

**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): October 19, 2020

SERVISFIRST BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-36452
(Commission File Number)

26-0734029
(I.R.S. Employer Identification No.)

2500 Woodcrest Place
Homewood, 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))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common | SFBS | Nasdaq Global Select Market |

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

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 October 19, 2020, ServisFirst Bancshares, Inc., a Delaware corporation ("ServisFirst"), issued a press release announcing its operating results for the quarter ended September 30, 2020. 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 7.01. Regulation FD Disclosure.

On October 19, 2020, ServisFirst hosted a call to review 2020 third quarter earnings. The supplemental investor presentation is attached as Exhibit 99.2 and is incorporated by reference into this Item 7.01. The presentation will also be available through the Investor Relations link at www.servisfirstbank.com.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Statements in this presentation 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" "could" 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.

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 October 19, 2020 |
| 99.2 | Supplemental Investor Presentation dated October 19, 2020 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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: October 19, 2020

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



ServisFirst Bancshares, Inc. Announces Results for Third Quarter of 2020

BIRMINGHAM, Ala., Oct. 19, 2020 (GLOBE NEWSWIRE) -- ServisFirst Bancshares, Inc. (NASDAQ: SFBS), today announced earnings and operating results for the three and nine months ended September 30, 2020.

Third Quarter 2020 Highlights:

- Diluted EPS for the third quarter increased 16% to \$0.80 year over year
- Deposits grew 14% annualized during the third quarter
- Loans, excluding Paycheck Protection Program (“PPP”) loans, grew 10% annualized during the third quarter
- Efficiency ratio improved to 28.50% during the third quarter 2020
- Liquidity remains strong with liquid assets to total deposits of 22%
- Our \$34.5 million of 5% Subordinated Notes due July 15, 2025 are being refinanced with a \$37 million offering of subordinated notes with an interest rate of 4% during the fourth quarter of 2020

Tom Broughton, Chairman, President and CEO, said, “I am pleased to see a rebound in loan demand from the early months of the pandemic. This is a very positive sign for the Southeastern US economy.”

Bud Foshee, CFO, said, “We continue to have a strong balance sheet with good credit quality and strong liquidity. This strong balance sheet has enabled us to perform above our peers during the pandemic.”

FINANCIAL SUMMARY (UNAUDITED)

(in Thousands except share and per share amounts)

| | Period Ending September 30, 2020 | Period Ending June 30, 2020 | % Change From Period Ending June 30, 2020 to Period Ending September 30, 2020 | Period Ending September 30, 2019 | % Change From Period Ending September 30, 2019 to Period Ending September 30, 2020 |
|--|--|--------------------------------|---|--|---|
| QUARTERLY OPERATING RESULTS | | | | | |
| Net Income | \$ 43,362 | \$ 40,448 | 7% | \$ 37,563 | 15% |
| Net Income Available to Common Stockholders | \$ 43,362 | \$ 40,417 | 7% | \$ 37,563 | 15% |
| Diluted Earnings Per Share | \$ 0.80 | \$ 0.75 | 7% | \$ 0.69 | 16% |
| Return on Average Assets | 1.54% | 1.55% | | 1.67% | |
| Return on Average Common Stockholders' Equity | 18.43% | 18.40% | | 18.69% | |
| Average Diluted Shares Outstanding | 54,232,965 | 54,194,506 | | 54,096,368 | |
| YEAR-TO-DATE OPERATING RESULTS | | | | | |
| Net Income | \$ 118,588 | | | \$ 108,206 | 10% |
| Net Income Available to Common Stockholders | \$ 118,557 | | | \$ 108,175 | 10% |
| Diluted Earnings Per Share | \$ 2.19 | | | \$ 2.00 | 9% |
| Return on Average Assets | 1.54% | | | 1.70% | |
| Return on Average Common Stockholders' Equity | 17.73% | | | 18.93% | |
| Average Diluted Shares Outstanding | 54,198,422 | | | 54,087,410 | |
| BALANCE SHEET | | | | | |
| Total Assets | \$ 11,394,874 | \$ 11,012,195 | 3% | \$ 9,005,112 | 27% |
| Loans | 8,508,554 | 8,315,375 | 2% | 7,022,069 | 21% |
| Non-interest-bearing Demand Deposits | 2,762,814 | 2,678,893 | 3% | 1,678,672 | 65% |
| Total Deposits | 9,673,783 | 9,342,918 | 4% | 7,724,158 | 25% |
| Stockholders' Equity | 949,589 | 914,588 | 4% | 810,537 | 17% |

DETAILED FINANCIALS

ServisFirst Bancshares, Inc. reported net income and net income available to common stockholders of \$43.4 million for the quarter ended September 30, 2020, compared to net income and net income available to common stockholders of \$37.6 million for the same quarter in 2019. Basic and diluted earnings per common share were \$0.80 and \$0.80, respectively, for the third quarter of 2020, compared to \$0.70 and \$0.69, respectively, for the third quarter of 2019.

Annualized return on average assets was 1.54% and annualized return on average common stockholders' equity was 18.43% for the third quarter of 2020, compared to 1.67% and 18.69%, respectively, for the third quarter of 2019.

Net interest income was \$85.1 million for the third quarter of 2020, compared to \$83.2 million for the second quarter of 2020 and \$73.0 million for the third quarter of 2019. The net interest margin in the third quarter of 2020 was 3.14% compared to 3.32% in the second quarter of 2020 and 3.36% in the third quarter of 2019. Origination of PPP loans and increased excess liquidity drove unfavorable rate and mix changes while lower deposit rates and increases in noninterest bearing demand balances drove favorable rate and mix changes, respectively. Accretion of net fees on PPP loans of \$4.0 million during the third quarter of 2020 offset the decrease in loan yield by approximately 19 basis points.

Average loans for the third quarter of 2020 were \$8.36 billion, an increase of \$31.5 million, or 2% annualized, over average loans of \$8.33 billion for the second quarter of 2020, and an increase of \$1.40 billion, or 20%, over average loans of \$6.96 billion for the third quarter of 2019. We originated over 4,900 PPP loans during 2020 for a total of \$1.05 billion. Excluding PPP loans, average loans for the third quarter of 2020 were \$7.31 billion, a decrease of \$136.0 million compared to the second quarter of 2020, and an increase of \$350.6 million, or 5%, over average loans for the third quarter of 2019.

Average total deposits for the third quarter of 2020 were \$9.47 billion, an increase of \$595.4 million, or 27% annualized, over average total deposits of \$8.87 billion for the second quarter of 2020, and an increase of \$1.89 billion, or 25%, over average total deposits of \$7.58 billion for the third quarter of 2019.

Nonperforming assets to total assets were 0.29% for the third quarter of 2020, an increase of three basis points compared to 0.26% for the second quarter of 2020 and a decrease of 23 basis points compared to 0.52% for the third quarter of 2019. Annualized net charge-offs to average loans were 0.54%, a 34 basis-point increase compared to 0.20% for the second quarter of 2020 and an increase of five basis points compared to 0.49% for the third quarter of 2019. The increase in net charge-offs for the third quarter of 2020 was due to a \$7.2 million loan charge-off on a borrower severely impacted by the COVID-19 pandemic. We recorded a \$12.3 million provision for loan losses in the third quarter of 2020 compared to \$10.3 million in the second quarter of 2020 and \$7.0 million in the third quarter of 2019. The allowance for loan loss as a percentage of total loans was 1.09% at September 30, 2020, a decrease of one basis point compared to 1.10% at June 30, 2020 and September 30, 2019, respectively. Excluding PPP loans, for all periods discussed, the allowance for loan loss as a percentage of total loans was 1.24% at September 30, 2020, a decrease of two basis points compared to 1.26% at June 30, 2020 and an increase of 14 basis points compared to 1.10% at September 30, 2019. The CARES Act, passed into law on March 27, 2020 as a result of the COVID-19 outbreak, allows companies to delay their adoption of Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments* (CECL), including the current expected credit losses methodology for estimating allowances for credit losses. We have elected to delay adoption of ASU 2016-13 until the date on which the national emergency concerning the COVID-19 outbreak terminates or December 31, 2020, with an effective retrospective implementation date of January 1, 2020. 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.

Noninterest income for the third quarter of 2020 increased \$2.0 million, or 32%, to \$8.2 million from \$6.2 million in the third quarter of 2019. Mortgage banking revenue increased \$1.2 million, or 89%, from the third quarter of 2019 to the third quarter of 2020. Mortgage loan origination volumes increased approximately 96% during the third quarter of 2020 when compared to the same quarter in 2019. Credit card revenue decreased \$28,000, or 2%, to \$1.8 million during the third quarter of 2020, compared to the third quarter of 2019. The amount of spend on purchase cards increased \$23.0 million while the amount of spend on business credit cards decreased \$8.0 million during the third quarter of 2020 when compared to the third quarter of 2019. Purchase card spend carries lower profit margins than credit cards due to their higher rebates. Income on life insurance policies increased \$946,000, or 120%, to \$1.7 million during the third quarter of 2020, compared to \$787,000 during the third quarter of 2019. We purchased \$75.0 million in BOLI contracts at the end of the third quarter of 2019 and another \$40.0 million in July 2020. Other income for the third quarter of 2020 decreased \$191,000, or 42%, to \$262,000 from \$453,000 in the third quarter of 2019. On May 4, 2020 we bought an interest rate cap with a term of three years and a notional amount of \$300 million. The cap is tied to one-month LIBOR with a strike rate of 0.50%. We wrote down the value of the cap by \$342,000 during the third quarter of 2020 and by \$595,000 year-to-date through other income and are amortizing the fee paid to our counterparty over the life of the cap.

Noninterest expense for the third quarter of 2020 increased \$1.4 million, or 6%, to \$26.6 million from \$25.2 million in the third quarter of 2019, and decreased \$2.2 million, or 8%, on a linked quarter basis. Salary and benefit expense for the third quarter of 2020 decreased \$505,000, or 3%, to \$15.0 million from \$15.5 million in the third quarter of 2019, and decreased \$798,000, or 5%, on a linked quarter basis. Costs to originate PPP loans totaling \$2.4 million were incurred during the second quarter of 2020. These costs were credited against salary and benefits as a deferred expense and will be amortized over the life of the loans by netting them against accretion of deferred origination fees. Bonuses of approximately \$2.5 million were paid during the second quarter of 2020 related to work performed on the PPP. Additional bonuses of \$71,000 were paid to front-line employees who continued to assist customers during the peak of the pandemic. The number of FTE employees decreased to 486 as of September 30, 2020 compared to 492 as of June 30, 2020 and 506 as of September 30, 2019. Equipment and occupancy expense increased \$169,000, or 7%, to \$2.6 million in the third quarter of 2020, from \$2.4 million in the third quarter of 2019. Third party processing expenses increased \$358,000, or 12%, to \$3.3 million in the third quarter of 2020, from \$2.9 million in the third quarter of 2019. Professional services expense increased \$68,000, or 8%, to \$955,000 in the third quarter of 2020, from \$887,000 in the third quarter of

2019, and decreased \$136,000, or 12%, from \$1.1 million on a linked-quarter basis. FDIC and other regulatory assessments were \$1.1 million in the third quarter of 2020 compared to a credit of \$296,000 in the third quarter of 2019. The net assessment credit for the third quarter of 2019 resulted from the FDIC's Small Bank Assessment Credit recorded by the Bank. Expenses associated with other real estate owned increased \$41,000 to \$119,000 in the third quarter of 2020, from \$78,000 in the third quarter of 2019. Other operating expenses for the third quarter of 2020 decreased \$76,000, or 2%, to \$3.6 million from \$3.7 million in the third quarter of 2019, and decreased \$481,000, or 12%, on a linked-quarter basis. The efficiency ratio was 28.50% during the third quarter of 2020 compared to 31.76% during the third quarter of 2019 and compared to 31.92% during the second quarter of 2020.

Income tax expense increased \$1.5 million, or 16%, to \$11.0 million in the third quarter of 2020, compared to \$9.5 million in the third quarter of 2019. Our effective tax rate was 20.29% for the third quarter of 2020 compared to 20.20% for the third quarter of 2019. State of Alabama tax credit investments matured at the end of 2019, causing our state credit amounts to decrease from \$497,000 during the third quarter of 2019 to \$132,000 during the third quarter of 2020. 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 third quarters of 2020 and 2019 of \$180,000 and \$231,000, respectively.

The Company's 5% Subordinated Notes due July 15, 2025 became redeemable in July 2020. Those Notes are being redeemed in the fourth quarter of 2020 and replaced with up to \$37 million in 4% subordinated notes to be offered to holders of the redeemed Notes.

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.

| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
|--|-----------------------|---------------|----------------|----------------------|-----------------------|
| Book value per share - GAAP | \$ 17.61 | \$ 16.98 | \$ 16.38 | \$ 15.71 | \$ 15.13 |
| Total common stockholders' equity - GAAP | 949,589 | 914,588 | 881,885 | 842,682 | 810,537 |
| Adjustments: | | | | | |
| Adjusted for goodwill and core deposit intangible asset | 13,976 | 14,043 | 14,111 | 14,179 | 14,246 |
| Tangible common stockholders' equity - non-GAAP | \$ 935,613 | \$ 900,545 | \$ 867,775 | \$ 828,503 | \$ 796,291 |
| Tangible book value per share - non-GAAP | \$ 17.35 | \$ 16.72 | \$ 16.12 | \$ 15.45 | \$ 14.86 |
| Stockholders' equity to total assets - GAAP | 8.33% | 8.31% | 9.42% | 9.42% | 9.00% |
| Total assets - GAAP | \$ 11,394,874 | \$ 11,012,195 | \$ 9,364,882 | \$ 8,947,653 | \$ 9,005,112 |
| Adjustments: | | | | | |
| Adjusted for goodwill and core deposit intangible asset | 13,976 | 14,043 | 14,111 | 14,179 | 14,246 |
| Total tangible assets - non-GAAP | \$ 11,380,898 | \$ 10,998,152 | \$ 9,350,771 | \$ 8,933,474 | \$ 8,990,866 |
| Tangible common equity to total tangible assets - non-GAAP | 8.22% | 8.19% | 9.28% | 9.27% | 8.86% |

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, Sarasota 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," "could," "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, but not limited to: the global health and economic crisis precipitated by the COVID-19 outbreak; general economic conditions, especially in the credit markets and in the Southeast; the performance of the capital markets; changes in interest rates, yield curves and interest rate spread relationships; changes in accounting and tax principles, policies or guidelines; changes in legislation or regulatory requirements; changes in our loan portfolio and the deposit base; economic crisis and associated credit issues in industries most impacted by the COVID-19 outbreak, including but not limited to, the restaurant, hospitality and retail sectors; possible changes in laws and regulations and governmental monetary and fiscal policies, including, but not limited to, economic stimulus initiatives; 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, in our Quarterly Reports on Form 10-Q for fiscal year 2020, 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)

| | 3rd Quarter 2020 | 2nd Quarter 2020 | 1st Quarter 2020 | 4th Quarter 2019 | 3rd Quarter 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| CONSOLIDATED STATEMENT OF INCOME | | | | | |
| Interest income | \$ 96,110 | \$ 95,080 | \$ 96,767 | \$ 98,187 | \$ 101,130 |
| Interest expense | 11,028 | 11,846 | 19,127 | 22,410 | 28,125 |
| Net interest income | 85,082 | 83,234 | 77,640 | 75,777 | 73,005 |
| Provision for loan losses | 12,284 | 10,283 | 13,584 | 5,884 | 6,985 |
| Net interest income after provision for loan losses | 72,798 | 72,951 | 64,056 | 69,893 | 66,020 |
| Non-interest income | 8,172 | 7,033 | 6,674 | 6,936 | 6,202 |
| Non-interest expense | 26,573 | 28,816 | 27,920 | 25,503 | 25,153 |
| Income before income tax | 54,397 | 51,168 | 42,810 | 51,326 | 47,069 |
| Provision for income tax | 11,035 | 10,720 | 8,032 | 10,289 | 9,506 |
| Net income | 43,362 | 40,448 | 34,778 | 41,037 | 37,563 |
| Preferred stock dividends | - | 31 | - | 32 | - |
| Net income available to common stockholders | \$ 43,362 | \$ 40,417 | \$ 34,778 | \$ 41,005 | \$ 37,563 |
| Earnings per share - basic | \$ 0.80 | \$ 0.75 | \$ 0.65 | \$ 0.77 | \$ 0.70 |
| Earnings per share - diluted | \$ 0.80 | \$ 0.75 | \$ 0.64 | \$ 0.76 | \$ 0.69 |
| Average diluted shares outstanding | 54,232,965 | 54,194,506 | 54,167,414 | 54,149,554 | 54,096,368 |
| CONSOLIDATED BALANCE SHEET DATA | | | | | |
| Total assets | \$ 11,394,874 | \$ 11,012,195 | \$ 9,364,882 | \$ 8,947,653 | \$ 9,005,112 |
| Loans | 8,508,554 | 8,315,375 | 7,568,836 | 7,261,451 | 7,022,069 |
| Debt securities | 913,299 | 856,378 | 827,032 | 759,649 | 688,271 |
| Non-interest-bearing demand deposits | 2,762,814 | 2,678,893 | 1,925,626 | 1,749,879 | 1,678,672 |
| Total deposits | 9,673,783 | 9,342,918 | 7,832,655 | 7,530,433 | 7,724,158 |
| Borrowings | 64,719 | 64,715 | 64,707 | 64,703 | 64,693 |
| Stockholders' equity | \$ 949,589 | \$ 914,588 | \$ 881,885 | \$ 842,682 | \$ 810,537 |
| Shares outstanding | 53,915,245 | 53,874,276 | 53,844,009 | 53,623,740 | 53,579,013 |
| Book value per share | \$ 17.61 | \$ 16.98 | \$ 16.38 | \$ 15.71 | \$ 15.13 |
| Tangible book value per share (1) | \$ 17.35 | \$ 16.72 | \$ 16.12 | \$ 15.45 | \$ 14.86 |

SELECTED FINANCIAL RATIOS

(Annualized)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Net interest margin | 3.14% | 3.32% | 3.58% | 3.47% | 3.36% |
| Return on average assets | 1.54% | 1.55% | 1.54% | 1.80% | 1.67% |
| Return on average common stockholders' equity | 18.43% | 18.40% | 16.23% | 19.75% | 18.69% |
| Efficiency ratio | 28.50% | 31.92% | 33.11% | 30.83% | 31.76% |
| Non-interest expense to average earning assets | 0.98% | 1.15% | 1.29% | 1.17% | 1.16% |

CAPITAL RATIOS (2)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Common equity tier 1 capital to risk-weighted assets | 11.24% | 11.26% | 10.68% | 10.50% | 10.39% |
| Tier 1 capital to risk-weighted assets | 11.25% | 11.27% | 10.68% | 10.50% | 10.39% |
| Total capital to risk-weighted assets | 13.10% | 13.27% | 12.54% | 12.31% | 12.27% |
| Tier 1 capital to average assets | 8.22% | 8.46% | 9.56% | 9.13% | 8.88% |
| Tangible common equity to total tangible assets (1) | 8.22% | 8.19% | 9.28% | 9.27% | 8.86% |

(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)

| | September 30, 2020 | September 30, 2019 | % Change |
|--|-----------------------|-----------------------|----------|
| ASSETS | | | |
| Cash and due from banks | \$ 70,472 | \$ 108,804 | (35) % |
| Interest-bearing balances due from depository institutions | 1,551,597 | 463,625 | 235 % |
| Federal funds sold | 1,302 | 474,298 | (100) % |
| Cash and cash equivalents | 1,623,371 | 1,046,727 | 55 % |
| Available for sale debt securities, at fair value | 913,049 | 688,021 | 33 % |
| Held to maturity debt securities (fair value of \$250 at September 30, 2020 and 2019) | 250 | 250 | - % |
| Mortgage loans held for sale | 21,472 | 8,691 | 147 % |
| Loans | 8,508,554 | 7,022,069 | 21 % |
| Less allowance for loan losses | (92,440) | (77,192) | 20 % |
| Loans, net | 8,416,114 | 6,944,877 | 21 % |
| Premises and equipment, net | 55,273 | 56,570 | (2) % |
| Goodwill and other identifiable intangible assets | 13,976 | 14,246 | (2) % |
| Other assets | 351,369 | 245,730 | 43 % |
| Total assets | <u>\$ 11,394,874</u> | <u>\$ 9,005,112</u> | 27 % |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Liabilities: | | | |
| Deposits: | | | |
| Non-interest-bearing | \$ 2,762,814 | \$ 1,678,672 | 65 % |
| Interest-bearing | 6,910,969 | 6,045,486 | 14 % |
| Total deposits | 9,673,783 | 7,724,158 | 25 % |
| Federal funds purchased | 669,350 | 370,231 | 81 % |
| Other borrowings | 64,719 | 64,693 | - % |
| Other liabilities | 37,433 | 35,493 | 5 % |
| Total liabilities | 10,445,285 | 8,194,575 | 27 % |
| Stockholders' equity: | | | |
| Preferred stock, par value \$0.001 per share; 1,000,000 authorized and undesignated at September 30, 2020 and September 30, 2019 | - | - | |
| Common stock, par value \$0.001 per share; 100,000,000 shares authorized; 53,915,245 shares issued and outstanding at September 30, 2020, and 53,579,113 shares issued and outstanding at September 30, 2019 | 54 | 54 | - % |

| | | | |
|---|---------------|--------------|-------|
| Additional paid-in capital | 223,280 | 219,234 | 2 % |
| Retained earnings | 706,924 | 584,968 | 21 % |
| Accumulated other comprehensive income | 18,831 | 5,779 | 226 % |
| Total stockholders' equity attributable to ServisFirst Bancshares, Inc. | 949,089 | 810,035 | 17 % |
| Noncontrolling interest | 500 | 502 | - % |
| Total stockholders' equity | 949,589 | 810,537 | 17 % |
| Total liabilities and stockholders' equity | \$ 11,394,874 | \$ 9,005,112 | 27 % |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per share data)

| | Three Months Ended September | | Nine Months Ended September | |
|---|------------------------------|-----------|-----------------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| Interest income: | | | | |
| Interest and fees on loans | \$ 89,564 | \$ 90,767 | \$ 268,332 | \$ 264,901 |
| Taxable securities | 5,858 | 4,367 | 16,104 | 12,306 |
| Nontaxable securities | 166 | 316 | 610 | 1,155 |
| Federal funds sold | 16 | 1,768 | 327 | 4,985 |
| Other interest and dividends | 506 | 3,912 | 2,584 | 9,269 |
| Total interest income | 96,110 | 101,130 | 287,957 | 292,616 |
| Interest expense: | | | | |
| Deposits | 9,876 | 24,787 | 37,377 | 71,172 |
| Borrowed funds | 1,152 | 3,338 | 4,624 | 9,576 |
| Total interest expense | 11,028 | 28,125 | 42,001 | 80,748 |
| Net interest income | 85,082 | 73,005 | 245,956 | 211,868 |
| Provision for loan losses | 12,284 | 6,985 | 36,151 | 16,754 |
| Net interest income after provision for loan losses | 72,798 | 66,020 | 209,805 | 195,114 |
| Non-interest income: | | | | |
| Service charges on deposit accounts | 1,818 | 1,735 | 5,557 | 5,223 |
| Mortgage banking | 2,519 | 1,333 | 5,697 | 2,995 |
| Credit card income | 1,840 | 1,868 | 5,003 | 5,185 |
| Securities gains | - | 34 | - | 28 |
| Increase in cash surrender value life insurance | 1,733 | 787 | 4,650 | 2,327 |
| Other operating income | 262 | 453 | 972 | 1,172 |
| Total non-interest income | 8,172 | 6,210 | 21,879 | 16,930 |
| Non-interest expense: | | | | |
| Salaries and employee benefits | 14,994 | 15,499 | 46,444 | 44,103 |
| Equipment and occupancy expense | 2,556 | 2,387 | 7,390 | 6,933 |
| Third party processing and other services | 3,281 | 2,923 | 10,360 | 8,058 |
| Professional services | 955 | 887 | 2,994 | 3,072 |
| FDIC and other regulatory assessments (credits) | 1,061 | (296) | 2,988 | 1,804 |
| Other real estate owned expense | 119 | 78 | 2,023 | 312 |
| Other operating expense | 3,607 | 3,683 | 11,110 | 12,227 |
| Total non-interest expense | 26,573 | 25,161 | 83,309 | 76,509 |
| Income before income tax | 54,397 | 47,069 | 148,375 | 135,535 |
| Provision for income tax | 11,035 | 9,506 | 29,787 | 27,329 |
| Net income | 43,362 | 37,563 | 118,588 | 108,206 |
| Dividends on preferred stock | - | - | 31 | 31 |
| Net income available to common stockholders | \$ 43,362 | \$ 37,563 | \$ 118,557 | \$ 108,175 |
| Basic earnings per common share | \$ 0.80 | \$ 0.70 | \$ 2.20 | \$ 2.02 |
| Diluted earnings per common share | \$ 0.80 | \$ 0.69 | \$ 2.19 | \$ 2.00 |

LOANS BY TYPE (UNAUDITED)

(In thousands)

| | 3rd Quarter 2020 | 2nd Quarter 2020 | 1st Quarter 2020 | 4th Quarter 2019 | 3rd Quarter 2019 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Commercial, financial and agricultural | \$ 3,466,189 | \$ 3,498,627 | \$ 2,771,307 | \$ 2,696,210 | \$ 2,653,934 |
| Real estate - construction | 530,919 | 544,586 | 548,578 | 521,392 | 550,871 |
| Real estate - mortgage: | | | | | |
| Owner-occupied commercial | 1,725,222 | 1,634,495 | 1,678,532 | 1,587,478 | 1,526,911 |
| 1-4 family mortgage | 671,841 | 665,883 | 675,870 | 644,188 | 632,346 |
| Other mortgage | 2,056,549 | 1,911,384 | 1,834,137 | 1,747,394 | 1,592,072 |
| Subtotal: Real estate - mortgage | 4,453,612 | 4,211,762 | 4,188,539 | 3,979,060 | 3,751,329 |
| Consumer | 57,834 | 60,400 | 60,412 | 64,789 | 65,935 |
| Total loans | <u>\$ 8,508,554</u> | <u>\$ 8,315,375</u> | <u>\$ 7,568,836</u> | <u>\$ 7,261,451</u> | <u>\$ 7,022,069</u> |

SUMMARY OF LOAN LOSS EXPERIENCE (UNAUDITED)

(Dollars in thousands)

| | 3rd Quarter 2020 | 2nd Quarter 2020 | 1st Quarter 2020 | 4th Quarter 2019 | 3rd Quarter 2019 |
|--|------------------|------------------|------------------|------------------|------------------|
| Allowance for loan losses: | | | | | |
| Beginning balance | \$ 91,507 | \$ 85,414 | \$ 76,584 | \$ 77,192 | \$ 71,386 |
| Loans charged off: | | | | | |
| Commercial, financial and agricultural | 11,146 | 1,358 | 2,640 | 4,742 | 3,626 |
| Real estate - construction | - | 376 | 454 | - | - |
| Real estate - mortgage | 200 | 2,520 | 1,678 | 1,689 | 4,974 |
| Consumer | 44 | 62 | 58 | 139 | 172 |
| Total charge offs | 11,390 | 4,316 | 4,830 | 6,570 | 8,772 |
| Recoveries: | | | | | |
| Commercial, financial and agricultural | 12 | 84 | 62 | 51 | 126 |
| Real estate - construction | - | 1 | 1 | 1 | 1 |
| Real estate - mortgage | 12 | 13 | 1 | 2 | - |
| Consumer | 15 | 28 | 12 | 24 | 60 |
| Total recoveries | 39 | 126 | 76 | 78 | 187 |
| Net charge-offs | 11,351 | 4,190 | 4,754 | 6,492 | 8,585 |
| Allocation from Loan Guarantee Program | - | - | - | - | 7,406 |
| Provision for loan losses | 12,284 | 10,283 | 13,584 | 5,884 | 6,985 |
| Ending balance | <u>\$ 92,440</u> | <u>\$ 91,507</u> | <u>\$ 85,414</u> | <u>\$ 76,584</u> | <u>\$ 77,192</u> |
| Allowance for loan losses to total loans | 1.09 % | 1.10 % | 1.13 % | 1.05 % | 1.10 % |
| Allowance for loan losses to total average loans | 1.11 % | 1.10 % | 1.16 % | 1.08 % | 1.11 % |
| Net charge-offs to total average loans | 0.54 % | 0.20 % | 0.26 % | 0.36 % | 0.49 % |
| Provision for loan losses to total average loans | 0.58 % | 0.50 % | 0.74 % | 0.33 % | 0.40 % |
| Nonperforming assets: | | | | | |
| Nonaccrual loans | \$ 21,675 | \$ 16,881 | \$ 28,914 | \$ 30,091 | \$ 35,732 |
| Loans 90+ days past due and accruing | 4,898 | 5,133 | 4,954 | 6,021 | 5,317 |
| Other real estate owned and repossessed assets | 6,976 | 6,537 | 7,448 | 8,178 | 5,337 |
| Total | <u>\$ 33,549</u> | <u>\$ 28,551</u> | <u>\$ 41,316</u> | <u>\$ 44,290</u> | <u>\$ 46,386</u> |
| Nonperforming loans to total loans | 0.31 % | 0.26 % | 0.45 % | 0.50 % | 0.58 % |
| Nonperforming assets to total assets | 0.29 % | 0.26 % | 0.44 % | 0.50 % | 0.52 % |
| Nonperforming assets to earning assets | 0.30 % | 0.26 % | 0.45 % | 0.50 % | 0.53 % |
| Reserve for loan losses to nonaccrual loans | 426.48 % | 542.07 % | 295.41 % | 254.51 % | 216.03 % |
| Restructured accruing loans | \$ 1,800 | \$ 975 | \$ 975 | \$ 625 | \$ 3,468 |

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Restructured accruing loans to total loans | 0.02 % | 0.01 % | 0.01 % | 0.01 % | 0.05 % |
|--|--------|--------|--------|--------|--------|

TROUBLED DEBT RESTRUCTURINGS (TDRs) (UNAUDITED)

(In thousands)

| | 3rd Quarter 2020 | 2nd Quarter 2020 | 1st Quarter 2020 | 4th Quarter 2019 | 3rd Quarter 2019 |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning balance: | \$ 1,568 | \$ 2,367 | \$ 3,330 | \$ 11,248 | \$ 11,284 |
| Additions | 1,182 | - | 350 | 250 | - |
| Net (paydowns) / advances | (12) | (12) | (232) | (3,481) | 714 |
| Charge-offs | - | (412) | (1,081) | (1,333) | (750) |
| Transfer to OREO | - | (375) | - | (3,354) | - |
| Ending balance | <u>\$ 2,738</u> | <u>\$ 1,568</u> | <u>\$ 2,367</u> | <u>\$ 3,330</u> | <u>\$ 11,248</u> |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per share data)

| | 3rd Quarter 2020 | 2nd Quarter 2020 | 1st Quarter 2020 | 4th Quarter 2019 | 3rd Quarter 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| Interest income: | | | | | |
| Interest and fees on loans | \$ 89,564 | \$ 89,383 | \$ 89,385 | \$ 89,407 | \$ 90,767 |
| Taxable securities | 5,858 | 5,092 | 5,154 | 4,702 | 4,367 |
| Nontaxable securities | 166 | 211 | 233 | 274 | 316 |
| Federal funds sold | 16 | 34 | 277 | 1,053 | 1,768 |
| Other interest and dividends | 506 | 360 | 1,718 | 2,751 | 3,912 |
| Total interest income | <u>96,110</u> | <u>95,080</u> | <u>96,767</u> | <u>98,187</u> | <u>101,130</u> |
| Interest expense: | | | | | |
| Deposits | 9,876 | 10,756 | 16,745 | 19,786 | 24,787 |
| Borrowed funds | 1,152 | 1,090 | 2,382 | 2,624 | 3,338 |
| Total interest expense | <u>11,028</u> | <u>11,846</u> | <u>19,127</u> | <u>22,410</u> | <u>28,125</u> |
| Net interest income | 85,082 | 83,234 | 77,640 | 75,777 | 73,005 |
| Provision for loan losses | 12,284 | 10,283 | 13,584 | 5,884 | 6,985 |
| Net interest income after provision for loan losses | <u>72,798</u> | <u>72,951</u> | <u>64,056</u> | <u>69,893</u> | <u>66,020</u> |
| Non-interest income: | | | | | |
| Service charges on deposit accounts | 1,818 | 1,823 | 1,916 | 1,806 | 1,735 |
| Mortgage banking | 2,519 | 2,107 | 1,071 | 1,366 | 1,333 |
| Credit card income | 1,840 | 1,398 | 1,765 | 1,891 | 1,868 |
| Securities (losses) gains | - | - | - | (1) | 34 |
| Increase in cash surrender value life insurance | 1,733 | 1,464 | 1,453 | 1,419 | 787 |
| Other operating income | 262 | 241 | 469 | 455 | 445 |
| Total non-interest income | <u>8,172</u> | <u>7,033</u> | <u>6,674</u> | <u>6,936</u> | <u>6,202</u> |
| Non-interest expense: | | | | | |
| Salaries and employee benefits | 14,994 | 15,792 | 15,658 | 13,680 | 15,499 |
| Equipment and occupancy expense | 2,556 | 2,434 | 2,400 | 2,339 | 2,387 |
| Third party processing and other services | 3,281 | 3,513 | 3,345 | 3,176 | 2,923 |
| Professional services | 955 | 1,091 | 948 | 1,163 | 887 |
| FDIC and other regulatory assessments (credits) | 1,061 | 595 | 1,332 | 1,171 | (296) |
| Other real estate owned expense | 119 | 1,303 | 601 | 103 | 78 |
| Other operating expense | 3,607 | 4,088 | 3,636 | 3,871 | 3,675 |
| Total non-interest expense | <u>26,573</u> | <u>28,816</u> | <u>27,920</u> | <u>25,503</u> | <u>25,153</u> |
| Income before income tax | 54,397 | 51,168 | 42,810 | 51,326 | 47,069 |
| Provision for income tax | 11,035 | 10,720 | 8,032 | 10,289 | 9,506 |
| Net income | <u>43,362</u> | <u>40,448</u> | <u>34,778</u> | <u>41,037</u> | <u>37,563</u> |
| Dividends on preferred stock | - | 31 | - | 32 | - |
| Net income available to common stockholders | <u>\$ 43,362</u> | <u>\$ 40,417</u> | <u>\$ 34,778</u> | <u>\$ 41,005</u> | <u>\$ 37,563</u> |
| Basic earnings per common share | \$ 0.80 | \$ 0.75 | \$ 0.65 | \$ 0.77 | \$ 0.70 |
| Diluted earnings per common share | \$ 0.80 | \$ 0.75 | \$ 0.64 | \$ 0.76 | \$ 0.69 |

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

| | 3rd Quarter 2020 | | 2nd Quarter 2020 | | 1st Quarter 2020 | | 4th Quarter 2019 | | 3rd Quarter 2019 | |
|--|----------------------|--------------|----------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | Average Balance | Yield / Rate | Average Balance | Yield / Rate | Average Balance | Yield / Rate | Average Balance | Yield / Rate | Average Balance | Yield / Rate |
| Assets: | | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | | |
| Loans, net of unearned income (1) | | | | | | | | | | |
| Taxable | \$ 8,335,087 | 4.26% | \$ 8,301,775 | 4.31% | \$ 7,328,594 | 4.89% | \$ 7,066,576 | 5.00% | \$ 6,927,075 | 5.18% |
| Tax-exempt (2) | 30,068 | 4.14 | 31,929 | 4.12 | 32,555 | 4.04 | 35,563 | 4.00 | 34,195 | 3.98 |
| Total loans, net of unearned income | 8,365,155 | 4.26 | 8,333,704 | 4.31 | 7,361,149 | 4.88 | 7,102,139 | 4.99 | 6,961,270 | 5.17 |
| Mortgage loans held for sale | 20,053 | 1.41 | 13,278 | 2.09 | 4,282 | 2.16 | 6,505 | 2.44 | 6,482 | 2.45 |
| Debt securities: | | | | | | | | | | |
| Taxable | 820,526 | 2.86 | 761,575 | 2.67 | 750,413 | 2.75 | 670,732 | 2.81 | 595,405 | 2.93 |
| Tax-exempt (2) | 31,880 | 2.51 | 38,201 | 2.62 | 44,029 | 2.33 | 50,825 | 2.17 | 59,992 | 2.21 |
| Total securities (3) | 852,406 | 2.84 | 799,776 | 2.67 | 794,442 | 2.72 | 721,557 | 2.76 | 655,397 | 2.87 |
| Federal funds sold | 41,884 | 0.15 | 83,274 | 0.16 | 105,423 | 1.06 | 238,927 | 1.75 | 312,968 | 2.24 |
| Interest-bearing balances with banks | 1,500,563 | 0.13 | 849,549 | 0.17 | 469,199 | 1.47 | 602,755 | 1.81 | 690,973 | 2.25 |
| Total interest-earning assets | \$ 10,780,061 | 3.55% | \$ 10,079,581 | 3.80% | \$ 8,734,495 | 4.46% | \$ 8,671,883 | 4.49% | \$ 8,627,090 | 4.65% |
| Non-interest-earning assets: | | | | | | | | | | |
| Cash and due from banks | 75,065 | | 76,212 | | 66,140 | | 70,381 | | 71,418 | |
| Net premises and equipment | 56,799 | | 57,446 | | 58,066 | | 57,986 | | 58,243 | |
| Allowance for loan losses, accrued interest and other assets | 281,196 | | 248,702 | | 241,479 | | 233,885 | | 162,654 | |
| Total assets | <u>\$ 11,193,121</u> | | <u>\$ 10,461,941</u> | | <u>\$ 9,100,180</u> | | <u>\$ 9,034,135</u> | | <u>\$ 8,919,405</u> | |
| Interest-bearing liabilities: | | | | | | | | | | |
| Interest-bearing deposits: | | | | | | | | | | |
| Checking | \$ 1,077,595 | 0.31% | \$ 992,848 | 0.35% | \$ 956,803 | 0.57% | \$ 961,258 | 0.69% | \$ 900,754 | 0.84% |
| Savings | 82,671 | 0.36 | 72,139 | 0.42 | 67,380 | 0.50 | 62,311 | 0.53 | 57,431 | 0.60 |
| Money market | 4,739,566 | 0.44 | 4,285,907 | 0.52 | 4,061,286 | 1.10 | 4,189,283 | 1.34 | 4,265,435 | 1.76 |
| Time deposits | 841,378 | 1.78 | 877,448 | 1.95 | 805,924 | 2.09 | 712,155 | 2.15 | 703,278 | 2.20 |
| Total interest-bearing deposits | 6,741,210 | 0.58 | 6,228,342 | 0.69 | 5,891,393 | 1.14 | 5,925,007 | 1.32 | 5,926,898 | 1.66 |
| Federal funds purchased | 682,971 | 0.22 | 572,990 | 0.22 | 492,638 | 1.31 | 420,066 | 1.74 | 441,526 | 2.30 |
| Other borrowings | 64,717 | 4.77 | 64,711 | 4.85 | 64,707 | 4.85 | 64,698 | 4.79 | 64,689 | 4.79 |
| Total interest-bearing liabilities | \$ 7,488,898 | 0.59% | \$ 6,866,043 | 0.69% | \$ 6,448,738 | 1.19% | \$ 6,409,771 | 1.39% | \$ 6,433,113 | 1.73% |
| Non-interest-bearing liabilities: | | | | | | | | | | |
| Non-interest-bearing | | | | | | | | | | |
| checking | 2,118,889 | | 2,646,030 | | 1,749,671 | | 1,759,671 | | 1,654,928 | |
| Other liabilities | 649,161 | | 69,061 | | 39,801 | | 41,112 | | 34,070 | |
| Stockholders' equity | 917,626 | | 862,500 | | 853,800 | | 818,320 | | 792,284 | |
| Accumulated other comprehensive income | 18,547 | | 18,307 | | 8,170 | | 5,261 | | 5,010 | |
| Total liabilities and stockholders' equity | <u>\$ 11,193,121</u> | | <u>\$ 10,461,941</u> | | <u>\$ 9,100,180</u> | | <u>\$ 9,034,135</u> | | <u>\$ 8,919,405</u> | |
| Net interest spread | | 2.96% | | 3.11% | | 3.27% | | 3.10% | | 2.92% |
| Net interest margin | | 3.14% | | 3.32% | | 3.58% | | 3.47% | | 3.36% |

(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 on available-for-sale debt securities are excluded from the yield calculation.

The logo for ServisFirst Bank, featuring a solid blue square to the left of the text "Servis1st Bank®".

Servis1st Bank®

ServisFirst Bancshares, Inc.

NASDAQ: SFBS

Third Quarter Supplemental Data
October 19, 2020

Forward-Looking Statements

- Statements in this presentation 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," "could" 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 presentation 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: the global health and economic crisis precipitated by the COVID-19 outbreak; general economic conditions, especially in the credit markets and in the Southeast; the performance of the capital markets; changes in interest rates, yield curves and interest rate spread relationships; changes in accounting and tax principles, policies or guidelines; changes in legislation or regulatory requirements; changes in our loan portfolio and the deposit base; economic crises and associated credit issues in industries most impacted by the COVID-19 outbreak, including the restaurant, hospitality and retail sectors; possible changes in laws and regulations and governmental monetary and fiscal policies, including, but not limited to, economic stimulus initiatives; 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.

Investor Presentation Update

- In light of the pandemic we are providing the following slides in an effort to offer a more granular look into our loan portfolios and address other recent developments

- We are carefully monitoring our loan exposures where we see potential increased credit risk, including:
 - Hotels
 - Restaurants
 - Oil and Gas
 - Retail CRE

Portfolios Potentially Impacted by Pandemic



- Well diversified portfolio with limited concentrations
- Hotel makes up less than 2% of portfolio
- Restaurants makes up less than 3% of portfolio
- Oil & Gas make up less than 1% of portfolio
- AD&C is 50% of capital
- CRE (excluding OO CRE) is 232% of capital

| ServisFirst Bank Portfolios Potentially Impacted By Pandemic September 30, 2020 <i>000's</i> | | | | |
|---|--------------------------|-----------------------------------|-----------------------|-----------|
| | Outstanding Loan Balance | Outstanding as a % of Total Loans | Total Loan Commitment | Watchlist |
| Hotels and Motels | \$139,295 | 1.64% | \$144,699 | \$2,721 |
| Entertainment & Recreation | \$89,124 | 1.05% | \$100,932 | \$133 |
| Restaurants | \$243,977 | 2.87% | \$257,008 | \$2,642 |
| Oil and Gas | \$70,106 | 0.82% | \$78,993 | \$3,681 |
| Retail CRE | \$281,428 | 3.31% | \$296,435 | \$4,827 |

Deferrals Resulting from COVID-19

- As of 10/15/20 second deferrals totaled \$3.9 million; of that, approximately \$2.3 million is in the SBA 504 program

- Top 4 first and second deferral industries as of 10/15/2020 include
 - Advertising Agencies \$3 million
 - Breweries \$2.3 million
 - Full-Service Restaurants \$1.5 million
 - Convenience Stores \$1.1 million

Payment Deferral Loan Balances (000s)

| 3/31/2020 | 6/30/2020 | 9/30/2020 | 10/15/2020 |
|------------|------------|-----------|------------|
| \$ 575,668 | \$ 341,698 | \$ 28,189 | \$ 11,528 |

Paycheck Protection Program (PPP)

- We are using an online automated application process to help streamline the workflow and mitigate risk
- As of 9/30/2020 we have funded 4,962 loans totaling over \$1 billion

| Paycheck Protection Program Loans as of 9/30/2020 | | |
|---|-----------------|----------------------------------|
| | Number of loans | Outstanding Loan Balances (000s) |
| \$350,000 or less | 4203 | \$ 343,477 |
| \$350,000 - \$2 million | 687 | \$ 505,984 |
| \$2 million or more | 72 | \$ 203,573 |
| Total | 4962 | \$ 1,053,034 |

Low Rate Environment

- Focused on strengthening loan pricing over time

- Net Interest Margin
 - The NIM decreased 18 basis points from 2nd quarter to 3rd quarter
 - The impact of PPP negatively impacted the margin by 11 basis points quarter over quarter
 - Average PPP loan balances of \$1.05 billion
 - PPP loan fees and interest of \$6.6 million
 - Average fed funds sold and due from banks increased \$610 million quarter over quarter, at an average rate of .13%, negatively impacting the margin by 19 basis points

- Investment Portfolio is 8% of total assets; primary purpose is to provide liquidity
 - Sector Allocation: MBS 55%, Bank Senior/Sub-debt 36%, Treasuries/Agencies 4%, Alabama Municipals 4%, CDs 1%
 - Average life of 4.18
 - Effective duration of 2.83
 - Cumulative principal cash flow 2 years out of 37% and 28% in a +100 environment


Digital Banking Opportunities

- Commercial customers who had previously not adopted digital banking options such as Remote Deposit Capture, Mobile Deposits, and Purchase Cards are doing so now in large numbers
 - Payment Collection – Digital accounts receivables eliminate the need to make in-person or remote deposits of physical checks.
 - Businesses that historically did not accept credit cards are engaging our merchant services to now accept card payments.
 - Deposit Processing – We are seeing a large increase from 2019, when approximately 63% of deposits were made through a customer’s desktop check scanner or through our mobile app.
 - Check issuance – Bill Pay and ACH Origination are providing an alternative to manual check issuance. Additionally, business credit cards and business purchase cards are being used as an accounts payable tool.

The logo for Servis 1st Bank features the word "Servis" in white serif font inside a solid blue square, followed by "1st Bank" in a blue serif font.

Servis 1st Bank[®]

OUR NAME IS OUR MISSION.

Member FDIC |  Equal Housing Lender