
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): April 15, 2019

ServisFirst Bancshares, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-36452
(Commission File Number)

26-0734029
(I.R.S. Employer Identification Number)

2500 Woodcrest Place, Birmingham, Alabama 35209
(Address of Principal Executive Offices) (Zip Code)

(205) 949-0302
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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.

Item 2.02. Results of Operations and Financial Condition.

On April 15, 2019, ServisFirst Bancshares, Inc., a Delaware corporation (“ServisFirst”), issued a press release announcing its operating results for the quarter ended March 31, 2019. A copy of the press release is attached as Exhibit 99.1.

The information furnished pursuant to Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(a) Not applicable

(b) Not applicable

(c) Not applicable

(d) **Exhibits.** The following exhibits are included with this Current Report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| 99.1 | Press Release dated April 15, 2019 |

SIGNATURE

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 hereunto duly authorized.

ServisFirst Bancshares, Inc.

Date: April 15, 2019

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



ServisFirst Bancshares, Inc. Announces Results for First Quarter of 2019

BIRMINGHAM, Ala., April 15, 2019 (GLOBE NEWSWIRE) -- ServisFirst Bancshares, Inc. (NASDAQ: SFBS), today announced earnings and operating results for the quarter ended March 31, 2019.

FIRST QUARTER 2019 HIGHLIGHTS:

- Assets exceeded \$8.3 billion, with organic growth exceeding \$8.1 billion since the Bank opened in 2005
- Loans and deposits grew 12.3% and 18.5%, respectively, year over year
- Diluted earnings per share increased 8.3% from \$0.60 to \$0.65 year over year
- Credit quality remains strong as evidenced by improving metrics
- Efficiency ratio for the first quarter of 2019 of 34.35%

FINANCIAL SUMMARY (UNAUDITED)

(in Thousands except share and per share amounts)

| | Period Ending March 31, 2019 | Period Ending December 31, 2018 | % Change From Period Ending December 31, 2018 to Period Ending March 31, 2019 | Period Ending March 31, 2018 | % Change From Period Ending March 31, 2018 to Period Ending March 31, 2019 |
|---|---------------------------------|---------------------------------------|--|---------------------------------|--|
| QUARTERLY OPERATING RESULTS | | | | | |
| Net Income | \$ 35,010 | \$ 36,237 | (3) % | \$ 32,603 | 7 % |
| Net Income Available to Common Stockholders | \$ 35,010 | \$ 36,205 | (3) % | \$ 32,603 | 7 % |
| Diluted Earnings Per Share | \$ 0.65 | \$ 0.67 | (3) % | \$ 0.60 | 8 % |
| Return on Average Assets | 1.75 % | 1.85 % | | 1.91 % | |
| Return on Average Common Stockholders' Equity | 19.42 % | 21.13 % | | 21.40 % | |
| Average Diluted Shares Outstanding | 54,076,538 | 54,109,450 | | 54,183,400 | |
| BALANCE SHEET | | | | | |
| Total Assets | \$ 8,310,836 | \$ 8,007,382 | 4 % | \$ 7,011,735 | 19 % |
| Loans | 6,659,908 | 6,533,499 | 2 % | 5,928,327 | 12 % |
| Non-interest-bearing Demand Deposits | 1,572,703 | 1,557,341 | 1 % | 1,407,592 | 12 % |
| Total Deposits | 7,083,666 | 6,915,708 | 2 % | 5,977,387 | 19 % |
| Stockholders' Equity | 745,586 | 715,203 | 4 % | 629,297 | 18 % |

DETAILED FINANCIALS

ServisFirst Bancshares, Inc. reported net income and net income available to common stockholders of \$35.0 million for the quarter ended March 31, 2019, compared to net income and net income available to common stockholders of \$32.6 million for the same quarter in 2018. Basic and diluted earnings per common share were \$0.65 for the first quarter of 2019, compared to \$0.61 and \$0.60, respectively, for the first quarter of 2018.

Return on average assets was 1.75% and return on average common stockholders' equity was 19.42% for the first quarter of 2019, compared to 1.91% and 21.40%, respectively, for the first quarter of 2018.

Net interest income was \$68.8 million for the first quarter of 2019, compared to \$68.9 million for the fourth quarter of 2018 and \$62.4 million for the first quarter of 2018. The net interest margin in the first quarter of 2019 was 3.56% compared to 3.63% in the fourth quarter of 2018 and 3.81% in the first quarter of 2018. Loans of \$4.1 million were added to nonaccrual status during the first quarter of 2019 resulting in the reversal of \$73,000 in interest income compared to loans of \$16.7 million added to nonaccrual status during the fourth quarter of 2018 resulting in the reversal of \$390,000 in interest income. Linked quarter increases in average rates paid on deposits in excess of increased average yields on loans drove an unfavorable mix change, while increases in average balances in loans and equity drove favorable volume change.

Average loans for the first quarter of 2019 were \$6.60 billion, an increase of \$168.7 million, or 3%, over average loans of \$6.43 billion for the

fourth quarter of 2018, and an increase of \$717.7 million, or 12%, over average loans of \$5.88 billion for the first quarter of 2018.

Average total deposits for the first quarter of 2019 were \$6.98 billion, an increase of \$241.3 million, or 4%, over average total deposits of \$6.74 billion for the fourth quarter of 2018, and an increase of \$1.03 billion, or 17%, over average total deposits of \$5.95 billion for the first quarter of 2018.

Non-performing assets to total assets were 0.39% for the first quarter of 2019, a decrease of two basis points compared to 0.41% for the fourth quarter of 2018 and an increase of 17 basis points compared to 0.22% for the first quarter of 2018. Net credit charge-offs to average loans was 0.20%, a 10 basis point decrease compared to 0.30% for the fourth quarter of 2018 and an increase of 10 basis points compared to 0.10% for the first quarter of 2018. We recorded a \$4.9 million provision for loan losses in the first quarter of 2019 compared to \$6.5 million in the fourth quarter of 2018 and \$4.1 million in the first quarter of 2018. The allowance for loan loss as a percentage of total loans was 1.05% at March 31, 2019, December 31, 2018 and March 31, 2018, respectively. In management's opinion, the allowance is adequate and was determined by consistent application of ServisFirst Bank's methodology for calculating its allowance for loan losses.

Non-interest income increased \$527,000 during the first quarter of 2019, or 12%, compared to the first quarter of 2018. Deposit service charges increased \$117,000 in the first quarter of 2019, or 7%, compared to the first quarter of 2018. The number of transaction deposit accounts increased approximately 12% from March 31, 2018 to March 31, 2019. Mortgage banking revenue increased \$57,000, or 11%, from the first quarter of 2018 to the first quarter of 2019. Mortgage loan originations were up about 3% year over year. Credit card revenue increased \$321,000, or 26%, to \$1.6 million during the first quarter of 2019, compared to \$1.3 million during the first quarter of 2018. The number of cards increased 31% and the aggregate amount of sales on all accounts increased 21% year over year.

Non-interest expense for the first quarter of 2019 increased \$2.3 million, or 10%, to \$25.3 million from \$23.1 million in the first quarter of 2018, and increased \$2.6 million, or 10%, on a linked quarter basis. Salary and benefit expense for the first quarter of 2019 increased \$969,000, or 7%, to \$14.3 million from \$13.3 million in the first quarter of 2018, and increased \$1.9 million, or 15%, on a linked quarter basis. We reversed \$815,000 of incentive bonus accrual in December 2018. The number of FTE employees increased from 437 at March 31, 2018 to 485 at March 31, 2019, or 11%. Equipment and occupancy expense increased \$305,000, or 16%, to \$2.3 million in the first quarter of 2019, from \$2.0 million in the first quarter of 2018, and increased \$96,000 on a linked-quarter basis. Professional services expense increased \$189,000, or 24%, to \$1.0 million in the first quarter of 2019, from \$805,000 in the first quarter of 2018, but decreased \$70,000, or 7%, from \$1.1 on a linked-quarter basis. FDIC and other regulatory assessments decreased \$114,000, or 10%, to \$1.0 million in the first quarter of 2019, from \$1.1 million in the first quarter of 2018. Lower assessment rates result from the FDIC's Bank Insurance Fund reaching its desired level of 1.35%. Other operating expense for the first quarter of 2019 increased \$1.2 million, or 22%, to \$6.8 million from \$5.6 million in the first quarter of 2018, and increased \$605,000, or 10%, on a linked-quarter basis. The year-over-year increase is attributable to increases in Federal Reserve charges resulting from increased activity from our correspondent clearing and increased loan and credit expenses resulting from loan growth. The efficiency ratio improved to 34.35% during the first quarter of 2019 from 34.49% during the first quarter of 2018 but increased compared to 30.73% during the fourth quarter of 2018.

Income tax expense increased \$1.4 million, or 20%, to \$8.5 million in the first quarter of 2019, compared to \$7.1 million in the first quarter of 2018. Our effective tax rate was 19.53% for the first quarter of 2019 compared to 17.78% for the first quarter of 2018. We recognized a reduction in provision for income taxes resulting from excess tax benefits from the exercise and vesting of stock options and restricted stock during the first quarters of 2019 and 2018 of \$772,000 and \$1.5 million, respectively.

GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

This press release contains certain non-GAAP financial measures, including tangible common stockholders' equity, total tangible assets, tangible book value per share and tangible common equity to total tangible assets, each of which excludes goodwill and core deposit intangibles associated with our acquisition of Metro Bancshares, Inc. in January 2015. We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP; however, we acknowledge that these non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies, including those in our industry, use. The following reconciliation table provides a more detailed analysis of the non-GAAP financial measures as of and for the comparative periods presented in this press release. Dollars are in thousands, except share and per share data.

| | At March 31, 2019 | At December 31, 2018 | At September 30, 2018 | At June 30, 2018 | At March 31, 2018 |
|---|-------------------------|----------------------------|-----------------------------|------------------------|-------------------------|
| Book value per share - GAAP | \$ 13.94 | \$ 13.40 | \$ 12.81 | \$ 12.33 | \$ 11.84 |
| Total common stockholders' equity - GAAP | 745,586 | 715,203 | 681,510 | 655,114 | 629,297 |
| Adjustments: | | | | | |
| Adjusted for goodwill and core deposit intangible asset | 14,381 | 14,449 | 14,517 | 14,584 | 14,652 |
| Tangible common stockholders' equity - non-GAAP | \$ 731,205 | \$ 700,754 | \$ 666,993 | \$ 640,530 | \$ 614,645 |
| Tangible book value per share - non-GAAP | \$ 13.67 | \$ 13.13 | \$ 12.54 | \$ 12.05 | \$ 11.56 |
| Stockholders' equity to total assets - GAAP | 8.97% | 8.93% | 9.07% | 9.25% | 8.98% |
| Total assets - GAAP | \$ 8,310,836 | \$ 8,007,382 | \$ 7,517,833 | \$ 7,084,562 | \$ 7,011,735 |

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Adjustments: | | | | | |
| Adjusted for goodwill and core deposit intangible asset | 14,381 | 14,449 | 14,517 | 14,584 | 14,652 |
| Total tangible assets - non-GAAP | \$ 8,296,455 | \$ 7,992,933 | \$ 7,503,316 | \$ 7,069,978 | \$ 6,997,083 |
| Tangible common equity to total tangible assets - non-GAAP | 8.81% | 8.77% | 8.89% | 9.06% | 8.78% |

About ServisFirst Bancshares, Inc.

ServisFirst Bancshares, Inc. is a bank holding company based in Birmingham, Alabama. Through its subsidiary ServisFirst Bank, ServisFirst Bancshares, Inc. provides business and personal financial services from locations in Birmingham, Huntsville, Montgomery, Mobile and Dothan, Alabama, Pensacola and Tampa Bay, Florida, Atlanta, Georgia, Charleston, South Carolina and Nashville, Tennessee.

ServisFirst Bancshares, Inc. files periodic reports with the U.S. Securities and Exchange Commission (SEC). Copies of its filings may be obtained through the SEC's website at www.sec.gov or at www.servisfirstbancshares.com.

Statements in this press release 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. ServisFirst Bancshares, Inc. cautions that such forward-looking statements, wherever they occur in this press release or in other statements attributable to ServisFirst Bancshares, Inc., are necessarily estimates reflecting the judgment of ServisFirst Bancshares, Inc.'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 the deposit base; possible changes in laws and regulations and governmental monetary and fiscal policies, including, but not limited to, economic stimulus initiatives; the cost and other effects of legal and administrative cases and similar contingencies; possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans and the value of collateral; the effect of natural disasters, such as hurricanes and tornados, in our geographic markets; and increased competition from both banks and non-bank financial institutions. The foregoing list of factors is not exhaustive. For discussion of these and other risks that may cause actual results to differ from expectations, please refer to "Cautionary Note Regarding Forward-looking Statements" and "Risk Factors" in our most recent Annual Report on Form 10-K 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.

More information about ServisFirst Bancshares, Inc. may be obtained over the Internet at www.servisfirstbancshares.com or by calling (205) 949-0302.

CONTACT: ServisFirst Bank
Davis Mange (205) 949-3420
dmange@servisfirstbank.com

SELECTED FINANCIAL HIGHLIGHTS (UNAUDITED)

(In thousands except share and per share data)

| | 1st Quarter 2019 | 4th Quarter 2018 | 3rd Quarter 2018 | 2nd Quarter 2018 | 1st Quarter 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| CONSOLIDATED STATEMENT OF INCOME | | | | | |
| Interest income | \$ 93,699 | \$ 90,164 | \$ 84,058 | \$ 78,396 | \$ 74,009 |
| Interest expense | 24,921 | 21,306 | 17,195 | 13,874 | 11,573 |
| Net interest income | 68,778 | 68,858 | 66,863 | 64,522 | 62,436 |
| Provision for loan losses | 4,885 | 6,518 | 6,624 | 4,121 | 4,139 |
| Net interest income after provision for loan losses | 63,893 | 62,340 | 60,239 | 60,401 | 58,297 |
| Non-interest income | 4,942 | 5,019 | 5,065 | 4,941 | 4,415 |
| Non-interest expense | 25,326 | 22,701 | 22,624 | 23,492 | 23,058 |
| Income before income tax | 43,509 | 44,658 | 42,680 | 41,850 | 39,654 |
| Provision for income tax | 8,499 | 8,421 | 8,120 | 8,310 | 7,051 |
| Net income | 35,010 | 36,237 | 34,560 | 33,540 | 32,603 |
| Preferred stock dividends | - | 32 | - | 31 | - |
| Net income available to common stockholders | \$ 35,010 | \$ 36,205 | \$ 34,560 | \$ 33,509 | \$ 32,603 |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Earnings per share - basic | \$ 0.65 | \$ 0.68 | \$ 0.65 | \$ 0.63 | \$ 0.61 |
| Earnings per share - diluted | \$ 0.65 | \$ 0.67 | \$ 0.64 | \$ 0.62 | \$ 0.60 |
| Average diluted shares outstanding | 54,076,538 | 54,109,450 | 54,191,222 | 54,196,023 | 54,183,400 |

CONSOLIDATED BALANCE SHEET DATA

| | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total assets | \$ 8,310,836 | \$ 8,007,382 | \$ 7,517,833 | \$ 7,084,562 | \$ 7,011,735 |
| Loans | 6,659,908 | 6,533,499 | 6,363,531 | 6,129,649 | 5,928,327 |
| Debt securities | 631,946 | 590,184 | 578,271 | 583,799 | 560,885 |
| Non-interest-bearing demand deposits | 1,572,703 | 1,557,341 | 1,504,447 | 1,481,447 | 1,407,592 |
| Total deposits | 7,083,666 | 6,915,708 | 6,505,351 | 6,085,682 | 5,977,387 |
| Borrowings | 64,675 | 64,666 | 64,657 | 64,648 | 64,739 |
| Stockholders' equity | \$ 745,586 | \$ 715,203 | \$ 681,510 | \$ 655,114 | \$ 629,297 |
| Shares outstanding | 53,495,208 | 53,375,195 | 53,197,807 | 53,150,733 | 53,147,169 |
| Book value per share | \$ 13.94 | \$ 13.40 | \$ 12.81 | \$ 12.33 | \$ 11.84 |
| Tangible book value per share (1) | \$ 13.67 | \$ 13.13 | \$ 12.54 | \$ 12.05 | \$ 11.56 |

SELECTED FINANCIAL RATIOS

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Net interest margin | 3.56% | 3.63% | 3.77% | 3.82% | 3.81% |
| Return on average assets | 1.75% | 1.85% | 1.87% | 1.91% | 1.91% |
| Return on average common stockholders' equity | 19.42% | 21.13% | 20.42% | 20.89% | 21.40% |
| Efficiency ratio | 34.35% | 30.73% | 31.45% | 33.82% | 34.49% |
| Non-interest expense to average earning assets | 1.31% | 1.20% | 1.27% | 1.39% | 1.40% |

CAPITAL RATIOS (2)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Common equity tier 1 capital to risk-weighted assets | 10.30% | 10.12% | 10.08% | 10.08% | 9.88% |
| Tier 1 capital to risk-weighted assets | 10.30% | 10.13% | 10.09% | 10.08% | 9.88% |
| Total capital to risk-weighted assets | 12.21% | 12.05% | 12.05% | 12.10% | 11.91% |
| Tier 1 capital to average assets | 9.03% | 9.07% | 9.28% | 9.21% | 8.95% |
| Tangible common equity to total tangible assets (1) | 8.81% | 8.77% | 8.89% | 9.06% | 8.78% |

(1) See "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" for a discussion of these Non-GAAP financial measures.

(2) Regulatory capital ratios for most recent period are preliminary.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands)

| | March 31, 2019 | March 31, 2018 | % Change |
|---|-------------------|-------------------|----------|
| ASSETS | | | |
| Cash and due from banks | \$ 71,058 | \$ 64,912 | 9 % |
| Interest-bearing balances due from depository institutions | 547,036 | 53,311 | 926 % |
| Federal funds sold | 181,435 | 197,882 | (8) % |
| Cash and cash equivalents | 799,529 | 316,105 | 153 % |
| Available for sale debt securities, at fair value | 631,696 | 560,635 | 13 % |
| Held to maturity debt securities (fair value of \$250 at March 31, 2019 and March 31, 2018) | 250 | 250 | - % |
| Mortgage loans held for sale | 1,223 | 4,522 | (73) % |
| Loans | 6,659,908 | 5,928,327 | 12 % |
| Less allowance for loan losses | (70,207) | (62,050) | 13 % |
| Loans, net | 6,589,701 | 5,866,277 | 12 % |
| Premises and equipment, net | 57,664 | 58,624 | (2) % |
| Goodwill and other identifiable intangible assets | 14,381 | 14,652 | (2) % |
| Other assets | 216,392 | 190,670 | 13 % |
| Total assets | \$ 8,310,836 | \$ 7,011,735 | 19 % |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | |
|--|--------------|--------------|-------|
| Liabilities: | | | |
| Deposits: | | | |
| Non-interest-bearing | \$ 1,572,703 | \$ 1,407,592 | 12 % |
| Interest-bearing | 5,510,963 | 4,569,795 | 21 % |
| Total deposits | 7,083,666 | 5,977,387 | 19 % |
| Federal funds purchased | 373,378 | 326,399 | 14 % |
| Other borrowings | 64,675 | 64,739 | - % |
| Other liabilities | 43,531 | 13,913 | 213 % |
| Total liabilities | 7,565,250 | 6,382,438 | 19 % |
| Stockholders' equity: | | | |
| Preferred stock, par value \$0.001 per share; 1,000,000 authorized and undesignated at March 31, 2019 and March 31, 2018 | | | |
| Common stock, par value \$0.001 per share; 100,000,000 shares authorized; 53,495,208 shares issued and outstanding at March 31, 2019, and 53,147,169 shares issued and outstanding at March 31, 2018 | - | - | - % |
| Additional paid-in capital | 218,147 | 217,536 | - % |
| Retained earnings | 527,853 | 416,311 | 27 % |
| Accumulated other comprehensive loss | (969) | (5,105) | NM |
| Total stockholders' equity attributable to ServisFirst Bancshares, Inc. | 745,084 | 628,795 | 18 % |
| Noncontrolling interest | 502 | 502 | - % |
| Total stockholders' equity | 745,586 | 629,297 | 18 % |
| Total liabilities and stockholders' equity | \$ 8,310,836 | \$ 7,011,735 | 19 % |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per share data)

| | Three Months Ended March 31, | |
|---|------------------------------|-----------|
| | 2019 | 2018 |
| Interest income: | | |
| Interest and fees on loans | \$ 85,524 | \$ 69,674 |
| Taxable securities | 3,746 | 2,745 |
| Nontaxable securities | 446 | 656 |
| Federal funds sold | 1,219 | 551 |
| Other interest and dividends | 2,764 | 383 |
| Total interest income | 93,699 | 74,009 |
| Interest expense: | | |
| Deposits | 22,145 | 9,621 |
| Borrowed funds | 2,776 | 1,952 |
| Total interest expense | 24,921 | 11,573 |
| Net interest income | 68,778 | 62,436 |
| Provision for loan losses | 4,885 | 4,139 |
| Net interest income after provision for loan losses | 63,893 | 58,297 |
| Non-interest income: | | |
| Service charges on deposit accounts | 1,702 | 1,585 |
| Mortgage banking | 575 | 518 |
| Credit card income | 1,576 | 1,255 |
| Securities gains | - | 4 |
| Increase in cash surrender value life insurance | 762 | 777 |
| Other operating income | 327 | 276 |
| Total non-interest income | 4,942 | 4,415 |
| Non-interest expense: | | |
| Salaries and employee benefits | 14,265 | 13,296 |
| Equipment and occupancy expense | 2,259 | 1,954 |
| Professional services | 994 | 805 |
| FDIC and other regulatory assessments | 1,019 | 1,133 |
| Other real estate owned expense | 22 | 316 |

| | | |
|---|------------------|------------------|
| Other operating expense | 6,767 | 5,554 |
| Total non-interest expense | <u>25,326</u> | <u>23,058</u> |
| Income before income tax | 43,509 | 39,654 |
| Provision for income tax | <u>8,499</u> | <u>7,051</u> |
| Net income | 35,010 | 32,603 |
| Dividends on preferred stock | - | - |
| Net income available to common stockholders | <u>\$ 35,010</u> | <u>\$ 32,603</u> |
| Basic earnings per common share | \$ 0.65 | \$ 0.61 |
| Diluted earnings per common share | \$ 0.65 | \$ 0.60 |

LOANS BY TYPE (UNAUDITED)

(In thousands)

| | 1st Quarter 2019 | 4th Quarter 2018 | 3rd Quarter 2018 | 2nd Quarter 2018 | 1st Quarter 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Commercial, financial and agricultural | \$ 2,522,136 | \$ 2,513,225 | \$ 2,478,788 | \$ 2,345,879 | \$ 2,329,904 |
| Real estate - construction | 556,219 | 533,192 | 543,611 | 522,788 | 506,050 |
| Real estate - mortgage: | | | | | |
| Owner-occupied commercial | 1,500,595 | 1,463,887 | 1,430,111 | 1,383,882 | 1,349,679 |
| 1-4 family mortgage | 629,285 | 621,634 | 610,460 | 584,133 | 581,498 |
| Other mortgage | <u>1,394,611</u> | <u>1,337,068</u> | <u>1,236,954</u> | <u>1,225,906</u> | <u>1,099,482</u> |
| Subtotal: Real estate - mortgage | 3,524,491 | 3,422,589 | 3,277,525 | 3,193,921 | 3,030,659 |
| Consumer | 57,062 | 64,493 | 63,607 | 67,061 | 61,714 |
| Total loans | <u>\$ 6,659,908</u> | <u>\$ 6,533,499</u> | <u>\$ 6,363,531</u> | <u>\$ 6,129,649</u> | <u>\$ 5,928,327</u> |

SUMMARY OF LOAN LOSS EXPERIENCE

(UNAUDITED)

(Dollars in thousands)

| | 1st Quarter 2019 | 4th Quarter 2018 | 3rd Quarter 2018 | 2nd Quarter 2018 | 1st Quarter 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Allowance for loan losses: | | | | | |
| Beginning balance | \$ 68,600 | \$ 66,879 | \$ 64,239 | \$ 62,050 | \$ 59,406 |
| Loans charged off: | | | | | |
| Commercial, financial and agricultural | 3,037 | 4,685 | 3,923 | 1,732 | 1,088 |
| Real estate - construction | - | - | - | - | - |
| Real estate - mortgage | 50 | 173 | 48 | 440 | 381 |
| Consumer | 218 | 72 | 76 | 47 | 88 |
| Total charge offs | 3,305 | 4,930 | 4,047 | 2,219 | 1,557 |
| Recoveries: | | | | | |
| Commercial, financial and agricultural | 12 | 120 | 52 | 173 | 4 |
| Real estate - construction | 1 | 4 | 4 | 97 | 7 |
| Real estate - mortgage | 7 | 1 | 1 | 2 | 42 |
| Consumer | 7 | 8 | 6 | 15 | 9 |
| Total recoveries | 27 | 133 | 63 | 287 | 62 |
| Net charge-offs | 3,278 | 4,797 | 3,984 | 1,932 | 1,495 |
| Provision for loan losses | 4,885 | 6,518 | 6,624 | 4,121 | 4,139 |
| Ending balance | <u>\$ 70,207</u> | <u>\$ 68,600</u> | <u>\$ 66,879</u> | <u>\$ 64,239</u> | <u>\$ 62,050</u> |
| Allowance for loan losses to total loans | 1.05 % | 1.05 % | 1.05 % | 1.05 % | 1.05 % |
| Allowance for loan losses to total average loans | 1.06 % | 1.07 % | 1.07 % | 1.07 % | 1.05 % |
| Net charge-offs to total average loans | 0.20 % | 0.30 % | 0.25 % | 0.13 % | 0.10 % |
| Provision for loan losses to total average loans | | | | | |

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| loans | 0.30 % | 0.40 % | 0.42 % | 0.28 % | 0.29 % |
| Nonperforming assets: | | | | | |
| Nonaccrual loans | \$ 22,154 | \$ 21,926 | \$ 9,153 | \$ 8,022 | \$ 9,271 |
| Loans 90+ days past due and accruing | 5,021 | 5,844 | 5,714 | 6,081 | 678 |
| Other real estate owned and repossessed assets | 5,480 | 5,169 | 5,714 | 5,937 | 5,748 |
| Total | <u>\$ 32,655</u> | <u>\$ 32,939</u> | <u>\$ 20,581</u> | <u>\$ 20,040</u> | <u>\$ 15,697</u> |
| Nonperforming loans to total loans | 0.41 % | 0.43 % | 0.23 % | 0.23 % | 0.17 % |
| Nonperforming assets to total assets | 0.39 % | 0.41 % | 0.27 % | 0.28 % | 0.22 % |
| Nonperforming assets to earning assets | 0.40 % | 0.43 % | 0.28 % | 0.29 % | 0.23 % |
| Reserve for loan losses to nonaccrual loans | 316.90 % | 312.87 % | 730.68 % | 800.79 % | 669.29 % |
| Restructured accruing loans | \$ 2,742 | \$ 3,073 | \$ 15,495 | \$ 15,572 | \$ 15,838 |
| Restructured accruing loans to total loans | 0.04 % | 0.04 % | 0.24 % | 0.25 % | 0.27 % |

TROUBLED DEBT RESTRUCTURINGS (TDRs) (UNAUDITED)

(In thousands)

| | 1st Quarter 2019 | 4th Quarter 2018 | 3rd Quarter 2018 | 2nd Quarter 2018 | 1st Quarter 2018 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning balance: | \$ 14,555 | \$ 16,584 | \$ 17,257 | \$ 18,792 | \$ 20,572 |
| Additions | - | - | 100 | - | - |
| Net (paydowns) / advances | (766) | (11) | (177) | (267) | (1,080) |
| Charge-offs | (1,500) | (2,018) | (596) | (1,268) | (700) |
| | <u>\$ 12,289</u> | <u>\$ 14,555</u> | <u>\$ 16,584</u> | <u>\$ 17,257</u> | <u>\$ 18,792</u> |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per share data)

| | 1st Quarter 2019 | 4th Quarter 2018 | 3rd Quarter 2018 | 2nd Quarter 2018 | 1st Quarter 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interest income: | | | | | |
| Interest and fees on loans | \$ 85,524 | \$ 83,085 | \$ 78,991 | \$ 73,620 | \$ 69,674 |
| Taxable securities | 3,746 | 3,506 | 3,276 | 3,127 | 2,745 |
| Nontaxable securities | 446 | 544 | 583 | 623 | 656 |
| Federal funds sold | 1,219 | 966 | 892 | 694 | 551 |
| Other interest and dividends | 2,764 | 2,063 | 316 | 332 | 383 |
| Total interest income | <u>93,699</u> | <u>90,164</u> | <u>84,058</u> | <u>78,396</u> | <u>74,009</u> |
| Interest expense: | | | | | |
| Deposits | 22,145 | 18,957 | 15,210 | 11,714 | 9,621 |
| Borrowed funds | 2,776 | 2,349 | 1,985 | 2,160 | 1,952 |
| Total interest expense | <u>24,921</u> | <u>21,306</u> | <u>17,195</u> | <u>13,874</u> | <u>11,573</u> |
| Net interest income | 68,778 | 68,858 | 66,863 | 64,522 | 62,436 |
| Provision for loan losses | 4,885 | 6,518 | 6,624 | 4,121 | 4,139 |
| Net interest income after provision for loan losses | <u>63,893</u> | <u>62,340</u> | <u>60,239</u> | <u>60,401</u> | <u>58,297</u> |
| Non-interest income: | | | | | |
| Service charges on deposit accounts | 1,702 | 1,714 | 1,595 | 1,653 | 1,585 |
| Mortgage banking | 575 | 688 | 789 | 789 | 518 |
| Credit card income | 1,576 | 1,521 | 1,414 | 1,361 | 1,255 |
| Securities gains | - | - | 186 | - | 4 |
| Increase in cash surrender value life insurance | 762 | 780 | 787 | 786 | 777 |
| Other operating income | 327 | 316 | 294 | 352 | 276 |
| Total non-interest income | <u>4,942</u> | <u>5,019</u> | <u>5,065</u> | <u>4,941</u> | <u>4,415</u> |
| Non-interest expense: | | | | | |
| Salaries and employee benefits | 14,265 | 12,385 | 13,070 | 13,098 | 13,296 |
| Equipment and occupancy expense | 2,259 | 2,163 | 2,193 | 2,113 | 1,954 |
| Professional services | 994 | 1,064 | 853 | 924 | 805 |

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| FDIC and other regulatory assessments | 1,019 | 902 | 675 | 1,159 | 1,133 |
| Other real estate owned expense | 22 | 25 | 289 | 160 | 316 |
| Other operating expense | 6,767 | 6,162 | 5,544 | 6,038 | 5,554 |
| Total non-interest expense | 25,326 | 22,701 | 22,624 | 23,492 | 23,058 |
| Income before income tax | 43,509 | 44,658 | 42,680 | 41,850 | 39,654 |
| Provision for income tax | 8,499 | 8,421 | 8,120 | 8,310 | 7,051 |
| Net income | 35,010 | 36,237 | 34,560 | 33,540 | 32,603 |
| Dividends on preferred stock | - | 32 | - | 31 | - |
| Net income available to common stockholders | \$ 35,010 | \$ 36,205 | \$ 34,560 | \$ 33,509 | \$ 32,603 |
| Basic earnings per common share | \$ 0.65 | \$ 0.68 | \$ 0.65 | \$ 0.63 | \$ 0.61 |
| Diluted earnings per common share | \$ 0.65 | \$ 0.67 | \$ 0.64 | \$ 0.62 | \$ 0.60 |

AVERAGE BALANCE SHEETS AND NET INTEREST ANALYSIS (UNAUDITED)
ON A FULLY TAXABLE-EQUIVALENT BASIS
(Dollars in thousands)

| | 1st Quarter 2019 | | 4th Quarter 2018 | | 3rd Quarter 2018 | | 2nd Quarter 2018 | | 1st Quarter 2018 | |
|--------------------------------------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|
| | Average | Yield | Average | Yield | Average | Yield | Average | Yield | Average | Yield |
| | Balance | / | Balance | / | Balance | / | Balance | / | Balance | / |
| | | Rate | | Rate | | Rate | | Rate | | Rate |
| Assets: | | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | | |
| Loans, net of unearned income (1) | | | | | | | | | | |
| Taxable | \$ 6,570,920 | 5.26% | \$ 6,403,139 | 5.13% | \$ 6,203,372 | 5.03% | \$ 5,958,377 | 4.94% | \$ 5,847,443 | 4.81% |
| Tax-exempt (2) | 30,577 | 3.81 | 29,656 | 3.26 | 30,005 | 3.94 | 30,246 | 3.94 | 36,357 | 4.06 |
| Total loans, net of unearned income | 6,601,497 | 5.25 | 6,432,795 | 5.12 | 6,233,377 | 5.03 | 5,988,623 | 4.93 | 5,883,800 | 4.80 |
| Mortgage loans held for sale | 1,614 | 6.53 | 3,364 | 3.30 | 3,538 | 4.15 | 3,770 | 4.26 | 3,698 | 4.50 |
| Debt securities: | | | | | | | | | | |
| Taxable | 518,955 | 2.89 | 498,138 | 2.82 | 482,571 | 2.72 | 475,777 | 2.63 | 435,747 | 2.52 |
| Tax-exempt (2) | 87,537 | 2.12 | 98,027 | 2.34 | 105,592 | 2.45 | 112,145 | 2.60 | 120,270 | 2.56 |
| Total securities (3) | 606,492 | 2.78 | 596,165 | 2.74 | 588,163 | 2.67 | 587,922 | 2.62 | 556,017 | 2.53 |
| Federal funds sold | 192,690 | 2.57 | 156,884 | 2.44 | 163,453 | 2.17 | 141,915 | 1.96 | 131,472 | 1.70 |
| Interest-bearing balances with banks | 438,099 | 2.56 | 334,065 | 2.45 | 61,867 | 2.03 | 73,714 | 1.81 | 96,012 | 1.62 |
| Total interest-earning assets | 7,840,392 | 4.85 | 7,524,152 | 4.76 | 7,051,391 | 4.74 | 6,796,966 | 4.64 | 6,672,029 | 4.51 |
| Non-interest-earning assets: | | | | | | | | | | |
| Cash and due from banks | 74,430 | | 74,272 | | 76,800 | | 68,190 | | 68,309 | |
| Net premises and equipment | 58,852 | | 58,521 | | 58,873 | | 59,262 | | 59,709 | |
| Allowance for loan losses, accrued | 149,941 | | 128,933 | | 128,843 | | 130,607 | | 141,588 | |
| interest and other assets | | | | | | | | | | |
| Total assets | \$ 8,123,615 | | \$ 7,784,999 | | \$ 7,314,914 | | \$ 7,054,003 | | \$ 6,940,605 | |
| Interest-bearing liabilities: | | | | | | | | | | |
| Interest-bearing deposits: | | | | | | | | | | |
| Checking | \$ 942,686 | 0.86% | \$ 908,416 | 0.74% | \$ 819,807 | 0.67% | \$ 827,540 | 0.56% | \$ 899,311 | 0.52% |
| Savings | 54,086 | 0.55 | 52,443 | 0.54 | 53,835 | 0.52 | 54,842 | 0.34 | 53,269 | 0.31 |
| Money market | 3,758,162 | 1.78 | 3,537,522 | 1.56 | 3,305,293 | 1.33 | 3,089,595 | 1.10 | 3,027,176 | 0.90 |
| Time deposits | 698,976 | 2.06 | 687,361 | 1.92 | 643,260 | 1.65 | 596,450 | 1.36 | 576,857 | 1.21 |
| Total interest-bearing deposits | 5,453,910 | 1.65 | 5,185,742 | 1.45 | 4,822,195 | 1.25 | 4,568,427 | 1.03 | 4,556,613 | 0.86 |
| Federal funds purchased | 312,989 | 2.59 | 263,125 | 2.36 | 229,016 | 2.09 | 295,309 | 1.87 | 297,051 | 1.60 |

| | | | | | | | | | | |
|---|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| Other borrowings | <u>64,671</u> | <u>4.90</u> | <u>64,665</u> | <u>4.79</u> | <u>64,652</u> | <u>4.79</u> | <u>64,699</u> | <u>4.85</u> | <u>64,805</u> | <u>4.89</u> |
| Total interest-bearing liabilities | \$5,831,570 | 1.73 | \$5,513,532 | 1.53 | \$5,115,863 | 1.33 | \$4,928,435 | 1.13 | \$4,918,469 | 0.95 |
| Non-interest-bearing liabilities: | | | | | | | | | | |
| Non-interest-bearing demand | 1,524,502 | | 1,551,366 | | 1,511,410 | | 1,469,194 | | 1,389,217 | |
| Other liabilities | 36,362 | | 40,185 | | 16,333 | | 13,079 | | 15,007 | |
| Stockholders' equity | 735,611 | | 689,525 | | 678,839 | | 650,641 | | 621,004 | |
| Accumulated other comprehensive (loss) income | (4,430) | | (9,609) | | (7,531) | | (7,346) | | (3,092) | |
| Total liabilities and stockholders' equity | <u>\$8,123,615</u> | | <u>\$7,784,999</u> | | <u>\$7,314,914</u> | | <u>\$7,054,003</u> | | <u>\$6,940,605</u> | |
| Net interest spread | | 3.12% | | 3.23% | | 3.41% | | 3.51% | | 3.56% |
| Net interest margin | | 3.56% | | 3.63% | | 3.77% | | 3.82% | | 3.81% |

(1) Average loans include loans on which the accrual of interest has been discontinued.

(2) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21%.

(3) Unrealized (losses) gains on available-for-sale debt securities are excluded from the yield calculation.