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

FORM 10-Q

Servis 1st Bank

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______to_______

Commission file number 001-36452

SERVISFIRST BANCSHARES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**26-0734029**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
2500 Woodcrest Place, Birmingham, Alabama	**35209**
(Address of Principal Executive Offices)	*(Zip Code)*

(205) 949-0302
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common stock, par value $.001 per share	SFBS	NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ 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 ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	Outstanding as of April 26, 2021
Common stock, $.001 par value	54,152,882

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PART 1. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

SERVISFIRST BANCSHARES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	March 31, 2021 (Unaudited)	December 31, 2020 (1)
ASSETS		
Cash and due from banks	$ 70,107	$ 93,655
Interest-bearing balances due from depository institutions	2,738,046	2,115,985
Federal funds sold	1,577	1,771
Cash and cash equivalents	2,809,730	2,211,411
Available for sale debt securities, at fair value	961,879	886,688
Held to maturity debt securities (fair value of $250 at March 31, 2021 and December 31, 2020)	250	250
Mortgage loans held for sale	15,834	14,425
Loans	8,504,980	8,465,688
Less allowance for credit losses	(94,906)	(87,942)
Loans, net	8,410,074	8,377,746
Premises and equipment, net	56,472	54,969
Accrued interest and dividends receivable	36,348	36,841
Deferred tax assets, net	32,126	31,072
Other real estate owned and repossessed assets	2,067	6,497
Bank owned life insurance contracts	278,045	276,387
Goodwill and other identifiable intangible assets	13,841	13,908
Other assets	30,708	22,460
Total assets	$ 12,647,374	$ 11,932,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 3,044,611	$ 2,788,772
Interest-bearing	7,532,999	7,186,952
Total deposits	10,577,610	9,975,724
Federal funds purchased	911,558	851,545
Other borrowings	64,691	64,748
Accrued interest payable	12,865	12,321
Other liabilities	50,165	35,464
Total liabilities	11,616,889	10,939,802
Stockholders' equity:		
Preferred stock, par value $0.001 per share; 1,000,000 authorized and undesignated at March 31, 2021 and December 31 2020	-	-
Common stock, par value $0.001 per share; 100,000,000 shares authorized; 54,137,650 shares issued and outstanding at March 31, 2021, and 53,943,751 shares issued and outstanding at December 31 2020	54	54
Additional paid-in capital	224,302	223,856
Retained earnings	788,875	748,224
Accumulated other comprehensive income	16,754	20,218
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	1,029,985	992,352
Noncontrolling interest	500	500
Total stockholders' equity	1,030,485	992,852
Total liabilities and stockholders' equity	$ 12,647,374	$ 11,932,654

(1) derived from audited financial statements.

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Interest income:		
Interest and fees on loans	$ 93,803	$ 89,385
Taxable securities	5,807	5,154
Nontaxable securities	107	233
Federal funds sold	3	277
Other interest and dividends	676	1,718
Total interest income	100,396	96,767
Interest expense:		
Deposits	6,881	16,745
Borrowed funds	1,150	2,382
Total interest expense	8,031	19,127
Net interest income	92,365	77,640
Provision for credit losses	7,451	13,584
Net interest income after provision for credit losses	84,914	64,056
Noninterest income:		
Service charges on deposit accounts	1,908	1,916
Mortgage banking	2,747	1,071
Credit card income	1,192	1,765
Increase in cash surrender value life insurance	1,658	1,453
Other operating income	958	469
Total noninterest income	8,463	6,674
Noninterest expense:		
Salaries and employee benefits	15,543	15,658
Equipment and occupancy	2,654	2,400
Third party processing and other services	3,416	3,457
Professional services	923	948
FDIC and other regulatory assessments	1,582	1,332
Other real estate owned	157	601
Other operating expense	4,639	3,524
Total noninterest expense	28,914	27,920
Income before income taxes	64,463	42,810
Provision for income taxes	13,008	8,032
Net income	51,455	34,778
Dividends on preferred stock	-	-
Net income available to common stockholders	$ 51,455	$ 34,778
Basic earnings per common share	$ 0.95	$ 0.65
Diluted earnings per common share	$ 0.95	$ 0.64

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net income	$ 51,455	$ 34,778
Other comprehensive (loss) income, net of tax:		
Unrealized net holding (losses) gains arising during period from securities available for sale, net of tax of $(917) and $3,110 for 2021 and 2020, respectively	(3,464)	11,699
Other comprehensive (loss) income, net of tax	(3,464)	11,699
Comprehensive income	$ 47,991	$ 46,477

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Three Months Ended March 31,							
	Common Shares	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest	Total Stockholders' Equity
Balance, January 1, 2020	53,623,740	$ -	$ 54	$ 219,766	$ 616,611	$ 5,749	$ 502	$ 842,682
Common dividends declared, $0.175 per share	-	-	-	-	(9,423)	-	-	(9,423)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	14	-	-	14
Issue restricted shares pursuant to stock incentives	15,300	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	204,969	-	-	2,261	-	-	-	2,261
11,031 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(403)	-	-	-	(403)
Stock-based compensation expense	-	-	-	277	-	-	-	277
Other comprehensive income, net of tax	-	-	-	-	-	11,699	-	11,699
Net income	-	-	-	-	34,778	-	-	34,778
Balance, March 31, 2020	53,844,009	$ -	$ 54	$ 221,901	$ 641,980	$ 17,448	$ 502	$ 881,885
Balance, January 1, 2021	53,943,751	-	54	223,856	748,224	20,218	500	992,852
Common dividends declared, $0.20 per share	-	-	-	-	(10,829)	-	-	(10,829)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	25	-	-	25
Issue restricted shares pursuant to stock incentives, net of forfeitures	42,642	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	151,257	-	-	1,865	-	-	-	1,865
36,243 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(1,710)	-	-	-	(1,710)
Stock-based compensation expense	-	-	-	291	-	-	-	291
Other comprehensive loss, net of tax	-	-	-	-	-	(3,464)	-	(3,464)
Net income	-	-	-	-	51,455	-	-	51,455
Balance, March 31, 2021	54,137,650	$ -	$ 54	$ 224,302	$ 788,875	$ 16,754	$ 500	$ 1,030,485

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
OPERATING ACTIVITIES		
Net income	$ 51,455	$ 34,778
Adjustments to reconcile net income to net cash provided by		
Deferred tax benefit	(137)	(1,267)
Provision for credit losses	7,451	13,584
Depreciation	1,015	921
Amortization of core deposit intangible	67	68
Net amortization of debt securities available for sale	1,701	966
Increase in accrued interest and dividends receivable	493	948
Stock-based compensation expense	291	277
Increase in accrued interest payable	544	465
Proceeds from sale of mortgage loans held for sale	90,227	36,308
Originations of mortgage loans held for sale	(88,889)	(35,672)
Gain on sale of mortgage loans held for sale	(2,747)	(1,071)
Net loss (gain) on sale of other real estate owned and repossessed assets	334	(24)
Write down of other real estate owned and repossessed assets	147	587
Operating losses of tax credit partnerships	4	3
Increase in cash surrender value of life insurance contracts	(1,658)	(1,453)
Net change in other assets, liabilities, and other operating activities	6,462	2,814
Net cash provided by operating activities	66,760	52,232
INVESTMENT ACTIVITIES		
Purchase of debt securities available for sale	(149,719)	(80,149)
Proceeds from maturities, calls and paydowns of debt securities available for sale	72,194	26,778
Investment in tax credit partnership and SBIC	(56)	(111)
Increase in loans	(40,193)	(312,426)
Purchase of premises and equipment	(2,518)	(417)
Proceeds from sale of other real estate owned and repossessed assets	584	454
Net cash used in investing activities	(119,708)	(365,871)
FINANCING ACTIVITIES		
Net increase in non-interest-bearing deposits	255,839	175,747
Net increase in interest-bearing deposits	346,047	126,475
Net increase in federal funds purchased	60,013	72,874
Proceeds from exercise of stock options	1,865	2,261
Taxes paid in net settlement of tax obligation upon exercise of stock options	(1,710)	(403)
Dividends paid on common stock	(10,787)	(9,384)
Net cash provided by financing activities	651,267	367,570
Net increase in cash and cash equivalents	598,319	53,931
Cash and cash equivalents at beginning of period	2,211,411	630,600
Cash and cash equivalents at end of period	$ 2,809,730	$ 684,531
SUPPLEMENTAL DISCLOSURE		
Cash paid for:		
Interest	$ 7,487	$ 18,662
Income taxes	4,294	400
NONCASH TRANSACTIONS		
Other real estate acquired in settlement of loans	$ 364	$ 287
Internally financed sale of other real estate owned	3,779	-
Dividends declared	10,829	9,423

See Notes to Consolidated Financial Statements.

NOTE 1 - GENERAL

The accompanying consolidated financial statements in this report have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, including Regulation S-X and the instructions for Form 10-Q, and have not been audited. These consolidated financial statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments necessary to present fairly the consolidated financial position and the consolidated results of operations for the interim periods have been made. All such adjustments are of a normal nature. The consolidated results of operations are not necessarily indicative of the consolidated results of operations which ServisFirst Bancshares, Inc. (the "Company") may achieve for future interim periods or the entire year. For further information, refer to the consolidated financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2020.

All reported amounts are in thousands except share and per share data.

Allowance for Credit Losses

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was passed on March 27, 2020 and provided financial institutions with the option to delay adoption of ASU 2016-13*, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"). As described below under *Recently Adopted Accounting Pronouncements,* the Company decided to delay its adoption of ASU 2016-13, as provided by the CARES Act, until the earlier of the date on which the national emergency concerning COVID-19 terminates or December 31, 2020, with an effective retrospective implementation date of January 1, 2020. Prior to January 1, 2020, except quarterly periods in 2020 which were not restated, the allowance for credit losses was calculated using an incurred losses methodology.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash on hand, cash items in process of collection, amounts due from banks, and federal funds sold are included in cash and cash equivalents.

NOTE 3 - EARNINGS PER COMMON SHARE

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common share include the dilutive effect of additional potential common shares issuable under stock options.

	Three Months Ended March 31, 2021	2020
	(In Thousands, Except Shares and Per Share Data)	
Earnings per common share		
Weighted average common shares outstanding	54,050,670	53,704,224
Net income available to common stockholders	$ 51,455	$ 34,778
Basic earnings per common share	$ 0.95	$ 0.65
Weighted average common shares outstanding	54,050,670	53,704,224
Dilutive effects of assumed conversions and exercise of stock options and warrants	331,321	463,190
Weighted average common and dilutive potential common shares outstanding	54,381,991	54,167,414
Net income available to common stockholders	$ 51,455	$ 34,778
Diluted earnings per common share	$ 0.95	$ 0.64

NOTE 4 - SECURITIES

The amortized cost and fair value of available-for-sale and held-to-maturity securities atMarch 31, 2021 and December 31, 2020 are summarized as follows:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Allowance For Credit Losses	Fair Value
March 31, 2021			(In Thousands)		
Available for sale debt securities					
U.S. Treasury Securities	$ 13,995	$ 301	$ -	$ -	$ 14,296
Government Agency Securities	12,020	170	-	-	12,190
Mortgage-backed securities	558,985	13,352	(2,795)	-	569,542
State and municipal securities	33,408	303	(189)	-	33,522
Corporate debt	322,320	10,288	(279)	-	332,329
Total	$ 940,728	$ 24,414	$ (3,263)	$ -	$ 961,879
Held to maturity debt securities					
State and municipal securities	$ 250	$ -	$ -	$ -	$ 250
Total	$ 250	$ -	$ -	$ -	$ 250
December 31, 2020					
Available for sale debt securities					
U.S. Treasury Securities	$ 13,993	$ 364	$ -	$ -	$ 14,357
Government Agency Securities	15,228	230	-	-	15,458
Mortgage-backed securities	477,407	17,720	(18)	-	495,109
State and municipal securities	37,671	444	-	-	38,115
Corporate debt	316,857	7,296	(504)	-	323,649
Total	$ 861,156	$ 26,054	$ (522)	$ -	$ 886,688
Held to maturity debt securities					
State and municipal securities	$ 250	$ -	$ -	$ -	$ 250
Total	$ 250	$ -	$ -	$ -	$ 250

The amortized cost and fair value of debt securities as ofMarch 31, 2021 and December 31, 2020 by contractual maturity are shown below. Actual maturities may differ from contractual maturities of mortgage-backed securities since the mortgages underlying the securities may be called or prepaid with or without penalty. Therefore, these securities are not included in the maturity categories along with the other categories of debt securities. Corporate debt is primarily comprised of subordinated notes payable issued by financial institutions. Most of these corporate securities have a contractual maturity of ten years but may be called at the end of their fifth year.

	March 31, 2021		December 31, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(In thousands)		
Available for sale debt securities				
Due within one year	$ 32,331	$ 32,623	$ 30,797	$ 31,060
Due from one to five years	51,309	52,954	59,828	61,481
Due from five to ten years	293,965	302,644	288,002	293,886
Due after ten years	4,138	4,116	5,122	5,152
Mortgage-backed securities	558,985	569,542	477,407	495,109
	$ 940,728	$ 961,879	$ 861,156	$ 886,688
Held to maturity debt securities				
Due from one to five years	$ 250	$ 250	$ 250	$ 250
	$ 250	$ 250	$ 250	$ 250

All mortgage-backed securities are with government-sponsored enterprises (GSEs) such as Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation.

The carrying value of investment securities pledged to secure public funds on deposit and for other purposes as required by law was $468.7 million and $477.6 million as of March 31, 2021 and December 31, 2020, respectively.

The following table identifies, as of March 31, 2021 and December 31, 2020, the Company's investment securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months.

	Less Than Twelve Months		Twelve Months or More		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
			(In Thousands)			
March 31, 2021						
Mortgage-backed securities	$ (2,795)	$ 191,402	$ -	$ -	$ (2,795)	$ 191,402
State and municipal securities	(189)	5,467	-	-	(189)	5,467
Corporate debt	(234)	29,836	(45)	1,990	(279)	31,826
Total	$ (3,218)	$ 226,705	$ (45)	$ 1,990	$ (3,263)	$ 228,694
December 31, 2020						
Mortgage-backed securities	$ (18)	$ 3,667	$ -	$ -	$ (18)	$ 3,667
Corporate debt	(504)	59,576	-	-	(504)	59,576
Total	$ (522)	$ 63,243	$ -	$ -	$ (522)	$ 63,243

At March 31, 2021, no allowance for credit losses has been recognized on available for sale debt securities in an unrealized loss position as the Company does not believe any of the debt securities are credit impaired. This is based on the Company's analysis of the risk characteristics, including credit ratings, and other qualitative factors related to available for sale debt securities. The issuers of these debt securities continue to make timely principal and interest payments under the contractual terms of the securities. Furthermore, the Company does not intend to sell these debt securities and it is more likely than not that the Company will not be required to sell the debt securities before recovery of their amortized cost, which may be at maturity. The unrealized losses are due to increases in market interest rates over the yields available at the time the debt securities were purchased.

NOTE 5 – LOANS

The loan portfolio is classified based on the underlying collateral utilized to secure each loan for financial reporting purposes. This classification is consistent with the Quarterly Report of Condition and Income filed by ServisFirst Bank with the Federal Deposit Insurance Corporation (FDIC).

Commercial, financial and agricultural - Includes loans to business enterprises issued for commercial, industrial, agricultural production and/or other professional purposes. These loans are generally secured by equipment, inventory, and accounts receivable of the borrower and repayment is primarily dependent on business cash flows.

Real estate – construction – Includes loans secured by real estate to finance land development or the construction of industrial, commercial or residential buildings. Repayment is dependent upon the completion and eventual sale, refinance or operation of the related real estate project.

Owner-occupied commercial real estate mortgage – Includes loans secured by nonfarm nonresidential properties for which the primary source of repayment is the cash flow from the ongoing operations conducted by the party that owns the property.

1-4 family real estate mortgage – Includes loans secured by residential properties, including home equity lines of credit. Repayment is primarily dependent on the personal cash flow of the borrower.

Other real estate mortgage – Includes loans secured by nonowner-occupied properties, including office buildings, industrial buildings, warehouses, retail buildings, multifamily residential properties and farmland. Repayment is primarily dependent on income generated from the underlying collateral.

Consumer – Includes loans to individuals not secured by real estate. Repayment is dependent upon the personal cash flow of the borrower.

In light of the U.S. and global economic crisis brought about by the COVID-19 pandemic, the Company has prioritized assisting its clients through this troubled time. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for Paycheck Protection Program ("PPP") loans to be made by banks to employers with less than 500 employees if they continue to employ their existing workers. As of March 31, 2021, the Company has funded approximately 7,100 loans for a total amount of $1.47 billion for clients under the PPP since April 2020, and management expects to continue to participate in any extensions of the PPP by the Treasury Department. At March 31, 2021 and December 31, 2020, unaccreted deferred loan origination fees, net of costs, related to PPP loans totaled $20.4 million and $17.8 million, respectively. PPP loan origination fees recorded to interest income for the three months ended March 31, 2021 and 2020 were $9.1 million and $0, respectively. PPP loans outstanding totaled $967.7 million and $900.5 million at March 31, 2021 and December 31, 2020, respectively. PPP loans are included within the Commercial, financial and agricultural loan category in the table below. No allowance for credit losses has been recorded for PPP loans as they are fully guaranteed by the SBA ("Small Business Administration").

The following table details the Company's loans at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
	(Dollars In Thousands)	
Commercial, financial and agricultural	$ 3,323,093	$ 3,295,900
Real estate - construction	666,592	593,614
Real estate - mortgage:		
Owner-occupied commercial	1,698,695	1,693,428
1-4 family mortgage	685,840	711,692
Other mortgage	2,068,560	2,106,184
Subtotal: Real estate - mortgage	4,453,095	4,511,304
Consumer	62,200	64,870
Total Loans	8,504,980	8,465,688
Less: Allowance for credit losses	(94,906)	(87,942)
Net Loans	$ 8,410,074	$ 8,377,746
Commercial, financial and agricultural	39.07%	38.93%
Real estate - construction	7.84%	7.01%
Real estate - mortgage:		
Owner-occupied commercial	19.97%	20.00%
1-4 family mortgage	8.07%	8.41%
Other mortgage	24.32%	24.88%
Subtotal: Real estate - mortgage	52.36%	53.29%
Consumer	0.73%	0.77%
Total Loans	100.00%	100.00%

The credit quality of the loan portfolio is summarized no less frequently than quarterly using categories similar to the standard asset classification system used by the federal banking agencies. The following table presents credit quality indicators for the credit loss portfolio segments and classes. These categories are utilized to develop the associated allowance for credit losses using historical losses adjusted for current economic conditions defined as follows:

- Pass – loans which are well protected by the current net worth and paying capacity of the obligor (or obligors, if any) or by the fair value, less cost to acquire and sell, of any underlying collateral.
- Special Mention – loans with potential weakness that may, if not reversed or corrected, weaken the credit or inadequately protect the Company's position at some future date. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant an adverse classification.
- Substandard – loans that exhibit well-defined weakness or weaknesses that presently jeopardize debt repayment. These loans are characterized by the distinct possibility that the institution will sustain some loss if the weaknesses are not corrected.
- Doubtful – loans that have all the weaknesses inherent in loans classified substandard, plus the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values highly questionable and improbable.

The table below presents loan balances classified by credit quality indicator, loan type and based on year of origination as of March 31, 2021:

March 31, 2021	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
				(In Thousands)				
Commercial, financial and agricultural								
Pass	$ 451,136	$ 942,305	$ 305,491	$ 202,837	$ 153,959	$ 196,657	$ 993,613	$ 3,245,998
Special Mention	557	1,430	227	9	1,386	384	10,814	14,807
Substandard	-	559	10,570	567	3,741	2,570	44,281	62,288
Doubtful	-	-	-	-	-	-	-	-
Total Commercial, financial and agricultural	$ 451,693	$ 944,294	$ 316,288	$ 203,413	$ 159,086	$ 199,611	$ 1,048,708	$ 3,323,093
Real estate - construction								
Pass	$ 40,168	$ 250,260	$ 238,486	$ 54,129	$ 15,879	$ 19,009	$ 48,426	$ 666,357
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	235	-	235
Doubtful	-	-	-	-	-	-	-	-
Total Real estate - construction	$ 40,168	$ 250,260	$ 238,486	$ 54,129	$ 15,879	$ 19,244	$ 48,426	$ 666,592
Owner-occupied commercial								
Pass	$ 51,008	$ 364,982	$ 263,789	$ 207,599	$ 199,276	$ 551,086	$ 55,790	$ 1,693,530
Special Mention	-	-	-	-	289	1,941	200	2,430
Substandard	-	-	-	-	780	1,716	239	2,735
Doubtful	-	-	-	-	-	-	-	-
Total Owner-occupied commercial	$ 51,008	$ 364,982	$ 263,789	$ 207,599	$ 200,345	$ 554,743	$ 56,229	$ 1,698,695
1-4 family mortgage								
Pass	$ 34,862	$ 170,574	$ 99,727	$ 65,064	$ 50,130	$ 61,073	$ 199,658	$ 681,088
Special Mention	-	680	433	129	104	481	1,111	2,938
Substandard	-	150	367	-	233	217	847	1,814
Doubtful	-	-	-	-	-	-	-	-
Total 1-4 family mortgage	$ 34,862	$ 171,404	$ 100,527	$ 65,193	$ 50,467	$ 61,771	$ 201,616	$ 685,840
Other mortgage								
Pass	$ 90,376	$ 458,320	$ 442,499	$ 216,211	$ 333,266	$ 431,485	$ 71,610	$ 2,043,767
Special Mention	-	-	-	-	2,775	8,989	-	11,764
Substandard	-	-	-	4,567	8,462	-	-	13,029
Doubtful	-	-	-	-	-	-	-	-
Total Other mortgage	$ 90,376	$ 458,320	$ 442,499	$ 220,778	$ 344,503	$ 440,474	$ 71,610	$ 2,068,560
Consumer								
Pass	$ 3,588	$ 16,111	$ 3,990	$ 1,332	$ 1,311	$ 4,373	$ 31,451	$ 62,156
Special Mention	-	-	-	13	-	31	-	44
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Consumer	$ 3,588	$ 16,111	$ 3,990	$ 1,345	$ 1,311	$ 4,404	$ 31,451	$ 62,200
Total Loans								
Pass	$ 671,138	$ 2,202,552	$ 1,353,982	$ 747,172	$ 753,821	$ 1,263,683	$ 1,400,548	$ 8,392,896
Special Mention	557	2,110	660	151	4,554	11,826	12,125	31,983
Substandard	-	709	10,937	5,134	13,216	4,738	45,367	80,101
Doubtful	-	-	-	-	-	-	-	-
Total Loans	$ 671,695	$ 2,205,371	$ 1,365,579	$ 752,457	$ 771,591	$ 1,280,247	$ 1,458,040	$ 8,504,980

Loans by credit quality indicator, loan type and based on year of origination as ofDecember 31, 2020 were as follows:

December 31, 2020	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total
				(In Thousands)				
Commercial, financial and agricultural								
Pass	$ 1,260,341	$ 332,690	$ 229,838	$ 169,616	$ 89,893	$ 137,021	$ 988,093	$ 3,207,492
Special Mention	2,551	1,404	10	253	163	281	14,948	19,610
Substandard	569	10,639	617	5,447	963	2,038	48,525	68,798
Doubtful	-	-	-	-	-	-	-	-
Total Commercial, financial and agricultural	$ 1,263,461	$ 344,733	$ 230,465	$ 175,316	$ 91,019	$ 139,340	$ 1,051,566	$ 3,295,900
Real estate - construction								
Pass	$ 230,931	$ 222,357	$ 53,981	$ 16,361	$ 7,677	$ 13,816	$ 48,256	$ 593,379
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	235	-	235
Doubtful	-	-	-	-	-	-	-	-
Total Real estate - construction	$ 230,931	$ 222,357	$ 53,981	$ 16,361	$ 7,677	$ 14,051	$ 48,256	$ 593,614
Owner-occupied commercial								
Pass	$ 351,808	$ 271,645	$ 221,513	$ 198,935	$ 158,531	$ 417,743	$ 61,119	$ 1,681,294
Special Mention	-	-	-	6,524	543	1,873	200	9,140
Substandard	-	-	12	780	-	1,962	240	2,994
Doubtful	-	-	-	-	-	-	-	-
Total Owner-occupied commercial	$ 351,808	$ 271,645	$ 221,525	$ 206,239	$ 159,074	$ 421,578	$ 61,559	$ 1,693,428
1-4 family mortgage								
Pass	$ 179,314	$ 111,016	$ 70,381	$ 60,774	$ 27,985	$ 44,111	$ 212,616	$ 706,197
Special Mention	508	-	-	105	481	-	1,112	2,206
Substandard	350	126	-	235	218	-	2,360	3,289
Doubtful	-	-	-	-	-	-	-	-
Total 1-4 family mortgage	$ 180,172	$ 111,142	$ 70,381	$ 61,114	$ 28,684	$ 44,111	$ 216,088	$ 711,692
Other mortgage								
Pass	$ 470,086	$ 470,092	$ 250,945	$ 368,283	$ 180,244	$ 272,722	$ 68,721	$ 2,081,093
Special Mention	-	-	-	2,793	541	8,566	-	11,900
Substandard	-	50	4,589	8,552	-	-	-	13,191
Doubtful	-	-	-	-	-	-	-	-
Total Other mortgage	$ 470,086	$ 470,142	$ 255,534	$ 379,628	$ 180,785	$ 281,288	$ 68,721	$ 2,106,184
Consumer								
Pass	$ 20,410	$ 4,421	$ 1,551	$ 1,671	$ 1,031	$ 3,615	$ 32,125	$ 64,824
Special Mention	-	-	15	-	31	-	-	46
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Consumer	$ 20,410	$ 4,421	$ 1,566	$ 1,671	$ 1,062	$ 3,615	$ 32,125	$ 64,870
Total Loans								
Pass	$ 2,512,890	$ 1,412,221	$ 828,209	$ 815,640	$ 465,361	$ 889,028	$ 1,410,930	$ 8,334,279
Special Mention	3,059	1,404	25	9,675	1,759	10,720	16,260	42,902
Substandard	919	10,815	5,218	15,014	1,181	4,235	51,125	88,507
Doubtful	-	-	-	-	-	-	-	-
Total Loans	$ 2,516,868	$ 1,424,440	$ 833,452	$ 840,329	$ 468,301	$ 903,983	$ 1,478,315	$ 8,465,688

Loans by performance status as of March 31, 2021 and December 31, 2020 were as follows:

March 31, 2021	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 3,313,167	$ 9,926	$ 3,323,093
Real estate - construction	666,358	234	666,592
Real estate - mortgage:			
Owner-occupied commercial	1,696,686	2,009	1,698,695
1-4 family mortgage	684,917	923	685,840
Other mortgage	2,063,799	4,761	2,068,560
Total real estate - mortgage	4,445,402	7,693	4,453,095
Consumer	62,161	39	62,200
Total	$ 8,487,088	$ 17,892	$ 8,504,980

December 31, 2020	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 3,284,180	$ 11,720	$ 3,295,900
Real estate - construction	593,380	234	593,614
Real estate - mortgage:			
Owner-occupied commercial	1,692,169	1,259	1,693,428
1-4 family mortgage	710,817	875	711,692
Other mortgage	2,101,379	4,805	2,106,184
Total real estate - mortgage	4,504,365	6,939	4,511,304
Consumer	64,809	61	64,870
Total	$ 8,446,734	$ 18,954	$ 8,465,688

Loans by past due status as of March 31, 2021 and December 31, 2020 were as follows:

March 31, 2021	Past Due Status (Accruing Loans)							
	30-59 Days	60-89 Days	90+ Days	Total Past Due	Total Nonaccrual	Current	Total Loans	Nonaccrual With No ACL
				(In Thousands)				
Commercial, financial and agricultural	$ 119	$ -	$ 4	$ 123	$ 9,922	$ 3,313,048	$ 3,323,093	$ 6,946
Real estate - construction	-	-	-	-	234	666,358	666,592	-
Real estate - mortgage:								
Owner-occupied commercial	-	-	-	-	2,009	1,696,686	1,698,695	1,229
1-4 family mortgage	782	178	-	960	923	683,957	685,840	327
Other mortgage	15	-	4,761	4,776	-	2,063,784	2,068,560	-
Total real estate - mortgage	797	178	4,761	5,736	2,932	4,444,427	4,453,095	1,556
Consumer	89	10	39	138	-	62,062	62,200	-
Total	$ 1,005	$ 188	$ 4,804	$ 5,997	$ 13,088	$ 8,485,895	$ 8,504,980	$ 8,502

December 31, 2020	Past Due Status (Accruing Loans)							
	30-59 Days	60-89 Days	90+ Days	Total Past Due	Total Nonaccrual	Current	Total Loans	Nonaccrual With No ACL
				(In Thousands)				
Commercial, financial and agricultural	$ 92	$ 1,738	$ 11	$ 1,841	$ 11,709	$ 3,282,350	$ 3,295,900	$ 5,101
Real estate - construction	-	-	-	-	234	593,380	593,614	-
Real estate - mortgage:								
Owner-occupied commercial	-	995	-	995	1,259	1,691,174	1,693,428	467
1-4 family mortgage	61	1,073	104	1,238	771	709,683	711,692	512
Other mortgage	18	-	4,805	4,823	-	2,101,361	2,106,184	-
Total real estate - mortgage	79	2,068	4,909	7,056	2,030	4,502,218	4,511,304	979
Consumer	64	13	61	138	-	64,732	64,870	-
Total	$ 235	$ 3,819	$ 4,981	$ 9,035	$ 13,973	$ 8,442,680	$ 8,465,688	$ 6,080

As described in *Note 9 - Recently Adopted Accounting Pronouncements*, the Company adopted ASU 2016-13 on January 1, 2020, which introduced the CECL methodology for estimating all expected losses over the life of a financial asset. Under the CECL methodology, the allowance for credit losses is measured on a collective basis for pools of loans with similar risk characteristics. For loans that do not share similar risk characteristics with the collectively evaluated pools, evaluations are performed on an individual basis. For all loan segments collectively evaluated, losses are predicted over a period of time determined to be reasonable and supportable, and at the end of the reasonable and supportable forecast period losses are reverted to long term historical averages. The estimated loan losses for all loan segments are adjusted for changes in qualitative factors not inherently considered in the quantitative analyses.

The Company uses the discounted cash flow ("DCF") method to estimate ACL for all loan pools except for commercial revolving lines of credit and credit cards. For all loan pools utilizing the DCF method, the Company utilizes and forecasts national unemployment rate as a loss driver. The Company also utilizes and forecasts GDP growth as a second loss driver for its agricultural and consumer loan pools. Consistent forecasts of the loss drivers are used across the loan segments. At March 31, 2021 and December 31, 2020, the Company utilized a reasonable and supportable forecast period of twelve months followed by a six-month straight-line reversion to long term averages. The Company leveraged economic projections from reputable and independent sources to inform its loss driver forecasts. The Company expects national unemployment to remain above pre-pandemic levels over the forecast period with an improved national GDP growth rate as the economy comes back on-line over the next year.

The Company uses a loss-rate method to estimate expected credit losses for its commercial revolving lines of credit and credit card pools. The commercial revolving lines of credit pool incorporates a probability of default ("PD") and loss given default ("LGD") modeling approach. This approach involves estimating the pool average life and then using historical correlations of default and loss experience over time to calculate the lifetime PD and LGD. These two inputs are then applied to the outstanding pool balance. The credit card pool incorporates a remaining life modeling approach, which utilizes an attrition-based method to estimate the remaining life of the pool. A quarterly average loss rate is then calculated using the Company's historical loss data. The model reduces the pool balance quarterly on a straight-line basis over the estimated life of the pool. The quarterly loss rate is multiplied by the outstanding balance at each period-end resulting in an estimated loss for each quarter. The sum of estimated loss for all quarters is the total calculated reserve for the pool. Management has applied the loss-rate method to C&I lines of credit and to credit cards due to their generally short-term nature. An expected loss ratio is applied based on internal and peer historical losses.

Each loan pool is adjusted for qualitative factorsnot inherently considered in the quantitative analyses. The qualitative adjustments either increase or decrease the quantitative model estimation. The Company considers factors that are relevant within the qualitative framework which include the following: lending policy, changes in nature and volume of loans, staff experience, changes in volume and trends of problem loans, concentration risk, trends in underlying collateral values, external factors, quality of loan review system and other economic conditions.

Inherent risks in the loan portfolio will differ based on type of loan. Specific risk characteristics by loan portfolio segment are listed below:

Commercial and industrial loans include risks associated with borrower's cash flow, debt service coverage and management's expertise. These loans are subject to the risk that the Company may have difficulty converting collateral to a liquid asset if necessary, as well as risks associated with degree of specialization, mobility and general collectability in a default situation. These commercial loans may be subject to many different types of risks, including fraud, bankruptcy, economic downturn, deteriorated or non-existent collateral, and changes in interest rates.

Real estate construction loans include risks associated with the borrower's credit-worthiness, contractor's qualifications, borrower and contractor performance, and the overall risk and complexity of the proposed project. Construction lending is also subject to risks associated with sub-market dynamics, including population, employment trends and household income. During times of economic stress, this type of loan has typically had a greater degree of risk than other loan types.

Real estate mortgage loans consist of loans secured by commercial and residential real estate. Commercial real estate lending is dependent upon successful management, marketing and expense supervision necessary to maintain the property. Repayment of these loans may be adversely affected by conditions in the real estate market or the general economy. Also, commercial real estate loans typically involve relatively large loan balances to a single borrower. Residential real estate lending risks are generally less significant than those of other loans. Real estate lending risks include fluctuations in the value of real estate, bankruptcies, economic downturn and customer financial problems.

Consumer loans carry a moderate degree of risk compared to other loans. They are generally more risky than traditional residential real estate loans but less risky than commercial loans. Risk of default is usually determined by the well-being of the local economies. During times of economic stress, there is usually some level of job loss both nationally and locally, which directly affects the ability of the consumer to repay debt.

The following table presents changes in the allowance for credit losses, and allowance for loan losses, segregated by loan type, for the three months ended March 31, 2021 and March 31, 2020.

	Commercial, financial and agricultural	Real estate - construction	Real estate - mortgage	Consumer	Total
			(In Thousands)		
			Three Months Ended March 31, 2021		
Allowance for credit losses:					
Balance at December 31, 2020	$ 36,370	$ 16,057	$ 33,722	$ 1,793	$ 87,942
Charge-offs	(477)	-	(12)	(87)	(576)
Recoveries	26	50	1	12	89
Provision	2,313	3,284	1,896	(42)	7,451
Balance at March 31, 2021	$ 38,232	$ 19,391	$ 35,607	$ 1,676	$ 94,906
			Three Months Ended March 31, 2020		
Allowance for loan losses:					
Balance at December 31, 2019	$ 43,666	$ 2,768	$ 29,653	$ 497	$ 76,584
Charge-offs	(2,640)	(454)	(1,678)	(58)	(4,830)
Recoveries	62	1	1	12	76
Provision	7,692	1,442	4,384	66	13,584
Balance at March 31, 2020	$ 48,780	$ 3,757	$ 32,360	$ 517	$ 85,414

The following table details the allowance for loan losses and recorded investment in loans by impairment evaluation method as of March 31, 2020, as determined in accordance with ASC 310 prior to the adoption of ASU 2016-13:

	Commercial, financial and agricultural	Real estate - construction	Real estate - mortgage	Consumer	Total
			(In Thousands)		
Allowance for loan losses:					
Individually Evaluated for Impairment	$ 8,840	$ 351	$ 931	$ -	$ 10,122
Collectively Evaluated for Impairment	39,940	3,406	31,429	517	75,292
Loans:					
Ending Balance	$ 2,771,307	$ 548,578	$ 4,188,539	$ 60,412	$ 7,568,836
Individually Evaluated for Impairment	44,868	1,834	13,815	9	60,526
Collectively Evaluated for Impairment	2,726,439	546,744	4,174,724	60,403	7,508,310

We maintain an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans, modified to take into account the probability of a drawdown on the commitment. The allowance for credit losses on unfunded loan commitments is classified as a liability account on the balance sheet within other liabilities, while the corresponding provision for these credit losses is recorded as a component of other expense. The allowance for credit losses on unfunded commitments was $2.8 million at March 31, 2021 and $2.2 million at December 31, 2020. The provision expense for unfunded commitments for the three months ended March 31, 2021 and March 31, 2020 was $600,000 and $0, respectively. Prior to January 1, 2020, except quarterly periods in 2020 which were not restated, the allowance for losses on unfunded loan commitments was calculated using an incurred losses methodology.

Loans that no longer share similar risk characteristics with collectively evaluated pools are estimated on an individual basis. A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The following table summarizes collateral-dependent gross loans held for investment by collateral type as follows:

March 31, 2021	Real Estate	Accounts Receivable	Equipment	Other	Total	ACL Allocation
			(In Thousands)			
Commercial, financial and agricultural	$ 13,987	$ 24,957	$ 17,742	$ 5,603	$ 62,289	$ 8,675
Real estate - construction	235	-	-	-	235	1
Real estate - mortgage:						
Owner-occupied commercial	2,007	729	-	-	2,736	497
1-4 family mortgage	1,738	-	-	25	1,763	-
Other mortgage	13,079	-	-	-	13,079	-
Total real estate - mortgage	16,824	729	-	25	17,578	497
Consumer	-	-	-	-	-	-
Total	$ 31,046	$ 25,686	$ 17,742	$ 5,628	$ 80,102	$ 9,173

December 31, 2020	Real Estate	Accounts Receivable	Equipment	Other	Total	ACL Allocation
			(In Thousands)			
Commercial, financial and agricultural	$ 19,373	$ 27,952	$ 16,877	$ 4,594	$ 68,796	$ 7,142
Real estate - construction	235	-	-	-	235	1
Real estate - mortgage:						
Owner-occupied commercial	2,012	971	-	12	2,995	499
1-4 family mortgage	3,264	-	-	24	3,288	48
Other mortgage	13,191	-	-	-	13,191	-
Total real estate - mortgage	18,467	971	-	36	19,474	547
Consumer	-	-	-	-	-	-
Total	$ 38,075	$ 28,923	$ 16,877	$ 4,630	$ 88,505	$ 7,690

On March 22, 2020, the Interagency Statement was issued by banking regulators that encourages financial institutions to work prudently with borrowers who are or may be unable to meet their contractual payment obligations due to the effects of COVID-19. Additionally, Section 4013 of the CARES Act further provides that a qualified loan modification is exempt by law from classification as a TDR as defined by GAAP, from the period beginning March 1, 2020 until the earlier of December 31, 2020 or the date that is 60 days after the date on which the national emergency concerning the COVID-19 outbreak declared by the President of the United States under the National Emergencies Act terminates. The Interagency Statement was subsequently revised in April 2020 to clarify the interaction of the original guidance with Section 4013 of the CARES Act, as well as setting forth the banking regulators' views on consumer protection considerations. On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act 2021, which extended the period established by Section 4013 of the CARES Act to the earlier of January 1, 2022 or the date that is 60 days after the date on which the national COVID-19 emergency terminates. In accordance with such guidance, the Bank is offering short-term modifications made in response to COVID-19 to borrowers who are current and otherwise not past due. These include short-term (180 days or less) modifications in the form of payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant. As of March 31, 2021, there were 29 loans outstanding totaling $6.2 million that have payment deferrals in connection with the COVID-19 relief provided by the CARES Act. All of these remaining deferrals were principal and interest deferrals. The CARES Act precluded all of the ServisFirst COVID-19 loan modifications from being classified as a TDR as of March 31, 2021.

Troubled Debt Restructurings ("TDR") at March 31, 2021, December 31, 2020 and March 31, 2020 totaled $3.5 million, $1.5 million and $2.4 million, respectively. The portion of those TDRs accruing interest at March 31, 2021, December 31, 2020 and March 31, 2020 totaled $794,000, $818,000 and $975,000, respectively. The following tables present loans modified in a TDR during the periods ended March 31, 2021 and March 31, 2020 by portfolio segment and the financial impact of those modifications. The tables include modifications made to new TDRs, as well as renewals of existing TDRs.

	Three Months Ended March 31, 2021		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(In Thousands)	
Troubled Debt Restructurings			
Commercial, financial and agricultural	2	$ 1,155	$ 1,155
Real estate - construction	-	-	-
Real estate - mortgage:			
Owner-occupied commercial	1	991	991
1-4 family mortgage	-	-	-
Other mortgage	-	-	-
Total real estate mortgage	1	991	991
Consumer	-	-	-
	3	$ 2,146	$ 2,146

	Three Months Ended March 31, 2020		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(In Thousands)	
Troubled Debt Restructurings			
Commercial, financial and agricultural	1	$ 350	$ 350
Real estate - construction	-	-	-
Real estate - mortgage:			
Owner-occupied commercial	-	-	-
1-4 family mortgage	-	-	-
Other mortgage	-	-	-
Total real estate mortgage	-	-	-
Consumer	-	-	-
	1	$ 350	$ 350

There were no loans which were modified in the previous twelve months (i.e., the twelve months prior to default) that defaulted during the three months ended March 31, 2021 and March 31, 2020. For purposes of this disclosure, default is defined as 90 days past due and still accruing or placement on nonaccrual status.

NOTE 6 – LEASES

The Company leases space under non-cancelable operating leases for several of its banking offices and certain office equipment. The leases have remaining terms up to 10 years. At March 31, 2021, the Company had lease right-of-use assets and lease liabilities totaling $18.5 million and $18.8 million, respectively, compared to $10.5 million and $10.6 million, respectively at December 31, 2020 which are reflected in other assets and other liabilities, respectively, in the Company's Consolidated Balance Sheet.

Maturities of operating lease liabilities as of March 31, 2021 are as follows:

	March 31, 2021
	(In Thousands)
2021 (remaining)	$ 3,055
2022	3,423
2023	3,061
2024	2,189
2025	2,157
thereafter	6,974
Total lease payments	20,859
Less: imputed interest	(2,078)
Present value of operating lease liabilities	$ 18,782

As of March 31, 2021, the weighted average remaining term of operating leases was 7.06 years and the weighted average discount rate used in the measurement of operating lease liabilities was 3.21%.

Operating cash flows related to leases were $747,000 and $852,000 for the three months ended March 31, 2021 and 2020, respectively.

Lease costs during the three months ended March 31, 2021 and 2020 were as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Operating lease cost	$ 899	$ 873
Short-term lease cost	-	16
Variable lease cost	81	44
Sublease income	(19)	(16)
Net lease cost	$ 961	$ 917

NOTE 7 - EMPLOYEE AND DIRECTOR BENEFITS

Stock Options

At March 31, 2021, the Company had stock incentive plans as described below. The compensation cost that has been charged to earnings for the plans was approximately $291,000 and $276,000 for the three months ended March 31, 2021 and 2020, respectively.

The Company's 2009 Amended and Restated Stock Incentive Plan authorizes the grant of up to 5,550,000 shares and allows for the issuance of Stock Appreciation Rights, Restricted Stock, Stock Options, Non-stock Share Equivalents, Performance Shares or Performance Units. Both plans allow for the grant of incentive stock options and non-qualified stock options, and option awards are granted with an exercise price equal to the fair market value of the Company's common stock at the date of grant. The maximum term of the options granted under the plans is ten years.

The Company estimates the fair value of each stock option award using a Black-Scholes-Merton valuation model which incorporates the assumptions noted in the following table. Expected volatilities are based on an index of southeastern United States publicly traded banks. The expected term for options granted is based on the short-cut method and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U. S. Treasury yield curve in effect at the time of grant.

	2021
Expected volatility	40.00%
Expected dividends	1.78%
Expected term (in years)	7.5
Risk-free rate	2.43%

The weighted average grant-date fair value of options granted during thethree months ended March 31, 2021 was $12.73. There were no grants of stock options during the three months ended March 31, 2020.

The following table summarizes stock option activity during thethree months ended March 31, 2021 and 2020:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In Thousands)
Three Months Ended March 31, 2021:				
Outstanding January 1, 2021	640,950	$ 18.14	4.6	$ 16,981
Granted	500	32.60	8.2	14
Exercised	(187,500)	9.92	3.3	9,639
Forfeited	(6,000)	5.82	0.8	79
Outstanding March 31, 2021	447,950	19.64	4.6	$ 14,859
Exercisable March 31, 2021	329,700	$ 13.57	3.7	$ 15,962
Three Months Ended March 31, 2020:				
Outstanding January 1, 2020	965,248	$ 15.19	4.9	$ 21,911
Granted	-	-	-	-
Exercised	(216,000)	10.47	3.3	4,072
Forfeited	(18,000)	30.79	6.9	26
Outstanding March 31, 2020	731,248	17.68	5.4	$ 12,969
Exercisable March 31, 2020	210,500	$ 16.54	5.0	$ 7,146

As of March 31, 2021, there was $604,000 of total unrecognized compensation cost related to non-vested stock options. The cost is expected to be recognized on the straight-line method over the next 2.0 years.

Restricted Stock and Performance Shares

The Company periodically grants restricted stock awards that vest upon time-based service conditions. Dividend payments are made during the vesting period. The value of restricted stock is determined to be the current value of the Company's stock, and this total value will be recognized as compensation expense over the vesting period. As of March 31, 2021, there was $3.2 million of total unrecognized compensation cost related to non-vested time-based restricted stock. The cost is expected to be recognized evenly over the remaining 2.7 years of the restricted stock's vesting period.

The Company periodically grants performance shares that give plan participants the opportunity to earn between0% and 150% of the number of performance shares granted based on achieving certain performance metrics. The number of performance shares earned is determined by reference to the Company's total shareholder return relative to a peer group of other publicly traded banks and bank holding companies during the performance period. The performance period is generally three years starting on the grant date. The fair value of the performance shares is determined using a Monte Carlo simulation model on the grant date.

	Restricted Stock		Performance Shares	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Three Months Ended March 31, 2021:				
Non-vested at January 1, 2021	84,307	$ 34.92	-	$ -
Granted	48,217	42.07	12,437	37.05
Vested	(5,158)	22.72	-	-
Forfeited	(5,575)	38.96	-	-
Non-vested at March 31, 2021	121,791	38.08	12,437	37.05
Three Months Ended March 31, 2020:				
Non-vested at January 1, 2020	71,290	$ 31.53	-	$ -
Granted	15,300	39.45	-	-
Vested	(8,376)	18.64	-	-
Forfeited	-	-	-	-
Non-vested at March 31, 2020	78,214	34.46	-	-

NOTE 8 - DERIVATIVES

The Company periodically enters into derivative contracts to manage exposures to movements in interest rates. The Company purchased an interest rate cap in May of 2020 to limit exposures to increases in interest rates. The interest rate cap isnot designated as a hedging instrument but rather as a stand-alone derivative. The interest rate cap has an original term of 3 years, a notional amount of $300 million and is tied to the one-month LIBOR rate with a strike rate of0.50%. The fair value of the interest rate cap is carried on the balance sheet in other assets and the change in fair value is recognized in noninterest income each quarter. At March 31, 2021 the interest rate cap had a fair value of $414,000 and remaining term of 2.1 years. If LIBOR is deemed unrepresentative at any time, the reference rate for the cap would be governed by the fallback protocol where LIBOR will be adjusted to the Secured Overnight Financing Rate (“SOFR”) plus the five-year median spread.

The Company has entered into agreements with secondary market investors to deliver loans on a “best efforts delivery” basis. When a rate is committed to a borrower, it is based on the best price that day and locked with the investor for the customer for a 30-day period. In the event the loan isnot delivered to the investor, the Company has no risk or exposure with the investor. The interest rate lock commitments related to loans that are originated for later sale are classified as derivatives. The fair values of the Company’s agreements with investors and rate lock commitments to customers as of March 31, 2021 and December 31, 2020 were not material.

NOTE 9 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which is essentially the final rule on use of the so-called CECL model, or current expected credit losses. Among other things, ASC 326 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, gave financial institutions the option to delay adoption of CECL. The Company elected to delay its adoption of the update until the earlier of the date the national emergency concerning COVID-19 terminates or December 31, 2020, with an effective retrospective adoption date of January 1, 2020. Amounts reported for periods beginning on or after January 1, 2020 are presented under ASC 326, except quarterly periods in 2020, which were not restated under CECL and all prior period information is presented in accordance with previously applicable GAAP. Based on prevailing economic conditions and forecasts as of January 1, 2020, the Company recognized a cumulative net increase to retained earnings of $1.1 million, net of tax, attributable to a decrease in the allowance for credit losses of $2.0 million, an increase in the allowance for off balance sheet credit exposures of $0.5 million, and a decrease in deferred tax assets of $0.4 million. This was the result of implementing a more quantitative methodology. The commercial, financial, and agricultural loan category decreased $8.2 million due to the portfolio primarily consisting of loans with generally short contractual maturities. This was partially offset by an increase of $6.2 million in the real estate – construction loan category due to the application of peer loss rates within the discounted cash flow pool reserve methodology. Peer historical loss rates were utilized to better align with loss expectations given the Company’s low historical loss experience in this category.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* The update provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. The guidance is intended to help stakeholders during the global market-wide reference rate transition period. Therefore, it will be effective for a limited time, starting March 12, 2020 through December 31, 2022. The Company has identified a replacement reference rate established by the American Financial Exchange. This rate is based on an active market of daily fund trading among participant banks. The Company will apply the guidance provided by this ASU in transitioning to the new reference rate.

NOTE 10 – RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, FASB issued ASU *2020-06, Debt-Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity's Own Equity (Topic 815): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.* The update is intended to simplify accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The update removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The update also simplifies the diluted earnings per share calculation in certain areas. The update is effective for the Company for its fiscal year beginning after December 15, 2021, including interim periods within those years. Early adoption will be permitted. The Company does not currently have any convertible debt instruments outstanding so does not believe that the update will have an impact on its financial statements.

NOTE 11 - FAIR VALUE MEASUREMENT

Measurement of fair value under U.S. GAAP establishes a hierarchy that prioritizes observable and unobservable inputs used to measure fair value, as of the measurement date, into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and also considers counterparty credit risk in its assessment of fair value.

Debt Securities. Where quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Level 1 securities include highly liquid government securities such as U.S. Treasuries and exchange-traded equity securities. For securities traded in secondary markets for which quoted market prices are not available, the Company generally relies on pricing services provided by independent vendors. Such independent pricing services are to advise the Company on the carrying value of the securities available for sale portfolio. As part of the Company's procedures, the price provided from the service is evaluated for reasonableness given market changes. When a questionable price exists, the Company investigates further to determine if the price is valid. If needed, other market participants may be utilized to determine the correct fair value. The Company has also reviewed and confirmed its determinations in discussions with the pricing source regarding their methods of price discovery. Securities measured with these techniques are classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow calculations using inputs observable in the market where available. Examples include U.S. government agency securities, mortgage-backed securities, obligations of states and political subdivisions, and certain corporate, asset-backed and other securities. The Company periodically buys corporate debt securities in private placement transactions. Level 2 inputs are not available for these securities. The Company uses average observable prices of similar corporate securities owned by the Company to value such securities and are classified in Level 3 of the hierarchy. The weighted average value as of March 31, 2021 was 3% observed for the Company's other similar corporate securities.

Derivative instruments. The fair values of derivatives are determined based on a valuation pricing model using readily available observable market parameters such as interest rate curves, adjusted for counterparty credit risk. These measurements are classified as level 2 within the valuation hierarchy.

Loans Individually Evaluated. Loans individually evaluated are measured and reported at fair value when full payment under the loan terms is not probable. Loans individually evaluated are carried at the present value of expected future cash flows using the loan's existing rate in a discounted cash flow calculation, or the fair value of the collateral if the loan is collateral-dependent. Expected cash flows are based on internal inputs reflecting expected default rates on contractual cash flows. This method of estimating fair value does not incorporate the exit-price concept of fair value described in ASC 820-10 and would generally result in a higher value than the exit-price approach. For loans measured using the estimated fair value of collateral less costs to sell, fair value is generally determined based on appraisals performed by certified and licensed appraisers using inputs such as absorption rates, capitalization rates and market comparables, adjusted for estimated costs to sell. Management modifies the appraised values, if needed, to take into account recent developments in the market or other factors, such as changes in absorption rates or market conditions from the time of valuation, and anticipated sales values considering management's plans for disposition. Such modifications to the appraised values could result in lower valuations of such collateral. Estimated costs to sell are based on current amounts of disposal costs for similar assets. These measurements are classified as Level 3 within the valuation hierarchy. Loans individually evaluated are subject to nonrecurring fair value adjustment upon initial recognition or subsequent individually evaluation. A portion of the allowance for credit losses is allocated to loans individually evaluated if the value of such loans is deemed to be less than the unpaid balance. The range of fair value adjustments and weighted average adjustment as of March 31, 2021 was 0% to 64% and 25.6%, respectively. The range of fair value adjustments and weighted average adjustment as of December 31, 2020 was 0% to 56% and 22.3% respectively. Loans individually evaluated are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly based on the same factors identified above. The amount recognized to write-down individually evaluated loans that are measured at fair value on a nonrecurring basis was $2.0 million during the three months ended March 31, 2021, and $5.0 million during the three months ended March 31, 2020.

Other Real Estate Owned. Other real estate assets ("OREO") acquired through, or in lieu of, foreclosure are held for sale and are initially recorded at the lower of cost or fair value, less selling costs. Any write-downs to fair value at the time of transfer to OREO are charged to the allowance for credit losses subsequent to foreclosure. Values are derived from appraisals of underlying collateral and discounted cash flow analysis. Appraisals are performed by certified and licensed appraisers. Subsequent to foreclosure, valuations are updated periodically and assets are marked to current fair value, not to exceed the new cost basis. In the determination of fair value subsequent to foreclosure, management also considers other factors or recent developments, such as changes in absorption rates and market conditions from the time of valuation, and anticipated sales values considering management's plans for disposition, which could result in adjustment to lower the property value estimates indicated in the appraisals. The range of fair value adjustments and weighted average adjustment as of March 31, 2021 was 5% to 25% and 15.9%, respectively. The range of fair value adjustments and weighted average adjustment as of December 31, 2020 was 5% to 27% and 12.5%, respectively. These measurements are classified as Level 3 within the valuation hierarchy. A loss on the sale and write-downs of OREO of $432,000 and $563,000 was recognized during the three months ended March 31, 2021 and 2020, respectively. These charges were for write-downs in the value of OREO subsequent to foreclosure and losses on the disposal of OREO. OREO is classified within Level 3 of the hierarchy.

There was one residential real estate loan with a balance of $150,000 foreclosed and classified as OREO as of March 31, 2021, compared to one residential real estate loan foreclosure for $209,000 as of December 31, 2020.

One residential real estate loan for $928,000 was in the process of being foreclosed as of March 31, 2021. There were no residential real estate loans in process of foreclosure as of December 31, 2020.

The following table presents the Company's financial assets carried at fair value on a recurring basis as of March 31, 2021 and December 31, 2020. There were no liabilities measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020.

	Fair Value Measurements at March 31, 2021 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured on a Recurring Basis:		(In Thousands)		
Available for sale debt securities:				
U.S. Treasury securities	$ -	$ 14,296	$ -	$ 14,296
Government agency securities	-	12,190	-	12,190
Mortgage-backed securities	-	569,542	-	569,542
State and municipal securities	-	33,522	-	33,522
Corporate debt	-	322,028	10,301	332,329
Total available-for-sale debt securities	-	951,578	10,301	961,879
Interest rate cap derivative	-	414	-	414
Total assets at fair value	$ -	$ 951,992	$ 10,301	$ 962,293

	Fair Value Measurements at December 31, 2020 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured on a Recurring Basis:		(In Thousands)		
Available for sale debt securities:				
U.S. Treasury securities	$ -	$ 14,357	$ -	$ 14,357
Government agency securities	-	15,458	-	15,458
Mortgage-backed securities	-	495,109	-	495,109
State and municipal securities	-	38,115	-	38,115
Corporate debt	-	323,649	-	323,649
Total available-for-sale debt securities	-	886,688	-	886,688
Interest rate cap derivative	-	139	-	139
Total assets at fair value	$ -	$ 886,827	$ -	$ 886,827

During the three months ended March 31, 2021, two securities with a fair value of $6.2 million were transferred to level 3 in the hierarchy and one security with a fair value of $4.1 million was purchased.

The following table presents the Company’s financial assets carried at fair value on a nonrecurring basis as ofMarch 31, 2021 and December 31, 2020. There were no liabilities measured at fair value on a non-recurring basis as of March 31, 2021 and December 31, 2020.

	Fair Value Measurements at March 31, 2021 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured on a Nonrecurring Basis:		(In Thousands)		
Loans individually evaluated	$ -	$ -	$ 70,929	$ 70,929
Other real estate owned and repossessed assets	-	-	2,067	2,067
Total assets at fair value	$ -	$ -	$ 72,996	$ 72,996

	Fair Value Measurements at December 31, 2020 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured on a Nonrecurring Basis:		(In Thousands)		
Loans individually evaluated	$ -	$ -	$ 80,817	$ 80,817
Other real estate owned	-	-	6,497	6,497
Total assets at fair value	$ -	$ -	$ 87,314	$ 87,314

The fair value of a financial instrument is the current amount that would be exchanged in a sale between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Current U.S. GAAP excludes certain financial instruments and all nonfinancial instruments from its fair value disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The estimated fair values of the Company’s financial instruments not measured at fair value on a recurring or non-recurring basis as ofMarch 31, 2021 and December 31, 2020 were as follows:

	March 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(In Thousands)		
Financial Assets:				
Level 1 inputs:				
Cash and cash equivalents	$ 2,808,153	$ 2,808,153	$ 2,209,640	$ 2,209,640
Level 2 inputs:				
Federal funds sold	1,577	1,577	1,771	1,771
Mortgage loans held for sale	15,834	15,551	14,425	14,497
Level 3 Inputs:				
Held to maturity debt securities	250	250	250	250
Loans, net	8,410,074	8,428,969	8,377,746	8,387,718
Financial Liabilities:				
Level 2 inputs:				
Deposits	$ 10,577,610	$ 10,587,038	$ 9,975,724	$ 9,987,665
Federal funds purchased	911,558	911,558	851,545	851,545
Other borrowings	64,691	65,548	64,748	65,560

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is designed to provide a better understanding of various factors relating to the results of operations and financial condition of ServisFirst Bancshares, Inc. (the "Company") and its wholly owned subsidiary, ServisFirst Bank (the "Bank"). This discussion is intended to supplement and highlight information contained in the accompanying unaudited consolidated balance sheets as of March 31, 2021 and December 31, 2020 and consolidated statements of income for the three months ended March 31, 2021 and March 31, 2020.

Forward-Looking Statements

Statements in this document that are not historical facts, including, but not limited to, statements concerning future operations, results or performance, are hereby identified as "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "believe," "expect," "anticipate," "project," "plan," "intend," "will," "could," "would," "might" and similar expressions often signify forward-looking statements. Such statements involve inherent risks and uncertainties. The Company cautions that such forward-looking statements, wherever they occur in this quarterly report or in other statements attributable to the Company, are necessarily estimates reflecting the judgment of the Company's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Such forward-looking statements should, therefore, be considered in light of various factors that could affect the accuracy of such forward-looking statements, including, but not limited to: the global health and economic crisis precipitated by the COVID-19 outbreak; general economic conditions, especially in the credit markets and in the Southeast; the performance of the capital markets; changes in interest rates, yield curves and interest rate spread relationships; changes in accounting and tax principles, policies or guidelines; changes in legislation or regulatory requirements; changes in our loan portfolio and deposit base; economic crisis and associated credit issues in industries most impacted by the COVID-19 outbreak, including but not limited to, the restaurant, hospitality and retail sectors; possible changes in laws and regulations and governmental monetary and fiscal policies; the cost and other effects of legal and administrative cases and similar contingencies; possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans and the value of collateral; the effect of natural disasters, such as hurricanes and tornados, in our geographic markets; and increased competition from both banks and non-banks. The foregoing list of factors is not exhaustive. For discussion of these and other risks that may cause actual results to differ from expectations, please refer to "Cautionary Note Regarding Forward Looking Statements" and "Risk Factors" in our most recent Annual Report on Form 10-K and our other SEC filings. If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements. Accordingly, you should not place undue reliance on any forward-looking statements, which speak only as of the date made. The Company assumes no obligation to update or revise any forward-looking statements that are made from time to time.

Business

We are a bank holding company under the Bank Holding Company Act of 1956 and are headquartered in Birmingham, Alabama. Our wholly-owned subsidiary, ServisFirst Bank, an Alabama banking corporation, provides commercial banking services through 23 full-service banking offices located in Alabama, Tampa Bay, Florida, the panhandle of Florida, the greater Atlanta, Georgia metropolitan area, Charleston, South Carolina, and Nashville, Tennessee. We also operate a loan production office in Columbus, Georgia. Through the bank, we originate commercial, consumer and other loans and accept deposits, provide electronic banking services, such as online and mobile banking, including remote deposit capture, deliver treasury and cash management services and provide correspondent banking services to other financial institutions.

Our principal business is to accept deposits from the public and to make loans and other investments. Our principal sources of funds for loans and investments are demand, time, savings, and other deposits. Our principal sources of income are interest and fees collected on loans, interest and dividends collected on other investments and service charges. Our principal expenses are interest paid on savings and other deposits, interest paid on our other borrowings, employee compensation, office expenses and other overhead expenses.

Overview

As of March 31, 2021, we had consolidated total assets of $12.65 billion, up $714.7 million, or 6.0%, from total assets of $11.93 billion at December 31, 2020. Total loans were $8.50 billion at March 31, 2021, up $39.3 million, or 0.5%, from $8.47 billion at December 31, 2020. Total deposits were $10.58 billion at March 31, 2021, up $601.9 million, or 6.0%, from $9.98 billion at December 31, 2020.

Net income available to common stockholders for the three months ended March 31, 2021 was $51.5 million, up $16.7 million, or 48.0%, from $34.8 million for the three months ended March 31, 2020. Basic and diluted earnings per common share were $0.95 for the three months ended March 31, 2021, compared to $0.65 and $0.64, respectively, for the corresponding period in 2020. An increase in net interest income of $14.7 million for the comparative periods contributed to the increase in net income. Partially offsetting the increase in net interest income were increases in salary expenses, other operating expenses, and provision for income taxes. Changes in income and expenses are more fully explained in "Results of Operations" below.

Critical Accounting Policies

The accounting and financial policies of the Company conform to U.S. GAAP and to general practices within the banking industry. To prepare consolidated financial statements in conformity with U.S. generally accepted accounting principles, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for credit losses, valuation of foreclosed real estate, deferred taxes, and fair value of financial instruments are particularly subject to change. Information concerning our accounting policies with respect to these items is available in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Financial Condition

Cash and Cash Equivalents

At March 31, 2021, we had $1.6 million in federal funds sold, compared to $1.8 million at December 31, 2020. We also maintain balances at the Federal Reserve Bank of Atlanta, which earn interest. At March 31, 2021, we had $67.4 million in balances at the Federal Reserve, compared to $61.9 million at December 31, 2020. Our increase in federal funds sold were the result of an increase in funds sold on the American Financial Exchange during the first quarter of 2021.

Investment Securities

Debt securities available for sale totaled $961.9 million at March 31, 2021 and $886.7 million at December 31, 2020. Investment securities held to maturity totaled $250,000 at March 31, 2021 and December 31, 2020, respectively. We had pay downs of $53.7 million on mortgage-backed securities and calls and maturities of $1.8 million and $2.5 million on municipal securities and certificates of deposit, respectively during the first three months of 2021. We had two bonds with an aggregate book balance of $7.5 million to be called during the first three months of 2021. We bought $136.7 million of mortgage-backed securities and $13.0 million of corporate bonds during the first three months of 2021.

The objective of our investment policy is to invest funds not otherwise needed to meet our loan demand to earn the maximum return, yet still maintain sufficient liquidity to meet fluctuations in our loan demand and deposit structure. In doing so, we seek to balance the market and credit risks against the potential investment return, make investments compatible with the pledge requirements of any deposits of public funds, maintain compliance with regulatory investment requirements, and assist certain public entities with their financial needs. The investment committee has full authority over the investment portfolio and makes decisions on purchases and sales of securities. The entire portfolio, along with all investment transactions occurring since the previous board of directors meeting, is reviewed by the board at each monthly meeting. The investment policy allows portfolio holdings to include short-term securities purchased to provide us with needed liquidity and longer-term securities purchased to generate level income for us over periods of interest rate fluctuations.

The Company does not invest in collateralized debt obligations ("CDOs"). We have $320.9 million of bank holding company subordinated notes. If rated, all such bonds were rated BBB or better by Kroll Bond Rating Agency at the time of our investment in them. All other corporate bonds had a Standard and Poor's or Moody's rating of A-1 or better when purchased. The total investment portfolio as of March 31, 2021 has a combined average credit rating of AA.

The carrying value of investment securities pledged to secure public funds on deposit and for other purposes as required by law was $468.7 million and $477.6 million as of March 31, 2021 and December 31, 2020, respectively.

Loans

Section 1102 of the CARES Act created the Paycheck Protection Program ("PPP"), a program administered by the SBA to provide loans to small businesses for payroll and other basic expenses during the COVID-19 pandemic. The Company has participated in the PPP as a lender. These loans are eligible to be forgiven if certain conditions are satisfied and are fully guaranteed by the SBA. Additionally, loan payments will also be deferred for the first six months of the loan term. The PPP commenced on April 3, 2020 and was available to qualified borrowers through August 8, 2020. No collateral or personal guarantees are required. Neither the government nor lenders are permitted to charge the recipients any fees.

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act ("CAA"). The CAA, among other things, extends the life of the PPP, effectively creating a second round of PPP loans for eligible businesses. The Company is participating in the CAA's second round of PPP lending. Additionally, section 541 of the CAA extends the relief provided by the CARES Act for financial institutions to suspend the GAAP accounting treatment for troubled debt restructuring to January 1, 2022. As of March 31, 2021, the Company had originated over 7,100 loans with balances in excess of $1.47 billion to new and existing customers through the PPP. To the extent the PPP loans are forgiven, this represents outside funds to our borrowers; and, especially with respect to vulnerable industries, we believe these capital injections are going to be instrumental in assisting our borrowers in navigating through the pandemic. This capital injection, along with the level of capital each borrower had just prior to COVID-19 impacting them, are critical factors in determining the staying power of our borrowers. Upon receipt of interim financial results from our borrowers, we will use that information to update our understanding of the underlying strengths or weaknesses in each individual relationship and take actions, as appropriate. As of March 31, 2021, we have received payment from the SBA on just over 2,350 of our loans totaling $505.1 million.

We had total loans of $8.50 billion at March 31, 2021, up $39.3 million, or 0.5%, compared to $8.47 billion at December 31, 2020. At March 31, 2021, the percentage of our total loans in each of our markets was as follows:

	Percentage of Total Loans in MSA
Birmingham, AL	36.2%
Huntsville, AL	8.7%
Dothan, AL	9.3%
Montgomery, AL	5.7%
Mobile, AL	6.5%
Total Alabama MSAs	66.4%
Pensacola, FL	6.5%
West Florida (1)	6.2%
Total Florida MSAs	12.7%
Nashville, TN	9.6%
Atlanta, GA	6.9%
Charleston, SC	4.4%

Asset Quality

The Company assesses the adequacy of its allowance for credit losses at the end of each calendar quarter. The level of allowance is based on the Company's evaluation of historical default and loss experience, current and projected economic conditions, asset quality trends, known and inherent risks in the portfolio, adverse situations that may affect the borrowers' ability to repay a loan, the estimated value of any underlying collateral, composition of the loan portfolio and other relevant factors. The allowance is increased by a provision for credit losses, which is charged to expense, and reduced by charge-offs, net of recoveries. The allowance for credit losses is believed adequate to absorb all expected future losses to be recognized over the contractual life of the loans in the portfolio.

Loans with similar risk characteristics are evaluated in pools and, depending on the nature of each identified pool, the Company utilizes a discounted cash flow ("DCF"), probability of default / loss given default ("PD/LGD") or remaining life method. For all loan pools utilizing the DCF method, the Company utilizes and forecasts national unemployment rate as a loss driver. The Company also utilizes and forecasts GDP growth as a second loss driver for its agricultural and consumer loan pools. Consistent forecasts of the loss drivers are used across the loan segments. At March 31, 2021 and December 31, 2020, the Company utilized a reasonable and supportable forecast period of twelve months followed by a six-month straight-line reversion to long term averages. The Company leveraged economic projections from reputable and independent sources to inform its loss driver forecasts. The Company expects national unemployment to remain above pre-pandemic levels over the forecast period with an improved national GDP growth rate as the economy comes back on-line over the next year.

The historical loss experience estimate by pool is then adjusted by forecast factors that are quantitatively related to the Company's historical credit loss experience, such as national unemployment rates and gross domestic product. Losses are predicted over a period of time determined to be reasonable and supportable, and at the end of the reasonable and supportable period losses are reverted to long term historical averages. The reasonable and supportable period and reversion period are re-evaluated each quarter by the Company and are dependent on the current economic environment among other factors. See Note 5 – Loans in the notes to consolidated financial statements included in Item 1. Consolidated Financial Statements elsewhere in this report.

The expected credit losses for each loan pool are then adjusted for changes in qualitative factors not inherently considered in the quantitative analyses. The qualitative adjustments either increase or decrease the quantitative model estimation. The Company considers factors that are relevant within the qualitative framework which include the following: lending policy, changes in nature and volume of loans, staff experience, changes in volume and trends of problem loans, concentration risk, trends in underlying collateral values, external factors, quality of loan review system and other economic conditions.

Expected credit losses for loans that no longer share similar risk characteristics with the collectively evaluated pools are excluded from the collective evaluation and estimated on an individual basis. Individual evaluations are performed for nonaccrual loans, loans rated substandard, and modified loans classified as troubled debt restructurings. Specific allocations of the allowance for credit losses are estimated on one of several methods, including the estimated fair value of the underlying collateral, observable market value of similar debt or the present value of expected cash flows.

Prior to the adoption of ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* the allowance for loan losses represented management's best estimate of inherent losses that had been incurred within the existing portfolio of loans. The allowance for losses on loans included allowance allocations calculated in accordance with FASB Accounting Standards Codification ("ASC") Topic 310, "Receivables" and allowance allocations calculated in accordance with ASC Topic 450, "Contingencies."

	As of and for the Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Total loans outstanding, net of unearned income	$ 8,504,980	$ 7,568,836
Average loans outstanding, net of unearned income	$ 8,512,506	$ 7,361,149
Allowance for credit losses at beginning of period	87,942	-
Allowance for loan losses at beginning of period	-	76,584
Charge-offs:		
Commercial, financial and agricultural loans	477	2,640
Real estate - construction	-	454
Real estate - mortgage	12	1,678
Consumer loans	87	58
Total charge-offs	576	4,830
Recoveries:		
Commercial, financial and agricultural loans	26	62
Real estate - construction	50	1
Real estate - mortgage	2	1
Consumer loans	11	12
Total recoveries	89	76
Net charge-offs	487	4,754
Provision for credit losses	7,451	13,584
Allowance for credit losses at period end	$ 94,906	$ -
Allowance for loan losses at period end	$ -	$ 85,414
Allowance for credit losses to period end loans	1.12%	-
Allowance for loan losses to period end loans	-	1.13%
Net charge-offs to average loans	0.02%	0.26%

March 31, 2021		Amount	Percentage of loans in each category to total loans
		(In Thousands)	
Commercial, financial and agricultural	$	38,232	39.07%
Real estate - construction		19,391	7.84%
Real estate - mortgage		35,607	52.36%
Consumer		1,676	0.73%
Total	$	94,906	100.00%

December 31, 2020		Amount	Percentage of loans in each category to total loans
		(In Thousands)	
Commercial, financial and agricultural	$	36,370	38.93%
Real estate - construction		16,057	7.01%
Real estate - mortgage		33,722	53.29%
Consumer		1,793	0.77%
Total	$	87,942	100.00%

Nonperforming Assets

Total nonperforming loans, which include nonaccrual loans and loans 90 or more days past due and still accruing, decreased to $17.9 million at March 31, 2021 compared to $19.0 million at December 31, 2020. Of this total, nonaccrual loans of $13.1 million at March 31, 2021 represented a net decrease of $0.9 million from nonaccrual loans at December 31, 2020. Excluding credit card accounts, there was one loan 90 or more days past due and still accruing totaling $4.8 million at March 31, 2021, compared to one loan totaling $4.9 million at December 31, 2020. Troubled Debt Restructurings ("TDR") at March 31, 2021 and December 31, 2020 were $3.5 million and $2.4 million, respectively. There were three loans newly classified as TDR totaling $2.1 million and no renewals of existing TDRs for the three months ended March 31, 2021. There was one loan newly classified as a TDR totaling $350,000 and no renewals of existing TDRs for the three months ended March 31, 2020.

OREO and repossessed assets decreased to $2.1 million at March 31, 2021, from $6.5 million at December 31, 2020. The following table summarizes OREO and repossessed asset activity for the three months ended March 31, 2021 and 2020:

	Three months ended March 31, 2021			2020
	(In thousands)			
Balance at beginning of period	$	6,497	$	8,178
Transfers from loans and capitalized expenses		414		287
Proceeds from sales		(584)		(454)
Internally financed sales		(3,779)		-
Write-downs / net gain (loss) on sales		(482)		(563)
Balance at end of period	$	2,066	$	7,448

The following table summarizes our nonperforming assets and TDRs at March 31, 2021 and December 31, 2020:

	March 31, 2021			December 31, 2020		
	Balance		Number of Loans	Balance		Number of Loans
	(Dollar Amounts In Thousands)					
Nonaccrual loans:						
Commercial, financial and agricultural	$	9,922	22	$	11,709	22
Real estate - construction		234	1		234	1
Real estate - mortgage:						
Owner-occupied commercial		2,009	3		1,259	4
1-4 family mortgage		923	9		771	7
Other mortgage		-	-		-	-
Total real estate - mortgage		2,932	12		2,030	11
Consumer		-	1		-	-
Total Nonaccrual loans:	$	13,088	36	$	13,973	34
90+ days past due and accruing:						
Commercial, financial and agricultural	$	4	1	$	11	2
Real estate - construction		-	-		-	-
Real estate - mortgage:						
Owner-occupied commercial		-	-		-	-
1-4 family mortgage		-	-		104	1
Other mortgage		4,761	1		4,805	1
Total real estate - mortgage		4,761	1		4,909	2
Consumer		39	17		61	25
Total 90+ days past due and accruing:	$	4,804	19	$	4,981	29
Total Nonperforming Loans:	$	17,892	55	$	18,954	63
Plus: Other real estate owned and repossessions		2,067	5		6,497	11
Total Nonperforming Assets	$	19,959	60	$	25,451	74
Restructured accruing loans:						
Commercial, financial and agricultural	$	794	3	$	818	3
Real estate - construction		-	-		-	-
Real estate - mortgage:						
Owner-occupied commercial		-	-		-	-
1-4 family mortgage		-	-		-	-
Other mortgage		-	-		-	-
Total real estate - mortgage		-	-		-	-
Consumer		-	-		-	-
Total restructured accruing loans:	$	794	3	$	818	3
Total Nonperforming assets and restructured accruing loans	$	20,753	63	$	26,269	77
Ratios:						
Nonperforming loans to total loans		0.21%			0.22%	
Nonperforming assets to total loans plus other real estate owned and repossessions		0.23%			0.30%	
Nonperforming assets plus restructured accruing loans to total loans plus other real estate owned and repossessions		0.24%			0.31%	

The balance of nonperforming assets can fluctuate due to changes in economic conditions. We have established a policy to discontinue accruing interest on a loan (i.e., place the loan on nonaccrual status) after it has become 90 days delinquent as to payment of principal or interest, unless the loan is considered to be well-collateralized and is actively in the process of collection. In addition, a loan will be placed on nonaccrual status before it becomes 90 days delinquent unless management believes that the collection of interest is expected. Interest previously accrued but uncollected on such loans is reversed and charged against current income when the receivable is determined to be uncollectible. Interest income on nonaccrual loans is recognized only as received. If we believe that a loan will not be collected in full, we will increase the allowance for credit losses to reflect management's estimate of any potential exposure or loss. Generally, payments received on nonaccrual loans are applied directly to principal.

In keeping with guidance from regulators, the Company continues to work with COVID-19 affected borrowers to defer their payments and interest. While interest continues to accrue to income, through normal GAAP accounting, should eventual credit losses on these deferred payments emerge, the related loans would be placed on nonaccrual status and interest income accrued would be reversed. In such a scenario, interest income in future periods could be negatively impacted. As of March 31, 2021, the Company carries $5.1 million of accrued interest income on deferrals made to COVID-19 affected borrowers compared to $5.8 million at December 31, 2020. At this time, the Company is unable to project the materiality of such an impact on future deferrals to COVID-19 affected borrowers but recognizes the breadth of the economic impact may affect its borrowers' ability to repay in future periods.

Deposits

Total deposits increased by $600 million to $10.58 billion at March 31, 2021 compared to $9.98 billion at December 31, 2020. We anticipate long-term sustainable growth in deposits through continued development of market share in our less mature markets and through organic growth in our mature markets.

For amounts and rates of our deposits by category, see the table "Average Consolidated Balance Sheets and Net Interest Analysis on a Fully Taxable-equivalent Basis" under the subheading "Net Interest Income" below.

The following table summarizes balances of our deposits and the percentage of each type to the total at March 31, 2021 and December 31, 2020.

	March 31, 2021		December 31, 2020	
Non-interest-bearing demand	$ 3,044,611	28.78%	$ 2,788,772	27.96%
Interest-bearing	6,626,953	62.65%	6,276,910	62.92%
Savings	97,946	0.93%	89,418	0.90%
Time deposits, $250,000 and under	267,164	2.53%	273,301	2.74%
Time deposits, over $250,000	490,936	4.64%	497,323	4.99%
Brokered time deposits	50,000	0.47	50,000	0.50
	$ 10,577,610	100.00%	$ 9,975,724	100.00%

Borrowings

Our borrowings consist of federal funds purchased and subordinated notes payable. We had $911.6 million and $851.5 million at March 31, 2021 and December 31, 2020, respectively, in federal funds purchased from correspondent banks that are clients of our correspondent banking unit. The average rate paid on these borrowings was 0.22% for the quarter ended March 31, 2021. Other borrowings consist of the following:

- $30.0 million on the Company's 4.5% Subordinated Notes due November 8, 2027, which were issued in a private placement in November 2017 and pay interest semi-annually. The Notes may not be prepaid by the Company prior to November 8, 2022.

- $34.75 million of the Company's 4% Subordinated Notes due October 21, 2030, which were issued in a private placement in October 2020 and pay interest semi-annually. The Notes may not be prepaid by the Company prior to October 21, 2025.

Liquidity

Liquidity is defined as our ability to generate sufficient cash to fund current loan demand, deposit withdrawals, and other cash demands and disbursement needs, and otherwise to operate on an ongoing basis.

The retention of existing deposits and attraction of new deposit sources through new and existing customers is critical to our liquidity position. If our liquidity was to decline due to a run-off in deposits, we have procedures that provide for certain actions under varying liquidity conditions. These actions include borrowing from existing correspondent banks, selling or participating loans, and curtailing loan commitments and funding. At March 31, 2021, liquid assets, which are represented by cash and due from banks, federal funds sold and unpledged available-for-sale securities, totaled $3.3 billion. Additionally, the Bank had borrowing availability of approximately $923 million in unused federal funds lines of credit with regional banks, subject to certain restrictions and collateral requirements. We believe these sources of funding are adequate to meet immediate anticipated funding needs, but we may need additional funding if we are able to maintain our current growth rate into the future.

Our management meets on a quarterly basis to review sources and uses of funding to determine the appropriate strategy to ensure an appropriate level of liquidity. At the current time, our long-term liquidity needs primarily relate to funds required to support loan originations and commitments and deposit withdrawals. Our regular sources of funding are from the growth of our deposit base, repayment of principal and interest on loans, the sale of loans and the renewal of time deposits. In addition, we have issued debt as described above under "Borrowings."

We are subject to general FDIC guidelines that require a minimum level of liquidity. Management believes our liquidity ratios meet or exceed these guidelines. However, uncertainties brought about by the COVID-19 pandemic may adversely affect our ability to obtain funding or may increase the cost of funding.

The following table reflects the contractual maturities of our term liabilities as of March 31, 2021. The amounts shown do not reflect any early withdrawal or prepayment assumptions.

			Payments due by Period		
	Total	1 year or less	1 - 3 years	3 - 5 years	Over 5 years
			(In Thousands)		
Contractual Obligations (1)					
Deposits without a stated maturity	$ 9,769,510	$ -	$ -	$ -	$ -
Certificates of deposit (2)	808,100	318,734	344,991	144,300	75
Federal funds purchased	911,558	911,558	-	-	-
Subordinated notes payable	64,707	-	-	-	64,707
Operating lease commitments	20,859	3,055	6,484	4,346	6,974
Total	$ 11,574,734	$ 1,233,347	$ 351,475	$ 148,646	$ 71,756

(1) Excludes interest.
(2) Certificates of deposit give customers the right to early withdrawal. Early withdrawals may be subject to penalties. The penalty amount depends on the remaining time to maturity at the time of early withdrawal.

Capital Adequacy

As of March 31, 2021, our most recent notification from the FDIC categorized us as well-capitalized under the regulatory framework for prompt corrective action. To remain categorized as well-capitalized, we must maintain minimum common equity Tier 1, Tier 1 risk-based, total risk-based, and Tier 1 leverage ratios as disclosed in the table below. Our management believes that we are well-capitalized under the prompt corrective action provisions as of March 31, 2021.

The final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective January 1, 2015, subject to a phase-in period for certain aspects of the new rules. In order to avoid restrictions on capital distributions and discretionary bonus payments to executives, under the new rules a covered banking organization is also required to maintain a "capital conservation buffer" in addition to its minimum risk-based capital requirements. This buffer is required to consist solely of common equity Tier 1, and the buffer applies to all three risk-based measurements (CET1, Tier 1 capital and total capital). The capital conservation buffer was phased in incrementally over time, beginning January 1, 2016 and became fully effective on January 1, 2019. As of January 1, 2019, an additional amount of Tier 1 common equity equal to 2.5% of risk-weighted assets is required for compliance with the capital conservation buffer. The ratios for the Company and the Bank are currently sufficient to satisfy the fully phased-in conservation buffer.

The following table sets forth (i) the capital ratios required by the FDIC and the Alabama Banking Department's leverage ratio requirement and (ii) our actual ratios of capital to total regulatory or risk-weighted assets, as of March 31, 2021, December 31, 2020 and March 31, 2020:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2021:						
CET 1 Capital to Risk Weighted Assets:						
Consolidated	$ 999,447	10.73%	$ 419,190	4.50%	N/A	N/A
ServisFirst Bank	1,061,620	11.40%	419,127	4.50%	$ 605,405	6.50%
Tier 1 Capital to Risk Weighted Assets:						
Consolidated	999,947	10.73%	558,920	6.00%	N/A	N/A
ServisFirst Bank	1,062,120	11.40%	558,836	6.00%	745,114	8.00%
Total Capital to Risk Weighted Assets:						
Consolidated	1,162,344	12.48%	745,227	8.00%	N/A	N/A
ServisFirst Bank	1,159,826	12.45%	745,114	8.00%	931,393	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	999,947	8.25%	484,571	4.00%	N/A	N/A
ServisFirst Bank	1,062,120	8.77%	484,521	4.00%	605,651	5.00%
As of December 31, 2020:						
CET 1 Capital to Risk Weighted Assets:						
Consolidated	$ 958,300	10.50%	$ 410,816	4.50%	N/A	N/A
ServisFirst Bank	1,018,031	11.15%	410,766	4.50%	$ 593,328	6.50%
Tier 1 Capital to Risk Weighted Assets:						
Consolidated	958,800	10.50%	547,755	6.00%	N/A	N/A
ServisFirst Bank	1,018,531	11.16%	547,688	6.00%	730,250	8.00%
Total Capital to Risk Weighted Assets:						
Consolidated	1,113,690	12.20%	730,340	8.00%	N/A	N/A
ServisFirst Bank	1,108,673	12.15%	730,250	8.00%	912,813	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	958,800	8.23%	465,980	4.00%	N/A	N/A
ServisFirst Bank	1,018,531	8.75%	465,448	4.00%	581,810	5.00%
As of March 31, 2020:						
CET 1 Capital to Risk Weighted Assets:						
Consolidated	$ 849,949	10.46%	$ 365,531	4.50%	N/A	N/A
ServisFirst Bank	912,858	11.24%	365,460	4.50%	$ 527,886	6.50%
Tier 1 Capital to Risk Weighted Assets:						
Consolidated	850,451	10.47%	487,375	6.00%	N/A	N/A
ServisFirst Bank	913,360	11.25%	487,280	6.00%	649,706	8.00%
Total Capital to Risk Weighted Assets:						
Consolidated	1,001,072	12.32%	649,833	8.00%	N/A	N/A
ServisFirst Bank	999,274	12.30%	649,706	8.00%	812,133	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	850,451	9.37%	363,121	4.00%	N/A	N/A
ServisFirst Bank	913,360	10.06%	363,065	4.00%	453,831	5.00%

We are a legal entity separate and distinct from the Bank. Our principal source of cash flow, including cash flow to pay dividends to our stockholders, is dividends the Bank pays to us as the Bank's sole shareholder. Statutory and regulatory limitations apply to the Bank's payment of dividends to us as well as to our payment of dividends to our stockholders. The requirement that a bank holding company must serve as a source of strength to its subsidiary banks also results in the position of the Federal Reserve that a bank holding company should not maintain a level of cash dividends to its stockholders that places undue pressure on the capital of its bank subsidiaries or that can be funded only through additional borrowings or other arrangements that may undermine the Bank holding company's ability to serve as such a source of strength. Our ability to pay dividends is also subject to the provisions of Delaware corporate law.

The Alabama Banking Department also regulates the Bank's dividend payments. Under Alabama law, a state-chartered bank may not pay a dividend in excess of 90% of its net earnings until the Bank's surplus is equal to at least 20% of its capital (our Bank's surplus currently exceeds 20% of its capital). Moreover, our Bank is also required by Alabama law to obtain the prior approval of the Superintendent of Banks ("Superintendent") for its payment of dividends if the total of all dividends declared by the Bank in any calendar year will exceed the total of (i) the Bank's net earnings (as defined by statute) for that year, plus (ii) its retained net earnings for the preceding two years, less any required transfers to surplus. In addition, no dividends, withdrawals or transfers may be made from the Bank's surplus without the prior written approval of the Superintendent.

The Bank's payment of dividends may also be affected or limited by other factors, such as the requirement to maintain adequate capital above regulatory guidelines. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. Under the Federal Deposit Insurance Corporation Improvement Act of 1991, a depository institution may not pay any dividends if payment would cause it to become undercapitalized or if it already is undercapitalized. Moreover, the federal agencies have issued policy statements that provide that bank holding companies and insured banks should generally only pay dividends out of current operating earnings. If, in the opinion of the federal banking regulators, the Bank were engaged in or about to engage in an unsafe or unsound practice, the federal banking regulators could require, after notice and a hearing, that the Bank stop or refrain from engaging in the questioned practice.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to financial credit arrangements with off-balance sheet risk to meet the financing needs of our customers. These financial credit arrangements include commitments to extend credit beyond current fundings, credit card arrangements, standby letters of credit and financial guarantees. Those credit arrangements involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement we have in those particular financial credit arrangements. All such credit arrangements bear interest at variable rates and we have no such credit arrangements which bear interest at fixed rates.

Our exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit, credit card arrangements and standby letters of credit is represented by the contractual or notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments.

As part of our mortgage operations, we originate and sell certain loans to investors in the secondary market. We continue to experience a manageable level of investor repurchase demands. For loans sold, we have an obligation to either repurchase the outstanding principal balance of a loan or make the purchaser whole for the economic benefits of a loan if it is determined that the loans sold were in violation of representations and warranties made by the Bank at the time of the sale. Representations and warranties typically include those made regarding loans that had missing or insufficient file documentation or loans obtained through fraud by borrowers or other third parties such as appraisers.

Financial instruments whose contract amounts represent credit risk at March 31, 2021 are as follows:

	March 31, 2021
	(In Thousands)
Commitments to extend credit	$ 2,932,352
Credit card arrangements	312,443
Standby letters of credit	60,435
	$ 3,305,230

Commitments to extend credit beyond current funded amounts are agreements to lend to a customer as long as there is no violation of any condition established in the applicable loan agreement. Such commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by us upon extension of credit is based on our management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. All letters of credit are due within one year or less of the original commitment date. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Federal funds lines of credit are uncommitted lines issued to downstream correspondent banks for the purpose of providing liquidity to them. The lines are unsecured, and we have no obligation to sell federal funds to the correspondent, nor does the correspondent have any obligation to request or accept purchases of federal funds from us.

Results of Operations

Summary of Net Income

Net income and net income available to common stockholders for the three months ended March 31, 2021 was $51.5 million compared to $34.8 million for the three months ended March 31, 2020. The increase in net income was primarily attributable to a $14.7 million increase in net interest income during the three months ended March 31, 2021 to $92.4 million, compared to $77.6 million during the same period in 2020. The increase in net interest income is primarily attributable to growth in average earning assets and non-interest-bearing deposit balances. Total non-interest income increased by $1.8 million to $8.5 million during the three months ended March 31, 2021 compared to $6.7 million during the same period in 2020. Total non-interest expenses increased by $1.0 million to $28.9 million during the three months ended March 31, 2021 compared to $27.9 million during the same period in 2020.

Basic and diluted net income per common share were $0.95 for the three months ended March 31, 2021, compared to $0.65 and $0.64, for the corresponding period in 2020. Return on average assets for the three months ended March 31, 2021 was 1.72% compared to 1.54% for the corresponding period in 2020, and return on average stockholders' equity for the three months ended March 31, 2021 was 19.83% compared to 16.23% for the corresponding period in 2020.

Net Interest Income

Net interest income is the difference between the income earned on interest-earning assets and interest paid on interest-bearing liabilities used to support such assets. The major factors which affect net interest income are changes in volumes, the yield on interest-earning assets and the cost of interest-bearing liabilities. Our management's ability to respond to changes in interest rates by effective asset-liability management techniques is critical to maintaining the stability of the net interest margin and the momentum of our primary source of earnings.

Taxable-equivalent net interest income increased $14.7 million, or 18.9%, to $92.4 million for the three months ended March 31, 2021 compared to $77.7 million for the corresponding period in 2020. This increase was primarily attributable to a $2.96 billion increase in average earning assets, or 34%, year over year. The taxable-equivalent yield on interest-earning assets decreased from 4.46% to 3.48% year over year. The yield on loans for the three months ended March 31, 2021 was 4.47% compared to 4.88% for the corresponding period in 2020. The cost of total interest-bearing liabilities decreased to 0.40% for the three months ended March 31, 2021 from 1.19% for the corresponding period in 2020. Net interest margin for the three months ended March 31, 2021 decreased 38 basis points to 3.20% from 3.58% for the corresponding period in 2020.

The following table shows, for the three months ended March 31, 2021 and March 31, 2020, the average balances of each principal category of our assets, liabilities and stockholders' equity, and an analysis of net interest revenue. The accompanying table reflects changes in our net interest margin as a result of changes in the volume and rate of our interest-earning assets and interest-bearing liabilities for the same periods. Changes as a result of mix or the number of days in the periods have been allocated to the volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each. Both tables are presented on a taxable-equivalent basis where applicable:

Average Consolidated Balance Sheets and Net Interest Analysis
On a Fully Taxable-Equivalent Basis
For the Three Months Ended March 31,
(Dollar Amounts In Thousands)

	2021			2020		
	Average Balance	Interest Earned / Paid	Average Yield / Rate	Average Balance	Interest Earned / Paid	Average Yield / Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1) (2)						
Taxable	$ 8,484,914	$ 93,503	4.47%	$ 7,328,594	$ 89,076	4.89%
Tax-exempt (3)	27,592	284	4.17	32,555	327	4.04
Total loans, net of unearned income	8,512,506	93,787	4.47	7,361,149	89,403	4.88
Mortgage loans held for sale	13,601	65	1.94	4,282	23	2.16
Investment securities:						
Taxable	878,118	5,807	2.65	750,413	5,154	2.75
Tax-exempt (3)	21,084	128	2.43	44,029	257	2.33
Total investment securities (4)	899,202	5,935	2.64	794,442	5,411	2.72
Federal funds sold	11,935	3	0.10	105,423	277	1.06
Interest-bearing balances with banks	2,262,233	676	0.12	469,199	1,718	1.47
Total interest-earning assets	$ 11,699,477	$ 100,466	3.48%	$ 8,734,495	$ 96,832	4.46%
Non-interest-earning assets:						
Cash and due from banks	71,166			66,140		
Net premises and equipment	57,198			58,066		
Allowance for credit losses, accrued interest and other assets	320,407			241,479		
Total assets	$ 12,148,248			$ 9,100,180		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 1,294,614	$ 621	0.19%	$ 956,803	$ 1,346	0.57%
Savings deposits	93,375	41	0.18	67,380	84	0.50
Money market accounts	5,057,828	3,358	0.27	4,061,286	11,127	1.10
Time deposits	808,561	2,861	1.44	805,924	4,188	2.09
Total interest-bearing deposits	7,254,378	6,881	0.38	5,891,393	16,745	1.14
Federal funds purchased	849,772	460	0.22	492,638	1,601	1.31
Other borrowings	64,689	690	4.33	64,707	781	4.85
Total interest-bearing liabilities	$ 8,168,839	$ 8,031	0.40%	$ 6,448,738	$ 19,127	1.19%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	2,923,041			1,749,671		
Other liabilities	39,442			39,801		
Stockholders' equity	996,741			853,800		
Accumulated other comprehensive income	20,185			8,170		
Total liabilities and stockholders' equity	$ 12,148,248			$ 9,100,180		
Net interest income		$ 92,435			$ 77,705	
Net interest spread			3.08%			3.27%
Net interest margin			3.20%			3.58%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $10,400 and $1,281 are included in interest income in the first quarter of 2021 and 2020, respectively. Loan fees in 2021 include accretion of PPP loan fees.
(2) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21%.
(3) Unrealized gains of $22,027 and $10,282 are excluded from the yield calculation in the first quarter of 2021 and 2020, respectively.

	For the Three Months Ended March 31, 2021 Compared to 2020 Increase (Decrease) in Interest Income and Expense Due to Changes in:		
	Volume	Rate	Total
		(In Thousands)	
Interest-earning assets:			
Loans, net of unearned income			
Taxable	$ 12,686	$ (8,259)	$ 4,427
Tax-exempt	(53)	10	(43)
Total loans, net of unearned income	12,633	(8,249)	4,384
Mortgages held for sale	44	(2)	42
Debt securities:			
Taxable	812	(159)	653
Tax-exempt	(140)	11	(129)
Total debt securities	672	(148)	524
Federal funds sold	(136)	(138)	(274)
Interest-bearing balances with banks	1,682	(2,724)	(1,042)
Total interest-earning assets	14,895	(11,261)	3,634
Interest-bearing liabilities:			
Interest-bearing demand deposits	359	(1,084)	(725)
Savings	24	(67)	(43)
Money market accounts	2,184	(9,953)	(7,769)
Time deposits	14	(1,341)	(1,327)
Total interest-bearing deposits	2,581	(12,445)	(9,864)
Federal funds purchased	699	(1,840)	(1,141)
Other borrowed funds	-	(91)	(91)
Total interest-bearing liabilities	3,280	(14,376)	(11,096)
Increase in net interest income	$ 11,615	$ 3,115	$ 14,730

Our growth in loans continues to drive favorable volume component change and overall change. The rate component was favorable as average rates paid on interest-bearing liabilities decreased 79 basis points while loan yields decreased 41 basis points. Growth in non-interest-bearing deposits and equity also contributed to the increase in net interest revenue during the three months ended March 31, 2021 compared to the same period in 2020.

Provision for Credit losses

The provision for credit losses was $7.5 million for the three months ended March 31, 2021, a decrease of $6.1 million from $13.6 million for the three months ended March 31, 2020. The ACL for March 31, 2021 and December 31, 2020 was calculated under the current expected credit losses (“CECL”) methodology and totaled $94.9 million and 87.9 million, or 1.12% and 1.04% of loans, net of unearned income, respectively. The allowance totaled $85.4 million, or 1.13% of loans, net of unearned income, at March 31, 2020 and was calculated under the incurred loss methodology. Annualized net credit charge-offs to quarter-to-date average loans were 0.02% for the first quarter of 2021, a 24 basis point decrease compared to 0.26% for the first quarter of 2020. Nonperforming loans decreased to $17.9 million, or 0.21% of total loans, at March 31, 2021 from $19.0 million, or 0.22% of total loans, at December 31, 2020, and were lower than $33.9 million, or 0.45% of total loans, at March 31, 2020. See the section captioned “Asset Quality” located elsewhere in this item for additional discussion related to provision for credit losses.

Noninterest Income

Noninterest income totaled $8.5 million for the three months ended March 31, 2021, an increase of $1.8 million compared to the corresponding period in 2020. Mortgage banking revenue increased $1.7 million, or 157%, to $2.7 million from the first quarter of 2020 to the first quarter of 2021. Mortgage loan sales increased approximately 106% during the first quarter of 2021 when compared to the same period in 2020. Net credit card revenue decreased $573,000, or 33%, to $1.2 million during the three months ended March 31, 2021, compared to $1.8 million during the three months ended March 31, 2020. This decrease was primarily attributable to additional accruals for awards obligations taken in the first quarter of 2021. The number of credit card accounts increased approximately 28% and the aggregate amount of spend on all credit card accounts increased 16% during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. Cash surrender value of life insurance increased $205,000, or 14%, to $1.7 million during the three months ended March 31, 2021, compared to $1.5 million during the three months ended March 31, 2020. We purchased $60 million of additional life insurance contracts during the second half of 2020.

Noninterest Expense

Noninterest expense totaled $28.9 million for the three months ended March 31, 2021, an increase of $1.0 million compared to $27.9 million for the corresponding period in 2020. Salary and employee benefit expense decreased $115,000 to $15.5 million for the three months ended March 31, 2021 from $15.6 million for the corresponding period in 2020. The number of FTE employees decreased to 491 at March 31, 2021 compared to 492 at March 31, 2020. Equipment and occupancy expense increased $254,000 to $2.7 million for the three months ended March 31, 2021 from $2.4 million for the corresponding period in 2020. Third party processing and other services decreased $41,000 to $3.4 million for the three months ended March 31, 2021 compared to the corresponding period in 2020. Professional services decreased $25,000 to $923,000 for the three months ended March 31, 2021 from $948,000 for the corresponding period in 2020. FDIC insurance assessments increased $250,000 to $1.6 million for the three months ended March 31, 2021 from $1.3 million for the corresponding period in 2020. Our assessment base increased by 31% year-over-year. Expenses related to other real estate owned decreased $444,000 to $157,000 for the three months ended March 31, 2021 from $601,000 for the corresponding period in 2020. First quarter 2020 included write-downs in value of property based on updated appraisals related to one foreclosed loan relationship. Other operating expenses increased $1.1 million to $4.6 million for the three months ended March 31, 2021 from $3.5 million for the corresponding period in 2020. We increased our allowance for credit losses on unfunded loan commitments by $600,000 in the first quarter of 2021 with a charge to other operating expenses.

Changes in our non-interest income and expenses, including percentage changes, are detailed in the following table:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	$ change	% change
	(Dollars In Thousands)			
Noninterest income:				
Service charges on deposit accounts	$ 1,908	$ 1,916	$ (8)	(0.4%)
Mortgage banking	2,747	1,071	1,676	156.5%
Credit cards	1,192	1,765	(573)	(32.5%)
Increase in cash surrender value life insurance	1,658	1,453	205	14.1%
Other operating income	958	469	489	104.3%
Total noninterest income	$ 8,463	$ 6,674	$ 1,789	26.8%
Noninterest expense:				
Salaries and employee benefits	$ 15,543	$ 15,658	$ (115)	(0.7%)
Equipment and occupancy	2,654	2,400	254	10.6%
Third party processing and other services	3,416	3,457	(41)	(1.2%)
Professional services	923	948	(25)	(2.6%)
FDIC and other regulatory assessments	1,582	1,332	250	18.8%
Other real estate owned	157	601	(444)	(73.9%)
Other operating expense	4,639	3,524	1,115	31.6%
Total noninterest expense	$ 28,914	$ 27,920	$ 994	3.6%

Income Tax Expense

Income tax expense was $13.0 million for the three months ended March 31, 2021 versus $8.0 million for the same period in 2020. Our effective tax rate for the three months ended March 31, 2021 was 20.18%, compared to 18.76% for the corresponding period in 2020. We recognized excess tax benefits as a credit to our income tax expense from the exercise of stock options and vesting of restricted stock of $1.6 million in the first quarter of 2021, compared to $1.1 million in the first quarter of 2020. Our primary permanent differences are related to tax-exempt income on securities, state income tax benefit on real estate investment trust dividends, various qualifying tax credits and change in cash surrender value of bank-owned life insurance.

We own real estate investment trusts for the purpose of holding and managing participations in residential mortgages and commercial real estate loans originated by the Bank. The trusts are wholly-owned subsidiaries of a trust holding company, which in turn is an indirect wholly-owned subsidiary of the Bank. The trusts earn interest income on the loans they hold and incur operating expenses related to their activities. They pay their net earnings, in the form of dividends, to the Bank, which receives a deduction for state income taxes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Like all financial institutions, we are subject to market risk from changes in interest rates. Interest rate risk is inherent in the balance sheet due to the mismatch between the maturities of rate-sensitive assets and rate-sensitive liabilities. If rates are rising, and the level of rate-sensitive liabilities exceeds the level of rate-sensitive assets, the net interest margin will be negatively impacted. Conversely, if rates are falling, and the level of rate-sensitive liabilities is greater than the level of rate-sensitive assets, the impact on the net interest margin will be favorable. Managing interest rate risk is further complicated by the fact that all rates do not change at the same pace; in other words, short-term rates may be rising while longer-term rates remain stable. In addition, different types of rate-sensitive assets and rate-sensitive liabilities react differently to changes in rates.

To manage interest rate risk, we must take a position on the expected future trend of interest rates. Rates may rise, fall or remain the same. Our asset-liability committee ("ALCO") develops its view of future rate trends and strives to manage rate risk within a targeted range by monitoring economic indicators, examining the views of economists and other experts, and understanding the current risks that our balance sheet is exposed to. Our annual budget reflects the anticipated rate environment for the next 12 months.

The ALCO employs modeling techniques such as net interest income simulations and economic value of equity simulations to determine what amount of the Bank's net interest income is at risk given different movements in market interest rates. Simulations assume gradual and instantaneous (shocks) movements in market interest rates of up and down 100, 200, 300 and 400 basis points, when practicable. A set of Benchmark and optional scenarios are ran and results are compared to base model results to measure sensitivity to movements in market interest rates. The ALCO establishes limits for the amount of negative change in net interest margin in the first year, second year and two-year cumulative time horizon. Current policy limits for the 100 and 200 basis point scenarios in the first and second year is -10% and -15%, respectively, and for the two-year cumulative is -15%. The ALCO conducts a quarterly analysis of the rate sensitivity position, reviews established limits, and reports its results to our board of directors. As of March 31, 2021, there have been no significant changes to our sensitivity to changes in interest rates since December 31, 2020. However, market disruptions brought about by the COVID-19 pandemic may adversely affect our sensitivity to market interest rates. We could experience an increase in the cost of funding our balance sheet. We could also experience increased pricing competition for our existing loans or future borrower prospects, which could decrease rates earned on our earning assets.

ITEM 4. CONTROLS AND PROCEDURES

CEO and CFO Certification.

Appearing as exhibits to this report are Certifications of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"). The Certifications are required to be made by Rule 13a-14 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This item contains the information about the evaluation that is referred to in the Certifications, and the information set forth below in this Item 4 should be read in conjunction with the Certifications for a more complete understanding of the Certifications.

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

We conducted an evaluation (the "Evaluation") of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of our management, including our CEO and CFO, as of March 31, 2021. Based upon the Evaluation, our CEO and CFO have concluded that, as of March 31, 2021, our disclosure controls and procedures are effective to ensure that material information relating to ServisFirst Bancshares, Inc. and its subsidiaries is made known to management, including the CEO and CFO, particularly during the period when our periodic reports are being prepared.

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may be a party to various legal proceedings arising in the ordinary course of business. Management does not believe the Company or the Bank is currently a party to any material legal proceedings except as disclosed in Item 3, "Legal Proceedings", in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and there has been no material change in any matter described therein.

ITEM 1A. RISK FACTORS

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these risk factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which should be taken into consideration when reviewing the information contained in this report. There have been no material changes in the Company's risk factors from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibit:

10.1*	Form of Executive Officer Change in Control Agreement (filed as Exhibit 10 to the Company's Current Report on Form 8-K dated February 25, 2021)
10.2*	ServisFirst Bancshares, Inc. Annual Incentive Plan, effective January 1, 2021 (filed as Exhibit 10 to the Company's Current Report on Form 8-K dated January 25, 2021)
10.3*	Form of ServisFirst Bancshares, Inc. Restricted Stock Award Agreement
10.4*	Form of ServisFirst Bancshares, Inc. Performance Share Award Agreement
31.01	Certification of principal executive officer pursuant to Rule 13a-14(a).
31.02	Certification of principal financial officer pursuant to Rule 13a-14(a).
32.01	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350.
32.02	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*denotes compensatory plan or arrangement

SIGNATURES

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 thereunto duly authorized.

SERVISFIRST BANCSHARES, INC.

Date: April 29, 2021	By	/s/ Thomas A. Broughton III Thomas A. Broughton III President and Chief Executive Officer
Date: April 29, 2021	By	/s/ William M. Foshee William M. Foshee Chief Financial Officer

SERVISFIRST BANCSHARES, INC.
AMENDED AND RESTATED 2009 STOCK INCENTIVE PLAN, AS AMENDED
RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into effective as of ______________ (the 'Grant Date"), by and between ServisFirst Bancshares, Inc., a Delaware corporation (the "Company"), and ______________ (the "Participant").

W I T N E S S E T H:

WHEREAS, the Company maintains the ServisFirst Bancshares, Inc. Amended and Restated 2009 Stock Incentive Plan, as amended (the "Plan"), and the Participant has been selected by the Compensation Committee to receive a grant of Restricted Stock under the Plan;

WHEREAS, all terms not defined in this Agreement shall have the meanings set forth in the Plan.

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as follows:

1. Award of Restricted Stock

1.1 The Company hereby grants to the Participant as of the Grant Date an award of ______________ (______________) shares of restricted Common Stock (the "Restricted Stock" or the "Award"), subject to, and in accordance with, the restrictions, terms and conditions set forth in this Agreement and in the Plan.

1.2 This Award is conditioned on the Participant's execution of this Agreement. If this Agreement is not executed by the Participant and returned to the Company within one week of the Grant Date, it may be canceled by the Compensation Committee resulting in the immediate forfeiture of all Restricted Stock.

2. Restrictions; Vesting

2.1 Subject to Section 2.2 below if the Participant continues to provide service to the Company or a Subsidiary, the Participant shall become vested in the Restricted Stock as follows:

Date	Percent Vested	
1st Anniversary of Grant Date	33.33%	
2nd Anniversary of Grant Date	33.33%	
3rd Anniversary of Grant Date	33.34%	

2.2 In accordance with Section 10(c) of the Plan, in the event Participant's service to the Company or a Subsidiary terminates as a result of Participant's death, Disability or Change in Control, Participant shall become fully vested in the Restricted Stock. In the event Participant's service terminates for any other reason, all unvested Restricted Stock shall be forfeited.

2.3 Notwithstanding the foregoing, in the event that the above vesting schedule results in the vesting of any fractional shares of Common Stock, such fractional shares shall not be deemed vested hereunder but shall vest and become nonforfeitable when such fractional shares aggregate whole shares of Common Stock.

3. Certificates

Certificates evidencing the Restricted Stock shall be issued in physical form by the Company and shall be registered in the Participant's name on the stock transfer books of the Company or shall be issued through book entry with the Company's transfer agent with the applicable restrictions reflected promptly after the date hereof, and any such certificates shall remain in the physical custody of the Company or its designee at all times prior to the vesting of such Restricted Stock pursuant to Section 2. As a condition to the receipt of this Restricted Stock Award if requested by the Company at any time prior to vesting, the Participant shall deliver to the Company a stock power, duly endorsed in blank, relating to the Restricted Stock. No certificates shall be issued for fractional shares of Common Stock.

4. Stock; Dividends; Voting

4.1 The Participant shall be the record owner of the Restricted Stock until or unless such Restricted Stock is forfeited pursuant to Section 2.2 hereof, and as record owner shall be entitled to all rights of a common stockholder of the Company, including without limitation, voting rights with respect to the Restricted Stock, and the Participant shall receive, when paid to all other common stockholders, any dividends in cash or stock on all of the Restricted Stock granted hereunder as to which the Participant is the record holder on the applicable record date; provided that the Restricted Stock shall be subject to the limitations on transfer and encumbrance set forth in Section 5.

4.2 In the event of any adjustments in outstanding shares of Common Stock as provided in Section 3 of the Plan, the number and class of shares of Restricted Stock or other securities to which the Participant shall be entitled pursuant to this Agreement shall be appropriately adjusted or changed to reflect such change, provided that any such additional Restricted Stock or additional or different shares or securities shall remain subject to the restrictions in this Agreement.

4.3 The Participant represents and warrants that he is acquiring the Restricted Stock under this Agreement for investment purposes only, and not with a view to distribution thereof. The Participant is aware that the Restricted Stock may not be registered under the federal or any state securities laws and that, in addition to the other restrictions on the Restricted Stock, the Restricted Stock will not be able to be transferred unless an exemption from registration is available. By making this award of Restricted Stock, the Company is not undertaking any obligation to register the Restricted Stock under any federal or state securities laws.

5. Nontransferability

Unless the Compensation Committee specifically determines otherwise, this award of Restricted Stock is personal to the Participant, and the Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered. Any such purported transfer or assignment shall be null and void.

6. No Right to Continued Employment or Service

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Participant any right with respect to continuance of employment or other service by the Company, nor shall this Agreement or the Plan interfere in any way with the right of the Company to terminate at any time the Participant's employment or service, subject to Participant's rights under this Agreement.

7. Taxes and Withholding

7.1 The Participant agrees that, no later than the first to occur of (i) the date as of which the restrictions on the Restricted Stock shall lapse with respect to all or any of the Restricted Stock covered by this Agreement or (ii) the date required by Section 7.2 below, the Participant shall pay to the Company (in cash or to the extent permitted by the Compensation Committee, by tendering Common Stock held by the Participant, including shares of Restricted Stock held in escrow that become vested, with a Fair Market Value on the date the Restricted Stock vests equal to the amount of the Participant's statutory tax withholding liability, or to the extent permitted by the Compensation Committee, a combination thereof) any federal, state or local taxes of any kind required by law to be withheld, if any, with respect to the Restricted Stock for which the restrictions shall lapse. The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to the shares of such Restricted Stock.

7.2 The Participant may elect by filing an election pursuant to Section 83(b) of the Code, within thirty (30) days of the Grant Date, to include in gross income for federal income tax purposes an amount equal to the Fair Market Value of the Restricted Stock paid by the Participant (other than by prior services) for the Restricted Stock granted hereunder pursuant to Section 83(b) of the Code. In connection with any such Section 83(b) election, the Participant shall pay to the Company, or make such other arrangements satisfactory to the Compensation Committee to pay to the Company based on the Fair Market Value of the Restricted Stock on the Grant Date, any federal, state or local taxes required by law to be withheld with respect to such Restricted Stock at the time of such election. If the Participant fails to make such payments, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Participant any federal, state or local taxes required by law to be withheld with respect to such Restricted Stock.

8. Non-Solicitation

8.1 Non-Solicitation of Customers. The Participant understands and acknowledges that the loss of Customer (as defined below) relationships or goodwill will cause significant and irreparable harm to the Company (for purposes of this Section 8, "Company" shall include all subsidiaries and affiliates of ServisFirst Bancshares, Inc., inclusive of ServisFirst Bank). The Participant shall not at any time during the term of his or her employment with the Company and for a term of one (1) year following the termination of Participant's employment with the Company for any reason, with or without cause, whether upon the initiative of the Participant or the Company (the "Restricted Period"), directly or by assisting others, solicit or attempt to solicit any of the Company's customers or other persons with whom the Company has a contractual or business relationship (each, a "Customer") to provide products or services that are competitive with the business of the Company, including providing banking services, originating commercial, consumer and other loans, accepting deposits, and providing electronic banking services and correspondent banking services to other banks (the "Business").

8.2 Non-Solicitation of Employees. The Participant understands and acknowledges that the Company has expended and continues to expend significant time and expense in recruiting and training its employees and that the loss of employees would cause significant and irreparable harm to the Company. Accordingly, the Participant agrees that, during the course of his or her employment with the Company and during the Restricted Period, the Participant will not, on his or her own behalf or on behalf of any other Person, directly or by assisting others, (i) solicit, induce, recruit, persuade, or encourage; (ii) attempt to solicit, induce, recruit, persuade, or encourage; or (iii) induce the termination of employment of any individual employed by the Company or a Company affiliate to terminate such employee's position with the Company, whether or not such employee is a full-time or temporary employee of the Company and whether or not such employment is pursuant to a written agreement for a determined period, or at will. The provisions of this Section 8.2 shall only apply to those individuals employed by the Company at the time of the solicitation or attempted solicitation.

8.3 This provision explicitly covers all forms of oral, written, or electronic communication, including, but not limited to, communications by email, regular mail, express mail, telephone, fax, instant message and social media. However, it will not be deemed a violation of this Award if the Participant merely communicates with an employee of the Company or connects with an employee of the Company on social media without engaging in any other substantive communication, by social media or otherwise, that is prohibited by this Section 8.

8.4 This Section 8 does not restrict or impede, in any way, and shall not be interpreted or understood as restricting or impeding, the Participant from exercising protected rights that cannot be waived by agreement.

8.5 Acknowledgements. The Participant acknowledges that the Company's Business extends throughout the Southeastern United States. The Participant further acknowledges and agrees that it is fair and reasonable for the Company to take steps to protect its goodwill, business relationships and employees from the risk of misappropriation of, or harm to, such goodwill, business relationships and employees. The Participant acknowledges that he or she is a key employee of the Company, that his or her position is uniquely essential to the management, organization and service of the Business, and that the consideration received for the provisions of this Section, including this Award, continued employment, specialized training, and the confidential information and trade secrets provided to the Participant, is sufficient consideration for the restraints imposed under this Award. The Participant further agrees that the terms, territory and scope of the restraint contemplated by this Section are reasonable and necessary to protect the Company's legitimate business and economic interests.

8.6 Survival. The provisions and restrictive covenants in this Section 8 of this Award shall survive the expiration or termination of this Award for any reason; provided, however, that the provisions and restrictive covenants of this Section 8 shall expire and have no further effect upon the occurrence of a Change in Control. Participant agrees not to challenge the enforceability or scope of these provisions and restrictive covenants in this Section 8. Participant further agrees to notify all future persons, or businesses, with which he or she becomes affiliated or employed by, of the provisions and restrictions set forth in this Section 8, prior to the commencement of any such affiliation or employment.

8.7 Injunctive Relief. Participant acknowledges and agrees that if he or she breaches or threatens to breach any of the provisions of this Section 8, such actions will cause irreparable harm and damage to the Company which cannot be compensated by damages alone. Accordingly, if the Participant breaches or threatens to breach any of the provisions of this Section 8, the Company shall be entitled to injunctive relief, in addition to any other rights or remedies the Company may have. Participant hereby waives the requirement for a bond by the Company as a condition to seeking injunctive relief. The existence of any claim or cause of action by the Participant against the Company, whether predicated on this Award or otherwise, shall not constitute a defense to the enforcement by the Company of the Participant's agreements under this Section 8.

8.8 Enforceability. In the event that a court of competent jurisdiction determines that any of the restrictive covenants set forth in this Section contain impermissible terms, the Participant and the Company intend that such court will revise such impermissible terms as the court deems reasonable rather than invalidating any such terms or this Award.

9. Participant Bound By The Plan

The Participant hereby acknowledges receipt of a copy of the Plan and, except as otherwise provided herein, agrees to be bound by all the terms and provisions thereof.

10. Modification of Agreement

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the Company; provided that no such action may be taken which adversely affects the rights of the Participant, except to the extent such action is required by statute, or rules and regulations promulgated thereunder, or as otherwise permitted hereunder.

11. Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

12. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without giving effect to the conflicts of laws principles thereof.

13. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. This Agreement shall inure to the benefit of the Participant's legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Participant's heirs, executors, administrators and successors.

14. Resolution of Disputes

Any dispute or disagreement that may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Compensation Committee. Any determination made hereunder shall be final, binding and conclusive on the Participant and the Company for all purposes.

15. Securities Laws

Upon the vesting of any Restricted Stock, the Participant will make or enter into such written representations, warranties and agreements as the Compensation Committee may reasonably request in order to comply with applicable securities law or with this Agreement. Participant understands that Rule 144 promulgated under the Securities Act of 1933, as amended, may indefinitely restrict transfer of the Restricted Stock so long as Participant remains an "affiliate" of the Company or if "current public information" (as defined in Rule 144) about the Company is not publicly available.

16. Restrictive Legends and Stop-Transfer Orders

16.1 Legends. To the extent that stock certificate(s) representing unvested Restricted Stock are issued in physical form rather than through book entry with the Company's transfer agent, Participant understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Restricted Stock, together with any other legends that may be required by federal or state securities laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between Participant and the Company or any agreement between Participant and any third party:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, AS SET FORTH IN A RESTRICTED STOCK AWARD AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

The above legend shall be removed at such time as the Restricted Stock in question is no longer subject to restrictions on public resale and transfer pursuant to this Agreement. Any legends required by applicable federal or state securities laws shall be removed at such time as such legends are no longer required. Any legends required by any stock transfer agreement, or any other agreement of similar nature, shall be removed at such time as such legends are no longer required.

16.2 Stop-Transfer Instructions. Participant agrees that, to ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

16.3 Refusal to Transfer. The Company will not be required (i) to transfer on its books any shares of Restricted Stock that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such shares have been so transferred.

17. Signature in Counterparts

This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

COMPANY:

SERVISFIRST BANCSHARES, INC.	**PARTICIPANT:**
By: _____________________________	______________________
Its:______________________________	

SERVISFIRST BANCSHARES, INC.
AMENDED AND RESTATED 2009 STOCK INCENTIVE PLAN, AS AMENDED
PERFORMANCE SHARE AWARD AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into effective as of ______________ (the "Grant Date"), by and between ServisFirst Bancshares, Inc., a Delaware corporation (the "Company"), and ______________ (the "Participant").

W I T N E S S E T H:

WHEREAS, the Company maintains the ServisFirst Bancshares, Inc. Amended and Restated 2009 Stock Incentive Plan, as amended (the "Plan"), and the Participant has been selected by the Compensation Committee to receive a grant of Performance Shares under the Plan (the "Award");

WHEREAS, all terms not defined in this Agreement shall have the meanings set forth in the Plan.

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as follows:

Performance Shares

1.1 The Company hereby grants to the Participant as of the Grant Date an award for a target number of ______________ (______________) Performance Shares, subject to, and in accordance with, the restrictions, terms and conditions set forth in this Agreement and in the Plan. Each Performance Share represents the right to receive one share of Common Stock from the Company and the right to accrue dividend equivalents thereon (the "Dividend Equivalents"), each as vested and paid as set forth in this Agreement, subject to the terms and conditions set forth in this Agreement and the Plan. The number of Performance Shares that the Participant actually earns, if any, and the corresponding Dividend Equivalents on such vested Performance Shares (up to a maximum of ________ (______________) Performance Shares) shall be determined by the Compensation Committee and will be determined by the level of achievement of the performance goal to be achieved over the period commencing on January 1, 2021 and ending on December 31, 2023 (the "Performance Period") in accordance with the terms of Exhibit A attached hereto..

1.2 This Award is conditioned on the Participant's execution of this Agreement. If this Agreement is not executed by the Participant and returned to the Company within one week of the Grant Date, it may be canceled by the Compensation Committee resulting in the immediate forfeiture of the Award.

2. Vesting and Issuance

2.1 Subject to Section 2.2 below if the Participant continues to provide service to the Company or a Subsidiary, the Participant shall become vested in the earned Performance Shares on the date that Compensation Committee certifies the achievement of the performance goal (the "Vesting Date") and the Company shall issue shares of Common Stock with respect to the earned and vested Performance Shares and the vested Dividend Equivalents thereon as soon as practicable after the Vesting Date; provided that in no event shall any payment be made later than March 15th of the year following the Vesting Date.

2.2 In accordance with Section 10(d) of the Plan, in the event Participant's service to the Company or a Subsidiary terminates as a result of Participant's death, Disability, Retirement (as defined in Section 10(a) of the Plan) or Change in Control, Participant shall be entitled to a prorated number of the Performance Shares earned, determined at the end of the Performance Period, based on the ratio of the number of days the Participant provides service during the Performance Period to the total number of days in the Performance Period and such earned Performance Shares shall be issued in shares of Common Stock as set forth in Section 2.1. If a Change in Control occurs during the Performance Period, and the Participant's date of termination does not occur before the Change in Control date, the Participant shall earn the Performance Shares that would have been earned by the Participant as if the Performance Shares were earned at target (100%), but prorated based on the ratio of the number of days the Participant provides service during the Performance Period through the date of the Change in Control, to the total number of days in the Performance Period, and in such event the earned Performance Shares shall be paid within 30 days of the Change in Control. In the event Participant's service terminates for any other reason prior to the end of the Performance Period, all Performance Shares shall be forfeited in their entirety.

2.3 Notwithstanding the foregoing, in the event that the above vesting schedule results in the vesting of any fractional shares of Common Stock, such fractional shares shall not be deemed vested hereunder but shall vest and become nonforfeitable when such fractional shares aggregate whole shares of Common Stock.

3. Unsecured Obligation

The Performance Shares are an unfunded obligation of the Company, and as a holder of Performance Shares, the Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between the Participant and the Company or any other person.

4. Dividend Equivalents; Voting

4.1 Dividend Equivalents with respect to Performance Shares will becredited to the Participant; provided that any Dividend Equivalents shall vest only if and to the extent that the underlying Performance Shares vest. Dividend Equivalents will be deemed to have been reinvested in additional shares of Common Stock on each ex-dividend date. Any Dividends Equivalents attributable to any particular Performance Share shall be subject to the same restrictions on transferability as the shares of Common Stock with respect to which they will be paid, and, if such Performance Shares are forfeited, the Participant shall have no right to such Dividend Equivalents or shares of Common Stock with respect to such Dividend Equivalents related to such forfeited Performance Shares. The Participant shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to the Participant. Upon such issuance, the Participant will obtain full voting and other rights as a stockholder of the Company.

4.2 In the event of any adjustments in outstanding shares of Common Stock as provided in Section 3 of the Plan, the number and class of shares of Performance Shares and Dividend Equivalents or other securities to which the Participant shall be entitled pursuant to this Agreement shall be appropriately adjusted or changed to reflect such change, provided that any such additional Performance Shares or Dividend Equivalents or additional or different shares or securities shall remain subject to the restrictions in this Agreement.

5. Nontransferability

Unless the Compensation Committee specifically determines otherwise, this award of Performance Shares is personal to the Participant, and the Performance Shares may not be sold, assigned, transferred, pledged or otherwise encumbered. Any such purported transfer or assignment shall be null and void.

6. No Right to Continued Employment or Service

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Participant any right with respect to continuance of employment or other service by the Company, nor shall this Agreement or the Plan interfere in any way with the right of the Company to terminate at any time the Participant's employment or service, subject to Participant's rights under this Agreement.

7. Taxes and Withholding

The Participant agrees that the Participant shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Participant pursuant to this Agreement, the amount of any required withholding taxes in respect of the distribution of shares of Common Stock in connection with the earned and vested Performance Shares and Dividend Equivalents and to take all such other action as the Compensation Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Participant shall pay to the Company (in cash or to the extent permitted by the Compensation Committee, by tendering Common Stock held by the Participant, including Performance Shares that become vested, with a Fair Market Value on the date the Performance Shares vest equal to the amount of the Participant's statutory tax withholding liability, or to the extent permitted by the Compensation Committee, a combination thereof) any federal, state or local taxes of any kind required by law to be withheld, if any, with respect to the Performance Shares. The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to this Award and to take all such other action as the Compensation Committee deems necessary to satisfy all obligations for the payment of such withholding taxes.

8. Non-Solicitation

8.1 Non-Solicitation of Customers. The Participant understands and acknowledges that the loss of Customer (as defined below) relationships or goodwill will cause significant and irreparable harm to the Company (for purposes of this Section 8, "Company" shall include all subsidiaries and affiliates of ServisFirst Bancshares, Inc., inclusive of ServisFirst Bank). The Participant shall not at any time during the term of his or her employment with the Company and for a term of one (1) year following the termination of Participant's employment with the Company for any reason, with or without cause, whether upon the initiative of the Participant or the Company (the "Restricted Period"), directly or by assisting others, solicit or attempt to solicit any of the Company's customers or other persons with whom the Company has a contractual or business relationship (each, a "Customer") to provide products or services that are competitive with the business of the Company, including providing banking services, originating commercial, consumer and other loans, accepting deposits, and providing electronic banking services and correspondent banking services to other banks (the "Business").

8.2 Non-Solicitation of Employees. The Participant understands and acknowledges that the Company has expended and continues to expend significant time and expense in recruiting and training its employees and that the loss of employees would cause significant and irreparable harm to the Company. Accordingly, the Participant agrees that, during the course of his or her employment with the Company and during the Restricted Period, the Participant will not, on his or her own behalf or on behalf of any other Person, directly or by assisting others, (i) solicit, induce, recruit, persuade, or encourage; (ii) attempt to solicit, induce, recruit, persuade, or encourage; or (iii) induce the termination of employment of any individual employed by the Company or a Company affiliate to terminate such employee's position with the Company, whether or not such employee is a full-time or temporary employee of the Company and whether or not such employment is pursuant to a written agreement for a determined period, or at will. The provisions of this Section 8.2 shall only apply to those individuals employed by the Company at the time of the solicitation or attempted solicitation.

8.3 This provision explicitly covers all forms of oral, written, or electronic communication, including, but not limited to, communications by email, regular mail, express mail, telephone, fax, instant message and social media. However, it will not be deemed a violation of this Award if the Participant merely communicates with an employee of the Company or connects with an employee of the Company on social media without engaging in any other substantive communication, by social media or otherwise, that is prohibited by this Section 8.

8.4 This Section 8 does not restrict or impede, in any way, and shall not be interpreted or understood as restricting or impeding, the Participant from exercising protected rights that cannot be waived by agreement.

8.5 Acknowledgements. The Participant acknowledges that the Company's Business extends throughout the Southeastern United States. The Participant further acknowledges and agrees that it is fair and reasonable for the Company to take steps to protect its goodwill, business relationships and employees from the risk of misappropriation of, or harm to, such goodwill, business relationships and employees. The Participant acknowledges that he or she is a key employee of the Company, that his or her position is uniquely essential to the management, organization and service of the Business, and that the consideration received for the provisions of this Section, including this Award, continued employment, specialized training, and the confidential information and trade secrets provided to the Participant, is sufficient consideration for the restraints imposed under this Award. The Participant further agrees that the terms, territory and scope of the restraint contemplated by this Section are reasonable and necessary to protect the Company's legitimate business and economic interests.

8.6 Survival. The provisions and restrictive covenants in this Section 8 of this Award shall survive the expiration or termination of this Award for any reason; provided, however, that the provisions and restrictive covenants of this Section 8 shall expire and have no further effect upon the occurrence of a Change in Control. Participant agrees not to challenge the enforceability or scope of these provisions and restrictive covenants in this Section 8. Participant further agrees to notify all future persons, or businesses, with which he or she becomes affiliated or employed by, of the provisions and restrictions set forth in this Section 8, prior to the commencement of any such affiliation or employment.

8.7 Injunctive Relief. Participant acknowledges and agrees that if he or she breaches or threatens to breach any of the provisions of this Section 8, such actions will cause irreparable harm and damage to the Company which cannot be compensated by damages alone. Accordingly, if the Participant breaches or threatens to breach any of the provisions of this Section 8, the Company shall be entitled to injunctive relief, in addition to any other rights or remedies the Company may have. Participant hereby waives the requirement for a bond by the Company as a condition to seeking injunctive relief. The existence of any claim or cause of action by the Participant against the Company, whether predicated on this Award or otherwise, shall not constitute a defense to the enforcement by the Company of the Participant's agreements under this Section 8.

8.8 Enforceability. In the event that a court of competent jurisdiction determines that any of the restrictive covenants set forth in this Section contain impermissible terms, the Participant and the Company intend that such court will revise such impermissible terms as the court deems reasonable rather than invalidating any such terms or this Award.

9. Participant Bound By The Plan

The Participant hereby acknowledges receipt of a copy of the Plan and, except as otherwise provided herein, agrees to be bound by all the terms and provisions thereof.

10. Modification of Agreement

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the Company; provided that no such action may be taken which adversely affects the rights of the Participant, except to the extent such action is required by statute, or rules and regulations promulgated thereunder, or as otherwise permitted hereunder.

11. Compliance with Section 409A of the Code

This Award is intended to comply with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if the Participant is a “Specified Employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of the Participant’s separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares of Common Stock that would otherwise be made upon the date of the separation from service or within the first six months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six months and one day after the date of the separation from service, with the balance of the shares of Common Stock issued thereafter in accordance with the original issuance schedule set forth in this Agreement, but if and only if such delay in the issuance of the shares of Common Stock is necessary to avoid the imposition of taxation on the Participant in respect of the shares under Section 409A of the Code.

12. Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

13. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without giving effect to the conflicts of laws principles thereof.

14. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company’s assets and business. This Agreement shall inure to the benefit of the Participant’s legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Participant’s heirs, executors, administrators and successors.

15. Resolution of Disputes

Any dispute or disagreement that may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Compensation Committee. Any determination made hereunder shall be final, binding and conclusive on the Participant and the Company for all purposes.

16. Applicable Laws

The issuance and transfer of shares of Common Stock in connection with the Performance Shares and the Dividend Equivalents shall be subject to compliance by the Company and the Participant with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Participant understands that Rule 144 promulgated under the Securities Act of 1933, as amended, may indefinitely restrict transfer of shares of Common Stock issued pursuant to this Agreement so long as Participant remains an "affiliate" of the Company or if "current public information" (as defined in Rule 144) about the Company is not publicly available. In addition, the Performance Shares (and any compensation paid, or shares of Common Stock issued including with respect to Dividend Equivalents) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

17. Signature in Counterparts

This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

COMPANY:

SERVISFIRST BANCSHARES, INC.	**PARTICIPANT:**
By: ______________________________	_______________________
Its:______________________________	

EXHIBIT A

The number of Performance Shares earned by the Participant pursuant to the Agreement shall be determined by reference to the Company's Total Shareholder Return ("**TSR**") relative to the Peer Group set forth below over the performance period commencing on January 1, 2021 and ending on December 31, 2023 (the "Performance Period").

Depending on the Company's TSR percent rank relative to the Peer Group, the Participant shall earn between 0% and 150% of the Target number of Performance Shares set forth in the Agreement corresponding to the Company's attainment of the TSR Percent Rank Relative to the Peer Group as set forth in the table below on the last day of the Performance Period; and the Participant shall receive shares of Common Stock with respect to the number of earned Performance Shares and related Dividend Equivalents thereon provided, that the Participant has remained in continuous service with the Company or a Subsidiary from the Grant Date through the Vesting Date as set forth in Section 2 of the Agreement.

Performance Level	SFBS Percent Rank Relative to Peer Group	Number of Performance Shares Earned
Threshold	35^{th} Percentile	50% of Target
Target	50^{th} Percentile	100% of Target
Maximum	75^{th} Percentile	150% of Target

The percentage of Performance Shares that shall be earned if the Company's TSR Percent Rank Relative to Peer Group is between Threshold and Target or between Target and Maximum shall be determined by linear interpolation.

Notwithstanding the foregoing, if the Company's TSR at the end of the Performance Period is negative, then the maximum number of Performance Shares that can be earned is the Target number of Performance Shares, regardless of how the Company's TSR compares to the Peer Group at the end of the Performance Period.
For purposes of this Exhibit A**:**

a. TSR means a company's total shareholder return, calculated based on the stock price appreciation during the Performance Period plus the value of dividends paid on such stock during the Performance Period (which shall be deemed to have been reinvested in the underlying company's stock).

b. Percent Rank Relative to Peer Group" means the percentile ranking of the Company with the constituents of the Peer Group with respect to TSR, which is (Ending Stock Price – Beginning Stock Price + Dividends Paid) / Beginning Stock Price

Where “Beginning Stock Price” means the daily average closing price of one share of common stock for the twenty trading days prior to the first day of the Performance Period;

Where “Ending Stock Price” means the daily average closing price of one share of common stock for the twenty trading day prior to and including the last day of the Performance Period;

Where “Dividends” means the total of all cash dividends paid on one share of common stock during the Performance Period, assumed to be reinvested in additional shares of common stock on the ex-dividend date.

c. Peer Group” shall mean the following companies:

Company	**Ticker**	**Principle Executive Offices**
Allegiance Bancshares, Inc.	ABTX	Houston, TX
Amerant Bancorp Inc.	AMTB	Coral Gables, FL
Ameris Bancorp	ABCB	Atlanta, GA
Atlantic Union Bankshares Corporation	AUB	Richmond, VA
Bryn Mawr Bank Corporation	BMTC	Bryn Mawr, PA
ConnectOne Bancorp, Inc.	CNOB	Englewood Cliffs, NJ
Eagle Bancorp, Inc.	EGBN	Bethesda, MD
Enterprise Financial Services Corp.	EFSC	Clayton, MO
First Financial Bancorp.	FFBC	Cincinnati, OH
First Midwest Bancorp, Inc.	FMBI	Chicago, IL
Independent Bank Group, Inc.	IBTX	McKinney, TX
Kearny Financial Corp.	KRNY	Fairfield, NJ
Lakeland Bancorp, Inc.	LBAI	Oak Ridge, NJ
Peapack-Gladstone Financial Corporation	PGC	Bedminster, NJ
Provident Financial Services, Inc.	PFS	Jersey City, NJ
Sandy Spring Bancorp, Inc.	SASR	Olney, MD
TowneBank	TOWN	Portsmouth, VA
Trustmark Corporation	TRMK	Jackson, MS
Univest Financial Corporation	UVSP	Souderton, PA
Veritex Holdings, Inc.	VBTX	Dallas, TX
WSFS Financial Corporation	WSFS	Wilmington, DE

The Compensation Committee shall make the following adjustments to the calculation of the relative TSR or the composition of the Peer Group during the Performance Period as follows: (1) if a member of the Peer Group is acquired by another company, or during the Performance Period announces that it will be acquired by another company, then the acquired Peer Group company will be removed from the Peer Group for the entire Performance Period; (2) if a member of the Peer Group sells, spins-off, or disposes of a portion of its business, then such Peer Group company will remain in the Peer Group for the Performance Period unless such disposition(s) results in the disposition of more than 50% of such company's total assets during the Performance Period, in which case it will be removed from the Peer Group for the entire Performance Period; (3) if a member of the Peer Group acquires another company, the acquiring Peer Group company will remain in the Peer Group for the entire Performance Period; (4) if a member of the Peer Group is delisted on all major stock exchanges, such delisted company will be removed from the Peer Group for the entire Performance Period; (5) to the extent that the Company and/or any member of the Peer Group splits its stock or declares a distribution of shares, such company's total shareholder return performance will be appropriately adjusted for the stock split or share distribution so as not to give an advantage or disadvantage to such company by comparison to the other companies; and (6) members of the Peer Group that file for bankruptcy, liquidation or reorganization during the Performance Period will remain in the Peer Group and with an assumed total shareholder return of – 100%. In addition, the Compensation Committee shall have the authority to make other appropriate adjustments in response to a change in circumstances that results in a member of the Peer Group no longer satisfying the criteria for which such member was originally selected.

Section 302 Certification of the CEO

I, Thomas A. Broughton III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ServisFirst Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 29, 2021

/s/ Thomas A. Broughton III
Thomas A. Broughton III
President and Chief Executive Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.02

Section 302 Certification of the CFO

I, William M. Foshee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ServisFirst Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2021

/s/ William M. Foshee
William M. Foshee
Chief Financial Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Section 906 Certification of the CEO

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ServisFirst Bancshares, Inc. (the "Company") certifies that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 29, 2021	/s/ Thomas A. Broughton III Thomas A. Broughton III President and Chief Executive Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.02

Section 906 Certification of the CFO

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ServisFirst Bancshares, Inc. (the "Company") certifies that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 29, 2021

/s/ William M. Foshee
William M. Foshee
Chief Financial Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.