

ServisFirst Bancshares, Inc.
Form 10-Q
July 30, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-53149

SERVISFIRST BANCSHARES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

26-0734029

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*(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)*

850 Shades Creek Parkway, Birmingham, Alabama 35209

(Address of Principal Executive Offices) (Zip Code)

(205) 949-0302

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

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

Class	Outstanding as of Monday, July 28, 2014
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Common stock, \$.001 par value 24,749,436

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PART 1. FINANCIAL INFORMATION**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****SERVISFIRST BANCSHARES, INC.****CONSOLIDATED BALANCE SHEETS JUNE 30, 2014 AND DECEMBER 31, 2013****(In thousands, except share and per share amounts)**

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Cash and due from banks	\$ 76,893	\$ 61,370
Interest-bearing balances due from depository institutions	199,990	188,411
Federal funds sold	3,044	8,634
Cash and cash equivalents	279,927	258,415
Available for sale debt securities, at fair value	294,254	266,220
Held to maturity debt securities (fair value of \$31,446 and \$31,315 at June 30, 2014 and December 31, 2013, respectively)	31,178	32,274
Restricted equity securities	3,418	3,738
Mortgage loans held for sale	11,675	8,134
Loans	3,053,989	2,858,868
Less allowance for loan losses	(32,984)	(30,663)
Loans, net	3,021,005	2,828,205
Premises and equipment, net	7,745	8,351
Accrued interest and dividends receivable	9,686	10,262
Deferred tax assets	12,817	11,018
Other real estate owned and repossessed assets	6,739	12,861
Bank owned life insurance contracts	70,090	69,008
Other assets	14,150	12,213
Total assets	\$ 3,762,684	\$ 3,520,699
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 729,163	\$ 650,456
Interest-bearing	2,428,479	2,369,186
Total deposits	3,157,642	3,019,642
Federal funds purchased	181,070	174,380
Other borrowings	19,957	19,940
Accrued interest payable	1,946	769
Other liabilities	21,995	8,776
Total liabilities	3,382,610	3,223,507

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Stockholders' equity:

Preferred stock, Series A Senior Non-Cumulative Perpetual, par value \$.001 (liquidation preference \$1,000), net of discount; 40,000 shares authorized, 40,000 shares issued and outstanding at June 30, 2014 and at December 31, 2013	39,958	39,958
Preferred stock, par value \$.001 per share; 1,000,000 authorized and 960,000 currently undesignated	-	-
Common stock, par value \$.001 per share; 50,000,000 shares authorized; 24,749,436 shares issued and outstanding at June 30, 2014 and 22,050,036 shares issued and outstanding at December 31, 2013	25	7
Additional paid-in capital	183,765	123,325
Retained earnings	150,769	130,011
Accumulated other comprehensive income	5,305	3,891
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	379,822	297,192
Noncontrolling interest	252	-
Total Stockholders' equity	380,074	297,192
Total liabilities and stockholders' equity	\$ 3,762,684	3,520,699

See Notes to Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	June 30,	2013	June 30,	2013
	2014		2014	2013
Interest income:				
Interest and fees on loans	\$ 33,250	\$ 28,874	\$ 65,502	\$ 56,192
Taxable securities	1,126	908	2,223	1,856
Nontaxable securities	870	847	1,741	1,679
Federal funds sold	38	17	80	33
Other interest and dividends	140	46	159	97
Total interest income	35,424	30,692	69,705	59,857
Interest expense:				
Deposits	3,027	2,784	6,041	5,497
Borrowed funds	419	427	837	978
Total interest expense	3,446	3,211	6,878	6,475
Net interest income	31,978	27,481	62,827	53,382
Provision for loan losses	2,438	3,334	4,752	7,618
Net interest income after provision for loan losses	29,540	24,147	58,075	45,764
Noninterest income:				
Service charges on deposit accounts	1,057	806	1,925	1,568
Mortgage banking	674	787	958	1,752
Securities gains	-	8	-	131
Increase in cash surrender value life insurance	546	485	1,082	955
Other operating income	661	487	1,148	964
Total noninterest income	2,938	2,573	5,113	5,370
Noninterest expenses:				
Salaries and employee benefits	9,098	7,056	16,795	12,735
Equipment and occupancy expense	1,409	1,469	2,775	2,580
Professional services	532	425	1,048	886
FDIC and other regulatory assessments	528	426	1,045	858
OREO expense	298	204	785	594
Other operating expenses	3,552	2,792	6,692	5,471
Total noninterest expenses	15,417	12,372	29,140	23,124
Income before income taxes	17,061	14,348	34,048	28,010
Provision for income taxes	5,476	4,662	10,705	9,073
Net income	11,585	9,686	23,343	18,937
Preferred stock dividends	116	100	216	200
Net income available to common stockholders	\$ 11,469	\$ 9,586	\$ 23,127	\$ 18,737

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Basic earnings per common share	\$ 0.49	\$ 0.46	\$ 1.01	\$ 0.94
Diluted earnings per common share	\$ 0.46	\$ 0.44	\$ 0.97	\$ 0.88

See Notes to Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$ 11,585	\$ 9,686	\$ 23,343	\$ 18,937
Other comprehensive income (loss), net of tax:				
Unrealized holding gains (losses) arising during period from securities available for sale, net of tax of \$528 and \$753 for the three and six months ended June 30, 2014, respectively, and \$(1,503) and \$(1,657) for the three and six months ended June 30, 2013, respectively	996	(2,790)	1,414	(3,077)
Reclassification adjustment for net gains on sale of securities in net income, net of tax of \$3 and \$46 for the three and six months ended June 30, 2013, respectively	-	(6)	-	(86)
Other comprehensive income (loss), net of tax	996	(2,796)	1,414	(3,163)
Comprehensive income	\$ 12,581	\$ 6,890	\$ 24,757	\$ 15,774

See Notes to Consolidated Financial Statements

SERVISFIRST BANCSHARES, INC.**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY****SIX MONTHS ENDED JUNE 30, 2014 AND 2013****(In thousands, except share amounts)****(Unaudited)**

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2013	\$ 39,958	\$ 7	\$ 123,325	\$ 130,011	\$ 3,891	\$ -	\$ 297,192
Common dividends paid, \$0.05 per share	-	-	-	(1,132)	-	-	(1,132)
Common dividends declared, \$0.05 per share	-	-	-	(1,237)	-	-	(1,237)
Preferred dividends paid	-	-	-	(216)	-	-	(216)
3-for-1 common stock split, in the form of a stock dividend	-	17	(17)	-	-	-	-
Issue 625,000 (pre-split) shares of common stock, net of issuance cost of \$4,777	-	1	52,097	-	-	-	52,098
Issue 250 shares of REIT preferred stock	-	-	-	-	-	250	250
Exercise 824,400 stock options and warrants, including tax benefit	-	-	5,258	-	-	-	5,258
Stock-based compensation expense	-	-	3,102	-	-	-	3,102
Other comprehensive income, net of tax	-	-	-	-	1,414	-	1,414
Net income	-	-	-	23,343	-	2	23,345
Balance, June 30, 2014	\$ 39,958	\$ 25	\$ 183,765	\$ 150,769	\$ 5,305	\$ 252	\$ 380,074
Balance, December 31, 2012	\$ 39,958	\$ 6	\$ 93,505	\$ 92,492	\$ 7,296	\$ -	\$ 233,257
Common dividends paid	-	-	-	(12)	-	-	(12)
Preferred dividends paid	-	-	-	(200)	-	-	