

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 24, 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 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On February 24, 2022, the Board of Directors of Summit Financial Group, Inc. (the “Company”) approved an amendment to Section 2 of Article III of the Bylaws of the Company to reflect the requirement in the State Banking Code of West Virginia that each director of the Company or any of its bank subsidiaries own a certain number of qualifying shares in the Company. The State Banking Code of West Virginia requires that each director of the Company must own, in his or her own right, stock of the Company in an amount equal to or greater than any one of the following: (i) aggregate par value of \$500.00; (ii) aggregate shareholder’s equity of \$500.00 or (iii) aggregate fair market value of \$500.00.

Prior to this amendment, the Bylaws of the Company and the Summit Financial Group, Inc. Attendance and Compensation Policy (the “Attendance and Compensation Policy”) required each director own a minimum of 2,000 shares of the Company’s common stock. The Board of Directors of the Company amended the Attendance and Compensation Policy to enable directors 24 months from the date of appointment or election to purchase 2,000 shares of the Company.

The Company’s Bylaws, as amended and restated, and the Company’s Attendance and Compensation Policy are attached hereto as Exhibit 3.1 and Exhibit 10.1, and are incorporated herein by reference.

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>
3.1	<u>Amended and Restated Bylaws of Summit Financial Group, Inc.</u>
10.1	<u>Summit Financial Group, Inc. Attendance and Compensation Policy</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: March 2, 2022

By: /s/ Julie R. Markwood

Julie R. Markwood

Senior Vice President and Chief Accounting Officer

**BY-LAWS
OF
SUMMIT FINANCIAL GROUP, INC.**

Article I. Offices

The principal office of the corporation shall be located at 300 N. Main Street, the City of Moorefield, County of Hardy, and the State of West Virginia 26836. The corporation may have such other offices, either within or without the State of West Virginia, as the board of directors may designate or as the business of the corporation may require from time to time.

Article II. Shareholders

Section 1. Annual Meeting. The annual meeting of the shareholders shall be held on the third Thursday in the month of May in each year, beginning with the year 1988, at the hour of 1:00 p.m., or such other date and/or time as may be determined by the board of directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the board of directors, and shall be called by the president if the holders of at least 10% of all the votes entitled to be cast on an issue to be considered at the proposed special meeting sign, date and deliver to the corporation one or more written demands for the meeting describing the purpose or purposes for which it shall be held.

Section 3. Place of Meeting. The board of directors may designate any place, either within or without the State of West Virginia, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of West Virginia, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the State of West Virginia. The board of directors may determine that shareholders not physically present in person or by proxy at a shareholder meeting may, by means of electronic communication, participate in a shareholder meeting held at a designated place. The board of directors also may determine that a meeting of the shareholders shall not be held at a physical place, but instead solely by any means of communication by which all shareholders may simultaneously hear each other during the meeting. Participation by electronic communication constitutes presence at the meeting.

Section 4. Notice of Meeting. Written or printed notice stating the date, time and place of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered no fewer than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 5. Fixing of Record Date. The Board of Directors may fix a future date as a record date in order to determine the shareholders entitled to a distribution, to notice of a shareholders' meeting, to demand a special meeting, to vote or to take any other action. A record date fixed under this section may not be more than seventy days before the meeting or action requiring a determination of shareholders.

A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty days after the date fixed for the original meeting.

Section 6. Voting Record. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete record of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours beginning two business days after notice of the meeting for which the list is prepared and continuing through the meeting. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

Section 7. Quorum. A majority of the votes entitled to be cast on a matter, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the votes to be cast are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified unless a new record date is set or must be set for the adjourned meeting. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 8. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. Voting of Shares. Subject to the provisions of Section 11 of this Article II, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

Section 10. Corporation's Acceptance of Votes. If the name signed on a vote, consent, waiver or proxy does not correspond to the name of a shareholder, the corporation is entitled to accept such vote, consent, waiver or proxy and give it effect as the act of the shareholder if: (a) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity; (b) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented; (c) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented; (d) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented; and (e) two or more persons are shareholders as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-tenants or fiduciaries and the person signing appears to be acting on behalf of all co-tenants or fiduciaries. The corporation may reject a vote, consent, waiver or proxy if the secretary or other officer authorized to tabulate votes, acting in good faith, has reasonable basis for doubt as to the validity of the signature or the signatory's authority to sign for the shareholder.

On and after the date on which written notice of redemption of redeemable shares has been mailed to the holders thereof and a sum sufficient to redeem such shares has been deposited with a bank or trust company with irrevocable instruction and authority to pay the redemption price to the holders thereof upon surrender of certificates therefor, such shares shall not be entitled to vote on any matter and shall not be deemed to be outstanding shares.

Section 11. Cumulative Voting. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

Section 12. Informal Action by Shareholders. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Article III. Board of Directors

Section 1. General Powers. The business and affairs of the corporation shall be managed by its board of directors.

Section 2. Number, Tenure and Qualifications. The number of directors of the corporation shall not be less than nine (9) nor more than twenty-one (21). Each and every director must own in his or her own right shares of the corporation's common stock as required under the State Banking Code of West Virginia, which may be amended from time to time. Determination of the fair market value of the director's stock in Summit is based on the value of the stock on the date it was purchased or on the date that the individual became a director, whichever is greater. For purposes of determining whether shares are owned by a director in his or her own right, the following shares shall be deemed owned by a director in his or her own right: (i) shares held solely in the director's name; (ii) shares held through the corporation's employee stock ownership plan, a profit-sharing plan, individual retirement account, retirement plan or similar arrangement; and (iii) shares owned by a company where the director owns a controlling interest. Shares held jointly by a director and his or her spouse may not be counted when determining whether the director owns with the minimum value (calculated by the par value, shareholder's equity or fair market value) of at least \$500 as required by the State Banking Code of West Virginia. A director need not be a resident of West Virginia.

Section 3. Regular Meetings. The board of directors may provide, by resolution, the time, date, and place, either within or without the State of West Virginia for the holding of regular meetings without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the board of directors may be held at any time by the call of the president, the chairman of the board or by fifty percent of the directors. The person or persons authorized to call special meetings of the board of directors may fix any place, either within or without the State of West Virginia, as the place for holding any special meeting of the board of directors called by them.

Section 5. Notice. Notice of any special meeting shall be given at least two days previously thereto by written notice delivered personally or mailed to each director at his business address, or by electronic transmission, which includes any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval and reproduction of information by the recipient. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The presence of any director at a meeting shall constitute a waiver of notice of such meeting as to that director, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened, and such director does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum of the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. Notwithstanding the foregoing, the following actions shall require the act of at least two-thirds of the directors: (a) mergers and closures of banks and branches; (b) any amendment to the Articles of Incorporation or Bylaws of the corporation; and (c) the adoption of any agreement or plan to merge, consolidate, liquidate, dissolve or sell shares of stock or the sale, lease or exchange of all or substantially all the assets of the corporation. In the event any matter should come before the board of directors as to which one of the directors has or may have a conflict of interest, said director shall abstain from voting thereon, and the remaining director or directors, as the case may be, shall have full and complete authority to consider and vote upon such matter, and such vote shall be binding upon the corporation.

The Executive Committee shall have the authority to act on behalf of the Board of Directors and in the name of and on behalf of the Corporation, to the fullest extent permitted by law and the corporation's Articles of Incorporation and these Bylaws.

Section 8. Vacancies. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship may be filled by the board of directors at their regular meeting or at a special meeting.

Section 9. Compensation. By resolution of the board of directors, the directors may be paid their expenses, if any, of attendance at each meeting of the board of directors, and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. Informal Action by Directors. Any action required to be taken at a meeting of the directors or of a committee, or any other action which may be taken at a meeting of the directors, or of a committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or all of the members of the committee entitled to vote with respect to the subject matter thereof.

Article IV. Officers

Section 1. Number. The officers of the corporation shall be a President, Treasurer, Secretary, Assistant Secretary and Chairman of the Board, each of whom shall be elected by the board of directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the board of directors. Any two or more offices may be held by the same person.

Section 2. Election and Term of Office. The officers of the corporation to be elected by the board of directors shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed or in the manner hereinafter provided.

Section 3. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 5. President. The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, and in the absence of the chairman of the board, preside at all meetings of the shareholders and of the board of directors. He may sign, individually, or with the secretary or any proper officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments for the corporation, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these by-laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the board of directors from time to time.

Section 6. The Secretary. The secretary shall: (a) keep the minutes of the shareholders' and of the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal, is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, or a vice president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the board of directors.

Section 7. The Assistant Secretary. The assistant secretary shall assist the secretary in performing the duties of secretary of the corporation and in the secretary's absence, or at his or her request, and with the approval of the board of directors, shall perform the duties to be performed by the secretary. The assistant secretary shall otherwise perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the board of directors.

Section 8. The Treasurer. The treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts and monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these by-laws; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the president or by the board of directors.

Section 9. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the directors and shareholders. He shall have the authority to constitute, create and disband such committees as he shall deem necessary or helpful to the conduct of the affairs of the corporation. Committees shall have such power to act on behalf of the board of directors as the board shall determine from time to time and as permitted by law.

Section 10. Salaries. The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

Article V. Contracts, Loans, Checks and Deposit.

Section 1. Contracts. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; provided, however, that no construction contract involving an amount greater than the amount authorized by the corporation's Capital Expenditure and Purchasing Policy shall be binding upon the corporation unless and until acceptance thereof has been made by the action of the directors.

Section 2. Loans. Loans shall be contracted on behalf of the corporation and evidences of indebtedness shall be issued in its name in such manner as shall from time to time be determined by resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

Article VI. Certificates for Shares and their Transfer

Section 1. Book Entry Shares. The Board of Directors may authorize the issuance of some or all of the shares of any class or series without certificates ("Book Entry Shares"). The authorization will not affect shares already represented by certificates until the certificates are surrendered to the corporation. Within a reasonable time after the issuance or transfer of shares without certificates, the corporation or its transfer agent shall send the shareholder a written notification of the information required on certificates by applicable law, rule or regulation.

Section 2. Certificates for Shares. The interest of each shareholder of the corporation shall be evidenced by certificates or as Book Entry Shares without certificates. Every holder of stock represented by certificate in the corporation shall be entitled to a certificate in such form as shall be determined by the board of directors. Such certificates shall be signed by the president or a vice president and by the secretary. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor or the shares represented thereby may be issued as Book Entry Shares upon such terms and indemnity to the corporation as the board of directors may prescribe.

Section 3. Transfer of Shares. Transfer of shares of the corporation shall be made on the stock transfer books of the corporation (a) in the case of shares represented by certificates, by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of the certificate for such shares, or (b) in the case of Book Entry Shares, upon receipt of the proper transfer instructions from the registered owner of such Book Entry Shares, or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

Article VII. Dividends

The Board of directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its articles of incorporation.

Article VIII. Seal

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state and year of incorporation, and the words "Corporate Seal", but the board may adopt a different seal from time to time.

Article IX. Waiver of Notice

Whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of these bylaws or under the provisions of the articles of incorporation or under the provisions of law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article X. Amendments

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors by a vote of three fourths of the board of directors or by a majority of the stockholders.

SUMMIT FINANCIAL GROUP, INC.

BOARD ATTENDANCE AND COMPENSATION POLICY

Compensation & Nominating Committee Approval: 02/15/2022
Holding Company Board Approval: 02/24/2022

1. PURPOSE AND CONTENTS

General

This section outlines the Summit Financial Group and its subsidiaries Board Attendance and Compensation Policy, formalized by the Board of Directors of Summit Financial Group, Inc. on the date indicated above.

Topics covered in this policy are:

Meeting Fees for Holding Company Board Members	Topic 2
Retainer and Meeting Fees for Subsidiary Board Members	Topic 3
Meeting Fees for Division Board Members	Topic 4
Employee-Directors	Topic 5
Deferred Compensation Plan	Topic 6
Payment by Direct Deposit and Deferral of Payments	Topic 7
Expense Reimbursement	Topic 8
Attendance	Topic 9
Renomination	Topic 10
Mandatory Retirement	Topic 11
Benefits	Topic 12
Stock Requirements	Topic 13

Effective Date

All employees of Summit Financial Group, Inc., herein referred to as the "Summit", must comply with the terms of this policy immediately. Managers, employees and technical personnel must modify system configurations and procedures, if necessary, to comply with the terms of this plan within 10 business days.

2. MEETING FEES FOR HOLDING COMPANY BOARD MEMBERS

Holding Company board members will be paid as follows:

- \$500 per board meeting attended. Note: Only one meeting fee will be paid for attending a joint meeting of the Holding Company and Subsidiary Board.
- \$300 per committee meeting attended (unless otherwise noted);
- \$300 per Equity Compensation Committee meeting if held on a different date than a Compensation and Nominating Committee meeting
- \$750 per Audit Committee meeting attended;
- \$750 per Compensation and Nominating Committee attended;

- \$500 per Executive Committee meeting attended.

Members of the board of directors of Summit may attend board meetings or committee meetings in person or by video conference. Any member of any board or committee may attend meetings by telephone, but payment will be made for only four (4) meetings (either board or committee) in any given year where attendance is by telephone. Notwithstanding the foregoing, members of the Audit Committee should not attend meetings by telephone. In addition, Audit Committee members shall receive no other remuneration other than the retainer fees and fees per meeting set forth herein for serving on the Audit Committee.

3. RETAINER AND MEETING FEES FOR SUBSIDIARY BOARD MEMBERS

Members of the board of directors of the subsidiaries of Summit will be paid a \$15,000 retainer fee. The retainer fee will be paid on May 31st each year to every director who is scheduled to serve through December 31st of said year. In addition to the above retainer fee, subsidiary directors will receive \$500 per board meeting attended. Note: Only one meeting fee will be paid for attending a joint meeting of the Holding Company and Subsidiary Board. Subsidiary board members (except for Executive Committee) will also be paid **\$300** per committee meeting attended. Executive Committee members will be paid **\$500.00** per Executive Committee meeting attended. Members of board committees may attend committee meetings in person or by video conference. Any member of any board or committee may attend meetings by telephone, but payment will be made for only four (4) meetings (either board or committee) in any given year where attendance is by telephone.

4. MEETING FEES FOR DIVISION BOARD MEETINGS

The Chairman of each division shall appoint individuals to serve as a member of the division board of directors. Each division board member shall serve for a term of two (2) years and may be re-appointed for an additional two-year term. The division board of directors shall operate solely as an advisory board and shall have no authority to manage the business and property of Summit or its subsidiaries or to direct the operations of Summit or its subsidiaries. Members of each division board of directors shall not be paid a retainer fee; however each member of the division board of directors shall be paid a fee per meeting attended as set by the CEO of Summit. The fee shall only be paid for division board of directors who attend in person.

5. EMPLOYEE-DIRECTORS

If an individual is a member of the board of directors of Summit or any of its subsidiaries and is also an employee of Summit or any of its subsidiaries, then such employee/director shall be paid the retainer fees and the fees for each board meeting attended as set forth above; however, such employee/director shall not be paid the fees for each committee meeting attended.

6. DEFERRED COMPENSATION PLAN

A deferred compensation plan ("Director Deferred Compensation Plan") for the members of the board of directors of the subsidiaries of Summit was established to allow members of the board of directors of the subsidiaries of Summit to defer their compensation. For further details please refer to the Director Deferred Compensation Plan or Human Resources Department. Election to participate in the Director Deferral Plan is only allowed once a year at a set time per the plan documents.

7. PAYMENT BY DIRECT DEPOSIT AND DEFERRAL OF PAYMENTS

The retainer fees and per meeting fees described above may be paid by direct deposit into each board member's Summit Financial Group, Inc. subsidiary bank account or the fees can be deferred if the board member is a participant in the Director Deferral Plan. If payment is made by a direct deposit to a board member's account, then it will be made on the last day of the month; however, if the last day of the month falls on a weekend, the direct deposit will be made on the previous Friday. If the meeting date falls after the deadline for payroll, payments will be made the following month for attendance at a meeting.

8. EXPENSE REIMBURSEMENT

Any member of the board of directors of Summit or any of its subsidiaries who must travel in excess of sixty (60) miles round trip from his primary residence or place of business to attend a board meeting or committee meeting is eligible for reimbursement of direct expenses including, but not limited to, mileage and hotel expenses. Requests must be filed within 90 days of meeting date. Forms are available from the Human Resources Department for this purpose.

9. ATTENDANCE

Summit owns all of the shares of stock of each of its subsidiaries, and therefore, Summit has the power to elect the directors of each of its subsidiaries. Members serving on the board of directors of each of Summit's subsidiaries serve at the will and pleasure of the board of directors of Summit. Serving on the board of directors of a financial institution is a very serious commitment. In order to do the job properly, directors must set aside the time to attend the board and committee meetings. If a director fails to attend at least 75% of the board and committee meetings of which he is a member for any given calendar year, then the director will be placed on attendance probation. If a director does not attend at least 75% of the board and committee meetings for two consecutive years, then the board will ask the individual to resign unless the director submits a good reason for his or her absence. Acceptable reasons for failing to attend board and committee meetings include, but are not limited to, public service, personal health problems, or family health problems.

10. RENOMINATION

Each year, the Nominating Committee will meet to assess the performance of all board members and make a recommendation to the full board of Summit as to which board members should be renominated. The Nominating Committee will assess whether each member is continuing to fulfill his or her fiduciary duties to the board. Additionally the Nominating Committee will assess the contribution by said board members to furthering the mission of their respective bank.

11. MANDATORY RETIREMENT

Members of the Board of Directors of Summit and its subsidiaries are subject to a mandatory retirement age of 75. When a Summit or subsidiary bank board member reaches age 75, he/she will not be renominated. If a Summit or subsidiary bank board member would attain the age of 75 at any time during his or her three year term, then such director will be nominated for such lesser term so as to comply with the mandatory retirement age. The following exceptions have been made to this requirement:

1. Any member of the board of directors of Summit or any of its subsidiaries who remains an active employee of Summit or any of its subsidiaries is not subject to mandatory retirement because of age.
2. The division board members are not subject to mandatory retirement because of age.

12. BENEFITS

Individuals who were members of either the South Branch Valley National Bank board or members of the Potomac Valley Bank board at the time of merger, will continue benefits provided before the merger until their mandatory retirement from the board. At retirement, the board member may continue their benefits through Summit provided the board member pays 100% of the premium of the benefit.

Any future offer of benefits will be reviewed and approved by the Compensation Committee before being offered to the board members.

13. STOCK REQUIREMENTS

In order to be elected to the board of directors of Summit or any of its bank subsidiaries, a member must hold in his or her own right, the minimum number of shares of the stock of Summit required by the State Banking Code of West Virginia.

The State Banking Code of West Virginia provides that each director of Summit must own in his or her own right, common or preferred stock of Summit, in an amount equal to or greater than any one of the following:

- (i) aggregate par value of \$500.00;
- (ii) aggregate shareholders' equity of \$500.00; or
- (iii) aggregate fair market value of \$500.00.

Determination of the fair market value of the director's stock in Summit is based on the value of the stock on the date it was purchased or on the date that the individual became a director, whichever is greater.

This policy imposes more stringent requirements on directors than imposed by West Virginia law in order to maintain a seat on the board of directors of Summit or any of its bank subsidiaries. This policy requires that within twenty-four (24) months of appointment as a director of Summit or any of its bank subsidiaries, each director own in his or her own right, a minimum of 2,000 shares of Summit's common stock. This minimum number of shares shall be proportionately increased for any stock splits. The following shares are held in a director's "own right": (i) shares held solely in the director's name; (ii) shares held through the corporation's employee stock option plan, a profit-sharing plan, individual retirement account, retirement plan or similar arrangement; and (iii) shares owned by a company where the director owns a controlling interest.

Although, the West Virginia Attorney General has interpreted the language "own in his own right" in Section § 31A-4-8, to exclude any shares that a director owns jointly, this policy allows shares held jointly by a director and his or her spouse to be counted when determining whether the director owns 2,000 shares of common stock in his or her own right, as long as the director owns stock in his or her own name with a minimum value (calculated by the par value, shareholder's equity or fair market value) of at least \$500 as required under the State Banking Code of West Virginia.

Directors should be aware that although based on the current market value of Summit stock, the 2,000 minimum number of shares required to be owned under this policy exceeds the regulatory minimum, a decrease in the market value of Summit stock could require directors to purchase more shares to meet the regulatory minimums discussed above.
