

ServisFirst Bancshares, Inc.
Form DEF 14A
March 19, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 14A

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14a INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant R

Filed by a Party other than the Registrant £

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

£

Soliciting Material Under Rule 14a-12

SERVISFIRST BANCSHARES, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

R No fee required

£ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

(4) Date Filed:

SERVISFIRST BANCSHARES, INC.

**850 Shades Creek Parkway, Suite 200
Birmingham, Alabama 35209**

March 19, 2012

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of ServisFirst Bancshares, Inc. Our Annual Meeting will be held at the Pensacola Country Club, 1500 Bayshore Drive, Pensacola, Florida 32507 on Thursday, April 26, 2012, at 5:00 p.m., Central Daylight Time. We will have a cocktail hour after the meeting.

The enclosed proxy materials describe the formal business to be transacted at the Annual Meeting, which includes a report on our operations. Many of our directors and officers will be present to answer any questions that you and other stockholders may have. Included in the materials is our Annual Report to Stockholders, which contains detailed information concerning our activities and operating performance including our Annual Report on Form 10-K.

The business to be conducted at the Annual Meeting consists of the election of six directors; the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2012; an advisory vote on executive compensation; the approval of an amendment to our certificate of incorporation to increase the number of shares of authorized common stock from 15 million to 50 million. Our board of directors unanimously recommends a vote "FOR" the election of the director nominees; "FOR" the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2012; "FOR" the "Say on Pay" advisory vote approving our executive compensation; and "FOR" the amendment to our certificate of incorporation to increase the number of shares of authorized common stock.

You may vote your shares by returning your Proxy Card in the enclosed prepaid return envelope or by voting in person at the Annual Meeting. Instructions regarding the methods of voting are contained in the enclosed Proxy Statement and on the accompanying Proxy Card.

On behalf of our board of directors, we request that you vote your shares now, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted. Your vote is important.

Sincerely,

Thomas A. Broughton III

Director, President and Chief Executive Officer

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SERVISFIRST BANCSHARES, INC.

**850 Shades Creek Parkway, Suite 200
Birmingham, Alabama 35209**

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 26, 2012

To Our Stockholders:

Notice is hereby given that our Annual Meeting of Stockholders will be held at the Pensacola Country Club, 1500 Bayshore Drive, Pensacola, Florida 32507 on Thursday, April 26, 2012, at 5:00 p.m., Central Daylight Time, for the following purposes:

1. to elect six nominees to serve on our board of directors until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified, as set forth in the accompanying Proxy Statement;
2. to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2012;
3. to conduct a "Say on Pay" advisory vote on our executive compensation;
4. to amend our Certificate of Incorporation to increase the number of shares of authorized common stock from 15 million to 50 million; and
5. to transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Our board of directors is not aware of any other business to come before the Annual Meeting.

Stockholders of record as of the close of business on March 8, 2012 are entitled to notice of, and to vote their shares in person or by proxy at, the Annual Meeting.

YOUR VOTE IS IMPORTANT

IT IS IMPORTANT THAT YOU RETURN YOUR PROXY CARD. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE IN THE ENCLOSED RETURN ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. STOCKHOLDERS WHO EXECUTE A PROXY CARD MAY NEVERTHELESS ATTEND THE ANNUAL MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON.

By Order of the Board of Directors,

William M. Foshee

Secretary and Chief Financial Officer
Birmingham, Alabama

March 19, 2012

**2012 ANNUAL MEETING OF STOCKHOLDERS
OF
SERVISFIRST BANCSHARES, INC.**

PROXY STATEMENT

Our board of directors solicits the accompanying proxy for use at our Annual Meeting of Stockholders to be held on Thursday, April 26, 2012, at 5:00 p.m., Central Daylight Time, at the Pensacola Country Club, 1500 Bayshore Drive, Pensacola, Florida 32507. The notice of annual meeting of stockholders, this Proxy Statement and the accompanying Proxy Card are being mailed on or about March 20, 2012 to our stockholders of record as of the close of business on March 8, 2012, the record date for the Annual Meeting.

Our corporate headquarters is located at 850 Shades Creek Parkway, Suite 200, Birmingham, Alabama 35209 and our toll free telephone number is (866) 317-0810.

Throughout this Proxy Statement, unless the context indicates otherwise, when we use the terms “the Company”, “we,” “our” or “us,” we are referring to ServisFirst Bancshares, Inc. and its wholly-owned subsidiary, ServisFirst Bank (the “Bank”). When we use the term “Annual Meeting”, we intend to include both the Annual Meeting to be held on the date and at the time and place identified above and any adjournment or postponement of such Annual Meeting.

ABOUT THE ANNUAL MEETING

What are the purposes of the Annual Meeting?

At the Annual Meeting, stockholders will vote on: (1) the election of six directors, as more fully described in Proposal 1 below; (2) the ratification of KPMG LLP as our independent public accounting firm for the year ending December 31, 2012; (3) an advisory vote on our executive compensation; (4) an amendment to our Certificate of Incorporation to increase the number of shares of authorized common stock; and (5) such other business as may properly come before the Annual Meeting. Our board of directors is not aware of any matters that will be brought before the Annual Meeting, other than procedural matters, that are not listed above. However, if any other matters properly come before the Annual Meeting, the individuals named on the Proxy Card, or their substitutes, will be authorized to vote on those matters in their own judgment.

Who is entitled to vote?

Only stockholders of record at the close of business on March 8, 2012, the record date for the Annual Meeting, are entitled to receive notice of the Annual Meeting and to vote shares of common stock held as of the record date at the Annual Meeting. Each outstanding share of common stock entitles its holder to cast one vote on each matter to be voted upon. There are no cumulative voting rights.

If you did not receive an individual copy of this year's Proxy Statement or our Annual Report, we will send a copy to you if you send a written request to our Secretary, William M. Foshee, 850 Shades Creek Parkway, Suite 200, Birmingham, Alabama 35209, telephone (205) 949-0307.

What is a proxy?

It is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document is called a proxy or a Proxy Card. We have designated Thomas A. Broughton III and William M. Foshee (the “Management Proxies”) as proxies for the 2012 Annual Meeting of Stockholders.

What is a Proxy Statement?

It is a document that SEC regulations require us to give to you when we ask you to sign a Proxy Card designating the Management Proxies as your proxies to vote on your behalf.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares entitled to vote at the Annual Meeting will constitute a quorum. As of the record date, 5,947,182 shares of our common stock, \$.001 par value per share, held by 1,217 stockholders of record, were issued and outstanding. Proxies received but marked as abstentions will be included in the calculation of the number of shares considered to be present at the Annual Meeting.

What vote is required to approve each item?

Directors are elected by a plurality of the votes cast. The amendment to our Certificate of Incorporation must be approved by the holders of a majority of the issued and outstanding shares of our common stock. Any other matter that may properly come before the Annual Meeting must be approved by the affirmative vote of a majority of the shares entitled to vote that are present or represented by proxy at the Annual Meeting.

Under the General Corporation Law of the State of Delaware (referred to as “Delaware law” in this Proxy Statement), an abstention from voting on any proposal will have the same legal effect as an “against” vote, except election of directors, where an abstention has no effect under plurality voting.

How do I vote by proxy?

On or about March 20, 2012, we mailed the Notice of the Annual Meeting, this Proxy Statement, the accompanying Proxy Card, and our Annual Report to Stockholders for the year ended December 31, 2011 to all stockholders of record as of the record date. You may vote by completing and returning your completed and signed Proxy Card by mail or by voting in person at the Annual Meeting. To vote by mail, sign and date each Proxy Card you receive, mark the boxes indicating how you wish to vote, and return the Proxy Card, which will be voted as you directed, in the enclosed prepaid return envelope.

Can I change my vote after I return my Proxy Card?

Yes. You can change or revoke your proxy at any time before the Annual Meeting by (i) notifying our Secretary, William M. Foshee, in writing or (ii) sending another executed Proxy Card dated later than the first Proxy Card. Attendance at the Annual Meeting will not revoke any proxy you have previously granted unless you specifically so request. For shares you own beneficially, but of which you are not the record holder, you may accomplish this by submitting new voting instructions to your broker or nominee.

Can I vote in person at the Annual Meeting instead of voting by proxy?

Yes. However, we encourage you to vote by proxy to ensure that your shares are represented and voted. If you attend the Annual Meeting in person, you may then vote in person even though you returned your Proxy Card.

What are the Board's recommendations?

Our board of directors unanimously recommends that stockholders vote in favor of: (1) the election of the six nominees for the board of directors, as more fully described in Proposal 1 below; (2) the ratification of KPMG LLP as our independent registered public accounting firm for 2012, as more fully described in Proposal 2 below; (3) an advisory vote approving our executive compensation, as more fully described in Proposal 3 below; and (4) an amendment to our Certificate of Incorporation to increase the number of shares of authorized common stock from 15 million to 50 million, as more fully described in Proposal 4 below.

If your Proxy Card is properly executed and received in time for voting, and not revoked, your shares will be voted in accordance with your instructions marked on the Proxy Card. In the absence of any instructions or directions to the contrary on any proposal on a Proxy Card, the Management Proxies will vote all shares of common stock for which such Proxy Cards have been received in favor of the approval of the above proposals for which no instructions were indicated.

Our board of directors does not know of any matters other than the above proposals that may be brought before the Annual Meeting. If any other matters should come before the Annual Meeting, the Management Proxies will have discretionary authority to vote all proxies not marked to the contrary with respect to such matters in accordance with their best judgment.

In particular, the Management Proxies will have discretionary authority to vote with respect to the following matters that may come before the Annual Meeting: (i) approval of the minutes of the prior meeting if such approval does not amount to ratification of the action or actions taken at that meeting; (ii) any proposal omitted from the Proxy Statement and form of proxy pursuant to Rules 14a-8 and 14a-9 under the Securities Exchange Act of 1934 (the "Exchange Act"); and (iii) matters incident to the conduct of the Annual Meeting. In connection with such matters, the Management Proxies will vote in accordance with their best judgment.

Who pays for this proxy solicitation?

We do. We will pay all costs in connection with the meeting, including the cost of preparing, assembling and mailing the notice of the Annual Meeting, Proxy Statement, Proxy Card and our Annual Report to Stockholders for the year ended December 31, 2011, as well as handling and tabulating the proxies returned. In addition to the use of mail, proxies may be solicited by directors, officers and regular employees of the Company, without additional compensation, in person or by other electronic means. We will reimburse brokerage houses and other nominees for their expenses in forwarding proxy materials to beneficial owners of our common stock.

Who can help answer your questions?

If you have questions about the Annual Meeting or would like additional copies of this Proxy Statement, you should contact our Secretary, William M. Foshee, 850 Shades Creek Parkway, Suite 200, Birmingham, Alabama 35209, telephone (205) 949-0307.

Annual Report on Form 10-K

On written request, we will provide, without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2011 (including a list briefly describing the exhibits thereto), as filed with the Securities and Exchange Commission (the "SEC") (including any amendments filed with the SEC), to any record holder or beneficial owner of our common stock as of the close of business on March 8, 2012, the record date, or to any person who subsequently becomes such a record holder or beneficial owner. Requests should be directed to the attention of our Secretary at the address set forth above.

PROPOSAL 1

ELECTION OF DIRECTORS

Under our Bylaws, our board of directors consists of six directors unless a different number is fixed from time to time by resolution passed by a majority of our board of directors, which is the only means of fixing a different number. Six directors will be elected at the Annual Meeting to hold office until our 2013 Annual Meeting of Stockholders and until their successors are elected and have qualified.

Our board has nominated the persons named below, all of whom currently serve as directors, for election as directors at the 2012 Annual Meeting. Each of those nominees has consented to serve as a director, if re-elected. Unless otherwise instructed, the Management Proxies intend to vote the proxies received by them for the election of all six of these nominees. If any nominee identified below becomes unable to serve as a director before the Annual Meeting, the Management Proxies will vote the proxies received by them for the election of a substitute nominee selected by our board of directors.

Vote Required and Recommendation of the Board of Directors

The six nominees receiving the most votes cast in the election of directors by holders of shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting will be elected to serve as directors of the Company for the next year. As a result, although shares as to which the authority to vote is withheld, will be counted, such “withhold” votes will have no effect on the outcome of the election of directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.

Information regarding directors and director nominees and their ages as of the record date is as follows:

	ServisFirst Bancshares, Inc.			ServisFirst Bank	
Name	Age	Director Since	Position	Director Since	Position
Thomas A. Broughton III	56	2007	President, Chief Executive Officer and Director	2005	President, Chief Executive Officer and Director

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Stanley M. Brock	61	2007	Chairman of the Board and Director	2005	Chairman of the Board and Director
Michael D. Fuller	58	2007	Director	2005	Director
James J. Filler	68	2007	Director	2005	Director
J. Richard Cashio	54	2007	Director	2005	Director
Hatton C. V. Smith	61	2007	Director	2005	Director

The following summarizes the business experience and background of each of our nominees.

Thomas A. Broughton III – Mr. Broughton has served as our President and Chief Executive Officer and a director since 2007 and as President, Chief Executive Officer and a director of the Bank since its inception in May 2005. Mr. Broughton has spent the entirety of his 30-year banking career in the Birmingham area. In 1985, Mr. Broughton was named President of the de novo First Commercial Bank. When First Commercial Bank was bought by Synovus Financial Corp. in 1992, Mr. Broughton continued as President and was named Chief Executive Officer of First Commercial Bank. In 1998, he became Regional Chief Executive Officer of Synovus Financial Corp., responsible for the Alabama and Florida markets. In 2001, Mr. Broughton’s Synovus region shifted, and he became Regional Chief Executive Officer for the markets of Alabama, Tennessee and parts of Georgia. He continued his work in this position until his retirement from Synovus in August 2004. Mr. Broughton’s experience in banking has afforded him opportunities to work in many areas of banking and has given him exposure to all bank functions. Mr. Broughton served on the Board of Directors of Cavalier Homes, Inc. from 1986 until 2009, when the company was sold to a subsidiary of Berkshire Hathaway. We believe that Mr. Broughton’s extensive experience in banking in Alabama and the Southeast, and, in particular, his success in building and growing new banks and developing new markets, makes him highly qualified to serve as a director.

Stanley M. Brock – Mr. Brock has served as our Chairman of the Board and a director since 2007 and has served as Chairman of the Board and a director of the Bank since its inception in May 2005. He has served as President of Brock Investment Company, Ltd., a private venture capital firm, since its formation in 1995. Prior to 1995, Mr. Brock practiced corporate law for 20 years with one of the largest law firms based in Birmingham, Alabama. Mr. Brock also served as a director of Compass Bancshares, Inc., a publicly traded bank holding company, from 1992 to 1995. We believe that Mr. Brock's experience as a corporate lawyer and a bank holding company director, as well as his history of community involvement in our largest market, makes him highly qualified to serve as a director.

J. Richard Cashio – Mr. Cashio has served as a director of the Company since 2007 and as a director of the Bank since its inception in May 2005. Mr. Cashio serves as Chief Executive Officer of TASSCO, LLC and served as the Chief Executive Officer of Tricon Metals & Services, Inc. from 2000 until its sale in October 2008. He served in various other positions with Tricon Metals & Services, Inc. prior to 2000. We believe that Mr. Cashio's experience as the chief executive officer of successful industrial enterprises allows him to offer our board both the benefit of his business experience and the perspectives of one of our target customer groups, making him highly qualified to serve as a director.

James J. Filler – Mr. Filler has served as a director of the Company since 2007 and as a director of the Bank since its inception in May 2005. Mr. Filler has been a private investor since his retirement in 2006. Prior to his retirement, Mr. Filler spent 44 years in the metals recycling industry with Jefferson Iron & Metal, Inc. and Jefferson Iron & Metal Brokerage Co., Inc. We believe that Mr. Filler's extensive business experience and strong ties to the Birmingham business community offer us valuable strategic insights and make him highly qualified to serve as a director.

Michael D. Fuller – Mr. Fuller has served as a director of the Company since 2007 and as a director of the Bank since its inception in May 2005. For over 20 years, Mr. Fuller has been a private investor in real estate investments. Prior to that time, Mr. Fuller played professional football for nine years. Mr. Fuller has served as President of Double Oak Water Reclamation, a private wastewater collection and treatment facility in Shelby County, Alabama since 1998. We believe that Mr. Fuller's experience in the real estate sector, which is a major focus of our business, as well as his overall business experience and community presence, make him highly qualified to serve as a director.

Hatton C. V. Smith – Mr. Smith has served as a director of the Company since 2007 and as a director of the Bank since its inception in May 2005. Mr. Smith has served as the CEO of Royal Cup Coffee since 1996 and various other positions with Royal Cup Coffee prior to 1996. He is involved in many different charities and is a director of the United Way and the Baptist Health System. We believe that Mr. Smith's business experience, his strong roots in the greater Birmingham business and civic community, and his high profile and extensive community contacts make him highly qualified to be a director.

THE ROLE OF THE BOARD OF DIRECTORS

General

In accordance with our Bylaws and Delaware law, our board of directors oversees the management of the business and affairs of the Company. The members of our board also are members of the board of directors of our wholly-owned subsidiary Alabama state-chartered bank, ServisFirst Bank, which accounts for substantially all of the Company's consolidated operating results. The members of our board keep informed about our business through discussions with senior management and other officers and managers of the Company and its subsidiaries, including the Bank, by reviewing analyses and reports sent to them by management and outside consultants, and by participating in meetings of the board and meetings of those board committees on which they serve.

Board Leadership Structure

We believe that our stockholders are best served by a strong, independent board of directors with extensive business experience and strong ties to our markets. We believe that objective oversight of the performance of our management team is critical to effective corporate governance, and we believe our board provides such objective oversight.

Since our inception, we have kept separate the offices of chairman of the board and chief executive officer, and an independent director has always held the position of chairman of the board. We believe that this provides us with the benefit of complementary perspectives and ensures that our board's oversight function remains fully objective. Although we do not have a fixed policy requiring the separation of such offices, instead believing that it is appropriate for our board to determine the structure that best meets our needs from time to time, it is our current intention to retain the present structure for the foreseeable future.

In addition, our three standing committees, which are described below under “Committees of the Board of Directors”, are composed exclusively of independent directors. We believe that this structure further reinforces the board’s role as an objective overseer of our business, operations and day-to-day management.

The Board’s Role in Risk Oversight

Our board is ultimately responsible for the management of risks inherent in our business. In our day-to-day operations, senior management is responsible for instituting risk management practices that are consistent with our overall business strategy and risk tolerance. In addition, because our operations are conducted primarily through our wholly-owned subsidiary bank, we maintain an asset-liability and investment committee at the Bank level, consisting of four executive officers of the Bank. This committee is charged with monitoring our liquidity and funds position. The committee regularly reviews the rate sensitivity position on a three-month, six-month and one-year time horizon; loans-to-deposits ratios; and average maturities for certain categories of liabilities. This committee reports to our board of directors at least quarterly, and otherwise as needed. Outside of formal meetings, our board and its committees have regular access to senior executives, including our chief executive officer, chief operating officer and chief financial officer, as well as our senior credit officers. We believe that this structure allows the board to maintain effective oversight over our risks and to ensure that our management personnel are following prudent and appropriate risk management practices.

COMMITTEES OF THE BOARD OF DIRECTORS

Our board maintains three standing committees: Audit, Compensation, and Nominating and Corporate Governance. The governing charter for each of the three committees is available on our website www.servisfirstbancshares.com under the “Corporate Information - Committee Charters” heading.

Audit Committee

The Audit Committee assists our board of directors in maintaining the integrity of our financial statements and of our financial reporting processes and systems of internal audit controls, as well as our compliance with legal and regulatory requirements. The Audit Committee reviews the scope of independent audits and assesses the results. The Audit Committee meets with management to consider the adequacy of the internal control over, and the objectivity of, financial reporting. The Audit Committee also meets with our independent auditors and with appropriate financial personnel concerning these matters. The Audit Committee selects, determines the compensation of, appoints and oversees our independent auditors. The independent auditors periodically meet with the Audit Committee and always have unrestricted access to the Audit Committee. The Audit Committee, which currently comprises Michael D. Fuller, J. Richard Cashio and Stanley M. Brock, met six times in 2011. In conjunction with our Board's annual review of its

committees, it has determined that Mr. Brock should be designated as an audit committee financial expert. This determination is based on the broad spectrum of Mr. Brock's experience. Among the other things described above under Proposal I outlining Mr. Brock's experience and background, our Board gave careful consideration to Mr. Brock's 16-plus years leading a private venture capital firm. His experience in this undertaking includes analyzing financial statements and audit results and making investment and acquisition decisions on the basis of those analyses. Our board of directors has determined that each of Messrs. Fuller, Cashio, and Brock is independent under the standards of independence of the Marketplace Rules of the NASDAQ Stock Market and Rule 10A-3 under the Exchange Act.

Compensation Committee

The Compensation Committee administers incentive compensation plans, including stock option plans, and advises our board of directors regarding employee benefit plans. The Compensation Committee establishes the compensation structure for our senior management, approves the compensation of our senior executives, and makes recommendations to the independent members of our board of directors with respect to compensation of the Chief Executive Officer and all other executive officers of the Company. The Compensation Committee, which currently consists of Hatton C.V. Smith, J. Richard Cashio and James J. Filler, met six times in 2011. Our board of directors has determined that each of Messrs. Smith, Cashio and Filler is independent under the standards of independence of the Marketplace Rules of the NASDAQ Stock Market and Rule 10A-3 under the Exchange Act and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

In January 2008, the Compensation Committee retained an outside consultant, Clark Consulting, to advise it regarding our compensation practices. Clark Consulting provided us with a report dated January 2008 (the "Clark Report") which compared the compensation paid to our president and chief executive officer in 2007 versus a peer group which included Pinnacle Financial Partners, Inc. (Nashville, Tennessee), FNB United Corp. (Asheboro, North Carolina), Great Florida Bank (Coral Gables, Florida), Capital Bank Corporation (Raleigh, North Carolina), Bancorp, Inc. (Wilmington, Delaware), Gateway Financial Holding, Inc. (Virginia Beach, Virginia), Integrity Bancshares, Inc. (Alpharetta, Georgia), Bank of Florida Corporation (Naples, Florida), Commonwealth Bankshares, Inc. (Norfolk, Virginia), Omni Financial Services, Inc. (Atlanta, Georgia), Crescent Financial Corporation (Cary, North Carolina), Patriot National Bancorp, Inc. (Stamford, Connecticut), Tennessee Commerce Bancorp (Franklin, Tennessee), Southern First Bancshares, Inc. (Greenville, South Carolina) and Sun American Bancorp (Boca Raton, Florida). The Clark Report concludes that while we were, at the time of the report, in the top 40% in most performance measures and the top 5% for asset growth, the base salary of our president and CEO was in the bottom 12% and his total compensation was in the bottom 30% versus such peer group.

Since the 2008 engagement of Clark Consulting, we have not retained a compensation consultant to advise the Compensation Committee, the full board or any members of management with respect to our compensation practices. Instead, the Compensation Committee independently determines the appropriate levels of compensation for executive officers and directors taking into account, among other factors, the performance of such individuals, our financial performance, stockholder return and efforts and undertakings and initiatives to build stockholder value.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's functions include establishing the criteria for selecting candidates for nomination to our board; actively seeking candidates who meet those criteria; and making recommendations to our board of directors to fill vacancies on, or make additions to, our board and to monitor the Company's corporate governance structure. The Nominating and Corporate Governance Committee, which currently consists of Michael D. Fuller, J. Richard Cashio and Stanley M. Brock, did not meet during 2011. Our board of directors has determined that each of Messrs. Fuller, Cashio and Brock is independent under the standards of independence of the Marketplace Rules of the NASDAQ Stock Market and Rule 10A-3 under the Exchange Act and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

The Nominating and Corporate Governance Committee seeks director candidates based upon a number of criteria, including their independence, knowledge, judgment, character, leadership skills, education, experience and financial literacy and, for nominees standing for re-election, their prior performance as a director. The Committee does not assign relative weights to these factors, but attempts to form an overall judgment as to each individual nominee. The Committee will consider nominees for election to our board that are timely recommended by stockholders provided that a complete description of the nominees' qualifications, experience and background, together with a statement signed by each nominee in which he or she consents to act as a board member if elected, accompany the recommendations.

In evaluating nominees for director, the Nominating and Corporate Governance Committee believes that, at this stage of the Company's existence, it is of primary importance to ensure that the board's composition reflects a diversity of business experience and community leadership, as well as a demonstrated ability to promote the Company's strategic objectives and expand its presence, profile and customer base in its local markets. Accordingly, while the Committee may consider other types of diversity in evaluating nominees, the Committee does not follow any specific formula for considering factors such as race, gender or national origin in evaluating nominees and potential nominees, nor does it apply any quotas with respect to such factors.

Committee Membership

The following chart provides a summary of our board committee membership for our fiscal year ended December 31, 2011.

Names	Committee Membership		
	Nominating and Corporate Governance	Audit	Compensation
Thomas A. Broughton III			
Stanley M. Brock	X	X	
Michael D. Fuller	X	X	
James J. Filler			X
J. Richard Cashio	X	X	X
Hatton C.V. Smith			X

Advisory Boards

In addition to the boards of directors of the Company and the Bank, which are identical in composition, the Bank also has a non-voting advisory board of directors in each of the Huntsville, Montgomery and Dothan, Alabama and Pensacola, Florida markets. These advisory directors represent a wide array of business experience and community involvement in the service areas where they live. As residents of our primary service areas, they are sensitive and responsive to the needs of our customers and potential customers. In addition, our directors and advisory directors bring substantial business and banking contacts to us. The Bank has established the following regional advisory boards:

Huntsville Region:

E. Wayne Bonner
Dr. Hoyt A. “Tres” Childs, III
Donald J. Davidson
David J. Slyman, Jr.
Irma Tudor
Sidney R. White
Danny J. Windham
Thomas J. Young

Montgomery Region:

Ray B. Petty
Todd Strange
G.L. Pete Taylor
W. Ken Upchurch, III
Alan E. Weil, Jr.

Dothan Region:

Charles H. Chapman III
John Downs
Charles E. Owens
William C. (Bill) Thompson

Pensacola Region:

Thomas M. Bizzell
Bo Carter
Leo Cyr
Dr. Mark S. Greskovich
Ray Russenberger
Roger Webb

INDEPENDENCE OF THE BOARD OF DIRECTORS

Our common stock is not listed on any exchange, and we have no current plans to list our common stock on any exchange; therefore, the Exchange Act requires that we select an exchange’s director independence requirements with which to comply. We have selected the director independence requirements of The NASDAQ Global Market. Our Nominating and Corporate Governance Committee has conducted and will in the future conduct, as deemed necessary, a review of director independence utilizing the listing standards of The NASDAQ Global Market. During its most recent review, our board considered transactions and relationships between each director or any member of his immediate family and us and the Bank. Our board also considered whether there were any transactions or relationships between directors or with any member of their immediate family (or any entity of which a director or an immediate family member is an executive officer, general partner or significant equity holder). The purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that a director is independent. Independent directors must be free of any relationship with us or our management that may impair the director’s ability to make independent judgments.

Our Nominating and Corporate Governance Committee has determined in its business judgment that five of the Company’s six Directors are independent as defined in the applicable NASDAQ Global Market listing standards, including that each member is free of any relationships that would interfere with his individual exercise of independent judgment. Our independent directors are Messrs. Brock, Cashio, Filler, Fuller and Smith.

Mr. Broughton is considered an inside director because of his employment as our President and Chief Executive Officer.

COMMUNICATIONS WITH DIRECTORS

You may contact any of our independent directors, individually or as a group, by writing to them c/o William M. Foshee, Chief Financial Officer, ServisFirst Bancshares, Inc., 850 Shades Creek Parkway, Suite 200, Birmingham, Alabama 35209. Mr. Foshee will review and forward to the appropriate directors copies of all such correspondence that, in the opinion of Mr. Foshee, deals with the functions of the board of directors or its committees or that he otherwise determines requires their attention. Concerns relating to accounting, internal controls or auditing matters will be brought promptly to the attention of the Chairman of the Audit Committee and will be handled in accordance with procedures established by the Audit Committee.

CORPORATE GOVERNANCE GUIDELINES

Our board of directors believes that sound governance practices and policies provide an important framework to assist them in fulfilling their oversight duty. In December 2007, our board formally adopted the Corporate Governance Guidelines of ServisFirst Bancshares, Inc. (the “Governance Guidelines”), which include a number of the practices and policies under which our board has operated for some time, together with concepts suggested by various authorities in corporate governance and the requirements under the NASDAQ’s listed company rules and the Sarbanes-Oxley Act of 2002. Some of the principal subjects covered by our Governance Guidelines comprise:

Director Qualifications, which include: a board candidate’s independence, experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries; his or her understanding of our business and the business environment in which we operate; and the candidate’s ability and willingness to devote adequate time and effort to board responsibilities, taking into account the candidate’s employment and other board commitments.

Responsibilities of Directors, which include: acting in the best interests of all stockholders; maintaining independence; developing and maintaining a sound understanding of our business and the industry in which we operate; preparing for and attending board and board committee meetings; and providing active, objective and constructive participation at those meetings.

Director Access to management and, as necessary and appropriate, independent advisors, which cover: encouraging presentations to our board from the officers responsible for functional areas of our business and from outside consultants who are engaged to conduct periodic reviews of various aspects of our operations or the quality of certain of our assets, such as the loan portfolio.

Director Orientation and Continuing Education, such as: programs to familiarize new directors with our business, strategic plans, significant financial, accounting and risk management issues; our compliance programs and conflicts policies; our code of business conduct and ethics and our corporate governance guidelines. In addition, each director is expected to participate in continuing education programs relating to developments in our business and in corporate governance.

Regularly Scheduled Executive Sessions, without management, will be held by our board and by the Audit Committee, which meet