UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

.. **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 001-36452

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:

Title of each class	Name of exchange on which registered
Common stock, par value $.001 per share	The NASDAQ Stock Market LLC

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

None

(Title of Class)

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

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

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

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

Class	**Outstanding as of April 28, 2016**
Common stock, $.001 par value	26,211,948

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PART 1. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

SERVISFIRST BANCSHARES, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	March 31, 2016 (Unaudited)	December 31, 2015 (1)
ASSETS		
Cash and due from banks	$ 56,714	$ 46,614
Interest-bearing balances due from depository institutions	440,513	270,836
Federal funds sold	28,410	34,785
Cash and cash equivalents	525,637	352,235
Available for sale debt securities, at fair value	334,567	342,938
Held to maturity debt securities (fair value of $28,409 and $27,910 at March 31, 2016 and December 31, 2015, respectively)	27,539	27,426
Equity securities	5,667	4,954
Mortgage loans held for sale	5,090	8,249
Loans	4,340,900	4,216,375
Less allowance for loan losses	(45,145)	(43,419)
Loans, net	4,295,755	4,172,956
Premises and equipment, net	20,989	19,434
Accrued interest and dividends receivable	13,416	13,698
Deferred tax assets	22,697	23,425
Other real estate owned and repossessed assets	4,044	5,392
Bank owned life insurance contracts	92,218	91,594
Goodwill and other identifiable intangible assets	15,239	15,330
Other assets	15,741	17,878
Total assets	$ 5,378,599	$ 5,095,509
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 1,070,275	$ 1,053,467
Interest-bearing	3,269,472	3,170,421
Total deposits	4,339,747	4,223,888
Federal funds purchased	497,885	352,360
Other borrowings	55,543	55,637
Accrued interest payable	3,643	2,369

Other liabilities	10,841	12,108
Total liabilities	4,907,659	4,646,362
Stockholders' equity:		
Preferred stock, Series A Senior Non-Cumulative Perpetual, par value $.001 (liquidation preference $1,000), net of discount; 40,000 shares authorized, no shares issued and outstanding at March 31, 2016 and December 31, 2015	-	-
Preferred stock, par value $.001 per share; 1,000,000 shares authorized and 960,000 currently undesignated	-	-
Common stock, par value $.001 per share; 50,000,000 shares authorized; 26,182,698 shares issued and outstanding at March 31, 2016 and 25,972,698 shares issued and outstanding at December 31, 2015	26	26
Additional paid-in capital	215,948	211,546
Retained earnings	249,704	234,150
Accumulated other comprehensive income	4,885	3,048
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	470,563	448,770
Noncontrolling interest	377	377
Total stockholders' equity	470,940	449,147
Total liabilities and stockholders' equity	$ 5,378,599	$ 5,095,509

(1) derived from audited financial statements

See Notes to Consolidated Financial Statements.

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SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended March 31, 2016	2015
Interest income:		
Interest and fees on loans	$ 47,247	$ 38,646
Taxable securities	1,269	1,128
Nontaxable securities	858	860
Federal funds sold	73	77
Other interest and dividends	514	72
Total interest income	49,961	40,783
Interest expense:		
Deposits	4,361	3,270
Borrowed funds	1,421	476
Total interest expense	5,782	3,746
Net interest income	44,179	37,037
Provision for loan losses	2,059	2,405
Net interest income after provision for loan losses	42,120	34,632
Noninterest income:		
Service charges on deposit accounts	1,307	1,207
Mortgage banking	668	454
Securities gains	-	29
Increase in cash surrender value of life insurance	624	648
Other operating income	1,127	739
Total noninterest income	3,726	3,077
Noninterest expense:		
Salaries and employee benefits	11,067	9,008
Equipment and occupancy expense	1,985	1,661
Professional services	738	568
FDIC and other regulatory assessments	750	620
OREO expense	449	214
Merger expense	-	2,096
Other operating expense	4,592	4,584
Total noninterest expense	19,581	18,751
Income before income taxes	26,265	18,958
Provision for income taxes	8,616	5,903
Net income	17,649	13,055
Preferred stock dividends	-	100
Net income available to common stockholders	$ 17,649	$ 12,955

Basic earnings per common share	$ 0.68	$ 0.51
Diluted earnings per common share	$ 0.66	$ 0.49

See Notes to Consolidated Financial Statements.

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SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	$ 17,649	$ 13,055
Other comprehensive income, net of tax:		
Unrealized holding gains arising during period from securities available for sale, net of tax of $984 and $401 for 2016 and 2015, respectively	1,837	745
Reclassification adjustment for net gain on sale of securities in net income, net of tax of $10	-	(19)
Other comprehensive income, net of tax	1,837	726
Comprehensive income	$ 19,486	$ 13,781

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(In thousands, except share amounts)

(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2015	$ -	$ 26	$ 211,546	$ 234,150	$ 3,048	$ 377	$ 449,147
Common dividends declared, $0.08 per share	-	-	-	(2,095)	-	-	(2,095)
Issue 205,500 shares of common stock upon exercise and vesting of stock options	-	-	1,752	-	-	-	1,752
Excess tax benefit on exercise of stock options	-	-	2,307	-	-	-	2,307
Stock-based compensation expense	-	-	343	-	-	-	343
Other comprehensive income	-	-	-	-	1,837	-	1,837
Net income	-	-	-	17,649	-	-	17,649
Balance, March 31, 2016	$ -	$ 26	$ 215,948	$ 249,704	$ 4,885	$ 377	$ 470,940
Balance, December 31, 2014	$ 39,958	$ 25	$ 185,397	$ 177,091	$ 4,490	$ 252	$ 407,213
Common dividends declared, $0.06 per share	-	-	-	(1,539)	-	-	(1,539)
Preferred dividends paid	-	-	-	(100)	-	-	(100)
Issue 636,592 shares of common stock as consideration for Metro Bancshares, Inc. acquisition	-	1	19,355	-	-	-	19,356
Issue 215,500 shares of common stock upon exercise of stock options and vesting of stock awards	-	-	1,326	-	-	-	1,326
Excess tax benefit on exercise and vesting of stock options	-	-	995	-	-	-	995
Stock-based compensation expense	-	-	301	-	-	-	301
Issue 125 shares of REIT preferred stock	-	-	-	-	-	125	125

Other comprehensive income	-	-	-	-	726	-	726
Net income	-	-	-	13,055	-	-	13,055
Balance, March 31, 2015	$ 39,958	$ 26	$ 207,374	$ 188,507	$ 5,216	$ 377	$ 441,458

See Notes to Consolidated Financial Statements.

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SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(In thousands) (Unaudited)

	2016	2015
OPERATING ACTIVITIES		
Net income	$17,649	$13,055
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred tax (benefit) expense	(255)	3,941
Provision for loan losses	2,059	2,405
Depreciation	730	512
Accretion on acquired loans	(290)	(369)
Amortization of core deposit intangible	91	74
Net amortization of debt securities available for sale	634	634
Decrease (increase) in accrued interest and dividends receivable	282	(293)
Stock-based compensation expense	343	301
Increase in accrued interest payable	1,274	576
Proceeds from sale of mortgage loans held for sale	27,918	24,475
Originations of mortgage loans held for sale	(24,091)	(30,421)
Gain on sale of mortgage loans held for sale	(668)	(454)
Gain on sale of debt securities available for sale	-	(29)
Net loss (gain) on sale of other real estate owned and repossessed assets	19	(20)
Write down of other real estate owned	373	125
Increase in cash surrender value of life insurance contracts	(624)	(648)
Losses of tax credit partnerships	38	38
Excess tax benefits from the exercise of stock options and vesting of stock awards	(2,307)	(995)
Net change in other assets, liabilities, and other operating activities	1,792	(1,029)
Net cash provided by operating activities	24,967	11,878
INVESTMENT ACTIVITIES		
Purchase of debt securities available for sale	(10,069)	(5,334)
Proceeds from maturities, calls and paydowns of debt securities available for sale	21,119	9,688
Proceeds from sale of debt securities available for sale	-	16,548
Purchase of debt securities held to maturity	(439)	-
Proceeds from maturities, calls and paydowns of debt securities held to maturity	326	229
Increase in loans	(124,622)	(100,510)
Purchase of premises and equipment	(2,285)	(301)
Purchase of equity securities	(708)	(533)
Proceeds from sale of other real estate owned and repossessed assets	1,013	1,928
Expenditures to complete construction of other real estate owned	(3)	-
Net cash paid in acquisition of Metro Bancshares, Inc.	-	(12,883)
Net cash used in investing activities	(115,668)	(91,168)

FINANCING ACTIVITIES		
Increase in noninterest-bearing deposits	16,808	9,005
Increase in interest-bearing deposits	99,051	55,844
Increase in federal funds purchased	145,525	14,410
Paydown of Federal Home Loan Bank advance	(100)	(100)
Proceeds from sale of preferred shares	-	125
Proceeds from exercise of stock options and warrants	1,752	1,326
Excess tax benefits from exercise of stock options and warrants	2,307	995
Dividends on common stock	(1,240)	-
Dividends on preferred stock	-	(100)
Net cash provided by financing activities	264,103	81,505
Net increase in cash and cash equivalents	173,402	2,215
Cash and cash equivalents at beginning of year	352,235	297,464
Cash and cash equivalents at end of year	$525,637	$299,679
SUPPLEMENTAL DISCLOSURE		
Cash paid for:		
Interest	$4,508	$3,081
Income taxes	674	530
Income tax refund for Metro Bancshares, Inc. loss carryback	(867)	-
NONCASH TRANSACTIONS		
Other real estate acquired in settlement of loans	1,076	1,202
Internally financed sales of other real estate owned and repossessed assets	1,022	452
Dividends declared	$2,095	$1,539
Fair value of assets and liabilities from acquisition:		
Fair value of tangible assets acquired	$-	$201,821
Other intangible assets acquired	-	18,143
Fair value of liabilities assumed	-	(179,682)
Net identifiable assets acquired over liabilities assumed	$-	$40,282

See Notes to Consolidated Financial Statements.

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SERVISFIRST BANCSHARES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Unaudited)

NOTE 1 - GENERAL

The accompanying consolidated financial statements in this report have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, including Regulation S-X and the instructions for Form 10-Q, and have not been audited. These consolidated financial statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments necessary to present fairly the consolidated financial position and the consolidated results of operations for the interim periods have been made. All such adjustments are of a normal nature. The consolidated results of operations are not necessarily indicative of the consolidated results of operations which ServisFirst Bancshares, Inc. (the "Company") may achieve for future interim periods or the entire year. For further information, refer to the consolidated financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2015.

All reported amounts are in thousands except share and per share data.

NOTE 2 - ACQUISITION

On January 31, 2015, the Company completed its acquisition of Metro and Metro Bank, its wholly-owned bank subsidiary, for an aggregate of $20.9 million in cash and 636,592 shares of Company common stock. The acquisition of Metro was the Company's entrance into the greater Atlanta, Georgia area and added two banking offices.

The following table provides a summary of the assets acquired and liabilities assumed as recorded by Metro, the fair value adjustments necessary to adjust those acquired assets and assumed liabilities to estimated fair value, and the resultant fair values of those assets and liabilities as recorded by the Company.

	January 31, 2015			
	As recorded by Metro	Fair value adjustment (1)		As recorded by the Company
Assets acquired:				
Cash and cash equivalents	$8,543	$ -		$ 8,543
Debt securities	28,833	(41)	a	28,792
Equity securities	499	-		499
Loans	152,869	(3,874)	b	148,995
Allowance for loan losses	(1,621)	1,621	b	-
Premises and equipment, net	7,606	762	c	8,368
Accrued interest receivable	484	-		484
Deferred taxes	754	3,153	d	3,907
Other real estate owned	2,373	(25)	e	2,348
Bank owned life insurance contracts	2,685	-		2,685
Core deposit intangible	-	2,090	f	2,090
Other assets	364	-		364
Total assets acquired	$203,389	$ 3,686		$ 207,075
Liabilities assumed:				
Deposits	175,236	518	g	175,754
Federal funds purchased	2,175	-		2,175
Other borrowings	1,400	(4)	h	1,396
Accrued interest payable	89	-		89
Other liabilities	996	-		996
Total liabilities assumed	$179,896	$ 514		$ 180,410
Net assets acquired	$23,493	$ 3,172		$ 26,665
Consideration Paid:				
Cash				$ (20,926)
Stock				(19,356)
Total consideration paid				$ (40,282)
Goodwill				$ 13,617

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(1) The Company's acquisition of Metro closed on January 31, 2015. Accordingly, each of the fair value adjustments shown are preliminary estimates of the purchase accounting adjustments. Management is continuing to evaluate each of these fair value adjustments and may revise one or more of them in future periods based on this continuing evaluation. To the extent that any of the preliminary fair value adjustments are revised in future periods, the resultant fair values and the amount of goodwill recorded by the Company will change.

Explanation of preliminary fair value adjustments:

a- Adjustment reflects the fair value adjustment based on the Company's pricing of the acquired debt securities portfolio.
b- Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired loan portfolio and to eliminate the recorded allowance for loan losses.
c- Adjustment reflects the fair value adjustment based on the Company's evaluation of the premises and equipment acquired.
d- Adjustment reflects the differences in the carrying values of acquired assets and assumed liabilities for financial statement purposes and their basis for federal income tax purposes.
e- Adjustment reflects the fair value adjustment based on the Company's evaluation of the other real estate owned acquired.
f- Adjustment reflects the fair value adjustment for the core deposit intangible asset recorded as a result of the acquisition.
g- Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired deposits.
h- Adjustment reflects the fair value adjustment based on the Company's evaluation of the assumed debt.

The estimated fair value of the purchased credit impaired loans acquired in the Metro transaction on January 31, 2015 was $5.1 million and is immaterial to the Company's consolidated financial statements.

Pro forma financial information is not provided because such amounts are immaterial to the Company's consolidated financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash on hand, cash items in process of collection, amounts due from banks, and federal funds sold are included in cash and cash equivalents.

NOTE 4 - EARNINGS PER COMMON SHARE

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common share include the dilutive effect of additional potential common shares issuable under stock options and warrants.

	Three Months Ended March 31,	
	2016	2015
	(In Thousands, Except Shares and Per Share Data)	
Earnings per common share		
Weighted average common shares outstanding	26,097,363	25,396,241
Net income available to common stockholders	$ 17,649	$ 12,955
Basic earnings per common share	$ 0.68	$ 0.51
Weighted average common shares outstanding	26,097,363	25,396,241
Dilutive effects of assumed conversions and exercise of stock options and warrants	469,447	841,739
Weighted average common and dilutive potential common shares outstanding	26,566,810	26,237,980
Net income, available to common stockholders	$ 17,649	$ 12,955
Diluted earnings per common share	$ 0.66	$ 0.49

NOTE 5 - SECURITIES

The amortized cost and fair value of available-for-sale and held-to-maturity securities at March 31, 2016 and December 31, 2015 are summarized as follows:

	Amortized Cost (In Thousands)	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
March 31, 2016				
Securities Available for Sale				
U.S. Treasury and government sponsored agencies	$42,566	$ 1,022	$ -	$43,588
Mortgage-backed securities	128,912	3,429	(13)	132,328
State and municipal securities	140,659	3,058	(29)	143,688
Corporate debt	14,920	76	(33)	14,963
Total	$327,057	$ 7,585	$ (75)	$334,567
Securities Held to Maturity				
Mortgage-backed securities	$21,339	$ 472	$ (72)	$21,739
State and municipal securities	6,200	471	(1)	6,670
Total	$27,539	$ 943	$ (73)	$28,409
December 31, 2015				
Securities Available for Sale				
U.S. Treasury and government sponsored agencies	$44,581	$ 569	$ (141)	$45,009
Mortgage-backed securities	135,363	1,945	(354)	136,954
State and municipal securities	143,403	2,731	(101)	146,033
Corporate debt	14,902	67	(27)	14,942
Total	$338,249	$ 5,312	$ (623)	$342,938
Securities Held to Maturity				
Mortgage-backed securities	$21,666	$ 368	$ (332)	$21,702
State and municipal securities	5,760	449	(1)	6,208
Total	$27,426	$ 817	$ (333)	$27,910

The amortized cost and fair value of debt securities as of March 31, 2016 by contractual maturity are shown below. Actual maturities may differ from contractual maturities of mortgage-backed securities since the mortgages underlying the securities may be called or prepaid with or without penalty. Therefore, these securities are not included in the maturity categories along with the other categories of debt securities.

	March 31, 2016		December 31, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value

	(In thousands)			
Debt securities available for sale				
Due within one year	$22,124	$ 22,282	$16,770	$ 16,868
Due from one to five years	146,175	149,370	153,880	156,311
Due from five to ten years	29,846	30,587	32,236	32,805
Due after ten years	-	-	-	-
Mortgage-backed securities	128,912	132,328	135,363	136,954
	$327,057	$ 334,567	$338,249	$ 342,938
Debt securities held to maturity				
Due from five to ten years	$627	$ 660	$627	$ 659
Due after ten years	5,573	6,010	5,133	5,549
Mortgage-backed securities	21,339	21,739	21,666	21,702
	$27,539	$ 28,409	$27,426	$ 27,910

All mortgage-backed securities are with government-sponsored enterprises (GSEs) such as Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation.

The following table identifies, as of March 31, 2016 and December 31, 2015, the Company's investment securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months. At March 31, 2016, 11 of the Company's 750 debt securities had been in an unrealized loss position for 12 or more months. The Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell the securities before recovery of their amortized cost, which may be maturity; accordingly, the Company does not consider these securities to be other-than-temporarily impaired at March 31, 2016. Further, the Company believes any deterioration in value of its current investment securities is attributable to changes in market interest rates and not credit quality of the issuer.

	Less Than Twelve Months		Twelve Months or More		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)					
March 31, 2016:						
U.S. Treasury and government sponsored agencies	$-	$ -	$ -	$ -	$-	$ -
Mortgage-backed securities	-	-	(85)	8,669	(85)	8,669
State and municipal securities	(23)	5,988	(7)	1,109	(30)	7,097
Corporate debt	(33)	7,936	-	-	(33)	7,936
Total	$(56)	$ 13,924	$ (92)	$ 9,778	$(148)	$ 23,702
December 31, 2015:						
U.S. Treasury and government sponsored agencies	$(141)	$ 3,886	$ -	$ -	$(141)	$ 3,886
Mortgage-backed securities	(354)	56,609	(332)	11,712	(686)	68,321
State and municipal securities	(55)	15,464	(47)	4,531	(102)	19,995
Corporate debt	(27)	2,961	-	-	(27)	2,961
Total	$(577)	$ 78,920	$ (379)	$ 16,243	$(956)	$ 95,163

NOTE 6 – LOANS

The following table details the Company's loans at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
	(Dollars In Thousands)	
Commercial, financial and agricultural	$1,799,133	$ 1,760,479
Real estate - construction	254,254	243,267
Real estate - mortgage:		
Owner-occupied commercial	1,055,852	1,014,669
1-4 family mortgage	458,031	444,134
Other mortgage	723,542	698,779
Subtotal: Real estate - mortgage	2,237,425	2,157,582
Consumer	50,088	55,047
Total Loans	4,340,900	4,216,375
Less: Allowance for loan losses	(45,145)	(43,419)
Net Loans	$4,295,755	$ 4,172,956
Commercial, financial and agricultural	41.45 %	41.75 %
Real estate - construction	5.86 %	5.77 %
Real estate - mortgage:		
Owner-occupied commercial	24.32 %	24.07 %
1-4 family mortgage	10.55 %	10.53 %
Other mortgage	16.67 %	16.57 %
Subtotal: Real estate - mortgage	51.54 %	51.17 %
Consumer	1.15 %	1.31 %
Total Loans	100.00 %	100.00 %

The credit quality of the loan portfolio is summarized no less frequently than quarterly using categories similar to the standard asset classification system used by the federal banking agencies. The following table presents credit quality indicators for the loan loss portfolio segments and classes. These categories are utilized to develop the associated allowance for loan losses using historical losses adjusted for current economic conditions defined as follows:

- Pass – loans which are well protected by the current net worth and paying capacity of the obligor(s) or by the fair value, less cost to acquire and sell, of any underlying collateral.

- Special Mention – loans with potential weakness that may, if not reversed or corrected, weaken the credit or inadequately protect the Company’s position at some future date. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant an adverse classification.

- Substandard – loans that exhibit well-defined weakness or weaknesses that presently jeopardize debt repayment. These loans are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

- Doubtful – loans that have all the weaknesses inherent in loans classified substandard, plus the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values highly questionable and improbable.

Loans by credit quality indicator as of March 31, 2016 and December 31, 2015 were as follows:

March 31, 2016	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Commercial, financial and agricultural	$1,736,917	$42,155	$ 20,061	$ -	$1,799,133
Real estate - construction	242,654	6,884	4,716	-	254,254
Real estate - mortgage:					
Owner-occupied commercial	1,032,774	6,371	16,707	-	1,055,852
1-4 family mortgage	452,482	2,596	2,953	-	458,031
Other mortgage	708,749	11,263	3,530	-	723,542
Total real estate - mortgage	2,194,005	20,230	23,190	-	2,237,425
Consumer	50,028	30	30	-	50,088
Total	$4,223,604	$69,299	$ 47,997	$ -	$4,340,900

December 31, 2015	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				

Commercial, financial and agricultural	$1,701,591	$47,393	$ 11,495	$ -	$1,760,479
Real estate – construction	233,046	6,221	4,000	-	243,267
Real estate - mortgage:					
Owner-occupied commercial	988,762	18,169	7,738	-	1,014,669
1-4 family mortgage	437,834	3,301	2,999	-	444,134
Other mortgage	683,157	11,086	4,536	-	698,779
Total real estate - mortgage	2,109,753	32,556	15,273	-	2,157,582
Consumer	54,973	42	32	-	55,047
Total	$4,099,363	$86,212	$ 30,800	$ -	$4,216,375

Loans by performance status as of March 31, 2016 and December 31, 2015 were as follows:

March 31, 2016	Performing	Nonperforming	Total
	(In Thousands)		
Commercial, financial and agricultural	$1,797,280	$ 1,853	$1,799,133
Real estate - construction	250,838	3,416	254,254
Real estate - mortgage:			
Owner-occupied commercial	1,055,852	-	1,055,852
1-4 family mortgage	457,589	442	458,031
Other mortgage	722,737	805	723,542
Total real estate - mortgage	2,236,178	1,247	2,237,425
Consumer	50,054	34	50,088
Total	$4,334,350	$ 6,550	$4,340,900

December 31, 2015	Performing	Nonperforming	Total
	(In Thousands)		
Commercial, financial and agricultural	$1,758,561	$ 1,918	$1,760,479
Real estate - construction	239,267	4,000	243,267
Real estate - mortgage:			
Owner-occupied commercial	1,014,669	-	1,014,669
1-4 family mortgage	443,936	198	444,134
Other mortgage	697,160	1,619	698,779
Total real estate - mortgage	2,155,765	1,817	2,157,582
Consumer	55,015	32	55,047
Total	$4,208,608	$ 7,767	$4,216,375

Loans by past due status as of March 31, 2016 and December 31, 2015 were as follows:

March 31, 2016	Past Due Status (Accruing Loans)						
	30-59 Days	60-89 Days	90+ Days	Total Past Due	Non-Accrual	Current	Total Loans
	(In Thousands)						
Commercial, financial and agricultural	$39	$ -	$ -	$ 39	$ 1,853	$1,797,241	$1,799,133
Real estate - construction	110	-	-	110	3,416	250,728	254,254
Real estate - mortgage:							
Owner-occupied commercial	1,041	-	-	1,041	-	1,054,811	1,055,852
1-4 family mortgage	592	-	250	842	192	456,997	458,031
Other mortgage	-	-	163	163	642	722,737	723,542

Total real estate - mortgage	1,633	-	413	2,046	834	2,234,545	2,237,425
Consumer	19	32	4	55	30	50,003	50,088
Total	$1,801	$ 32	$ 417	$ 2,250	$ 6,133	$4,332,517	$4,340,900

December 31, 2015	Past Due Status (Accruing Loans)						
	30-59 Days (In Thousands)	60-89 Days	90+ Days	Total Past Due	Non-Accrual	Current	Total Loans
Commercial, financial and agricultural	$50	$ 35	$ -	$ 85	$ 1,918	$1,758,476	$1,760,479
Real estate - construction	198	12	-	210	4,000	239,057	243,267
Real estate - mortgage:							
Owner-occupied commercial	-	-	-	-	-	1,014,669	1,014,669
1-4 family mortgage	-	210	-	210	198	443,726	444,134
Other mortgage	-	-	-	-	1,619	697,160	698,779
Total real estate - mortgage	-	210	-	210	1,817	2,155,555	2,157,582
Consumer	45	6	1	52	31	54,964	55,047
Total	$293	$ 263	$ 1	$ 557	$ 7,766	$4,208,052	$4,216,375

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions, and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of the estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for losses on loans. Such agencies may require the Company to recognize adjustments to the allowance based on their judgments about information available to them at the time of their examination.

The methodology utilized for the calculation of the allowance for loan losses is divided into four distinct categories. Those categories include allowances for non-impaired loans (ASC 450), impaired loans (ASC 310), external qualitative factors, and internal qualitative factors. A description of each category of the allowance for loan loss methodology is listed below.

Non-Impaired Loans. Non-impaired loans are grouped into the following homogeneous loan pools by loan type: commercial and industrial, construction and development, commercial real estate, second lien home equity lines of credit, and all other loans. Each loan pool is stratified by internal risk rating and multiplied by a loss allocation percentage derived from the loan pool historical loss rate. The historical loss rate is based on an age weighted five year history of net charge-offs experienced by pool, with the most recent net charge-off experience given a greater weighting. This results in the expected loss rate per year, adjusted by a qualitative adjustment factor and a years-to-impairment factor, for each pool of loans to derive the total amount of allowance for non-impaired loans.

Impaired Loans. Loans are considered impaired when based on current information and events it is probable that the Bank will be unable to collect all amounts due according to the original terms of the loan agreement. The collection of all amounts due according to contractual terms means that both the contractual interest and principal payments of a loan will be collected as scheduled in the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, at the loan's observable market price or the fair value of the underlying collateral. The fair value of collateral, reduced by costs to sell on a discounted basis, is used if a loan is collateral-dependent. Fair value estimates for specifically impaired collateral-dependent loans are derived from appraised values based on the current market value or "as is" value of the property, normally from recently received and reviewed appraisals. Appraisals are obtained from certified and licensed appraisers and are based on certain assumptions, which may include construction or development status and the highest and best use of the property. These appraisals are reviewed by our credit administration department, and values are adjusted downward to reflect anticipated disposition costs. Once this estimated net realizable value has been determined, the value used in the impairment assessment is updated for each impaired loan. As subsequent events dictate and estimated net realizable values decline, required reserves may be established or further adjustments recorded.

External Qualitative Factors. The determination of the portion of the allowance for loan losses relating to external qualitative factors is based on consideration of the following factors: gross domestic product growth rate, changes in prime rate, delinquency trends, peer delinquency trends, year over year loan growth and state unemployment rate trends. Data for the three most recent periods is utilized in the calculation for each external qualitative component. The factors have a consistent weighted methodology to calculate the amount of allowance due to external qualitative factors.

Internal Qualitative Factors. The determination of the portion of the allowance for loan losses relating to internal qualitative factors is based on the consideration of criteria which includes the following: number of extensions and deferrals, single pay and interest only loans, current financial information, credit concentrations and risk grade accuracy. A self-assessment for each of the criteria is made with a consistent weighted methodology used to calculate the amount of allowance required for internal qualitative factors.

The following table presents an analysis of the allowance for loan losses by portfolio segment and changes in the allowance for loan losses for the three months ended March 31, 2016 and March 31, 2015. The total allowance for loan losses is disaggregated into those amounts associated with loans individually evaluated and those associated with loans collectively evaluated.

	Commercial, financial and agricultural	Real estate - construction	Real estate - mortgage	Consumer	Total
	(In Thousands)				
	Three Months Ended March 31, 2016				
Allowance for loan losses:					
Balance at December 31, 2015	$21,495	$ 5,432	$ 16,061	$ 431	$43,419
Charge-offs	(50)	(381)	-	(18)	(449)
Recoveries	3	16	97	-	116
Provision	1,391	(62)	743	(13)	2,059
Balance at March 31, 2016	$22,839	$ 5,005	$ 16,901	$ 400	$45,145

	Three Months Ended March 31, 2015				
Allowance for loan losses:					
Balance at December 31, 2014	$16,079	$6,395	$12,112	$1,043	$35,629
Charge-offs	(77)	(382)	(433)	(5)	(897)
Recoveries	19	99	101	-	219
Provision	836	(223)	1,766	26	2,405
Balance at March 31, 2015	$16,857	$5,889	$13,546		