ServisFirst Bancshares, Inc.

Analytical Contacts:

Leah Hallfors, Associate
lhallfors@kbra.com, (240) 394-4147

Marjan Riggi, Managing Director
mriggi@kbra.com, (646) 731-2354

Joe Scott, Senior Director
jscott@kbra.com, (646) 731-2438

Christopher Whalen, Senior Managing Director
cwhalen@kbra.com, (646) 731-2366

April 13, 2015

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KBRA KROLL BOND RATING AGENCY

Executive Summary

Kroll Bond Rating Agency (KBRA) has assigned the following ratings to **ServisFirst Bancshares, Inc. (NASDAQ: SFBS)** ("**ServisFirst**", or "**the Company**") and its subsidiary, **ServisFirst Bank** ("**the Bank**"), based on KBRA's **Global Bank and Bank Holding Company Rating Methodology** published on January 28, 2015.

Ratings			
Entity	**Type**	**Rating**	**Outlook**
ServisFirst Bancshares, Inc.	Senior Unsecured Debt	BBB+	Stable
	Subordinated Debt	BBB	Stable
	Short-Term	K2	
ServisFirst Bank	Senior Deposit	A-	Stable
	Short-Term	K2	

Based in Birmingham, Alabama, ServisFirst Bancshares, Inc. is the bank holding company of ServisFirst Bank, founded in May 2005 after an initial capital raise of $35 million, which represented the largest capital raise by a de novo bank in Alabama's history, at that time. ServisFirst Bank is a full service bank primarily engaged in commercial banking, cash management, private banking, and providing services to professional consumers primarily located throughout Alabama and Florida with a smaller presence in Tennessee, Georgia, and South Carolina. In addition, SFBS has a correspondent banking business serving approximately 200 small community banks in its region.

Key Rating Drivers

The ratings are supported by SFBS's sound financial fundamentals as indicated by the Company's established market share, experienced management team, exceptional cost culture, as well as positive asset quality and earnings metrics. These strengths are balanced by the Company's high concentrations in commercial and industrial (C&I) and commercial real estate (CRE) lending, compact geographic footprint, and elevated nonperforming assets (NPAs) during the crisis years.

Credit Strengths

- Established market share in key geographies
- Experienced management team
- Exceptional cost culture
- Remained profitable through the crisis years; earnings reflect consistent growth
- Demonstrated scalability
- Solid asset quality and improving capital ratios
- Outperformed regional peers in terms of asset quality during crisis years

Credit Constraints

- Concentrated geographic footprint
- Lending portfolio heavily concentrated in C&I and CRE loans
- Elevated NPAs during the crisis, largely impacted by impaired construction real estate loans

Financial Metrics

ServisFirst Bancshares, Inc.						
Key Statistics	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Total Assets (000s)	$4,098,679	$3,519,740	$2,906,314	$2,461,047	$1,935,166	$1,573,497
Total Loans / Total Assets	82.12%	81.45%	82.20%	75.11%	72.48%	77.11%
Nonperforming Assets / Total Assets	0.41%	0.64%	0.69%	1.04%	1.10%	1.57%
Nonperforming Assets / Tangible Equity + Reserves	3.81%	6.83%	7.72%	11.71%	15.77%	21.96%
Reserves / Total Assets	0.87%	0.87%	0.90%	0.90%	0.93%	0.95%
Reserves / Nonperforming Assets	211.40%	136.84%	131.01%	86.20%	84.82%	60.34%
Net Charge-Offs / Average Total Assets	0.13%	0.25%	0.17%	0.21%	0.38%	0.41%
Net Charge-Offs / Provisions	51.59%	66.14%	53.54%	55.94%	67.72%	60.32%
Loan Loss Provisions / Average Total Assets	0.25%	0.38%	0.32%	0.38%	0.56%	0.68%
Total Deposits / Total Assets	82.91%	85.79%	86.42%	87.12%	90.88%	91.03%
Total Loans/ Total Deposits	99.05%	94.94%	95.12%	86.22%	79.76%	84.71%
Total Equity (000s)	$406,961	$297,192	$233,257	$196,292	$117,100	$97,622
Net Revenue (000s)	$130,734	$108,623	$92,480	$72,619	$57,597	$37,220
Tier 1 / RWA	11.75%	10.00%	9.89%	11.39%	10.22%	8.89%
Total Equity - Intangible Assets / Total Assets	9.93%	8.44%	8.03%	7.98%	6.05%	6.20%
Net Interest Margin	3.35%	3.42%	3.45%	3.29%	3.47%	2.82%
Net Interest Income / Total Revenue	92.63%	92.46%	92.67%	92.46%	92.62%	91.22%
Noninterest Income / Total Revenue	7.37%	7.54%	7.33%	7.54%	7.38%	8.78%
Return on Average Assets	1.29%	1.20%	1.21%	0.98%	0.94%	0.37%
Return on Equity	12.87%	14.00%	14.77%	11.94%	14.84%	6.02%
Efficiency Ratio	40.26%	38.46%	40.28%	45.91%	45.58%	59.81%
Double Leverage	90.08%	105.82%	113.71%	113.99%	125.93%	115.37%

ServisFirst Bank						
Key Statistics	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Total Assets (000s)	$4,098,628	$3,519,541	$2,906,246	$2,460,239	$1,935,266	$1,572,848
Total Loans / Total Assets	82.12%	81.46%	82.20%	75.14%	72.48%	77.14%
Nonperforming Assets / Total Assets	0.41%	0.64%	0.69%	1.04%	1.10%	1.57%
Nonperforming Assets / Tangible Equity + Reserves	4.19%	6.49%	6.88%	10.42%	12.91%	19.47%
Reserves / Total Assets	0.87%	0.87%	0.90%	0.90%	0.93%	0.94%
Reserves / Nonperforming Assets	211.40%	136.84%	131.01%	86.20%	84.82%	59.63%
Net Charge-Offs / Average Assets	0.13%	0.25%	0.17%	0.21%	0.38%	0.41%
Net Charge-Offs / Provisions	51.59%	66.14%	53.54%	55.94%	67.72%	61.31%
Loan Loss Provisions / Average Total Assets	0.25%	0.38%	0.32%	0.38%	0.56%	0.67%
Total Deposits / Total Assets	84.41%	85.87%	86.53%	87.26%	90.88%	91.07%
Total Loans / Total Deposits	97.29%	94.86%	95.00%	86.11%	79.75%	84.70%
Total Equity (000s)	$366,609	$314,484	$265,179	$223,237	$146,954	$112,166
Net Revenue (000s)	$131,866	$109,949	$94,652	$74,922	$59,791	$38,796
Tier 1 / RWA	10.58%	10.59%	10.58%	11.23%	10.20%	8.86%
Total Equity - Intangible Assets / Total Assets	8.94%	8.94%	9.12%	9.07%	7.59%	7.13%
Net Interest Margin	3.38%	3.46%	3.53%	3.39%	3.59%	2.91%
Net Interest Income / Total Revenue	92.69%	92.54%	92.82%	92.66%	92.85%	91.47%
Noninterest Income / Total Revenue	7.31%	7.46%	7.18%	7.34%	7.15%	8.53%
Return on Average Assets	1.32%	1.24%	1.26%	1.05%	1.02%	0.43%
Return on Equity	14.61%	13.60%	13.57%	11.22%	12.89%	6.18%
Efficiency Ratio	39.40%	37.62%	39.12%	44.30%	43.73%	57.93%

Comparative Statistics

KBRA Rated Peer Comparison as of December 31, 2014							
Key Statistics	ServisFirst Bancshares, Inc.	Cadence Bancorp LLC	United Community Banks, Inc.	Eagle Bancorp, Inc.	First NBC Bank Holding Company	Tristate Capital Holdings, Inc.	Pacific Premier Bancorp, Inc.
Total Assets (000s)	$4,098,679	$7,949,360	$7,568,751	$5,248,715	$3,750,616	$2,846,857	$2,038,897
Total Loans / Total Assets	82.12%	78.01%	61.95%	83.01%	80.33%	84.31%	79.88%
Nonperforming Assets / Total Assets	0.41%	0.87%	0.17%	0.64%	0.71%	1.11%	0.12%
Nonperforming Assets / Tangible Equity + Reserves	3.81%	9.66%	1.56%	6.02%	5.63%	11.56%	1.37%
Reserves / Total Assets	0.87%	0.64%	0.95%	0.88%	1.13%	0.71%	0.60%
Reserves / Nonperforming Assets	211.40%	73.03%	567.55%	137.38%	159.08%	64.15%	487.03%
Net Charge-Offs / Average Total Assets	0.13%	0.06%	0.18%	0.12%	0.05%	0.32%	0.03%
Net Charge-Offs / Provisions	51.59%	41.06%	158.88%	52.62%	15.03%	87.43%	14.60%
Loan Loss Provisions / Average Total Assets	0.25%	0.14%	0.12%	0.22%	0.32%	0.36%	0.24%
Total Deposits / Total Assets	82.91%	82.74%	83.61%	82.13%	83.21%	82.09%	80.18%
Total Loans/ Total Deposits	99.05%	94.29%	74.09%	101.07%	96.54%	102.70%	99.62%
Total Equity (000s)	$406,961	$1,015,314	$739,577	$621,110	$436,373	$305,390	$199,592
Net Revenue (000s)	$130,734	$324,590	$270,163	$185,689	$106,944	$85,796	$80,624
Tier 1 / RWA	11.75%	9.23%	12.05%	10.39%	11.59%	9.24%	10.32%
Total Equity - Intangible Assets / Total Assets	9.93%	8.40%	9.72%	9.74%	11.46%	8.89%	8.35%
Net Interest Margin	3.35%	3.71%	3.18%	3.79%	3.22%	2.46%	3.91%
Net Interest Income / Total Revenue	92.63%	75.08%	79.92%	90.80%	90.67%	68.43%	86.27%
Noninterest Income / Total Revenue	7.37%	24.92%	20.08%	9.20%	9.33%	31.57%	13.73%
Return on Average Assets	1.29%	0.49%	0.89%	1.13%	1.50%	0.57%	0.84%
Return on Equity	12.87%	3.70%	9.14%	8.79%	12.74%	5.22%	8.32%
Efficiency Ratio	40.26%	77.29%	60.22%	50.44%	65.97%	67.04%	64.31%
Double Leverage	90.08%	99.70%	110.46%	104.33%	93.89%	102.43%	124.24%

Data sources: FR Y-9C and FR Y-9LP

Industry Peer Comparison as of December 31, 2014							
Key Statistics	ServisFirst Bancshares, Inc.	Regions Financial Corporation	BBVA Compass Bancshares, Inc.	Synovus Financial Corp.	Hancock Holding Corporation	IberiaBank Corporation	Pinnacle Financial Partners, Inc.
Total Assets (000s)	$4,098,679	$119,888,669	$83,152,427	$27,051,231	$20,752,202	$15,758,605	$6,018,248
Total Loans / Total Assets	82.12%	64.93%	69.18%	78.24%	67.06%	73.49%	76.50%
Nonperforming Assets / Total Assets	0.41%	1.01%	0.49%	1.07%	0.72%	0.73%	0.47%
Nonperforming Assets / Tangible Equity + Reserves	3.81%	9.50%	5.47%	8.85%	8.11%	7.98%	4.52%
Reserves / Total Assets	0.87%	0.92%	0.82%	0.97%	0.62%	0.83%	1.12%
Reserves / Nonperforming Assets	211.40%	91.19%	166.78%	90.18%	85.93%	113.60%	238.74%
Net Charge-Offs / Average Total Assets	0.13%	0.26%	0.15%	0.29%	0.10%	0.04%	0.07%
Net Charge-Offs / Provisions	51.59%	444.33%	114.75%	233.68%	132.96%	29.31%	116.78%
Loan Loss Provisions / Average Total Assets	0.25%	0.06%	0.13%	0.13%	0.07%	0.12%	0.06%
Total Deposits / Total Assets	82.91%	78.75%	73.59%	79.60%	79.88%	79.45%	79.47%
Total Loans/ Total Deposits	99.05%	82.46%	94.01%	98.30%	83.94%	92.50%	96.27%
Total Equity (000s)	$406,961	$16,988,161	$11,974,683	$3,041,270	$2,472,402	$1,852,849	$802,693
Net Revenue (000s)	$130,734	$5,137,339	$2,745,084	$1,021,610	$849,217	$615,545	$240,691
Tier 1 / RWA	11.75%	12.54%	10.94%	10.86%	11.23%	11.18%	12.10%
Total Equity - Intangible Assets / Total Assets	9.93%	9.70%	8.20%	11.13%	8.28%	8.28%	9.24%
Net Interest Margin	3.35%	3.13%	2.73%	3.28%	3.65%	3.27%	3.62%
Net Interest Income / Total Revenue	92.63%	62.98%	69.89%	77.62%	75.78%	72.49%	79.38%
Noninterest Income / Total Revenue	7.37%	37.02%	30.11%	22.38%	24.22%	27.51%	20.62%
Return on Average Assets	1.29%	0.97%	0.56%	0.73%	0.87%	0.68%	1.20%
Return on Equity	12.87%	6.80%	3.90%	6.42%	7.11%	5.69%	8.78%
Efficiency Ratio	40.26%	68.48%	76.53%	68.25%	70.26%	75.03%	55.27%
Double Leverage	90.08%	99.14%	99.63%	100.69%	99.33%	99.78%	106.93%

Data sources: FR Y-9C and FR Y-9LP

Rating Rationale

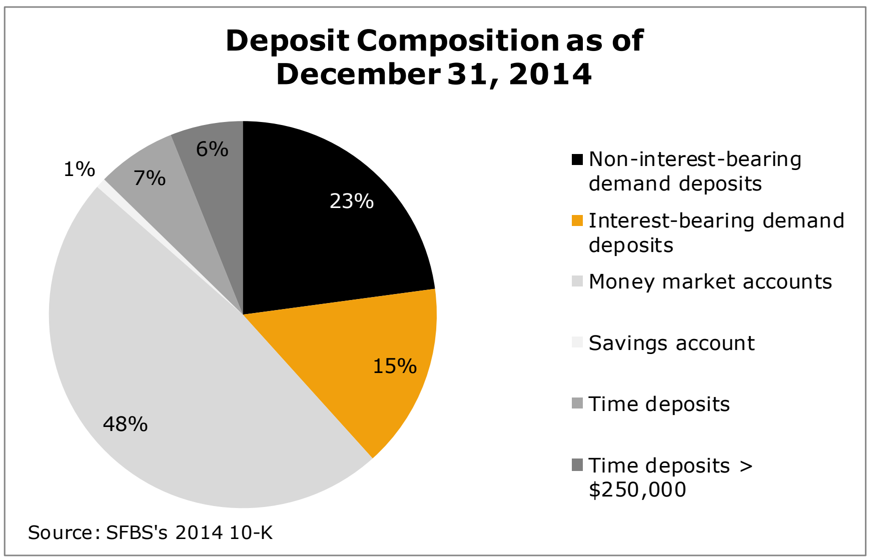
KBRA's senior deposit ratings of A-/K2 for ServisFirst Bank are supported by the following factors: i) a quantitative view of the Bank's financial fundamentals, including stress testing, ii) a qualitative assessment of the Bank's management and market strategy, and iii) the incorporation of potential external systemic support. KBRA's senior unsecured debt ratings of BBB+/K2 for ServisFirst Bancshares, Inc. reflect the overall credit profile of the organization and the potential structural subordination of its liabilities to the liabilities of its subsidiary in an event of default or regulatory intervention.

Consistent with KBRA's notching guidelines, ServisFirst Bancshares, Inc.'s subordinated debt is rated BBB, one notch below its senior unsecured debt rating.

Key Quantitative Rating Determinants

The quantitative financial fundamentals of the Bank are reflected in the primary credit rating (PCR) of "A-", which is derived from the financial strength rating (FSR) and potential adjustments to the FSR due to KBRA's stress testing as well as analysis of current and historical financial metrics.

Liquidity

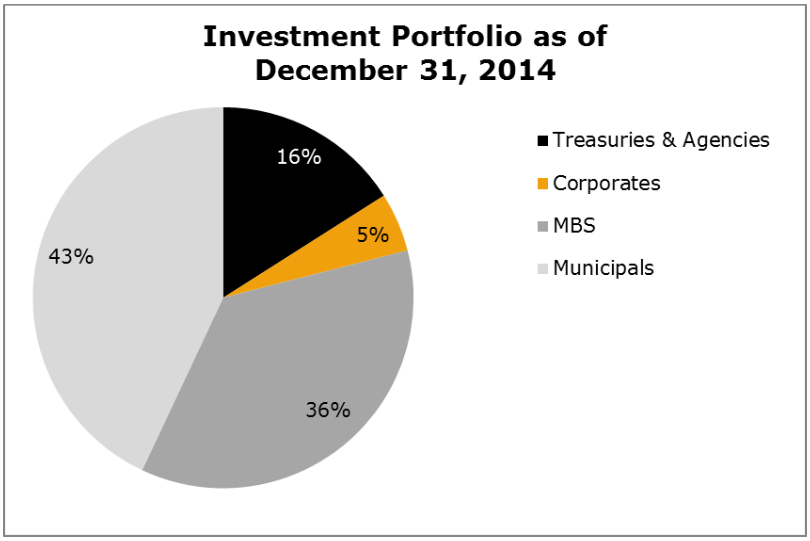


Core deposits represent the primary source of funding for the Bank, supplemented by the repayment of principal and interest on loans, the sale of loans, and the renewal of time deposits. Deposit levels reflect consistent growth and have increased 14% annually to $3.46 billion, as of December 31, 2014. The deposit base is well diversified by customer. Large deposits consist of operating accounts of long term C&I relationships. At the same time, SFBS reported liquid assets of $402.5 million, consisting of cash and due from banks, federal funds sold, and unpledged available-for-sale (AFS) securities. At year-end 2014, SFBS had access to approximately $160.0 million unused federal funds lines of credit with regional banks, under certain restrictions and collateral requirements. If necessary, the Bank has borrowing capacity with the Federal Reserve and Federal Home Loan Bank (FHLB) as well as with existing correspondent banks. SFBS has loans valued at $621 million currently pledged to the Federal Reserve. In connection with the Metro Bank merger, SFBS acquired $1.4 million in FHLB advances. Moreover, the holding company reported cash on hand of $48.52 million as of December 31, 2014, which well covers the Company's debt service expense.

SFBS's liquid asset ratio, which stood at 11.42%, according to the latest Federal Deposit Insurance Corporation (FDIC) Bank Holding Company Performance Report, was somewhat below the peer group[1] average of 19.39%. The Bank's securities portfolio represented approximately 8% of total assets and

[1] According to the Bank Holding Company Performance Report December 31, 2014; Peers defined as banks with consolidated assets between $3 billion and $10 billion.

consisted of $29.36 million in held-to-maturity (HTM) securities and $298.81 million in available-for-sale (AFS) securities, as of December 31, 2014. The duration of the securities portfolio amounted to approximately 3 years as of December 31, 2014 and has been gradually reduced in recent years. Municipals accounted for 43% of the year-end 2014 investment portfolio followed by mortgage-backed securities (MBS) at 36%. Moreover, all MBS are pass-through and SFBS does not have any structured investment vehicles or private-label MBS.



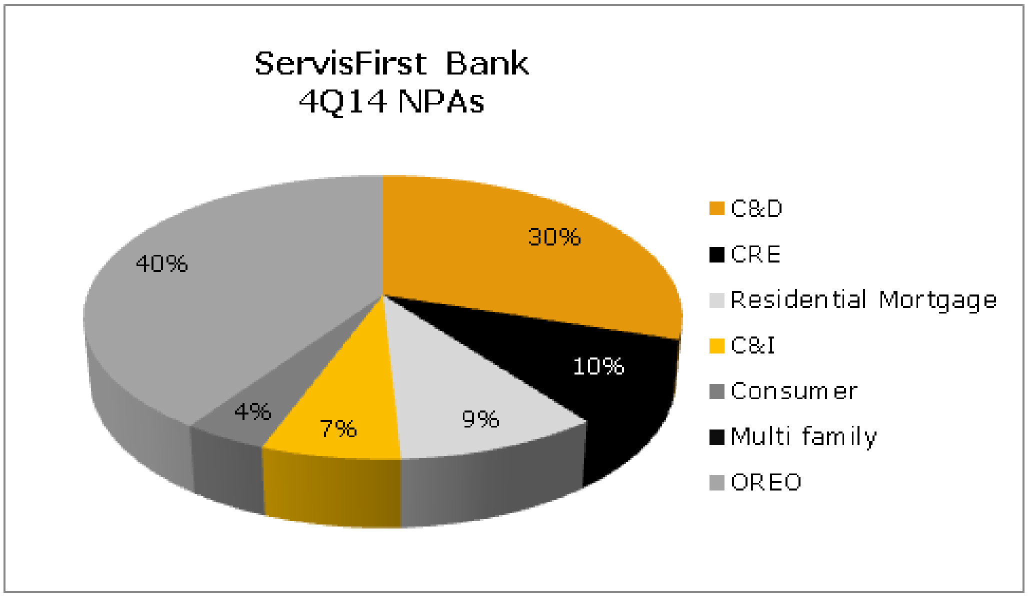
SFBS's net noncore funding dependence remained low at 8.68%, which ranked in the 25th percentile among peers, and was 56% comprised of time deposits of $100,000 or more while the remainder consisted of federal funds purchased and repos.

Asset Quality

ServisFirst's lending portfolio is heavily weighted by commercial loans with C&I, and CRE loans representing the largest components at 43% and 36%, respectively. The bulk of CRE loans are owner-occupied by C&I customers. The remaining balance is disbursed among residential mortgage (12%), construction and development (C&D) (6%), multi-family (2%), other (2%), and consumer loans (1%). In terms of lending category, other real estate owned (OREO) accounted for the largest proportion of total NPAs at 40%, followed by C&D (30%), CRE (10%), residential mortgage (9%), C&I (7%), and consumer (4%), as of year-end 2014.

ServisFirst recorded a spike in delinquencies during the crisis years; nonetheless, SFBS's NPA ratios remained below that of many regional peers at that time and improved thereafter. The Bank reported NPAs amounting to 19.47% of tangible equity plus reserves and 1.57% of total assets in 2009, primarily comprised of construction real estate loans. As of December 31, 2014, the aforementioned ratios reflect significant improvement, with NPAs representing 4.19% of tangible equity plus reserves and 0.41% of total assets. SFBS maintains a watch list for any significant loan amount in nonaccrual status and had one Special Mention as of December 31, 2014. SFBS acquired a small quantity of delinquencies in the Metro Bank acquisition, which closed in January of 2015, however, there are not any associated watch list credits and the Company does not have any noteworthy delinquencies in its pipeline at this time. Additionally, the level of reserve coverage for NPAs has been rising and is ample at approximately 211% as of December 31, 2014.

The level of net charge-offs has remained relatively low over recent years, although net charge-offs increased to $8.60 million in 2013, from $4.87 million in 2012, primarily attributable to a $5.5 million charge-off consisting of one construction real estate relationship. However, the level of substandard construction real estate loans improved from $14.4 million to $9.2 million over the same horizon. Credit quality has continued to improve over the course of 2014 as construction real estate charge-offs decreased from $4.8 million recorded at year-end 2013 to $1.3 million as of year-end 2014, while the amount of substandard construction real estate loans has further improved to $5.7 million. Consequently, the level of net charge-offs improved to $5.29 million, as of December 31, 2014. SFBS continues to monitor these loans diligently.



ServisFirst Bank Portfolio Asset Quality - 4Q14			
Loan Type	Portfolio Value ($000s)	NPLs ($000s)	Percentage Nonperforming
Construction & Development	$208,769	$5,049	2.42%
Commercial Real Estate	$1,210,555	$1,642	0.14%
Residential Mortgage	$339,439	$1,596	0.47%
Commercial & Industrial	$1,458,213	$1,097	0.08%
Consumer	$44,158	$666	1.51%
Multi-Family Loans	$54,725	$0	0.00%
Total Loans	$3,365,842	$10,050	0.30%

Source: FFIEC 041

Capital Adequacy

ServisFirst was founded in May 2005 after an initial capital raise of $35 million, which represented the largest capital raise by a de novo bank in Alabama's history. On May 19, 2014, SFBS completed its initial public offering. ServisFirst has reported rising capital levels, which increased by 37% in 2014, on an annual basis. Capital ratios, at both bank and bank holding company levels, continue to exceed regulatory requirements for well-capitalized status. As of December 31, 2014, the Bank reported Tier 1 risk-based, total risk-based, and leverage ratios of 10.58%, 11.62%, and 8.92%, respectively, all of which exceed regulatory requirements. In 2009 and 2010, the holding company reported low tangible capital ratios of 6.20% and 6.05%, respectively; however, the ratio has improved to 9.93%, as of year-end 2014, and compares favorably to peers. Additionally, SFBS's double leverage ratio has been improving since 2009 when it amounted to 125.93%; as of December 31, 2014 the ratio stood at 90.08%.

Regulatory Capital Ratios- ServisFirst Bank	2014	2013	2012	2011	2010	2009
Tier 1 leverage ratio	8.92%	8.98%	9.03%	9.06%	7.77%	6.94%
Tier 1 risk-based capital ratio	10.58%	10.59%	10.58%	11.23%	10.20%	8.86%
Total risk-based capital ratio	11.62%	11.64%	11.66%	12.63%	11.80%	10.44%

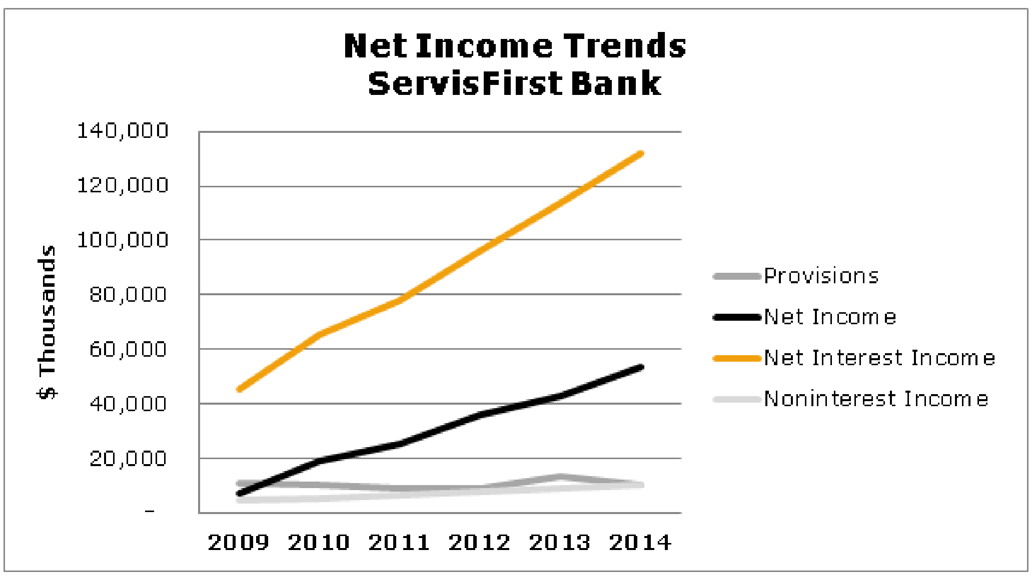
Data Source: ServisFirst Bank's Forms FFIEC 041

Regulatory Capital Ratios- ServisFirst Bancshares, Inc.	2014	2013	2012	2011	2010	2009
Tier 1 leverage ratio	9.91%	8.48%	8.43%	9.17%	7.77%	6.97%
Tier 1 risk-based capital ratio	11.75%	10.00%	9.89%	11.39%	10.22%	8.89%
Total risk-based capital ratio	13.38%	11.73%	11.78%	12.79%	11.82%	10.48%

Data Source: ServisFirst Bancshares, Inc.'s Forms FR Y-9C

Earnings

SFBS navigated the financial crisis while remaining profitable and overall earnings metrics reflect consistent growth. Income is largely driven by interest and fees collected on loans, interest and dividends collected on other investments, and service charges. Principal expenses include interest paid on savings and other deposits, interest paid on borrowings, employee compensation, office and other overhead costs. For full year 2014, the Bank recorded net income of $53.56 million and a return on average assets (ROAA) of 1.32%, compared to net income of $42.76 million and an ROAA of 1.24%, reported in 2013. Net interest income increased to $131.74 million at December 31, 2014, from $113.79 million reported one year earlier, primarily driven by higher interest and fees earned on loans. Noninterest income totaled $10.39 million for the year, against $9.17 million recorded in 2013, attributable to higher service charges on deposit accounts. Additionally, SFBS applied $20.9 million of the $52.1 million in net proceeds from its May 2014 initial public offering towards the Metro Bank acquisition, which closed on January 31, 2015. As with many banks, SFBS's net interest margin (NIM) has been pressured by the low interest rate environment, but remains adequate at 3.38% as of December 31, 2014.



Of note, the Bank has a strong culture of cost control, as evidenced by its "branch light" approach that encompasses a resourceful and efficient branch network, with single branches typically holding an average of $261 million in deposits. SFBS utilizes a centralized risk infrastructure and credit platform, while outsourcing select procedures such as data processing, loan servicing, and deposit processing. As a result, the Bank has been able to control noninterest expense, which totaled approximately $56 million in 2014. The Bank's ability to minimize expenses paired with rising net interest income and noninterest income has translated to an exceptional efficiency ratio, which amounted to 39.40% as of year-end 2014.

Key Qualitative Rating Determinants

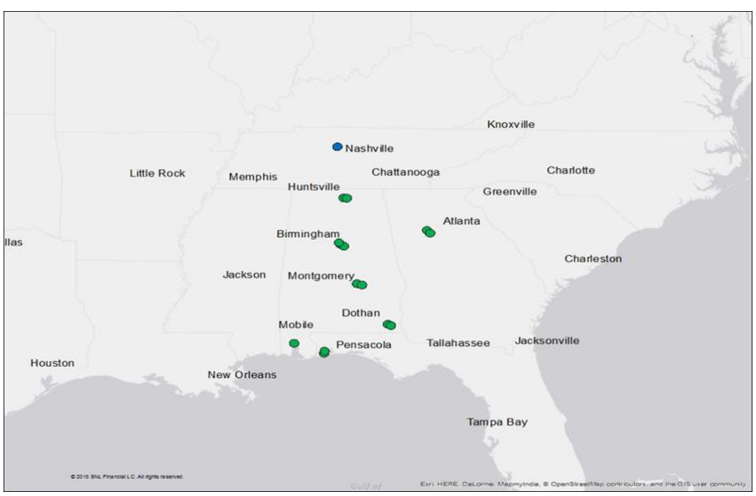
The qualitative aspects of SFBS were assessed using a scoring model that focuses on four key factors: market strategy, risk management, liquidity management, and the economic and regulatory framework. Overall, SFBS scored in the "**average**" to "**strong**" categories for qualitative factors using data obtained from annual reports, earnings statements, management presentations, and regulatory reports. The following describes KBRA's qualitative assessment for the Company:

Market Strategy

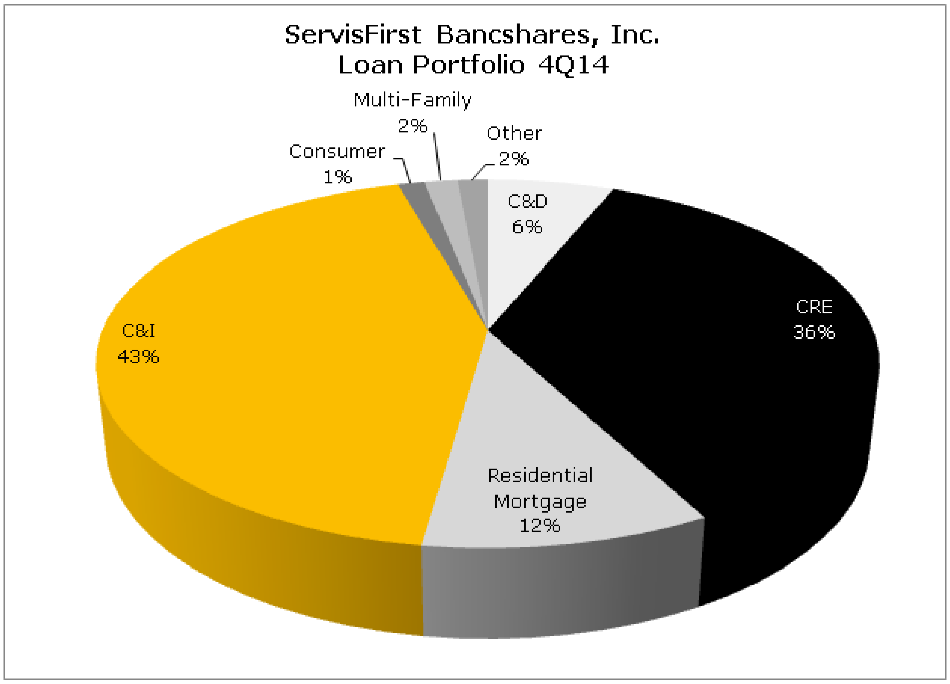
Business Lines

Based in Birmingham, Alabama, ServisFirst Bancshares, Inc. is the bank holding company of ServisFirst Bank, founded in May of 2005 after an initial capital raise of $35 million, which represented the largest capital raise by a de novo bank in Alabama's history. ServisFirst Bank is a full service bank primarily engaged in commercial banking, cash management, private banking, and providing services to professional consumers. In addition, SFBS has a correspondent banking business serving approximately 200 small community banks in its region. On May 19, 2014, SFBS completed its initial public offering.

Through entirely organic-based growth, ServisFirst Bancshares, Inc. eclipsed $4.0 billion in assets, encompassing a branch network of 13 offices that span Alabama and Florida as well as a loan production office in Nashville, Tennessee, as of year-end 2014. On January 31, 2015, SFBS acquired MetroBank, establishing a presence in Atlanta, Georgia and marking the Company's first acquisition. SFBS also penetrated the Charleston, South Carolina market where the Company recently opened a banking center. Moving forward, SFBS intends to return its focus to organic growth. Presently, the metropolitan statistical areas (MSAs) of Birmingham-Hoover, Huntsville, Montgomery, Dothan and Mobile, Alabama, Pensacola-Ferry Pass-Brent, Florida, and Nashville, Tennessee represent SFBS's primary markets. ServisFirst has been able to secure significant market share in the key markets located in its home state of Alabama as well as in its targeted regions in Florida. However, the Company lacks a national presence.



In terms of its fourth quarter lending portfolio, SFBS carries a high balance of commercial loans with C&I and CRE loans representing the largest components at 43% and 36%, respectively. The balance is comprised of residential mortgage (12%), C&D (6%), multi-family (2%), other (2%), and consumer loans (1%).



Management Profile and Strategy

ServisFirst's management team is comprised of experienced individuals with established tenures in the banking industry. Top executives and regional CEOs have strong backgrounds and prior experience working at other banking institutions. Uniquely, SFBS employs a "branch light" business strategy, which focuses on operating a highly efficient and limited branch network in order to minimize unnecessary operating expenses and branch overlap. In hand with this approach, the Company is careful to select markets with strong growth prospects and a plentiful availability of experienced bankers. Moreover, the Company believes that this approach supports its mission of delivering high quality customer service and facilitates the development of long-term, multiple channel relationships.

SFBS's business model is centered on organic loan and deposit growth supplemented by opportunistic expansion in its current target markets (as summarized in the chart below). Expansion is geared towards Southern markets, with a metropolitan focus and a broad network of experienced bankers. Acquisition and merger activity pinpoints institutions with market demographics favorable for attaining a minimum of $300 million in deposits within 5 years of market entry and an abundance of experienced bankers.

Historical Growth of SFBS		
Date	**Location/Purpose**	**Nature**
August 2006	Huntsville, AL	Organic
June 2007	Montgomery, AL	Organic
September 2008	Dothan, AL	Organic
March 2011	Established Correspondent Banking Division	Organic
April 2011	Pensacola, FL	Organic
July 2012	Mobile, AL	Organic
April 2013	Nashville, TN	Organic
January 2015	Charleston, SC	Organic
January 2015	Metro Bank; entry to Georgia market	Acquisition

On January 31, 2015, SFBS completed a merger agreement with Metro Bancshares, Inc., the holding company of Metro Bank founded in 2007 and domiciled in Douglasville, Georgia. The transaction represented the Company's first strategic acquisition and provided entry into the Atlanta metropolitan market. At December 31, 2014, Metro Bank reported total assets of $210.46 million, total equity of $25.79 million, total loans of $154.20 million, and total deposits of $182.37 million. Metro Bank is primarily engaged in traditional banking and commercial lending services throughout the Atlanta metropolitan area and is harmonized with SFBS's strategic vision. ServisFirst anticipates the completion of the system conversion in late May of 2015 and expects the merger to be accretive to earnings per share in two years. Overall, SFBS appears well positioned given market dynamics and management's risk appetite appears in line with the Company's business model.

Revenue and Customer Profile

Lending is targeted to mid-market commercial customers largely consisting of privately held businesses with $2 million to $250 million in annual sales and high net worth individuals that the Company views as underserved by larger regional banks located in the various markets throughout Alabama, Florida, Georgia, and Tennessee. As noted, the Company emphasizes high quality customer service that promotes long-term, multiple product relationships with customers. In 2011, SFBS began offering correspondent banking services to smaller community banks and currently serves approximately 200 community banks spanning the southeastern states.

Income is principally driven by interest and fees collected on loans, interest and dividends collected on other investments, and service charges—all of which reflect growth over recent years. As such, interest income increased by 15%, while noninterest income increased by 12%, in 2014. Subsequently, SFBS's historical earnings reflect steady growth and compare favorably among peers. Also noteworthy, despite reporting lower earnings during the crisis years, SFBS remained profitable through the downturn.

In summary, given SFBS's high concentration of commercial lending, while also considering the support of an experienced management team and resilient earnings metrics, KBRA views ServisFirst's market strategy as **average** to **strong**.

Risk Management

SFBS's risk management framework appears comprehensive and the Company has not recorded any loses related to lapses in this area. The Company utilizes a centralized risk and credit platform to ensure uniformity across all businesses, which supports decentralized, regional oversight. Regional CEOs manage processes at individual branch locations, while adhering to corporate policies and procedures. Individual loan officers are granted lending authority based on seniority. Commitments to single borrowers that exceed an officer's limit, of amounts up to $3 million, require further approval from the Regional CEO and/or senior management including a regional credit officer. Any credit of $3 million or greater must be approved by the CEO, Chief Credit Officer and Chief Operating Officer. Additionally, the Chief Credit Officer reviews all loans over $1 million. SFBS's in-house limit is conservative at $25 million for a loan graded 3 or better and $20 million for a loan graded 4 or higher, versus the legal lending limit of $75 million.

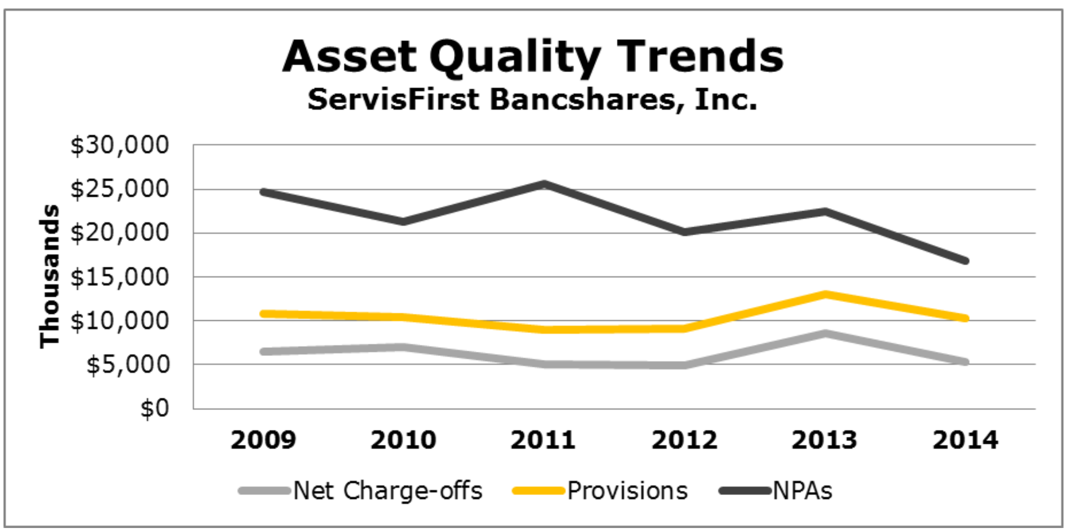
Loan officers utilize a nine-point risk grade scale to assign risk grades to lending relationships and are responsible for reporting any changes in the risk grade of a loan in a timely fashion. The assigned risk grades are used to categorize the criticized and classified loans into the following regulatory classifications: Special Mention, Substandard, Doubtful, or Loss. As of December 31, 2014, Special Mention, Substandard, and Doubtful loans amounted to $77.6 million, or 2.3% of total loans, compared to $93.2 million, or 3.3% of total loans, reported one year prior.

SFBS maintains a watch list for any significant loan amount in nonaccrual status and had one Special Mention as of December 31, 2014. However, general risks associated with CRE lending are partially mitigated by shorter maturities and careful monitoring of borrower concentration in addition to well-defined lending tolerances. Controls for real estate construction loans, specifically, include weekly monitoring of any past due accounts; monthly credit review for all watch list/classified loans, including the development of aggressive action plans; and loans for new construction are generally restricted to established builders with a proven history of successful turnovers. Moreover, SFBS generally avoids funding undeveloped property.

SFBS's risk appetite includes operating a limited, highly efficient branch network and the Company is methodical in de novo branch expansion. SFBS assesses potential markets for attractive demographics and strong growth prospects as well as a plentiful availability of experienced bankers. Management generally builds new banking teams using industry contacts and selects individuals with strong reputations that management members have previously worked with. Moreover, the Company has only completed one acquisition since its inception in 2005 (Metro Bank), which was well planned and consistent with the Company's strategic vision.

In hand with its highly efficient branch network, SFBS has a high caliber technological infrastructure. SFBS utilizes a centralized risk infrastructure and credit platform, while outsourcing select procedures such as data processing, loan servicing, and deposit processing. As a result, ServisFirst has been able to reduce costs, which has generated an exceptional efficiency ratio, which amounted to approximately 40% as of year-end 2014.

As with many institutions, SFBS experienced a spike in delinquencies as a result of the most recent financial crisis; however, NPA ratios remained favorable in comparison to regional peers and steadily improved thereafter. In 2009, NPAs peaked to represent 19.47% of tangible capital plus reserves and 1.57% of total assets at the bank level. As of December 31, 2014, the Bank recorded strong asset quality ratios, which stood at 4.19% of tangible equity plus reserves and 0.41% of total assets. Additionally, the level of reserve coverage for NPAs has been rising and is ample at approximately 211% as of December 31, 2014.

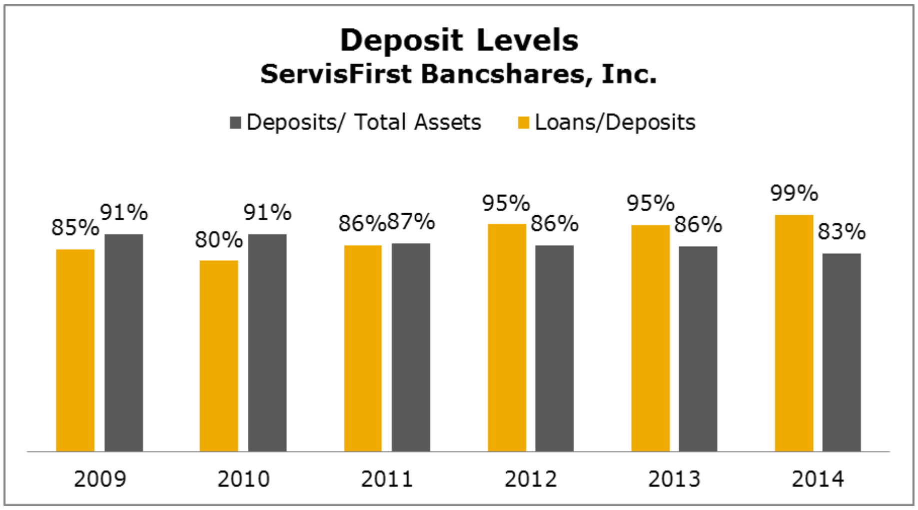


In view of the aforementioned policies and procedures, coupled with the Company's historically strong asset quality trends, ServisFirst scores **average** to **strong** for its risk management.

Liquidity Management

ServisFirst's liquidity risk oversight and monitoring is adequate and similar to that of peers with comprehensive review processes in place and established tolerances. The Company assesses liquidity on a weekly basis through systematic monitoring and performs its own liquidity stress testing to ensure the ability to meet obligations in the event of a market disruption.

While primarily deposit funded, the Bank also has access to varied sources of market funds and has borrowing capacity with the Federal Reserve and the FHLB. If necessary, the Bank can post additional collateral to meet liquidity requirements and has access to borrowing lines with correspondent banks. Liquidity at the bank holding company level is satisfactory. Furthermore, SFBS's liquidity requirements are sufficiently covered by the Company's available cash and other liquidity sources for a 12 month or greater duration. ServisFirst scores **average** for this component.



Economic and Regulatory Framework

ServisFirst operates exclusively in the United States, an advanced economy with a developed banking infrastructure and a strong regulatory framework for the banking system. SFBS is subject to a comprehensive system of BHC and bank supervision administered by federal and state regulatory agencies. In addition, as a publicly traded company, SFBS operates under the enforcement of the Securities and Exchange Commission (SEC). Significant legislative and regulatory proposals that affect the business include the Dodd-Frank Wall Street Reform and Consumer Protection Act and the new Basel III standards. Given the advanced banking infrastructure and strict banking oversight of U.S. federal and state authorities, ServisFirst scores **strong** for this factor.

External Support

Pursuant to the 2010 Dodd–Frank Act, U.S. regulators are in the process of creating a working resolution regime for large banks so that their potential failure does not lead to a systemic crisis. However, KBRA believes that for the foreseeable future, depositories such as the Bank and their uninsured depositors and creditors will benefit from some degree of extraordinary systemic support. While we do not adjust the rating to reflect this reality, the fact that the FDIC, when acting as a receiver of a bank holding company and/or bank, can pay uninsured depositors and other creditors at its discretion creates the expectation of governmental support.[2] However, KBRA does not foresee any regulatory support being extended to SFBS or its investors.

[2] Statement by Jeffrey M. Lacker, President, Federal Reserve Bank of Richmond before the Committee on Financial Services, U.S. House of Representatives, Washington, D.C., June 26, 2013.

Outlook

The stable outlook for the rating reflects the resilience of ServisFirst's capital and earnings to KBRA's forward-looking economic stress scenarios.

Drivers of Rating Change

Rating Upgrade

The Bank and its parent share a stable outlook for the mid-term. In KBRA's view, given an environment faced with enduring difficulties, a rating upgrade in the near future is not expected. Even so, diversification of the lending portfolio or notable improvement in asset quality and earnings could lead to the consideration of an upgrade.

Rating Downgrade

The ratings assigned to SFBS incorporate a certain degree of resilience based upon KBRA's stress testing. Therefore, a rating downgrade in the near term is unlikely. Still, significant deterioration in earnings or asset quality metrics beyond the stress scenarios could pressure the ratings.