

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): January 24, 2005

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

West Virginia (State or Other Jurisdiction)	0-16587 (Commission File Number)	55-0672148 (I.R.S. Employer Identification)
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300 North Main Street Moorefield, WV	26836
(Address of principal executive offices)	(Zip Code)

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

Not Applicable
(Former name or former 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))

Section 2 - Financial Information

Item 2.02. Results of Operations and Financial Condition.

On January 26, 2005, Summit Financial Group, Inc. ("Summit") issued a News Release announcing its earnings for the fourth quarter and for the year 2004. This News Release is furnished as Exhibit 99 and is incorporated herein by reference.

Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On January 24, 2005, Julie R. Cook, 36, was appointed Vice President and Chief Accounting Officer of Summit Financial Group, Inc. Ms. Cook previously served as Summit's Director of Accounting since 2000. Prior to 2000, Ms. Cook was employed by Summit in various accounting positions beginning in 1988.

Section 8 - Other Events

Item 8.01 Other Events

On January 26, 2005, Summit issued a News Release announcing that its common stock would begin trading on The Nasdaq SmallCap Market effective January 31, 2005. This News Release is furnished as Exhibit 99 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99 News Release issued on January 26, 2005

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: January 26, 2005

By: /s/ Robert S. Tissue

Robert S. Tissue
Senior Vice President and
Chief Financial Officer

Summit Financial Group Reports Fiscal Year 2004 EPS of \$1.49,
up 28.4 Percent; Common Stock to be Listed on
NASDAQ SmallCap Market Effective 1/31/05

MOOREFIELD, W.Va.--(BUSINESS WIRE)--Jan. 26, 2005--Summit Financial Group, Inc. (OTCBB: SMMF) today reported fiscal year 2004 net income of \$10.6 million, or \$1.49 per diluted share, up 28.4 percent from the \$1.16 per diluted share reported for the fiscal year 2003. These record earnings reflect strong growth in both community banking and mortgage banking. Net income for 2004 generated a return on average shareholders' equity (ROE) of 17.21 percent and a return on average assets (ROA) of 1.26 percent compared with 2003 ratios of 15.03 percent and 1.14 percent, respectively.

For the fourth quarter of 2004, the Company reported net income of \$2.4 million, or \$0.33 per diluted share, compared with \$2.5 million or \$0.35 per diluted share for the prior-year fourth quarter. Net income for the fourth quarter of 2004 generated an annualized ROE of 14.33 percent and an annualized ROA of 1.07 percent compared with 17.66 percent and 1.30 percent, respectively, for the prior-year period.

Summit also reported that its common stock will begin trading on The Nasdaq SmallCap Market on January 31, 2005. The Company's trading symbol of 'SMMF' will remain unchanged.

H. Charles Maddy, III, President and Chief Executive Officer commented, "We are pleased to report another record year of net income growth - our 17th consecutive year. Both of our business segments performed very well this past year. The high-growth markets that we pursue continue to provide us with opportunities for our community banks. This past quarter, we merged our two West Virginia banks into Summit Community Bank to take advantage of operating efficiencies. We see excellent upside in our Virginia markets, combined with continuing stability in West Virginia. The new branch we opened this past quarter in Harrisonburg, Virginia, one of our strongest markets, will contribute to this growth.

"2004 was our first full year of mortgage banking operations, and the growth in this segment has been exceptional. After an expected weak fourth quarter, our pipeline has begun to strengthen as we enter 2005, and we continue to improve efficiencies as we mature. We enter the new year with a favorable outlook for both our business segments.

"We are committed to enhancing shareholder value through financial performance and improved liquidity of our stock. Our two-for-one stock distribution during the fourth quarter of 2004, combined with listing on The Nasdaq SmallCap Market at the end of this month, should continue to enhance the value of Summit Financial Group."

Fourth Quarter and Fiscal 2004 Consolidated Results

Revenue for fiscal year 2004, consisting of net interest income plus non-interest income, was \$55.0 million, an increase of 86.4 percent over 2003. Net interest income increased 17.2 percent to \$27.8 million, reflecting 16.1 percent growth in average earning assets combined with a three basis point increase in the net interest margin to 3.66 percent; Summit has maintained a stable net interest margin across varying interest rate environments. Non-interest income for 2004 was \$27.3 million compared with \$5.8 million for 2003, an increase of 367.9 percent. Excluding gains from the sale of securities in both years and from gains on asset sales of \$336,000 in 2003, non-interest income increased 416.5 percent to \$27.2 million. This increase primarily reflects the operations of the Company's mortgage banking unit, Summit Financial, LLC, which commenced operations during the third quarter of 2003 and is discussed below.

Revenue for the fourth quarter of 2004 was \$13.7 million, an increase of 36.1 percent over the \$10.0 million reported for the prior-year quarter. Net interest income grew 14.6 percent for the quarter to \$7.3 million, reflecting 14.6 percent growth in earning assets and an unchanged net interest margin, at 3.69 percent. Non-interest income increased 73.8 percent to \$6.3 million. The largest component of this increase was mortgage banking revenue.

Non-interest expense for fiscal 2004 was \$38.8 million, a \$21.9 million or 129.7 percent increase over the \$16.9 million reported for 2003. The majority of the increase is associated with the full-year inclusion of operations in 2004 of Summit Financial, LLC. Fiscal year 2003 results also included a \$164,000 non-cash charitable contribution. The efficiency ratio was 68.33 percent for 2004 compared with 55.07 percent for 2003. The efficiency ratio for the Company's Community Banking Segment, shown below, is a more accurate indicator of its performance compared with other community banks.

Non-interest expense for the fourth quarter of 2004 was \$10.0 million, a 58.8 percent increase over the \$6.3 million reported for

the prior-year 2003 quarter. The increase again reflected the operations of Summit Financial, LLC. Summit's consolidated efficiency ratio for the fourth quarter of 2004 was 70.50 percent compared with 61.85 percent for the prior-year fourth quarter.

Asset quality remains strong. Charge-offs were \$657,000 for the year, equivalent to 0.11 percent of average loans. Nonperforming assets were 0.18 percent of assets at December 31, 2004, compared with 0.30 percent at September 30, 2004 and 0.28 percent twelve months ago. At period-end, loan loss reserves were 0.83 percent of loans.

Assets at December 31, 2004 were \$889.5 million, an increase of 12.4 percent over the last twelve months. The increase was driven by loan growth of \$104.8 million, up 20.8 percent to \$607.8 million; commercial real estate loans, up 33.5 percent, and residential mortgage loans, up 14.0 percent, were the largest contributors to this growth. Deposits increased \$12.8 million, or 2.5 percent, to \$524.6 million. To support its strong loan growth, the Company increased short term borrowings by \$70.9 million, to \$120.6 million.

Shareholders' equity at period end was \$65.7 million, an increase of 14.9 percent over the last twelve months. During the fourth quarter, the Company distributed a two-for-one stock split in the form of a stock dividend. Common shares outstanding totaled 7,039,540 at year end 2004.

FOURTH QUARTER AND 2004 OPERATING SEGMENT RESULTS

Community Banking Financial Performance

The Community Banking segment achieved net income for fiscal year 2004 of \$9.7 million, up 13.2 percent from \$8.5 million in 2003. Total revenue increased 14.6 percent to \$30.4 million, reflecting strong growth in net interest income and in service fee income. Net interest income benefited from strong growth in commercial real estate loans. Non-interest expense grew 15.5 percent to \$15.5 million. The efficiency ratio for the Community Banking segment was 52.13 percent compared with last year's efficiency ratio of 50.25 percent.

Net income for the fourth quarter of 2004 was \$2.5 million, relatively unchanged from the prior-year fourth quarter. Total revenue increased 8.8% to \$8.1 million, while non-interest expense increased 16.3 percent to \$4.2 million due to one-time costs associated with the merger of Capital State into Summit Community Bank, and the opening of the de novo Harrisonburg, Virginia branch. The Community Banking segment's efficiency ratio was 52.70 percent compared with 49.23 percent for the 2003 period.

Mortgage Banking Financial Performance

The Company's mortgage banking unit, Summit Financial, LLC, commenced operations during the third quarter of 2003. This segment originates first mortgages in the Company's community banking markets and debt consolidation second mortgage loans for borrowers nationwide. Loan originations in the fourth quarter of 2004 were impacted by seasonal factors and a change in product mix, which tempered this unit's profitability.

Net income for the fiscal year 2004 was \$1.8 million compared to \$95,000 for 2003. In its first full year of operation, the mortgage company originated \$261.0 million in loans and sold \$251.4 million. Revenue totaled \$24.8 million compared with \$3.2 million in 2003. Non-interest expense was \$22.0 million, compared with \$3.1 million in 2003. For the fourth quarter of 2004, net income was \$118,000 compared with \$73,000 for the fourth quarter of 2003.

About the Company

Summit Financial Group, Inc., a financial holding company with total assets of \$889 million, operates thirteen banking locations through its two wholly-owned community banks: Summit Community Bank, headquartered in Moorefield, West Virginia; and Shenandoah Valley National Bank in Winchester, Virginia. Summit also operates Summit Financial, LLC, a residential mortgage loan originator located in Herndon, Virginia.

Forward-Looking Statements

This press release contains forward-looking statements as defined by federal securities laws. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. Actual results could differ materially from current projections. Please refer to Summit's filings with the Securities and Exchange Commission for a summary of important factors that could affect Summit's forward-looking statements. Summit undertakes no obligation to revise these statements following the date

of this press release.

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Quarterly Performance Summary -- Q4 2004 vs Q4 2003

Dollars in thousands, except per share amounts	For the Quarter Ended		Percent Change
	12/31/2004	12/31/2003	

Condensed Statements of Income			
Interest income			
Loans, including fees	\$9,814	\$8,096	21.2%
Securities	2,294	2,501	-8.3%
Other	30	37	-18.9%

Total interest income	12,138	10,634	14.1%

Interest expense			
Deposits	2,456	2,390	2.8%
Borrowings	2,366	1,862	27.1%

Total interest expense	4,822	4,252	13.4%

Net interest income	7,316	6,382	14.6%
Provision for loan losses	292	232	25.9%

Net interest income after provision for loan losses	7,024	6,150	14.2%

Noninterest income			
Service fee income	592	455	30.1%
Mortgage origination revenue	5,423	2,604	108.3%
Securities gains (losses)	32	105	-69.5%
Other income	287	480	-40.2%

Total noninterest income	6,334	3,644	73.8%

Noninterest expense			
Salaries and employee benefits	4,607	3,064	50.4%
Net occupancy expense	404	240	68.3%
Equipment expense	473	383	23.5%
Postage expense	1,361	781	74.3%
Advertising	1,231	571	115.6%
Other expenses	1,939	1,268	52.9%

Total noninterest expense	10,015	6,307	58.8%

Income before income taxes	3,343	3,487	-4.1%
Income taxes	986	994	-0.8%

Net income	\$2,357	\$2,493	-5.5%
	=====		
Per Share Data			
Basic earnings	\$0.34	\$0.36	-5.6%
Diluted earnings	\$0.33	\$0.35	-5.7%
Average shares outstanding			
Basic	7,032,512	7,013,749	0.3%
Diluted	7,149,981	7,082,593	1.0%
Performance Ratios			
Return on average equity	14.33%	17.66%	-18.9%
Return on average assets	1.07%	1.30%	-17.7%
Net yield on earning assets - taxable equivalent	3.69%	3.69%	0.0%
Efficiency ratio consolidated (A)	70.50%	61.85%	14.0%
Efficiency ratio excluding mortgage banking (A)	52.70%	49.23%	7.0%

NOTE: (A) - Computed on a tax equivalent basis excluding nonrecurring income and expense items and amortization of intangibles.

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Annual Performance Summary -- 2004 vs 2003

Dollars in thousands, except per share amounts	For the Year Ended		Percent Change
	12/31/2004	12/31/2003	

Condensed Statements of Income

Interest income			
Loans, including fees	\$36,207	\$31,165	16.2%
Securities	9,403	9,889	-4.9%
Other	127	170	-25.3%
	-----	-----	
Total interest income	45,737	41,224	10.9%
	-----	-----	
Interest expense			
Deposits	9,710	9,999	-2.9%
Borrowings	8,250	7,531	9.5%
	-----	-----	
Total interest expense	17,960	17,530	2.5%
	-----	-----	
Net interest income	27,777	23,694	17.2%
Provision for loan losses	1,050	915	14.8%
	-----	-----	
Net interest income after provision for loan losses	26,727	22,779	17.3%
	-----	-----	
Noninterest income			
Service fee income	2,238	1,586	41.1%
Mortgage origination revenue	24,089	3,138	667.7%
Securities gains (losses)	33	212	-84.4%
Other income	892	888	0.5%
	-----	-----	
Total noninterest income	27,252	5,824	367.9%
	-----	-----	
Noninterest expense			
Salaries and employee benefits	18,087	9,005	100.9%
Net occupancy expense	1,503	868	73.2%
Equipment expense	1,776	1,320	34.5%
Postage expense	5,851	985	494.0%
Advertising	4,725	772	512.0%
Other expenses	6,847	3,934	74.0%
	-----	-----	
Total noninterest expense	38,789	16,884	129.7%
	-----	-----	
Income before income taxes	15,190	11,719	29.6%
Income taxes	4,582	3,511	30.5%
	-----	-----	
Net income	\$10,608	\$8,208	29.2%
	=====	=====	
Per Share Data			
Basic earnings	\$1.51	\$1.17	29.1%
Diluted earnings	\$1.49	\$1.16	28.4%
Average shares outstanding			
Basic	7,025,118	7,010,007	0.2%
Diluted	7,121,761	7,073,286	0.7%
Performance Ratios			
Return on average equity	17.21%	15.03%	14.5%
Return on average assets	1.26%	1.14%	10.5%
Net yield on earning assets - taxable equivalent	3.66%	3.63%	0.8%
Efficiency ratio consolidated (A)	68.33%	55.07%	24.1%
Efficiency ratio excluding mortgage banking (A)	52.13%	50.25%	3.7%

NOTE: (A) - Computed on a tax equivalent basis excluding nonrecurring income and expense items and amortization of intangibles.

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF) Five Quarter Performance Summary

Dollars in thousands, except per share amounts

For the Quarter Ended

	12/31/2004	9/30/2004	6/30/2004	3/31/2004	12/31/2003
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Condensed Statements of Income

Interest income					
Loans, including fees	\$9,814	\$9,334	\$8,744	\$8,314	\$8,096
Securities	2,294	2,267	2,316	2,527	2,501
Other	30	33	32	32	37
	-----	-----	-----	-----	-----
Total interest income	12,138	11,634	11,092	10,873	10,634
	-----	-----	-----	-----	-----

Interest expense					
Deposits	2,456	2,451	2,390	2,414	2,390
Borrowings	2,366	2,122	1,904	1,857	1,862

Total interest expense	4,822	4,573	4,294	4,271	4,252

Net interest income	7,316	7,061	6,798	6,602	6,382
Provision for loan losses	292	293	233	233	232

Net interest income after provision for loan losses	7,024	6,768	6,565	6,369	6,150

Noninterest income					
Service fee income	592	575	562	509	455
Mortgage origination revenue	5,423	7,732	6,614	4,319	2,604
Securities gains (losses)	32	(35)	17	20	105
Other income	287	273	239	94	480

Total noninterest income	6,334	8,545	7,432	4,942	3,644

Noninterest expense					
Salaries and employee benefits	4,607	5,055	4,740	3,686	3,064
Net occupancy expense	404	408	386	304	240
Equipment expense	473	433	441	429	383
Postage expense	1,361	1,703	1,435	1,353	781
Advertising	1,231	1,229	1,304	962	571
Other expenses	1,939	1,939	1,862	1,105	1,268

Total noninterest expense	10,015	10,767	10,168	7,839	6,307

Income before income taxes	3,343	4,546	3,829	3,472	3,487
Income taxes	986	1,420	1,155	1,021	994

Net income	\$2,357	\$3,126	\$2,674	\$2,451	\$2,493
	=====				
Per Share Data					
Basic earnings	\$0.34	\$0.44	\$0.38	\$0.35	\$0.36
Diluted earnings	\$0.33	\$0.43	\$0.38	\$0.35	\$0.35
Average shares outstanding					
Basic	7,032,512	7,026,173	7,021,567	7,020,126	7,013,749
Diluted	7,149,981	7,174,852	7,108,161	7,084,970	7,082,593
Performance Ratios					
Return on average equity	14.33%	20.06%	17.96%	16.77%	17.66%
Return on average assets	1.07%	1.46%	1.29%	1.23%	1.30%
Net yield on earning assets - taxable equivalent	3.69%	3.65%	3.64%	3.67%	3.69%
Efficiency ratio consolidated (A)	70.50%	67.11%	69.61%	65.84%	61.85%
Efficiency ratio excluding mortgage banking (A)	52.70%	51.68%	53.61%	50.45%	49.23%

NOTE: (A) - Computed on a tax equivalent basis excluding nonrecurring income and expense items and amortization of intangibles.

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Segment Information
For the Quarter Ended December 31, 2004

Dollars in thousands	Community Banking	Mortgage Banking	Parent and Other	Eliminations	Total
Condensed Statements of Income					
Interest income	\$11,935	\$419	\$5	\$(221)	\$12,138
Interest expense	4,670	220	153	(221)	4,822
Net interest income	7,265	199	(148)	-	7,316
Provision for loan losses	292	-	-	-	292
Net interest income after provision for loan losses	6,973	199	(148)	-	7,024
Noninterest income	798	5,423	1,183	(1,070)	6,334
Noninterest expense	4,225	5,445	1,415	(1,070)	10,015
Income before income taxes	3,546	177	(380)	-	3,343
Income taxes	1,075	59	(148)	-	986
Net income	\$2,471	\$118	\$(232)	\$-	\$2,357
Average assets	\$867,934	\$20,639	\$78,885	\$(88,743)	\$878,715

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Segment Information
For the Quarter Ended December 31, 2003

Dollars in thousands	Community Banking	Mortgage Banking	Parent and Other	Eliminations	Total
Condensed Statements of Income					
Interest income	\$10,568	\$125	\$2	\$(61)	\$10,634
Interest expense	4,198	56	59	(61)	4,252
Net interest income	6,370	69	(57)	-	6,382
Provision for loan losses	232	-	-	-	232
Net interest income after provision for loan losses	6,138	69	(57)	-	6,150
Noninterest income	1,040	2,604	847	(847)	3,644
Noninterest expense	3,634	2,562	958	(847)	6,307
Income before income taxes	3,544	111	(168)	-	3,487
Income taxes	1,015	38	(59)	-	994
Net income	\$2,529	\$73	\$(109)	\$-	\$2,493
Average assets	\$751,775	\$6,452	\$64,490	\$(58,095)	\$764,622

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Segment Information
For the Year Ended
December 31, 2004

Dollars in Community Mortgage Parent and

thousands	Banking	Banking	Other	Eliminations	Total

Condensed					
Statements of Income					
Interest income	\$45,031	\$1,348	\$16	\$(658)	\$45,737
Interest expense	17,460	652	506	(658)	17,960

Net interest income	27,571	696	(490)	-	27,777
Provision for loan losses	1,050	-	-	-	1,050

Net interest income after provision for loan losses	26,521	696	(490)	-	26,727

Noninterest income	2,863	24,087	4,215	(3,913)	27,252
Noninterest expense	15,523	22,045	5,134	(3,913)	38,789

Income before income taxes	13,861	2,738	(1,409)	-	15,190
Income taxes	4,189	944	(551)	-	4,582

Net income	\$9,672	\$1,794	\$(858)	\$-	\$ 10,608
=====					
Average assets	\$817,414	\$16,701	\$74,101	\$(67,333)	\$840,883
=====					

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)

Segment Information

For the Year Ended December 31, 2003

Dollars in thousands	Community Banking	Mortgage Banking	Parent and Other	Eliminations	Total

Condensed					
Statements of Income					
Interest income	\$ 41,166	\$ 125	\$ 8	\$ (75)	\$ 41,224
Interest expense	17,317	56	232	(75)	17,530

Net interest income	23,849	69	(224)	-	23,694
Provision for loan losses	915	-	-	-	915

Net interest income after provision for loan losses	22,934	69	(224)	-	22,779

Noninterest income	2,706	3,137	3,292	(3,311)	5,824
Noninterest expense	13,444	3,061	3,690	(3,311)	16,884

Income before income taxes	12,196	145	(622)	-	11,719
Income taxes	3,655	50	(194)	-	3,511

Net income	\$ 8,541	\$ 95	\$ (428)	\$ -	\$ 8,208
=====					
Average assets	\$717,565	\$4,081	\$60,164	\$(59,066)	\$722,744
=====					

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)

Selected Balance Sheet Data

For the Quarter Ended

Dollars in thousands,
except per share

amounts 12/31/2004 9/30/2004 6/30/2004 3/31/2004 12/31/2003

Assets	\$889,489	\$862,246	\$849,555	\$809,216	\$791,465
Securities	211,362	209,702	213,644	215,732	235,409
Loans held for sale, net	14,274	12,097	15,607	9,596	6,353
Loans, net	602,728	586,201	559,869	532,855	498,340
Intangible assets	3,499	3,537	3,574	3,612	3,050
Deposits	524,614	535,822	536,589	530,372	511,801
Short-term borrowings	120,629	77,518	71,350	42,547	49,714
Long-term borrowings and subordinated debentures	172,201	178,334	176,248	169,608	168,255
Shareholders' equity	65,708	65,289	58,975	60,674	57,188
Book value per share	\$ 9.33	\$ 9.29	\$ 8.40	\$ 8.64	\$ 8.15

SUMMIT FINANCIAL GROUP INC. (OTCBB: SMMF)

Loan Composition

Dollars in thousands 12/31/2004 9/30/2004 6/30/2004 3/31/2004 12/31/2003

Commercial	\$53,226	\$49,630	\$49,294	\$47,178	\$46,860
Commercial real estate	279,631	271,097	250,562	235,565	209,391
Residential construction	3,916	3,351	2,665	2,698	2,369
Residential mortgage	223,689	218,118	212,371	203,225	196,135
Consumer	38,948	40,559	41,787	41,060	41,112
Other	9,605	9,784	9,316	8,968	8,223
Total loans	609,015	592,539	565,995	538,694	504,090
Less unearned fees and interest	1,214	1,200	1,173	1,118	1,069
Total loans net of unearned fees and interest	607,801	591,339	564,822	537,576	503,021
Less allowance for loan losses	5,073	5,138	4,953	4,721	4,681
Loans, net	\$602,728	\$586,201	\$559,869	\$532,855	\$498,340

SUMMIT FINANCIAL GROUP INC. (OTCBB: SMMF)

Mortgage Banking Segment Loan Activity

For the Quarter Ended

Dollars in thousands 12/31/2004 9/30/2004 6/30/2004 3/31/2004 12/31/2003

Loans originated					
Amount	\$65,983	\$75,791	\$74,333	\$44,935	\$32,413
Number	1,182	1,532	1,461	931	724
Loans sold					
Amount	\$62,043	\$79,927	\$68,013	\$41,376	\$26,261
Number	1,148	1,610	1,364	861	603

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)

Asset Quality Information

For the Quarter Ended

Dollars in thousands 12/31/2004 9/30/2004 6/30/2004 3/31/2004 12/31/2003

Net loan charge-

off's	\$357	\$107	\$1	\$192	\$37
Net loan charge-off's to average loans (annualized)	0.25%	0.08%	0.00%	0.15%	0.03%
Allowance for loan losses	\$5,073	\$5,138	\$4,953	\$4,721	\$4,681
Allowance for loan losses as a percentage of period end loans	0.83%	0.87%	0.88%	0.88%	0.93%
Nonperforming assets:					
Nonperforming loans	\$672	\$1,464	\$1,577	\$1,448	\$1,356
Foreclosed properties	593	756	475	475	480
Nonaccrual securities	349	363	384	389	396
Total	\$1,614	\$2,583	\$2,436	\$2,312	\$2,232
Nonperforming loans to period end loans and other real estate	0.21%	0.37%	0.36%	0.36%	0.36%
Nonperforming assets to period end assets	0.18%	0.30%	0.29%	0.29%	0.28%

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Average Balance Sheet, Interest Earnings & Expenses and Average Rates Q4 2004 vs Q3 2003

	Q4 2004			Q4 2003		
	Average Earnings/ Yield/			Average Earnings/ Yield/		
Dollars in thousands	Balances	Expense	Rate	Balances	Expense	Rate
ASSETS						
Interest earning assets						
Loans, net of unearned interest						
Taxable	\$605,020	\$9,701	6.41%	\$490,823	\$8,016	6.53%
Tax-exempt	9,381	173	7.38%	5,943	122	8.21%
Securities						
Taxable	162,810	1,734	4.26%	179,265	2,002	4.47%
Tax-exempt	48,387	835	6.90%	43,323	738	6.81%
Interest bearing deposits other banks and Federal funds sold	3,249	31	3.82%	3,908	39	3.99%
Total interest earning assets	828,847	12,474	6.02%	723,262	10,917	6.04%
Noninterest earning assets						
Cash & due from banks	17,698			9,928		
Premises & equipment	20,573			17,360		
Other assets	16,806			18,646		
Allowance for loan losses	(5,209)			(4,574)		
Total assets	\$878,715			\$764,622		

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities						
Interest bearing liabilities						
Interest bearing demand deposits	\$122,038	\$343	1.12%	\$106,587	\$203	0.76%
Savings deposits	51,508	68	0.53%	47,472	54	0.46%
Time deposits	305,411	2,045	2.68%	284,266	2,133	3.00%
Short-term borrowings	91,763	512	2.23%	48,222	156	1.29%
Long-term borrowings						

and subordinated debentures	177,709	1,854	4.17%	168,570	1,706	4.05%
	748,429	4,822	2.58%	655,117	4,252	2.60%
Noninterest bearing liabilities						
Demand deposits	58,921			48,454		
Other liabilities	5,557			4,592		
Total liabilities	812,907			708,163		
Shareholders' equity	65,808			56,459		
Total liabilities and shareholders' equity	\$878,715			\$764,622		
	=====			=====		
NET INTEREST EARNINGS	\$7,652			\$6,665		
	=====			=====		
NET INTEREST YIELD ON EARNING ASSETS		3.69%			3.69%	
		=====			=====	

SUMMIT FINANCIAL GROUP, INC. (OTCBB: SMMF)
Average Balance Sheet, Interest Earnings & Expenses and Average Rates
YTD 2004 vs YTD 2003

	For the Year Ended December 31,					
	2004			2003		
Dollars in thousands	Average Balances	Earnings/Expense	Yield/Rate	Average Balances	Earnings/Expense	Yield/Rate
ASSETS						
Interest earning assets						
Loans, net of unearned interest						
Taxable	\$567,066	\$35,770	6.31%	\$455,526	\$30,842	6.77%
Tax-exempt	8,818	662	7.51%	5,933	489	8.24%
Securities						
Taxable	166,882	7,193	4.31%	175,821	7,952	4.52%
Tax-exempt	48,356	3,303	6.83%	41,537	2,889	6.96%
Interest bearing deposits other banks and Federal funds sold	3,489	127	3.64%	5,368	170	3.17%
Total interest earning assets	794,611	47,055	5.92%	684,185	42,342	6.19%
Noninterest earning assets						
Cash & due from banks	14,367			8,970		
Premises & equipment	19,998			14,168		
Other assets	16,879			19,746		
Allowance for loan losses	(4,972)			(4,325)		
Total assets	\$840,883			\$722,744		
	=====			=====		

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities						
Interest bearing liabilities						
Interest bearing demand deposits	\$120,066	\$1,183	0.99%	\$100,084	\$793	0.79%
Savings deposits	49,806	242	0.49%	46,985	256	0.54%
Time deposits	306,850	8,285	2.70%	280,064	8,950	3.20%
Short-term borrowings	70,318	1,204	1.71%	31,907	441	1.38%

Long-term borrowings and subordinated debentures	172,580	7,046	4.08%	158,040	7,090	4.49%
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	719,620	17,960	2.50%	617,080	17,530	2.84%
Noninterest bearing liabilities						
Demand deposits	54,212			46,166		
Other liabilities	5,416			4,870		
	-----			-----		
Total liabilities	779,248			668,116		
Shareholders' equity	61,635			54,628		
	-----			-----		
Total liabilities and shareholders' equity	\$840,883			\$722,744		
	=====			=====		
NET INTEREST EARNINGS		\$29,095			\$24,812	
		=====			=====	
NET INTEREST YIELD ON EARNING ASSETS			3.66%			3.63%
			=====			=====

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