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

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDEDJUNE 30, 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 each exchange on which registered
Common stock, par value $.001 per share	SFBS	New York Stock Exchange

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 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 July 22, 2021
Common stock, $.001 par value	54,201,204

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PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2021 (Unaudited)	December 31, 2020 (1)
ASSETS		
Cash and due from banks	$ 72,599	$ 93,655
Interest-bearing balances due from depository institutions	3,100,677	2,115,985
Federal funds sold	7,500	1,771
Cash and cash equivalents	3,180,776	2,211,411
Available for sale debt securities, at fair value	1,013,533	886,688
Held to maturity debt securities (fair value of$250 at June 30, 2021 and December 31, 2020)	250	250
Mortgage loans held for sale	6,147	14,425
Loans	8,649,694	8,465,688
Less allowance for credit losses	(104,670)	(87,942)
Loans, net	8,545,024	8,377,746
Premises and equipment, net	67,738	54,969
Accrued interest and dividends receivable	33,130	36,841
Deferred tax assets	31,230	31,072
Other real estate owned and repossessed assets	2,039	6,497
Bank owned life insurance contracts	279,728	276,387
Goodwill and other identifiable intangible assets	13,773	13,908
Other assets	33,951	22,460
Total assets	$ 13,207,319	$ 11,932,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 3,296,429	$ 2,788,772
Interest-bearing	7,661,807	7,186,952
Total deposits	10,958,236	9,975,724
Federal funds purchased	1,059,474	851,545
Other borrowings	64,696	64,748
Accrued interest payable	12,089	12,321
Other liabilities	39,540	35,464
Total liabilities	12,134,035	10,939,802
Stockholders' equity:		
Preferred stock, par value $0.001 per share; 1,000,000 authorized and undesignated at June 30, 2021 and December 31 2020	-	-
Common stock, par value $0.001 per share; 100,000,000 shares authorized; 54,201,204 shares issued and outstanding at June 30, 2021, and 53,943,751 shares issued and outstanding at December 31 2020	54	54
Additional paid-in capital	225,127	223,856
Retained earnings	828,048	748,224
Accumulated other comprehensive income	19,555	20,218
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	1,072,784	992,352
Noncontrolling interest	500	500
Total stockholders' equity	1,073,284	992,852
Total liabilities and stockholders' equity	$ 13,207,319	$ 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 per share amounts)
(Unaudited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Interest income:				
Interest and fees on loans	$ 95,451	$ 89,383	$ 189,254	$ 178,768
Taxable securities	6,315	5,092	12,122	10,246
Nontaxable securities	86	211	193	444
Federal funds sold	4	34	7	311
Other interest and dividends	863	360	1,539	2,078
Total interest income	102,719	95,080	203,115	191,847
Interest expense:				
Deposits	6,836	10,756	13,717	27,501
Borrowed funds	1,215	1,090	2,365	3,472
Total interest expense	8,051	11,846	16,082	30,973
Net interest income	94,668	83,234	187,033	160,874
Provision for credit losses	9,652	10,283	17,103	23,867
Net interest income after provision for credit losses	85,016	72,951	169,930	137,007
Noninterest income:				
Service charges on deposit accounts	1,907	1,823	3,815	3,739
Mortgage banking	2,699	2,107	5,446	3,178
Credit card income	1,912	1,398	3,104	3,163
Securities gains	620	-	620	-
Increase in cash surrender value life insurance	1,683	1,464	3,341	2,917
Other operating income	777	241	1,735	710
Total noninterest income	9,598	7,033	18,061	13,707
Noninterest expenses:				
Salaries and employee benefits	16,887	15,792	32,430	31,450
Equipment and occupancy expense	2,844	2,434	5,498	4,834
Third party processing and other services	3,946	3,622	7,362	7,079
Professional services	1,107	1,091	2,030	2,039
FDIC and other regulatory assessments	1,425	595	3,007	1,927
OREO expense	540	1,303	697	1,904
Other operating expenses	4,560	3,979	9,199	7,503
Total noninterest expenses	31,309	28,816	60,223	56,736
Income before income taxes	63,305	51,168	127,768	93,978
Provision for income taxes	13,278	10,720	26,286	18,752
Net income	50,027	40,448	101,482	75,226
Preferred stock dividends	31	31	31	31
Net income available to common stockholders	$ 49,996	$ 40,417	$ 101,451	$ 75,195
Basic earnings per common share	$ 0.92	$ 0.75	$ 1.87	$ 1.40
Diluted earnings per common share	$ 0.92	$ 0.75	$ 1.86	$ 1.39

See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net income	$ 50,027	$ 40,448	$ 101,482	$ 75,226
Other comprehensive (loss) income, net of tax:				
Unrealized net holding gains (losses) arising during period from securities available for sale, net of tax of $617 and $(300) for the three and six months ended June 30, 2021, respectively, and net of tax of $309 and $3,419 for the three and six months ended June 30, 2020, respectively	2,311	1,163	(1,153)	12,862
Reclassification adjustment for net gains on call of securities, net of tax of$130 for the three and six months ended June 30, 2021, respectively	490	-	490	-
Other comprehensive income (loss), net of tax	2,801	1,163	(663)	12,862
Comprehensive income	$ 52,828	$ 41,611	$ 100,819	$ 88,088

See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30,							
	Common Shares	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling interest	Total Stockholders' Equity
Balance, April 1, 2020	53,844,009	$ -	$ 54	$ 221,901	$ 641,980	$ 17,448	$ 502	$ 881,885
Common dividends declared, $0.175 per share	-	-	-	-	(9,413)	-	-	(9,413)
Preferred dividends paid	-	-	-	-	(31)	-	-	(31)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	-	-	-	-
Issue restricted shares pursuant to stock incentives	10,267	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	20,000	-	-	183	-	-	-	183
Stock-based compensation expense	-	-	-	353	-	-	-	353
Other comprehensive income, net of tax	-	-	-	-	-	1,163	-	1,163
Net income	-	-	-	-	40,448	-	-	40,448
Balance, June 30, 2020	53,874,276	$ -	$ 54	$ 222,437	$ 672,984	$ 18,611	$ 502	$ 914,588
Balance, April 1, 2021	54,137,650	$ -	$ 54	$ 224,302	$ 788,875	$ 16,754	$ 500	$ 1,030,485
Common dividends declared, $0.20 per share	-	-	-	-	(10,849)	-	-	(10,849)
Preferred dividends paid	-	-	-	-	(31)	-	-	(31)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	26	-	-	26
Issue restricted shares pursuant to stock incentives, net of forfeitures	14,582	-	-	-	-	-		-
Issue shares of common stock upon exercise of stock options	48,972	-	-	1,195	-	-	-	1,195
13,528 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(928)	-	-	-	(928)
Stock-based compensation expense	-	-	-	558	-	-	-	558
Other comprehensive income, net of tax	-	-	-	-	-	2,801	-	2,801
Net income	-	-	-	-	50,027	-	-	50,027
Balance, June 30, 2021	54,201,204	$ -	$ 54	$ 225,127	$ 828,048	$ 19,555	$ 500	$ 1,073,284

See Notes to Consolidated Financial Statements.

	Six Months Ended June 30,							
	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 paid, $0.175 per share	-	-	-	-	(9,409)	-	-	(9,409)
Common dividends declared, $0.175 per share	-	-	-	-	(9,413)	-	-	(9,413)
Preferred dividends paid	-	-	-	-	(31)	-	-	(31)
Issue restricted shares pursuant to stock incentives	25,567	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	224,969	-	-	2,444	-	-	-	2,444
11,031 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(403)	-	-	-	(403)
Stock-based compensation expense	-	-	-	630	-	-	-	630
Other comprehensive income, net of tax	-	-	-	-	-	12,862	-	12,862
Net income	-	-	-	-	75,226	-	-	75,226
Balance, June 30, 2020	53,874,276	$ -	$ 54	$ 222,437	$ 672,984	$ 18,611	$ 502	$ 914,588
Balance, January 1, 2021	53,943,751	$ -	$ 54	$ 223,856	$ 748,224	$ 20,218	$ 500	$ 992,852
Common dividends paid, $0.20 per share	-	-	-	-	(10,829)	-	-	(10,829)
Common dividends declared, $0.20 per share	-	-	-	-	(10,849)	-	-	(10,849)
Preferred dividends paid	-	-	-	-	(31)	-	-	(31)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	51	-	-	51
Issue restricted shares pursuant to stock incentives, net of forfeitures	57,224	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	200,229	-	-	3,060	-	-	-	3,060
49,771 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(2,638)	-	-	-	(2,638)
Stock-based compensation expense	-	-	-	849	-	-	-	849
Other comprehensive loss, net of tax	-	-	-	-	-	(663)	-	(663)
Net income	-	-	-	-	101,482	-	-	101,482
Balance, June 30, 2021	54,201,204	$ -	$ 54	$ 225,127	$ 828,048	$ 19,555	$ 500	$ 1,073,284

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

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
OPERATING ACTIVITIES		
Net income	$ 101,482	$ 75,226
Adjustments to reconcile net income to net cash provided by		
Deferred tax (benefit)	12	(1,160)
Provision for credit losses	17,103	23,867
Depreciation	2,030	1,842
Amortization of core deposit intangible	135	136
Net amortization of debt securities available for sale	2,878	2,282
Increase in accrued interest and dividends receivable	3,711	(4,666)
Stock-based compensation expense	849	630
Decrease in accrued interest payable	(232)	(224)
Proceeds from sale of mortgage loans held for sale	171,592	105,181
Originations of mortgage loans held for sale	(157,868)	(110,182)
Gain on call of securities available for sale	(620)	-
Gain on sale of mortgage loans held for sale	(5,446)	(3,178)
Net loss (gain) on sale of other real estate owned and repossessed assets	282	(24)
Write down of other real estate owned and repossessed assets	761	1,836
Operating losses of tax credit partnerships	4	4
Increase in cash surrender value of life insurance contracts	(3,341)	(2,917)
Net change in other assets, liabilities, and other operating activities	(3,879)	15,981
Net cash provided by operating activities	129,453	104,634
INVESTMENT ACTIVITIES		
Purchase of debt securities available for sale	(263,647)	(165,627)
Proceeds from maturities, calls and paydowns of debt securities available for sale	133,954	83,277
Investment in tax credit partnership and SBIC	(56)	(543)
Increase in loans	(185,506)	(1,063,891)
Purchase of premises and equipment	(14,799)	(934)
Proceeds from sale of other real estate owned and repossessed assets	761	852
Net cash used in investing activities	(329,293)	(1,146,866)
FINANCING ACTIVITIES		
Net increase in non-interest-bearing deposits	507,657	929,014
Net increase in interest-bearing deposits	474,855	883,471
Net increase in federal funds purchased	207,929	164,857
Proceeds from exercise of stock options	3,060	2,444
Taxes paid in net settlement of tax obligation upon exercise of stock options	(2,638)	(403)
Dividends paid on common stock	(21,627)	(18,793)
Dividends paid on preferred stock	(31)	(31)
Net cash provided by financing activities	1,169,205	1,960,559
Net increase in cash and cash equivalents	969,365	918,327
Cash and cash equivalents at beginning of period	2,211,411	630,600
Cash and cash equivalents at end of period	$ 3,180,776	$ 1,548,927
SUPPLEMENTAL DISCLOSURE		
Cash paid for:		
Interest	$ 16,314	$ 31,197
Income taxes	5,428	207
Income tax refund	(3)	(47)
NONCASH TRANSACTIONS		
Other real estate acquired in settlement of loans	$ 364	$ 1,023
Internally financed sale of other real estate owned	3,779	-
Dividends declared	10,849	9,413

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 recurring nature. The consolidated results of operations are not necessarily indicative of the consolidated results of operations which ServisFirst Bancshares, Inc. (the "Company") and its consolidated subsidiaries, including ServisFirst Bank (the "Bank"), 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 ("ACL") 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 available to common stockholders 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(In Thousands, Except Shares and Per Share Data)			
Earnings per common share				
Weighted average common shares outstanding	54,173,034	53,854,973	54,112,190	53,779,599
Net income available to common stockholders	$ 49,996	$ 40,417	$ 101,451	$ 75,195
Basic earnings per common share	$ 0.92	$ 0.75	$ 1.87	$ 1.40
Weighted average common shares outstanding	54,173,034	53,854,973	54,112,190	53,779,599
Dilutive effects of assumed conversions and exercise of stock options and warrants	287,196	339,533	309,137	401,361
Weighted average common and dilutive potential common shares outstanding	54,460,230	54,194,506	54,421,327	54,180,960
Net income available to common stockholders	$ 49,996	$ 40,417	$ 101,451	$ 75,195
Diluted earnings per common share	$ 0.92	$ 0.75	$ 1.86	$ 1.39

NOTE 4 - SECURITIES

The amortized cost and fair value of available-for-sale and held-to-maturity securities atJune 30, 2021 and December 31, 2020 are summarized as follows:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
June 30, 2021		(In Thousands)		
Securities Available for Sale				
U.S. Treasury securities	$ 13,998	$ 237	$ -	$ 14,235
Government agencies	12,026	113	-	12,139
Mortgage-backed securities	587,372	12,840	(1,120)	599,092
State and municipal securities	26,045	293	(57)	26,281
Corporate debt	349,394	13,656	(1,264)	361,786
Total	$ 988,835	$ 27,139	$ (2,441)	$ 1,013,533
Securities Held to Maturity				
State and municipal securities	250	-	-	250
Total	$ 250	$ -	$ -	$ 250
December 31, 2020				
Securities Available for Sale				
U.S. Treasury securities	$ 13,993	$ 364	$ -	$ 14,357
Government agencies	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
Securities Held to Maturity				
State and municipal securities	250	-	-	250
Total	$ 250	$ -	$ -	$ 250

The amortized cost and fair value of debt securities as ofJune 30, 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.

	June 30, 2021		December 31, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(In thousands)		
Debt securities available for sale				
Due within one year	$ 34,066	$ 34,409	$ 30,797	$ 31,060
Due from one to five years	42,224	43,525	59,828	61,481
Due from five to ten years	321,035	332,152	288,002	293,886
Due after ten years	4,138	4,355	5,122	5,152
Mortgage-backed securities	587,372	599,092	477,407	495,109
	$ 988,835	$ 1,013,533	$ 861,156	$ 886,688
Debt securities held to maturity				
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 debt securities pledged to secure public funds on deposit and for other purposes as required by law as of June 30, 2021 and December 31, 2020 was $463.1 million and $477.6 million, respectively.

The following table identifies, as of June 30, 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)					
June 30, 2021						
Mortgage-backed securities	$ (1,120)	$ 178,518	$ -	$ -	$ (1,120)	$ 178,518
State and municipal securities	(57)	4,439	-	-	(57)	4,439
Corporate debt	(1,264)	19,736	-	-	(1,264)	19,736
Total	$ (2,441)	$ 202,693	$ -	$ -	$ (2,441)	$ 202,693
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

The following table summarizes information about sales and calls of debt securities for sale.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(In Thousands)			
Sales and calls proceeds	$ 6,272	$ -	$ 6,272	$ -
Gross realized gains	$ 620	$ -	$ 620	$ -
Gross realized losses	-	-	-	-
Net realized gain (loss)	$ 620	$ -	$ 620	$ -

At June 30, 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 the 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. The American Rescue Plan Act of 2021, which was signed into law on March 21, 2021, provides additional relief for businesses, states, municipalities and individuals by, among other things, allocating additional funds for the PPP. Effective May 28, 2021, the PPP program was closed to new applications. The Company funded approximately 7,400 loans for a total amount of $1.5 billion for clients under the PPP since April 2020. At June 30, 2021 and December 31, 2020, unaccreted deferred loan origination fees, net of costs, related to PPP loans totaled $16.9 million and $17.8 million, respectively. PPP loan origination fees recorded to interest income totaled $8.0 million and $2.6 million for the three months ended June 30, 2021 and 2020, respectively, and totaled $17.1 million and $2.6 million for the six months ended June 30, 2021 and 2020, respectively. PPP loans outstanding totaled $595.0 million and $900.5 million at June 30, 2021 and December 31, 2020, respectively. PPP loans are included within the commercial, financial and agricultural loan category in the table below.

The following table details the Company's loans at June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
	(Dollars In Thousands)	
Commercial, financial and agricultural	$ 3,105,243	$ 3,295,900
Real estate - construction	782,305	593,614
Real estate - mortgage:		
Owner-occupied commercial	1,726,888	1,693,428
1-4 family mortgage	707,546	711,692
Other mortgage	2,262,231	2,106,184
Subtotal: Real estate - mortgage	4,696,665	4,511,304
Consumer	65,481	64,870
Total Loans	8,649,694	8,465,688
Less: Allowance for credit losses	(104,670)	(87,942)
Net Loans	$ 8,545,024	$ 8,377,746
Commercial, financial and agricultural	35.90%	38.93%
Real estate - construction	9.04%	7.01%
Real estate - mortgage:		
Owner-occupied commercial	19.97%	20.00%
1-4 family mortgage	8.18%	8.41%
Other mortgage	26.15%	24.89%
Subtotal: Real estate - mortgage	54.30%	53.29%
Consumer	0.76%	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 loan credit 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 borrower (or guarantors, if any) or by the fair value, less cost to acquire and sell, of any underlying collateral.
- Special Mention – loans with potential weakness thatmay, 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 currently 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 ofJune 30, 2021 :

June 30, 2021	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
Commercial, financial and agricultural								
Pass	$ 696,886	$ 513,646	$ 263,641	$ 181,874	$ 132,091	$ 176,608	$ 1,068,699	$ 3,033,445
Special Mention	760	869	227	8	34	935	6,529	9,362
Substandard	-	558	10,554	562	3,632	2,450	44,680	62,436
Doubtful	-	-	-	-	-	-	-	-
Total Commercial, financial and agricultural	$ 697,646	$ 515,073	$ 274,422	$ 182,444	$ 135,757	$ 179,993	$ 1,119,908	$ 3,105,243
Real estate - construction								
Pass	$ 192,709	$ 272,865	$ 181,888	$ 34,403	$ 14,319	$ 18,915	$ 59,495	$ 774,594
Special Mention	-	-	7,476	-	-	-	-	7,476
Substandard	-	-	-	-	-	235	-	235
Doubtful	-	-	-	-	-	-	-	-
Total Real estate - construction	$ 192,709	$ 272,865	$ 189,364	$ 34,403	$ 14,319	$ 19,150	$ 59,495	$ 782,305
Owner-occupied commercial								
Pass	$ 140,624	$ 358,617	$ 261,570	$ 197,714	$ 191,665	$ 512,036	$ 60,471	$ 1,722,697
Special Mention	-	-	-	-	289	1,990	-	2,279
Substandard	-	-	-	-	141	1,771	-	1,912
Doubtful	-	-	-	-	-	-	-	-
Total Owner-occupied commercial	$ 140,624	$ 358,617	$ 261,570	$ 197,714	$ 192,095	$ 515,797	$ 60,471	$ 1,726,888
1-4 family mortgage								
Pass	$ 112,165	$ 144,375	$ 89,615	$ 58,027	$ 45,026	$ 50,650	$ 202,552	$ 702,410
Special Mention	-	673	553	366	104	582	1,083	3,361
Substandard	-	150	365	-	232	136	892	1,775
Doubtful	-	-	-	-	-	-	-	-
Total 1-4 family mortgage	$ 112,165	$ 145,198	$ 90,533	$ 58,393	$ 45,362	$ 51,368	$ 204,527	$ 707,546
Other mortgage								
Pass	$ 292,546	$ 455,048	$ 472,105	$ 211,629	$ 331,739	$ 407,337	$ 67,217	$ 2,237,621
Special Mention	-	-	-	-	2,762	8,882	-	11,644
Substandard	-	-	-	4,544	8,422	-	-	12,966
Doubtful	-	-	-	-	-	-	-	-
Total Other mortgage	$ 292,546	$ 455,048	$ 472,105	$ 216,173	$ 342,923	$ 416,219	$ 67,217	$ 2,262,231
Consumer								
Pass	$ 13,060	$ 5,818	$ 3,262	$ 1,166	$ 1,186	$ 4,185	$ 36,776	$ 65,453
Special Mention	-	-	-	-	-	28	-	28
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Consumer	$ 13,060	$ 5,818	$ 3,262	$ 1,166	$ 1,186	$ 4,213	$ 36,776	$ 65,481
Total Loans								
Pass	$ 1,447,990	$ 1,750,369	$ 1,272,081	$ 684,813	$ 716,026	$ 1,169,731	$ 1,495,210	$ 8,536,220
Special Mention	760	1,542	8,256	374	3,189	12,417	7,612	34,150
Substandard	-	708	10,919	5,106	12,427	4,592	45,572	79,324
Doubtful	-	-	-	-	-	-	-	-
Total Loans	$ 1,448,750	$ 1,752,619	$ 1,291,256	$ 690,293	$ 731,642	$ 1,186,740	$ 1,548,394	$ 8,649,694

The table below presents loan balances classified by credit quality indicator, loan type and based on year of origination as of December 31, 2020:

December 31, 2020	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total
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 June 30, 2021 and December 31, 2020 were as follows:

June 30, 2021	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 3,095,238	$ 10,005	$ 3,105,243
Real estate - construction	782,071	234	782,305
Real estate - mortgage:			
Owner-occupied commercial	1,725,686	1,202	1,726,888
1-4 family mortgage	706,534	1,012	707,546
Other mortgage	2,257,504	4,727	2,262,231
Total real estate mortgage	4,689,724	6,941	4,696,665
Consumer	65,472	9	65,481
Total	$ 8,632,505	$ 17,189	$ 8,649,694

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 June 30, 2021 and December 31, 2020 were as follows:

June 30, 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	$ 535	$ 7	$ 31	$ 573	$ 9,974	$ 3,094,696	$ 3,105,243	$ 3,706
Real estate - construction	-	-	-	-	234	782,071	782,305	-
Real estate - mortgage:								
Owner-occupied commercial	255	-	-	255	1,202	1,725,431	1,726,888	1,061
1-4 family mortgage	471	504	121	1,096	891	705,559	707,546	375
Other mortgage	12	-	4,727	4,739	-	2,257,492	2,262,231	-
Total real estate - mortgage	738	504	4,848	6,090	2,093	4,688,482	4,696,665	1,436
Consumer	32	58	9	99	-	65,382	65,481	-
Total	$ 1,305	$ 569	$ 4,888	$ 6,762	$ 12,301	$ 8,630,631	$ 8,649,694	$ 5,142

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 June 30, 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 thethree and six months ended June 30, 2021 and June 30, 2020.

	Commercial, financial and agricultural	Real estate - construction	Real estate - mortgage	Consumer	Total
	(In Thousands)				
	Three Months Ended June 30, 2021				
Allowance for credit losses:					
Balance at March 31, 2021	$ 38,232	$ 19,391	$ 35,607	$ 1,676	$ 94,906
Charge-offs	(150)	-	(59)	(54)	(263)
Recoveries	298	2	62	13	375
Provision	4,053	3,020	2,920	(341)	9,652
Balance at June 30, 2021	$ 42,433	$ 22,413	$ 38,530	$ 1,294	$ 104,670
	Three Months Ended June 30, 2020				
Allowance for loan losses:					
Balance at March 31, 2020	$ 48,780	$ 3,757	$ 32,360	$ 517	$ 85,414
Charge-offs	(1,358)	(376)	(2,520)	(62)	(4,316)
Recoveries	84	1	13	28	126
Provision	480	1,149	8,546	108	10,283
Balance at June 30, 2020	$ 47,986	$ 4,531	$ 38,399	$ 591	$ 91,507
	Six Months Ended June 30, 2021				
Allowance for credit losses:					
Balance at December 31, 2020	$ 36,370	$ 16,057	$ 33,722	$ 1,793	$ 87,942
Charge-offs	(627)	-	(71)	(141)	(839)
Recoveries	324	52	64	24	464
Provision	6,366	6,304	4,815	(382)	17,103
Balance at June 30, 2021	$ 42,433	$ 22,413	$ 38,530	$ 1,294	$ 104,670
	Six Months Ended June 30, 2020				
Allowance for loan losses:					
Balance at December 31, 2019	$ 43,666	$ 2,768	$ 29,653	$ 497	$ 76,584
Charge-offs	(3,998)	(830)	(4,198)	(120)	(9,146)
Recoveries	146	2	14	40	202
Provision	8,172	2,591	12,930	174	23,867
Balance at June 30, 2020	$ 47,986	$ 4,531	$ 38,399	$ 591	$ 91,507

The following table details the allowance for loan losses and recorded investment in loans by impairment evaluation method as of June 30, 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	$ 63,531	$ 616	$ 8,004	$ 9	$ 72,160
Collectively Evaluated for Impairment	3,435,096	543,970	4,203,758	60,391	8,243,215
Loans:					
Ending Balance	$ 3,498,627	$ 544,586	$ 4,211,762	$ 60,400	$ 8,315,375
Individually Evaluated for Impairment	63,531	616	8,004	9	72,160
Collectively Evaluated for Impairment	3,435,096	543,970	4,203,758	60,391	8,243,215

We maintain an allowance for credit losses on unfunded 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 $3.3 million at June 30, 2021 and $2.2 million at December 31, 2020. The provision expense for unfunded commitments for the three and six months ended June 30, 2021 was $500,000 and $1.1 million, respectively and was $0 for both corresponding periods in 2020. 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:

June 30, 2021	Real Estate	Accounts Receivable	Equipment	Other	Total	ACL Allocation
			(In Thousands)			
Commercial, financial and agricultural	$ 13,994	$ 25,879	$ 17,006	$ 5,558	$ 62,437	$ 10,001
Real estate - construction	235	-	-	-	235	1
Real estate - mortgage:						
Owner-occupied commercial	1,199	714	-	-	1,913	592
1-4 family mortgage	1,700	-	-	25	1,725	67
Other mortgage	13,014	-	-	-	13,014	-
Total real estate - mortgage	15,913	714	-	25	16,652	659
Consumer	-	-	-	-	-	-
Total	$ 30,142	$ 26,593	$ 17,006	$ 5,583	$ 79,324	$ 10,661

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, an 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 June 30, 2021, there were 20 loans outstanding totaling $3.6 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 Company's COVID-19 loan modifications from being classified as a TDR as of June 30, 2021.

Troubled Debt Restructurings ("TDR") at June 30, 2021, December 31, 2020 and June 30, 2020 totaled $2.9 million, $1.5 million and $1.6 million, respectively. The portion of those TDRs accruing interest at June 30, 2021, December 31, 2020 and June 30, 2020 totaled $441,000, $818,000 and $975,000, respectively. At June 30, 2021, the Company had a related allowance for credit losses of $747,000 allocated to these TDRs, compared to $929,000 at December 31, 2020 and $1.8 million at June 30, 2020. The following tables present loans modified in a TDR during three and six months ended June 30, 2021 and June 30, 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 June 30, 2021			Six Months Ended June 30, 2021		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	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	2	$ 1,155	$ 1,155
Real estate - construction	-	-	-	-	-	-
Real estate - mortgage:						
Owner-occupied commercial	1	991	991	1	991	991
1-4 family mortgage	-	-	-	-	-	-
Other mortgage	-	-	-	-	-	-
Total real estate mortgage	1	991	991	1	991	991
Consumer	-	-	-	-	-	-
	3	$ 2,146	$ 2,146	3	$ 2,146	$ 2,146

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	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 and six months ended June 30, 2021 and June 30, 2020, respectively. 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 10.5 years. At June 30, 2021, the Company had lease right-of-use assets and lease liabilities totaling $19.0 million and $19.5 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 June 30, 2021 are as follows:

	June 30, 2021 (In Thousands)
2021 (remaining)	$ 1,961
2022	3,874
2023	3,363
2024	2,404
2025	2,314
thereafter	7,296
Total lease payments	21,212
Less: imputed interest	(1,682)
Present value of operating lease liabilities	$ 19,530

As of June 30, 2021, the weighted average remaining term of operating leases is 7.18 years and the weighted average discount rate used in the measurement of operating lease liabilities was 2.52%.

Operating cash flows related to leases were $829,000 and $1.6 million for the three and six months ended June 30, 2021, respectively, compared to $856,000 and $1.7 million for the three and six months ended June 30, 2020, respectively.

Lease costs during the three and six months ended June 30, 2021 and June 30, 2020 were as follows (in thousands):

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Operating lease cost	$ 1,011	$ 873
Short-term lease cost	-	16
Variable lease cost	140	44
Sublease income	(24)	(29)
Net lease cost	$ 1,127	$ 904

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Operating lease cost	$ 1,911	$ 1,747
Short-term lease cost	-	32
Variable lease cost	212	88
Sublease income	(47)	(45)
Net lease cost	$ 2,076	$ 1,822

NOTE 7 - EMPLOYEE AND DIRECTOR BENEFITS

Stock Options

The Company has a stock-based compensation plan as described below. The compensation cost that has been charged to earnings for the plan was $558,000 and $849,000 for the three and six months ended June 30, 2021 and $353,000 and $629,000 for the three and six months ended June 30, 2020.

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, Performance Shares or Performance Units. The plan allows for the grant of incentive stock options and non-qualified stock options, and option awards are granted with an exercise price equal to the market value of the Company's common stock at the date of grant. The maximum term of the options granted under the plan is ten years.

The Company estimates the fair value of each stock option award using a Black-Scholes-Merton valuation model that uses the assumptions noted in the following table. Expected volatility is based on historical volatilities of the Company's common stock. 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 the six months ended June 30, 2021 was $12.73. There were no grants of stock options during the six months ended June 30, 2020.

The following table summarizes stock option activity during the six months ended June 30, 2021 and June 30, 2020:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In Thousands)
Six Months Ended June 30, 2021:				
Outstanding at January 1, 2021	640,950	$ 18.14	4.6	$ 16,981
Granted	500	32.60	8.0	18
Exercised	(197,200)	10.31	3.1	11,574
Forfeited	(6,000)	5.82	0.7	106
Outstanding at June 30, 2021	438,250	19.68	4.4	$ 22,121
Exercisable at June 30, 2021	337,000	$ 13.84	3.5	$ 18,841
Six Months Ended June 30, 2020:				
Outstanding at January 1, 2020	965,248	$ 15.19	4.9	$ 21,911
Granted	-	-	-	-
Exercised	(236,000)	10.36	3.1	5,995
Forfeited	(18,000)	30.79	6.6	90
Outstanding at June 30, 2020	711,248	18.21	5.3	$ 13,808
Exercisable at June 30, 2020	236,500	$ 12.76	3.6	$ 5,446

As of June 30, 2021, there was $539,000 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 2.1 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 June 30, 2021, there was $3.7 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 2.5 years of the restricted stock's vesting period.

The Company periodically grants performance shares that give plan participants the opportunity to earn between 0% 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
Six Months Ended June 30, 2021:				
Non-vested at January 1, 2021	84,307	$ 34.92	-	$ -
Granted	64,199	46.37	12,437	37.05
Vested	(11,778)	27.99	-	-
Forfeited	(6,975)	38.81	-	-
Non-vested at June 30, 2021	129,753	41.01	12,437	-
Six Months Ended June 30, 2020:				
Non-vested at January 1, 2020	71,290	$ 31.53	-	$ -
Granted	25,567	36.29	-	-
Vested	(18,828)	23.06	-	-
Forfeited	-	-	-	-
Non-vested at June 30, 2020	78,029	35.14	-	-

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 is not 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 of 0.50%. 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 June 30, 2021 the interest rate cap had a fair value of $412,000 and remaining term of 1.8 years.

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 is not 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 June 30, 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: Quotes 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 Level3 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 Level1 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 June 30, 2021 was 4% 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 isnot 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 individual 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 June 30, 2021 was 0% to 64% and 24.02%, 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 $1.4 million and $3.3 million during the three and six months ended June 30, 2021, respectively, and $3.8 million and $8.8 million during the three and six months ended June 30, 2020, respectively.

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 June 30, 2021 was 10% to 25% and 15.5%, 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 and repossessed assets of $540,000 and $697,000 was recognized for the three and six months ended June 30, 2021, respectively, and $1.3 million and $1.9 million for the three and six months ended June 30, 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 were two residential real estate loans with a balance of $222,000 foreclosed and classified as OREO as of June 30, 2021, compared to one residential real estate loan foreclosure for $209,000 as of December 31, 2020.

One residential real estate loan for $111,000 was in the process of being foreclosed as of June 30, 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 June 30, 2021 and December 31, 2020. There were no liabilities measured at fair value on a recurring basis as of June 30, 2021 and December 31, 2020.

	Fair Value Measurements at June 30, 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	$ -	$ 14,235	$ -	$ 14,235
Government agency securities	-	12,139	-	12,139
Mortgage-backed securities	-	599,092	-	599,092
State and municipal securities	-	26,281	-	26,281
Corporate debt	-	346,792	14,994	361,786
Total available-for-sale debt securities	-	998,539	14,994	1,013,533
Interest rate cap derivative	-	412	-	412
Total assets at fair value	$ -	$ 998,951	$ 14,994	$ 1,013,945

	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

The following table presents the Company's financial assets and financial liabilities carried at fair value on a nonrecurring basis as of June 30, 2021 and December 31, 2020:

	Fair Value Measurements at June 30, 2021			
	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	$ -	$ -	$ 68,663	$ 68,663
Other real estate owned and repossessed assets	-	-	2,039	2,039
Total assets at fair value	$ -	$ -	$ 70,702	$ 70,702

	Fair Value Measurements at December 31, 2020			
	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 and repossessed assets	-	-	6,497	6,497
Total assets at fair value	$ -	$ -	$ 87,314	$ 87,314

In the case of the investment securities portfolio, the Company monitors the portfolio to ascertain when transfers between levels have been effected. The nature of the remaining assets and liabilities is such that transfers in and out of any level are expected to be rare. For the six months ended June 30, 2021, there were two transfers between Levels 1, 2 or 3.

The table below includes a rollforward of the balance sheet amounts for the three and six months ended June 30, 2021 and June 30, 2020 (including the change in fair value) for financial instruments classified by the Company within Level 3 of the valuation hierarchy measured at fair value on a recurring basis including changes in fair value due in part to observable factors that are part of the valuation methodology (in thousands):

	For the Three months ended June 30,		For the Six months ended June 30,	
	2021	2020	2021	2020
	Available-for-sale Securities	Available-for-sale Securities	Available-for-sale Securities	Available-for-sale Securities
Fair value, beginning of period	$ 10,301	$ 6,647	$ -	$ 6,596
Transfers into Level 3	-	-	6,000	-
Total realized gains included in income	-	-	-	-
Changes in unrealized gains/losses included in other comprehensive income for assets and liabilities still held at period-end	193	(52)	494	(1)
Purchases	8,500	-	12,500	-
Transfers out of Level 3	(4,000)	-	(4,000)	-
Fair value, end of period	$ 14,994	$ 6,595	$ 14,994	$ 6,595

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 of June 30, 2021 and December 31, 2020 were as follows:

	June 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Assets:				
Level 1 inputs:				
Cash and due from banks	$ 3,173,276	$ 3,173,276	$ 2,209,640	$ 2,209,640
Level 2 inputs:				
Federal funds sold	7,500	7,500	1,771	1,771
Mortgage loans held for sale	6,147	7,019	14,425	14,497
Level 3 inputs:				
Held to maturity debt securities	250	250	250	250
Loans, net	8,476,361	8,442,506	8,377,746	8,387,718
Financial liabilities:				
Level 2 inputs:				
Deposits	$ 10,958,236	$ 10,965,495	$ 9,975,724	$ 9,987,665
Federal funds purchased	1,059,474	1,059,474	851,545	851,545
Other borrowings	64,696	65,524	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. This discussion is intended to supplement and highlight information contained in the accompanying unaudited consolidated financial statements as of and for the three and six months ended June 30, 2021 and June 30, 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 (the "Exchange Act") 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, our Quarterly Reports on Form 10-Q for fiscal year 2021 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 contained herein. 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 business and personal financial services through 22 full-service banking offices located in Birmingham, Huntsville, Mobile, Montgomery and Dothan, Alabama, Northwest Florida, West Central Florida, Nashville, Tennessee, Atlanta, Georgia, and Charleston, South Carolina. 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 of Quarter and Year-to-Date Results

As of June 30, 2021, we had consolidated total assets of $13.21 billion, up $1.27 billion, or 10.7%, when compared to consolidated assets of $11.93 billion at December 31, 2020. Total loans were $8.65 billion at June 30, 2021, up $184.0 million, or 2.2%, from $8.47 billion at December 31, 2020. Total deposits were $10.96 billion at June 30, 2021, up $982.5 million, or 9.8%, from $9.98 billion at December 31, 2020.

Net income available to common stockholders for the three months ended June 30, 2021 was $50.0 million, an increase of $9.6 million, or 23.7%, from $40.4 million for the corresponding period in 2020. Basic and diluted earnings per common share were $0.92 for the three months ended June 30, 2021, compared to basic and diluted earnings per common share of $0.75 for the corresponding period in 2020.

Net income available to common stockholders for the six months ended June 30, 2021 was $101.5 million, an increase of $26.3 million, or 35.0%, from $75.2 million for the corresponding period in 2020. Basic and diluted earnings per common share were $1.87 and $1.86, respectively, for the six months ended June 30, 2021, compared to $1.40 and $1.39, respectively, for the corresponding period in 2020.

Critical Accounting Policies

The accounting and financial policies of the Company conform to U.S. generally accepted accounting principles and to general practices within the banking industry. To prepare consolidated financial statements in conformity with U.S. GAAP, 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 and income taxes 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 June 30, 2021, we had $7.5 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 June 30, 2021, we had $2.97 billion in balances at the Federal Reserve, compared to $1.92 billion at December 31, 2020. The increase in balances kept at the Federal Reserve in 2020 result from federal stimulus funds on deposit with us by our customers stemming from the COVID-19 pandemic.

Debt Securities

Debt securities available for sale totaled $1.01 billion at June 30, 2021 and $886.7 million at December 31, 2020. Investment securities held to maturity totaled $250,000 at June 30, 2021 and December 31, 2020. We had paydowns of $101.9 million on mortgage-backed securities and government agencies, maturities of $12.3 million on municipal bonds, corporate securities and treasury securities, and calls of $19.8 million on U.S. government agencies and municipal securities during the six months ended June 30, 2021. We recognized a $620,000 gain on the call of a corporate bond during the second quarter of 2021. We purchased $203.9 million in mortgage-backed securities and $50.0 million in corporate securities during the first six months of 2021. For a tabular presentation of debt securities available for sale and held to maturity at June 30, 2021 and December 31, 2020, see “Note 4 – Securities” in our Notes to Consolidated Financial Statements.

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 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”). At June 30, 2021, we had $361.8 million of bank holding company subordinated notes. If rated, all of these notes were rated BBB or better by Kroll Bond Rating Agency at the time of our investment. 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 at June 30, 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 was $463.1 million and $477.6 million as of June 30, 2021 and December 31, 2020, respectively.

Loans

As of June 30, 2021, there are 20 loans outstanding totaling $3.6 million that have payment deferrals in connection with the COVID-19 relief provided by the CARES Act. All of these payment deferrals were principal and interest deferrals. The amount of accrued interest related to payment deferrals provided by the CARES Act on all loans originated to date totaled $5.0 million at June 30, 2021. These deferrals were not considered troubled debt restructurings based on interagency guidance issued in March 2020.

We had total loans of $8.65 billion at June 30, 2021, an increase of $184.0 million, or 2.2%, compared to $8.47 billion at December 31, 2020. We originated approximately 7,400 PPP loans totaling $1.5 billion as of June 30, 2021. Over 6,300 of these loans have a balance of less than $350,000. The percentage of our loans in each of our regions were as follows:

	Percentage of Total Loans in Market
Birmingham, AL	35.2%
Huntsville, AL	8.2%
Dothan, AL	9.5%
Montgomery, AL	5.7%
Mobile, AL	6.0%
Total Alabama MSAs	64.6%
Northwest Florida[1]	6.3%
West Central Florida [2]	7.5%
Total Florida MSAs	13.8%
Nashville, TN	10.2%
Atlanta, GA	7.1%
Charleston, SC	4.3%

[1] comprised of Fort Walton Beach and Pensacola, Florida
[2] comprised of Orlando, Tampa Bay, Sarasota, and Venice, Florida

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 the 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 June 30, 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 our 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 June 30,		As of and for the Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Total loans outstanding, net of unearned income	$ 8,649,694	$ 8,315,375	$ 8,649,694	$ 8,315,375
Average loans outstanding, net of unearned income	$ 8,644,993	$ 8,333,704	$ 8,579,116	$ 7,847,426
Allowance for credit losses at beginning of period	94,906	-	87,942	-
Allowance for loan losses at beginning of period	-	85,414	-	76,584
Charge-offs:				
Commercial, financial and agricultural loans	150	1,358	627	3,998
Real estate - construction	-	376	-	830
Real estate - mortgage	59	2,520	71	4,198
Consumer loans	54	62	141	120
Total charge-offs	263	4,316	839	9,146
Recoveries:				
Commercial, financial and agricultural loans	298	84	324	146
Real estate - construction	2	1	52	2
Real estate - mortgage	62	13	64	14
Consumer loans	13	28	24	40
Total recoveries	375	126	464	202
Net charge-offs	(112)	4,190	375	8,944
Provision for credit losses	9,652	10,283	17,103	23,867
Allowance for credit losses at period end	$ 104,670	$ -	$ 104,670	$ -
Allowance for loan losses at period end	$ -	$ 91,507	$ -	$ 91,507
Allowance for credit losses to period end loans	1.21%	-%	1.21%	-%
Allowance for loan losses to period end loans	-%	1.10%	-%	1.10%
Net charge-offs to average loans	(0.01)%	0.20%	0.01%	0.23%

June 30, 2021	Amount	Percentage of loans in each category to total loans
	(In Thousands)	
Commercial, financial and agricultural	$ 42,433	35.90%
Real estate - construction	22,413	9.04%
Real estate - mortgage	38,530	54.30%
Consumer	1,294	0.76%
Total	$ 104,670	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 $17.2 million at June 30, 2021, compared to $19.0 million at December 31, 2020. Of this total, nonaccrual loans of $12.3 million at June 30, 2021 represented a net decrease of $1.7 million from nonaccrual loans at December 31, 2020. Excluding credit card accounts, there were two loans 90 or more days past due and still accruing totaling $4.8 million at June 30, 2021, compared to one loan totaling $4.9 million at December 31, 2020. Troubled Debt Restructurings ("TDR") at June 30, 2021 and December 31, 2020 were $2.9 million and $2.4 million, respectively.

OREO and repossessed assets decreased to $2.0 million at June 30, 2021, from $6.5 million at December 31, 2020. The following table summarizes OREO and repossessed asset activity for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(In thousands)	
Balance at beginning of period	$ 6,497	$ 8,178
Transfers from loans and capitalized expenses	1,125	1,023
Proceeds from sales	(761)	(852)
Internally financed sales	(3,779)	-
Write-downs / net gain (loss) on sales	(1,043)	(1,812)
Balance at end of period	$ 2,039	$ 6,537

The following table summarizes our nonperforming assets and TDRs at June 30, 2021 and December 31, 2020:

	June 30, 2021 Balance	June 30, 2021 Number of Loans	December 31, 2020 Balance	December 31, 2020 Number of Loans
	(Dollar Amounts In Thousands)			
Nonaccrual loans:				
Commercial, financial and agricultural	$ 9,974	21	$ 11,709	22
Real estate - construction	234	1	234	1
Real estate - mortgage:				
Owner-occupied commercial	1,202	3	1,259	4
1-4 family mortgage	891	9	771	7
Other mortgage	-	-	-	-
Total real estate - mortgage	2,093	12	2,030	11
Consumer	-	-	-	-
Total Nonaccrual loans:	$ 12,301	34	$ 13,973	34
90+ days past due and accruing:				
Commercial, financial and agricultural	$ 31	5	$ 11	2
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	-	-	-	-
1-4 family mortgage	121	1	104	1
Other mortgage	4,727	1	4,805	1
Total real estate - mortgage	4,848	2	4,909	2
Consumer	9	6	61	25
Total 90+ days past due and accruing:	$ 4,888	13	$ 4,981	29
Total Nonperforming Loans:	$ 17,189	47	$ 18,954	63
Plus: Other real estate owned and repossessions	2,039	6	6,497	11
Total Nonperforming Assets	$ 19,228	53	$ 25,451	74
Restructured accruing loans:				
Commercial, financial and agricultural	$ 441	2	$ 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:	$ 441	2	$ 818	3
Total Nonperforming assets and restructured accruing loans	$ 19,669	55	$ 26,269	77
Ratios:				
Nonperforming loans to total loans	0.20%		0.22%	
Nonperforming assets to total loans plus other real estate owned and repossessions	0.22%		0.30%	
Nonperforming assets plus restructured accruing loans to total loans plus other real estate owned and repossessions	0.23%		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 June 30, 2021, the Company carries $5.0 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 were $10.96 billion at June 30, 2021, an increase of $982.5 million, or 9.8%, over $9.98 billion at December 31, 2020. Increased growth rates during 2020 have been the result of PPP lending in which our borrowers have retained portions of their proceeds in the Bank. We believe that these increased deposit balances will be temporary in nature. 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 Balance Sheets and Net Interest Analysis on a Fully Taxable-Equivalent Basis" under the subheading "Net Interest Income."

The following table summarizes balances of our deposits and the percentage of each type to the total at June 30, 2021 and December 31, 2020:

	June 30, 2021		December 31, 2020	
Noninterest-bearing demand	$ 3,296,429	30.08%	$ 2,788,772	27.96%
Interest-bearing demand	6,743,024	61.53%	6,276,910	62.92%
Savings	111,557	1.02%	89,418	0.90%
Time deposits , $250,000 and under	269,532	2.46%	273,301	2.74%
Time deposits, over $250,000	487,693	4.45%	497,323	4.99%
Brokered time deposits	50,000	0.46%	50,000	0.50%
	$ 10,958,236	100.00%	$ 9,975,724	100.00%

The following table presents the maturities of our certificates of deposit as of June 30, 2021 and December 30, 2020.

At June 30, 2021	$100,000 and greater	Less than $100,000	Total
Maturity	(In Thousands)		
Three months or less	$ 135,457	$ 21,932	$ 157,389
Over three through six months	181,198	22,127	203,325
Over six months through one year	182,183	25,527	207,710
Over one year	172,387	66,414	238,801
Total	$ 671,225	$ 136,000	$ 807,225

At December 31, 2020	$100,000 and greater	Less than $100,000	Total
Maturity	(In Thousands)		
Three months or less	$ 117,505	$ 18,996	$ 136,501
Over three through six months	132,828	18,866	151,694
Over six months through one year	215,578	23,116	238,694
Over one year	216,617	74,119	290,736
Total	$ 682,528	$ 135,097	$ 817,625

Other Borrowings

Our borrowings consist of federal funds purchased and subordinated notes payable. We had $1.06 billion and $851.5 million at June 30, 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 June 30, 2021. Other borrowings consist of the following:

- $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.
- $30.0 million of 4.5% Subordinated Notes due November 8, 2027, which were issued in a private placement in November 2017 and pay interest semi-annually.

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 were 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 June 30, 2021, liquid assets, which are represented by cash and due from banks, federal funds sold and unpledged available-for-sale securities, totaled $3.72 billion. At June 30, 2021, the Bank had borrowing availability of approximately $986 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 our anticipated funding needs.

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, correspondent banking relationships and related federal funds purchased, 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 "Other 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. Our management is not currently aware of any trends or demands that are reasonably likely to result in liquidity materially increasing or decreasing. 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 June 30, 2021. The amounts shown do not reflect any early withdrawal or prepayment assumptions.

	Payments due by Period				
	Total	1 year or less	Over 1 - 3 years	Over 3 - 5 years	Over 5 years
			(In Thousands)		
Contractual Obligations (1)					
Deposits without a stated maturity	$ 10,151,011	$ -	$ -	$ -	$ -
Certificates of deposit (2)	807,225	568,023	219,072	20,055	75
Brokered certificates of deposit	50,000	-	50,000	-	-
Federal funds purchased	1,059,474	1,059,474	-	-	-
Subordinated debentures	64,750	-	-	-	64,750
Operating lease commitments	19,530	1,724	6,538	4,313	6,955
Total	$ 12,151,990	$ 1,629,221	$ 225,610	$ 24,368	$ 71,780

(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

Total stockholders' equity attributable to us at June 30, 2021 was $1.07 billion, or 8.13% of total assets. At December 31, 2020, total stockholders' equity attributable to us was $992.4 million, or 8.32% of total assets.

As of June 30, 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 total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios.

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 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, not including the capital conservation buffer, of capital to total regulatory or risk-weighted assets, as of June 30, 2021, December 31, 2020 and June 30, 2020:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
As of June 30, 2021						
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 1,039,496	10.60%	$ 441,379	4.50%	N/A	N/A
ServisFirst Bank	1,102,211	11.24%	441,322	4.50%	$ 637,465	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	1,039,996	10.60%	588,506	6.00%	N/A	N/A
ServisFirst Bank	1,102,711	11.24%	588,430	6.00%	784,573	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	1,212,662	12.36%	784,674	8.00%	N/A	N/A
ServisFirst Bank	1,210,681	12.34%	784,573	8.00%	980,716	10.00
Tier 1 Capital to Average Assets:						
Consolidated	1,039,996	8.10%	513,758	4.00%	N/A	N/A
ServisFirst Bank	1,102,711	8.59%	513,706	4.00%	642,133	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 June 30, 2020						
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 881,539	11.26%	$ 352,327	4.50%	N/A	N/A
ServisFirst Bank	943,578	12.06%	352,219	4.50%	$ 508,761	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	882,041	11.27%	469,769	6.00%	N/A	N/A
ServisFirst Bank	944,080	12.06%	469,625	6.00%	626,167	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	1,038,763	13.27%	626,359	8.00%	N/A	N/A
ServisFirst Bank	1,036,087	13.24%	626,167	8.00%	782,709	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	882,041	8.46%	417,188	4.00%	N/A	N/A
ServisFirst Bank	944,080	9.06%	416,980	4.00%	521,225	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 instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit beyond current fundings, credit card arrangements, standby letters of credit, and financial guarantees. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in our balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement we have in those particular financial 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 such financial instrument for commitments to extend credit, credit card arrangements and standby letters of credit is represented by the contractual or notional amount of these 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 June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
	(In Thousands)	
Commitments to extend credit	$ 3,184,637	$ 2,606,258
Credit card arrangements	334,009	286,128
Standby letters of credit	69,352	66,208
	$ 3,587,998	$ 2,958,594

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 June 30, 2021 was $50.0 million compared to net income and net income available to common stockholders of $40.4 million for the three months ended June 30, 2020. Net income and net income available to common stockholders for the six months ended June 30, 2021 was $101.5 million compared to net income and net income available to common stockholders of $75.2 million for the six months ended June 30, 2020. For the three months ended June 30, 2021 compared to 2020 net interest income increased $11.4 million, and non-interest income increased $2.6 million. The increase in net interest income is primarily attributable to growth in average earning assets and non-interest-bearing deposit balances. The same key drivers contributed to the increase in net income for the six months ended June 30, 2021 compared to 2020 resulting in a $26.2 million increase in net interest income, and a $4.4 million increase in non-interest income. Decreases in provision for credit losses of $631,000 and $6.8 million, increases in non-interest expense of $2.5 million and $3.5 million and increases in income tax expense of $2.5 million and $7.5 million, respectively, for the three and six months ended June 30, 2021 compared to 2020 partially offset increases in income.

Basic and diluted net income per common share were $0.92 for the three months ended June 30, 2021, compared to $0.75 for the corresponding period in 2020. Basic and diluted net income per common share were $1.87 and $1.86, respectively, for the six months ended June 30, 2021, compared to $1.40 and $1.39, respectively, for the corresponding period in 2020. Return on average assets for the three and six months ended June 30, 2021 was 1.56% and 1.63% compared to 1.55% and 1.54%, respectively, for the corresponding periods in 2020. Return on average common stockholders' equity for the three and six months ended June 30, 2021 was 18.98% and 19.73%, respectively, compared to 18.40% and 17.31%, respectively, for the corresponding periods in 2020.

Net Interest Income and Net Interest Margin Analysis

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 \$11.4 million, or 13.7%, to \$94.7 million for the three months ended June 30, 2021 compared to \$83.3 million for the corresponding period in 2020, and increased \$26.1 million, or 16.2%, to \$187.2 million for the six months ended June 30, 2021 compared to \$161.0 million for the corresponding period in 2020. This increase was primarily attributable to growth in average earning assets, which increased \$2.33 billion, or 23.1%, from the second quarter of 2020 to the second quarter of 2021, and \$2.65 billion, or 28.2%, from the six months ended June 30, 2020 to the same period in 2021. The taxable-equivalent yield on interest-earning assets decreased to 3.32% for the three months ended June 30, 2021 from 3.80% for the corresponding period in 2020, and decreased to 3.41% for the six months ended June 30, 2021 from 4.10% for the corresponding period in 2020. The yield on loans for the three months ended June 30, 2021 was 4.43% compared to 4.31% for the corresponding period in 2020, and 4.46% compared to 4.58% for the six months ended June 30, 2021 and June 30, 2020, respectively. The cost of total interest-bearing liabilities decreased to 0.37% for the three months ended June 30, 2021 compared to 0.69% for the corresponding period in 2020, and decreased to 0.39% for the six months ended June 30, 2021 from 0.94% for the corresponding period in 2020. Net interest margin for the three months ended June 30, 2021 was 3.06% compared to 3.32% for the corresponding period in 2020, and 3.14% for the six months ended June 30, 2021 compared to 3.44% for the corresponding period in 2020.

The following tables show, for the three and six months ended June 30, 2021 and June 30, 2020, the average balances of each principal category of our assets, liabilities and stockholders' equity, and an analysis of net interest revenue. The accompanying tables reflect 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. The tables are presented on a taxable-equivalent basis where applicable:

Average Balance Sheets and Net Interest Analysis
On a Fully Taxable-Equivalent Basis
For the Three Months Ended June 30,
(In thousands, except Average Yields and Rates)

	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	$ 8,618,139	$ 95,173	4.43%	$ 8,301,775	$ 89,042	4.31%
Tax-exempt (3)	26,854	271	4.05	31,929	327	4.12
Total loans, net of unearned income	8,644,993	95,444	4.43	8,333,704	89,369	4.31
Mortgage loans held for sale	11,470	55	1.92	13,278	69	2.09
Investment securities:						
Taxable	936,863	6,315	2.70	761,575	5,092	2.67
Tax-exempt (3)	16,872	104	2.47	38,201	250	2.62
Total investment securities (4)	953,735	6,419	2.69	799,776	5,342	2.67
Federal funds sold	8,224	4	0.20	83,274	33	0.16
Interest-bearing balances with banks	2,790,524	863	0.12	849,549	360	0.17
Total interest-earning assets	$ 12,408,946	$ 102,785	3.32	$ 10,079,581	$ 95,173	3.80
Non-interest-earning assets:						
Cash and due from banks	85,478			76,212		
Net fixed assets and equipment	61,240			57,446		
Allowance for credit losses, accrued interest and other assets	320,729			248,702		
Total assets	$ 12,876,393			$ 10,461,941		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 1,350,098	$ 639	0.19%	$ 992,848	$ 875	0.35%
Savings deposits	104,283	46	0.18	72,139	75	0.42
Money market accounts	5,321,338	3,499	0.26	4,285,907	5,555	0.52
Time deposits	801,928	2,652	1.33	877,448	4,251	1.95
Total interest-bearing deposits	7,577,647	6,836	0.36	6,228,342	10,756	0.69
Federal funds purchased	970,708	525	0.22	572,990	310	0.22
Other borrowings	64,694	690	4.28	64,711	781	4.85
Total interest-bearing liabilities	$ 8,613,049	$ 8,051	0.37%	$ 6,866,043	$ 11,847	0.69%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	3,154,605			2,646,030		
Other liabilities	52,027			69,061		
Stockholders' equity	1,038,012			862,500		
Accumulated other comprehensive loss	18,700			18,307		
Total liabilities and stockholders' equity	$ 12,876,393			$ 10,461,941		
Net interest income		$ 94,734			$ 83,326	
Net interest spread			2.95%			3.11%
Net interest margin			3.06%			3.32%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $9,915 and $3,650 are included in interest income in the second quarter of 2021 and 2020, respectively. Loan fees 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 $23,614 and $133 are excluded from the yield calculation in the second quarter of 2021 and 2020, respectively.

	For the Three Months Ended June 30, 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	$ 3,600	$ 2,531	$ 6,131
Tax-exempt	(50)	(6)	(56)
Total loans, net of unearned income	3,550	2,525	6,075
Mortgages held for sale	(8)	(6)	(14)
Debt securities:			
Taxable	1,195	28	1,223
Tax-exempt	(132)	(14)	(146)
Total debt securities	1,063	14	1,077
Federal funds sold	(35)	6	(29)
Interest-bearing balances with banks	625	(122)	503
Total interest-earning assets	5,195	2,417	7,612
Interest-bearing liabilities:			
Interest-bearing demand deposits	253	(489)	(236)
Savings	25	(54)	(29)
Money market accounts	1,133	(3,189)	(2,056)
Time deposits	(340)	(1,259)	(1,599)
Total interest-bearing deposits	1,071	(4,991)	(3,920)
Federal funds purchased	216	(1)	215
Other borrowed funds	-	(91)	(91)
Total interest-bearing liabilities	1,287	(5,083)	(3,796)
Increase in net interest income	$ 3,908	$ 7,500	$ 11,408

Our growth in loans continues to drive favorable volume component change and overall change. The rate component was favorable as loan yields increased 12 basis points and average rates paid on interest-bearing liabilities decreased 32 basis points. Growth in non-interest-bearing deposits and equity also contributed to the increase in net interest revenue during the three months ended June 30, 2021 compared to the same period in 2020.

Average Balance Sheets and Net Interest Analysis
On a Fully Taxable-Equivalent Basis
For the Six Months Ended June 30,
(In thousands, except Average Yields and Rates)

	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	$ 8,551,895	$ 188,678	4.46%	$ 7,815,184	$ 178,119	4.58%
Tax-exempt (3)	27,221	555	4.12	32,242	654	4.08
Total loans, net of unearned income	8,579,116	189,233	4.46	7,847,426	178,773	4.58
Mortgage loans held for sale	12,529	120	1.94	8,780	93	2.13
Investment securities:						
Taxable	907,653	12,122	2.70	755,994	10,246	2.73
Tax-exempt (3)	18,966	234	2.49	41,115	507	2.48
Total investment securities (4)	926,619	12,356	2.70	797,109	10,753	2.71
Federal funds sold	10,070	7	0.14	94,348	311	0.66
Interest-bearing balances with banks	2,527,838	1,539	0.12	659,374	2,078	0.63
Total interest-earning assets	$ 12,056,172	$ 203,255	3.41%	$ 9,407,037	$ 192,008	4.10%
Non-interest-earning assets:						
Cash and due from banks	128,416			71,176		
Net fixed assets and equipment	59,230			57,756		
Allowance for credit losses, accrued interest and other assets	320,569			246,673		
Total assets	$ 12,564,387			$ 9,782,642		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 1,322,509	$ 1,260	0.19%	$ 974,826	$ 2,220	0.46%
Savings deposits	98,859	88	0.18	69,759	159	0.46
Money market accounts	5,190,311	6,856	0.27	4,173,597	16,682	0.80
Time deposits	805,226	5,513	1.38	841,686	8,439	2.02
Total interest-bearing deposits	7,416,905	13,717	0.37	6,059,868	27,500	0.91
Federal funds purchased	910,574	985	0.22	532,814	1,910	0.72
Other borrowings	64,691	1,380	4.31	64,709	1,562	4.85
Total interest-bearing liabilities	$ 8,392,170	$ 16,082	0.39%	$ 6,657,391	$ 30,972	0.94%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	3,039,463			2,197,850		
Other liabilities	95,824			56,013		
Stockholders' equity	1,017,491			858,150		
Accumulated other comprehensive (loss)	19,439			13,238		
Total liabilities and stockholders' equity	$ 12,564,387			$ 9,782,642		
Net interest income		$ 187,173			$ 161,036	
Net interest spread			3.02%			3.16%
Net interest margin			3.14%			3.44%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $20,316, $4,930 are included in interest income in 2021 and 2020, respectively.
(2) Accretion on acquired loan discounts of $100, $90 and $163 are included in interest income in 2021 and 2020 respectively.
(3) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21%.
(4) Unrealized gains of $24,547 and $231 are excluded from the yield calculation in 2021 and 2020, respectively.

	For the Six Months Ended June 30, 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	$ 15,993	$ (5,434)	$ 10,559
Tax-exempt	(104)	5	(99)
Total loans, net of unearned income	15,889	(5,429)	10,460
Mortgages held for sale	37	(10)	27
Debt securities:			
Taxable	2,000	(124)	1,876
Tax-exempt	(275)	2	(273)
Total debt securities	1,725	(122)	1,603
Federal funds sold	(161)	(143)	(304)
Interest-bearing balances with banks	2,182	(2,721)	(539)
Total interest-earning assets	19,672	(8,425)	11,247
Interest-bearing liabilities:			
Interest-bearing demand deposits	613	(1,573)	(960)
Savings	49	(120)	(71)
Money market accounts	3,317	(13,143)	(9,826)
Time deposits	(354)	(2,572)	(2,926)
Total interest-bearing deposits	3,625	(17,408)	(13,783)
Federal funds purchased	873	(1,798)	(925)
Other borrowed funds	-	(182)	(182)
Total interest-bearing liabilities	4,498	(19,388)	(14,890)
Increase in net interest income	$ 15,174	$ 10,963	$ 26,137

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 55 basis points while loan yields decreased 12 basis points. Growth in non-interest-bearing deposits and equity also contributed to the increase in net interest revenue during the six months ended June 30, 2021 compared to the same period in 2020.

Provision for Credit Losses

The provision for credit losses was $9.7 million for the three months ended June 30, 2021, a decrease of $0.6 million from $10.3 million for the three months ended June 30, 2020, and was $17.1 million for the six months ended June 30, 2021, a $6.8 million decrease compared to $23.9 million for the six months ended June 30, 2020. The ACL for June 30, 2021 and December 31, 2020 was calculated under the current expected credit losses ("CECL") methodology and totaled $104.7 million and $87.9 million, or 1.21% and 1.04% of loans, net of unearned income, respectively. The allowance for loan losses totaled $91.5 million, or 1.10% of loans, net of unearned income, at June 30, 2020 and was calculated under the incurred loss methodology. The increase in the ACL as a percent of total loans at June 30, 2021 from December 31, 2020 is largely the result of a net decrease in PPP loans totaling $373 million, which were excluded from the ACL, and $517 million in net loan growth, excluding PPP loans, during the second quarter of 2021. We also added a new qualitative environmental factor this quarter to address the recent termination of the PPP for the effect it could have on various businesses that will need to be self-sustaining without the assistance of PPP as well as potential risk of nonpayment from SBA due to fraud within PPP loans. This new qualitative factor increased the ACL $3.5 million at June 30, 2021. Annualized net credit recoveries to quarter-to-date average loans were 0.01% for the second quarter of 2021, compared to annualized net credit charge-offs to quarter-to-date average loans of 0.20% for the corresponding period in 2020. Annualized net credit charge-offs to year-to-date average loans were 0.01% for the six months ended June 30, 2021, compared to 0.23% for the corresponding period in 2020. Nonperforming loans decreased to $17.2 million, or 0.20% of total loans, at June 30, 2021 from $19.0 million, or 0.22% of total loans, at December 31, 2020, and were $22.0 million, or 0.26% of total loans, at June 30, 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 $9.6 million for the three months ended June 30, 2021, an increase of $2.6 million, or 36.5%, compared to the corresponding period in 2020, and totaled $18.1 million for the six months ended June 30, 2021, an increase of $4.4 million, or 31.8%, compared to the corresponding period in 2020. Mortgage banking income increased $592,000, or 28.1%, to $2.7 million for the three months ended June 30, 2021 compared to $2.1 million for the same period in 2020, and increased $2.3 million, or 71.4%, to $5.4 million for the six months ended June 30, 2021 compared to $3.2 million for the same period in 2020. Margin pricing on mortgage loans was increased in the third quarter of 2020, increasing the per-loan revenue by approximately 18%. Credit card income increased $514,000 to $1.9 million for the three months ended June 30, 2021 compared to the same period in 2020, and decreased $59,000 to $3.1 million for the six months ended June 30, 2021 compared to the same period in 2020. The number of credit card accounts increased approximately 36% and the aggregate amount of spend on all credit card accounts increased 47% during the second quarter of 2021 compared to the second quarter of 2020. We recognized a $620,000 gain on securities during the second quarter of 2021 resulting from the redemption of a corporate bond. Cash surrender value of life insurance increased $219,000, or 15.0%, to $1.7 million during the three months ended June 30, 2021, compared to the corresponding period in 2020, and increased $424,000, or 14.5%, to $3.3 million for the six months ended June 30, 2021 compared to $2.9 million for the same period in 2020. Other income increased $536,000, or 222.4%, to $777,000 for the three months ended June 30, 2021 compared to $241,000 for the same period in 2020, and increased $1.0 million, or 144.4%, to $1.7 million for the six months ended June 30, 2021 compared to $710,000 for the same period in 2020. We wrote down the value of our interest rate cap by $252,000 during the second quarter of 2020 through other income. Merchant service revenue increased $155,000 or 115.3%, to $289,000 for the three months ended June 30, 2021 compared to $134,000 for the same period in 2020, and increased $246,000, or 105%, to $480,000 for the six months ended June 30, 2021 compared to $234,000 for the same period in 2020.

Noninterest Expense

Noninterest expense totaled $31.3 million for the three months ended June 30, 2021, an increase of $2.5 million, or 8.7%, compared to $28.8 million for the same period in 2020, and totaled $60.2 million for the six months ended June 30, 2021, an increase of $3.5 million, or 6.1%, compared to $56.7 million for the same period in 2020. Salary and benefit expense increased $1.1 million, or 6.9%, to $16.9 million for the three months ended June 30, 2021 from $15.8 million for the same period in 2020, and increased $980,000, or 3.1%, to $32.4 million for the six months ended June 30, 2021 from $31.5 million for the same period in 2020. Total employees increased from 492 as of June 30, 2020 to 527 as of June 30, 2021, or 7.1%. Equipment and occupancy expense increased $410,000, or 16.8%, to $2.8 million for the three months ended June 30, 2021 from $2.4 million for the corresponding period in 2020, and increased $664,000, or 13.7%, to $5.5 million from $4.8 million for the six months ended June 30, 2021 compared to the corresponding period in 2020. Third party processing and other services increased $324,000, or 8.9%, to $3.9 million for the three months ended June 30, 2021 from $3.6 million for the corresponding period in 2020, and increased $283,000, or 4.0%, to $7.4 million from $7.1 million for the six months ended June 30, 2021 compared to the corresponding period in 2020. Professional services expense increased $16,000, or 1.5%, to $1.1 million for the three months ended June 30, 2021 compared to the same period in 2020, and decreased $9,000, or 0.4%, to $2.0 million for the six months ended June 30, 2021 compared to the same period in 2020. FDIC and other regulatory assessments increased $830,000 to $1.4 million for the three months ended June 30, 2021 compared to the same period in 2020, and increased $1.1 million to $3.0 million for the six months ended June 30, 2021 compared to the same period in 2020. Our assessment base increased by 34.5% year-over-year. OREO expense decreased $763,000, or 58.6%, to $540,000 for the three months ended June 30, 2021 compared to the same period in 2020, and decreased $1.2 million, or 63.4%, to $697,000 for the six months ended June 30, 2021 compared to the same period in 2020. The second quarter 2020 amount included write-downs in value of two foreclosed properties in our Birmingham region and the second quarter of 2021 included a write-down of one property in our Nashville region. Other operating expenses increased $581,000, or 14.6%, to $4.6 million for the three months ended June 30, 2021 compared to the same period in 2020, and increased $1.7 million, or 22.6%, to $9.2 million for the six months ended June 30, 2021 compared to the same period in 2020. We increased our reserve for credit losses on unfunded loan commitments by $500,000 in the second quarter of 2021 with a charge to other operating expenses.

The following table presents our non-interest income and non-interest expense for the three and six month periods ending June 30, 2021 compared to the same periods in 2020.

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	$ change	% change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	$ change	% change
Non-interest income:								
Service charges on deposit accounts	$ 1,907	$ 1,823	$ 84	4.6%	$ 3,815	$ 3,739	$ 76	2.0%
Mortgage banking	2,699	2,107	592	28.1%	5,446	3,178	2,268	71.4%
Credit card income	1,912	1,398	514	36.8%	3,104	3,163	(59)	(1.9)%
Securities gains	620	-	620	NM%	620	-	620	NM%
Increase in cash surrender value life insurance	1,683	1,464	219	15.0%	3,341	2,917	424	14.5%
Other operating income	777	241	536	222.4%	1,735	710	1,025	144.4%
Total non-interest income	$ 9,598	$ 7,033	$ 2,565	36.5%	$ 18,061	$ 13,707	$ 4,354	31.8%
Non-interest expense:								
Salaries and employee benefits	$ 16,887	$ 15,792	$ 1,095	6.9%	$ 32,430	$ 31,450	$ 980	3.1%
Equipment and occupancy expense	2,844	2,434	410	16.8%	5,498	4,834	664	13.7%
Third party processing and other services	3,946	3,622	324	8.9%	7,362	7,079	283	4.0%
Professional services	1,107	1,091	16	1.5%	2,030	2,039	(9)	(0.4)%
FDIC and other regulatory assessments	1,425	595	830	139.5%	3,007	1,927	1,080	56.0%
OREO expense	540	1,303	(763)	(58.6)%	697	1,904	(1,207)	(63.4)%
Other operating expense	4,560	3,979	581	14.6%	9,199	7,503	1,696	22.6%
Total non-interest expense	$ 31,309	$ 28,816	$ 2,493	8.7%	$ 60,223	$ 56,736	$ 3,487	6.1%

Income Tax Expense

Income tax expense was $13.3 million for the three months ended June 30, 2021 compared to $10.7 million for the same period in 2020, and was $26.3 million for the six months ended June 30, 2021 compared to $18.8 million for the same period in 2020. Our effective tax rate for the three and six months ended June 30, 2021 was 21.0% and 20.6%, respectively, compared to 21.0% and 20.0% for the corresponding periods in 2020, respectively. We recognized excess tax benefits as a credit to our income tax expense from the exercise and vesting of stock options and restricted stock during the three and six months ended June 30, 2021 of $724,000 and $2.4 million, respectively, compared to $136,000 and $1.2 million during the three and six months ended June 30, 2020, respectively. 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 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 status of our balance sheet. Our annual budget reflects the anticipated rate environment for the next 12 months. The asset-liability committee conducts a quarterly analysis of the rate sensitivity position and reports its results to our board of directors.

The asset-liability committee thoroughly analyzes the maturities of rate-sensitive assets and liabilities. This analysis measures the "gap", which is defined as the difference between the dollar amount of rate-sensitive assets repricing during a period and the volume of rate-sensitive liabilities repricing during the same period. The gap is also expressed as the ratio of rate-sensitive assets divided by rate-sensitive liabilities. If the ratio is greater than one, the dollar value of assets exceeds the dollar value of liabilities; the balance sheet is "asset-sensitive." Conversely, if the value of liabilities exceeds the value of assets, the ratio is less than one and the balance sheet is "liability-sensitive." Our internal policy requires management to maintain the gap such that net interest margins will not change more than 10% if interest rates change 100 basis points or more than 15% if interest rates change 200 basis points. There have been no changes to our policies or procedures for analyzing our interest rate risk since December 31, 2020, and there have been no material changes to our sensitivity to changes in interest rates since December 31, 2020, as disclosed in our Annual Report on Form 10-K.

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 or Rule 15d-14 under the Securities Exchange Act of 1934. 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 June 30, 2021. Based upon the Evaluation, our CEO and CFO have concluded that, as of June 30, 2021, our disclosure controls and procedures are effective to ensure that material information relating to the Company. and its subsidiaries is made known to management, including the CEO and CFO, particularly during the period when our periodic reports are being prepared.

Changes in Internal Control Over Financial Reporting

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.

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

Exhibit:	Description
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 – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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 management contract or 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: July 28, 2021	By	/s/ Thomas A. Broughton III Thomas A. Broughton III President and Chief Executive Officer
Date: July 28, 2021	By	/s/ William M. Foshee William M. Foshee Chief Financial Officer

Exhibit 31.01

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: July 28, 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: July 28, 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.

Exhibit 32.01

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 June 30, 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: July 28, 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 June 30, 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: July 28, 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.