

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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 15, 2022**



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

West Virginia
(State or other jurisdiction of
incorporation or organization)

0-16587
(Commission File Number)

55-0672148
(IRS Employer
Identification No.)

300 North Main Street
Moorefield West Virginia
(Address of principal executive offices)

26836
(Zip Code)

(304)530-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock Par Value \$2.50 per share	SMMF	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Section 5 – Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers, Election of Directors, Appointment of Certain Officers, Compensatory Arrangements of Certain Officers

On February 15, 2022, the Compensation and Nominating Committee of the Board of Directors of Summit Financial Group, Inc. (the “Company”) (the “Committee”) approved the Thirteenth Amendment to the Amended and Restated Employment Agreement of H. Charles Maddy, III, the Company’s Chief Executive Officer, to extend the term of Mr. Maddy’s Employment Agreement dated March 4, 2005, for an additional year until March 4, 2025. A copy of the Thirteenth Amendment to the Amended and Restated Employment Agreement is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

On February 15, 2022, the Committee adopted the Executive Officer Management Incentive Plan for 2022. The Executive Officer Management Incentive Plan for 2022 provides executive officers of the Company with the opportunity to earn a bonus payment varying between 15 to 30 percent of the executive officer’s base salary as of January 1, 2022 multiplied by a multiplier based on the Company’s return on average tangible common equity (“ROATCE”) for 2022. The targeted range for the Company’s ROATCE for 2022 is 13.50 to 14.49 percent. If the Company’s actual ROATCE for 2022 is within this targeted range, each executive officer will receive an incentive payment varying between 15 to 30 percent of their respective annual base salary as of January 1, 2022 (the “Targeted Incentive”).

If the Company’s actual ROATCE for 2022 is greater than the targeted range, executive officers will be eligible to receive an incentive that is greater than the Targeted Incentive; conversely, if the Company’s actual ROATCE for 2022 is less than the targeted range, executive officers will be eligible to receive an incentive that is less than the Targeted Incentive. No incentive payments will be made if the Company’s actual ROATCE is less than 10.50%.

No incentives may be made under the Executive Officer Management Incentive Plan for 2022 if at December 31, 2022 through the time of payment of the incentive in 2023, the Company or any affiliate is subject to any active or pending, formal or informal, agreement or enforcement action to which any bank regulatory authority is a party, including, but not limited to a memorandum of understanding, written agreement, or order of cease and desist.

A copy of the Executive Officer Management Incentive Plan for 2022 is included as Exhibit 10.2 and is incorporated herein by reference. The above summary is qualified in its entirety by reference to the Executive Officer Management Incentive Plan for 2022 attached as Exhibit 10.2.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) The following exhibits are filed as part of this Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Thirteenth Amendment to the Amended and Restated Employment Agreement between Summit Financial Group, Inc. and H. Charles Maddy, III</u>
10.2	<u>Executive Officer Management Incentive Plan for 2022</u>

SIGNATURE

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 hereunto duly authorized.

SUMMIT FINANCIAL GROUP, INC.

Date: February 18, 2022

By: /s/ Julie R. Markwood

Julie R. Markwood

Senior Vice President and Chief Accounting Officer

**THIRTEENTH AMENDMENT TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

THIS THIRTEENTH AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”), entered into as of the 15th day of February, 2022, by and between SUMMIT FINANCIAL GROUP, INC., a West Virginia corporation and bank holding company (“Summit”) and H. CHARLES MADDY, III, (“Maddy”).

W I T N E S S E T H:

WHEREAS, on March 4, 2005, Summit and Maddy entered into that certain Employment Agreement whereby Summit agreed to employ Maddy and Maddy accepted employment as the Chief Executive Officer of Summit (the “Employment Agreement”); and

WHEREAS, the original term of the Employment Agreement commenced on March 4, 2005, and extended until March 4, 2008; and

WHEREAS, the Board of Directors of Summit or a committee designated by the Board of Directors of Summit is required by the terms of the Employment Agreement to review the Employment Agreement at least annually, and the Board of Directors of Summit may, with the approval of Maddy, extend the term of the Employment Agreement annually for one (1) year periods (so that the actual term of the Employment Agreement will always be between two and three years); and

WHEREAS, the Employment Agreement was amended and restated on December 9, 2008 (the “Amended and Restated Employment Agreement”) and the term of the Employment Agreement was thereby extended for an additional one (1) year until March 4, 2012; and

WHEREAS, the Compensation and Nominating Committee of the Board of Directors of Summit has met annually to review and extend the term by additional one (1) year periods, as required by the Amended and Restated Employment Agreement; and

WHEREAS, on February 15, 2022, the Compensation and Nominating Committee of the Board of Directors met to review the Amended and Restated Employment Agreement and extended the term of the Amended and Restated Employment Agreement for one (1) year, until March 4, 2025; and

WHEREAS, Maddy and Summit desire to enter into this Agreement to evidence the extension of the Employment Agreement for an additional one (1) year until March 4, 2025.

NOW THEREFORE, for and in consideration of the premises and mutual covenants, agreements and undertakings, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. Amendment to Employment Agreement. Effective as of the date of this Agreement, the term of the Employment Agreement shall be until March 4, 2025.

2. Enforceable Documents. Except as modified herein, all terms and conditions of the Employment Agreement, as the same may be supplemented, modified, amended or extended from time to time, are and shall remain in full force and effect.

3. Authority. The undersigned are duly authorized by all required action or agreement to enter into this Agreement.

4. Modifications to Agreement. This Agreement may be amended or modified only by an instrument or document in writing signed by the person or entity against whom enforcement is sought.

5. Governing Law. This Agreement, and any documents executed in connection herewith or as required hereunder, and the rights and obligations of the undersigned hereto and thereto, shall be governed by, construed and enforced in accordance with the laws of the State of West Virginia.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first written above.

SUMMIT FINANCIAL GROUP, INC.

By: /s/ Oscar M. Bean
Oscar M. Bean, Chairman

/s/ H. Charles Maddy, III
H. Charles Maddy, III

**SUMMIT FINANCIAL GROUP, INC.
Executive Officer Management Incentive Plan
for 2022**

OBJECTIVE

The objective of the Executive Officer Management Incentive Plan for 2022 (“2022 MIP”) is to incent and reward select members of Summit Financial Group, Inc.’s and its subsidiaries’ (collectively hereafter, “Summit’s”) management team for their exceptional performance, while still balancing risk with reward.

PARTICIPANT ELIGIBILITY

Eligibility for participation in the 2022 MIP is extended to the following executive officers (“Eligible Participants”):

Summit Financial Group, Inc.

Chief Executive Officer
Chief Financial Officer
Chief Accounting Officer
Chief Human Resources Officer

Summit Community Bank, Inc.

President
Chief Operating Officer
Chief of Credit Administration
Chief Banking Officer

To be eligible to receive a 2022 MIP payment, Eligible Participants must be employed for the entirety of 2022. If an otherwise Eligible Participant separates from employment at Summit for any reason, voluntarily or involuntarily, prior to January 1, 2022, no incentive will be paid to such Eligible Participant.

MIP COMPUTATION

The 2022 MIP computation is based upon Summit achieving a targeted annual return on average tangible common equity (“ROATCE”). For purposes of the 2022 MIP, Summit’s ROATCE is to be calculated on a consolidated basis for the year ended 2022, as follows:

$$\frac{\text{Net Income} + (\text{Amortization of Intangibles} \times 0.765)}{\text{Average Common Shareholders' Equity} - \text{Average Intangibles}}$$

For purposes of the 2022 MIP, Summit’s targeted ROATCE for 2022 is 13.50 to 14.49 percent (the “Targeted Range”). If Summit’s actual ROATCE for 2022 is within the Targeted Range, Eligible Participants will receive an incentive payment varying between 15% and 30% of their respective annual base salary as of January 1, 2022 (the “Targeted Incentive”).

If Summit’s actual ROATCE for 2022 is greater than the Targeted Range, Eligible Participants will be eligible to receive an incentive that is greater than the Targeted Incentive; conversely, if Summit’s actual ROATCE for 2022 is less than the Targeted Range, Eligible Participants will be eligible to receive an incentive that is less than the Targeted Incentive.

The formula to compute each Eligible Participant's incentive payment under the 2022 MIP is as follows:

$$\begin{array}{ccccccc} \text{Eligible} & & & & & & \text{Eligible} \\ \text{Participant's} & & 15\% & & \text{MIP} & & \text{Participant's} \\ \text{Annual Base} & \times & \text{to} & \times & \text{Multiplier} & = & \text{2022 MIP} \\ \text{Salary on} & & 30\% & & & & \text{Incentive} \\ \text{January 1, 2022} & & & & & & \end{array}$$

The MIP Multiplier to be used for purposes of the above formula varies based upon Summit's actual ROATCE for 2022, as follows:

<u>Summit's Actual ROATCE for 2022</u>	<u>MIP Multiplier</u>
Less than 10.50%	0.00%
10.50% to 11.49%	46.67%
11.50% to 12.49%	63.89%
12.50% to 13.49%	78.70%
13.50% to 14.49%	100.00%
14.50% to 15.49%	139.63%
15.50% to 16.49%	172.22%
16.50% to 17.49%	189.44%
17.50% and greater	207.41%

Target

In addition to the 2022 MIP incentives which may be awarded to Eligible Participants in accordance with the above formula, an additional incentive(s) totaling no more than \$125,000 may be awarded at the discretion of Summit's Chief Executive Officer, in whole or in part, to one or more deserving Summit employees who are not Eligible Participants.

OTHER MIP TERMS

No incentive under the 2022 MIP will be made, if at December 31, 2022 through the time of payment of the 2022 MIP incentive, Summit or any affiliate is subject to any active or pending, formal or informal, agreement or enforcement action to which any bank regulatory authority is a party, including but not limited to a memorandum of understanding, written agreement, or order of cease and desist.

PAYMENT OF INCENTIVES

The 2022 MIP incentive will be calculated after January 1, 2023 and paid as soon as practicable following Summit's public release of its 2022 earnings, but in no event later than March 31, 2023.

INTERPRETATIONS, AMENDMENTS OR DISCONTINUATION

All interpretations of or amendments to the 2022 MIP will be made at the sole discretion of Compensation and Nominating Committee of the Summit Financial Group, Inc. Board of Directors. The 2022 MIP may be discontinued or revised by the Compensation and Nomination Committee at any time.