ 53,114	11.7%	$ 36,310	8.0%	$ 45,388	10.0%
Summit Community	25,916	11.1%	18,661	8.0%	23,327	10.0%
Capital State	11,041	10.7%	8,247	8.0%	10,309	10.0%
Shenandoah	12,816	11.0%	9,304	8.0%	11,630	10.0%
Tier I Capital (to risk weighted assets)						
Summit	49,043	10.8%	18,155	4.0%	27,233	6.0%
Summit Community	23,708	10.2%	9,334	4.0%	14,001	6.0%
Capital State	10,146	9.8%	4,124	4.0%	6,187	6.0%
Shenandoah	11,848	10.2%	4,651	4.0%	6,976	6.0%
Tier I Capital (to average assets)						
Summit	49,043	7.4%	20,012	3.0%	33,353	5.0%
Summit Community	23,708	7.0%	10,161	3.0%	16,934	5.0%
Capital State	10,146	6.8%	4,457	3.0%	7,428	5.0%
Shenandoah	11,848	6.7%	5,289	3.0%	8,815	5.0%

INTRODUCTION

The following discussion and analysis focuses on significant changes in our financial condition and results of operations of Summit Financial Group, Inc. ("Company" or "Summit") and our wholly owned subsidiaries, Summit Community Bank ("Summit Community"), Capital State Bank, Inc. ("Capital State"), and Shenandoah Valley National Bank ("Shenandoah") for the periods indicated. This discussion and analysis should be read in conjunction with our 2002 audited financial statements and Annual Report on Form 10-K.

The Private Securities Litigation Act of 1995 indicates that the disclosure of forward-looking information is desirable for investors and encourages such disclosure by providing a safe harbor for forward-looking statements by us. Our following discussion and analysis of financial condition and results of operations contains certain forward-looking statements that involve risk and uncertainty. In order to comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed in those forward-looking statements.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and follow general practices within the financial services industry. Application of these principles requires us to make estimates, assumptions, and judgments that affect the amounts reported in our financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions, and judgments and as such have a greater possibility of producing results that could be materially different than originally reported.

Our most significant accounting policies are presented in Note 1 to the consolidated financial statements of our 2002 Annual Report on Form 10-K. These policies, along with the disclosures presented in the other financial statement notes and in this financial review, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined.

Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, we have identified the determination of the allowance for loan losses and the valuation of goodwill to be the accounting areas that require the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

The allowance for loan losses represents our estimate of probable credit losses inherent in the loan portfolio. Determining the amount of the allowance for loan losses is considered a critical accounting estimate because it requires significant judgment and the use of estimates related to the amount and timing of expected future cash flows on impaired loans, estimated losses on pools of homogeneous loans based on historical loss experience, and consideration of current economic trends and conditions, all of which may be susceptible to significant change. The loan portfolio also represents the largest asset type on our consolidated balance sheet. To the extent actual outcomes differ from our estimates, additional provisions for loan losses may be required that would negatively impact earnings in future periods. Note 1 to the consolidated financial statements of our 2002 Annual Report on Form 10-K describes the methodology used to determine the allowance for loan losses and a discussion of the factors driving changes in the amount of the allowance for loan losses is included in the Asset Quality section of the financial review of the 2002 Annual Report on Form 10-K.

With the adoption of SFAS No. 142 on January 1, 2002, we discontinued the amortization of goodwill resulting from acquisitions. Goodwill is now subject to impairment testing at least annually to determine whether write-downs of the recorded balances are necessary. A fair value is determined based on at least one of three various market valuation methodologies. If the fair value equals or exceeds the book value, no write-down of recorded goodwill is necessary. If the fair value is less than the book value, an expense may be required on our books to write down the goodwill to the proper carrying value. During the third quarter, we completed the required annual impairment test for 2003 and determined that no impairment write-offs were necessary. We cannot assure you that future goodwill impairment tests will not result in a charge to earnings. See Notes 1 and 9 of the consolidated financial statements of our Annual Report on Form 10-K for further discussion of our intangible assets, which include goodwill.

RESULTS OF OPERATIONS
Earnings Summary

Net income for the quarter ended September 30, 2003 declined 4.2% to $1,843,000, or $0.52 per diluted share as compared to $1,923,000, or $0.54 per diluted share for the quarter ended September 30, 2002. Returns on average equity and assets for the first nine months of 2003 were 14.06% and 1.08%, respectively, compared with 14.94% and 1.13% for the same period of 2002.

Net Interest Income

Net interest income is the principal component of our earnings and represents the difference between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in interest rates as well as changes in the volume and mix of earning assets and interest bearing liabilities can materially impact net interest income.

Our net interest income on a fully tax-equivalent basis totaled $18,145,000 for the nine months period ended September 30, 2003 compared to $16,831,000 for the same period of 2002, representing an increase of $1,314,000 or 7.8%. This increase resulted from growth in interest earning assets, primarily loans, which served to more than offset the 85 basis points decline in the yield on interest earning assets during the same period. Average interest earning assets grew 15.5% from $581,042,000 during the first nine months of 2002 to $670,907,000 for the first nine months of 2003. Average interest bearing liabilities grew 14.8% from $526,040,000 at September 30, 2002 to $604,149,000 at September 30, 2003, at an average yield for the first nine months of 2003 of 2.9% compared to 3.6% for the same period of 2002.

Our net yield on interest earning assets decreased to 3.6% for the nine month period ended September 30, 2003, compared to 3.9% for the same period in 2002, as the yields on taxable securities and loans declined 140 and 80 basis points, respectively, during the same period. Consistent with the experience of many other financial institutions, this margin compression is the result of earning assets repricing at historically low yields, while at the same time, we have limited ability to decrease correspondingly the rates paid on interest bearing liabilities. Further contributing to this situation are historically high prepayments of loans and mortgage-backed securities which necessitate the reinvestment of significant cash flows at rates well below each respective portfolio's overall yield.

We anticipate modest growth in our net interest income to continue over the near term as the growth in the volume of interest earning assets will more than offset the expected continued decline in our net interest margin. However, if market interest rates remain significantly unchanged, or go lower over the next 12 to 18 months, the spread between interest earning assets and interest bearing liabilities could narrow such that its impact could not be offset by growth in earning assets. See the "Market Risk Management" section for further discussion of the impact changes in market interest rates could have on us. Further analysis of our yields on interest earning assets and interest bearing liabilities are presented in Tables I and II below.

Table I - Average Balance Sheet and Net Interest Income Analysis
(Dollars in thousands)

	For the Nine Months Ended					
	September 30, 2003			September 30, 2002		
	Average Balance	Earnings/ Expense	Yield/ Rate	Average Balance	Earnings/ Expense	Yield/ Rate
Interest earning assets						
Loans, net of unearned income						
Taxable	$ 443,628	$ 22,827	6.9%	$ 366,361	$ 21,075	7.7%
Tax-exempt (1)	5,931	367	8.3%	6,166	392	8.5%
Securities						
Taxable	174,554	5,945	4.5%	168,983	7,507	5.9%
Tax-exempt (1)	40,934	2,151	7.0%	33,846	1,892	7.5%
Federal funds sold and interest bearing deposits with other banks	5,860	133	3.0%	5,686	113	2.6%
Total interest earning assets	670,907	31,423	6.2%	581,042	30,979	7.1%
Noninterest earning assets						
Cash & due from banks	8,645			8,518		
Premises and equipment	13,091			13,090		
Other assets	20,321			15,836		
Allowance for loan losses	(4,240)			(3,520)		
Total assets	$ 708,724			$ 614,966		
Interest bearing liabilities						
Interest bearing demand deposits	$ 97,891	$ 590	0.8%	$ 89,861	$ 1,007	1.5%
Savings deposits	46,821	202	0.6%	45,899	447	1.3%
Time deposits	278,648	6,816	3.3%	241,536	7,256	4.0%
Short-term borrowings	26,407	286	1.4%	15,428	246	2.1%
Long-term borrowings and capital trust securities	154,382	5,384	4.6%	133,316	5,192	5.2%
Total interest bearing liabilities	604,149	13,278	2.9%	526,040	14,148	3.6%
Noninterest bearing liabilities and shareholders' equity						
Demand deposits	45,394			38,193		
Other liabilities	4,965			4,373		
Shareholders' equity	54,216			46,360		
Total liabilities and shareholders' equity	$ 708,724			$ 614,966		
Net interest earnings		$ 18,145			$ 16,831	
Net yield on interest earning assets			3.6%			3.9%

(1) - Interest income on tax-exempt securities has been adjusted assuming an effective tax rate of 34% for both periods presented. The tax equivalent adjustment resulted in an increase in interest income of $833,000 and $756,000 for the periods ended September 30, 2003 and 2002, respectively.

Table II - Changes in Interest Margin Attributable to Rate and Volume
(Dollars in thousands)

	For the Nine Months Ended September 30, 2003 versus September 30, 2002		
	Increase (Decrease) Due to Change in:		
	Volume	Rate	Net
Interest earned on:			
Loans			
Taxable	$ 4,132	$(2,380)	$ 1,752
Tax-exempt	(15)	(10)	(25)
Securities			
Taxable	240	(1,802)	(1,562)
Tax-exempt	378	(119)	259
Federal funds sold and interest bearing deposits with other banks	3	17	20
Total interest earned on interest earning assets	4,738	(4,294)	444
Interest paid on:			
Interest bearing demand deposits	83	(500)	(417)
Savings deposits	9	(254)	(245)
Time deposits	1,021	(1,461)	(440)
Short-term borrowings	136	(96)	40
Long-term borrowings and capital trust securities	768	(576)	192
Total interest paid on interest bearing liabilities	2,017	(2,887)	(870)
Net interest income	$ 2,721	$(1,407)	$ 1,314

Credit Experience

The provision for loan losses represents charges to earnings necessary to maintain an adequate allowance for potential future loan losses. Our determination of the appropriate level of the allowance is based on an ongoing analysis of credit quality and loss potential in the loan portfolio, change in the composition and risk characteristics of the loan portfolio, and the anticipated influence of national and local economic conditions. The adequacy of the allowance for loan losses is reviewed quarterly and adjustments are made as considered necessary.

We recorded a $683,000 provision for loan losses for the first nine months of 2003, compared to $908,000 for the same period in 2002. Net loan charge offs for the first nine months of 2003 were $251,000, as compared to $99,000 over the same period of 2002. At September 30, 2003, the allowance for loan losses totaled $4,484,000 or 0.94% of loans, net of unearned income, compared to $4,053,000 or 0.97% of loans, net of unearned income at December 31, 2002.

Our asset quality remains sound. As illustrated in Table III below, our non-performing assets and loans past due 90 days or more and still accruing interest have increased during the past 12 months, but still remain at a historically moderate level.

Table III - Summary of Past Due Loans and Non-Performing Assets
(Dollars in thousands)

	September 30, 2003	September 30, 2002	December 31, 2002
Accruing loans past due 90 days or more	$ 259	$ 241	$ 574
Nonperforming assets:			
Nonaccrual loans	345	734	917
Nonaccrual securities	399	-	421
Foreclosed properties	560	81	81
Repossessed assets	11	4	14
Total	$1,574	$1,060	$2,007
Total nonperforming loans as a percentage of total loans	0.2%	0.3%	0.4%
Total nonperforming assets as a percentage of total assets	0.2%	0.2%	0.3%

Noninterest Expense

Total noninterest expense increased approximately $1,196,000, or 12.8% to $10,576,000 during the first nine months of 2003 as compared to the same period in 2002. Substantially all of this increase resulted primarily from an increase in salaries and employee benefits as we awarded general merit raises and also, the addition of new staff positions required as a result of our growth.

FINANCIAL CONDITION

Our total assets were $742,173,000 at September 30, 2003, compared to $671,784,000 at December 31, 2002, representing a 10.5% increase. Table IV below serves to illustrate significant changes in our financial position between December 31, 2002 and September 30, 2003.

Table IV - Summary of Significant Changes in Financial Position
(Dollars in thousands)

	Balance December 31, 2002	Increase (Decrease) Amount	Percentage	Balance September 30, 2003
Assets				
Federal funds sold	$ 3,390	$ (3,291)	-97.1%	$ 99
Securities available for sale	212,598	11,009	5.2%	223,607
Loans, net of unearned income	415,152	59,337	14.3%	474,489
Liabilities				
Interest bearing deposits	$ 412,335	$ 15,585	3.8%	$ 427,920
Short-term borrowings	20,191	20,858	103.3%	41,049
Long-term borrowings	133,787	31,739	23.7%	165,526

Loan growth during the first nine months of 2003, occurring principally in the commercial and real estate portfolios, was funded primarily by both long-term and short-term borrowings from the FHLB.

Refer to Notes 3, 4, 6 and 7 of the notes to the accompanying consolidated financial statements for additional information with regard to changes in the composition of our securities, loans, deposits and borrowings between September 30, 2003 and December 31, 2002.

LIQUIDITY

Liquidity reflects our ability to ensure the availability of adequate funds to meet loan commitments and deposit withdrawals, as well as provide for other transactional requirements. Liquidity is provided primarily by funds invested in cash and due from banks, Federal funds sold, non-pledged securities, and available lines of credit with the FHLB, the total of which approximated $91 million, or 12% of total assets at September 30, 2003 versus $116 million, or 17% of total assets at December 31, 2002.

Our liquidity position is monitored continuously to ensure that day-to-day as well as anticipated funding needs are met. We are not aware of any trends, commitments, events or uncertainties that have resulted in or are reasonably likely to result in a material change to our liquidity.

CAPITAL RESOURCES

One of our continuous goals is maintenance of a strong capital position. Through management of our capital resources, we seek to provide an attractive financial return to our shareholders while retaining sufficient capital to support future growth. Shareholders' equity at September 30, 2003 totaled $55,502,000 compared to $52,080,000 at December 31, 2002, representing an increase of 6.6%.

Refer to Note 10 of the notes to the accompanying consolidated financial statements for information regarding regulatory restrictions on our capital as well as our subsidiaries' capital.

CONTRACTUAL CASH OBLIGATIONS

During our normal course of business, we incur contractual cash obligations. The following table summarizes our contractual cash obligations at September 30, 2003.

	Long Term Debt	Capital Trust Securities
2003	$ 3,613,953	$ -
2004	20,428,435	-
2005	17,101,592	-
2006	11,690,863	-
2007	5,519,208	-
Thereafter	107,171,982	3,500,000
Total	$ 165,526,033	$ 3,500,000

OFF-BALANCE SHEET ARRANGEMENTS

We are involved with some off-balance sheet arrangements that have or are reasonably likely to have an effect on our financial condition, liquidity, or capital. These arrangements at September 30, 2003 are presented in the following table.

	September 30, 2003
Commitments to extend credit:	
Revolving home equity and credit card lines	$ 18,540,518
Construction loans	29,904,727
Other loans	27,283,875
Standby letters of credit	2,652,282
Total	$ 78,381,402

MARKET RISK MANAGEMENT

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates and equity prices. Interest rate risk is our primary market risk and results from timing differences in the repricing of assets, liabilities and off-balance sheet instruments, changes in relationships between rate indices and the potential exercise of imbedded options. The principal objective of asset/liability management is to minimize interest rate risk and our actions in this regard are taken under the guidance of our Asset/Liability Management Committee ("ALCO"), which is comprised of members of senior management and members of the Board of Directors. The ALCO actively formulates the economic assumptions that we use in our financial planning and budgeting process and establishes policies which control and monitor our sources, uses and prices of funds.

Some amount of interest rate risk is inherent and appropriate to the banking business. Our net income is affected by changes in the absolute level of interest rates. Our interest rate risk position is liability sensitive; that is, liabilities are likely to reprice faster than assets, resulting in a decrease in net income in a rising rate environment. Conversely, net income should increase in a falling interest rate environment. Net income is also subject to changes in the shape of the yield curve. In general, a flattening yield curve would result in a decline in our earnings due to the compression of earning asset yields and funding rates, while a steepening would result in increased earnings as margins widen.

Several techniques are available to monitor and control the level of interest rate risk. We primarily use earnings simulations modeling to monitor interest rate risk. The earnings simulation model forecasts the effects on net interest income under a variety of interest rate scenarios that incorporate changes in the absolute level of interest rates and changes in the shape of the yield curve. Assumptions used to project yields and rates for new loans and deposits are derived from historical analysis. Securities portfolio maturities and prepayments are reinvested in like instruments. Mortgage loan prepayment assumptions are developed from industry estimates of prepayment speeds. Noncontractual deposit repricings are modeled on historical patterns.

As of September 30, 2003, our earnings simulation model projects net interest income would increase by approximately 0.4% if rates fall evenly by 200 basis points over the next year, as compared to projected stable rate net interest income. The model projects that if rates rise evenly by 200 basis points over the next year, our net interest income would decline by 2.2%, as compared to projected stable rate net interest income. These projected changes are well within our ALCO policy limit of +/- 10%.

NEW MORTGAGE ORIGINATION BUSINESS UNIT

In third quarter 2003, we organized and established Summit Financial, LLC ("SFLLC") as a wholly owned subsidiary of Shenandoah Valley National Bank. SFLLC, headquartered in Herndon, Virginia, will originate for resale: 1) primarily residential second mortgage debt consolidation loans to customers throughout the United States marketed utilizing direct mail; and 2) traditional residential first mortgage loans to borrowers in northern Virginia. SFLLC incurred a net loss of $135,000 (net of income tax benefit of $70,000) during third quarter 2003, which is included in our consolidated earnings for the same period.

CONTROLS AND PROCEDURES

Our management, including the Chief Executive Officer and Chief Financial Officer, have conducted as of September 30, 2003, an evaluation of the effectiveness of disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures as of September 30, 2003 were effective. There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2003 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are involved in various pending legal actions, all of which are regarded as litigation arising in the ordinary course of business and are not expected to have a materially adverse effect on our business or financial condition.

Item 6. Reports on Form 8-K

On July 29, 2003, we filed our news release dated July 29, 2003 announcing our financial results for the three months and six months ended June 30, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SUMMIT FINANCIAL GROUP, INC.
(registrant)

By: /s/ H. Charles Maddy, III
H. Charles Maddy, III,
President and Chief Executive Officer

By: /s/ Robert S. Tissue
Robert S. Tissue,
Senior Vice President and Chief Financial Officer

Date: November 12, 2003

Exhibit 31.1

SARBANES-OXLEY ACT SECTION 302
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, H. Charles Maddy, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Summit Financial Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ H. Charles Maddy, III

H. Charles Maddy, III
President and Chief Executive Officer

Exhibit 31.2

SARBANES-OXLEY ACT SECTION 302
CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Robert S. Tissue, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Summit Financial Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ Robert S. Tissue

Robert S. Tissue
Sr. Vice President and Chief Financial Officer

Exhibit 32.1

SARBANES-OXLEY ACT SECTION 906
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

In connection with the Quarterly Report of Summit Financial Group, Inc. ("Summit") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, H. Charles Maddy, III, President and Chief Executive Officer of Summit, certify pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Summit.

/s/ H. Charles Maddy, III

H. Charles Maddy, III,
President and Chief Executive Officer

Date: November 12, 2003

The foregoing certification is being furnished solely pursuant to 18 U.S.C. ss. 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

SARBANES-OXLEY ACT SECTION 906
CERTIFICATION OF CHIEF FINANCIAL OFFICER

In connection with the Quarterly Report of Summit Financial Group, Inc. ("Summit") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert S. Tissue, Senior Vice President and Chief Financial Officer of Summit, certify pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Summit.

/s/ Robert S. Tissue
Robert S. Tissue,
Sr. Vice President and Chief Financial Officer

Date: November 12, 2003

The foregoing certification is being furnished solely pursuant to 18 U.S.C. ss. 1350 and is not being filed as part of the Report or as a separate disclosure document.