



*Our Name is Our Mission*

## **2012 Annual Report**

**ServisFirst Bank**

[www.servisfirstbank.com](http://www.servisfirstbank.com)

**ServisFirst Bancshares**

[www.servisfirstbancshares.com](http://www.servisfirstbancshares.com)

Birmingham ▪ Dothan ▪ Huntsville ▪ Mobile ▪ Montgomery ▪ Pensacola



March 8, 2013

Dear Shareholder,

I am pleased to report that 2012 was a record earnings year for ServisFirst Bancshares. These earnings were driven by loan growth of 29% in 2012. In light of our record profits your Board of Directors declared a special dividend of \$.50 per share payable on December 31, 2012. I cannot thank you enough for the support you have shown the Company and the Bank. Your business and your referrals have been the key to our success to date. Please continue to call us when you see an opportunity for the Bank.

Fully diluted earnings per share was \$4.99 in 2012, an increase of 41% over 2011. Net income was \$34 million in 2012, a 48% increase over 2011. Record low interest rates continue to be a challenge for our industry, and maturing investments must be reinvested at much lower rates. The interest rate outlook is for rates to remain flat for some time, so we must have rigid expense control to prosper in this environment.

Our book value per share reached \$30.84 at year-end, which is more than triple our initial book value in May 2005. We have not done a common stock offering since our Pensacola offering in 2011. Our increased profitability has allowed us to grow without any additional capital raises and dilution. We plan to continue our practice of a stock offering in every new region.

In 2012 we opened a loan production office in Mobile, Alabama, and at this point have two great bankers representing us in Mobile. We feel that the market has great potential for growth and we plan to continue to build out our team in Mobile. All existing regions were solidly profitable and our most recent region, Pensacola, has grown faster in both assets and profitability than we had budgeted in 2012.

We are pleased with our strong asset quality. At year-end 2012, our non-performing loans plus foreclosed real estate were less than 1% of all loans, which is well above industry standards. Our financial strength continues to attract many new customers who desire a strong bank that is client focused, not a struggling bank. A bank with problem assets must focus 100% of management's time on improving asset quality, not serving customers.

We continue to see opportunities for growth and are constantly looking at new markets. To date, we have chosen not to acquire existing banks, as we are adverse to goodwill on our balance sheet. The people we want to join our team are not actively looking for a job, so we must continue to seek out the best bankers in good markets in order to find opportunities for growth.

I would like to thank our 30 directors across our footprint for their tireless work for ServisFirst. They serve the shareholders well and are a key to our success. Our greatest challenge might be to work as hard today as we did eight years ago, or whenever we each joined ServisFirst. Complacency usually comes with some degree of success and our directors' job is to ensure that does not happen to ServisFirst.

We appreciate your support and we will strive to grow your investment in 2013.

Sincerely,

A handwritten signature in black ink, appearing to read "T. A. Broughton III".

Thomas A. Broughton III  
President & CEO

## SELECTED FINANCIAL DATA

As of and for the years ended December 31,

	2012	2011	2010	2009	2008
(Dollars in thousands except for share and per share data)					
<b>Selected Balance Sheet Data:</b>					
Total Assets	\$ 2,906,314	\$ 2,460,785	\$ 1,935,166	\$ 1,573,497	\$ 1,162,272
Total Loans	2,363,182	1,830,742	1,394,818	1,207,084	968,233
Loans, net	2,336,924	1,808,712	1,376,741	1,192,173	957,631
Securities available for sale	233,877	293,809	276,959	255,453	102,339
Securities held to maturity	25,967	15,209	5,234	645	-
Cash and due from banks	58,031	43,018	27,454	26,982	22,844
Interest-bearing balances with banks	119,423	99,350	204,278	48,544	30,774
Fed funds sold	3,291	100,565	346	680	19,300
Mortgage loans held for sale	25,826	17,859	7,875	6,202	3,320
Restricted equity securities	3,941	3,501	3,510	3,241	2,659
Premises and equipment, net	8,847	4,591	4,450	5,088	3,884
Deposits	2,511,572	2,143,887	1,758,716	1,432,355	1,037,319
Other borrowings	136,982	84,219	24,937	24,922	20,000
Subordinated debentures	15,050	30,514	30,420	15,228	15,087
Other liabilities	9,453	5,873	3,993	3,370	3,082
Stockholders Equity	233,257	196,292	117,100	97,622	86,784
<b>Selected income Statement Data:</b>					
Interest income	\$ 109,023	\$ 91,411	\$ 78,146	\$ 62,197	\$ 55,450
Interest expense	14,901	16,080	15,260	18,337	20,474
Net interest income	94,122	75,331	62,886	43,860	34,976
Provision for loan losses	9,100	8,972	10,350	10,685	6,274
Net interest income after provision for loan losses	85,022	66,359	52,536	33,175	28,702
Noninterest income	9,643	6,926	5,169	4,413	2,704
Noninterest expense	43,100	37,458	30,969	28,930	20,576
Income before income taxes	51,565	35,827	26,736	8,658	10,830
Income taxes expenses	17,120	12,389	9,358	2,780	3,825
Net income	34,445	23,438	17,378	5,878	7,005
<b>Per common Share Data:</b>					
Net income, basic	\$ 5.68	\$ 4.03	\$ 3.15	\$ 1.07	\$ 1.37
Net income, diluted	4.99	3.53	2.84	1.02	1.31
Book value	30.84	26.34	21.19	17.71	16.15
Weighted average shares outstanding:					
Basic	5,996,437	5,759,524	5,519,151	5,485,972	5,114,194
Diluted	6,941,752	6,749,163	6,294,604	5,787,643	5,338,883
Actual shares outstanding	6,268,812	5,932,182	5,527,482	5,513,482	5,374,022

## SELECTED FINANCIAL DATA

As of and for the years ended December 31,

	2012	2011	2010	2009	2008
(Dollars in thousands except for share and per share data)					
<b>Selected Performance Ratios:</b>					
Return on average assets	1.30 %	1.11 %	1.04 %	0.43 %	0.71 %
Return on average stockholders' equity	15.81 %	14.73 %	15.86 %	6.33 %	9.28 %
Net interest margin (1)	3.80 %	3.79 %	3.94 %	3.31 %	3.70 %
Efficiency ratio (2)	41.54 %	45.54 %	45.51 %	59.57 %	54.61 %
<b>Asset quality Ratios:</b>					
Net charge-offs to average					
loans outstanding	0.24 %	0.32 %	0.55 %	0.60 %	0.41 %
Non-performing loans to totals loans	0.44 %	0.75 %	1.03 %	1.01 %	1.02 %
Non-performing assets to total assets	0.69 %	1.06 %	1.10 %	1.57 %	1.74 %
Allowance for loan losses to total					
gross loans	1.11 %	1.20 %	1.30 %	1.24 %	1.09 %
Allowance for loan losses to total					
non-performing loans	253.50 %	159.96 %	126.00 %	122.34 %	108.17 %
<b>Liquidity Ratios:</b>					
Net loans to total deposits	93.05 %	84.37 %	78.28 %	83.23 %	92.32 %
Net average loans to average					
earning assets	79.82 %	76.71 %	78.04 %	80.06 %	85.84 %
Noninterest-bearing deposits to					
total deposits	21.71 %	16.96 %	14.24 %	14.75 %	11.71 %
<b>Capital Adequacy Ratios:</b>					
Stockholders Equity to total assets	8.03 %	7.97 %	6.05 %	6.20 %	7.47 %
Total risked-based capital (3)	11.78 %	12.79 %	11.82 %	10.48 %	11.25 %
Tier 1 capital (4)	9.89 %	11.39 %	10.22 %	8.89 %	10.18 %
Leverage ratio (5)	8.43 %	9.17 %	7.77 %	6.97 %	9.01 %
<b>Growth Ratios:</b>					
Percentage change in net income	46.96 %	34.87 %	195.64 %	(16.10)%	27.43 %
Percentage change in diluted net					
income per share	41.36 %	24.30 %	178.43 %	(22.14)%	12.93 %
Percentage change in assets	18.11 %	27.16 %	22.99 %	35.38 %	38.65 %
Percentage change in net loans	29.20 %	31.38 %	15.48 %	24.49 %	45.45 %
Percentage change in deposits	17.15 %	21.90 %	22.78 %	38.08 %	36.00 %
Percentage change in equity	18.83 %	67.63 %	19.95 %	12.49 %	20.12 %

(1) Net interest margin is the net yield on interest earning assets and is the difference between the interest yield earned on interest-earning assets and interest rate paid on interest-bearing liabilities, divided by average earning assets.

(2) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.

(3) Total stockholders' equity excluding unrealized gains/(losses) on securities available for sale, net of taxes, and intangible assets plus allowance for loan losses (limited to 1.25% of risk-weighted assets) divided by total risk-weighted assets. The FDIC required minimum to be well capitalized is 10%.

(4) Total stockholders' equity excluding unrealized gains/(losses) on securities available for sale, net of taxes, and intangible assets divided by total risk-weighted assets. The FDIC required minimum to be well-capitalized is 6%.

(5) Total stockholders' equity excluding unrealized losses on securities available for sale, net of taxes, and intangible assets divided by average assets less intangible assets. The FDIC required minimum to be well-capitalized is 5%; however, the Alabama Banking Department has required that the Bank maintain a Tier 1 capital leverage ratio of 7%.

## OFFICERS AND DIRECTORS

### PRINCIPAL OFFICERS: SERVISFIRST BANCSHARES, INC.

**Thomas A. Broughton III**  
*President and Chief Executive Officer*

**William M. Foshee**  
*Executive Vice President, Chief Financial Officer,  
Treasurer and Secretary*

**Clarence C. Pouncey III**  
*Executive Vice President and Chief Operating Officer*

### PRINCIPAL OFFICERS: SERVISFIRST BANK

**Thomas A. Broughton III**  
*President and Chief Executive Officer*

**William M. Foshee**  
*Executive Vice President, Chief Financial Officer,  
Treasurer and Secretary*

**Clarence C. Pouncey III**  
*Executive Vice President and Chief Operating Officer*

**G. Carlton Barker**  
*Executive Vice President, Montgomery President  
and Chief Executive Officer*

**Andrew N. Kattos**  
*Executive Vice President, Huntsville President  
and Chief Executive Officer*

**Ronald A. DeVane**  
*Executive Vice President, Dothan  
Chief Executive Officer*

**Rex D. McKinney**  
*Executive Vice President, Pensacola President  
and Chief Executive Officer*

**Rodney R. Rushing**  
*Executive Vice President, Correspondent Division*

**Paul M. Schabacker**  
*Executive Vice President, Commercial Sales*

### BOARD OF DIRECTORS: SERVISFIRST BANCSHARES, INC. AND SERVISFIRST BANK

**Stanley M. Brock**, *Chairman of the Board*

**Thomas A. Broughton III**

**J. Richard Cashio**

**James J. Filler**

**Michael D. Fuller**

**Hatton C.V. Smith**

### SERVISFIRST BANCSHARES, INC. COMMITTEES

**NOMINATING AND CORPORATE GOVERNANCE**  
Stanley M. Brock  
J. Richard Cashio  
Michael D. Fuller

**AUDIT**  
Stanley M. Brock  
J. Richard Cashio  
Michael D. Fuller

**COMPENSATION**  
J. Richard Cashio  
James J. Filler  
Hatton C.V. Smith

### SERVISFIRST BANK REGIONAL DIRECTORS

**E. Wayne Bonner**  
Huntsville, Alabama

**Charles H. Chapman**  
Dothan, Alabama

**Tres Childs**  
Huntsville, Alabama

**John Downs**  
Dothan, Alabama

**Don Davidson**  
Huntsville, Alabama

**Charles Owens**  
Dothan, Alabama

**David Slyman**  
Huntsville, Alabama

**William C. Thompson**  
Dothan, Alabama

**Irma Tudor**  
Huntsville, Alabama

**Bo Carter**  
Pensacola, Florida

**Danny Windham**  
Huntsville, Alabama

**Leo Cyr**  
Pensacola, Florida

**Sidney White**  
Huntsville, Alabama

**Mark S. Greskovich**  
Pensacola, Florida

**Tom Young**  
Huntsville, Alabama

**Ray Russenberger**  
Pensacola, Florida

**Ray Petty**  
Montgomery, Alabama

**Roger Webb**  
Pensacola, Florida

**Todd Strange**  
Montgomery, Alabama

**Thomas M. Bizzell**  
Pensacola, Florida

**Pete Taylor**  
Montgomery, Alabama

**Matt Durney**  
Pensacola, Florida

**Ken Upchurch**  
Montgomery, Alabama

**Alan E. Weil, Jr.**  
Montgomery, Alabama

## **OFFICES AND LOCATIONS**

### **BIRMINGHAM MAIN OFFICE**

850 Shades Creek Parkway  
Suite 100  
Birmingham, Alabama 35209  
205.949.0345

### **BIRMINGHAM DOWNTOWN**

324 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203  
205.949.2200

### **BIRMINGHAM GREYSTONE**

5403 Highway 280  
Suite 401  
Birmingham, Alabama 35242  
205.949.0870

### **DOTHAN MAIN OFFICE**

4801 West Main Street  
Dothan, Alabama 36305  
334.340.4300

### **DOTHAN COTTONWOOD CORNERS**

1620 Ross Clark Circle  
Suite 307  
Dothan, Alabama 36301  
334.340.4400

### **MOBILE MAIN OFFICE**

64 North Royal Street  
Mobile, Alabama 36602  
251.694.9494

### **HUNTSVILLE MAIN OFFICE**

401 Meridian Street  
Suite 100  
Huntsville, Alabama 35801  
256.722.7800

### **HUNTSVILLE RESEARCH PARK**

1267-A Enterprise Way  
Huntsville, Alabama 35806  
256.722.7880

### **MONTGOMERY MAIN OFFICE**

One Commerce Street  
Suite 100  
Montgomery, Alabama 36104  
334.223.5800

### **MONTGOMERY EAST**

8117 Vaughn Road  
Unit 20  
Montgomery, Alabama 36116  
334.223.5600

### **PENSACOLA MAIN OFFICE**

316 South Baylen Street  
Suite 100  
Pensacola, Florida 32502  
850.266.9100

### **PENSACOLA CORDOVA OFFICE**

4980 North 12<sup>th</sup> Avenue  
Pensacola, Florida 32504  
850.266.9160

## **STOCKHOLDER INFORMATION**

### **ANNUAL MEETING**

The Annual Meeting of Stockholders of ServisFirst Bancshares, Inc. will be held at the Vestavia Country Club, 400 Beaumont Drive, Birmingham, Alabama 35216 on Thursday, April 25, 2013, at 5:00 p.m., Central Daylight Time.

### **FORM 10-K**

Form 10-K is ServisFirst Bancshares, Inc.'s annual report filed with the Securities and Exchange Commission, and is included within this document. A copy of ServisFirst Bancshares, Inc.'s 10-K may be obtained, free of charge, if you address a written request to our Secretary, William M. Foshee, 850 Shades Creek Parkway, Suite 200, Birmingham, Alabama 35209.

### **TRANSFER AGENT**

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, New Jersey 07016

### **AVAILABLE INFORMATION**

Our corporate website is [www.servisfirstbancshares.com](http://www.servisfirstbancshares.com). We have direct links on this website to our Code of Ethics and the charters for our Audit, Compensation and Corporate Governance and Nominating Committees by clicking on the "Investor Relations" tab. We also have direct links to our filings with the Securities and Exchange Commission (SEC), including, but not limited to, our first annual report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and any amendments to

these reports. You may also obtain a copy of any such report free of charge by requesting such copy in writing to 850 Shades Creek Parkway, Suite 200, Birmingham, Alabama 35209 Attn.: Investor Relations. This annual report and accompanying exhibits and all other reports and filings that we file with the SEC will be available for the public to view and copy (at prescribed rates) at the SEC's Public Reference Room at 100 F Street, Washington, D.C. 20549. You may also obtain copies of such information at the prescribed rates from the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains such reports, proxy and information statements, and other information as we file electronically with the SEC by clicking on <http://www.sec.gov>.

### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

KPMG LLP  
420 20<sup>th</sup> Street North  
Suite 1800  
Birmingham, Alabama 35203  
205.324.2495

### **SECURITIES COUNSEL**

Bradley Arant Boult Cummings LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203  
205.521.8000