

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

### Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Metro Bancshares, Inc.		20-8825618	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
William M. Foshee	(205) 949-9302	BFoshee@servisfirstbank.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
ServisFirst Bancshares, Inc., 850 Shades Creek Parkway, Suite 200		Birmingham, AL 35209	
<b>8</b> Date of action		<b>9</b> Classification and description	
January 31, 2015		Common stock, par value \$0.01 per share, of Metro Bancshares, Inc.	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On January 31, 2015 Metro Bancshares, Inc. merged with and into ServisFirst Bancshares, Inc., with ServisFirst surviving the merger. Each share of Metro common stock was converted into the right to receive 0.2596 shares of ServisFirst common stock and \$6.73 in cash. No fractional shares of ServisFirst common stock were issued. Metro shareholders who would have been entitled to receive a fractional share of ServisFirst common stock received instead a cash payment equal to the value of the fractional share as determined in accordance with the merger agreement.

The transaction was structured to qualify as a reorganization for federal income tax purposes under Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The tax basis of ServisFirst shares that a former Metro shareholder receives in the merger will depend on the former Metro shareholder's tax basis in the shares of Metro common stock surrendered for the ServisFirst common stock. Each shareholder of Metro Bancshares, Inc. common stock that participated in the merger should take a basis in the shares of ServisFirst Bancshares, Inc. common stock received equal to such shareholder's basis in the Metro common stock surrendered in the merger, decreased by the amount of cash received in the exchange (excluding any cash received in lieu of fractional shares), and increased by the amount of gain the shareholder recognized in the transaction (excluding any gain recognized with respect to cash received in lieu of fractional shares).

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attachment


**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Code Sections 354, 356, 358 and 368(a)(1)(A).

18 Can any resulting loss be recognized? ▶ No loss can be recognized with respect a Metro shareholder's receipt of merger consideration. However, it is possible that a U.S. holder receiving cash in lieu of a fractional share of ServisFirst common stock could recognize a loss. Such a shareholder will be treated as having first received the fractional share pursuant to the merger, and then as having exchanged the fractional share for cash paid by ServisFirst (i.e., as having had the fractional share redeemed by ServisFirst). The deemed redemption of a fractional share of ServisFirst common stock generally will be treated as a sale or exchange and a U.S. holder will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of cash received in lieu of a fractional share, and (ii) the tax basis allocated to the fractional share under the rules described in item 16 above.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Basis changes should be reported in each shareholder's taxable year that includes the effective date of the merger, January 31, 2015. For calendar year taxpayers, the basis change should be reported on a federal income tax return filed for the 2015 calendar year. Metro shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the merger.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here** Signature ▶  Date ▶ 3/16/2015

Print your name ▶ William Foshee Title ▶ CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

**Metro Bancshares, Inc.**  
**EIN 20-8825618**  
**Attachment to Form 8937**

**Part II Section 16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:**

The total consideration per share of Metro Common Stock was \$14.9138, consisting of \$6.7348 in cash consideration and 0.2596 shares of ServisFirst common stock valued at \$31.5064 per share, all as determined in accordance with the Merger Agreement.

A Metro shareholder's basis in the ServisFirst shares received should be determined on a lot-by-lot basis. A "lot" of Metro shares consists of one or more shares acquired on the same date and having the same basis in the hands of the Metro shareholder.

- (1) Determine the adjusted basis of the Metro shares surrendered in the exchange immediately prior to the merger;
- (2) Determine the amount of gain recognized on the transaction, which will be the lesser of the following two amounts:
  - a. The amount of cash received (\$6.7348 per share);
  - b. The amount of gain realized on the transaction, which is the difference between (i) the total amount of consideration received by the Metro shareholder (\$14.9138 per share) and (ii) the Metro shareholder's adjusted basis in the Metro shares.
- (3) Determine the shareholder's basis in the ServisFirst shares received by taking the Metro shareholder's basis in the Metro shares, subtracting the amount of cash received (\$6.7348 per share) and adding the amount of gain recognized by the Metro shareholder as determined in step (2) above.

EXAMPLE: A Metro shareholder who held 100 shares of Metro common stock with a tax basis of \$10 per share (total basis in the 100-share lot: \$1,000) received total consideration of \$1,491.38, consisting of \$673.48 in cash, 25 shares of ServisFirst common stock valued at \$787.65, and \$30.25 cash in lieu of a 0.96 fractional share of ServisFirst common stock. The shareholder would recognize \$491.38 gain on the merger consideration. The shareholder's basis in the ServisFirst shares received (including the fractional share deemed received) would be:

\$1,000.00	original basis
– 673.48	cash received
<u>+ 491.38</u>	gain recognized
\$ 817.90	total basis

\$787.65 would be allocated to the 25 shares of ServisFirst common stock actually received in the merger, and the remaining \$30.25 would be allocated to the 0.96 fractional share of ServisFirst stock treated as having been issued in the merger and immediately redeemed by ServisFirst in exchange for the cash issued in lieu of fractional shares.

In this example, the former Metro shareholder's basis in the ServisFirst shares received equals their value as determined under the Merger Agreement, because this Metro shareholder recognized all of his or her gain in the Metro common stock that existed prior to the merger. The result will not be the same for other Metro shareholders who had greater or lesser amounts of basis in their Metro shares.