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, 2018

☐ **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)

Title of each class	Name of exchange on which registered
Common stock, par value $.001 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

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 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

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

Class	Outstanding as of July 27, 2018
Common stock, $.001 par value	53,164,733

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PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2018 (Unaudited)	December 31, 2017 (1)
ASSETS		
Cash and due from banks	$ 68,344	$ 86,213
Interest-bearing balances due from depository institutions	81,742	151,849
Federal funds sold	15,585	239,524
Cash and cash equivalents	165,671	477,586
Available for sale debt securities, at fair value	583,549	538,080
Held to maturity debt securities (fair value of $250 at June 30, 2018 and December 31, 2017)	250	250
Equity securities	993	1,034
Mortgage loans held for sale	4,605	4,459
Loans	6,129,649	5,851,261
Less allowance for loan losses	(64,239)	(59,406)
Loans, net	6,065,410	5,791,855
Premises and equipment, net	58,299	58,900
Accrued interest and dividends receivable	21,375	20,661
Deferred tax assets	11,661	13,022
Other real estate owned and repossessed assets	5,937	6,701
Bank owned life insurance contracts	129,082	127,519
Goodwill and other identifiable intangible assets	14,584	14,719
Other assets	23,146	27,598
Total assets	$ 7,084,562	$ 7,082,384
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 1,481,447	$ 1,440,326
Interest-bearing	4,604,235	4,651,348
Total deposits	6,085,682	6,091,674
Federal funds purchased	262,659	301,797
Other borrowings	64,648	64,832
Accrued interest payable	7,222	4,971
Other liabilities	9,237	11,506
Total liabilities	6,429,448	6,474,780
Stockholders' equity:		
Preferred stock, par value $0.001 per share; 1,000,000 authorized and undesignated at June 30, 2018 and December 31, 2017	-	-
Common stock, par value $0.001 per share; 100,000,000 shares authorized; 53,150,733 shares issued and outstanding at June 30, 2018, and 52,992,586 shares issued and outstanding at December 31, 2017	53	53
Additional paid-in capital	217,765	217,693
Retained earnings	443,972	389,554
Accumulated other comprehensive income	(7,178)	(198)
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	654,612	607,102
Noncontrolling interest	502	502
Total stockholders' equity	655,114	607,604
Total liabilities and stockholders' equity	$ 7,084,562	$ 7,082,384

(1) Derived from audited financial statements.

See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income:				
Interest and fees on loans	$ 73,620	$ 59,912	$ 143,294	$ 115,468
Taxable securities	3,127	2,274	5,872	4,361
Nontaxable securities	623	752	1,279	1,517
Federal funds sold	694	287	1,245	806
Other interest and dividends	332	313	715	903
Total interest income	78,396	63,538	152,405	123,055
Interest expense:				
Deposits	11,714	6,321	21,335	12,303
Borrowed funds	2,160	1,650	4,112	3,133
Total interest expense	13,874	7,971	25,447	15,436
Net interest income	64,522	55,567	126,958	107,619
Provision for loan losses	4,121	4,381	8,260	9,367
Net interest income after provision for loan losses	60,401	51,186	118,698	98,252
Noninterest income:				
Service charges on deposit accounts	1,653	1,382	3,238	2,736
Mortgage banking	789	1,064	1,307	1,963
Credit card income	1,756	1,189	3,334	2,368
Securities gains	-	-	4	-
Increase in cash surrender value life insurance	786	785	1,563	1,509
Other operating income	475	385	882	775
Total noninterest income	5,459	4,805	10,328	9,351
Noninterest expenses:				
Salaries and employee benefits	13,098	12,031	26,394	23,744
Equipment and occupancy expense	2,113	2,265	4,067	4,505
Professional services	924	808	1,729	1,579
FDIC and other regulatory assessments	1,159	1,081	2,292	2,078
OREO expense	160	56	476	132
Other operating expenses	6,556	5,634	12,564	11,104
Total noninterest expenses	24,010	21,875	47,522	43,142
Income before income taxes	41,850	34,116	81,504	64,461
Provision for income taxes	8,310	9,952	15,361	17,778
Net income	33,540	24,164	66,143	46,683
Preferred stock dividends	31	31	31	31
Net income available to common stockholders	$ 33,509	$ 24,133	$ 66,112	$ 46,652
Basic earnings per common share	$ 0.63	$ 0.46	$ 1.24	$ 0.88
Diluted earnings per common share	$ 0.62	$ 0.45	$ 1.22	$ 0.86

See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income	$ 33,540	$ 24,164	$ 66,143	$ 46,683
Other comprehensive (loss) income, net of tax:				
Unrealized holding (losses) gains arising during period from securities available for sale, net of (benefit) of $(553) and $(1,858) for the three and six months ended June 30, 2018, respectively, and tax of $201 and $736 for the three and six months ended June 30, 2017, respectively	(2,073)	374	(6,983)	1,367
Reclassification adjustment for gains on sale of securities, net of tax of $1 for the six months ended June 30, 2018	-	-	3	-
Other comprehensive (loss) income, net of tax	(2,073)	374	(6,980)	1,367
Comprehensive income	$ 31,467	$ 24,538	$ 59,163	$ 48,050

See Notes to Consolidated Financial Statements.

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

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling interest	Total Stockholders' Equity
Balance, December 31, 2016	$ -	$ 53	$ 215,932	$ 307,151	$ (624)	$ 377	$ 522,889
Common dividends paid, $0.05 per share	-	-	-	(2,641)	-	-	(2,641)
Common dividends declared, $0.05 per share	-	-	-	(2,645)	-	-	(2,645)
Preferred dividends paid	-	-	-	(31)	-	-	(31)
Issue 272,466 shares of common stock upon exercise of stock options	-	-	717	-	-	-	717
Issue 125 shares of REIT preferred stock	-	-	-	-	-	125	125
Stock-based compensation expense	-	-	622	-	-	-	622
Other comprehensive income, net of tax	-	-	-	-	1,367	-	1,367
Net income	-	-	-	46,683	-	-	46,683
Balance, June 30, 2017	$ -	$ 53	$ 217,271	$ 348,517	$ 743	$ 502	$ 567,086
Balance, December 31, 2017	$ -	$ 53	$ 217,693	$ 389,554	$ (198)	$ 502	$ 607,604
Common dividends paid, $0.11 per share	-	-	-	(5,846)	-	-	(5,846)
Common dividends declared, $0.11 per share	-	-	-	(5,848)	-	-	(5,848)
Preferred dividends paid	-	-	-	(31)	-	-	(31)
Issue 145,297 shares of common stock upon exercise of stock options	-	-	860	-	-	-	860
30,539 shares of common stock withheld in net settlement upon exercise of stock options	-	-	(1,270)	-	-	-	(1,270)
Stock-based compensation expense	-	-	482	-	-	-	482
Other comprehensive income, net of tax	-	-	-	-	(6,980)	-	(6,980)
Net income	-	-	-	66,143	-	-	66,143
Balance, June 30, 2018	$ -	$ 53	$ 217,765	$ 443,972	$ (7,178)	$ 502	$ 655,114

See Notes to Consolidated Financial Statements.

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

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
OPERATING ACTIVITIES		
Net income	$ 66,143	$ 46,683
Adjustments to reconcile net income to net cash provided by		
Deferred tax expense	1,361	4
Provision for loan losses	8,260	9,367
Depreciation	1,679	1,501
Accretion on acquired loans	(125)	(267)
Amortization of core deposit intangible	135	141
Net amortization of debt securities available for sale	1,219	1,999
Increase in accrued interest and dividends receivable	(714)	(969)
Stock-based compensation expense	482	622
Increase (decrease) in accrued interest payable	2,251	(888)
Proceeds from sale of mortgage loans held for sale	55,342	71,518
Originations of mortgage loans held for sale	(54,181)	(70,553)
Gain on sale of debt securities available for sale	(4)	-
Gain on sale of mortgage loans held for sale	(1,307)	(1,963)
Net loss (gain) on sale of other real estate owned and repossessed assets	10	(53)
Write down of other real estate owned and repossessed assets	253	4
Operating losses of tax credit partnerships	70	7
Increase in cash surrender value of life insurance contracts	(1,563)	(1,509)
Net change in other assets, liabilities, and other operating activities	(2,238)	(9,379)
Net cash provided by operating activities	77,073	46,265
INVESTMENT ACTIVITIES		
Purchase of debt securities available for sale	(100,718)	(60,627)
Proceeds from maturities, calls and paydowns of debt securities available for sale	40,484	45,325
Proceeds from sale of debt securities available for sale	5,100	-
Purchase of debt securities held to maturity	-	(20,786)
Proceeds from maturities, calls and paydowns of debt securities held to maturity	-	4,093
Purchase of equity securities	-	(10)
Proceeds from sale of equity securities	30	-
Increase in loans	(282,441)	(438,253)
Purchase of premises and equipment	(1,078)	(12,984)
Purchase of bank-owned life insurance contracts	-	(10,000)
Proceeds from sale of other real estate owned and repossessed assets	1,252	1,547
Net cash used in investing activities	(337,371)	(491,695)
FINANCING ACTIVITIES		
Net increase in non-interest-bearing deposits	41,121	91,748
Net decrease in interest-bearing deposits	(47,113)	(117,249)
Net decrease in federal funds purchased	(39,138)	(55,718)
Repayment of Federal Home Loan Bank advances	(200)	(200)
Proceeds from sale of preferred stock, net	-	125
Proceeds from exercise of stock options	860	717
Taxes paid in net settlement of tax obligation upon exercise of stock options	(1,270)	-
Dividends paid on common stock	(5,846)	(2,641)
Dividends paid on preferred stock	(31)	(31)
Net cash used in financing activities	(51,617)	(83,249)
Net decrease in cash and cash equivalents	(311,915)	(528,679)
Cash and cash equivalents at beginning of period	477,586	783,997
Cash and cash equivalents at end of period	$ 165,671	$ 255,318
SUPPLEMENTAL DISCLOSURE		
Cash paid for:		
Interest	$ 23,196	$ 16,324
Income taxes	9,465	22,363
Income tax refund	-	(182)
NONCASH TRANSACTIONS		
Other real estate acquired in settlement of loans	$ 751	$ 586
Internally financed sales of other real estate owned	-	185
Dividends declared	5,848	2,645

See Notes to Consolidated Financial Statements.

NOTE 1 - GENERAL

The accompanying consolidated financial statements in this report have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, including Regulation S-X and the instructions for Form 10-Q, and have not been audited. These consolidated financial statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments necessary to present fairly the consolidated financial position and the consolidated results of operations for the interim periods have been made. All such adjustments are of a normal recurring nature. The consolidated results of operations are not necessarily indicative of the consolidated results of operations which ServisFirst Bancshares, Inc. (the "Company") and its consolidated subsidiaries, including ServisFirst Bank (the "Bank"), may achieve for future interim periods or the entire year. For further information, refer to the consolidated financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2017.

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

Revenue Recognition

Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers ("ASC 606")*, provides guidance for reporting revenue from the entity's contracts to provide goods or services to customers. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of our revenue-generating transactions are excluded from the scope of ASC 606, including revenue generated from financial instruments, such as securities and loans. Revenue-generating transactions that are within the scope of ASC 606, classified within non-interest income, are described as follows:

- Deposit account service charges – represent service fees for monthly activity and maintenance on customer accounts. Attributes can be transaction-based, item-based or time-based. Revenue is recognized when our performance obligation is completed which is generally monthly for maintenance services or when a transaction is processed. Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

- Credit card rewards program membership fees – represent memberships in our credit card rewards program and are paid annually by our cardholders at the time they open an account and on each anniversary. Revenue is recognized ratably over the membership period.

Other non-interest income primarily includes income on bank owned life insurance contracts, letter of credit fees and gains on sale of loans held for sale, none of which are within the scope of ASC 606.

NOTE 2 - CASH AND CASH EQUIVALENTS

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

NOTE 3 - EARNINGS PER COMMON SHARE

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

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
	(In Thousands, Except Shares and Per Share Data)			
Earnings per common share				
Weighted average common shares outstanding	53,150,142	52,864,761	53,116,420	52,805,378
Net income available to common stockholders	$ 33,509	$ 24,133	$ 66,112	$ 46,652
Basic earnings per common share	$ 0.63	$ 0.46	$ 1.24	$ 0.88
Weighted average common shares outstanding	53,150,142	52,864,761	53,116,420	52,805,378
Dilutive effects of assumed conversions and exercise of stock options and warrants	1,045,881	1,235,843	1,073,326	1,311,694
Weighted average common and dilutive potential common shares outstanding	54,196,023	54,100,604	54,189,746	54,117,072
Net income available to common stockholders	$ 33,509	$ 24,133	$ 66,112	$ 46,652
Diluted earnings per common share	$ 0.62	$ 0.45	$ 1.22	$ 0.86

NOTE 4 - SECURITIES

The amortized cost and fair value of available-for-sale and held-to-maturity securities at June 30, 2018 and December 31, 2017 are summarized as follows:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
June 30, 2018:	(In Thousands)			
Securities Available for Sale				
U.S. Treasury and government sponsored agencies	$ 58,072	$ 4	$ (965)	$ 57,111
Mortgage-backed securities	322,306	515	(8,390)	314,431
State and municipal securities	120,885	411	(765)	120,531
Corporate debt	91,412	730	(666)	91,476
Total	592,675	1,660	(10,786)	583,549
Securities Held to Maturity				
State and municipal securities	250	-	-	250
Total	$ 250	$ -	$ -	$ 250
December 31, 2017:				
Securities Available for Sale				
U.S. Treasury and government sponsored agencies	$ 55,567	$ 38	$ (249)	$ 55,356
Mortgage-backed securities	278,177	1,006	(2,685)	276,498
State and municipal securities	134,641	761	(553)	134,849
Corporate debt	69,996	1,416	(35)	71,377
Total	538,381	3,221	(3,522)	538,080
Securities Held to Maturity				
State and municipal securities	250	-	-	250
Total	$ 250	$ -	$ -	$ 250

The amortized cost and fair value of debt securities as of June 30, 2018 and December 31, 2017 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, 2018 Amortized Cost	June 30, 2018 Fair Value	December 31, 2017 Amortized Cost	December 31, 2017 Fair Value
	(In thousands)			
Debt securities available for sale				
Due within one year	$ 47,313	$ 47,336	$ 22,122	$ 22,172
Due from one to five years	202,998	201,448	160,773	160,563
Due from five to ten years	17,584	17,767	73,362	74,684
Due after ten years	2,474	2,567	3,947	4,163
Mortgage-backed securities	322,306	314,431	278,177	276,498
	$ 592,675	$ 583,549	$ 538,381	$ 538,080
Debt securities held to maturity				
Due from one to five years	$ 250	$ 250	$ 250	$ 250
	$ 250	$ 250	$ 250	$ 250

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

The following table identifies, as of June 30, 2018 and December 31, 2017, 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. At June 30, 2018, 80 of the Company's 781 debt securities had been in an unrealized loss position for 12 or more months. The Company does not intend to sell these securities, and it is more likely than not that the Company will not be required to sell the securities before recovery of their amortized cost, which may be maturity; accordingly, the Company does not consider these securities to be other-than-temporarily impaired at June 30, 2018. Further, the Company believes any deterioration in value of its current investment securities is attributable to changes in market interest rates and not credit quality of the issuer.

	Less Than Twelve Months		Twelve Months or More		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)					
June 30, 2018						
U.S. Treasury and government sponsored agencies	$ (809)	$ 54,065	$ (156)	$ 2,866	$ (965)	$ 56,931
Mortgage-backed securities	(5,255)	228,217	(3,135)	67,375	(8,390)	295,592
State and municipal securities	(602)	66,356	(163)	7,872	(765)	74,228
Corporate debt	(666)	39,738	-	-	(666)	39,738
Total	$ (7,332)	$ 388,376	$ (3,454)	$ 78,113	$ (10,786)	$ 466,489
December 31, 2017						
U.S. Treasury and government sponsored agencies	$ (151)	$ 33,401	$ (98)	$ 2,926	$ (249)	$ 36,327
Mortgage-backed securities	(986)	140,432	(1,699)	75,903	(2,685)	216,335
State and municipal securities	(450)	66,637	(103)	6,648	(553)	73,285
Corporate debt	(35)	6,955	-	-	(35)	6,955
Total	$ (1,622)	$ 247,425	$ (1,900)	$ 85,477	$ (3,522)	$ 332,902

NOTE 5 – LOANS

The following table details the Company's loans at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
	(Dollars In Thousands)	
Commercial, financial and agricultural	$ 2,345,879	$ 2,279,366
Real estate - construction	522,788	580,874
Real estate - mortgage:		
Owner-occupied commercial	1,383,882	1,328,666
1-4 family mortgage	584,133	603,063
Other mortgage	1,225,906	997,079
Subtotal: Real estate - mortgage	3,193,921	2,928,808
Consumer	67,061	62,213
Total Loans	6,129,649	5,851,261
Less: Allowance for loan losses	(64,239)	(59,406)
Net Loans	$ 6,065,410	$ 5,791,855
Commercial, financial and agricultural	38.27%	38.96%
Real estate - construction	8.53%	9.93%
Real estate - mortgage:		
Owner-occupied commercial	22.58%	22.71%
1-4 family mortgage	9.53%	10.30%
Other mortgage	20.00%	17.04%
Subtotal: Real estate - mortgage	52.11%	50.05%
Consumer	1.09%	1.06%
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 loss portfolio segments and classes. These categories are utilized to develop the associated allowance for loan losses using historical losses adjusted for current economic conditions defined as follows:

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

Loans by credit quality indicator as of June 30, 2018 and December 31, 2017 were as follows:

June 30, 2018	Pass	Special Mention	Substandard	Doubtful	Total
			(In Thousands)		
Commercial, financial and agricultural	$ 2,289,789	$ 36,027	$ 20,063	$ -	$ 2,345,879
Real estate - construction	515,543	5,664	1,581	-	522,788
Real estate - mortgage:					
Owner-occupied commercial	1,369,814	10,042	4,026	-	1,383,882
1-4 family mortgage	579,288	1,350	3,495	-	584,133
Other mortgage	1,203,952	15,497	6,457	-	1,225,906
Total real estate mortgage	3,153,054	26,889	13,978	-	3,193,921
Consumer	67,009	3	49	-	67,061
Total	$ 6,025,395	$ 68,583	$ 35,671	$ -	$ 6,129,649

December 31, 2017	Pass	Special Mention	Substandard	Doubtful	Total
			(In Thousands)		
Commercial, financial and agricultural	$ 2,225,084	$ 27,835	$ 26,447	$ -	$ 2,279,366
Real estate - construction	572,657	6,691	1,526	-	580,874
Real estate - mortgage:					
Owner-occupied commercial	1,317,113	7,333	4,220	-	1,328,666
1-4 family mortgage	598,222	1,599	3,242	-	603,063
Other mortgage	976,348	18,122	2,609	-	997,079
Total real estate mortgage	2,891,683	27,054	10,071	-	2,928,808
Consumer	62,083	42	88	-	62,213
Total	$ 5,751,507	$ 61,622	$ 38,132	$ -	$ 5,851,261

Loans by performance status as of June 30, 2018 and December 31, 2017 were as follows:

June 30, 2018	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 2,338,563	$ 7,316	$ 2,345,879
Real estate - construction	522,788	-	522,788
Real estate - mortgage:			
Owner-occupied commercial	1,383,210	672	1,383,882
1-4 family mortgage	583,130	1,003	584,133
Other mortgage	1,220,835	5,071	1,225,906
Total real estate mortgage	3,187,175	6,746	3,193,921
Consumer	67,020	41	67,061
Total	$ 6,115,546	$ 14,103	$ 6,129,649

December 31, 2017	Performing	Nonperforming	Total
		(In Thousands)	
Commercial, financial and agricultural	$ 2,269,642	$ 9,724	$ 2,279,366
Real estate - construction	580,874	-	580,874
Real estate - mortgage:			
Owner-occupied commercial	1,328,110	556	1,328,666
1-4 family mortgage	602,604	459	603,063
Other mortgage	997,079	-	997,079
Total real estate mortgage	2,927,793	1,015	2,928,808
Consumer	62,127	86	62,213
Total	$ 5,840,436	$ 10,825	$ 5,851,261

Loans by past due status as of June 30, 2018 and December 31, 2017 were as follows:

June 30, 2018	Past Due Status (Accruing Loans)						
	30-59 Days	60-89 Days	90+ Days	Total Past Due	Non-Accrual	Current	Total Loans
				(In Thousands)			
Commercial, financial and agricultural	$ 7,259	$ 1,554	$ 431	$ 9,244	$ 6,885	$ 2,329,750	$ 2,345,879
Real estate - construction	2,097	3,182	-	5,279	-	517,509	522,788
Real estate - mortgage:							
Owner-occupied commercial	3,365	591	250	4,206	422	1,379,254	1,383,882
1-4 family mortgage	919	263	288	1,470	715	581,948	584,133
Other mortgage	1,203	12,941	5,071	19,215	-	1,206,691	1,225,906
Total real estate - mortgage	5,487	13,795	5,609	24,891	1,137	3,167,893	3,193,921
Consumer	316	49	41	406	-	66,655	67,061
Total	$ 15,159	$ 18,580	$ 6,081	$ 39,820	$ 8,022	$ 6,081,807	$ 6,129,649

December 31, 2017	Past Due Status (Accruing Loans)						
	30-59 Days	60-89 Days	90+ Days	Total Past Due	Non-Accrual	Current	Total Loans
				(In Thousands)			
Commercial, financial and agricultural	$ 1,410	$ 5,702	$ 12	$ 7,124	$ 9,712	$ 2,262,530	$ 2,279,366
Real estate - construction	56	997	-	1,053	-	579,821	580,874
Real estate - mortgage:							
Owner-occupied commercial	-	3,664	-	3,664	556	1,324,446	1,328,666
1-4 family mortgage	430	850	-	1,280	459	601,324	603,063
Other mortgage	5,116	-	-	5,116	-	991,963	997,079
Total real estate - mortgage	5,546	4,514	-	10,060	1,015	2,917,733	2,928,808
Consumer	131	23	48	202	38	61,973	62,213
Total	$ 7,143	$ 11,236	$ 60	$ 18,439	$ 10,765	$ 5,822,057	$ 5,851,261

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of the estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for losses on loans. Such agencies may require the Company to recognize adjustments to the allowance based on their judgments about information available to them at the time of their examination.

The methodology utilized for the calculation of the allowance for loan losses is divided into four distinct categories. Those categories include allowances for non-impaired loans (ASC 450), impaired loans (ASC 310), external qualitative factors, and internal qualitative factors. A description of each category of the allowance for loan loss methodology is listed below.

Non-Impaired Loans. Non-impaired loans are grouped into homogeneous loan pools by loan type and are the following: commercial and industrial, construction and development, commercial real estate, second lien home equity lines of credit, and all other loans. Each loan pool is stratified by internal risk rating and multiplied by a loss allocation percentage derived from the loan pool historical loss rate. The historical loss rate is based on an age weighted 5 year history of net charge-offs experienced by pool, with the most recent net charge-off experience given a greater weighting. This results in the expected loss rate per year, adjusted by a qualitative adjustment factor and a years-to-impairment factor, for each pool of loans to derive the total amount of allowance for non-impaired loans.

Impaired Loans. Loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the original terms of the loan agreement. The collection of all amounts due according to contractual terms means that both the contractual interest and principal payments of a loan will be collected as scheduled in the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, at the loan's observable market price or the fair value of the underlying collateral. The fair value of collateral, reduced by costs to sell on a discounted basis, is used if a loan is collateral-dependent. Fair value estimates for specifically impaired collateral-dependent loans are derived from appraised values based on the current market value or "as is" value of the property, normally from recently received and reviewed appraisals. Appraisals are obtained from certified and licensed appraisers and are based on certain assumptions, which may include construction or development status and the highest and best use of the property. These appraisals are reviewed by our credit administration department, and values are adjusted downward to reflect anticipated disposition costs. Once this estimated net realizable value has been determined, the value used in the impairment assessment is updated for each impaired loan. As subsequent events dictate and estimated net realizable values decline, required reserves may be established or further adjustments recorded.

External Qualitative Factors. The determination of the portion of the allowance for loan losses relating to external qualitative factors is based on consideration of the following factors: gross domestic product growth rate, changes in prime rate, delinquency trends, peer delinquency trends, year-over-year loan growth and state unemployment rate trends. Data for the three most recent periods is utilized in the calculation for each external qualitative component. The factors have a consistent weighted methodology to calculate the amount of allowance due to external qualitative factors.

Internal Qualitative Factors. The determination of the portion of the allowance for loan losses relating to internal qualitative factors is based on the consideration of criteria which includes the following: number of extensions and deferrals, single pay and interest only loans, current financial information, credit concentrations and risk grade accuracy. A self-assessment for each of the criteria is made with a consistent weighted methodology used to calculate the amount of allowance required for internal qualitative factors.

The following table presents an analysis of the allowance for loan losses by portfolio segment and changes in the allowance for loan losses for the three and six months ended June 30, 2018 and June 30, 2017. The total allowance for loan losses is disaggregated into those amounts associated with loans individually evaluated and those associated with loans collectively evaluated.

	Commercial, financial and agricultural	Real estate - construction	Real estate - mortgage	Consumer	Total
	(In Thousands)				
	Three Months Ended June 30, 2018				
Allowance for loan losses:					
Balance at March 31, 2018	$ 35,787	$ 4,138	$ 21,606	$ 519	$ 62,050
Charge-offs	(1,732)	-	(440)	(47)	(2,219)
Recoveries	173	97	2	15	287
Provision	1,950	(173)	2,270	74	4,121
Balance at June 30, 2018	$ 36,178	$ 4,062	$ 23,438	$ 561	$ 64,239
	Three Months Ended June 30, 2017				
Allowance for loan losses:					
Balance at March 31, 2017	$ 28,707	$ 4,825	$ 19,962	$ 398	$ 53,892
Charge-offs	(3,067)	(40)	(106)	(33)	(3,246)
Recoveries	16	14	2	-	32
Provision	3,471	339	534	37	4,381
Balance at June 30, 2017	$ 29,127	$ 5,138	$ 20,392	$ 402	$ 55,059
	Six Months Ended June 30, 2018				
Allowance for loan losses:					
Balance at December 31, 2017	$ 32,880	$ 4,989	$ 21,022	$ 515	$ 59,406
Charge-offs	(2,820)	-	(821)	(135)	(3,776)
Recoveries	177	104	44	24	349
Provision	5,941	(1,031)	3,193	157	8,260
Balance at June 30, 2018	$ 36,178	$ 4,062	$ 23,438	$ 561	$ 64,239
	Six Months Ended June 30, 2017				
Allowance for loan losses:					
Balance at December 31, 2016	$ 28,872	$ 5,125	$ 17,504	$ 392	$ 51,893
Charge-offs	(5,922)	(40)	(372)	(108)	(6,442)
Recoveries	206	30	4	1	241
Provision	5,971	23	3,256	117	9,367
Balance at June 30, 2017	$ 29,127	$ 5,138	$ 20,392	$ 402	$ 55,059
	As of June 30, 2018				
Allowance for loan losses:					
Individually Evaluated for Impairment	$ 5,423	$ 120	$ 285	$ 49	$ 5,877
Collectively Evaluated for Impairment	30,755	3,942	23,153	512	58,362
Loans:					
Ending Balance	$ 2,345,879	$ 522,788	$ 3,193,921	$ 67,061	$ 6,129,649
Individually Evaluated for Impairment	20,063	1,623	16,240	49	37,975
Collectively Evaluated for Impairment	2,325,816	521,165	3,177,681	67,012	6,091,674
	As of December 31, 2017				
Allowance for loan losses:					
Individually Evaluated for Impairment	$ 4,276	$ 120	$ 1,163	$ 50	$ 5,609
Collectively Evaluated for Impairment	28,604	4,869	19,859	465	53,797
Loans:					
Ending Balance	$ 2,279,366	$ 580,874	$ 2,928,808	$ 62,213	$ 5,851,261
Individually Evaluated for Impairment	26,447	1,571	12,404	88	40,510
Collectively Evaluated for Impairment	2,252,919	579,303	2,916,404	62,125	5,810,751

The following table presents details of the Company's impaired loans as of June 30, 2018 and December 31, 2017, respectively. Loans which have been fully charged off do not appear in the tables.

	June 30, 2018			For the three months ended June 30, 2018		For the six months ended June 30, 2018	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized in Period	Average Recorded Investment	Interest Income Recognized in Period
				(In Thousands)			
With no allowance recorded:							
Commercial, financial and agricultural	$ 4,842	$ 5,733	$ -	$ 5,257	$ 53	$ 5,611	$ 113
Real estate - construction	626	629	-	629	8	630	16
Real estate - mortgage:							
Owner-occupied commercial	2,512	2,679	-	2,836	42	2,910	86
1-4 family mortgage	2,258	2,258	-	2,255	23	2,255	48
Other mortgage	5,071	5,071	-	5,082	62	5,098	125
Total real estate - mortgage	9,841	10,008	-	10,173	127	10,263	259
Consumer	-	-	-	-	-	-	-
Total with no allowance recorded	15,309	16,370	-	16,059	188	16,504	388
With an allowance recorded:							
Commercial, financial and agricultural	15,221	22,044	5,423	15,200	121	15,542	245
Real estate - construction	997	997	120	997	14	997	28
Real estate - mortgage:							
Owner-occupied commercial	3,776	3,776	27	3,775	46	3,775	94
1-4 family mortgage	1,237	1,237	178	1,240	12	1,240	26
Other mortgage	1,386	1,386	80	1,540	16	1,700	36
Total real estate - mortgage	6,399	6,399	285	6,555	74	6,715	156
Consumer	49	49	49	49	1	49	1
Total with allowance recorded	22,666	29,489	5,877	22,801	210	23,303	430
Total Impaired Loans:							
Commercial, financial and agricultural	20,063	27,777	5,423	20,457	174	21,153	358
Real estate - construction	1,623	1,626	120	1,626	22	1,627	44
Real estate - mortgage:							
Owner-occupied commercial	6,288	6,455	27	6,611	88	6,685	180
1-4 family mortgage	3,495	3,495	178	3,495	35	3,495	74
Other mortgage	6,457	6,457	80	6,622	78	6,798	161
Total real estate - mortgage	16,240	16,407	285	16,728	201	16,978	415
Consumer	49	49	49	49	1	49	1
Total impaired loans	$ 37,975	$ 45,859	$ 5,877	$ 38,860	$ 398	$ 39,807	$ 818

December 31, 2017				For the twelve months ended December 31, 2017	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized in Period
			(In Thousands)		
With no allowance recorded:					
Commercial, financial and agricultural	$ 10,036	$ 16,639	$ -	$ 16,417	$ 571
Real estate - construction	574	577	-	663	31
Real estate - mortgage:					
Owner-occupied commercial	2,640	2,806	-	2,875	159
1-4 family mortgage	2,262	2,262	-	2,289	93
Other mortgage	746	746	-	727	44
Total real estate - mortgage	5,648	5,814	-	5,891	296
Consumer	38	39	-	42	3
Total with no allowance recorded	16,296	23,069	-	23,013	901
With an allowance recorded:					
Commercial, financial and agricultural	16,411	16,992	4,276	17,912	651
Real estate - construction	997	997	120	997	56
Real estate - mortgage:					
Owner-occupied commercial	3,914	3,914	601	3,801	215
1-4 family mortgage	980	980	281	1,113	54
Other mortgage	1,862	1,862	281	1,862	80
Total real estate - mortgage	6,756	6,756	1,163	6,776	349
Consumer	50	50	50	42	3
Total with allowance recorded	24,214	24,795	5,609	25,727	1,059
Total Impaired Loans:					
Commercial, financial and agricultural	26,447	33,631	4,276	34,329	1,222
Real estate - construction	1,571	1,574	120	1,660	87
Real estate - mortgage:					
Owner-occupied commercial	6,554	6,720	601	6,676	374
1-4 family mortgage	3,242	3,242	281	3,402	147
Other mortgage	2,608	2,608	281	2,589	124
Total real estate - mortgage	12,404	12,570	1,163	12,667	645
Consumer	88	89	50	84	6
Total impaired loans	$ 40,510	$ 47,864	$ 5,609	$ 48,740	$ 1,960

Troubled Debt Restructurings ("TDR") at June 30, 2018, December 31, 2017 and June 30, 2017 totaled $17.3 million, $20.6 million and $16.4 million, respectively. At June 30, 2018, the Company had a related allowance for loan losses of $3.6 million allocated to these TDRs, compared to $4.3 million at December 31, 2017 and $3.1 million at June 30, 2017. There were no modifications made to new TDRs or renewals of existing TDRs for the three and six months ended June 30, 2018. TDR activity by portfolio segment for the three and six months ended June 30, 2017 is presented in the table below.

	Three Months Ended June 30, 2017							Six Months Ended June 30, 2017						
	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	5	$	7,205	$	7,205			5	$	7,205	$	7,205		
Real estate - construction	1		997		997			1		997		997		
Real estate - mortgage:														
Owner-occupied commercial	2		3,664		3,664			2		3,664		3,664		
1-4 family mortgage	1		850		850			1		850		850		
Other mortgage	-		-		-			-		-		-		
Total real estate mortgage	3		4,514		4,514			3		4,514		4,514		
Consumer	-		-		-			-		-		-		
	9	$	12,716	$	12,716			9	$	12,716	$	12,716		

One commercial TDR loan totaling $0.3 million which was modified in the previous twelve months (i.e., twelve months prior to default) defaulted during the three and six months ended June 30, 2018. No TDRs which were modified in the previous twelve months defaulted during the three and six months ended June 30, 2017. For purposes of this disclosure, default is defined as 90 days past due and still accruing or placement on nonaccrual status. As of June 30, 2018, the Company's TDRs have all resulted from term extensions, rather than from interest rate reductions or debt forgiveness.

NOTE 6 - EMPLOYEE AND DIRECTOR BENEFITS

Stock Options

At June 30, 2018, the Company had stock-based compensation plans, as described below. The compensation cost that has been charged to earnings for the plans was approximately $244,000 and $482,000 for the three and six months ended June 30, 2018 and $285,000 and $622,000 for the three and six months ended June 30, 2017.

The Company's 2005 Amended and Restated Stock Option Plan allows for the grant of stock options to purchase up to 6,150,000 shares of the Company's common stock. The Company's 2009 Amended and Restated Stock Incentive Plan authorizes the grant of up to 5,550,000 shares and allows for the issuance of Stock Appreciation Rights, Restricted Stock, Stock Options, Performance Shares or Performance Units. Both plans allow for the grant of incentive stock options and non-qualified stock options, and option awards are granted with an exercise price equal to the market value of the Company's common stock at the date of grant. The maximum term of the options granted under the plans is ten years.

The Company estimates the fair value of each stock option award using a Black-Scholes-Merton valuation model that uses the assumptions noted in the following table. Expected volatility is based on historical volatilities of the Company's common stock. The expected term for options granted is based on the short-cut method and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U. S. Treasury yield curve in effect at the time of grant.

	2018	2017
Expected volatility	24.13%	29.00%
Expected dividends	1.06%	0.44%
Expected term (in years)	6.25	6.25
Risk-free rate	2.67%	2.09%

The weighted average grant-date fair value of options granted during the six months ended June 30, 2018 and June 30, 2017 was $10.95 and $11.84, respectively.

The following table summarizes stock option activity during the six months ended June 30, 2018 and June 30, 2017:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In Thousands)
Six Months Ended June 30, 2018:				
Outstanding at January 1, 2018	1,666,834	$ 10.68	5.5	$ 51,377
Granted	12,750	41.50	9.7	(9)
Exercised	(175,836)	4.90	3.1	6,317
Forfeited	(6,000)	19.50	7.7	128
Outstanding at June 30, 2018	1,497,748	11.58	5.3	$ 43,787
Exercisable at June 30, 2018	748,600	$ 7.34	3.9	$ 25,811
Six Months Ended June 30, 2017:				
Outstanding at January 1, 2017	2,026,334	$ 9.00	6.2	$ 57,636
Granted	51,500	37.95	9.6	(80)
Exercised	(292,000)	4.98	4.4	9,169
Forfeited	(32,000)	21.96	8.6	(462)
Outstanding at June 30, 2017	1,753,834	10.28	5.9	$ 45,777
Exercisable at June 30, 2017	811,736	$ 5.20	4.4	$ 25,303

As of June 30, 2018, there was approximately $1,695,000 of total unrecognized compensation cost related to non-vested stock options. The cost is expected to be recognized on the straight-line method over the next 2.4 years.

Restricted Stock

The Company periodically grants restricted stock awards that vest upon 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, 2018, there was $811,000 of total unrecognized compensation cost related to non-vested restricted stock. The cost is expected to be recognized evenly over the remaining 1.8 years of the restricted stock's vesting period.

The following table summarizes restricted stock activity during the six months ended June 30, 2018 and 2017, respectively:

	Shares	Weighted Average Grant Date Fair Value
Six Months Ended June 30, 2018:		
Non-vested at January 1, 2018	120,676	$ 10.29
Granted	11,850	41.29
Vested	(61,700)	5.81
Forfeited	-	-
Non-vested at June 30, 2018	70,826	19.38
Six Months Ended June 30, 2017:		
Non-vested at January 1, 2017	118,676	$ 8.88
Granted	6,000	38.16
Vested	(4,200)	14.49
Forfeited	(800)	15.74
Non-vested at June 30, 2017	119,676	9.94

NOTE 7 - DERIVATIVES

The Company has entered into agreements with secondary market investors to deliver loans on a "best efforts delivery" basis. When a rate is committed to a borrower, it is based on the best price that day and locked with the investor for the customer for a 30-day period. In the event the loan is not delivered to the investor, the Company has no risk or exposure with the investor. The interest rate lock commitments related to loans that are originated for later sale are classified as derivatives. The fair values of the Company's agreements with investors and rate lock commitments to customers as of June 30, 2018 and December 31, 2017 were not material.

NOTE 8 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income* (Topic 220); *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The amendments in this ASU require a reclassification from / to accumulated other comprehensive income and to / from retained earnings for stranded tax effects resulting from the change in the newly enacted federal corporate income tax rate. Consequently, the amendments in this ASU eliminate the stranded tax effects associated with the change in the federal corporate income tax rate in the Tax Cuts and Jobs Act of 2017. The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2018 with early adoption allowed. The Bank elected to early adopt this ASU as of December 31, 2017. The effect of the adoption of this ASU was to decrease accumulated other comprehensive income by $43,000 with the offset to retained earnings as recorded in the statement of changes in stockholders' equity. This represents the difference between the historical corporate income tax rate and the newly enacted 21% corporate income tax rate.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaces most existing revenue recognition guidance in GAAP. The new standard was effective for the Company on January 1, 2018. Adoption of ASU 2014-09 did not have a material impact on the Company's consolidated financial statements and related disclosures as the Company's primary sources of revenues are derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of ASU 2014-09. The Company's revenue recognition pattern for revenue streams within the scope of ASU 2014-09, including but not limited to service charges on deposit accounts and credit card fees, did not change significantly from current practice.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments Overall (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments in ASU 2016-01: (a) require equity investments (except for those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (b) simplify the impairment assessment of equity securities without readily determinable fair values by requiring a qualitative assessment to identify impairment; (c) eliminate the requirement for public business entities to disclose the method and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; (d) require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (e) require an entity to present separately in other comprehensive income, the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments; (f) require separate presentation of financial assets and financial liabilities by measurement category and form of financial assets on the balance sheet or the notes to the financial statements; and (g) clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The amendments in this ASU became effective for the Company on January 1, 2018. Accordingly, the calculation of fair value of the loan portfolio was refined to incorporate exit pricing, but had no material impact on our fair value disclosures. See Note 10 – Fair Value Measurement.

NOTE 9 - RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The FASB issued this ASU to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet by lessees for those leases classified as operating leases under current U.S. GAAP and disclosing key information about leasing arrangements. The amendments in this ASU are effective for public business entities for annual periods and interim periods within those annual periods beginning after December 15, 2018. Early application of this ASU is permitted for all entities. In January 2018, the FASB issued a proposal to allow an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company has reviewed its current lessee portfolio and is assessing the impact of the new standard on its financial statements, related disclosures, systems, and internal controls. The accounting changes are expected to relate primarily to its leased branches and office space which are currently accounted for as operating leases. Based upon leases that were outstanding as of June 30, 2018, the Company anticipates recognizing a right of use asset and a lease liability, but it does not expect the new standard to have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which is essentially the final rule on use of the so-called CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. For SEC filers, the amendments in this ASU are effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019, with later effective dates for non-SEC registrant public companies and other organizations. Early adoption will be permitted for all organizations for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. The Company has contracted with a third-party provider to implement enhanced modeling techniques that incorporate the loss measurement requirements in these amendments as part of adopting the ASU.

In March 2017, the FASB issued ASU 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities.* The amendments shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments in this ASU are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The amendments should be applied on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The amendments in this ASU will not impact the Company's financial statements, as it has always amortized premiums to the first call date.

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting.* These amendments expand the scope of Topic 718, Compensation - Stock Compensation, which currently only includes share-based payments to employees, to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity – Equity-Based Payments to Non-Employees. The amendments in this ASU are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The Company will adopt this ASU effective January 1, 2019. The amendments are not expected to have an impact on the Company's consolidated financial statements because it does not have any stock-based payment awards currently outstanding to nonemployees.

NOTE 10 - 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. In cases where Level 1 or Level 2 inputs are not available, securities are classified in Level 3 of the hierarchy.

Impaired Loans. Impaired loans are measured and reported at fair value when full payment under the loan terms is not probable. Impaired loans are carried at the present value of expected future cash flows using the loan's existing rate in a discounted cash flow calculation, or the fair value of the collateral if the loan is collateral-dependent. Expected cash flows are based on internal inputs reflecting expected default rates on contractual cash flows. This method of estimating fair value does not incorporate the exit-price concept of fair value described in ASC 820-10 and would generally result in a higher value than the exit-price approach. For loans measured using the estimated fair value of collateral less costs to sell, fair value is generally determined based on appraisals performed by certified and licensed appraisers using inputs such as absorption rates, capitalization rates and market comparables, adjusted for estimated costs to sell. Management modifies the appraised values, if needed, to take into account recent developments in the market or other factors, such as changes in absorption rates or market conditions from the time of valuation, and anticipated sales values considering management's plans for disposition. Such modifications to the appraised values could result in lower valuations of such collateral. Estimated costs to sell are based on current amounts of disposal costs for similar assets. These measurements are classified as Level 3 within the valuation hierarchy. Impaired loans are subject to nonrecurring fair value adjustment upon initial recognition or subsequent impairment. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. Impaired loans 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 as an impairment charge related to impaired loans that are measured at fair value on a nonrecurring basis was $1,543,000 and $3,888,000 during the three and six months ended June 30, 2018, respectively, and $2,329,000 and $5,307,000 during the three and six months ended June 30, 2017, respectively.

Other Real Estate Owned and repossessed assets. Other real estate assets ("OREO") acquired through, or in lieu of, foreclosure and repossessed assets 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 or repossession are charged to the allowance for loan losses subsequent to foreclosure or repossession. 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. 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 $99,000 and $353,000 was recognized for the three and six months ended June 30, 2018, respectively, and $83,000 and $53,000 for the three and six months ended June 30, 2017, respectively. These charges were for write-downs in the value of OREO subsequent to foreclosure and losses on the disposal of OREO. OREO and repossessed assets are classified within Level 3 of the hierarchy.

There was one residential real estate loan with a balance of $176,000 foreclosed and classified as OREO as of June 30, 2018 compared to none as of December 31, 2017.

Management is negotiating a deed in lieu of a foreclosure related to a $360,000 loan as of June 30, 2018.

The following table presents the Company's financial assets and financial liabilities carried at fair value on a recurring basis as of June 30, 2018 and December 31, 2017:

	Fair Value Measurements at June 30, 2018 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 and government agencies	$ -	$ 57,111	$ -	$ 57,111
Mortgage-backed securities	-	314,431	-	314,431
State and municipal securities	-	120,531	-	120,531
Corporate debt	-	84,951	6,525	91,476
Total assets at fair value	$ -	$ 577,024	$ 6,525	$ 583,549

	Fair Value Measurements at December 31, 2017 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 and government agencies	$ -	$ 55,356	$ -	$ 55,356
Mortgage-backed securities	-	276,498	-	276,498
State and municipal securities	-	134,849	-	134,849
Corporate debt	-	64,877	6,500	71,377
Total assets at fair value	$ -	$ 531,580	$ 6,500	$ 538,080

The following table presents the Company's financial assets and financial liabilities carried at fair value on a nonrecurring basis as of June 30, 2018 and December 31, 2017:

	Fair Value Measurements at June 30, 2018			
	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)		
Impaired loans	$ -	$ -	$ 32,098	$ 32,098
Other real estate owned and repossessed assets	-	-	5,937	5,937
Total assets at fair value	$ -	$ -	$ 38,035	$ 38,035

	Fair Value Measurements at December 31, 2017			
	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)		
Impaired loans	$ -	$ -	$ 34,901	$ 34,901
Other real estate owned and repossessed assets	-	-	6,701	6,701
Total assets at fair value	$ -	$ -	$ 41,602	$ 41,602

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 following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

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 prices obtained from 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 service 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. In cases where Level 1 or Level 2 inputs are not available, securities are classified in Level 3 of the fair value hierarchy.

Equity securities: The carrying value of Federal Home Loan Bank and Federal Reserve Bank stock approximates fair value based on the redemption provision of the investments. Within equity securities, we hold an investment in a fund that qualifies us for Community Reinvestment Act credits. This investment is classified in Level 1 of the fair value hierarchy.

Mortgage loans held for sale: Loans are committed to be delivered to investors on a "best efforts delivery" basis within 30 days of origination. Due to this short turn-around time, the carrying amounts of the Company's agreements approximate their fair values.

Bank owned life insurance contracts: The carrying amounts in the statements of financial condition approximate these assets' fair value.

	June 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Assets:				
Level 1 Inputs:				
Cash and due from banks	$ 150,086	$ 150,086	$ 238,062	$ 238,062
Level 2 inputs:				
Available for sale debt securities	577,024	577,024	531,580	531,580
Equity securities	993	993	1,034	1,034
Federal funds sold	15,585	15,585	239,524	239,524
Mortgage loans held for sale	4,605	4,605	4,459	4,459
Bank-owned life insurance contracts	129,082	129,082	127,519	127,519
Level 3 Inputs:				
Available for sale debt securities	6,525	6,525	6,500	6,500
Held to maturity debt securities	250	250	250	250
Loans, net	6,033,312	5,961,354	5,756,954	5,712,441
Financial liabilities:				
Level 2 inputs:				
Deposits	$ 6,085,682	$ 6,078,286	$ 6,091,674	$ 6,086,085
Federal funds purchased	262,659	262,659	301,797	301,797
Other borrowings	64,648	65,677	64,832	65,921

NOTE 11 – SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through the date of this filing to ensure that this Form 10-Q includes appropriate disclosure of events both recognized in the financial statements as of June 30, 2018, and events which occurred subsequent to June 30, 2018 but were not recognized in the financial statements.

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

The following discussion and analysis is designed to provide a better understanding of various factors relating to the results of operations and financial condition of ServisFirst Bancshares, Inc. (the "Company") and its wholly-owned subsidiary, ServisFirst Bank (the "Bank"). This discussion is intended to supplement and highlight information contained in the accompanying unaudited consolidated financial statements as of and for the three and six months ended June 30, 2018 and June 30, 2017.

Forward-Looking Statements

Statements in this document that are not historical facts, including, but not limited to, statements concerning future operations, results or performance, are hereby identified as "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "believe," "expect," "anticipate," "project," "plan," "intend," "will," "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: general economic conditions, especially in the credit markets and in the Southeast; the performance of the capital markets; changes in interest rates, yield curves and interest rate spread relationships; changes in accounting and tax principles, policies or guidelines; changes in legislation or regulatory requirements; changes in our loan portfolio and deposit base; possible changes in laws and regulations and governmental monetary and fiscal policies; the cost and other effects of legal and administrative cases and similar contingencies; possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans and the value of collateral; the effect of natural disasters, such as hurricanes and tornados, in our geographic markets; and increased competition from both banks and non-banks. The foregoing list of factors is not exhaustive. For discussion of these and other risks that may cause actual results to differ from expectations, please refer to "Cautionary Note Regarding Forward Looking Statements" and "Risk Factors" in our most recent Annual Report on Form 10-K and our other SEC filings. If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained herein. Accordingly, you should not place undue reliance on any forward-looking statements, which speak only as of the date made. ServisFirst Bancshares, Inc. 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 nineteen full-service banking offices located in Alabama, Tampa Bay, Florida, the panhandle of Florida, the greater Atlanta, Georgia metropolitan area, Charleston, South Carolina, and Nashville, Tennessee. Through the bank, we originate commercial, consumer and other loans and accept deposits, provide electronic banking services, such as online and mobile banking, including remote deposit capture, deliver treasury and cash management services and provide correspondent banking services to other financial institutions.

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

Overview

As of June 30, 2018, we had consolidated total assets of $7.085 billion, roughly flat when compared to consolidated assets of $7.082 billion at December 31, 2017. Total loans were $6.13 billion at June 30, 2018, up $278.4 million, or 4.8%, from $5.85 billion at December 31, 2017. Total deposits were $6.09 billion at June 30, 2018, which was flat from December 31, 2017.

Net income available to common stockholders for the three months ended June 30, 2018 was $33.5 million, an increase of $9.4 million, or 39.0%, from $24.1 million for the corresponding period in 2017. Basic and diluted earnings per common share were $0.63 and $0.62, respectively, for the three months ended June 30, 2018, compared to basic and diluted earnings per common share of $0.46 and $0.45 for the corresponding period in 2017.

Net income available to common stockholders for the six months ended June 30, 2018 was $66.1 million, an increase of $19.4 million, or 41.5%, from $46.7 million for the corresponding period in 2017. Basic and diluted earnings per common share were $1.24 and $1.22, respectively, for the six months ended June 30, 2018, compared to $0.88 and $0.86, respectively, for the corresponding period in 2017.

Critical Accounting Policies

The accounting and financial policies of the Company conform to U.S. generally accepted accounting principles ("U.S. GAAP") and to general practices within the banking industry. To prepare consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses, valuation of foreclosed real estate, deferred taxes, and fair value of financial instruments are particularly subject to change. Information concerning our accounting policies with respect to these items is available in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Financial Condition

Cash and Cash Equivalents

At June 30, 2018, we had $15.6 million in federal funds sold, compared to $239.5 million at December 31, 2017. We also maintain balances at the Federal Reserve Bank of Atlanta, which earn interest. At June 30, 2018, we had $80.2 million in balances at the Federal Reserve, compared to $150.3 million at December 31, 2017. This decrease was a result of our lower levels of excess liquidity due to loan growth and flat deposits during the first half of 2018.

Debt Securities

Debt securities available for sale totaled $583.5 million at June 30, 2018 and $538.1 million at December 31, 2017. We had pay downs of $25.9 million on mortgage-backed securities, maturities of $10.6 million on municipal and corporate securities, and calls of $3.4 million on municipal securities and subordinated notes during the six months ended June 30, 2018. We purchased $70.9 million in mortgage-backed securities, $27.0 million in municipal and corporate securities and $2.9 million of U.S. Treasury and government sponsored agency during the first six months of 2018.

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.

Each quarter, management assesses whether there have been events or economic circumstances indicating that a security on which there is an unrealized loss is other-than-temporarily impaired. Management considers several factors, including the amount and duration of the impairment; the intent and ability of the Company to hold the security for a period sufficient for a recovery in value; and known recent events specific to the issuer or its industry. In analyzing an issuer's financial condition, management considers whether the securities are issued by agencies of the federal government, whether downgrades by bond rating agencies have occurred, and industry analysts' reports, among other things. As we currently do not have the intent to sell these securities and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis, which may be at maturity, and impairment positions at June 30, 2018 are interest-rate driven, no declines are deemed to be other than temporary. We will continue to evaluate our investment securities for possible other-than-temporary impairment, which could result in non-cash charges to earnings in one or more future periods.

All securities held are traded in liquid markets. As of June 30, 2018, we owned restricted securities of First National Bankers Bank with an aggregate book value and market value of $0.4 million. We had no investments in any one security, restricted or liquid, in excess of 10% of our stockholders' equity.

The Bank does not invest in collateralized debt obligations ("CDOs"). We have $91.5 million of bank holding company subordinated notes. All of these notes were rated BBB or better by Kroll Bond Rating Agency at the time of our investment in them. All other corporate bonds had a Standard and Poor's or Moody's rating of A-1 or better when purchased. The total investment portfolio at June 30, 2018 has a combined average credit rating of AA.

The carrying value of investment securities pledged to secure public funds on deposit and for other purposes was $285.5 million and $284.2 million as of June 30, 2018 and December 31, 2017, respectively.

Loans

We had total loans of $6.13 billion at June 30, 2018, an increase of $279.0 million, or 4.8%, compared to $5.85 billion at December 31, 2017. At June 30, 2018, the percentage of our loans in each of our regions were as follows:

	Percentage of Total Loans in MSA
Birmingham-Hoover, AL MSA	42.4%
Huntsville, AL MSA	9.3%
Dothan, AL MSA	9.3%
Mobile, AL MSA	6.3%
Montgomery, AL MSA	6.1%
Total Alabama MSAs	73.4%
Pensacola-Ferry Pass-Brent, FL MSA	6.3%
Tampa-St. Petersburg-Clearwater, FL MSA	2.6%
Total Florida MSAs	8.9%
Atlanta-Sandy Springs-Roswell, GA MSA	5.0%
Nashville-Davidson-Murfreesboro-Franklin, TN MSA	9.2%
Charleston-North Charleston, SC MSA	3.5%

Asset Quality

The allowance for loan losses is established and maintained at levels management deems adequate to absorb anticipated credit losses from identified and otherwise inherent risks in the loan portfolio as of the balance sheet date. In assessing the adequacy of the allowance for loan losses, management considers its evaluation of the loan portfolio, past due loan experience, collateral values, current economic conditions and other factors considered necessary to maintain the allowance at an adequate level. Our management believes that the allowance was adequate at June 30, 2018.

The following table presents the allocation of the allowance for loan losses for each respective loan category with the corresponding percentage of loans in each category to total loans. Management believes that the comprehensive allowance analysis developed by our credit administration group is in compliance with all current regulatory guidelines.

June 30, 2018	Amount	Percentage of loans in each category to total loans
	(In Thousands)	
Commercial, financial and agricultural	$ 36,178	38.27%
Real estate - construction	4,062	8.53%
Real estate - mortgage	23,438	52.11%
Consumer	561	1.09%
Total	$ 64,239	100.00%

December 31, 2017	Amount	Percentage of loans in each category to total loans
	(In Thousands)	
Commercial, financial and agricultural	$ 32,880	38.96%
Real estate - construction	4,989	9.93%
Real estate - mortgage	21,022	50.05%
Consumer	515	1.06%
Total	$ 59,406	100.00%

Nonperforming Assets

Total nonperforming loans, which include nonaccrual loans and loans 90 or more days past due and still accruing, increased $3.3 million to $14.1 million at June 30, 2018, compared to $10.8 million at December 31, 2017. Of this total, nonaccrual loans of $8.0 million at June 30, 2018, represented a net decrease of $2.8 million from nonaccrual loans at December 31, 2017. Excluding credit card accounts, there were six loans 90 or more days past due and still accruing totaling $6.0 million, compared to no loans 90 or more days past due and still accruing at December 31, 2017. This increase primarily relates to one commercial real estate mortgage loan totaling $5.1 million which is well-collateralized and is actively in the process of collection. Troubled Debt Restructurings ("TDR") at June 30, 2018 and December 31, 2017 were $17.3 million and $20.6 million, respectively. There were no loans newly classified as TDR or renewals of existing TDRs for the three and six months ended June 30, 2018. One relationship totaling $12.7 million, which includes nine loans of various types, was newly classified as TDR for the three and six months ended June 30, 2017. These TDRs are the result of term extensions rather than interest rate reductions or forgiveness of debt.

OREO and repossessed assets decreased to $5.9 million at June 30, 2018, from $6.7 million at December 31, 2017. The total number of OREO and repossessed asset accounts decreased to 11 at June 30, 2018, compared to 12 at December 31, 2017. The following table summarizes OREO and repossessed asset activity for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,	
	2018	2017
	(In thousands)	
Balance at beginning of period	$ 6,701	$ 4,988
Transfers from loans and capitalized expenses	751	586
Proceeds from sales	(1,252)	(1,547)
Internally financed sales	-	(185)
Write-downs / net gain (loss) on sales	(263)	49
Balance at end of period	$ 5,937	$ 3,891

The following table summarizes our nonperforming assets and TDRs at June 30, 2018 and December 31, 2017:

	June 30, 2018		December 31, 2017	
	Balance	Number of Loans	Balance	Number of Loans
	(Dollar Amounts In Thousands)			
Nonaccrual loans:				
Commercial, financial and agricultural	$ 6,885	16	$ 9,712	18
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	422	2	556	2
1-4 family mortgage	715	2	459	2
Other mortgage	-	-	-	-
Total real estate - mortgage	1,137	4	1,015	4
Consumer	-	-	38	1
Total Nonaccrual loans:	$ 8,022	20	$ 10,765	23
90+ days past due and accruing:				
Commercial, financial and agricultural	$ 431	6	$ 12	3
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	250	1	-	-
1-4 family mortgage	288	2	-	-
Other mortgage	5,071	1	-	-
Total real estate - mortgage	5,609	4	-	-
Consumer	41	14	48	24
Total 90+ days past due and accruing:	$ 6,081	24	$ 60	27
Total Nonperforming Loans:	$ 14,103	44	$ 10,825	50
Plus: Other real estate owned and repossessions	5,937	11	6,701	12
Total Nonperforming Assets	$ 20,040	55	$ 17,526	62
Restructured accruing loans:				
Commercial, financial and agricultural	$ 10,061	6	$ 11,438	6
Real estate - construction	997	1	997	1
Real estate - mortgage:				
Owner-occupied commercial	3,664	2	3,664	2
1-4 family mortgage	850	1	850	1
Other mortgage	-	-	-	-
Total real estate - mortgage	4,514	3	4,514	3
Consumer	-	-	-	-
Total restructured accruing loans:	$ 15,572	10	$ 16,949	10
Total Nonperforming assets and restructured accruing loans	$ 35,612	65	$ 34,475	72
Ratios:				
Nonperforming loans to total loans	0.23%		0.19%	
Nonperforming assets to total loans plus other real estate owned and repossessions	0.33%		0.30%	
Nonperforming assets plus restructured accruing loans to total loans plus other real estate owned and repossessions	0.58%		0.59%	

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

Impaired Loans and Allowance for Loan Losses

As of June 30, 2018, we had impaired loans of $38.0 million, inclusive of nonaccrual loans, a decrease of $2.5 million from $40.5 million as of December 31, 2017. We allocated $5.9 million of our allowance for loan losses at June 30, 2018 to these impaired loans, an increase of $0.3 million compared to $5.6 million as of December 31, 2017. A loan is considered impaired, based on current information and events, if it is probable that we will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the original loan agreement. Impairment does not always indicate credit loss, but provides an indication of collateral exposure based on prevailing market conditions and third-party valuations. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral-dependent. The amount of impairment, if any, and subsequent changes are included in the allowance for loan losses. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Our credit administration group performs verification and testing to ensure appropriate identification of impaired loans and that proper reserves are held on these loans.

Of the $38.0 million of impaired loans reported as of June 30, 2018, $20.1 million were commercial, financial and agricultural loans, $1.6 million were real estate construction loans, $16.2 million were real estate mortgage loans and $0.1 million were consumer loans.

Deposits

Total deposits were flat at $6.09 billion at June 30, 2018 compared to December 31, 2017. While we have not experienced growth in our deposits during the first half of 2018, we anticipate long-term sustainable growth in deposits through continued development of market share in our less mature markets and through organic growth in our mature markets.

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

Other Borrowings

Our borrowings consist of federal funds purchased and subordinated notes payable. We had $262.7 million and $301.8 million at June 30, 2018 and December 31, 2017, respectively, in federal funds purchased from correspondent banks that are clients of our correspondent banking unit. The average rate paid on these borrowings was 1.87% for the quarter ended June 30, 2018. Other borrowings consist of the following:

- $34.75 million of 5% Subordinated Notes due July 15, 2025, which were issued in a private placement in July 2015 and pay interest semi-annually; and
- $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, 2018, liquid assets, which are represented by cash and due from banks, federal funds sold and unpledged available-for-sale securities, totaled $549.7 million. Additionally, the Bank had additional borrowing availability of approximately $458.0 million in unused federal funds lines of credit with regional banks, subject to certain restrictions and collateral requirements. We believe these sources of funding are adequate to meet our anticipated funding needs. Our management meets on a quarterly basis to review sources and uses of funding to determine the appropriate strategy to ensure an appropriate level of liquidity. At the current time, our long-term liquidity needs primarily relate to funds required to support loan originations and commitments and deposit withdrawals. Our regular sources of funding are from the growth of our deposit base, correspondent banking relationships and related federal funds purchased, repayment of principal and interest on loans, the sale of loans and the renewal of time deposits. In addition, we have issued debt as described above under “Other Borrowings”.

We are subject to general FDIC guidelines that require a minimum level of liquidity. Management believes our liquidity ratios meet or exceed these guidelines. Our management is not currently aware of any trends or demands that are reasonably likely to result in liquidity materially increasing or decreasing.

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 following table reflects the contractual maturities of our term liabilities as of June 30, 2018. The amounts shown do not reflect any early withdrawal or prepayment assumptions.

	Payments due by Period				
	Total	1 year or less	Over 1 - 3 years	Over 3 - 5 years	Over 5 years
			(In Thousands)		
Contractual Obligations (1)					
Deposits without a stated maturity	$ 5,482,366	$ -	$ -	$ -	$ -
Certificates of deposit (2)	603,316	369,661	152,230	81,374	51
Federal funds purchased	262,659	262,659	-	-	-
Subordinated debentures	64,648	-	-	-	64,648
Operating lease commitments	19,533	3,418	6,356	5,120	4,639
Total	$ 6,432,522	$ 635,738	$ 158,586	$ 86,494	$ 69,338

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

Capital Adequacy

As of June 30, 2018, our most recent notification from the FDIC categorized us as well-capitalized under the regulatory framework for prompt corrective action. To remain categorized as well-capitalized, we must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as disclosed in the table below. Our management believes that we are well-capitalized under the prompt corrective action provisions as of June 30, 2018.

The following table sets forth (i) the capital ratios required by the FDIC and the Alabama Banking Department's leverage ratio requirement and (ii) our actual ratios of capital to total regulatory or risk-weighted assets, as of June 30, 2018, December 31, 2017 and June 30, 2017:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2018:			(Dollars in thousands)			
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 647,449	10.08%	$ 289,164	4.50%	N/A	N/A
ServisFirst Bank	710,665	11.06%	289,131	4.50%	$ 417,634	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	647,951	10.08%	385,552	6.00%	N/A	N/A
ServisFirst Bank	711,167	11.07%	385,508	6.00%	514,011	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	777,338	12.10%	514,070	8.00%	N/A	N/A
ServisFirst Bank	775,906	12.08%	514,011	8.00%	642,514	10.00
Tier 1 Capital to Average Assets:						
Consolidated	647,951	9.21%	281,293	4.00%	N/A	N/A
ServisFirst Bank	711,167	10.11%	281,271	4.00%	351,589	5.00%
As of December 31, 2017:						
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 593,111	9.51%	$ 280,553	4.50%	N/A	N/A
ServisFirst Bank	651,201	10.45%	280,523	4.50%	$ 405,199	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	593,613	9.52%	374,070	6.00%	N/A	N/A
ServisFirst Bank	651,703	10.45%	374,030	6.00%	498,707	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	718,151	11.52%	498,760	8.00%	N/A	N/A
ServisFirst Bank	711,609	11.42%	498,707	8.00%	623,384	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	593,613	8.51%	278,970	4.00%	N/A	N/A
ServisFirst Bank	651,703	9.35%	278,954	4.00%	348,693	5.00%
As of June 30, 2017:						
CET 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 551,433	9.72%	$ 255,319	4.50%	N/A	N/A
ServisFirst Bank	603,094	10.63%	255,286	4.50%	$ 368,747	6.50%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	551,935	9.73%	340,425	6.00%	N/A	N/A
ServisFirst Bank	603,596	10.64%	340,382	6.00%	453,842	8.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	662,169	11.67%	453,900	8.00%	N/A	N/A
ServisFirst Bank	659,155	11.62%	453,842	8.00%	567,303	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	551,935	8.88%	248,732	4.00%	N/A	N/A
ServisFirst Bank	603,596	9.71%	249,293	4.00%	311,616	5.00%

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit beyond current fundings, credit card arrangements, standby letters of credit, and financial guarantees. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in our balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement we have in those particular financial instruments.

Our exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contractual or notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments. As of June 30, 2018, we have reserved $0.5 million for losses on such off-balance sheet arrangements consistent with guidance in the FRB's Interagency Policy Statement SR 06-17.

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. We had a reserve of $0.4 million as of June 30, 2018 and December 31, 2017 for the settlement of any repurchase demands by investors.

Financial instruments whose contract amounts represent credit risk at June 30, 2018 are as follows:

	June 30, 2018 (In Thousands)
Commitments to extend credit	$ 1,957,118
Credit card arrangements	115,667
Standby letters of credit	31,834
	$ 2,104,619

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, 2018 was $33.5 million compared to net income and net income available to common stockholders of $24.2 and $24.1 million, respectively, for the three months ended June 30, 2017. Net income and net income available to common stockholders for the six months ended June 30, 2018 was $66.1 million compared to net income and net income available to common stockholders of $46.7 million for the six months ended June 30, 2017. The increase in net income for the three months ended June 30, 2018 over the same period in 2017 was primarily attributable to a $8.9 million increase in net interest income resulting from growth in earning assets and a $0.7 million increase in non-interest income, led by increased credit card income. The increase in net income for the six months ended June 30, 2018 compared to 2017 was primarily the result of a $19.3 million increase in net interest income resulting from growth in average earning assets and a $0.9 million increase in non-interest income, led by increased credit card income. Increases in non-interest expense of $2.1 million and $4.4 million, respectively, for the three and six months ended June 30, 2018 compared to 2017 partially offset increases in income.

Basic and diluted net income per common share were $0.63 and $0.62, respectively, for the three months ended June 30, 2018, compared to $0.46 and $0.45, respectively, for the corresponding period in 2017. Basic and diluted net income per common share were $1.24 and $1.22, respectively, for the six months ended June 30, 2018, compared to $0.88 and $0.86, respectively, for the corresponding period in 2017. Return on average assets for the three and six months ended June 30, 2018 was 1.91% compared to 1.55% and 1.50%, respectively, for the corresponding periods in 2017. Return on average common stockholders' equity for the three and six months ended June 30, 2018 was 20.89% and 21.13% compared to 17.36% and 17.23%, respectively, for the corresponding periods in 2017.

Net Interest Income

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

Taxable-equivalent net interest income increased $8.6 million, or 15.3%, to $64.7 million for the three months ended June 30, 2018 compared to $56.1 million for the corresponding period in 2017, and increased $18.7 million, or 17.2%, to $127.3 million for the six months ended June 30, 2018 compared to $108.6 million for the corresponding period in 2017. This increase was primarily attributable to growth in average earning assets, which increased $824.4 million, or 13.8%, from the second quarter of 2017 to the second quarter of 2018, and $728.8 million, or 12.1%, from the six months ended June 30, 2017 to the same period in 2018. The taxable-equivalent yield on interest-earning assets increased to 4.64% for the three months ended June 30, 2018 from 4.30% for the corresponding period in 2017, and increased to 4.57% for the six months ended June 30, 2018 from 4.17% for the corresponding period in 2017. The yield on loans for the three months ended June 30, 2018 was 4.93% compared to 4.60% for the corresponding period in 2017, and 4.87% compared to 4.55% for the six months ended June 30, 2018 and June 30, 2017, respectively. The cost of total interest-bearing liabilities increased to 1.13% for the three months ended June 30, 2018 compared to 0.74% for the corresponding period in 2017, and increased to 1.04% for the six months ended June 30, 2018 from 0.71% for the corresponding period in 2017. Net interest margin for the three months ended June 30, 2018 was 3.82% compared to 3.77% for the corresponding period in 2017, and 3.81% for the six months ended June 30, 2018 compared to 3.65% for the corresponding period in 2017.

The following tables show, for the three and six months ended June 30, 2018 and June 30, 2017, 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)

	2018			2017		
	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	$ 5,958,377	$ 73,326	4.94%	$ 5,192,812	$ 59,508	4.60%
Tax-exempt (3)	30,246	297	3.94	41,143	505	4.92
Total loans, net of unearned income	5,988,623	73,623	4.93	5,233,955	60,013	4.60
Mortgage loans held for sale	3,770	40	4.26	5,958	58	3.90
Investment securities:						
Taxable	475,777	3,127	2.63	389,505	2,274	2.34
Tax-exempt (3)	112,145	729	2.60	133,590	1,129	3.38
Total investment securities (4)	587,922	3,856	2.62	523,095	3,403	2.60
Federal funds sold	141,915	694	1.96	98,598	287	1.17
Equity securities	1,022	3	1.18	1,030	27	10.51
Interest-bearing balances with banks	73,714	329	1.79	109,909	286	1.04
Total interest-earning assets	$ 6,796,966	$ 78,545	4.64%	$ 5,972,545	$ 64,074	4.30%
Non-interest-earning assets:						
Cash and due from banks	68,190			68,894		
Net fixed assets and equipment	59,262			49,813		
Allowance for loan losses, accrued interest and other assets	129,585			143,286		
Total assets	$ 7,054,003			6,234,538		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 827,540	$ 1,147	0.56%	$ 779,916	$ 767	0.39%
Savings deposits	54,842	47	0.34	48,150	36	0.30
Money market accounts	3,089,595	8,498	1.10	2,567,817	4,097	0.64
Time deposits	596,450	2,022	1.36	537,220	1,421	1.06
Total interest-bearing deposits	4,568,427	11,714	1.03	3,933,103	6,321	0.64
Federal funds purchased	295,309	1,378	1.87	336,344	933	1.11
Other borrowings	64,699	782	4.85	55,130	717	5.22
Total interest-bearing liabilities	$ 4,928,435	$ 13,874	1.13%	$ 4,324,577	$ 7,971	0.74%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	1,469,194			1,338,514		
Other liabilities	13,079			13,739		
Stockholders' equity	650,641			556,521		
Accumulated other comprehensive (loss) income	(7,346)			1,187		
Total liabilities and stockholders' equity	$ 7,054,003			$ 6,234,538		
Net interest income		$ 64,671			$ 56,103	
Net interest spread			3.51%			3.56%
Net interest margin			3.82%			3.77%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $990 and $851 are included in interest income in the second quarter of 2018 and 2017, respectively.
(2) Accretion on acquired loan discounts of $53 and $124 are included in interest income in the second quarter of 2018 and 2017, respectively.
(3) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21% for the second quarter of 2018 and 35% for the second quarter of 2017.
(4) Unrealized (losses) gains of $(9,354) and $1,824 are excluded from the yield calculation in the second quarter of 2018 and 2017, respectively.

	For the Three Months Ended June 30, 2018 Compared to 2017 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	$ 9,205	$ 4,613	$ 13,818
Tax-exempt	(119)	(89)	(208)
Total loans, net of unearned income	9,086	4,524	13,610
Mortgages held for sale	(23)	5	(18)
Debt securities:			
Taxable	544	309	853
Tax-exempt	(164)	(236)	(400)
Total debt securities	380	73	453
Federal funds sold	160	247	407
Equity securities	-	(24)	(24)
Interest-bearing balances with banks	(115)	158	43
Total interest-earning assets	9,488	4,983	14,471
Interest-bearing liabilities:			
Interest-bearing demand deposits	49	331	380
Savings	5	6	11
Money market accounts	965	3,436	4,401
Time deposits	169	432	601
Total interest-bearing deposits	1,188	4,205	5,393
Federal funds purchased	(126)	571	445
Other borrowed funds	118	(53)	65
Total interest-bearing liabilities	1,180	4,723	5,903
Increase in net interest income	$ 8,308	$ 260	$ 8,568

Our growth in loans, non-interest bearing deposits and average equity continues to drive favorable volume component change and overall change.

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)

	2018			2017		
	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	$ 5,903,216	$ 142,648	4.87%	$ 5,085,468	$ 114,791	4.55%
Tax-exempt (3)	33,285	662	3.98	34,271	822	4.80
Total loans, net of unearned income	5,936,501	143,310	4.87	5,119,739	115,613	4.55
Mortgage loans held for sale	3,734	81	4.37	5,798	115	4.00
Investment securities:						
Taxable	455,873	5,872	2.58	378,985	4,361	2.30
Tax-exempt (3)	116,185	1,500	2.58	133,087	2,274	3.42
Total investment securities (4)	572,058	7,372	2.58	512,072	6,635	2.59
Federal funds sold	136,722	1,245	1.84	166,154	806	0.98
Equity securities	1,026	6	1.18	1,030	31	6.07
Interest-bearing balances with banks	84,801	709	1.69	202,265	872	0.87
Total interest-earning assets	$ 6,734,842	$ 152,723	4.57%	$ 6,007,058	$ 124,072	4.17%
Non-interest-earning assets:						
Cash and due from banks	68,249			64,321		
Net fixed assets and equipment	59,484			47,290		
Allowance for loan losses, accrued interest and other assets	135,099			140,796		
Total assets	$ 6,997,674			$ 6,259,465		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 863,227	$ 2,290	0.53%	$ 784,569	$ 1,499	0.39%
Savings deposits	54,059	88	0.33	49,299	76	0.31
Money market accounts	3,058,558	15,209	1.00	2,630,672	7,973	0.61
Time deposits (5)	586,708	3,748	1.29	533,630	2,755	1.04
Total interest-bearing deposits	4,562,552	21,335	0.94	3,998,170	12,303	0.62
Federal funds purchased	296,175	2,550	1.74	347,981	1,699	0.98
Other borrowings	64,752	1,562	4.86	55,184	1,434	5.24
Total interest-bearing liabilities	$ 4,923,479	$ 25,447	1.04%	$ 4,401,335	$ 15,436	0.71%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	1,429,426			1,297,578		
Other liabilities	13,863			14,417		
Stockholders' equity	636,137			545,936		
Accumulated other comprehensive (loss) income	(5,231)			199		
Total liabilities and stockholders' equity	$ 6,997,674			$ 6,259,465		
Net interest income		$ 127,276			$ 108,636	
Net interest spread			3.53%			3.46%
Net interest margin			3.81%			3.65%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $1,739 and $1,626 are included in interest income in 2018 and 2017, respectively.
(2) Accretion on acquired loan discounts of $125 and $267 are included in interest income in 2018 and 2017, respectively.
(3) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21% in 2018 and 35% in 2017.
(4) Unrealized (losses) gains of $(6,677) and $304 are excluded from the yield calculation in 2018 and 2017, respectively.
(5) Accretion on acquired CD premiums of $32 are included in interest expense in 2017.

	For the Six Months Ended June 30, 2018 Compared to 2017 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	$ 19,363	$ 8,494	$ 27,857
Tax-exempt	(23)	(137)	(160)
Total loans, net of unearned income	19,340	8,357	27,697
Mortgages held for sale	(44)	10	(34)
Debt securities:			
Taxable	951	560	1,511
Tax-exempt	(265)	(509)	(774)
Total debt securities	686	51	737
Federal funds sold	(164)	603	439
Equity securities	-	(25)	(25)
Interest-bearing balances with banks	(688)	525	(163)
Total interest-earning assets	19,130	9,521	28,651
Interest-bearing liabilities:			
Interest-bearing demand deposits	162	629	791
Savings	8	4	12
Money market accounts	1,465	5,771	7,236
Time deposits	293	700	993
Total interest-bearing deposits	1,928	7,104	9,032
Federal funds purchased	(285)	1,136	851
Other borrowed funds	236	(108)	128
Total interest-bearing liabilities	1,879	8,132	10,011
Increase in net interest income	$ 17,251	$ 1,389	$ 18,640

Our growth in loans, non-interest bearing deposits and average equity continues to drive favorable volume component change and overall change.

Provision for Loan Losses

The provision for loan losses represents the amount determined by management to be necessary to maintain the allowance for loan losses at a level capable of absorbing inherent losses in the loan portfolio. Our management reviews the adequacy of the allowance for loan losses on a quarterly basis. The allowance for loan losses calculation is segregated into various segments that include classified loans, loans with specific allocations and pass rated loans. A pass rated loan is generally characterized by a very low to average risk of default and in which management perceives there is a minimal risk of loss. Loans are rated using a nine-point risk grade scale with loan officers having the primary responsibility for assigning risk grades and for the timely reporting of changes in the risk grades. Based on these processes, and the assigned risk grades, the criticized and classified loans in the portfolio are segregated into the following regulatory classifications: Special Mention, Substandard, Doubtful or Loss, with some general allocation of reserve based on these grades. At June 30, 2018, total loans rated Special Mention, Substandard, and Doubtful were $104.3 million, or 1.7% of total loans, compared to $99.8 million, or 1.7% of total loans, at December 31, 2017. Impaired loans are reviewed specifically and separately to determine the appropriate reserve allocation. Our management compares the investment in an impaired loan with the present value of expected future cash flow discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral, if the loan is collateral-dependent, to determine the specific reserve allowance. Reserve percentages assigned to non-impaired loans are based on historical charge-off experience adjusted for other risk factors. To evaluate the overall adequacy of the allowance to absorb losses inherent in our loan portfolio, our management considers historical loss experience based on volume and types of loans, trends in classifications, volume and trends in delinquencies and nonaccruals, economic conditions and other pertinent information. Based on future evaluations, additional provisions for loan losses may be necessary to maintain the allowance for loan losses at an appropriate level.

The provision for loan losses was $4.1 million for the three months ended June 30, 2018, a decrease of $0.3 million from $4.4 million for the three months ended June 30, 2017, and was $8.3 million for the six months ended June 30, 2018, a $1.1 million decrease compared to $9.4 million for the six months ended June 30, 2017. Net credit charge-offs to quarter-to-date average loans decreased 12 basis points to 0.13% for the second quarter of 2018 compared to 0.25% for the corresponding period in 2017 and decreased 12 basis points to 0.12% for the six months ended June 30, 2018 compared to 0.24% for the corresponding period in 2017. Nonperforming loans increased to $14.1 million, or 0.23% of total loans, at June 30, 2018 from $10.8 million, or 0.19% of total loans, at December 31, 2017, and were higher than $11.0 million, or 0.21% of total loans, at June 30, 2017. Impaired loans decreased to $38.0 million, or 0.62% of total loans, at June 30, 2018, compared to $40.5 million, or 0.69% of total loans, at December 31, 2017. The allowance for loan losses totaled $64.2 million, or 1.05% of total loans, net of unearned income, at June 30, 2018, compared to $59.4 million, or 1.02% of loans, net of unearned income, at December 31, 2017.

Noninterest Income

Noninterest income totaled $5.5 million for the three months ended June 30, 2018, an increase of $0.7 million, or 13.6%, compared to the corresponding period in 2017, and totaled $10.3 million for the six months ended June 30, 2018, an increase of $1.0 million, or 10.6%, compared to the corresponding period in 2017. Mortgage banking income decreased $275,000, or 25.8%, to $0.8 million for the three months ended June 30, 2018 compared to $1.1 million for the same period in 2017, and decreased $0.7 million, or 33.4%, to $1.3 million for the six months ended June 30, 2018 compared to $2.0 million for the same period in 2017. The number of loans originated during the second quarter of 2018 decreased approximately 10% when compared to the same quarter in 2017 on slower refinance activity. Credit card income increased $0.6 million for the three months ended June 30, 2018 from $1.2 million for the same period in 2017, and increased to $3.3 million for the six months ended June 30, 2018 compared to $2.4 million for the same period in 2017. The amount of purchases on cards increased by approximately 22% during the second quarter of 2018 compared to the second quarter of 2017.

Noninterest Expense

Noninterest expense totaled $24.0 million for the three months ended June 30, 2018, an increase of $2.1 million, or 9.8%, compared to $21.9 million for the same period in 2017, and totaled $47.5 million for the six months ended June 30, 2018, an increase of $4.4 million, or 10.2%, compared to $43.1 million for the same period in 2017.

Details of expenses are as follows:

- Salary and benefit expense increased $1.1 million, or 8.9%, to $13.1 million for the three months ended June 30, 2018 from $12.0 million for the same period in 2017, and increased $2.7 million, or 11.2%, to $26.4 million for the six months ended June 30, 2018 from $23.7 million for the same period in 2017. Total employees increased from 433 as of June 30, 2017 to 459 as of June 30, 2018, or 6.0%.

- Equipment and occupancy expense decreased $0.2 million, or 6.7%, to $2.1 million for the three months ended June 30, 2018 from $2.3 million for the corresponding period in 2017, and decreased $0.4 million, or 9.7%, to $4.1 million from $4.5 million for the six months ended June 30, 2018 compared to the corresponding period in 2017. A decrease in rental payments more than offset increased depreciation expense resulting from our fourth quarter 2017 move from our previous headquarters building, which was leased, to our new headquarters building, which is owned.

- Professional services expense increased $0.1 million to $0.9 million for the three months ended June 30, 2018 compared to the same period in 2017, and increased $0.2 million to $1.7 million for the six months ended June 30, 2018 compared to the same period in 2017. This increase was primarily the result of increases in internal audit fees.

- FDIC and other regulatory assessments increased $0.1 million to $1.2 million for the three months ended June 30, 2018 compared to the same period in 2017, and increased $0.2 million to $2.3 million for the six months ended June 30, 2018 compared to the same period in 2017. Asset growth drives up our assessment base.

- OREO expense increased $0.1 million to $0.2 million for the three months ended June 30, 2018 compared to the same period in 2017, and increased $0.3 million to $0.5 million for the six months ended June 30, 2018 compared to the same period in 2017. We incurred some costs to excavate raw land in our Atlanta market in preparation to sell it.

- Other operating expenses increased $0.9 million to $6.6 million for the three months ended June 30, 2018 compared to the same period in 2017, and increased $1.5 million to $12.6 million for the six months ended June 30, 2018 compared to the same period in 2017. Disputed debit card transaction write-offs, increases in data processing costs and increases in bank service charges related to our correspondent banking activities contributed to the increase in other operating expenses.

The following table presents our non-interest income and non-interest expense for the three and six month periods ending June 30, 2018 compared to the same periods in 2017.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	$ change	% change	2018	2017	$ change	% change
Non-interest income:								
Service charges on deposit accounts	$ 1,653	$ 1,382	$ 271	19.6%	$ 3,238	$ 2,736	$ 502	18.3%
Mortgage banking	789	1,064	(275)	(25.8)%	1,307	1,963	(656)	(33.4)%
Credit card income	1,756	1,189	567	47.7%	3,334	2,368	966	40.8%
Securities gains	-	-	-	-%	4	-	4	400.0%
Increase in cash surrender value life insurance	786	785	1	0.1%	1,563	1,509	54	3.6%
Other operating income	475	385	90	23.4%	882	775	107	13.8%
Total non-interest income	$ 5,459	$ 4,805	$ 654	13.6%	$ 10,328	$ 9,351	$ 977	10.4%
Non-interest expense:								
Salaries and employee benefits	$ 13,098	$ 12,031	$ 1,067	8.9%	$ 26,394	$ 23,744	$ 2,650	11.2%
Equipment and occupancy expense	2,113	2,265	(152)	(6.7)%	4,067	4,505	(438)	(9.7)%
Professional services	924	808	116	14.4%	1,729	1,579	150	9.5%
FDIC and other regulatory assessments	1,159	1,081	78	7.2%	2,292	2,078	214	10.3%
OREO expense	160	56	104	185.7%	476	132	344	260.6%
Other operating expense	6,556	5,634	922	16.4%	12,564	11,104	1,460	13.1%
Total non-interest expense	$ 24,010	$ 21,875	$ 2,135	9.8%	$ 47,522	$ 43,142	$ 4,380	10.2%

Income Tax Expense

Income tax expense was $8.3 million for the three months ended June 30, 2018 versus $10.0 million for the same period in 2017, and was $15.4 million for the six months ended June 30, 2018 compared to $17.8 million for the same period in 2017. Lower corporate income tax rates resulting from the passage of the Tax Cuts and Jobs Act in December 2017 has resulted in lower effective tax rates. Our effective tax rate for the three and six months ended June 30, 2018 was 19.9% and 18.9%, respectively, compared to 29.2% and 27.6% for the corresponding periods in 2017, respectively. We recognized excess tax benefits as a credit to our income tax expense from the exercise and vesting of stock options and restricted stock during the three and six months ended June 30, 2018 of $457,000 and $1.9 million, respectively, compared to $1.4 million and $3.5 million during the three and six months ended June 30, 2017, respectively. Our primary permanent differences are related to tax exempt income on securities, state income tax benefit on real estate investment trust dividends, various qualifying tax credits and change in cash surrender value of bank-owned life insurance.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

To manage interest rate risk, we must take a position on the expected future trend of interest rates. Rates may rise, fall or remain the same. Our asset-liability committee develops its view of future rate trends and strives to manage rate risk within a targeted range by monitoring economic indicators, examining the views of economists and other experts, and understanding the current status of our balance sheet. Our annual budget reflects the anticipated rate environment for the next 12 months. The asset-liability committee conducts a quarterly analysis of the rate sensitivity position and reports its results to our board of directors.

The asset-liability committee thoroughly analyzes the maturities of rate-sensitive assets and liabilities. This analysis measures the “gap”, which is defined as the difference between the dollar amount of rate-sensitive assets repricing during a period and the volume of rate-sensitive liabilities repricing during the same period. The gap is also expressed as the ratio of rate-sensitive assets divided by rate-sensitive liabilities. If the ratio is greater than one, the dollar value of assets exceeds the dollar value of liabilities; the balance sheet is “asset-sensitive.” Conversely, if the value of liabilities exceeds the value of assets, the ratio is less than one and the balance sheet is “liability-sensitive.” Our internal policy requires management to maintain the gap such that net interest margins will not change more than 10% if interest rates change 100 basis points or more than 15% if interest rates change 200 basis points. There have been no changes to our policies or procedures for analyzing our interest rate risk since December 31, 2017, and there have been no material changes to our sensitivity to changes in interest rates since December 31, 2017, 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, as amended (the “Exchange Act”). This item contains the information about the evaluation that is referred to in the Certifications, and the information set forth below in this Item 4 should be read in conjunction with the Certifications for a more complete understanding of the Certifications.

Evaluation of Disclosure Controls and Procedures.

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

We conducted an evaluation (the "Evaluation") of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of our management, including our CEO and CFO, as of June 30, 2018. Based upon the Evaluation, our CEO and CFO have concluded that, as of June 30, 2018, our disclosure controls and procedures are effective to ensure that material information relating to ServisFirst Bancshares, Inc. and its subsidiaries is made known to management, including the CEO and CFO, particularly during the period when our periodic reports are being prepared.

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, 2017, which should be taken into consideration when reviewing the information contained in this report. There have been no material changes with regard to the risk factors previously disclosed in the Form 10-K. For other factors that may cause actual results to differ materially from those indicated in any forward-looking statement or projection contained in this report, see “Forward-Looking Statements” under Part 1, Item 2 above.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit:	Description
31.01	Certification of principal executive officer pursuant to Rule 13a-14(a).
31.02	Certification of principal financial officer pursuant to Rule 13a-14(a).
32.01	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350.
32.02	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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 31, 2018

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

Date: July 31, 2018

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

Exhibit 31.01

Section 302 Certification of the CEO

I, Thomas A. Broughton III, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2018

/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 31, 2018

/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, 2018, 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 31, 2018

/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, 2018, 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 31, 2018

/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.