ServisFirst Bancshares, Inc.
Form 10-K/A
March 17, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

(Mark One)
x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013
OR
¨ **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**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer 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)
Securities registered pursuant to Section 12(b) of the Act:
NONE
Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.001 per share
(Titles of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No x

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 x 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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.
¨

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 small reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ¨ Accelerated filer x 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 x

As of June 30, 2013, the aggregate market value of the voting common stock held by non-affiliates of the registrant, based on a stock price of $41.50 per share of Common Stock, was $257,793,684.

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 February 28, 2014
Common stock, $.001 par value	7,420,812

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with its 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this annual report on Form 10-K.

EXPLANATORY NOTE

In this Amendment No. 1 to Annual Report on Form 10-K, or this 10-K/A, unless otherwise indicated, we refer to ServisFirst Bancshares, Inc., a Delaware corporation, as "we," "our," "us," "the Company," "ServisFirst Bancshares" or "ServisFirst" and to ServisFirst Bancshares, Inc., and its subsidiaries, including ServisFirst Bank, as "our bank subsidiary" or "the Bank."

We are filing this Form 10-K/A to amend certain disclosures in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as originally filed with the Securities and Exchange Commission on March 7, 2014 (our "Report"), to correct certain inadvertent typographical and clerical errors. The principal changes to our Report effected by this amendment are the following:

In Part I, Item 1A (Risk Factors), of our Report, we amended the risk factor related to the fair value of our investment securities portfolio as of December 31, 2013, from $257.5 million to $297.5 million.

In Part II, Item 5 (Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities), of our Report, we revised the amount of shares of our common stock subject to outstanding options to purchase shares of our common stock as of December 31, 2013, from 816,500 to 776,300.

Part II, Item 6 (Selected Financial Data), of our Report, we revised the following line items to the following amounts as of and for the corresponding years ended December 31:

- "Book value," changing the amount from 26.34 to 26.35 for 2011
- "Actual shares outstanding," changing the amount from 7,346,512 to 7,350,012 for 2013
- "Return on average stockholders' equity," changing the amount from 15.55 to 15.54 for 2013
- "Efficiency ratio," changing the amount from 59.57 to 59.93 for 2009
- "Allowance for loan losses to total gross loans," changing the amount from 1.24 to 1.22 for 2009
- "Allowance for loan losses to total non-performing loans," changing the amount from 122.34 to 120.91 for 2009
- "Net average loans to average earning assets," changing the amount from 84.65 to 84.80 for 2013, and from 79.82 to 79.89 for 2012
- "Noninterest-bearing deposits to total deposits," changing the amount from 16.96 to 19.54 for 2011
- "Stockholders' equity to total assets," changing the amount from 7.97 to 7.98 for 2011
- "Percentage change in net income," changing the amount from (16.10) to (16.09) for 2009

In Part II, Item 6 (Selected Financial Data), of our Report, we revised the "Net average loans to average assets" line item for the years ended December 31, 2013 and 2012, changing the ratios from 84.65% to 84.80% and 79.82% to 79.89%, respectively.

In Part II, Item 8 (Financial Statements and Supplementary Data), of our Report, with respect to the line items "Dividends on preferred stock" and "Net income available to common stockholders" in our Consolidated Statements of Income for the year ended December 31, 2013, we revised "Dividends on preferred stock," changing the amount from 400 to 416 (in thousands) and "Net income available to common stockholders" from 41,217 to 41,201 (in thousands).

In part II, Item 8 (Financial Statements and Supplementary Data), of our Report, with respect to the line items "Net income available to common stockholders" and "Net income available to common stockholders, adjusted for effect of debt conversion," in our Note 20 Earnings Per Common Share for the year ended December 31, 2013, we revised "Net income available to common stockholders," changing the amount from 41,217 to 41,201 (in thousands) and "Net income available to common stockholders, adjusted for effect of debt conversion," changing the amount from 41,332 to 41,316 (in thousands).

As required by Rule 12b-15 of the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are being filed as exhibits herewith.

As further required by Rule 12b-15, this Form 10-K/A sets forth the complete text of each item as amended. This Form 10-K/A does not affect any section of our Report not specifically discussed herein and continues to speak as of the date of our Report. Other than as specially reflected in this Form 10-K/A, this Form 10-K/A does not reflect events occurring after the filing of our Report or modify or update any related disclosures. Accordingly, this Form 10-K/A should be read in conjunction with our other filings made with the SEC subsequent to the filing of our Report.

SERVISFIRST BANCSHARES, INC.

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DECEMBER 31, 2013

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act. These "forward-looking statements" reflect our current views with respect to, among other things, future events and our financial performance. The words "may," "plan," "contemplate," "anticipate," "believe," "intend," "continue," "expect," "project," "predict," "es "should," "would," "will," and similar expressions are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking. All forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from any results expressed or implied by such forward-looking statements. These statements should be considered subject to various risks and uncertainties, and are made based upon management's belief as well as assumptions made by, and information currently available to, management pursuant to "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such risks include, without limitation:

- the effects of the continued slow economic recovery and high unemployment;
- the effects of continued deleveraging of United States citizens and businesses;
- the effects of potential federal spending cuts due to the United States financial budgetary "sequester";
- the effects of continued depression of residential housing values and the slow market for sales and resales;
- credit risks, including credit risks resulting from the devaluation of collateralized debt obligations (CDOs) and/or structured investment vehicles to which we currently have no direct exposure;
- the effects of governmental monetary and fiscal policies and legislative and regulatory changes;
- the effects of hazardous weather such as the tornados that struck the state of Alabama in April 2011 and January 2012;
- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with competitors offering banking products and services by mail, telephone and the internet;
- the effect of any merger, acquisition or other transaction to which we or any of our subsidiaries may from time to time be a party, including our ability to successfully integrate any business that we acquire;
- deterioration in the financial condition of borrowers resulting in significant increases in loan losses and provisions for those losses;
- the effect of changes in interest rates on the level and composition of deposits, loan demand and the values of loan collateral, securities and interest sensitive assets and liabilities;
- the effects of terrorism and efforts to combat it;
- the results of regulatory examinations;
- changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, including regulatory or legislative developments arising out of current unsettled conditions in the economy, including implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act");
- the effect of inaccuracies in our assumptions underlying the establishment of our loan loss reserves; and
- other factors that are discussed in the section titled "Risk Factors" in Item 1A.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this annual report on Form 10-K. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I

Unless this Form 10-K indicates otherwise, the terms "we," "our," "us," "the Company," "ServisFirst Bancshares" or "Serv as used herein refer to ServisFirst Bancshares, Inc., and its subsidiaries, including ServisFirst Bank, which sometimes is referred to as "our bank subsidiary" or "the Bank" and its other subsidiaries. References herein to the fiscal years 2009, 2010, 2011, 2012 and 2013 mean our fiscal years ended December 31, 2009, 2010, 2011, 2012 and 2013, respectively.

ITEM 1. BUSINESS

Overview

We are a bank holding company within the meaning of the Bank Holding Company Act of 1956 and are headquartered in Birmingham, Alabama. Our wholly-owned subsidiary, ServisFirst Bank, an Alabama banking corporation, provides commercial banking services through 12 full-service banking offices located in Alabama and the panhandle of Florida, as well as a loan production office in Nashville, Tennessee. Through the Bank, we originate commercial, consumer and other loans and accept deposits, provide electronic banking services, such as online and mobile banking, including remote deposit capture, deliver treasury and cash management services and provide correspondent banking services to other financial institutions. As of December 31, 2013, we had total assets of approximately $3.5 billion, total loans of approximately $2.9 billion, total deposits of approximately $3.0 billion and total stockholders’ equity of approximately $297 million.

We operate the Bank using a simple business model based on organic loan and deposit growth, generated by high quality customer service, delivered by a team of experienced bankers focused on developing and maintaining long-term banking relationships with our target customers. We utilize a uniform, centralized back office risk and credit platform to support a decentralized decision-making process executed locally by our regional chief executive officers. Rather than relying on a more typical traditional, retail bank strategy of operating a broad base of multiple brick and mortar branch locations in each market, our strategy focuses on operating a limited and efficient branch network with sizable aggregate balances of total loans and deposits housed in each branch office. We believe that this approach more appropriately addresses our customers’ banking needs and reflects a best-of-class delivery strategy for commercial banking services. This strategy allows us to deliver targeted, high quality customer service, while achieving significantly lower efficiency ratios relative to the banking industry.

The holding company structure provides flexibility for expansion of our banking business through the possible acquisition of other financial institutions, the provision of additional banking-related services which a traditional commercial bank may not provide under current law, and additional financing alternatives such as the issuance of trust preferred securities. We have no current plans to acquire any operating subsidiaries in addition to the Bank, but we may make acquisitions in the future if we deem them to be in the best interest of our stockholders. Any such acquisitions would be subject to applicable regulatory approvals and requirements.

Our principal business is to accept deposits from the public and to make loans and other investments. Our principal sources of funds for loans and investments are demand, time, savings and other deposits (including negotiable orders of withdrawal, or NOW accounts) and the amortization and prepayment of loans and borrowings. Our principal sources of income are interest and fees collected on loans, interest and dividends collected on other investments, and service charges. Our principal expenses are interest paid on savings and other deposits (including NOW accounts), interest paid on our other borrowings, employee compensation, office expenses and other overhead expenses.

In January 2012, we formed SF Holding 1, Inc., an Alabama corporation, and its majority-owned subsidiary, SF Realty 1, Inc., an Alabama corporation. In November 2013, SF FLA Realty, Inc. was established as another majority-owned subsidiary of SF Holding 1, and is also an Alabama corporation. SF Realty 1 and SF FLA Realty both elected to be treated as a real estate investment trust (“REIT”) for U.S. income tax purposes. The companies hold and manage participations in residential mortgages and commercial real estate loans originated by ServisFirst Bank. SF Holding 1, Inc. and its two subsidiaries are consolidated into the Company.

History

The Bank was founded by our President and Chief Executive Officer, Thomas A. Broughton, III, and commenced banking operations in May 2005 following an initial capital raise of $35 million. We were incorporated as a Delaware corporation in August 2007 for the purpose of acquiring all of the common stock of the Bank, and in November 2007 our holding company became the sole shareholder of the Bank by virtue of a plan of reorganization and agreement of merger. In May 2008, following our filing of a registration statement on Form 10 with the Securities and Exchange

Commission (or, “SEC”), we became a reporting company within the meaning of the Securities Exchange Act of 1934 (the “Exchange Act”) and have been filing annual, quarterly, and current reports, proxy statements and other information with the SEC since 2008.

Since inception, our bank has achieved significant growth, all of which has been generated organically. We achieved total asset milestones of $1 billion in 2008, $2 billion in 2011 and $3 billion in 2013. In addition to total asset milestones, we have opened offices in six new markets, and raised an aggregate of approximately $55.1 million to support our growth in these new locations through five separate private placements of our common stock to predominately local, individual investors.

Business Strategy

We operate a full service commercial bank focused on providing competitive products, state of the art technology and quality service. Our business philosophy is to operate as a metropolitan community bank emphasizing prompt, personalized customer service to the individuals and businesses located in our primary markets. We aggressively market to our target customers, which include privately held businesses with $2 million to $250 million in annual sales, professionals and affluent consumers who we believe are underserved by the large regional banks that operate in our markets. We also seek to capitalize on the extensive relationships that our management, directors, advisory directors and stockholders have with the businesses and professionals in our markets. We believe this philosophy has attracted and will continue to attract customers and capture market share historically controlled by other financial institutions operating in our markets.

Focus on Core Banking Business

We deliver a broad array of core banking products to our customers. Our management and employees focus on recognizing customers' needs and providing products and services to meet those needs. We emphasize an internal culture of keeping our operating costs as low as possible, which in turn leads to greater operational efficiency. Additionally, our centralized technology and process infrastructure contribute to our low operating costs. We believe this combination of products, operating efficiency and technology make us attractive to customers in our markets. In addition, in 2011 we began providing correspondent banking services to various smaller community banks in our markets, and currently act as a correspondent bank to approximately 150 community banks located throughout the southeastern United States. We provide a source of clearing and liquidity to our correspondent bank customers, as well as a wide array of account, credit, settlement and international services. This service is of a scale and quality that is unique for a bank our size and provides us with a core deposit base, solid revenue stream and a low cost of funds.

Commercial Bank Emphasis

We have historically focused on people as opposed to places. This strategy translates into a smaller number of brick and mortar branch locations relative to our size, but larger overall branch sizes in terms of total deposits. As a result, our branches (excluding those branches that have been open less than three years) average approximately $341 million in total deposits. Whereas, in the more typical retail banking model, branch banks continue to lose traffic to other banking channels which may prove to be an impediment to earnings growth for those banks that have invested in large branch networks. We place a strong emphasis on commercial and industrial loans, which comprised 44.7% of our total loan portfolio as of December 31, 2013. Our focus has been to expand opportunistically when we identify a strong banking team in a market with appropriate economies and market demographics where we believe we can achieve a minimum of $300 million in deposits. We seek to differentiate the Bank through our people, processes and technology. We do not believe that a traditional brick and mortar, retail-oriented branch network model is required to succeed in the current marketplace. Our experience is that our services and operating philosophy are attractive to customers in our markets who do not require numerous branch banks in a single market.

Scalable, Decentralized Business Model

We emphasize local decision-making by experienced bankers supported by centralized risk and credit oversight. We believe that the delivery by our bankers of in-market customer decisions coupled with risk and credit support from our corporate headquarters, allows us to serve customers directly and in person, while managing risk centrally and on a uniform basis. We intend to grow by repeating this scalable model in each market where we are able to identify a strong banking team. Our goal in each market is to employ the highest quality bankers in that market. We then empower those bankers to implement our operating strategy, grow our customer base and provide the highest level of customer service possible. We focus on a geographic model of organizational structure as opposed to a line of business model employed by most regional banks. This structure gives significant responsibility and accountability to our regional chief executive officers which we believe will aid in our growth and success. We have developed a business culture whereby our management, from the top down, is actively involved in sales, which is a key differentiator from our competition. All calling officers are required to actively solicit new customers, who are primarily non-borrowers from our bank, to build core deposits.

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Identify Opportunities in Vibrant Markets

Since opening our original banking facility in Birmingham in 2005, we have expanded into six additional markets. There are two primary factors we consider when determining whether to enter a new market:

- the availability of successful, experienced bankers with strong reputations in the market; and
- the economic attributes of the market necessary to drive quality lending opportunities coupled with deposit-related attributes of the potential market.

Prior to entering a new market, we identify and build a team of experienced, successful bankers with market-specific knowledge to lead the bank's operations in that market, including a regional chief executive officer. Generally, we or members of our senior management are familiar with these individuals based on prior work experience and reputation, and strongly believe in the ability of such individuals to successfully execute our business model. We also identify and build a non-voting advisory board of directors in each market, comprised of directors representing a broad spectrum of business experience and community involvement in the market. We currently have advisory boards in each of the Huntsville, Montgomery, Dothan, Mobile and Pensacola markets. While we currently have a loan production office in Nashville, Tennessee with three experienced bankers (one of whom was hired in January 2014), we anticipate expanding this office into a full-service branch in the future, assuming that we are able to identify and retain a full team of experienced bankers whom we believe can effectively execute our business model.

Prior to opening a full-service banking office in a new market, historically we have raised capital through private placements to investors in the local market, many of whom are also customers of our bank in such market. We believe having many of our customers as stockholders provides us with a strong source of core deposits, aligns our and our customers' interests, and fosters a platform for developing and maintaining the long-term banking relationships we seek.

In addition to organic expansion, we may seek to expand through targeted acquisitions. Although we have not yet identified any specific acquisition opportunity that meets our strict requirements, including a limited number of branches serving a vibrant market with a strong deposit base, a premier banking team with individuals whom we believe can execute our business model, and at a price that we believe provides attractive risk-adjusted returns, we routinely evaluate potential acquisition opportunities that we believe would be complementary to our business. We do not, however, have any immediate plans, arrangements or understandings relating to any acquisition, and we do not believe an acquisition is necessary to successfully implement our business model.

Market Growth and Competition

Our philosophy is to operate as a metropolitan community bank emphasizing prompt, personalized customer service to the individuals and businesses located in our primary markets. Our primary markets are broadly defined as the metropolitan statistical areas ("MSAs") of Birmingham-Hoover, Huntsville, Montgomery, Dothan and Mobile, Alabama, Pensacola-Ferry Pass-Brent, Florida, and Nashville, Tennessee. We draw most of our deposits from, and conduct most of our lending transactions in, these markets.

The markets in which we operate have enjoyed steady expansion in their deposit base. We believe that the long-term growth potential of each of our markets is substantial, and further believe that many local affluent professionals and small business owners will do their banking with local, autonomous institutions that offer a higher level of personalized service. According to FDIC reports, total deposits in each of our market areas have expanded from 2003 to 2013 (deposit data reflects totals as reported by financial institutions as of June 30th of each year) as follows:

	2013	2003	Compound Annual Growth Rate