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 ENDED JUNE 30, 2022

☐ **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 Exchange Act). Yes ◻ No ⊠

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

Class	**Outstanding as of July 25, 2022**
Common stock, $.001 par value	54,308,895

TABLE OF CONTENTS

PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2022 (Unaudited)	December 31, 2021 (1)
ASSETS		
Cash and due from banks	$ 252,638	$ 56,934
Interest-bearing balances due from depository institutions	1,334,511	4,106,790
Federal funds sold	101,447	58,372
Cash and cash equivalents	1,688,596	4,222,096
Available for sale debt securities, at fair value	724,463	842,570
Held to maturity debt securities (fair value of $1,003,840 at June 30, 2022 and $466,286 at December 31, 2021)	1,065,755	462,957
Restricted equity securities	7,734	7,311
Mortgage loans held for sale	3,451	1,114
Loans	10,617,320	9,532,934
Less allowance for credit losses	(128,387)	(116,660)
Loans, net	10,488,933	9,416,274
Premises and equipment, net	59,482	60,300
Accrued interest and dividends receivable	36,557	34,831
Deferred tax asset, net	48,874	37,772
Other real estate owned and repossessed assets	1,207	1,208
Bank owned life insurance contracts	286,315	283,074
Goodwill and other identifiable intangible assets	13,615	13,638
Other assets	69,335	65,661
Total assets	$ 14,494,317	$ 15,448,806
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest-bearing demand	$ 4,686,511	$ 4,799,767
Interest-bearing	7,085,826	7,653,069
Total deposits	11,772,337	12,452,836
Federal funds purchased	1,389,167	1,711,777
Other borrowings	64,716	64,706
Accrued interest and dividends payable	13,515	13,619
Other liabilities	42,664	53,853
Total liabilities	13,282,399	14,296,791
Stockholders' equity:		
Preferred stock, par value $0.001 per share; 1,000,000 authorized and undesignated at June 30, 2022 and December 31, 2021	-	-
Common stock, par value $0.001 per share; 200,000,000 shares authorized, 54,306,875 shares issued and outstanding at June 30, 2022; and 100,000,000 shares authorized, 54,227,060 shares issued and outstanding at December 31, 2021	54	54
Additional paid-in capital	227,906	226,397
Retained earnings	1,005,815	911,008
Accumulated other comprehensive (loss) income	(22,357)	14,056
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	1,211,418	1,151,515
Noncontrolling interest	500	500
Total stockholders' equity	1,211,918	1,152,015
Total liabilities and stockholders' equity	$ 14,494,317	$ 15,448,806

(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, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Interest income:				
Interest and fees on loans	$ 111,287	$ 95,451	$ 214,392	$ 189,254
Taxable securities	10,515	6,315	18,738	12,122
Nontaxable securities	37	86	80	193
Federal funds sold	93	4	106	7
Other interest and dividends	4,623	863	6,427	1,539
Total interest income	126,555	102,719	239,743	203,115
Interest expense:				
Deposits	6,427	6,836	12,270	13,717
Borrowed funds	3,760	1,215	5,383	2,365
Total interest expense	10,187	8,051	17,653	16,082
Net interest income	116,368	94,668	222,090	187,033
Provision for credit losses	9,507	9,652	14,869	17,103
Net interest income after provision for credit losses	106,861	85,016	207,221	169,930
Noninterest income:				
Service charges on deposit accounts	2,133	1,907	4,275	3,815
Mortgage banking	614	2,699	1,140	5,446
Credit card income	2,672	1,912	5,044	3,104
Securities (losses) gains	(2,833)	620	(6,168)	620
Increase in cash surrender value life insurance	1,633	1,683	3,241	3,341
Other operating income	5,287	777	9,922	1,735
Total noninterest income	9,506	9,598	17,454	18,061
Noninterest expenses:				
Salaries and employee benefits	20,734	16,887	39,035	32,430
Equipment and occupancy expense	2,983	2,844	5,916	5,498
Third party processing and other services	6,345	3,946	11,950	7,362
Professional services	1,327	1,107	2,319	2,030
FDIC and other regulatory assessments	1,147	1,425	2,279	3,007
OREO expense	32	540	35	697
Other operating expenses	7,253	4,560	15,505	9,199
Total noninterest expenses	39,821	31,309	77,039	60,223
Income before income taxes	76,546	63,305	147,636	127,768
Provision for income taxes	14,410	13,278	27,887	26,286
Net income	62,136	50,027	119,749	101,482
Preferred stock dividends	31	31	31	31
Net income available to common stockholders	$ 62,105	$ 49,996	$ 119,718	$ 101,451
Basic earnings per common share	$ 1.14	$ 0.92	$ 2.21	$ 1.87
Diluted earnings per common share	$ 1.14	$ 0.92	$ 2.20	$ 1.86

See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	$ 62,136	$ 50,027	$ 119,749	$ 101,482
Other comprehensive (loss) income, net of tax:				
Unrealized net holding (losses) gains arising during period from securities available for sale, net of tax of $(5,557) and $(12,572) for the three and six months ended June 30, 2022, respectively, and net of tax of $877 and $(40) for the three and six months ended June 30, 2021, respectively	(13,344)	3,291	(40,340)	(173)
Amortization of net unrealized gains on securities transferred from available-for-sale to held-to-maturity, net of tax of $100 and $250 for three and six months ended June 30, 2022, respectively	(377)	-	(946)	-
Net losses on sales of securities, net of tax of $595 and $1,295 for three and six months ended June 30, 2022, and net (gain) on call of securities, net of tax of $(130) for three and six months ended June 30, 2021 reclassified from other comprehensive income into net income	2,238	(490)	4,873	(490)
Other comprehensive (loss) income, net of tax	(11,482)	2,801	(36,413)	(663)
Comprehensive income	$ 50,654	$ 52,828	$ 83,336	$ 100,819

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, 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
Balance, April 1, 2022	54,282,132	$ -	$ 54	$ 227,127	$ 956,169	$ (10,875)	$ 500	$ 1,172,975
Common dividends declared, $0.23 per share	-	-	-	-	(12,491)	-	-	(12,491)
Preferred dividends paid	-	-	-	-	(31)	-	-	(31)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	32	-	-	32
Issue restricted shares pursuant to stock incentives, net of forfeitures	15,794	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	8,949	-	-	308	-	-	-	308
2,551 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(326)	-	-	-	(326)
Stock-based compensation expense	-	-	-	797	-	-	-	797
Other comprehensive loss, net of tax	-	-	-	-	-	(11,482)	-	(11,482)
Net income	-	-	-	-	62,136	-	-	62,136
Balance, June 30, 2022	54,306,875	$ -	$ 54	$ 227,906	$ 1,005,815	$ (22,357)	$ 500	$ 1,211,918

	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, 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
Balance, January 1, 2022	54,227,060	$ -	$ 54	$ 226,397	$ 911,008	$ 14,056	$ 500	$ 1,152,015
Common dividends paid, $0.23 per share	-	-	-	-	(12,485)	-	-	(12,485)
Common dividends declared, $0.23 per share	-	-	-	-	(12,491)	-	-	(12,491)
Preferred dividends paid	-	-	-	-	(31)	-	-	(31)
Dividends on nonvested restricted stock recognized as compensation expense	-	-	-	-	65	-	-	65
Issue restricted shares pursuant to stock incentives, net of forfeitures	42,768	-	-	-	-	-	-	-
Issue shares of common stock upon exercise of stock options	37,047	-	-	862	-	-	-	862
10,953 shares of common stock withheld in net settlement upon exercise of stock options	-	-	-	(940)	-	-	-	(940)
Stock-based compensation expense	-	-	-	1,587	-	-	-	1,587
Other comprehensive loss, net of tax	-	-	-	-	-	(36,413)	-	(36,413)
Net income	-	-	-	-	119,749	-	-	119,749
Balance, June 30, 2022	54,306,875	$ -	$ 54	$ 227,906	$ 1,005,815	$ (22,357)	$ 500	$ 1,211,918

See Notes to Consolidated Financial Statements.

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
OPERATING ACTIVITIES		
Net income	$ 119,749	$ 101,482
Adjustments to reconcile net income to net cash provided by		
Deferred tax	424	12
Provision for credit losses	14,869	17,103
Depreciation	2,098	2,030
Accretion on acquired loans	70	69
Amortization of core deposit intangible	23	135
Amortization of investments in tax credit partnerships	5,857	243
Net amortization of debt securities available for sale	2,062	2,635
(Increase) decrease in accrued interest and dividends receivable	(1,726)	3,711
Stock-based compensation expense	1,587	849
Decrease in accrued interest payable	(104)	(232)
Proceeds from sale of mortgage loans held for sale	17,835	171,592
Originations of mortgage loans held for sale	(19,032)	(157,868)
Loss (gain) on sale of securities available for sale	6,168	(620)
Gain on sale of mortgage loans held for sale	(1,140)	(5,446)
Net (gain) loss on sale of other real estate owned and repossessed assets	(239)	282
Write down of other real estate owned and repossessed assets	6	761
Operating losses of tax credit partnerships	-	4
Increase in cash surrender value of life insurance contracts	(3,241)	(3,341)
Net change in other assets, liabilities, and other operating activities	(19,267)	(3,948)
Net cash provided by operating activities	125,999	129,453
INVESTMENT ACTIVITIES		
Purchases of debt securities available for sale	(76,360)	(263,647)
Proceeds from maturities, calls and paydowns of debt securities available for sale	64,459	133,954
Proceeds from sale of debt securities available for sale	75,036	-
Purchases of debt securities held to maturity	(648,266)	-
Proceeds from maturities, calls and paydowns of debt securities held to maturity	44,271	-
Purchases of restricted equity securities	(423)	-
Investment in tax credit partnership and SBIC	(1,646)	(56)
Return of capital from TC Partnerships and SBIC	249	-
Increase in loans	(1,088,455)	(185,506)
Purchases of premises and equipment	(1,280)	(14,799)
Proceeds from sale of other real estate owned and repossessed assets	1,091	761
Net cash used in investing activities	(1,631,324)	(329,293)
FINANCING ACTIVITIES		
Net (decrease) increase in non-interest-bearing deposits	(113,256)	507,657
Net (decrease) increase in interest-bearing deposits	(567,243)	474,855
Net (decrease) increase in federal funds purchased	(322,610)	207,929
Proceeds from exercise of stock options	862	3,060
Taxes paid in net settlement of tax obligation upon exercise of stock options	(940)	(2,638)
Dividends paid on common stock	(24,957)	(21,627)
Dividends paid on preferred stock	(31)	(31)
Net cash (used in) provided by financing activities	(1,028,175)	1,169,205
Net (decrease) increase in cash and cash equivalents	(2,533,500)	969,365
Cash and cash equivalents at beginning of period	4,222,096	2,211,411
Cash and cash equivalents at end of period	$ 1,688,596	$ 3,180,776
SUPPLEMENTAL DISCLOSURE		
Cash paid/(received) for:		
Interest	$ 10,291	$ 16,314
Income taxes	3,241	5,428
Income tax refund	(142)	(3)
Cash and cash equivalents at end of period		
Other real estate acquired in settlement of loans	$ 857	$ 364
Internally financed sale of other real estate owned	-	3,779
Dividends on nonvested restricted stock reclassified as compensation expense	65	25
Dividends declared	12,491	10,849

See Notes to Consolidated Financial Statements.

NOTE 1 - GENERAL

The accompanying unaudited 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, 2021.

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

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. The difference in earnings per share under the two-class method was not significant for the three and six months ended June 30, 2022 and 2021, respectively.

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(In Thousands, Except Shares and Per Share Data)			
Earnings per common share				
Weighted average common shares outstanding	54,295,789	54,173,034	54,279,574	54,112,190
Net income available to common stockholders	$ 62,105	$ 49,996	$ 119,718	$ 101,451
Basic earnings per common share	$ 1.14	$ 0.92	$ 2.21	$ 1.87
Weighted average common shares outstanding	54,295,789	54,173,034	54,279,574	54,112,190
Dilutive effects of assumed exercise of stock options and vesting of performance shares	236,596	287,196	247,668	309,137
Weighted average common and dilutive potential common shares outstanding	54,532,385	54,460,230	54,527,242	54,421,327
Net income available to common stockholders	$ 62,105	$ 49,996	$ 119,718	$ 101,451
Diluted earnings per common share	$ 1.14	$ 0.92	$ 2.20	$ 1.86

NOTE 4 - SECURITIES

The amortized cost and fair value of available-for-sale and held-to-maturity securities at June 30, 2022 and December 31, 2021 are summarized as follows:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
June 30, 2022		(In Thousands)		
Debt Securities Available for Sale				
U.S. Treasury Securities	$ 6,004	$ -	$ (38)	$ 5,966
Government Agency Securities	14	-	-	14
Mortgage-backed securities	308,033	43	(22,648)	285,428
State and municipal securities	17,446	5	(1,171)	16,280
Corporate debt	427,688	618	(11,531)	416,775
Total	$ 759,185	$ 666	$ (35,388)	$ 724,463
Debt Securities Held to Maturity				
U.S. Treasury Securities	$ 506,246	$ -	$ (22,750)	$ 483,496
Mortgage-backed securities	551,480	56	(38,538)	512,998
State and municipal securities	8,030	-	(683)	7,347
Total	$ 1,065,755	$ 56	$ (61,971)	$ 1,003,840
December 31, 2021				
Debt Securities Available for Sale				
U.S Treasury Securities	$ 9,003	$ 101	$ -	$ 9,104
Government Agency Securities	6,022	19	-	6,041
Mortgage-backed securities	424,372	3,474	(2,685)	425,161
State and municipal securities	21,531	173	(70)	21,634
Corporate debt	369,618	11,659	(647)	380,630
Total	$ 830,546	$ 15,425	$ (3,402)	$ 842,570
Debt Securities Held to Maturity				
U.S. Treasury Securities	$ 149,263	$ 25	$ (668)	$ 148,620
Mortgage-backed securities	310,641	5,251	(1,271)	314,621
State and municipal securities	3,053	2	(10)	3,045
Total	$ 462,957	$ 5,278	$ (1,949)	$ 466,286

The amortized cost and fair value of debt securities as of June 30, 2022 and December 31, 2021 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, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Debt securities available for sale				
Due within one year	$ 24,683	$ 24,590	$ 32,913	$ 33,232
Due from one to five years	62,123	61,391	31,760	32,307
Due from five to ten years	361,346	350,109	338,407	348,594
Due after ten years	3,000	2,945	3,094	3,276
Mortgage-backed securities	308,033	285,428	424,372	425,161
	$ 759,185	$ 724,463	$ 830,546	$ 842,570
Debt securities held to maturity				
Due within one year	$ 250	$ 250	$ 250	$ 250
Due from one to five years	385,593	373,926	49,663	49,419
Due from five to ten years	128,432	116,667	102,403	101,996
Mortgage-backed securities	551,480	512,998	310,641	314,621
	$ 1,065,755	$ 1,003,840	$ 462,957	$ 466,286

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, 2022 and December 31, 2021 was $666.7 million and $463.1 million, respectively.

The following table identifies, as of June 30, 2022 and December 31, 2021, 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
June 30, 2022			(In Thousands)			
Debt Securities available for sale						
U.S. Treasury Securities	$ (38)	$ 5,966	$ -	$ -	$ (38)	$ 5,966
Mortgage-backed securities	(20,147)	261,595	(2,501)	22,005	(22,648)	283,600
State and municipal securities	(1,112)	11,613	(59)	410	(1,171)	12,023
Corporate debt	(11,366)	327,226	(165)	1,335	(11,531)	328,561
Total	$ (32,664)	$ 606,400	$ (2,724)	$ 23,751	$ (35,388)	$ 630,151
Debt Securities held to maturity						
U.S. Treasury Securities	$ (22,750)	$ 483,496	$ -	$ -	$ (22,750)	$ 483,496
Mortgage-backed securities	(34,900)	481,201	(3,639)	21,918	(38,538)	503,119
State and municipal securities	(683)	7,097	-	-	(683)	7,097
Total	$ (58,333)	$ 971,794	$ (3,639)	$ 21,918	$ (61,971)	$ 993,712
December 31, 2021						
Debt Securities available for sale						
Mortgage-backed securities	$ (2,685)	$ 303,297	$ -	$ -	$ (2,685)	$ 303,297
State and municipal securities	(61)	5,198	(9)	228	(70)	5,426
Corporate debt	(647)	61,677	-	-	(647)	61,677
Total	$ (3,393)	$ 370,172	$ (9)	$ 228	$ (3,402)	$ 370,400
Debt Securities held to maturity						
U.S. Treasury Securities	$ (668)	$ 123,698	$ -	$ -	$ (668)	$ 123,698
Mortgage-backed securities	(1,271)	134,192	-	-	(1,271)	134,192
State and municipal securities	(10)	482	-	-	(10)	482
Total	$ (1,950)	$ 258,372	$ -	$ -	$ (1,949)	$ 258,372

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In Thousands)			
Sale and call proceeds	$ 33,425	$ 6,272	$ 75,036	$ 6,272
Gross realized gains	$ -	$ 620	$ -	$ 620
Gross realized losses	(2,833)	-	(6,168)	-
Net realized gain (loss)	$ (2,833)	$ 620	$ (6,168)	$ 620

At June 30, 2022, 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. 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. Furthermore, the Company performed an analysis that determined that the following held-to-maturity securities have a zero expected credit loss: U.S. Treasury Securities; State and Municipal Securities and, Agency-Backed Securities, including securities issued by GNMA, FNMA, FHLB, FFCB and SBA. All of the U.S. Treasury and Agency-Backed Securities have the full faith and credit backing of the United States Government or one of its agencies. All debt securities in an unrealized loss position as of June 30, 2022, continue to perform as scheduled and the Company does not believe there is a possible credit loss or that an allowance for credit loss on these debt securities is necessary.

Restricted equity securities are comprised entirely of a restricted investment in Federal Home Loan Bank of Atlanta stock for membership requirement.

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.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provided for Paycheck Protection Program ("PPP") loans made by banks to employers with less than 500 employees if they continued 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 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, 2022 and December 31, 2021, unaccreted deferred loan origination fees, net of costs, related to PPP loans were $513,000 and $7.2 million, respectively. PPP loan origination fees recorded to interest income totaled $2.8 million and $8.0 million for the three months ended June 30, 2022 and 2021, respectively, and totaled $7.2 million and $17.1 million for the six months ended June 30, 2022 and 2021, respectively. PPP loans outstanding totaled $23.0 million and $595.0 million at June 30, 2022 and December 31, 2021, 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, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	(Dollars In Thousands)	
Commercial, financial and agricultural	$ 2,966,040	$ 2,984,053
Real estate - construction	1,383,155	1,103,076
Real estate - mortgage:		
Owner-occupied commercial	2,026,807	1,874,103
1-4 family mortgage	1,015,698	826,765
Other mortgage	3,160,510	2,678,084
Subtotal: Real estate - mortgage	6,203,015	5,378,952
Consumer	65,110	66,853
Total Loans	10,617,320	9,532,934
Less: Allowance for credit losses	(128,387)	(116,660)
Net Loans	$ 10,488,933	$ 9,416,274
Commercial, financial and agricultural	27.94%	31.30%
Real estate - construction	13.03%	11.57%
Real estate - mortgage:		
Owner-occupied commercial	19.09%	19.66%
1-4 family mortgage	9.57%	8.67%
Other mortgage	29.77%	28.10%
Subtotal: Real estate - mortgage	58.42%	56.42%
Consumer	0.61%	0.70%
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 that may, if not reversed or corrected, weaken the credit or inadequately protect the Company's position at some future date. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant an adverse classification.
- Substandard – loans that exhibit well-defined weakness or weaknesses that currently jeopardize debt repayment. These loans are characterized by the distinct possibility that the company will sustain some loss if the weaknesses are not corrected.
- Doubtful – loans that have all the weaknesses inherent in loans classified substandard, plus the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values highly questionable and improbable.

The table below presents loan balances classified by credit quality indicator, loan type and based on year of origination as of June 30, 2022 :

June 30, 2022	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
				(In thousands)				
Commercial, financial and agricultural								
Pass	$ 295,183	$ 671,693	$ 257,345	$ 227,787	$ 164,947	$ 514,106	$ 748,747	$ 2,880,087
Special Mention	100	6,717	1,276	2,277	3,444	4,950	21,344	40,108
Substandard	1	-	408	11,071	343	3,610	30,691	45,845
Doubtful	-	-	-	-	-	-	-	-
Total Commercial, financial and agricultural	$ 295,284	$ 678,410	$ 259,029	$ 241,135	$ 168,734	$ 522,666	$ 800,782	$ 2,966,040
Real estate - construction								
Pass	$ 237,946	$ 600,567	$ 226,083	$ 17,895	$ 8,644	$ 29,479	$ 257,920	$ 1,378,534
Special Mention	2,500	-	-	-	-	894	-	3,394
Substandard	-	-	-	-	1,227	-	-	1,227
Doubtful	-	-	-	-	-	-	-	-
Total Real estate - construction	$ 240,446	$ 600,567	$ 226,083	$ 17,895	$ 9,871	$ 30,373	$ 257,920	$ 1,383,155
Owner-occupied commercial								
Pass	$ 174,174	$ 426,742	$ 257,264	$ 159,595	$ 148,669	$ 386,045	$ 455,962	$ 2,010,500
Special Mention	291	1,625	-	2,382	633	5,500	1,777	12,208
Substandard	-	-	-	-	-	1,866	4,283	4,099
Doubtful	-	-	-	-	-	-	-	-
Total Owner-occupied commercial	$ 174,465	$ 428,367	$ 257,264	$ 161,977	$ 149,302	$ 393,411	$ 462,022	$ 2,026,807
1-4 family mortgage								
Pass	$ 210,144	$ 246,092	$ 76,469	$ 40,022	$ 24,584	$ 76,334	$ 333,600	$ 1,007,245
Special Mention	101	1,503	839	161	-	585	2,695	5,884
Substandard	-	-	-	233	-	342	1,994	2,569
Doubtful	-	-	-	-	-	-	-	-
Total 1-4 family mortgage	$ 210,245	$ 247,595	$ 77,308	$ 40,416	$ 24,584	$ 77,261	$ 338,289	$ 1,015,698
Other mortgage								
Pass	$ 423,306	$ 798,502	$ 449,472	$ 370,182	$ 123,724	$ 398,486	$ 573,799	$ 3,137,471
Special Mention	-	-	-	130	376	2,681	7,151	10,338
Substandard	-	-	-	-	4,449	928	7,324	12,701
Doubtful	-	-	-	-	-	-	-	-
Total Other mortgage	$ 423,306	$ 798,502	$ 449,472	$ 370,312	$ 128,549	$ 402,095	$ 588,274	$ 3,160,510
Consumer								
Pass	$ 5,857	$ 7,083	$ 2,982	$ 1,862	$ 402	$ 22,535	$ 24,370	$ 65,091
Special Mention	-	-	-	-	-	19	-	19
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Consumer	$ 5,857	$ 7,083	$ 2,982	$ 1,862	$ 402	$ 22,554	$ 24,370	$ 65,110
Total Loans								
Pass	$ 1,346,610	$ 2,750,679	$ 1,269,615	$ 817,343	$ 470,970	$ 1,426,985	$ 2,393,868	$ 10,478,928
Special Mention	2,992	9,845	2,115	4,950	4,453	14,629	32,967	71,951
Substandard	1	-	408	11,303	6,019	6,746	44,940	66,441
Doubtful	-	-	-	-	-	-	-	-
Total Loans	$ 1,349,603	$ 2,760,524	$ 1,272,138	$ 833,596	$ 481,442	$ 1,448,360	$ 2,471,657	$ 10,617,320

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

December 31, 2021	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
				(In thousands)				
Commercial, financial and agricultural								
Pass	$ 800,822	$ 294,841	$ 209,086	$ 130,579	$ 114,870	$ 127,572	$ 1,216,153	$ 2,893,923
Special Mention	1,245	1,323	942	846	915	784	19,801	25,856
Substandard	-	387	10,039	1,741	1,501	7,966	42,640	64,274
Doubtful	-	-	-	-	-	-	-	-
Total Commercial, financial and agricultural	$ 802,067	$ 296,551	$ 220,067	$ 133,166	$ 117,286	$ 136,322	$ 1,278,594	$ 2,984,053
Real estate - construction								
Pass	$ 597,497	$ 260,723	$ 110,671	$ 16,452	$ 13,704	$ 17,356	$ 76,662	$ 1,093,065
Special Mention	-	-	6,594	2,500	-	917	-	10,011
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Real estate - construction	$ 597,497	$ 260,723	$ 117,265	$ 18,952	$ 13,704	$ 18,273	$ 76,662	$ 1,103,076
Owner-occupied commercial								
Pass	$ 406,473	$ 352,642	$ 231,197	$ 182,812	$ 162,648	$ 430,638	$ 96,860	$ 1,863,270
Special Mention	101	-	2,417	779	476	2,688	-	6,461
Substandard	-	-	-	-	-	4,372	-	4,372
Doubtful	-	-	-	-	-	-	-	-
Total Owner-occupied commercial	$ 406,574	$ 352,642	$ 233,614	$ 183,591	$ 163,124	$ 437,698	$ 96,860	$ 1,874,103
1-4 family mortgage								
Pass	$ 299,686	$ 117,579	$ 68,044	$ 46,954	$ 37,374	$ 37,970	$ 210,338	$ 817,945
Special Mention	-	1,000	517	116	260	912	3,033	5,838
Substandard	-	150	593	241	231	611	1,156	2,982
Doubtful	-	-	-	-	-	-	-	-
Total 1-4 family mortgage	$ 299,686	$ 118,729	$ 69,154	$ 47,311	$ 37,865	$ 39,493	$ 214,527	$ 826,765
Other mortgage								
Pass	$ 882,849	$ 481,012	$ 411,426	$ 174,700	$ 272,555	$ 353,621	$ 81,202	$ 2,657,365
Special Mention	-	-	130	376	2,720	4,656	-	7,882
Substandard	-	-	-	4,497	8,340	-	-	12,837
Doubtful	-	-	-	-	-	-	-	-
Total Other mortgage	$ 882,849	$ 481,012	$ 411,556	$ 179,573	$ 283,615	$ 358,277	$ 81,202	$ 2,678,084
Consumer								
Pass	$ 16,303	$ 4,845	$ 2,896	$ 983	$ 903	$ 3,649	$ 37,250	$ 66,829
Special Mention	-	-	-	-	-	24	-	24
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Consumer	$ 16,303	$ 4,845	$ 2,896	$ 983	$ 903	$ 3,673	$ 37,250	$ 66,853
Total Loans								
Pass	$ 3,003,630	$ 1,511,642	$ 1,033,320	$ 552,480	$ 602,054	$ 970,806	$ 1,718,465	$ 9,392,397
Special Mention	1,346	2,323	10,600	4,617	4,371	9,981	22,834	56,072
Substandard	-	537	10,632	6,479	10,072	12,949	43,796	84,465
Doubtful	-	-	-	-	-	-	-	-
Total Loans	$ 3,004,976	$ 1,514,502	$ 1,054,552	$ 563,576	$ 616,497	$ 993,736	$ 1,785,095	$ 9,532,934

Loans by performance status as of June 30, 2022 and December 31, 2021 were as follows:

June 30, 2022	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 2,960,589	$ 5,451	$ 2,966,040
Real estate - construction	1,383,155	-	1,383,155
Real estate - mortgage:			
Owner-occupied commercial	2,023,628	3,179	2,026,807
1-4 family mortgage	1,014,336	1,362	1,015,698
Other mortgage	3,154,993	5,517	3,160,510
Total real estate mortgage	6,192,957	10,058	6,203,015
Consumer	65,088	22	65,110
Total	$ 10,601,789	$ 15,531	$ 10,617,320

December 31, 2021	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 2,979,671	$ 4,382	$ 2,984,053
Real estate - construction	1,103,076	-	1,103,076
Real estate - mortgage:			
Owner-occupied commercial	1,873,082	1,021	1,874,103
1-4 family mortgage	824,756	2,009	826,765
Other mortgage	2,673,428	4,656	2,678,084
Total real estate mortgage	5,371,266	7,686	5,378,952
Consumer	66,824	29	66,853
Total	$ 9,520,837	$ 12,097	$ 9,532,934

Loans by past due status as of June 30, 2022 and December 31, 2021 were as follows:

June 30, 2022	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	$ 2,810	$ 885	$ 249	$ 3,944	$ 5,202	$ 2,956,894	$ 2,966,040	$ 2,595
Real estate - construction	-	-	-	-	-	1,383,155	1,383,155	-
Real estate - mortgage:								
Owner-occupied commercial	-	-	-	-	3,179	2,023,628	2,026,807	5,515
1-4 family mortgage	402	1,332	134	1,868	1,228	1,012,602	1,015,698	102
Other mortgage	376	-	4,586	4,962	931	3,154,617	3,160,510	-
Total real estate - mortgage	778	1,332	4,720	6,830	5,338	6,190,847	6,203,015	5,617
Consumer	53	27	22	102	-	65,008	65,110	-
Total	$ 3,641	$ 2,244	$ 4,991	$ 10,876	$ 10,540	$ 10,595,904	$ 10,617,320	$ 8,212

December 31, 2021	Past Due Status (Accruing Loans)							
	30-59 Days	60-89 Days	90+ Days	Total Past Due	Total Nonaccrual	Current	Total Loans	Nonaccrual With no ACL
				(In Thousands)				
Commercial, financial and agricultural	$ 516	$ 77	$ 39	$ 632	$ 4,343	$ 2,979,078	$ 2,984,053	$ 2,059
Real estate - construction	-	-	-	-	-	1,103,076	1,103,076	-
Real estate - mortgage:								
Owner-occupied commercial	143	-	-	143	1,021	1,872,939	1,874,103	1,021
1-4 family mortgage	-	703	611	1,314	1,398	824,053	826,765	483
Other mortgage	-	-	4,656	4,656	-	2,673,428	2,678,084	-
Total real estate - mortgage	143	703	5,267	6,113	2,419	5,370,420	5,378,952	1,504
Consumer	93	23	29	145	-	66,708	66,853	-
Total	$ 752	$ 803	$ 5,335	$ 6,890	$ 6,762	$ 9,519,282	$ 9,532,934	$ 3,563

Under the current expected credit losses (“CECL”) methodology, the allowance for credit losses ("ACL") 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 and industrial ("C&I") 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, 2022 and December 31, 2021, 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 the national unemployment to rise during the forecast period with a declining national GDP growth rate compared to December 31, 2021.

The Company uses a loss-rate method to estimate expected credit losses for its C&I revolving lines of credit and credit card pools. The C&I 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 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.

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

Commercial, financial and agricultural loans include risks associated with the 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 the 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, segregated by loan type, for the three and six months ended June 30, 2022 and June 30, 2021.

	Commercial, financial and agricultural	Real estate - construction	Real estate - mortgage	Consumer	Total
	(In Thousands)				
	Three Months Ended June 30, 2022				
Allowance for credit losses:					
Balance at March 1, 2022	$ 41,417	$ 27,821	$ 48,548	$ 1,677	$ 119,463
Charge-offs	(1,666)	-	(23)	(124)	(1,813)
Recoveries	1,217	-	-	13	1,230
Provision	642	8,172	268	426	9,507
Balance at June 30, 2022	$ 41,610	$ 35,993	$ 48,793	$ 1,992	$ 128,387
	Three Months Ended March June 30, 2021				
Allowance for credit losses:					
Balance at March 1, 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
	Six Months Ended June 30, 2022				
Allowance for credit losses:					
Balance at January 1, 2022	$ 41,869	$ 26,994	$ 45,829	$ 1,968	$ 116,660
Charge-offs	(4,240)	-	(51)	(199)	(4,489)
Recoveries	1,322	-	-	25	1,347
Provision	2,659	8,999	3,014	198	14,869
Balance at June 30, 2022	$ 41,610	$ 35,993	$ 48,793	$ 1,992	$ 128,387
	Six Months Ended June 30, 2021				
Allowance for credit losses:					
Balance at January 1, 2021	$ 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

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 Consolidated 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 $1.6 million at June 30, 2022 and $1.3 million at December 31, 2021. The provision expense for unfunded commitments was $0 and $300,000 for the three and six months ended June 30, 2022, respectively, and was $600,000 and $1.1 million for the three and six months ended June 30, 2021, respectively.

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, 2022	Real Estate	Accounts Receivable	Equipment	Other	Total	ACL Allocation
			(In Thousands)			
Commercial, financial and agricultural	$ 12,330	$ 5,174	$ 3,246	$ 25,094	$ 45,844	$ 8,264
Real estate - construction	-	-	-	1,227	1,227	96
Real estate - mortgage:						
Owner-occupied commercial	4,100	-	-	-	4,100	1,837
1-4 family mortgage	3,226	-	-	-	3,226	231
Other mortgage	12,704	-	-	-	12,704	-
Total real estate - mortgage	20,030	-	-	-	20,030	2,068
Consumer	-	-	-	-	-	-
Total	$ 32,360	$ 5,174	$ 3,246	$ 26,321	$ 67,101	$ 10,428

December 31, 2021	Real Estate	Accounts Receivable	Equipment	Other	Total	ACL Allocation
			(In Thousands)			
Commercial, financial and agricultural	$ 13,067	$ 5,075	$ 18,533	$ 27,599	$ 64,274	$ 9,727
Real estate - construction	-	-	-	-	-	-
Real estate - mortgage:						
Owner-occupied commercial	4,372	-	-	-	4,372	1,371
1-4 family mortgage	2,982	-	-	-	2,982	163
Other mortgage	12,837	-	-	-	12,837	31
Total real estate - mortgage	20,191	-	-	-	20,191	1,565
Consumer	-	-	-	-	-	-
Total	$ 33,258	$ 5,075	$ 18,533	$ 27,599	$ 84,465	$ 11,292

Troubled Debt Restructuring ("TDR") at June 30, 2022, December 31, 2021 and June 30, 2021 totaled $--2.4 million, $2.6 million and $2.9 million, respectively. The portion of those TDRs accruing interest at June 30, 2022, December 31, 2021 and June 30, 2021 totaled $421,000, $431,000 and $441,000, respectively. There were no modifications made to new TDRs or renewals of existing TDRs for the three and six months ended June 30, 2022. The following tables present loans modified in a TDR during three and six months ended June 30, 2021 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, 2022			Six Months Ended June 30, 2022		
	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

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, 2022 and June 30, 2021, 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 9.4 years. At June 30, 2022, the Company had lease right-of-use assets and lease liabilities totaling $16.3 million and $17.0 million, respectively, compared to $17.9 million and $18.5 million, respectively, at December 31, 2021 which are reflected in other assets and other liabilities, respectively, in the Company's Consolidated Balance Sheets.

Maturities of operating lease liabilities as of June 30, 2022 are as follows:

	June 30, 2022 (In Thousands)
2022 (remaining)	$ 2,086
2023	3,598
2024	2,626
2025	2,500
2026	1,929
thereafter	5,511
Total lease payments	18,250
Less: imputed interest	(1,298)
Present value of operating lease liabilities	$ 16,952

As of June 30, 2022, the weighted average remaining term of operating leases is 6.5 years and the weighted average discount rate used in the measurement of operating lease liabilities was 2.39%.

Operating cash flows related to leases were $1.1 million and $2.1 million for the three and six months ended June 30, 2022, respectively, compared to $829,000 and $1.6 million for the three and six months ended June 30, 2021, respectively.

Lease costs during the three and six months ended June 30, 2022 and June 30, 2021 were as follows (in thousands):

	Three Months Ended June 30,	
	2022	2021
Operating lease cost	$ 1,051	$ 1,011
Short-term lease cost	17	-
Variable lease cost	151	140
Sublease income	(5)	(24)
Net lease cost	$ 1,214	$ 1,127

	Six Months Ended June 30,	
	2022	2021
Operating lease cost	$ 2,095	$ 1,911
Short-term lease cost	25	-
Variable lease cost	300	212
Sublease income	(29)	(47)
Net lease cost	$ 2,391	$ 2,076

NOTE 7 - EMPLOYEE AND DIRECTOR BENEFITS

Stock Options

The Company has a stock incentive plan as described below. The compensation cost that has been charged to earnings for the plan was approximately $797,000 and $1.6 million for the three and six months ended June 30, 2022, respectively, and $558,000 and $849,000 for the three and six months ended June 30, 2021, respectively.

The Company's 2009 Amended and Restated Stock Incentive Plan authorizes the grant of up to 5,550,000 shares and allows for the issuance of Stock Appreciation Rights, Restricted Stock, Stock Options, Non-stock Share Equivalents, Performance Shares or Performance Units. 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 fair 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 which incorporates the assumptions noted in the following table. Expected volatilities are based on an index of southeastern United States publicly traded banks. The expected term for options granted is based on the simplified 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.

	2022
Expected volatility	40.00%
Expected dividends	1.78%
Expected term (in years)	7.5
Risk-free rate	2.43%

There were no grants of stock options during the six months ended June 30, 2022. The weighted average grant-date fair value of options granted during the six months ended June 30, 2021 was $12.73.

The following table summarizes stock option activity during the six months ended June 30, 2022 and June 30, 2021:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In Thousands)
Six Months Ended June 30, 2022:				
Outstanding at January 1, 2022	353,250	$ 19.28	3.8	$ 23,525
Exercised	(48,000)	17.85	2.8	2,931
Outstanding at June 30, 2022	305,250	19.51	3.4	$ 18,431
Exercisable at June 30, 2022	243,500	$ 14.77	2.5	$ 15,924
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

As of June 30, 2022, there was $296,000 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 1.6 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, 2022, there was $5.3 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 2.3 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. As of June 30, 2022, there was $809,000 of total unrecognized compensation cost related to non-vested performance shares. As of June 30, 2022, non-vested performance shares had a weighted average remaining time to vest of 2.0 years.

	Restricted Stock		Performance Shares	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Six Months Ended June 30, 2022:				
Non-vested at January 1, 2022	127,602	$ 42.27	12,437	$ 37.05
Granted	46,266	83.06	9,165	69.68
Vested	(23,507)	44.85	-	-
Forfeited	(3,498)	53.25	-	-
Non-vested at June 30, 2022	146,863	$ 54.45	21,602	$ 50.89
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	$ 37.05

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. 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 Consolidated Balance Sheet in other assets and the change in fair value is recognized in noninterest income each quarter. At June 30, 2022 the interest rate cap had a fair value of $6.5 million and remaining term of 0.8 years. If LIBOR is deemed unrepresentative at any time, the reference rate for the cap would be governed by the fallback protocol where LIBOR will be adjusted to the Secured Overnight Financing Rate (“SOFR”) plus the five-year median spread.

The Company has entered into forward loan sale commitments with secondary market investors to deliver loans on a “best efforts delivery” basis, which do not meet the definition of a derivative instrument. 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. Interest rate lock commitments with customers related to loans that are originated for later sale are classified as derivatives. The fair values of the Company’s rate lock commitments to customers as of June 30, 2022 and December 31, 2021 were not material.

NOTE 9 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In July 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2021-05*, Leases (Topic 842)*: *Lessors-Certain Leases with Variable Lease Payments*, which amends guidance so that lessors are no longer required to record a selling loss at lease commencement for a lease with any variable lease payments that do not depend on an index or rate. A lessor would classify such leases as an operating lease rather than a sales-type or direct financing lease. The update was effective for the Company as of January 1, 2022. The adoption of ASU 2021-05 did not have an impact on the Company’s consolidated financial statements.

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* The update eliminates the TDR recognition and measurement guidance and, instead, requires that an entity evaluates whether all modifications represent a new loan or a continuation of an existing loan. The amendments also enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. These amendments also require disclosure of current-period gross write-offs by year of origination for financing receivables and net investment in leases within the scope of Subtopic 326-20. The update is effective for entities that have adopted ASU No. 2016-13 (the CECL model) for fiscal years beginning after December 31, 2022, including interim periods within those fiscal years. These amendments should be applied prospectively, except that an entity has the option to apply a modified retrospective transition method to the recognition and measurement of TDRs. Early adoption is permitted if an entity has adopted ASU No. 2016-13, including adoption in an interim period as of the beginning of the fiscal year that includes the interim period. An entity may elect to early adopt the amendments about TDRs and related disclosure enhancements separately from the amendments related to vintage disclosures. The Company is assessing the impact of adopting the update on its financial statements and disclosures and is currently planning to adopt effective January 1, 2023.

NOTE 11 - FAIR VALUE MEASUREMENT

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

Level 1:	Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
Level 2:	Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
Level 3:	Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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

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

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

Loans Individually Evaluated. Loans individually evaluated are measured and reported at fair value when full payment under the loan terms is not probable. Loans individually evaluated are carried at the present value of expected future cash flows using 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. 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, 2022 was 0% to 75% and 21.2%, respectively. The range of fair value adjustments and weighted average adjustment as of December 31, 2021 was 0% to 75% and 24.1% 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 $1.2 million and $1.8 million during the three and six months ended June 30, 2022, respectively, and $1.4 million and $3.3 million during the three and six months ended June 30, 2021, 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, 2022 was 10% to 100% and 57%, respectively. The range of fair value adjustments and weighted average adjustment as of December 31, 2021 was 0% to 100% and 40.6%, 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 $125,000 and $119,000 was recognized for the three and six months ended June 30, 2022, respectively, and $540,000 and $697,000 for the three and six months ended June 30, 2021, respectively. These charges were for write-downs in the value of OREO subsequent to foreclosure and losses on the disposal of OREO. OREO is classified within Level 3 of the hierarchy.

There was one residential real estate loan with a balance of $60,000 foreclosed and classified as OREO as of June 30, 2022, compared to one residential real estate loan foreclosure for $50,000 as of December 31, 2021.

Two residential real estate loans for $212,000 was in the process of being foreclosed as of June 30, 2022. There were one residential real estate loan for $299,000 in process of foreclosure as of December 31, 2021.

The following table presents the Company's financial assets carried at fair value on a recurring basis as of June 30, 2022 and December 31, 2021. There were no liabilities measured at fair value on a recurring basis as of June 30, 2022 and December 31, 2021.

	Fair Value Measurements at June 30, 2022 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	$ 5,966	$ -	$ -	$ 5,966
Government agencies	-	14	-	14
Mortgage-backed securities	-	285,428	-	285,428
State and municipal securities	-	16,280	-	16,280
Corporate debt	-	410,775	6,000	416,775
Total available-for-sale debt securities	5,966	712,497	6,000	724,463
Interest rate cap derivative	-	6,446	-	6,446
Total assets at fair value	$ 5,966	$ 718,943	$ 6,000	$ 730,909

	Fair Value Measurements at December 31, 2021 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured on a Recurring Basis:		(In Thousands)		
Available-for-sale debt securities:				
U.S. Treasury securities	$ 9,104	$ -	$ -	$ 9,104
Government agencies	-	6,041	-	6,041
Mortgage-backed securities	-	425,161	-	425,161
State and municipal securities	-	21,634	-	21,634
Corporate debt	-	363,638	16,992	380,630
Total available-for-sale debt securities	9,104	816,474	16,992	842,570
Interest rate cap derivative	-	1,152	-	1,152
Total assets at fair value	$ 9,104	$ 817,626	$ 16,992	$ 843,722

The following table presents the Company's financial assets carried at fair value on a nonrecurring basis as of June 30, 2022 and December 31, 2021:

	Fair Value Measurements at June 30, 2022			
	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	$ -	$ -	$ 56,673	$ 56,673
Other real estate owned and repossessed assets	-	-	1,207	1,207
Total assets at fair value	$ -	$ -	$ 57,880	$ 57,880

	Fair Value Measurements at December 31, 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	$ -	$ -	$ 73,173	$ 73,173
Other real estate owned and repossessed assets	-	-	1,208	1,208
Total assets at fair value	$ -	$ -	$ 74,381	$ 74,381

There were no liabilities measured at fair value on a non-recurring basis as of June 30, 2022, and December 31, 2021.

In the case of the investment securities portfolio, the Company monitors the portfolio to ascertain when transfers between levels have been affected. 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, 2022, there was three 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, 2022 and June 30, 2021 (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:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	Available-for-sale Securities	Available-for-sale Securities	Available-for-sale Securities	Available-for-sale Securities
		(In Thousands)		
Fair value, beginning of period	$ 11,500	$ 10,301	$ 16,992	$ -
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	(462)	193	(805)	494
Purchases	-	8,500	-	12,500
Transfers out of Level 3	(5,038)	(4,000)	(10,187)	(4,000)
Fair value, end of period	$ 6,000	$ 14,994	$ 6,000	$ 14,994

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, 2022 and December 31, 2021 were as follows:

	June 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(In Thousands)		
Financial Assets:				
Level 1 inputs:				
Cash and due from banks	$ 1,587,149	$ 1,587,149	$ 4,163,724	$ 4,163,724
Level 2 inputs:				
Federal funds sold	101,447	101,447	58,372	58,372
Held to maturity debt securities	1,065,505	1,003,590	462,707	466,036
Mortgage loans held for sale	3,451	3,390	1,114	1,111
Level 3 inputs:				
Held to maturity debt securities	250	250	250	250
Loans, net	10,432,260	10,432,260	9,416,274	9,403,012
Financial liabilities:				
Level 2 inputs:				
Deposits	$ 11,772,337	$ 11,777,719	$ 12,452,836	$ 12,454,140
Federal funds purchased	1,389,167	1,389,167	1,711,777	1,711,777
Other borrowings	64,716	65,457	64,706	65,476

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, 2022 and June 30, 2021.

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 as a result of our reclassification as a large financial institution by the FDIC; changes in our loan portfolio and the 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, including, but not limited to, economic stimulus initiatives and the ability of the U.S. Congress to increase the U.S. statutory debt limit as needed; 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-bank financial institutions. 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 2022 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 commercial banking services through full-service banking offices located in Alabama, Florida, Georgia, North and South Carolina, and Tennessee. We also operate loan production offices in Florida. 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.

Second quarter highlights

- Diluted earnings per common share of $1.14 for the second quarter of 2022, an increase of 24%, from the second quarter 2021.
- Average loans of $10.2 billion for the second quarter of 2022 increased $1.54 billion, or 18%, from a year ago.
- Average deposits of $12.04 billion for the second quarter of 2022 increased $1.31 billion, or 12%, from a year ago.
- Net interest income of $116.4 million for the second quarter of 2022, an increase $21.7 million, or 23%, from the second quarter of 2021. Net interest margin of 3.26% for the second quarter of 2022 increased 20 bps from 3.06% in the second quarter of 2021. The increase primarily resulted from increased yields in 2022 and increases in average non-interest-bearing deposits and equity.

Overview

As of June 30, 2022, we had consolidated total assets of $14.49 billion, down $95.4 million, or 6.2%, from total assets of $15.45 billion at December 31, 2021. Total loans were $10.62 billion at June 30, 2022, up $1.08 billion, or 11.4%, from $9.53 billion at December 31, 2021. Total deposits were $11.77 billion at June 30, 2022, down $680.50 million, or 5.5%, from $12.45 billion at December 31, 2021.

Net income available to common stockholders for the three months ended June 30, 2022 was $62.1 million, up $12.1 million, or 24.2%, from $50.0 million for the three months ended June 30, 2021. Basic and diluted earnings per common share were both $1.14 for the three months ended June 30, 2022, compared to $0.92 for both in the corresponding period in 2021.

Net income available to common stockholders for the six months ended June 30, 2022 was $119.7 million, up $18.3 million, or 18.0%, from $101.5 million for the corresponding period in 2021. Basic and diluted earnings per common share were $2.21 and $2.20, respectively, for the six months ended June 30, 2022, compared to $1.87 and $1.86, respectively, for the corresponding period in 2021.

Performance Ratios

The following table presents selected ratios of our results of operations for the three and six months ended June 30, 2022, and 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Return on average assets	1.67%	1.56%	1.60%	1.63%
Return on average stockholders' equity	20.93%	18.99%	20.52%	19.74%
Dividend payout ratio	20.19%	21.79%	20.95%	21.46%
Net interest margin (1)	3.26%	3.06%	3.07%	3.14%
Efficiency ratio (2)	31.64%	30.03%	32.16%	29.36%
Average stockholders' equity to average total assets	8.09%	8.06%	7.82%	8.10%

(1) Net interest margin in the net yield on interest earning assets and is the difference between the interest yield earned on interest-earning assets and interest rate paid on interest-bearing liabilities, divided by average earning assets.
(2) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.

Financial Condition

Cash and Cash Equivalents

At June 30, 2022, we had $101.4 million in federal funds sold, compared to $58.4 million at December 31, 2021. We also maintain balances at the Federal Reserve Bank of Atlanta, which earn interest. At June 30, 2022, we had $1.32 billion in balances at the Federal Reserve, compared to $4.07 billion at December 31, 2021.

Investment Securities

Debt securities available for sale totaled $724.5 million at June 30, 2022 and $842.6 million at December 31, 2021. Investment securities held to maturity totaled $1.07 billion at June 30, 2022 and $463.0 million at December 31, 2021. We had paydowns of $77.4 million on mortgage-backed securities and government agencies, maturities of $22.0 million on municipal bonds, corporate securities and treasury securities, and calls of $10.3 million on U.S. government agencies and municipal securities during the six months ended June 30, 2022. We recognized a $2.8 million loss on the sale of available for sale debt securities during the second quarter of 2022. We sold seven debt securities available for sale for $33.4 million that were yielding less than 1.00%. We purchased $360.5 million in US Treasuries, $286.7 million in mortgage-backed securities, and $76.4 million in corporate securities during the six months ended June 30, 2022. For a tabular presentation of debt securities available for sale and held to maturity at June 30, 2022 and December 31, 2021, 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.

All investment securities in an unrealized loss position as of June 30, 2022 continue to perform as scheduled. We have evaluated the securities and have determined that the decline in fair value, relative to its amortized cost, is not due to credit-related factors. In addition, we have the ability to hold these securities within the portfolio until maturity or until the value recovers, and we believe that it is not likely that we will be required to sell these securities prior to recovery. We continue to monitor all of our securities with a high degree of scrutiny. There can be no assurance that we will not conclude in future periods that conditions existing at that time indicate some or all of its securities may be sold or would require a charge to earnings as a provision for credit losses in such periods.

The Company does not invest in collateralized debt obligations (“CDOs”). As of June 30, 2022, we had $416.8 million of bank holding company subordinated notes. If rated, all such bonds were rated BBB or better by Kroll Bond Rating Agency at the time of our initial 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 has a combined average credit rating of AA as of June 30, 2022.

The carrying value of investment securities pledged to secure public funds on deposit and for other purposes as required by law was $666.7 million and $481.3 million as of June 30, 2022 and December 31, 2021, respectively.

Loans

We had total loans of $10.62 billion at June 30, 2022, up $1.08 billion, or 11.4%, compared to $9.53 billion at December 31, 2021. We originated approximately 7,400 PPP loans totaling $1.5 billion during the COVID-19 pandemic. Total remaining PPP loans outstanding were $23.0 million and $230.2 million at June 30, 2022 and December 31, 2021, respectively.

Asset Quality

The Company assesses the adequacy of its allowance for credit losses ("ACL") at the end of each calendar quarter. The level of ACL 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 ACL is increased by a provision for credit losses, which is charged to expense, and reduced by charge-offs, net of recoveries. The ACL 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. 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 1 – General" and "Note 5 – Loans" in the Notes to Consolidated Financial Statements included in Item 1. Consolidated Financial Statements elsewhere in this report.

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

Expected credit losses for loans that no longer share similar risk characteristics with the collectively evaluated pools are excluded from the collective evaluation and estimated on an individual basis. Individual evaluations are performed for nonaccrual loans, loans rated substandard, and modified loans classified as TDRs. Specific allocations of the ACL 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.

	As of and for the Three Months Ended June 30,		As of and for the Six Months Ended June 30,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Total loans outstanding, net of unearned income	$ 10,617,320	$ 8,649,694	$ 10,617,320	$ 8,649,694
Average loans outstanding, net of unearned income	$ 10,189,086	$ 8,644,993	$ 9,919,381	$ 8,579,116
Allowance for credit losses at beginning of period	119,463	94,906	116,660	87,942
Charge-offs:				
Commercial, financial and agricultural loans	1,667	150	4,241	627
Real estate - construction	-	-	-	-
Real estate - mortgage	23	59	50	71
Consumer loans	123	54	198	141
Total charge-offs	1,813	263	4,489	839
Recoveries:				
Commercial, financial and agricultural loans	1,217	298	1,322	324
Real estate - construction	-	2	-	52
Real estate - mortgage	-	62	-	64
Consumer loans	13	13	25	24
Total recoveries	1,230	375	1,347	464
Net charge-offs	583	(112)	3,142	375
Provision for credit losses	9,507	9,652	14,869	17,103
Allowance for credit losses at period end	$ 128,387	$ 104,670	$ 128,387	$ 104,670
Allowance for credit losses to period end loans	1.21%	1.21 %	1.21%	1.21%
Net charge-offs to average loans	0.02%	(0.01)%	0.04%	0.01%

June 30, 2022	Amount	Percentage of loans in each category to total loans
	(In Thousands)	
Commercial, financial and agricultural	$ 41,610	33.22%
Real estate - construction	35,993	10.08%
Real estate - mortgage	48,793	55.97%
Consumer	1,992	0.73%
Total	$ 128,387	100.00%

December 31, 2021	Amount	Percentage of loans in each category to total loans
	(In Thousands)	
Commercial, financial and agricultural	$ 41,869	31.30%
Real estate - construction	26,994	11.57%
Real estate - mortgage	45,829	56.43%
Consumer	1,968	0.70%
Total	$ 116,660	100.00%

Nonperforming Assets

Total nonperforming loans, which include nonaccrual loans and loans 90 or more days past due and still accruing, increased to $15.5 million at June 30, 2022, compared to $12.1 million at December 31, 2021. Of this total, nonaccrual loans of $10.5 million at June 30, 2022 represented a net increase of $3.7 million from nonaccrual loans at December 31, 2021. Excluding credit card accounts, there were three loans 90 or more days past due and still accruing totaling $4.9 million at June 30, 2022, compared to four loans totaling $5.3 million at December 31, 2021. TDRs at June 30, 2022 and December 31, 2021 were $2.4 million and $2.6 million, respectively. There were no loans newly classified as TDR or renewals of existing TDRs for the three months ended June 30, 2022 and 2021.

The following table summarizes our nonperforming assets and TDRs at June 30, 2022 and December 31, 2021:

	June 30, 2022		December 31, 2021	
	Balance	Number of Loans	Balance	Number of Loans
	(Dollar Amounts In Thousands)			
Nonaccrual loans:				
Commercial, financial and agricultural	$ 5,202	20	$ 4,343	17
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	3,179	2	1,021	2
1-4 family mortgage	1,228	12	1,398	12
Other mortgage	931	1	-	-
Total real estate - mortgage	5,338	15	2,419	14
Consumer	-	-	-	-
Total Nonaccrual loans:	$ 10,540	35	$ 6,762	31
90+ days past due and accruing:				
Commercial, financial and agricultural	$ 249	4	$ 39	4
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	-	-	-	-
1-4 family mortgage	134	1	611	3
Other mortgage	4,586	1	4,656	1
Total real estate - mortgage	4,720	2	5,267	4
Consumer	22	9	29	22
Total 90+ days past due and accruing:	$ 4,991	15	$ 5,335	30
Total Nonperforming Loans:	$ 15,531	50	$ 12,097	61
Plus: Other real estate owned and repossessions	1,207	7	1,208	5
Total Nonperforming Assets	$ 16,738	57	$ 13,305	66
Restructured accruing loans:				
Commercial, financial and agricultural	$ 421	2	$ 431	2
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	-	-	-	-
1-4 family mortgage	-	-	-	-
Other mortgage	-	-	-	-
Total real estate - mortgage	-	-	-	-
Consumer	-	-	-	-
Total restructured accruing loans:	$ 421	2	$ 431	2
Total Nonperforming assets and restructured accruing loans	$ 17,159	59	$ 13,736	68
Ratios:				
Nonperforming loans to total loans	0.15%		0.13%	
Nonperforming assets to total loans plus other real estate owned and repossessions	0.16%		0.14%	
Nonperforming assets plus restructured accruing loans to total loans plus other real estate owned and repossessions	0.16%		0.14%	

OREO and repossessed assets remained unchanged at $1.2 million at June 30, 2022, from December 31, 2021. The following table summarizes OREO and repossessed asset activity for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,	
	2022	2021
	(In thousands)	
Balance at beginning of period	$ 1,208	$ 6,497
Transfers from loans and capitalized expenses	857	1,125
Proceeds from sales	(1,091)	(761)
Internally financed sales	-	(3,779)
Write-downs / net gain (loss) on sales	233	(1,043)
Balance at end of period	$ 1,207	$ 2,039

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 if management believes that the collection of interest is not 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, 2022, the Company carries $3.2 million of accrued interest income on deferrals made to COVID-19 affected borrowers compared to $4.0 million at December 31, 2021. 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

We rely on increasing our deposit base to fund loan and other asset growth. Each of our markets is highly competitive. We compete for local deposits by offering attractive products with competitive rates. We expect to have a higher average cost of funds for local deposits than competitor banks due to our lack of an extensive branch network. Our management’s strategy is to offset the higher cost of funding with a lower level of operating expense and firm pricing discipline for loan products. We have promoted electronic banking services by providing them without charge and by offering in-bank customer training. Total deposits were $11.77 billion at June 30, 2022, a decrease of $680.50 million, or 5.5%, from $12.45 billion at December 31, 2021. 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. A significant amount of federal and state stimulus money resulting from the COVID-19 pandemic remains on deposit at our bank. We are currently taking measures to deploy these excess funds out of cash into higher-earning assets.

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, 2022 and December 31, 2021:

	June 30, 2022		December 31, 2021	
Noninterest-bearing demand	$ 4,686,511	39.81%	$ 4,799,767	38.54%
Interest-bearing demand	2,053,575	17.44%	1,652,710	13.27%
Money market	4,139,443	35.16%	5,094,313	40.91%
Savings	133,975	1.14%	97,946	0.79%
Time deposits , $250,000 and under	248,042	2.11%	267,164	2.15%
Time deposits, over $250,000	460,792	3.91%	490,936	3.94%
Brokered time deposits	50,000	0.42%	50,000	0.40%
	$ 11,772,337	100.00%	$ 12,452,836	100.00%

At June 30, 2022 and December 31, 2021, we estimate that we had approximately $9.62 billion and $10.65 billion, respectively, in uninsured deposits, which are the portion of deposit accounts that exceed the FDIC insurance limit.

The following table presents the maturities of our time deposits in excess of insurance limit as of June 30, 2022.

	Portion of time deposits in excess of insurance limit
	June 30, 2022
Time deposits otherwise uninsured with a maturity of:	(In Thousands)
3 months or less	$ 70,760
Over 3 through 6 months	84,770
Over 6 months through 12 months	71,089
Over 12 months	77,172
Total	$ 303,791

The uninsured deposit data for 2022 and 2021 reflect the deposit insurance impact of "combined ownership segregation" of escrow and other accounts at an aggregate level but do not reflect an evaluation of all of the account styling distinctions that would determine the availability of deposit insurance to individual accounts based on FDIC regulations.

Other Borrowings

Our borrowings consist of federal funds purchased and subordinated notes payable. We had $1.39 billion and $1.71 billion at June 30, 2022 and December 31, 2021, respectively, in federal funds purchased from correspondent banks that are clients of our correspondent banking unit. The average rate paid on these borrowings was 0.79% for the quarter ended June 30, 2022. 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, 2022, liquid assets, which are represented by cash and due from banks, federal funds sold and unpledged available-for-sale securities, totaled $2.87 billion. At June 30, 2022, the Bank had borrowing availability of approximately $1.04 billion 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 believe these sources of funding are adequate to meet both our immediate (within the next 12 months) and our longer term anticipated funding needs. However, we may need additional funding in order to maintain our current growth rate into the future.

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

The following table illustrates, during the periods presented, the mix of our funding sources and the assets in which those funds are invested as a percentage of our average total assets for the period indicated. Average assets totaled $14.96 billion and $15.01 billion for the three and six months ended June 30, 2022 and 2021, respectively

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Sources of Funds:				
Deposits:				
Non-interest-bearing	32.3%	24.6%	32.1%	24.2%
Interest-bearing	48.4	58.9	48.8	59.1
Federal funds purchased	10.4	7.5	10.5	7.3
Long term debt and other borrowings	0.4	0.5	0.4	0.5
Other liabilities	0.4	0.4	0.4	0.8
Equity capital	8.1	8.1	7.8	8.1
Total sources	100.0%	100.0%	100.0%	100.0%
Uses of Funds:				
Loans	68.4%	67.2%	65.7%	68.3%
Securities	12.0	7.4	11.0	7.5
Interest-bearing balances with banks	15.7	21.7	19.8	20.1
Federal funds sold	0.2	0.1	0.2	0.1
Other assets	3.7	3.6	3.3	4.0
Total uses	100.0%	100.0%	100.0%	100.0%

Capital Adequacy

Total stockholders’ equity attributable to us at June 30, 2022 was $1.21 billion, or 8.36% of total assets. At December 31, 2021, total stockholders’ equity attributable to us was $1.15 billion, or 7.45% of total assets.

As of June 30, 2022, our most recent notification from the FDIC categorized us as well-capitalized under the regulatory framework for prompt corrective action. To remain categorized as well-capitalized, we must maintain minimum common equity Tier 1, Tier 1 risk-based, total risk-based, and Tier 1 leverage ratios as disclosed in the table below. Our management believes that we are well-capitalized under the prompt corrective action provisions as of June 30, 2022.

Based on the recommendation of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the federal banking agencies issued final rules ("Basel III Final Rules") establishing a comprehensive regulatory capital framework. The Basel III Final Rules require the Company to maintain a capital conservation buffer of 2.5% designed to absorb losses during economic downturns.

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 applicable 2.5% capital conservation buffer, of capital to total regulatory or risk-weighted assets, as of June 30, 2022, December 31, 2021 and June 30, 2021:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2022			(Dollars in Thousands)			
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 1,220,160	9.64%	$ 569,638	4.50%	N/A	N/A
ServisFirst Bank	1,281,780	10.13%	569,564	4.50%	$ 822,703	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	1,220,660	9.64%	759,517	6.00%	N/A	N/A
ServisFirst Bank	1,282,280	10.13%	759,419	6.00%	1,012,558	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	1,415,363	11.18%	1,012,690	8.00%	N/A	N/A
ServisFirst Bank	1,412,267	11.16%	1,012,558	8.00%	1,265,698	10.00
Tier 1 Capital to Average Assets:						
Consolidated	1,220,660	8.19%	596,323	4.00%	N/A	N/A
ServisFirst Bank	1,282,280	8.60%	596,224	4.00%	745,280	5.00%
As of December 31, 2021						
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 1,123,826	9.95%	$ 508,027	4.50%	N/A	N/A
ServisFirst Bank	1,185,161	10.50%	507,969	4.50%	$ 733,733	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	1,124,326	9.96%	677,370	6.00%	N/A	N/A
ServisFirst Bank	1,185,661	10.50%	677,292	6.00%	903,056	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	1,306,992	11.58%	903,160	8.00%	N/A	N/A
ServisFirst Bank	1,303,621	11.55%	903,056	8.00%	1,128,821	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	1,124,326	7.39%	608,883	4.00%	N/A	N/A
ServisFirst Bank	1,185,661	7.79%	608,826	4.00%	761,033	5.00%
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%

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.

Commitments and Contingencies

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, 2022 are as follows:

	June 30, 2022 (In Thousands)
Commitments to extend credit	$ 3,828,912
Credit card arrangements	387,115
Standby letters of credit	71,400
	$ 4,287,427

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, 2022 was $62.1 million compared to net income and net income available to common stockholders of $50 million for the three months ended June 30, 2021. Net income and net income available to common stockholders for the six months ended June 30, 2022 was $119.7 million compared to net income and net income available to common stockholders of $101.5 million for the six months ended June 30, 2021. For the three and six months ended June 30, 2022 compared to 2021 net interest income increased $21.7 million, and $35.1 million, respectively. The increase in net interest income for the three and six-month periods is primarily attributable to growth in average earning assets and non-interest-bearing deposit balances. Increases in non-interest expense of $8.5 million and $16.8 million and increases in income tax expense of $1.1 million and $1.6 million, respectively, for the three and six months ended June 30, 2022 compared to 2021 partially offset increases in net interest income.

Basic and diluted earnings per common share were both $1.14, for the three months ended June 30, 2022, compared to $0.92 for the corresponding period in 2021. Basic and diluted earnings per common share were $2.21 and $2.20, respectively, for the six months ended June 30, 2022, compared to $1.87 and $1.86, respectively, for the corresponding period in 2021. Return on average assets for the three and six months ended June 30, 2022 was 1.67% and 1.60% compared to 1.56% and 1.63%, respectively, for the corresponding periods in 2021. Return on average common stockholders' equity for the three and six months ended June 30, 2022 was 20.93% and 20.52%, respectively, compared to 18.98% and 19.73%, respectively, for the corresponding periods in 2021.

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 $21.8 million, or 23.0%, to $116.5 million for the three months ended June 30, 2022 compared to $94.7 million for the corresponding period in 2021, and increased $35.2 million, or 18.8%, to $222.3 million for the six months ended June 30, 2022 compared to $187.2 million for the corresponding period in 2021. This increase was primarily attributable to growth in average earning assets, which increased $1.93 billion, or 15.6%, from the second quarter of 2021 to the second quarter of 2022, and $2.53 billion, or 21.0%, from the six months ended June 30, 2021 to the same period in 2022. The taxable-equivalent yield on interest-earning assets increased to 3.54% for the three months ended June 30, 2022 from 3.32% for the corresponding period in 2021, and decreased to 3.32% for the six months ended June 30, 2022 from 3.41% for the corresponding period in 2021. The yield on loans for the three months ended June 30, 2022 was 4.38% compared to 4.43% for the corresponding period in 2021, and 4.36% compared to 4.46% for the six months ended June 30, 2022 and June 30, 2021, respectively. The cost of total interest-bearing liabilities increased to 0.46% for the three months ended June 30, 2022 compared to 0.37% for the corresponding period in 2021, and increased to 0.40% for the six months ended June 30, 2022 from 0.39% for the corresponding period in 2021. Net interest margin for the three months ended June 30, 2022 was 3.26% compared to 3.06% for the corresponding period in 2021, and 3.07% for the six months ended June 30, 2022 compared to 3.14% for the corresponding period in 2021. On June 17, 2022 the Federal Reserve Bank increased their targeted federal funds rate from 0.75 – 1.00% to 1.50 - 1.75%. We believe our net interest income will benefit from this and future rate increases as we anticipate a lag in deposit pricing increases to loan pricing increases.

The following tables show, for the three and six months ended June 30, 2022 and June 30, 2021, 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)

	2022			2021		
	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)						
Taxable	$ 10,165,470	$ 111,086	4.38%	$ 8,618,139	$ 95,173	4.43%
Tax-exempt (2)	23,616	241	4.09	26,854	271	4.05
Total loans, net of unearned income	10,189,086	111,327	4.38	8,644,993	95,444	4.43
Mortgage loans held for sale	471	4	3.41	11,470	55	1.92
Investment securities:						
Taxable	1,775,425	10,516	2.37	936,863	6,315	2.70
Tax-exempt (2)	7,148	42	2.35	16,872	104	2.47
Total investment securities (3)	1,782,573	10,558	2.37	953,735	6,419	2.69
Federal funds sold	30,721	93	1.21	8,224	4	0.20
Restricted equity securities	7,724	72	3.74	-	-	-
Interest-bearing balances with banks	2,332,412	4,623	0.80	2,790,524	863	0.12
Total interest-earning assets	$ 14,342,987	$ 126,677	3.54	$ 12,408,946	$ 102,785	3.32
Non-interest-earning assets:						
Cash and due from banks	204,994			85,478		
Net fixed assets and equipment	60,673			61,240		
Allowance for credit losses, accrued interest and other assets	297,893			320,729		
Total assets	$ 14,906,547			$ 12,876,393		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 1,699,602	$ 891	0.21%	$ 1,350,098	$ 639	0.19%
Savings deposits	134,469	61	0.18	104,283	46	0.18
Money market accounts	4,617,021	3,831	0.33	5,321,338	3,499	0.26
Time deposits	766,225	1,644	0.86	801,928	2,652	1.33
Total interest-bearing deposits	7,217,317	6,427	0.36	7,577,647	6,836	0.36
Federal funds purchased	1,550,805	3,070	0.79	970,708	525	0.22
Other borrowings	64,713	690	4.28	64,694	690	4.28
Total interest-bearing liabilities	$ 8,832,835	$ 10,187	0.46%	$ 8,613,049	$ 8,051	0.37%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	4,824,521			3,154,605		
Other liabilities	58,784			52,027		
Stockholders' equity	1,205,551			1,038,012		
Accumulated other comprehensive (loss) income	(15,144)			18,700		
Total liabilities and stockholders' equity	$ 14,906,547			$ 12,876,393		
Net interest income		$ 116,490			$ 94,734	
Net interest spread			3.08%			2.95%
Net interest margin			3.26%			3.06%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $3,303 and $9,915 are included in interest income in the second quarter of 2022 and 2021, 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 (losses) gains of $(25,730) and $23,614 are excluded from the yield calculation in the second quarter of 2022 and 2021, respectively.

	For the Three Months Ended June 30, 2022 Compared to 2021 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	$ 16,919	$ (1,006)	$ 15,913
Tax-exempt	(33)	3	(30)
Total loans, net of unearned income	16,886	(1,003)	15,883
Mortgages held for sale	(75)	24	(51)
Debt securities:			
Taxable	5,049	(848)	4,201
Tax-exempt	(57)	(5)	(62)
Total debt securities	4,992	(853)	4,139
Federal funds sold	31	58	89
Restricted equity securities	72	-	72
Interest-bearing balances with banks	(165)	3,925	3,760
Total interest-earning assets	$ 21,741	$ 2,151	$ 23,892
Interest-bearing liabilities:			
Interest-bearing demand deposits	$ 178	$ 74	$ 252
Savings	14	1	15
Money market accounts	(504)	836	332
Time deposits	(113)	(895)	(1,008)
Total interest-bearing deposits	(425)	16	(409)
Federal funds purchased	467	2,078	2,545
Other borrowed funds	-	-	-
Total interest-bearing liabilities	42	2,094	2,136
Increase in net interest income	$ 21,699	$ 57	$ 21,756

Our growth in loans continues to drive favorable volume component change and overall change. The rate component was unfavorable as loan yields decreased five basis points and average rates paid on interest-bearing liabilities increased nine 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, 2022 compared to the same period in 2021.

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)

	2022			2021		
	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	$ 9,894,980	$ 213,978	4.36%	$ 8,551,895	$ 188,678	4.46%
Tax-exempt (3)	24,401	502	4.15	27,221	555	4.12
Total loans, net of unearned income	9,919,381	214,480	4.36	8,579,116	189,233	4.46
Mortgage loans held for sale	698	9	2.60	12,529	120	1.94
Investment securities:						
Taxable	1,647,709	18,739	2.29	907,653	12,122	2.70
Tax-exempt (3)	7,975	97	2.45	18,966	234	2.49
Total debt securities (4)	1,655,684	18,836	2.29	926,619	12,356	2.70
Federal funds sold	23,719	106	0.90	10,070	7	0.14
Restricted equity securities	7,548	140	4	-	-	-
Interest-bearing balances with banks	2,981,541	6,427	-	2,527,838	1,539	3.41
Total interest-earning assets	$ 14,588,571	$ 239,998	3.32%	$ 12,056,172	$ 203,255	3.41%
Non-interest-earning assets:						
Cash and due from banks	140,124			128,416		
Net fixed assets and equipment	60,940			59,230		
Allowance for credit losses, accrued interest and other assets	305,683			320,569		
Total assets	$ 15,095,318			$ 12,564,387		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 1,647,414	$ 1,668	0.20%	$ 1,322,509	$ 1,260	0.19%
Savings deposits	135,004	120	0.18	98,859	88	0.18
Money market accounts	4,800,106	7,035	0.30	5,190,311	6,856	0.27
Time deposits	779,503	3,447	0.89	805,226	5,513	1.38
Total interest-bearing deposits	7,362,027	12,270	0.34	7,416,905	13,717	0.37
Federal funds purchased	1,585,217	4,003	0.51	910,574	985	0.22
Other borrowings	64,711	1,380	4.30	64,691	1,380	4.31
Total interest-bearing liabilities	$ 9,011,955	$ 17,653	0.40%	$ 8,392,170	$ 16,082	0.39%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	4,847,484			3,039,463		
Other liabilities	59,199			95,824		
Stockholders' equity	1,181,005			1,017,491		
Accumulated other comprehensive (loss) income	(4,325)			19,439		
Total liabilities and stockholders' equity	$ 15,095,318			$ 12,564,387		
Net interest income		$ 222,345			$ 187,173	
Net interest spread			2.92%			3.02%
Net interest margin			3.07%			3.14%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $12,126, $20,316 are included in interest income in 2022 and 2021, respectively.
(2) Accretion on acquired loan discounts of $70 and $100 is included in interest income in 2022 and 2021, respectively.
(3) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21%.
(4) Unrealized (losses) gains of $(6,411) and $24,547 are excluded from the yield calculation in 2022 and 2021, respectively.

	For the Six Months Ended June 30,		
	2022 Compared to 2021 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	$ 29,110	$ (3,810)	$ 25,300
Tax-exempt	(58)	5	(53)
Total loans, net of unearned income	29,052	(3,805)	25,247
Mortgages held for sale	(142)	31	(111)
Debt securities:			
Taxable	8,642	(2,025)	6,617
Tax-exempt	(134)	(3)	(137)
Total debt securities	8,508	(2,028)	6,480
Federal funds sold	19	80	99
Restricted equity securities	140	-	140
Interest-bearing balances with banks	322	4,566	4,888
Total interest-earning assets	$ 37,899	$ (1,156)	$ 36,743
Interest-bearing liabilities:			
Interest-bearing demand deposits	$ 325	$ 83	$ 408
Savings	32	-	32
Money market accounts	(538)	717	179
Time deposits	(171)	(1,895)	(2,066)
Total interest-bearing deposits	(352)	(1,095)	(1,447)
Federal funds purchased	1,078	1,940	3,018
Other borrowed funds	-	-	-
Total interest-bearing liabilities	726	845	1,571
Increase in net interest income	$ 37,173	$ (2,001)	$ 35,172

Our growth in loans continues to drive favorable volume component change and overall change. The rate component was unfavorable as loan yields decreased 10 basis points while average rates paid on interest-bearing liabilities increased one basis point. Growth in non-interest-bearing deposits and equity also contributed to the increase in net interest revenue during the six months ended June 30, 2022 compared to the same period in 2021.

Provision for Credit Losses

The provision for credit losses was $9.5 million for the three months ended June 30, 2022, a decrease of $145,000 from $9.7 million for the three months ended June 30, 2021, and was $14.9 million for the six months ended June 30, 2022, a $2.2 million decrease compared to $17.1 million for the six months ended June 30, 2021. The decrease in provision expense is primarily the result of improvement in economic projections used to inform loss driver forecasts within the ACL model. The ACL for June 30, 2022 and December 31, 2021 was $128.4 million and $116.7 million, or 1.21% and 1.22% of loans, net of unearned income, respectively. Annualized net credit charge-offs to quarter-to-date average loans were 0.02% for the three months ended June 30, 2022, compared to annualized net credit recoveries to quarter-to-date average loans of 0.01% for the same period in 2021. Annualized net credit charge-offs to year-to-date average loans were 0.04% for the six months ended June 30, 2022, compared to 0.01% for the corresponding period in 2021. Nonperforming loans increased to $15.5 million, or 0.15% of total loans, at June 30, 2022 from $12.1 million, or 0.13% of total loans, at December 31, 2021, and were $17.2 million, or 0.20% of total loans, at June 30, 2021. See the section captioned "Asset Quality" located elsewhere in this item for additional discussion related to provision for credit losses.

Noninterest Income

	Three Months Ended June 30,				Six Months Ended June 30,			
(dollars in thousands)	2022	2021	$ change	% change	2022	2021	$ change	% change
Noninterest income:								
Service charges on deposit accounts	$ 2,133	$ 1,907	$ 226	11.9%	$ 4,275	$ 3,815	$ 460	12.1%
Mortgage banking	614	2,699	(2,085)	(77.3)%	1,140	5,446	(4,306)	(79.1)%
Credit card income	2,672	1,912	760	39.7%	5,044	3,104	1,940	62.5%
Securities gains	(2,833)	620	(3,453)	-%	(6,168)	620	(6,788)	(1,094.8)%
Increase in cash surrender value life insurance	1,633	1,683	(50)	(3.0)%	3,241	3,341	(100)	(3.0)%
Other operating income	5,287	777	4,510	580.4%	9,922	1,735	8,187	471.9%
Total non-interest income	$ 9,506	$ 9,598	$ (92)	(1.0)%	$ 17,454	$ 18,061	$ (607)	(3.4)%

Noninterest income totaled $9.5 million for the three months ended June 30, 2022, a decrease of $92,000 compared to the corresponding period in 2021, and totaled $17.5 million for the six months ended June 30, 2022, a decrease of $607,000, or 3.4%, compared to the corresponding period in 2021. Mortgage banking income decreased $2.1 million, or 77.3%, to $614,000 for the three months ended June 30, 2022 compared to $2.7 million for the same period in 2021, and decreased $4.3 million, or 79.1%, to $1.1 million for the six months ended June 30, 2022 compared to $5.4 million for the same period in 2021. We started retaining our mortgage loans in the second quarter of 2021 to increase earning assets and use excess liquidity. As of June 30, 2022, we had retained a total of 405 1-4 family mortgages for an aggregate balance of $151.1 million. Net credit card income increased $760,000 to $2.7 million for the three months ended June 30, 2022 compared to the same period in 2021, and increased $1.9 million to $5.0 million for the six months ended June 30, 2022 compared to the same period in 2021. The number of credit card accounts increased approximately 20.2% and the aggregate amount of spend on all credit card accounts increased 33.4% during the second quarter of 2022 compared to the second quarter of 2021. Increase in cash surrender value of life insurance decreased $50,000, or 3.0%, to $1.6 million during the three months ended June 30, 2022, compared to the corresponding period in 2021, and decreased $100,000, or 3.0%, to $3.2 million for the six months ended June 30, 2022 compared to $3.3 million for the same period in 2021. Other income increased $4.5 million, or 580.4%, to $5.3 million for the three months ended June 30, 2022 compared to $777,000 for the same period in 2021, and increased $8.2 million, or 471.9%, to $9.9 million for the six months ended June 30, 2022 compared to $1.7 million for the same period in 2021. We wrote up the value of our interest rate cap by $1.9 million during the second quarter of 2022 and $5.3 million year-to-date 2022 compared to a write down of $2,000 during the second quarter of 2021 and a write-up of $273,000 year-to-date 2021. Merchant service revenue increased from $289,000 during the second quarter of 2021 to $471,000, or 63%, during the second quarter of 2022. We recognized a $2.1 million death benefit related to a former employee in our bank-owned life insurance ("BOLI") program during the second quarter of 2022. We recognized a $2.8 million loss on the sale of available for sale debt securities during the second quarter of 2022 and $6.2 million during the six months ended June 30, 2022, compared to a $620,000 gain on the call of a corporate bond during the three and six month periods ended June 30, 2021. During 2022 we sold available for sale debt securities that were yielding less than 1.00%.

Noninterest Expense

	Three Months Ended June 30,				Six Months Ended June 30,			
(dollars in thousands)	2022	2021	$ change	% change	2022	2021	$ change	% change
Noninterest expense:								
Salaries and employee benefits	$ 20,734	$ 16,887	$ 3,847	22.8%	$ 39,035	$ 32,430	$ 6,605	20.4%
Equipment and occupancy expense	2,983	2,844	139	4.9%	5,916	5,498	418	7.6%
Third party processing and other services	6,345	3,946	2,399	60.8%	11,950	7,362	4,588	62.3%
Professional services	1,327	1,107	220	19.9%	2,319	2,030	289	14.2%
FDIC and other regulatory assessments	1,147	1,425	(278)	(19.5)%	2,279	3,007	(728)	(24.2)%
OREO expense	32	540	(508)	(94.1)%	35	697	(662)	(95.0)%
Other operating expense	7,253	4,560	2,693	59.1%	15,505	9,199	6,306	68.6%
Total non-interest expense	$ 39,821	$ 31,309	$ 8,512	27.2%	$ 77,039	$ 60,223	$ 16,816	27.9%

Noninterest expense totaled $39.8 million for the three months ended June 30, 2022, an increase of $8.5 million, or 27.2%, compared to $31.3 million for the same period in 2021, and totaled $77.0 million for the six months ended June 30, 2022, an increase of $16.8 million, or 27.9%, compared to $60.2 million for the same period in 2021.

Details of expense are as follows:

- Salary and benefit expense increased $3.8 million, or 22.8%, to $20.7 million for the three months ended June 30, 2022, from $16.9 million for the same period in 2021, and increased $6.6 million, or 20.4%, to $39 million for the six months ended June 30, 2022 from $32.4 million for the same period in 2021. Total employees increased from 527 as of June 30, 2021, to 540 as of June 30, 2022. We accrued an additional $1.8 million in our annual incentive program during the second quarter of 2022 based on loan growth and entry into new markets.
- Equipment and occupancy expense increased $139,000, or 4.9%, to $3.0 million for the three months ended June 30, 2022 from $2.8 million for the corresponding period in 2021, and increased $418,000, or 7.6%, to $5.9 million for the six months ended June 30, 2022 compared to $5.5 million for the corresponding period in 2021.

- Third party processing and other services increased $2.4 million, or 60.8%, to $6.3 million for the three months ended June 30, 2022, from $3.9 million for the corresponding period in 2021, and increased $4.6 million, or 62.3%, to $12 million for the six months ended June 30, 2022 compared to $7.4 million for the corresponding period in 2021. This increase in third party processing includes Federal Reserve Bank charges related to correspondent bank settlement activities. These charges increased by $1.7 million year-over-year to $2.3 million during the second quarter of 2022.
- FDIC and other regulatory assessments decreased $278,000, or 19.5%, to $1.1 million for the three months ended June 30, 2022 from $1.4 million for the corresponding period in 2021, and decreased $728,000, or 24.2%, to $2.3 million for the six months ended June 30, 2022 compared to $3.0 million for the corresponding period in 2021.
- OREO expense decreased $508,000, or 94.1%, to $32,000 for the three months ended June 30, 2022 from $540,000 for the corresponding period in 2021, and decreased $662,000, or 95.0%, to $35,000 from $697,000 for the six months ended June 30, 2022 compared to the corresponding period in 2021.
- Other operating expenses increased $2.7 million, or 59.1%, to $7.3 million for the three months ended June 30, 2022, from $4.6 million for the corresponding period in 2021, and increased $6.3 million, or 68.6%, to $15.5 million from $9.2 million for the six months ended June 30, 2022 compared to the corresponding period in 2021. We accrued $250,000 for potential uninsured check fraud losses during the second quarter of 2022 and $750,000 year-to-date. We recognized core system deconversion expenses of $3.0 million during the fourth quarter of 2021 and $873,000 during the first quarter of 2022 through other operating expenses.

Income Tax Expense

Income tax expense was $14.4 million for the three months ended June 30, 2022 compared to $13.3 million for the same period in 2021, and was $27.9 million for the six months ended June 30, 2022, compared to $26.3 million for the same period in 2021. Our effective tax rate for the three and six months ended June 30, 2022 was 18.83% and 18.89%, respectively, compared to 20.97% and 20.57% for the corresponding periods in 2021, respectively. We recognized $3.1 million and $6.3 million in federal new markets tax credits during the three and six months ended June 30, 2022, respectively, compared to $141,000 and $281,000 during the same periods in 2021, respectively. We recognized excess tax benefits as an income tax 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, 2022 of $352,000 and $924,000, respectively, compared to $724,000 and $2.4 million during the three and six months ended June 30, 2021, 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.

Critical Accounting Estimates

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. In management's opinion, certain accounting policies have a more significant impact than others on the Company's financial reporting. The allowance for credit losses and income taxes are particularly significant for the Company's financial reporting. Information concerning our accounting policies and critical accounting estimates 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, 2021. There were no changes to the accounting policies for the allowance for credit losses or income taxes during the three and six months ended June 30, 2022.

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, 2021, and there have been no material changes to our sensitivity to changes in interest rates since December 31, 2021, 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, 2022. Based upon the Evaluation, our CEO and CFO have concluded that, as of June 30, 2022, 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, 2021, 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, 2021.

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

On May 6, 2022, the Company held its Annual Meeting of Stockholders. At this meeting, the stockholders approved an amendment to the Restated Certificate of Incorporation of the Company (the "Restated Certificate of Incorporation") to increase the number of authorized shares of the Company's common stock from 100 million shares, par value $0.001, to 200 million shares, par value $0.001 (the "Authorized Share Increase"). On May 17, 2022, the Company filed a First Certificate of Amendment to its Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, reflecting the Authorized Share Increase.

ITEM 6. EXHIBITS

Exhibit:	Description
3.01	First Certificate of Amendment to the Restated Certificate of Incorporation of ServisFirst Bancshares, Inc.
3.02	Amended Restated Certificate of Incorporation of ServisFirst Bancshares, Inc. (reflecting all amendments filed with the Delaware Secretary of State) [for SEC reporting compliance only – not filed with the Secretary of State of the State of Delaware].
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 29, 2022	By	/s/ Thomas A. Broughton III Thomas A. Broughton III President and Chief Executive Officer
Date: July 29, 2022	By	/s/ William M. Foshee William M. Foshee Chief Financial Officer

EXHIBIT 3.01

FIRST
CERTIFICATE OF AMENDMENT
TO THE
RESTATED
CERTIFICATE OF INCORPORATION
OF
SERVISFIRST BANCSHARES, INC.

ServisFirst Bancshares, Inc. (the “Corporation”), a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the “DGCL”), hereby certifies as follows:

FIRST: The Board of Directors of the Corporation has duly adopted a resolution setting forth a proposed amendment of the Restated Certificate of Incorporation of the Corporation, declaring said amendment to be advisable, and calling for the stockholders of the Corporation to consider such amendment at the 2022 annual meeting of the stockholders of the Corporation.

SECOND: Article IV, Section 4.1 of the Restated Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety as follows:

> **Section 4.1** **Authorization of Capital**. The total number of shares of all classes of capital stock which the Corporation shall have authority to issue shall be Two Hundred One Million (201,000,000) shares, comprising Two Hundred Million (200,000,000) shares of Common Stock, with a par value of $.001 per share, and One Million (1,000,000) shares of Preferred Stock, with a par value of $.001 per share, as the Board of Directors may decide to issue pursuant to Section 4.3, which constitutes a total authorized capital of all classes of capital stock of Two Hundred One Thousand Dollars ($201,000.00).

THIRD: Thereafter, pursuant to a resolution of the Corporation’s Board of Directors, the 2022 annual meeting of the stockholders of the Corporation was duly called and held upon notice in accordance with Section 222 of the DGCL, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment set forth above.

FOURTH: Such amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

FIFTH: All other provisions of the Restated Certificate of Incorporation shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this First Certificate of Amendment to the Restated Certificate of Incorporation to be signed by William M. Foshee, its Executive Vice President, Chief Financial Officer, Treasurer and Secretary this 17th day of May, 2022.

SERVISFIRST BANCSHARES, INC.

By: /s/ William M. Foshee
William M. Foshee
Executive Vice President, Chief Financial Officer,
Treasurer and Secretary

EXHIBIT 3.02

AMENDED RESTATED CERTIFICATE OF INCORPORATION OF SERVISFIRST BANCSHARES, INC.

ServisFirst Bancshares, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify that:

1. The name of the corporation is ServisFirst Bancshares, Inc. (the "Corporation"), which is the name under which the Corporation was originally incorporated.

2. The date of filing of the original certificate of incorporation of the Corporation with the Secretary of State for the State of Delaware was August 16, 2007.

3. This Restated Certificate of Incorporation restates and integrates and does not further amend the provisions of the certificate of incorporation of the Corporation as heretofore amended and supplemented. There is no discrepancy between the provisions of this Restated Certificate of Incorporation and the provisions of the certificate of incorporation of the Corporation as heretofore amended and supplemented.

4. The Board of Directors of the Corporation has duly adopted this Restated Certificate of Incorporation pursuant to the provisions of Section 245 of the DGCL. The text of the certificate of incorporation is hereby restated to read herein as set forth in full:

ARTICLE I

The name of the Corporation is ServisFirst Bancshares, Inc. (the "Corporation").

ARTICLE II

Section 2.1 Registered Agent. The address of the Corporation's registered office in the State of Delaware is 615 South Dupont Highway, in the City of Dover, County of Kent, Zip Code 19901, and the name of the registered agent at such office is Capitol Services, Inc.

Section 2.2 Incorporator. The sole incorporator is Thomas A. Broughton, III, whose mailing address is 3300 Cahaba Road, Suite 300, Birmingham, Alabama 35223.

ARTICLE III

The purposes of the Corporation are to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Laws ("DGCL"), including but not limited to the following:

(a) To engage in any lawful act or activity for which corporations may be organized under the DGCL;

(b) To purchase and sell the stock of banks;

(c) To acquire, and pay for in cash, stock or bonds of this Corporation or otherwise, the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation;

(d) To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of this Corporation;

(e) To acquire by purchase, subscription or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereto to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof;

(f) To borrow or raise money for any of the purposes of the Corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the Corporation for its corporate purposes;

(g) To purchase, receive, take by grant, gift, devise, bequest or otherwise, lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated, and to sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, all or any of the Corporation’s property and assets, or any interest therein, wherever situated; and

(h) In general, to possess and exercise all the powers and privileges granted by the DGCL or by any other law of Delaware or by this Certificate of Incorporation together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the Corporation.

ARTICLE IV

Section 4.1 Authorization of Capital. The total number of shares of all classes of capital stock which the Corporation shall have authority to issue shall be Two Hundred One Million (201,000,000) shares, comprising Two Hundred Million (200,000,000) shares of Common Stock, with a par value of $.001 per share, and One Million (1,000,000) shares of Preferred Stock, with a par value of $.001 per share, as the Board of Directors may decide to issue pursuant to Section 4.3, which constitutes a total authorized capital of all classes of capital stock of Two Hundred One Thousand Dollars ($201,000.00).

Section 4.2 Common Stock. The following powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Common Stock of the Corporation are fixed as follows:

(a) **Voting Rights.** Except as otherwise required by law or this Certificate of Incorporation and subject to the rights of any outstanding Preferred Stock, if applicable, each holder of Common Stock shall have one vote in respect of each share of stock held by him of record on the books of the Corporation for the election of Directors and on all other matters submitted to a vote of the stockholders of the Corporation, and all shares shall be voted on a non-cumulative basis.

(b) **Dividends.** Except as otherwise provided by the resolution or resolutions of the Board of Directors providing for the issuance of any series of Preferred Stock pursuant to Section 4.3 below, the holders of shares of Common Stock shall be entitled to receive, when and if declared by the board of Directors, out of the assets of the Corporation which are by law available thereof, dividends payable either in cash, in property or in shares of capital stock.

(c) **Dissolution, Liquidation or Winding Up.** Except as otherwise provided by the resolution or resolutions of the Board of Directors providing for the issuance of any series of Preferred Stock pursuant to Section 4.3 below, in the event of any dissolution, liquidation or winding up of the affairs of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of such Preferred Stock, the rights of the holders of Common Stock to receive any remaining assets of the Corporation shall be as provided by law.

Section 4.3 Preferred Stock.

(a) **Authority and Rights.** The Board of Directors of the Corporation is authorized subject to the limitations prescribed by law and the provisions of this Section 4.3, to adopt one or more resolutions to provide for the issuance from time to time in one or more series of any number of shares of Preferred Stock, up to a maximum of five million (5,000,000) shares, and to establish the number of shares to be included in each such series, and to fix the designation, relative rights, preferences, qualifications and limitations of the shares of each such series. The authority of the Board of Directors with respect to each such series shall include, but not be limited to, a determination of the following:

(i) The number of shares constituting that series and the distinctive designation of that series;

(ii) The dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and whether they should be payable in preference to, or in another relation to, the dividends payable on any other class or classes or series of stock;

(iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(iv) Whether that series shall have conversion or exchange privileges and, if so, the terms and conditions of such conversion or exchange, including provision for adjustments for the conversion or exchange rate in such events as the Board of Directors shall determine;

(v) Whether or not the shares of that series shall be redeemable and, if so, the terms and conditions of such redemption, including the manner of selecting shares for redemption if less than all shares are to be redeemed, the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(vi) Whether that series shall be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of shares of that series and, if so, the terms and amounts of such sinking funds;

(vii) The rights of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Corporation or any subsidiary, upon the issuance of any additional stock (including additional shares of such series or of any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Corporation or any subsidiary of, any outstanding stock of the Corporation;

(viii) The right of the shares of that series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and whether such rights shall be in preference to, or in other relation to, the comparable rights or any other class or classes or series of stock; and

(ix) Any other relative, participating, optional or other special rights, qualifications, limitations or restrictions of that series.

(b) **Issuance.** Except as otherwise provided in this Certificate of Incorporation, the Board of Directors shall have the authority to authorize the issuance, from time to time without any vote or other action by the stockholders, of any or all shares of the Preferred Stock of any series at any time authorized, and any securities convertible or exchangeable for any such shares, and any options, rights or warrants to purchase or acquire any such shares, in each case to such persons and on such terms (including dividend or distribution on or with respect to, or in connection with a split or combination of, the outstanding shares of the Preferred Stock) as the Board of Directors from time to time in its discretion lawfully may determine; provided, however, that the consideration for the issuance of shares of the Preferred Stock having par value (unless issued as such a dividend or distribution or in connection with such a split or combination) shall not be less than par value. Shares so issued shall be fully paid, and the holders of such stock shall not be liable for any further assessment thereon.

(c) **Certificate of Designations.** Unless no longer required by the DGCL, before the Corporation shall issue any shares of the Preferred Stock of any series authorized as hereinbefore provided, the Corporation shall file a Certificate of Designations in accordance with the DGCL.

ARTICLE V

Section 5.1 General Provisions. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors consisting of not less than three (3) nor more than twenty (20) persons. The exact number of Directors within the minimum and maximum limitations specified in the preceding sentence shall be fixed from time to time by, or in the manner provided in, the Bylaws of the Corporation, and may be increased or decreased as therein provided.

Section 5.2 Directors Appointed by a Specific Class of Stockholders. To the extent that any holders of any class or series of stock other than Common Stock issued by the Corporation shall have the separate right, voting as a class or series, to elect Directors, the Directors elected by such class or series shall be deemed to constitute an additional class of Directors and shall have a term of office for one year or such other period as may be designated by the provisions of such class or series providing such separate voting right to the holders of such class or series of stock.

Section 5.3 Newly Created Directorships and Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of Directors, and any vacancies on the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause, shall be filled by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence of this Section 5.3 shall hold office for the remainder of the full term of the Directors whose vacancy is so filled. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

Section 5.4 Continuance in Office. Notwithstanding anything herein to the contrary, any director whose term of office has expired shall continue to hold office until his or her successor is duly elected and qualified.

Section 5.5 Nominations. Advance notice of nominations for the election of Directors shall be given in the manner and to the extent provided in the Bylaws of the Corporation.

Section 5.6 Ballot. Directors of the Corporation need not be elected by ballot unless required by the Bylaws.

ARTICLE VI

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors is expressly authorized:

Section 6.1 To adopt, repeal, alter or amend the Bylaws of the Corporation by a vote of a majority of the entire Board of Directors.

Section 6.2 To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

Section6.3 To set apart, out of any of the funds of the Corporation available for dividends, a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

Section 6.4 By a majority of the whole Board of Directors, to designate one or more committees, each committee to consist of one or more of the Directors of the Corporation. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The Bylaws may provide that, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, or in the Bylaws of the Corporation, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation’s property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation; and, unless the resolution or Bylaws expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Section 6.5 When and as authorized by the stockholders in accordance with statute, to sell, lease or exchange all or substantially all of the property and assets of the Corporation, including its goodwill and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, including shares of stock in and/or other securities of any other corporation or corporations, as the Board of Directors shall deem expedient and for the best interests of the Corporation.

ARTICLE VII

The Corporation is to have perpetual existence.

ARTICLE VIII

Section 8.1 Except as provided in Section 8.2 of this Article VIII, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Advance notice of items of business to be considered at any meeting of the stockholders shall be given in the manner and to the extent provided in the Bylaws of the Corporation.

Section 8.2 Notwithstanding the foregoing, this Article VIII shall not apply to the Corporation if it does not have a class of voting stock that is either (i) listed on a national securities exchange, (ii) authorized for quotation on an inter dealer quotation system of the registered national securities association, or (iii) held of record by more than two thousand (2,000) stockholders.

ARTICLE IX

Section 9.1 Limitation of Liability of Directors. A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the Director derived an improper personal benefit.

If the DGCL is amended after the date hereof to authorized action by corporations organized pursuant to the DGCL to further eliminate or limit the personal liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as amended.

Section 9.2 Indemnification of Directors.

(a) Each person who was or is made a party to, or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether formal or informal, whether of a civil, criminal, administrative or investigative nature (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director of the Corporation, whether the basis of such proceeding is an alleged action or inaction in an official capacity or in any other capacity while serving as a Director, shall be indemnified and held harmless by the Corporation to the fullest extent permissible under Delaware law, as the same exists or may hereafter exist in the future (but, in the case of any future change, only to the extent that such change permits the Corporation to provide broader indemnification rights than the law permitted prior to such change), against all costs, charges, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, Employee Retirement Income Security Act of 1974 ("ERISA") excise taxes, or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a Director and shall inure to the benefit of his or her heirs, executors and administrators.

(b) The Corporation shall pay expenses actually incurred in connection with any proceeding in advance of its final disposition; provided, however, that if Delaware law then requires, the payment of such expenses incurred in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced if it shall ultimately be determined that such Director or officer is not entitled to be indemnified.

(c) If a claim under subsection 9.2(a) hereof is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination that indemnification of the claimant is permissible in the circumstances because the claimant has met the applicable standard of conduct, if any, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met the standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the standard of conduct.

Section 9.3 Indemnification of Officers, Employees and Agents. The Corporation may provide indemnification to employees and agents of the Corporation to the fullest extent permissible under Delaware law.

Section 9.4 Expenses as a Witness. To the extent that any Director, officer, employee or agent of the Corporation is, by reason of such position, or position with another entity at the request of the Corporation, a witness in any action, suit or proceeding, he or she shall be indemnified against all costs and expenses actually and reasonably incurred by him or her on his or her behalf in connection therewith,

Section 9.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under Delaware law.

Section 9.6 Indemnity Agreements. The Corporation may enter into agreements with any Director, officer, employee or agent of the Corporation providing for indemnification to the fullest extent permissible under Delaware law.

Section 9.7 Separability. Each and every paragraph, sentence, term and provision of this Article IX is separate and distinct so that if any paragraph, sentence, term or provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Article IX may be modified by a court of competent jurisdiction to preserve its validity and to provide the claimant with, subject to the limitations set forth in this Article IX and any agreement between the Corporation and claimant, the broadest possible indemnification permitted under applicable law.

Section 9.8 Contract Right. Each of the rights conferred on Directors of the Corporation by Sections 9.1, 9.2 and 9.4 of this Article IX, and on officers, employees or agents of the Corporation by Section 9.4 of this Article, shall be a contract right, and any repeal or amendment of the provisions of this Article shall not adversely affect any right hereunder of any person existing at the time of such repeal or amendment with respect to any act or omission occurring prior to the time of such repeal or amendment, and, further, shall not apply to any proceeding, irrespective of when the proceeding is initiated, arising from the service of such person prior to such repeal or amendment.

Section 9.9 Nonexclusivity. The rights conferred in this Article shall not be exclusive of any other rights that any person may have or hereafter acquire under any statute, Bylaw, agreement, vote of stockholders or disinterested Directors or otherwise.

ARTICLE X

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement, and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE XI

When considering a merger, consolidation, business combination (as defined in Section 203 of the DGCL) or similar transaction, the Board of Directors, committees of the Board of Directors, individual Directors and individual officers may, in considering the best interest of the Corporation and its stockholders, consider the effects of any such transaction upon the employees, customer and suppliers of the Corporation, and upon the communities in which the offices of the Corporation are located, to the extent permitted by Delaware law.

ARTICLE XII

The Corporation reserves the right to amend, alter or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are subject to this reservation.

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be signed by William M. Foshee, its Chief Financial Officer, Treasurer and Secretary this 20th day of June, 2016.

SERVISFIRST BANCSHARES, INC.

By: /s/ WILLIAM M. FOSHEE
William M. Foshee
Chief Financial Officer,
Treasurer and Secretary

Effective Date of Amendments
Amended May 17, 2022

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 29, 2022

/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 29, 2022

/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, 2022, 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 29, 2022

/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, 2022, 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 29, 2022

/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.