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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022

OR

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

For the transition period from _____ to _____

Commission File Number 000-06253

SIMMONS FIRST NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Arkansas (State or other jurisdiction of incorporation or organization)	**71-0407808** (I.R.S. Employer Identification No.)
501 Main Street **Pine Bluff** **Arkansas** (Address of principal executive offices)	**71601** (Zip Code)

(870) 541-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	SFNC	The Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging Growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the Registrant's Common Stock as of May 4, 2022, was 130,654,183.

Simmons First National Corporation
Quarterly Report on Form 10-Q
March 31, 2022

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* No reportable information under this item.

Part I: Financial Information
Item 1. Financial Statements (Unaudited)

Simmons First National Corporation
Consolidated Balance Sheets
March 31, 2022 and December 31, 2021

(In thousands, except share data)	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Cash and non-interest bearing balances due from banks	$ 195,510	$ 209,190
Interest bearing balances due from banks and federal funds sold	1,491,507	1,441,463
Cash and cash equivalents	1,687,017	1,650,653
Interest bearing balances due from banks - time	1,857	1,882
Investment securities:		
Held-to-maturity, net of allowance for credit losses of $1,377 and $1,279 at March 31, 2022 and December 31, 2021, respectively	1,556,825	1,529,221
Available-for-sale, at estimated fair value (amortized cost of $7,070,582 and $7,130,861 at March 31, 2022 and December 31, 2021, respectively)	6,640,069	7,113,545
Total investments	8,196,894	8,642,766
Mortgage loans held for sale	18,206	36,356
Other assets held for sale	—	100
Loans	12,028,593	12,012,503
Allowance for credit losses on loans	(178,924)	(205,332)
Net loans	11,849,669	11,807,171
Premises and equipment	486,531	483,469
Foreclosed assets and other real estate owned	5,118	6,032
Interest receivable	69,357	72,990
Bank owned life insurance	448,011	445,305
Goodwill	1,147,007	1,146,007
Other intangible assets	102,748	106,235
Other assets	469,853	325,793
Total assets	$ 24,482,268	$ 24,724,759
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing transaction accounts	$ 5,223,862	$ 5,325,318
Interest bearing transaction accounts and savings deposits	12,105,948	11,588,770
Time deposits	2,062,612	2,452,460
Total deposits	19,392,422	19,366,548
Federal funds purchased and securities sold under agreements to repurchase	196,828	185,403
Other borrowings	1,337,243	1,337,973
Subordinated notes and debentures	384,242	384,131
Accrued interest and other liabilities	209,926	201,863
Total liabilities	21,520,661	21,475,918
Stockholders' equity:		
Common stock, Class A, $0.01 par value; 175,000,000 shares authorized at March 31, 2022 and December 31, 2021; 112,505,555 and 112,715,444 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	1,125	1,127
Surplus	2,150,453	2,164,989
Undivided profits	1,136,990	1,093,270
Accumulated other comprehensive loss	(326,961)	(10,545)
Total stockholders' equity	2,961,607	3,248,841
Total liabilities and stockholders' equity	$ 24,482,268	$ 24,724,759

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Income
Three Months Ended March 31, 2022 and 2021

(In thousands, except per share data)	Three Months Ended March 31, 2022	2021
	(Unaudited)	
INTEREST INCOME		
Loans, including fees	$ 127,176	$ 146,424
Interest bearing balances due from banks and federal funds sold	649	798
Investment securities	33,712	21,573
Mortgage loans held for sale	190	639
TOTAL INTEREST INCOME	161,727	169,434
INTEREST EXPENSE		
Deposits	6,817	13,179
Federal funds purchased and securities sold under agreements to repurchase	68	245
Other borrowings	4,779	4,802
Subordinated notes and debentures	4,457	4,527
TOTAL INTEREST EXPENSE	16,121	22,753
NET INTEREST INCOME	145,606	146,681
Provision for credit losses	(19,914)	1,445
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	165,520	145,236
NON-INTEREST INCOME		
Wealth management fees	7,968	7,361
Service charges on deposit accounts	10,696	9,715
Other service charges and fees	1,637	1,922
Mortgage lending income	4,550	6,447
Debit and credit card fees	7,449	6,610
Bank owned life insurance income	2,706	1,523
Gain (loss) on sale of securities, net	(54)	5,471
Other income	7,266	10,500
TOTAL NON-INTEREST INCOME	42,218	49,549
NON-INTEREST EXPENSE		
Salaries and employee benefits	67,906	60,340
Occupancy expense, net	10,023	9,300
Furniture and equipment expense	4,775	5,415
Other real estate and foreclosure expense	343	343
Deposit insurance	1,838	1,308
Merger related costs	1,886	233
Other operating expenses	41,646	36,063
TOTAL NON-INTEREST EXPENSE	128,417	113,002
INCOME BEFORE INCOME TAXES	79,321	81,783
Provision for income taxes	14,226	14,363
NET INCOME	65,095	67,420
Preferred stock dividends	—	13
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 65,095	$ 67,407
BASIC EARNINGS PER SHARE	$ 0.58	$ 0.62
DILUTED EARNINGS PER SHARE	$ 0.58	$ 0.62

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Comprehensive Income (Loss)
Three Months Ended March 31, 2022 and 2021

(In thousands)	Three Months Ended March 31, 2022	2021
	(Unaudited)	
NET INCOME	$ 65,095	$ 67,420
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized holding losses arising during the period on available-for-sale securities	(465,708)	(125,717)
Less: Reclassification adjustment for realized (loss) gains included in net income	(54)	5,471
Less: Realized loss on available-for-sale securities interest rate hedges	(37,199)	—
Less: Amortization of net unrealized gains on securities transferred from available-for-sale to held-to-maturity	(84)	—
Other comprehensive income (loss), before tax effect	(428,371)	(131,188)
Less: Tax effect of other comprehensive loss	(111,955)	(34,286)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(316,416)	(96,902)
COMPREHENSIVE INCOME (LOSS)	$ (251,321)	$ (29,482)

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2022 and 2021

(In thousands)	March 31, 2022	March 31, 2021
	(Unaudited)	
OPERATING ACTIVITIES		
Net income	$ 65,095	$ 67,420
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,637	12,323
Provision for credit losses	(19,914)	1,445
(Gain) loss on sale of investments	54	(5,471)
Net accretion of investment securities and assets	(13,176)	(12,018)
Net amortization on borrowings	111	134
Stock-based compensation expense	3,941	3,852
Gain on sale of premises and equipment, net of impairment	—	(177)
Gain on sale of foreclosed assets and other real estate owned	(235)	(134)
Gain on sale of mortgage loans held for sale	(2,931)	(11,409)
Gain on sale of branches	—	(5,300)
Deferred income taxes	9,107	3,227
Income from bank owned life insurance	(2,706)	(1,534)
Originations of mortgage loans held for sale	(189,361)	(298,914)
Proceeds from sale of mortgage loans held for sale	210,442	384,046
Changes in assets and liabilities:		
Interest receivable	3,633	1,237
Other assets	(19,178)	(30,187)
Accrued interest and other liabilities	(5,045)	(20,733)
Income taxes payable	9,051	(12,055)
Net cash provided by operating activities	60,525	75,752
INVESTING ACTIVITIES		
Net change in loans	(22,060)	705,540
Proceeds from sale of loans	1,237	1,847
Net change in due from banks - time	25	245
Purchases of premises and equipment, net	(7,156)	(2,514)
Proceeds from sale of premises held for sale	—	1,572
Proceeds from sale of foreclosed assets held for sale	1,623	8,338
Proceeds from sale of available-for-sale securities	—	135,651
Proceeds from maturities of available-for-sale securities	194,961	185,636
Purchases of available-for-sale securities	(162,359)	(1,464,377)
Proceeds from maturities of held-to-maturity securities	17,491	4,426
Purchases of held-to-maturity securities	(44,638)	(280,043)
Proceeds from bank owned life insurance death benefits	—	573
Disposition of assets and liabilities held for sale	—	(134,166)
Net cash used in investing activities	(20,876)	(837,272)
FINANCING ACTIVITIES		
Net change in deposits	25,874	1,192,740
Dividends paid on preferred stock	—	(13)
Dividends paid on common stock	(21,375)	(19,500)
Net change in other borrowed funds	(730)	(1,600)
Net change in federal funds purchased and securities sold under agreements to repurchase	11,425	23,942
Net shares (cancelled) issued under stock compensation plans	(3,575)	1,172
Shares issued under employee stock purchase plan	1,151	1,170
Repurchases of common stock	(16,055)	(3,080)
Net cash (used in) provided by financing activities	(3,285)	1,194,831
INCREASE IN CASH AND CASH EQUIVALENTS	36,364	433,311
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,650,653	3,472,152
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,687,017	$ 3,905,463

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Stockholders' Equity
Three Months Ended March 31, 2022 and 2021

(In thousands, except share data)	Preferred Stock	Common Stock	Surplus	Accumulated Other Comprehensive (Loss) Income	Undivided Profits	Total
Three Months Ended March 31, 2022						
Balance, December 31, 2021	$ —	$ 1,127	$ 2,164,989	$ (10,545)	$ 1,093,270	$ 3,248,841
Comprehensive (loss) income	—	—	—	(316,416)	65,095	(251,321)
Stock issued for employee stock purchase plan – 59,475 shares	—	1	1,150	—	—	1,151
Stock-based compensation plans, net – 244,361 shares	—	2	364	—	—	366
Stock repurchases – 513,725 shares	—	(5)	(16,050)	—	—	(16,055)
Dividends on common stock – $0.19 per share	—	—	—	—	(21,375)	(21,375)
Balance, March 31, 2022 (Unaudited)	$ —	$ 1,125	$ 2,150,453	$ (326,961)	$ 1,136,990	$ 2,961,607
Three Months Ended March 31, 2021						
Balance, December 31, 2020	$ 767	$ 1,081	$ 2,014,076	$ 59,726	$ 901,006	$ 2,976,656
Comprehensive income	—	—	—	(96,902)	67,420	(29,482)
Stock issued for employee stock purchase plan – 60,697 shares	—	1	1,169	—	—	1,170
Stock-based compensation plans, net – 338,289 shares	—	2	5,022	—	—	5,024
Stock repurchases – 130,916 shares	—	(1)	(3,079)	—	—	(3,080)
Dividends on preferred stock	—	—	—	—	(13)	(13)
Dividends on common stock – $0.18 per share	—	—	—	—	(19,500)	(19,500)
Balance, March 31, 2021 (Unaudited)	$ 767	$ 1,083	$ 2,017,188	$ (37,176)	$ 948,913	$ 2,930,775

See Condensed Notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1: PREPARATION OF INTERIM FINANCIAL STATEMENTS

Description of Business and Organizational Structure

Simmons First National Corporation ("Company") is a Mid-South financial holding company headquartered in Pine Bluff, Arkansas, and the parent company of Simmons Bank, an Arkansas state-chartered bank that has been in operation since 1903 ("Simmons Bank" or the "Bank"). Simmons First Insurance Services, Inc. and Simmons First Insurance Services of TN, LLC are wholly-owned subsidiaries of Simmons Bank and are insurance agencies that offer various lines of personal and corporate insurance coverage to individual and commercial customers. The Company, through its subsidiaries, offers, among other things, consumer, real estate and commercial loans; checking, savings and time deposits; and specialized products and services (such as credit cards, trust and fiduciary services, investments, agricultural finance lending, equipment lending, insurance and Small Business Administration ("SBA") lending) from 197 financial centers as of March 31, 2022, located throughout market areas in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared based upon Securities and Exchange Commission ("SEC") rules that permit reduced disclosures for interim periods. Certain information and footnote disclosures have been condensed or omitted in accordance with those rules and regulations. The accompanying consolidated balance sheet as of December 31, 2021, was derived from audited financial statements. In the opinion of management, these financial statements reflect all adjustments that are necessary for a fair presentation of interim results of operations, including normal recurring accruals. Significant intercompany accounts and transactions have been eliminated in consolidation. The results for the interim periods are not necessarily indicative of results for the full year. For a more complete discussion of significant accounting policies and certain other information, this report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 25, 2022.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income items and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements, and actual results may differ from these estimates. Such estimates include, but are not limited to, the Company's allowance for credit losses.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans and the valuation of acquired loans. Management obtains independent appraisals for significant properties in connection with the determination of the allowance for credit losses and the valuation of foreclosed assets.

During the second and third quarters of 2021, certain debit and credit card transaction fees were reclassified from non-interest expense to non-interest income. These transaction fees, as well as additional certain prior year amounts, have been reclassified to conform to the current year financial statement presentation. These changes and reclassifications did not impact previously reported net income or comprehensive income and were not material to the consolidated financial statements.

Recently Adopted Accounting Standards

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides relief for companies preparing for discontinuation of interest rates such as the London Interbank Offered Rate ("LIBOR"). LIBOR is a benchmark interest rate referenced in a variety of agreements that are used by numerous entities. On March 5, 2021, the U.K. Financial Conduct Authority ("FCA") announced that the majority of

LIBOR rates will no longer be published after December 31, 2021, although a number of key settings will continue until June 2023, to support the rundown of legacy contracts only. As a result, LIBOR should be discontinued as a reference rate.

Other interest rates used globally could also be discontinued for similar reasons. ASU 2020-04 provides optional expedients and exceptions to contracts, hedging relationships and other transactions affected by reference rate reform. The main provisions for contract modifications include optional relief by allowing the modification as a continuation of the existing contract without additional analysis and other optional expedients regarding embedded features. Optional expedients for hedge accounting permits changes to critical terms of hedging relationships and to the designated benchmark interest rate in a fair value hedge and also provides relief for assessing hedge effectiveness for cash flow hedges. Companies are able to apply ASU 2020-04 immediately; however, the guidance will only be available for a limited time (generally through December 31, 2022). The Company formed a LIBOR Transition Team in 2020, has created standard LIBOR replacement language for new and modified loan notes, and is monitoring the remaining loans with LIBOR rates monthly to ensure progress in updating these loans with acceptable LIBOR replacement language or converting them to other interest rates. During 2021, the Company did not offer LIBOR-indexed rates on loans which it originated, although it did participate in some shared credit agreements originated by other banks subject to the Company's determination that the LIBOR replacement language in the loan documents met the Company's standards. Pursuant to the Joint Regulatory Statement on LIBOR transition issued in October 2021, the Company, as of January 1, 2022, is not entering into any new LIBOR-based credit agreements and is not extending, renewing, or modifying any prior LIBOR credit agreements without requiring conversion of the agreements to other interest rates. The adoption of ASU 2020-04 has not had a material impact on the Company's financial position or results of operations.

In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope* ("ASU 2021-01"), which clarifies that certain optional expedients and exceptions in Accounting Standard Codification ("ASC") 848 for contract modifications and hedge accounting apply to derivatives that are affected by the changes in the interest rates used for margining, discounting, or contract price alignment for derivative instruments that are being implemented as part of the market-wide transition to new reference rates (commonly referred to as the "discounting transition"). ASU 2021-01 also amends the expedients and exceptions in ASC 848 to capture the incremental consequences of the scope clarification and to tailor the existing guidance to derivative instruments affected by the discounting transition. ASU 2021-01 was effective upon issuance and generally can be applied through December 31, 2022. ASU 2021-01 did not have a material impact on the Company's financial position or results of operations.

Leases - In July 2021, the FASB issued ASU No. 2021-05, *Leases (Topic 842): Lessors-Certain Leases with Variable Lease Payments* ("ASU 2021-05"), that amends lease classification requirements for lessors. In accordance with ASU 2021-05, lessors should classify and account for a lease that have variable lease payments that do not depend on a reference index rate as an operating lease if both of the following criteria are met: i) the lease would have been classified as a sales-type lease or a direct financing lease under the previous lease classification criteria and ii) sales-type or direct financing lease classification would result in a Day 1 loss. ASU 2021-05 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021, with early adoption permitted. The adoption of ASU No. 2021-05 did not have a material impact on the Company's results of operations, financial position or disclosures.

Recently Issued Accounting Standards

Fair Value Hedging - In March 2022, the FASB issued ASU No. 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method* ("ASU 2022-01"), which clarifies the guidance on fair value hedge accounting of interest rate risk for portfolios of financial assets. This ASU amends the guidance in ASU 2017-12 that, among other things, established the "last-of-layer" method for making the fair value hedge accounting for these portfolios more accessible. ASU 2022-01 renames that method the "portfolio layer" method and expands the scope of this guidance to allow entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and nonprepayable financial assets. This scope expansion is consistent with the FASB's efforts to simplify hedge accounting and allows entities to apply the same method to similar hedging strategies. ASU 2022-01 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position and disclosures.

Credit Losses on Financial Instruments - In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* ("ASU 2022-02"), which eliminates the accounting guidance on troubled debt restructurings (TDRs) for creditors in ASC 310-40 and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. The ASU also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings made to borrowers experiencing financial difficulty. ASU 2022-02 is effective for public business entities for fiscal years, and

interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position and disclosures.

There have been no other significant changes to the Company's accounting policies as previously reported (disclosed) in the 2021 Form 10-K. Presently, the Company is not aware of any other changes to the Accounting Standards Codification that will have a material impact on its present or future financial position or results of operations.

NOTE 2: ACQUISITIONS

Landmark Community Bank

On October 8, 2021, the Company completed its acquisition of Landmark Community Bank ("Landmark") pursuant to the terms of the Agreement and Plan of Merger dated as of June 4, 2021 ("Landmark Agreement"), at which time Landmark merged with and into Simmons Bank, with Simmons Bank continuing as the surviving entity. The Company issued 4,499,872 shares of its common stock valued at approximately $138.2 million as of October 8, 2021, plus $6,451,727.43 in cash, in exchange for all outstanding shares of Landmark capital stock (and common stock equivalents) to effect the merger.

Prior to the acquisition, Landmark, headquartered in Collierville, Tennessee, conducted banking business from 8 branches located in the Memphis and Nashville, Tennessee, metropolitan areas. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $968.8 million in assets, including approximately $789.5 million in loans (inclusive of loan discounts), and approximately $802.7 million in deposits.

Goodwill of $31.5 million was recorded as a result of the transaction. The merger strengthened the Company's market share and brought forth additional opportunities in the Company's current footprint, which gave rise to the goodwill recorded. The goodwill will not be deductible for tax purposes.

A summary, at fair value, of the assets acquired and liabilities assumed in the Landmark acquisition, as of the acquisition date, is as follows:

(In thousands)	Acquired from Landmark	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 27,591	$ —	$ 27,591
Due from banks - time	100	—	100
Investment securities	114,793	(125)	114,668
Loans acquired	785,551	3,953	789,504
Allowance for credit losses on loans	(5,980)	3,621	(2,359)
Premises and equipment	9,540	(4,099)	5,441
Bank owned life insurance	21,287	—	21,287
Core deposit intangible	88	4,071	4,159
Other assets	13,036	(4,655)	8,381
Total assets acquired	$ 966,006	$ 2,766	$ 968,772

(In thousands)	Acquired from Landmark	Fair Value Adjustments	Fair Value
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$ 110,393	$ —	$ 110,393
Interest bearing transaction accounts and savings deposits	425,777	—	425,777
Time deposits	266,835	(334)	266,501
Total deposits	803,005	(334)	802,671
Other borrowings	47,023	—	47,023
Accrued interest and other liabilities	8,459	(3,122)	5,337
Total liabilities assumed	858,487	(3,456)	855,031
Equity	107,519	(107,519)	—
Total equity assumed	107,519	(107,519)	—
Total liabilities and equity assumed	$ 966,006	$ (110,975)	$ 855,031
Net assets acquired			113,741
Purchase price			145,195
Goodwill			$ 31,454

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the merger. Management will continue to review the estimated fair values and evaluate the assumed tax positions. The Company expects to finalize its analysis of the acquired assets and assumed liabilities in this transaction within one year of the completion of the merger. Therefore, adjustments to the estimated amounts and carrying values may occur.

The Company's operating results include the operating results of the acquired assets and assumed liabilities of Landmark subsequent to the acquisition date.

Triumph Bancshares, Inc.

On October 8, 2021, the Company completed its merger with Triumph Bancshares, Inc. ("Triumph") pursuant to the terms of the Agreement and Plan of Merger dated as of June 4, 2021 ("Triumph Agreement"), at which time Triumph merged with and into the Company, with the Company continuing as the surviving corporation. The Company issued 4,164,712 shares of its common stock valued at approximately $127.9 million as of October 8, 2021, plus $1,693,402.93 in cash, in exchange for all outstanding shares of Triumph capital stock (and common stock equivalents) to effect the merger.

Prior to the acquisition, Triumph, headquartered in Memphis, Tennessee, conducted banking business through its subsidiary bank, Triumph Bank, from 6 branches located in the Memphis and Nashville, Tennessee, metropolitan areas. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $846.9 million in assets, including approximately $698.8 million in loans (inclusive of loan discounts), and approximately $719.7 million in deposits.

Goodwill of $40.2 million was recorded as a result of the transaction. The merger strengthened the Company's market share and brought forth additional opportunities in the Company's current footprint, which gave rise to the goodwill recorded. The goodwill will not be deductible for tax purposes.

A summary, at fair value, of the assets acquired and liabilities assumed in the Triumph acquisition, as of the acquisition date, is as follows:

(In thousands)	Acquired from Triumph	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 7,484	$ —	$ 7,484
Due from banks - time	495	—	495
Investment securities	130,571	(1,116)	129,455
Loans acquired	702,460	(3,674)	698,786
Allowance for credit losses on loans	(12,617)	1,525	(11,092)
Premises and equipment	2,774	484	3,258
Goodwill	1,550	(1,550)	—
Core deposit intangible	—	5,136	5,136
Other assets	12,806	594	13,400
Total assets acquired	845,523	1,399	846,922
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$ 115,729	$ —	$ 115,729
Interest bearing transaction accounts and savings deposits	383,434	—	383,434
Time deposits	219,477	1,094	220,571
Total deposits	718,640	1,094	719,734
Other borrowings	2,854	—	2,854
Subordinated debentures	30,700	—	30,700
Accrued interest and other liabilities	2,882	455	3,337
Total liabilities assumed	755,076	1,549	756,625
Equity	90,446	(90,446)	—
Total equity assumed	90,446	(90,446)	—
Total liabilities and equity assumed	$ 845,522	$ (88,897)	$ 756,625
Net assets acquired			90,297
Purchase price			130,544
Goodwill			$ 40,247

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the merger. Management will continue to review the estimated fair values and evaluate the assumed tax positions. The Company expects to finalize its analysis of the acquired assets and assumed liabilities in this transaction within one year of the completion of the merger. Therefore, adjustments to the estimated amounts and carrying values may occur.

The Company's operating results include the operating results of the acquired assets and assumed liabilities of Triumph subsequent to the acquisition date.

The following is a description of the methods used to determine the fair values of significant assets and liabilities presented in the acquisitions above.

Cash and due from banks and time deposits due from banks – The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Investment securities – Investment securities were acquired with an adjustment to fair value based upon quoted market prices if material. Otherwise, the carrying amount of these assets was deemed to be a reasonable estimate of fair value.

Loans acquired – Fair values for loans were based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was

amortizing, and current discount rates. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns. The discount rate does not include a factor for credit losses as that has been included in the estimated cash flows. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. See Note 5, Loans and Allowance for Credit Losses, in the accompanying Notes to Consolidated Financial Statements for additional information related to purchased financial assets with credit deterioration.

Premises and equipment – Bank premises and equipment were acquired with an adjustment to fair value, which represents the difference between the Company's current analysis of property and equipment values completed in connection with the acquisition and book value acquired.

Bank owned life insurance – Bank owned life insurance is carried at its current cash surrender value, which is the most reasonable estimate of fair value.

Goodwill – The consideration paid as a result of the acquisition exceeded the fair value of the assets acquired, resulting in an intangible asset, goodwill. Goodwill established prior to the acquisitions, if applicable, was written off.

Core deposit intangible – This intangible asset represents the value of the relationships that the acquired banks had with their deposit customers. The fair value of this intangible asset was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected customer attrition rates, cost of the deposit base and the net maintenance cost attributable to customer deposits. Any core deposit intangible established prior to the acquisitions, if applicable, was written off.

Other assets – The fair value adjustment results from certain assets whose value was estimated to be more or less than book value, such as certain prepaid assets, receivables and other miscellaneous assets. Otherwise, the carrying amount of these assets was deemed to be a reasonable estimate of fair value.

Deposits – The fair values used for the demand and savings deposits that comprise the transaction accounts acquired, by definition equal the amount payable on demand at the acquisition date. The Company performed a fair value analysis of the estimated weighted average interest rate of the certificates of deposits compared to the current market rates and recorded a fair value adjustment for the difference when material.

Securities sold under agreement to repurchase – The carrying amount of securities sold under agreement to repurchase is a reasonable estimate of fair value based on the short-term nature of these liabilities.

Other borrowings – The fair value of other borrowings is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

Subordinated debentures – The fair value of subordinated debentures is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

Accrued interest and other liabilities – The fair value adjustment results from certain liabilities whose value was estimated to be more or less than book value, such as certain accounts payable and other miscellaneous liabilities. The adjustment also establishes a liability for unfunded commitments equal to the fair value of that liability at the date of acquisition. The carrying amount of accrued interest and the remainder of other liabilities was deemed to be a reasonable estimate of fair value.

Spirit of Texas Bancshares, Inc. (Subsequent Event)

On November 19, 2021, the Company announced that it had entered into an Agreement and Plan of Merger ("Spirit Agreement") with Spirit of Texas Bancshares, Inc. ("Spirit"), headquartered in Conroe, Texas, to acquire Spirit, including its wholly-owned bank subsidiary, Spirit of Texas Bank SSB. The merger was completed on April 8, 2022, at which time Spirit was merged with and into the Company, with the Company continuing as the surviving corporation. Pursuant to the terms of the Spirit Agreement, holders of Spirit's common stock and common stock equivalents received, in the aggregate, 18,275,074 shares of the Company's common stock and $1,393,508.24 in cash.

Prior to the acquisition, Spirit conducted banking business from 35 branches located primarily in the Texas Triangle - consisting of Dallas-Fort Worth, Houston, San Antonio and Austin metropolitan areas - with additional locations in the Bryan-College Station, Corpus Christi and Tyler metropolitan areas, along with offices in North Central and South Texas. As of March 31, 2022, Spirit had approximately $3.22 billion in assets, $2.38 billion in loans and $2.74 billion in deposits.

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the merger. Due to the recent closing, management remains in the early stages of reviewing the estimated fair values and evaluating the assumed tax positions of this merger. The Company expects to finalize its analysis of the acquired assets and assumed liabilities in this transaction within one year of the merger.

NOTE 3: INVESTMENT SECURITIES

Held-to-maturity ("HTM") securities, which include any security for which the Company has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the constant effective yield method over the security's estimated life. Prepayments are anticipated for mortgage-backed and SBA securities. Premiums on callable securities are amortized to their earliest call date.

Available-for-sale ("AFS") securities, which include any security for which the Company has no immediate plan to sell but which may be sold in the future, are carried at fair value. Realized gains and losses, based on specifically identified amortized cost of the individual security, are included in other income. Unrealized gains and losses are recorded, net of related income tax effects, in stockholders' equity, further discussed below. Premiums and discounts are amortized and accreted, respectively, to interest income using the constant effective yield method over the estimated life of the security. Prepayments are anticipated for mortgage-backed and SBA securities. Premiums on callable securities are amortized to their earliest call date.

During the quarter ended September 30, 2021, the Company transferred, at fair value, $500.8 million of securities from the available-for-sale portfolio to the held-to-maturity portfolio. The related remaining net unrealized gains of $918,000 in accumulated other comprehensive income (loss) will be amortized over the remaining life of the securities. No gains or losses on these securities were recognized at the time of transfer.

The amortized cost, fair value and allowance for credit losses of investment securities that are classified as HTM are as follows:

(In thousands)	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-maturity						
March 31, 2022						
U.S. Government agencies	$ 232,670	$ —	$ 232,670	$ —	$ (31,510)	$ 201,160
Mortgage-backed securities	112,496	—	112,496	1	(7,552)	104,945
State and political subdivisions	1,195,744	(1,285)	1,194,459	384	(209,191)	985,652
Other securities	17,292	(92)	17,200	—	(1,899)	15,301
Total HTM	$ 1,558,202	$ (1,377)	$ 1,556,825	$ 385	$ (250,152)	$ 1,307,058
December 31, 2021						
U.S. Government agencies	$ 232,609	$ —	$ 232,609	$ —	$ (7,914)	$ 224,695
Mortgage-backed securities	70,342	—	70,342	232	(1,425)	69,149
State and political subdivisions	1,210,248	(1,197)	1,209,051	6,166	(8,462)	1,206,755
Other securities	17,301	(82)	17,219	—	(440)	16,779
Total HTM	$ 1,530,500	$ (1,279)	$ 1,529,221	$ 6,398	$ (18,241)	$ 1,517,378

Mortgage-backed securities ("MBS") are commercial MBS, secured by commercial properties, and residential MBS, generally secured by single-family residential properties. All mortgage-backed securities included in the table above were issued by U.S. government agencies or corporations. As of March 31, 2022, HTM MBS consists of $4.4 million and $108.1 million of commercial MBS and residential MBS, respectively. As of December 31, 2021, HTM MBS consists of $4.9 million and $65.5 million of commercial MBS and residential MBS, respectively.

The amortized cost, fair value and allowance for credit losses of investment securities that are classified as AFS are as follows:

(In thousands)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Available-for-sale					
March 31, 2022					
U.S. Treasury	$ —	$ —	$ —	$ —	$ —
U.S. Government agencies	367,730	—	239	(34,738)	333,231
Mortgage-backed securities	4,378,489	—	138	(212,519)	4,166,108
State and political subdivisions	1,812,534	—	2,727	(161,567)	1,653,694
Other securities	511,829	—	2,309	(27,102)	487,036
Total AFS	$ 7,070,582	$ —	$ 5,413	$ (435,926)	$ 6,640,069
December 31, 2021					
U.S. Treasury	$ 300	$ —	$ —	$ —	$ 300
U.S. Government agencies	374,754	—	495	(10,608)	364,641
Mortgage-backed securities	4,485,548	—	6,307	(43,239)	4,448,616
State and political subdivisions	1,791,097	—	30,556	(1,995)	1,819,658
Other securities	479,162	—	6,647	(5,479)	480,330
Total AFS	$ 7,130,861	$ —	$ 44,005	$ (61,321)	$ 7,113,545

As of March 31, 2022, AFS MBS consists of $1.46 billion and $2.70 billion of commercial MBS and residential MBS, respectively. As of December 31, 2021, AFS MBS consists of $1.53 billion and $2.92 billion of commercial MBS and residential MBS, respectively.

Accrued interest receivable on HTM and AFS securities at March 31, 2022 was $7.9 million and $23.1 million, respectively, and is included in interest receivable on the consolidated balance sheets. The Company has made the election to exclude all accrued interest receivable from securities from the estimate of credit losses.

The following table summarizes the Company's AFS investments in an unrealized loss position for which an allowance for credit loss has not been recorded as of March 31, 2022, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
(In thousands)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Available-for-sale						
U.S. Government agencies	$ 94,352	$ (4,576)	$ 211,178	$ (30,162)	$ 305,530	$ (34,738)
Mortgage-backed securities	2,377,428	(115,730)	1,141,855	(96,789)	3,519,283	(212,519)
State and political subdivisions	1,337,236	(118,017)	152,722	(43,550)	1,489,958	(161,567)
Other securities	278,514	(13,127)	97,325	(13,975)	375,839	(27,102)
Total AFS	$ 4,087,530	$ (251,450)	$ 1,603,080	$ (184,476)	$ 5,690,610	$ (435,926)

As of March 31, 2022, the Company's investment portfolio included $6.64 billion of AFS securities, of which $5.69 billion, or 85.7%, were in an unrealized loss position that were not deemed to have credit losses. A portion of the unrealized losses were related to the Company's MBS, which are issued and guaranteed by U.S. government-sponsored entities and agencies, and the Company's state and political subdivision securities, specifically investments in insured fixed rate municipal bonds for which the issuers continue to make timely principal and interest payments under the contractual terms of the securities.

Furthermore, the decline in fair value for each of the above AFS securities is attributable to the rates for those investments yielding less than current market rates. Management does not believe any of the securities are impaired due to reasons of credit

quality. Management believes the declines in fair value for the securities are temporary. Management does not have the intent to sell the securities, and management believes it is more likely than not the Company will not have to sell the securities before recovery of their amortized cost basis.

Allowance for Credit Losses

All MBS held by the Company are issued by U.S. government-sponsored entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, highly rated by major rating agencies and have a long history of no credit losses. Accordingly, no allowance for credit losses has been recorded for these securities.

Regarding securities issued by state and political subdivisions and other HTM securities, management considers (i) issuer bond ratings, (ii) historical loss rates for given bond ratings, (iii) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities, (iv) internal forecasts, and (v) whether or not such securities provide insurance or other credit enhancement or are pre-refunded by the issuers.

The following table details activity in the allowance for credit losses by investment security type for the three months ended March 31, 2022 and 2021 on the Company's HTM and AFS securities portfolio.

(In thousands)	State and Political Subdivisions	Other Securities	Total
Three Months Ended March 31, 2022			
Held-to-maturity			
Beginning balance, January 1, 2022	$ 1,197	$ 82	$ 1,279
Provision for credit loss expense	—	—	—
Securities charged-off	—	—	—
Recoveries	88	10	98
Ending balance, March 31, 2022	$ 1,285	$ 92	$ 1,377
Three Months Ended March 31, 2021			
Held-to-maturity			
Beginning balance, January 1, 2021	$ 2,307	$ 608	$ 2,915
Provision for credit loss expense	(1,265)	568	(697)
Securities charged off	—	(600)	(600)
Ending balance, March 31, 2021	$ 1,042	$ 576	$ 1,618
Available-for-sale			
Beginning balance, January 1, 2021	$ 217	$ 95	$ 312
Credit losses on securities not previously recorded	61	2,237	2,298
Reduction due to sales	—	(11)	(11)
Net decrease in allowance on previously impaired securities	(214)	69	(145)
Ending balance, March 31, 2021	$ 64	$ 2,390	$ 2,454

Based upon the Company's analysis of the underlying risk characteristics of its AFS portfolio, including credit ratings and other qualitative factors, as previously discussed, there was no provision for credit losses related to AFS securities recorded in the first quarter of 2022. During the three months ended March 31, 2021, the provision for credit losses related to AFS securities was $2.1 million.

The following table summarizes bond ratings for the Company's HTM portfolio, based upon amortized cost, issued by state and political subdivisions and other securities as of March 31, 2022:

	State and Political Subdivisions				
(In thousands)	Not Guaranteed or Pre-Refunded	Other Credit Enhancement or Insurance	Pre-Refunded	Total	Other Securities
Aaa/AAA	$ 128,763	$ 114,741	$ —	$ 243,504	$ —
Aa/AA	479,331	305,542	—	784,873	—
A	42,708	89,299	—	132,007	17,292
Baa/BBB	—	13,540	—	13,540	—
Not Rated	6,182	15,638	—	21,820	
Total	$ 656,984	$ 538,760	$ —	$ 1,195,744	$ 17,292

Historical loss rates associated with securities having similar grades as those in the Company's portfolio have generally not been significant. Pre-refunded securities, if any, have been defeased by the issuer and are fully secured by cash and/or U.S. Treasury securities held in escrow for payment to holders when the underlying call dates of the securities are reached. Securities with other credit enhancement or insurance continue to make timely principal and interest payments under the contractual terms of the securities. Accordingly, no allowance for credit losses has been recorded for these securities as there is no current expectation of credit losses related to these securities.

Income earned on securities for the three months ended March 31, 2022 and 2021, is as follows:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Taxable:		
Held-to-maturity	$ 1,912	$ 513
Available-for-sale	16,236	9,607
Non-taxable:		
Held-to-maturity	6,102	2,004
Available-for-sale	9,462	9,449
Total	$ 33,712	$ 21,573

The amortized cost and estimated fair value by maturity of securities as of March 31, 2022 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. Accordingly, actual maturities may differ from contractual maturities.

	Held-to-Maturity		Available-for-Sale	
(In thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 4,331	$ 4,355	$ 6,564	$ 6,560
After one through five years	4,213	4,291	65,960	64,934
After five through ten years	28,026	24,759	559,472	530,695
After ten years	1,409,136	1,168,709	2,059,481	1,871,156
Securities not due on a single maturity date	112,496	104,944	4,378,489	4,166,108
Other securities (no maturity)	—	—	616	616
Total	$ 1,558,202	$ 1,307,058	$ 7,070,582	$ 6,640,069

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $3.66 billion at March 31, 2022 and $3.88 billion at December 31, 2021.

There were approximately $37,000 of gross realized gains and $91,000 of gross realized losses from the sale and calls of securities during the three months ended March 31, 2022. There were approximately $5.5 million of gross realized gains and $13,000 of gross realized losses from the sale of securities during the three months ended March 31, 2021. The income tax expense/benefit related to security gains/losses was 26.135% of the gross amounts in 2022 and 2021.

The Company has entered into various fair value hedging transactions to mitigate the impact of changing interest rates on the fair value of AFS securities. See *Note 23: Derivative Instruments* for disclosure of the gains and losses recognized on derivative instruments and the cumulative fair value hedging adjustments to the carrying amount of the hedged securities.

NOTE 4: OTHER LIABILITIES HELD FOR SALE

Illinois Branch Sale

On November 30, 2020, the Company's subsidiary bank, Simmons Bank, entered into a Branch Purchase and Assumption Agreement (the "Citizens Equity Agreement") with Citizens Equity First Credit Union ("CEFCU").

On March 12, 2021, CEFCU completed its purchase of certain assets and assumption of certain liabilities ("Illinois Branch Sale") associated with four Simmons Bank locations in the Metro East area of Southern Illinois, near St. Louis (collectively, the "Illinois Branches"). Pursuant to the terms of the Citizens Equity Agreement, CEFCU assumed certain deposit liabilities and acquired certain loans, as well as cash, personal property and other fixed assets associated with the Illinois Branches. The loan and deposit balances of the Illinois Branches were $354,000 and $137.9 million, respectively.

The Company recognized a gain on sale of $5.3 million related to the Illinois Branches in the three month period ended March 31, 2021.

As of March 31, 2022, there were no outstanding other liabilities held for sale.

NOTE 5: LOANS AND ALLOWANCE FOR CREDIT LOSSES

At March 31, 2022, the Company's loan portfolio was $12.03 billion, compared to $12.01 billion at December 31, 2021. The various categories of loans are summarized as follows:

(In thousands)	March 31, 2022	December 31, 2021
Consumer:		
Credit cards	$ 184,372	$ 187,052
Other consumer	180,602	168,318
Total consumer	364,974	355,370
Real Estate:		
Construction and development	1,423,445	1,326,371
Single family residential	2,042,978	2,101,975
Other commercial	5,762,567	5,738,904
Total real estate	9,228,990	9,167,250
Commercial:		
Commercial	2,016,405	1,992,043
Agricultural	150,465	168,717
Total commercial	2,166,870	2,160,760
Other	267,759	329,123
Total loans	$ 12,028,593	$ 12,012,503

The above table presents total loans at amortized cost. The difference between amortized cost and unpaid principal balance is primarily premiums and discounts associated with acquisition date fair value adjustments on acquired loans as well as net deferred origination fees totaling $16.7 million and $21.5 million at March 31, 2022 and December 31, 2021, respectively.

Accrued interest on loans, which is excluded from the amortized cost of loans held for investment, totaled $38.4 million and $39.8 million at March 31, 2022 and December 31, 2021, respectively, and is included in interest receivable on the consolidated balance sheets.

Loan Origination/Risk Management – The Company seeks to manage its credit risk by diversifying its loan portfolio, determining that borrowers have adequate sources of cash flow for loan repayment without liquidation of collateral; obtaining and monitoring collateral; and providing an adequate allowance for credit losses by regularly reviewing loans through the internal loan review process. The loan portfolio is diversified by borrower, purpose and industry. The Company seeks to use diversification within the loan portfolio to reduce its credit risk, thereby minimizing the adverse impact on the portfolio if weaknesses develop in either the economy or a particular segment of borrowers. Collateral requirements are based on credit assessments of borrowers and may be used to recover the debt in case of default.

Consumer – The consumer loan portfolio consists of credit card loans and other consumer loans. Credit card loans are diversified by geographic region to reduce credit risk and minimize any adverse impact on the portfolio. Although they are regularly reviewed to facilitate the identification and monitoring of creditworthiness, credit card loans are unsecured loans, making them more susceptible to economic downturns that result in increased unemployment. Other consumer loans include direct and indirect installment loans and account overdrafts. Loans in this portfolio segment are sensitive to unemployment and other key consumer economic measures.

Real estate – The real estate loan portfolio consists of construction and development loans ("C&D"), single family residential loans and commercial loans. C&D and commercial real estate ("CRE") loans can be particularly sensitive to valuation of real estate. CRE cycles are inevitable. The long planning and production process for new properties and rapid shifts in business conditions and employment create an inherent tension between supply and demand for commercial properties. While general economic trends often move individual markets in the same direction over time, the timing and magnitude of changes are determined by other forces unique to each market. CRE cycles tend to be local in nature and longer than other credit cycles. Factors influencing the CRE market are traditionally different from those affecting residential real estate markets; thereby making predictions for one market based on the other difficult. Additionally, submarkets within CRE – such as office, industrial, apartment, retail and hotel – also experience different cycles, providing an opportunity to lower the overall risk through diversification across types of CRE loans. Management realizes that local demand and supply conditions will also mean that different geographic areas will experience cycles of different amplitude and duration. The Company monitors these loans closely.

Commercial – The commercial loan portfolio includes commercial and agricultural loans, representing loans to commercial customers and farmers for use in normal business or farming operations to finance working capital needs, equipment purchases or other expansion projects. Paycheck Protection Program ("PPP") loans are also included in the commercial loan portfolio. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrowers, particularly cash flow from customers' business or farming operations. The Company continues its efforts to keep loan terms short, reducing the negative impact of upward movement in interest rates. Term loans are generally set up with one or three year balloons, and the Company has instituted a pricing mechanism for commercial loans. It is standard practice to require personal guaranties on commercial loans for closely-held or limited liability entities.

Paycheck Protection Program Loans – The Company originated loans pursuant to multiple PPP appropriations of the CARES Act which provided 100% federally guaranteed loans for small businesses to cover up to 24 weeks of payroll costs and assistance with mortgage interest, rent and utilities. Notably, these small business loans may be forgiven by the SBA if borrowers maintain their payrolls and satisfy certain other conditions. PPP loans have a zero percent risk-weight for regulatory capital ratios. As of March 31, 2022 and December 31, 2021, the total outstanding balance of PPP loans was $61.9 million and $116.7 million, respectively.

Nonaccrual and Past Due Loans – Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The amortized cost basis of nonaccrual loans segregated by category of loans are as follows:

(In thousands)	March 31, 2022	December 31, 2021
Consumer:		
Credit cards	$ 435	$ 377
Other consumer	358	381
Total consumer	793	758
Real estate:		
Construction and development	1,746	2,296
Single family residential	20,060	19,268
Other commercial	27,521	26,953
Total real estate	49,327	48,517
Commercial:		
Commercial	13,726	18,774
Agricultural	247	152
Total commercial	13,973	18,926
Other	3	3
Total	$ 64,096	$ 68,204

As of March 31, 2022 and December 31, 2021, nonaccrual loans for which there was no related allowance for credit losses had an amortized cost of $9.3 million and $14.5 million, respectively. These loans are individually assessed and do not hold an allowance due to being adequately collateralized under the collateral-dependent valuation method.

An age analysis of the amortized cost basis of past due loans, including nonaccrual loans, segregated by class of loans is as follows:

(In thousands)	Gross 30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90 Days Past Due & Accruing
March 31, 2022						
Consumer:						
Credit cards	$ 840	$ 362	$ 1,202	$ 183,170	$ 184,372	$ 238
Other consumer	1,083	92	1,175	179,427	180,602	—
Total consumer	1,923	454	2,377	362,597	364,974	238
Real estate:						
Construction and development	426	118	544	1,422,901	1,423,445	—
Single family residential	18,273	8,546	26,819	2,016,159	2,042,978	—
Other commercial	5,677	11,743	17,420	5,745,147	5,762,567	—
Total real estate	24,376	20,407	44,783	9,184,207	9,228,990	—
Commercial:						
Commercial	4,707	8,082	12,789	2,003,616	2,016,405	2
Agricultural	110	199	309	150,156	150,465	—
Total commercial	4,817	8,281	13,098	2,153,772	2,166,870	2
Other	17	3	20	267,739	267,759	—
Total	$ 31,133	$ 29,145	$ 60,278	$ 11,968,315	$ 12,028,593	$ 240

(In thousands)	Gross 30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90 Days Past Due & Accruing
December 31, 2021						
Consumer:						
Credit cards	$ 847	$ 413	$ 1,260	$ 185,792	$ 187,052	$ 247
Other consumer	1,149	130	1,279	167,039	168,318	—
Total consumer	1,996	543	2,539	352,831	355,370	247
Real estate:						
Construction and development	114	504	618	1,325,753	1,326,371	—
Single family residential	11,313	9,398	20,711	2,081,264	2,101,975	102
Other commercial	2,474	12,268	14,742	5,724,162	5,738,904	—
Total real estate	13,901	22,170	36,071	9,131,179	9,167,250	102
Commercial:						
Commercial	4,812	10,074	14,886	1,977,157	1,992,043	—
Agricultural	13	117	130	168,587	168,717	—
Total commercial	4,825	10,191	15,016	2,145,744	2,160,760	—
Other	—	3	3	329,120	329,123	—
Total	$ 20,722	$ 32,907	$ 53,629	$ 11,958,874	$ 12,012,503	$ 349

When the Company restructures a loan to a borrower that is experiencing financial difficulty and grants a concession that it would not otherwise consider, a “troubled debt restructuring” (“TDR”) results and the Company classifies the loan as a TDR. The Company grants various types of concessions, primarily interest rate reduction and/or payment modifications or extensions, with an occasional forgiveness of principal.

Once an obligation has been restructured because of such credit problems, it continues to be considered a TDR until paid in full; or, if an obligation yields a market interest rate and no longer has any concession regarding payment amount or amortization, then it is not considered a TDR at the beginning of the calendar year after the year in which the improvement takes place. The Company returns TDRs to accrual status only if (1) all contractual amounts due can reasonably be expected to be repaid within a prudent period and (2) repayment has been in accordance with the contract for a sustained period, typically at least six months.

TDRs are individually evaluated for expected credit losses. The Company assesses the exposure for each modification, either by the fair value of the underlying collateral or the present value of expected cash flows, and determines if a specific allowance for credit losses is needed.

The following table presents a summary of TDRs segregated by class of loans.

	Accruing TDR Loans		Nonaccrual TDR Loans		Total TDR Loans	
(Dollars in thousands)	Number	Balance	Number	Balance	Number	Balance
March 31, 2022						
Real estate:						
Single-family residential	23	$ 2,238	14	$ 1,167	37	$ 3,405
Other commercial	1	760	1	46	2	806
Total real estate	24	2,998	15	1,213	39	4,211
Commercial:						
Commercial	2	426	2	1,405	4	1,831
Total commercial	2	426	2	1,405	4	1,831
Total	26	$ 3,424	17	$ 2,618	43	$ 6,042

(Dollars in thousands)	Accruing TDR Loans Number	Accruing TDR Loans Balance	Nonaccrual TDR Loans Number	Nonaccrual TDR Loans Balance	Total TDR Loans Number	Total TDR Loans Balance
December 31, 2021						
Real estate:						
Single-family residential	28	$ 3,087	14	$ 1,196	42	$ 4,283
Other commercial	1	766	2	48	3	814
Total real estate	29	3,853	16	1,244	45	5,097
Commercial:						
Commercial	2	436	2	1,406	4	1,842
Total commercial	2	436	2	1,406	4	1,842
Total	31	$ 4,289	18	$ 2,650	49	$ 6,939

There were no loans restructured as TDRs during the three month periods ended March 31, 2022 and 2021.

Additionally, there were no loans considered TDRs for which a payment default occurred during the three months ended March 31, 2022 and 2021. The Company defines a payment default as a payment received more than 90 days after its due date.

There were no TDRs with pre-modification loan balances for which Other Real Estate Owned (“OREO”) was received in full or partial satisfaction of the loans during the three month periods ended March 31, 2022 or 2021. At March 31, 2022 and December 31, 2021, the Company had $1,143,000 and $1,806,000, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At March 31, 2022 and December 31, 2021, the Company had $647,000 and $831,000, respectively, of OREO secured by residential real estate properties.

Credit Quality Indicators – As part of the on-going monitoring of the credit quality of the Company’s loan portfolio, management tracks certain credit quality indicators including trends related to (i) the weighted-average risk rating of commercial and real estate loans, (ii) the level of classified commercial and real estate loans, (iii) net charge-offs, (iv) non-performing loans (see details above) and (v) the general economic conditions of the Company’s local markets.

The Company utilizes a risk rating matrix to assign a risk rate to each of its commercial and real estate loans. Risk ratings are updated on an ongoing basis and are subject to change by continuous loan monitoring processes including lending management monitoring, executive management and board committee oversight, and independent credit review. A description of the general characteristics of the risk ratings is as follows:

- *Pass (Excellent)* – This category includes loans which are virtually free of credit risk. Borrowers in this category represent the highest credit quality and greatest financial strength.
- *Pass (Good)* - Loans under this category possess a nominal risk of default. This category includes borrowers with strong financial strength and superior financial ratios and trends. These loans are generally fully secured by cash or equivalents (other than those rated “excellent”).
- *Pass (Acceptable – Average)* - Loans in this category are considered to possess a normal level of risk. Borrowers in this category have satisfactory financial strength and adequate cash flow coverage to service debt requirements. If secured, the perfected collateral should be of acceptable quality and within established borrowing parameters.
- *Pass (Monitor)* - Loans in the Watch (Monitor) category exhibit an overall acceptable level of risk, but that risk may be increased by certain conditions, which represent “red flags”. These “red flags” require a higher level of supervision or monitoring than the normal “Pass” rated credit. The borrower may be experiencing these conditions for the first time, or it may be recovering from weakness, which at one time justified a higher rating. These conditions may include: weaknesses in financial trends; marginal cash flow; one-time negative operating results; non-compliance with policy or borrowing agreements; poor diversity in operations; lack of adequate monitoring information or lender supervision; questionable management ability/stability.
- *Special Mention* - A loan in this category has potential weaknesses that deserve management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution’s credit position at some future date. Special Mention loans are not adversely classified (although they are “criticized”) and do not expose an institution to sufficient risk to warrant adverse classification. Borrowers may be experiencing adverse operating trends or an ill-proportioned balance sheet. Non-financial characteristics of a Special Mention

rating may include management problems, pending litigation, a non-existent or ineffective loan agreement or other material structural weakness, and/or other significant deviation from prudent lending practices.

- *Substandard* - A Substandard loan is inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. The loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. This does not imply ultimate loss of the principal, but may involve burdensome administrative expenses and the accompanying cost to carry the loan.
- *Doubtful* - A loan classified Doubtful has all the weaknesses inherent in a substandard loan except that the weaknesses make collection or liquidation in full (on the basis of currently existing facts, conditions, and values) highly questionable and improbable. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain an operating entity. The possibility of loss is extremely high, but because of specific pending events that may strengthen the asset, its classification as loss is deferred. Pending factors include: proposed merger or acquisition; liquidation procedures; capital injection; perfection of liens on additional collateral; and refinancing plans. Loans classified as Doubtful are placed on nonaccrual status.
- *Loss* - Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loans has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless loan, even though partial recovery may be affected in the future. Borrowers in the Loss category are often in bankruptcy, have formally suspended debt repayments, or have otherwise ceased normal business operations. Loans should be classified as Loss and charged-off in the period in which they become uncollectible.

The Company monitors credit quality in the consumer portfolio by delinquency status. The delinquency status of loans is updated daily. A description of the delinquency credit quality indicators is as follows:

- *Current* - Loans in this category are either current in payments or are under 30 days past due. These loans are considered to have a normal level of risk.
- *30-89 Days Past Due* - Loans in this category are between 30 and 89 days past due and are subject to the Company’s loss mitigation process. These loans are considered to have a moderate level of risk.
- *90+ Days Past Due* - Loans in this category are 90 days or more past due and are placed on nonaccrual status. These loans have been subject to the Company’s loss mitigation process and foreclosure and/or charge-off proceedings have commenced.

The Company uses a dual risk rating scale that utilizes quantitative models and qualitative factors (“score cards”) to assist in determining the appropriate risk rating for its commercial loans. This dual risk rating methodology incorporates a “probability of default” analysis which utilizes quantified metrics such as loan terms and financial performance, as well as a “loss given default” analysis which utilizes collateral values and economics of the market, among other attributes. Model outputs are reviewed and analyzed to ensure the projected risk levels are commensurate with underwriting and credit leader expectations. The risk rating scale includes Probability of Default levels of 1 – 16 and Loss Given Default levels of A – I. The scale allows for more granular recognition of risk and diversification of grading among traditional Pass grades.

The following is a reconciliation between the expanded risk rating scale and the Company’s traditional risk rating segments utilized within the commercial loan classes presented in the credit quality indicator tables.

- *Pass* - Includes loans with an expanded risk rating of 1 through 11. Loans with a risk rating of 10 and 11 equate to loans included on management’s “watch list” and is intended to be utilized on a temporary basis for pass grade borrowers where a significant risk-modifying action is anticipated in the near term.
- *Special Mention* - Includes loans with an expanded risk rating of 12.
- *Substandard* - Includes loans with an expanded risk rating of 13 and 14.
- *Doubtful and loss* - Includes loans with an expanded risk rating of 15 and 16.

The following table presents a summary of loans by credit quality indicator, as of March 31, 2022, segregated by class of loans.

	Term Loans Amortized Cost Basis by Origination Year								
(In thousands)	2022 (YTD)	2021	2020	2019	2018	2017 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Consumer - credit cards									
Delinquency:									
Current	$ —	$ —	$ —	$ —	$ —	$ —	$ 183,170	$ —	$ 183,170
30-89 days past due	—	—	—	—	—	—	840	—	840
90+ days past due	—	—	—	—	—	—	362	—	362
Total consumer - credit cards	—	—	—	—	—	—	184,372	—	184,372
Consumer - other									
Delinquency:									
Current	79,761	43,528	18,213	8,773	5,164	6,467	17,517	4	179,427
30-89 days past due	15	476	122	90	83	245	52	—	1,083
90+ days past due	—	31	7	9	3	42	—	—	92
Total consumer - other	79,776	44,035	18,342	8,872	5,250	6,754	17,569	4	180,602
Real estate - C&D									
Risk rating:									
Pass	36,921	83,202	84,969	21,988	12,221	10,831	1,166,464	3,694	1,420,290
Special mention	—	—	—	265	—	46	—	—	311
Substandard	1,066	184	52	15	35	123	1,369	—	2,844
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - C&D	37,987	83,386	85,021	22,268	12,256	11,000	1,167,833	3,694	1,423,445
Real estate - SF residential									
Delinquency:									
Current	94,349	432,131	331,902	154,549	217,889	519,907	263,355	2,077	2,016,159
30-89 days past due	52	2,445	3,040	2,010	1,348	8,189	1,189	—	18,273
90+ days past due	141	223	502	775	801	5,517	587	—	8,546
Total real estate - SF residential	94,542	434,799	335,444	157,334	220,038	533,613	265,131	2,077	2,042,978
Real estate - other commercial									
Risk rating:									
Pass	512,084	1,559,457	917,510	295,515	176,517	579,079	1,317,696	19,730	5,377,588
Special mention	31,411	11,572	51,706	1,241	1,635	9,511	65,879	—	172,955
Substandard	4,895	67,793	49,225	3,416	3,000	30,247	53,448	—	212,024
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - other commercial	548,390	1,638,822	1,018,441	300,172	181,152	618,837	1,437,023	19,730	5,762,567
Commercial									
Risk rating:									
Pass	171,244	416,875	204,615	57,498	43,756	75,701	1,002,977	2,848	1,975,514
Special mention	3,718	1,373	1,808	112	12	1,038	3,803	—	11,864
Substandard	451	6,913	4,337	1,540	1,083	2,899	11,603	201	29,027
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial	175,413	425,161	210,760	59,150	44,851	79,638	1,018,383	3,049	2,016,405
Commercial - agriculture									
Risk rating:									
Pass	12,418	31,654	16,797	7,300	2,234	1,987	76,716	1,059	150,165
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	79	—	68	39	1	113	—	300
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial - agriculture	12,418	31,733	16,797	7,368	2,273	1,988	76,829	1,059	150,465
Other									
Delinquency:									
Current	28	24,198	4,616	1,170	22,241	11,612	203,874	—	267,739
30-89 days past due	—	—	—	17	—	—	—	—	17
90+ days past due	—	—	—	—	—	3	—	—	3
Total other	28	24,198	4,616	1,187	22,241	11,615	203,874	—	267,759
Total	$ 948,554	$ 2,682,134	$ 1,689,421	$ 556,351	$ 488,061	$ 1,263,445	$ 4,371,014	$ 29,613	$ 12,028,593

The following table presents a summary of loans by credit quality indicator, as of December 31, 2021, segregated by class of loans.

	Term Loans Amortized Cost Basis by Origination Year								
(In thousands)	2021	2020	2019	2018	2017	2016 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Consumer - credit cards									
Delinquency:									
Current	$ —	$ —	$ —	$ —	$ —	$ —	$ 185,792	$ —	$ 185,792
30-89 days past due	—	—	—	—	—	—	847	—	847
90+ days past due	—	—	—	—	—	—	413	—	413
Total consumer - credit cards	—	—	—	—	—	—	187,052	—	187,052
Consumer - other									
Delinquency:									
Current	97,830	21,885	11,712	6,756	5,416	3,833	19,607	—	167,039
30-89 days past due	265	121	164	49	219	156	175	—	1,149
90+ days past due	23	23	28	21	13	22	—	—	130
Total consumer - other	98,118	22,029	11,904	6,826	5,648	4,011	19,782	—	168,318
Real estate - C&D									
Risk rating:									
Pass	74,813	83,729	28,803	17,349	8,505	9,319	1,074,617	20,285	1,317,420
Special mention	—	—	270	—	—	47	—	—	317
Substandard	191	77	16	54	324	423	5,598	1,951	8,634
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - C&D	75,004	83,806	29,089	17,403	8,829	9,789	1,080,215	22,236	1,326,371
Real estate - SF residential									
Delinquency:									
Current	419,605	335,788	185,190	260,037	193,110	421,957	256,155	9,422	2,081,264
30-89 days past due	1,061	883	1,662	791	1,077	4,360	1,479	—	11,313
90+ days past due	27	561	507	1,199	1,358	5,104	570	72	9,398
Total real estate - SF residential	420,693	337,232	187,359	262,027	195,545	431,421	258,204	9,494	2,101,975
Real estate - other commercial									
Risk rating:									
Pass	1,349,746	807,701	375,824	267,696	476,029	537,493	1,409,099	164,856	5,388,444
Special mention	28,151	30,981	2,799	6,650	39,361	4,801	38,638	1,608	152,989
Substandard	28,137	10,186	5,243	10,806	30,060	27,107	53,860	32,072	197,471
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - other commercial	1,406,034	848,868	383,866	285,152	545,450	569,401	1,501,597	198,536	5,738,904
Commercial									
Risk rating:									
Pass	455,499	187,517	80,486	57,437	36,529	57,099	1,004,971	41,885	1,921,423
Special mention	670	2,482	1,066	189	261	2,770	8,500	10,499	26,437
Substandard	3,436	18,381	4,397	1,196	578	850	8,242	7,103	44,183
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial	459,605	208,380	85,949	58,822	37,368	60,719	1,021,713	59,487	1,992,043
Commercial - agriculture									
Risk rating:									
Pass	32,780	20,230	10,253	3,646	2,364	459	98,245	327	168,304
Special mention	—	—	—	—	—	—	—	—	—
Substandard	191	25	27	53	22	3	23	69	413
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial - agriculture	32,971	20,255	10,280	3,699	2,386	462	98,268	396	168,717
Other									
Delinquency:									
Current	24,247	4,740	1,236	22,438	6,692	5,578	264,189	—	329,120
30-89 days past due	—	—	—	—	—	—	—	—	—
90+ days past due	—	—	—	—	—	3	—	—	3
Total other	24,247	4,740	1,236	22,438	6,692	5,581	264,189	—	329,123
Total	$ 2,516,672	$ 1,525,310	$ 709,683	$ 656,367	$ 801,918	$ 1,081,384	$ 4,431,020	$ 290,149	$ 12,012,503

Allowance for Credit Losses

Allowance for Credit Losses – The allowance for credit losses is a reserve established through a provision for credit losses charged to expense, which represents management's best estimate of lifetime expected losses based on reasonable and supportable forecasts, historical loss experience, and other qualitative considerations. The allowance, in the judgment of management, is necessary to reserve for expected loan losses and risks inherent in the loan portfolio. The Company's allowance for credit loss methodology includes reserve factors calculated to estimate current expected credit losses to amortized cost balances over the remaining contractual life of the portfolio, adjusted for the effective interest rate used to discount prepayments, in accordance with ASC Topic 326-20, *Financial Instruments - Credit Losses*. Accordingly, the methodology is based on the Company's reasonable and supportable economic forecasts, historical loss experience, and other qualitative adjustments.

Loans with similar risk characteristics such as loan type, collateral type, and internal risk ratings are aggregated into homogeneous segments for assessment. Reserve factors are based on estimated probability of default and loss given default for each segment. The estimates are determined based on economic forecasts over the reasonable and supportable forecast period based on projected performance of economic variables that have a statistical relationship with the historical loss experience of the segments. For contractual periods that extend beyond the one-year forecast period, the estimates revert to average historical loss experiences over a one-year period on a straight-line basis.

The Company also includes qualitative adjustments to the allowance based on factors and considerations that have not otherwise been fully accounted for. Qualitative adjustments include, but are not limited to:

- *Changes in asset quality* - Adjustments related to trending credit quality metrics including delinquency, non-performing loans, charge-offs, and risk ratings that may not be fully accounted for in the reserve factor.
- *Changes in the nature and volume of the portfolio* - Adjustments related to current changes in the loan portfolio that are not fully represented or accounted for in the reserve factors.
- *Changes in lending and loan monitoring policies and procedures* - Adjustments related to current changes in lending and loan monitoring procedures as well as review of specific internal policy compliance metrics.
- *Changes in the experience, ability, and depth of lending management and other relevant staff* - Adjustments to measure increasing or decreasing credit risk related to lending and loan monitoring management.
- *Changes in the value of underlying collateral of collateralized loans* - Adjustments related to improving or deterioration of the value of underlying collateral that are not fully captured in the reserve factors.
- *Changes in and the existence and effect of any concentrations of credit* - Adjustments related to credit risk of specific industries that are not fully captured in the reserve factors.
- *Changes in regional and local economic and business conditions and developments* - Adjustments related to expected and current economic conditions at a regional or local-level that are not fully captured within the Company's reasonable and supportable forecast.
- *Data imprecisions due to limited historical loss data* - Adjustments related to limited historical loss data that is representative of the collective loan portfolio.

Loans that do not share similar risk characteristics are evaluated on an individual basis. These evaluations are typically performed on loans with a deteriorated internal risk rating or are classified as a troubled debt restructuring. The allowance for credit loss is determined based on several methods including estimating the fair value of the underlying collateral or the present value of expected cash flows.

For a collateral dependent loan, the Company's evaluation process includes a valuation by appraisal or other collateral analysis adjusted for selling costs, when appropriate. This valuation is compared to the remaining outstanding principal balance of the loan. If a loss is determined to be probable, the loss is included in the allowance for credit losses as a specific allocation. If the loan is not collateral dependent, the measurement of loss is based on the difference between the expected and contractual future cash flows of the loan.

Loans for which the repayment is expected to be provided substantially through the operation or sale of collateral and where the borrower is experiencing financial difficulty had an amortized cost of $100.0 million and $47.1 million as of March 31, 2022 and December 31, 2021, respectively, as further detailed in the table below. The collateral securing these loans consist of commercial real estate properties, residential properties, and other business assets.

(In thousands)	Real Estate Collateral	Other Collateral	Total
March 31, 2022			
Construction and development	$ 1,369	$ —	$ 1,369
Single family residential	1,947	—	1,947
Other commercial real estate	87,804	—	87,804
Commercial	—	8,877	8,877
Total	$ 91,120	$ 8,877	$ 99,997
December 31, 2021			
Construction and development	$ 2,489	$ —	$ 2,489
Single family residential	1,838	—	1,838
Other commercial real estate	32,849	—	32,849
Commercial	—	9,913	9,913
Total	$ 37,176	$ 9,913	$ 47,089

The following table details activity in the allowance for credit losses by portfolio segment for the three months ended March 31, 2022. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Allowance for credit losses:					
Three Months Ended March 31, 2022					
Beginning balance, January 1, 2022	$ 17,458	$ 179,270	$ 3,987	$ 4,617	$ 205,332
Provision for credit loss expense	(2,519)	(17,822)	(447)	874	(19,914)
Charge-offs	(6,319)	(485)	(920)	(414)	(8,138)
Recoveries	557	426	274	387	1,644
Net charge-offs	(5,762)	(59)	(646)	(27)	(6,494)
Ending balance, March 31, 2022	$ 9,177	$ 161,389	$ 2,894	$ 5,464	$ 178,924

Activity in the allowance for credit losses for the three months ended March 31, 2021 was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Allowance for credit losses:					
Three Months Ended March 31, 2021					
Beginning balance, January 1, 2020 - prior to adoption of CECL	$ 42,093	$ 182,868	$ 7,472	$ 5,617	$ 238,050
Provision for credit loss expense	(6,940)	14,242	(4,587)	(2,715)	—
Charge-offs	(859)	(1,687)	(1,003)	(702)	(4,251)
Recoveries	320	403	290	304	1,317
Net charge-offs	(539)	(1,284)	(713)	(398)	(2,934)
Ending balance, March 31, 2021	$ 34,614	$ 195,826	$ 2,172	$ 2,504	$ 235,116

As of March 31, 2022, the Company's allowance for credit losses was considered sufficient based upon expected loan level cash flows that were supported by economic forecasts. Provision expense was recaptured for the three months ended March 31, 2022 based upon improved asset credit quality metrics combined with improved Moody's economic modeling scenarios.

Reserve for Unfunded Commitments

In addition to the allowance for credit losses, the Company has established a reserve for unfunded commitments, classified in other liabilities. This reserve is maintained at a level management believes to be sufficient to absorb losses arising from unfunded loan commitments. The reserve for unfunded commitments as of March 31, 2022 and December 31, 2021 was $22.4 million. The adequacy of the reserve for unfunded commitments is determined quarterly based on methodology similar to the methodology for determining the allowance for credit losses. No adjustment was made to the reserve for unfunded commitments during the three months ended March 31, 2022 and 2021, as it was considered sufficient to cover any loss expectations.

Provision for Credit Losses

Provision for credit losses is determined by the Company as the amount to be added to the allowance for credit loss accounts for various types of financial instruments including loans, securities and off-balance-sheet credit exposure after net charge-offs have been deducted to bring the allowance to a level which, in management's best estimate, is necessary to absorb expected credit losses over the lives of the respective financial instruments.

The components of the provision for credit losses for the three month periods ended March 31, 2022 and 2021 were as follows:

(In thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Provision for credit losses related to:		
Loans	$ (19,914)	$ —
Unfunded commitments	—	—
Securities - HTM	—	(697)
Securities - AFS	—	2,142
Total	$ (19,914)	$ 1,445

Purchased Credit Deteriorated ("PCD") Loans

Purchased loans that reflect a more-than-insignificant deterioration of credit from origination are considered PCD. For PCD loans, the initial estimate of expected credit losses is recognized in the allowance for credit loss on the date of acquisition using the same methodology as discussed in the *Allowance for Credit Losses* section included above.

The following table provides a summary of loans purchased as part of the Landmark acquisition with credit deterioration at acquisition:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Unpaid principal balance	11,046	55,549	—	67	66,662
PCD allowance for credit loss at acquisition	(350)	(2,008)	—	(1)	(2,359)
Non-credit related discount	(160)	(2,415)	—	(2)	(2,577)
Fair value of PCD loans	10,536	51,126	—	64	61,726

The following table provides a summary of loans purchased as part of the Triumph acquisition with credit deterioration at acquisition:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Unpaid principal balance	40,466	80,803	—	15	121,284
PCD allowance for credit loss at acquisition	(2,999)	(8,093)	—	—	(11,092)
Non-credit related discount	(279)	(1,314)	—	(1)	(1,594)
Fair value of PCD loans	37,188	71,396	—	14	108,598

NOTE 6: RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES

The Company accounts for its leases in accordance with ASC Topic 842, *Leases*, which requires recognition of most leases, including operating leases, with a term greater than 12 months on the balance sheet. At lease commencement, the lease contract is reviewed to determine whether the contract is a finance lease or an operating lease; a lease liability is recognized on a discounted basis, related to the Company's obligation to make lease payments; and a right-of-use asset is also recognized related to the Company's right to use, or control the use of, a specified asset for the lease term. The Company accounts for lease and non-lease components (such as taxes, insurance and common area maintenance costs) separately as such amounts are generally readily determinable under the lease contracts. Lease payments over the expected term are discounted using the Company's Federal Home Loan Bank ("FHLB") advance rates for borrowings of similar term. If it is reasonably certain that a renewal or termination option will be exercised, the effects of such options are included in the determination of the expected lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The Company's leases are classified as operating leases with a term, including expected renewal or termination options, greater than one year, and are related to certain office facilities and office equipment. The following table presents information as of March 31, 2022 and December 31, 2021 related to the Company's right-of-use lease assets, included in premises and equipment, and lease liabilities, included in accrued interest and other liabilities.

(Dollars in thousands)	March 31, 2022	December 31, 2021
Right-of-use lease assets	$ 52,912	$ 48,855
Lease liabilities	53,533	49,321
Weighted average remaining lease term	8.43 years	7.96 years
Weighted average discount rate	1.75 %	2.00 %

Operating lease cost, classified in occupancy expense, for the three month periods ended March 31, 2022 and 2021 was $3.2 million and $2.8 million, respectively.

NOTE 7: PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Total premises and equipment, net at March 31, 2022 and December 31, 2021 were as follows:

(In thousands)	March 31, 2022	December 31, 2021
Right-of-use lease assets	$ 52,912	$ 48,855
Premises and equipment:		
Land	101,444	101,728
Buildings and improvements	320,024	320,844
Furniture, fixtures and equipment	107,739	107,122
Software	67,175	66,947
Construction in progress	15,570	9,117
Accumulated depreciation and amortization	(178,333)	(171,144)
Total premises and equipment, net	$ 486,531	$ 483,469

NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is tested annually, or more often than annually, if circumstances warrant, for impairment. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated, and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. Goodwill totaled $1.1 billion at March 31, 2022 and December 31, 2021. Goodwill increased $1.0 million during the quarter ended March 31, 2022 due to the continued assessment of the fair value and assumed tax position of the Landmark and Triumph acquisitions.

Core deposit premiums represent the value of the relationships that acquired banks had with their deposit customers and are amortized over periods ranging from 10 years to 15 years and are periodically evaluated, at least annually, as to the recoverability of their carrying value. Other intangible assets represent the value of other acquired relationships, including relationships with trust and wealth management customers, and are being amortized over various periods ranging from 10 years to 15 years.

Changes in the carrying amount and accumulated amortization of the Company's core deposit premiums and other intangible assets at March 31, 2022 and December 31, 2021 were as follows:

(In thousands)	March 31, 2022	December 31, 2021
Core deposit premiums:		
Balance, beginning of year	$ 93,862	$ 97,363
Acquisitions[(1)]	—	9,295
Disposition of intangible asset[(2)]	—	(674)
Amortization	(3,144)	(12,122)
Balance, end of period	90,718	93,862
Books of business and other intangibles:		
Balance, beginning of year	12,373	13,747
Amortization	(343)	(1,374)
Balance, end of period	12,030	12,373
Total other intangible assets, net	$ 102,748	$ 106,235

(1) Core deposit premiums of $5.1 million and $4.2 million were recorded during 2021 as part of the Triumph and Landmark acquisitions, respectively. See Note 2, Acquisitions, for additional information on acquisitions completed in 2021.
(2) Adjustments recorded for the premiums on certain deposit liabilities associated with the sale of banking operations.

The carrying basis and accumulated amortization of the Company's other intangible assets at March 31, 2022 and December 31, 2021 were as follows:

(In thousands)	March 31, 2022	December 31, 2021
Core deposit premiums:		
Gross carrying amount	$ 153,496	$ 153,496
Accumulated amortization	(62,778)	(59,634)
Core deposit premiums, net	90,718	93,862
Books of business and other intangibles:		
Gross carrying amount	19,937	19,937
Accumulated amortization	(7,907)	(7,564)
Books of business and other intangibles, net	12,030	12,373
Total other intangible assets, net	$ 102,748	$ 106,235

The Company's estimated remaining amortization expense on other intangible assets as of March 31, 2022 is as follows:

(In thousands)	Year	Amortization Expense
	Remainder of 2022	$ 10,408
	2023	13,612
	2024	12,709
	2025	10,125
	2026	9,652
	Thereafter	46,242
	Total	$ 102,748

NOTE 9: TIME DEPOSITS

Time deposits included approximately $541.5 million and $784.9 million of certificates of deposit over $250,000 at March 31, 2022 and December 31, 2021, respectively. Brokered time deposits were $890.9 million and $466.0 million at March 31, 2022 and December 31, 2021, respectively.

NOTE 10: INCOME TAXES

The provision for income taxes is comprised of the following components for the periods indicated below:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Income taxes currently payable	$ 5,119	$ 11,136
Deferred income taxes	9,107	3,227
Provision for income taxes	$ 14,226	$ 14,363

The tax effects of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts that give rise to deferred income tax assets and liabilities, and their approximate tax effects, are as follows:

(In thousands)	March 31, 2022	December 31, 2021
Deferred tax assets:		
Loans acquired	$ 4,334	$ 4,832
Allowance for credit losses	42,112	48,462
Valuation of foreclosed assets	628	628
Tax NOLs from acquisition	13,287	13,537
Deferred compensation payable	3,559	3,426
Accrued equity and other compensation	4,477	5,776
Acquired securities	177	223
Right-of-use lease liability	13,007	11,984
Unrealized loss on AFS securities	115,121	8,164
Allowance for unfunded commitments	5,442	5,442
Other	6,410	7,202
Gross deferred tax assets	208,554	109,676
Deferred tax liabilities:		
Goodwill and other intangible amortization	(37,828)	(38,329)
Accumulated depreciation	(26,176)	(26,347)
Right-of-use lease asset	(12,856)	(11,871)
Unrealized gain on AFS securities	—	—
Unrealized gain on swaps	(12,489)	(2,767)
Other	(4,044)	(3,718)
Gross deferred tax liabilities	(93,393)	(83,032)
Net deferred tax asset	$ 115,161	$ 26,644

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown for the periods indicated below:

(In thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Computed at the statutory rate (21%)	$ 16,657	$ 17,172
Increase (decrease) in taxes resulting from:		
State income taxes, net of federal tax benefit	1,125	1,890
Stock-based compensation	(202)	103
Tax exempt interest income	(3,403)	(2,510)
Tax exempt earnings on BOLI	(425)	(241)
Federal tax credits	(588)	(590)
Other differences, net	1,062	(1,461)
Actual tax provision	$ 14,226	$ 14,363

The Company follows ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC Topic 740 also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest and penalties. The Company has no history of expiring net operating loss carryforwards and is projecting significant pre-tax and financial taxable income in future years. The Company expects to fully realize its deferred tax assets in the future.

The amount of unrecognized tax benefits may increase or decrease in the future for various reasons including adding amounts for current tax year positions, expiration of open income tax returns due to the statutes of limitation, changes in management's judgment about the level of uncertainty, status of examinations, litigation and legislative activity and the addition or elimination of uncertain tax positions.

Section 382 of the Internal Revenue Code imposes an annual limit on the ability of a corporation that undergoes an "ownership change" to use its U.S. net operating losses to reduce its tax liability. The Company has engaged in two tax-free reorganization transactions in which acquired net operating losses are limited pursuant to Section 382. In total, approximately $57.7 million of federal net operating losses subject to the IRC Section 382 annual limitation are expected to be utilized by the Company. All of the acquired net operating loss carryforwards are expected to be fully utilized by 2036.

The Company files income tax returns in the U.S. federal jurisdiction. The Company's U.S. federal income tax returns are open and subject to examinations from the 2018 tax year and forward. The Company's various state income tax returns are generally open from the 2018 and later tax return years based on individual state statute of limitations.

NOTE 11: SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

The Company utilizes securities sold under agreements to repurchase to facilitate the needs of its customers and to facilitate secured short-term funding needs. Securities sold under agreements to repurchase are stated at the amount of cash received in connection with the transaction. The Company monitors collateral levels on a continuous basis. The Company may be required to provide additional collateral based on the fair value of the underlying securities. Securities pledged as collateral under repurchase agreements are maintained with the Company's safekeeping agents.

The gross amount of recognized liabilities for repurchase agreements was $178.8 million and $170.4 million at March 31, 2022 and December 31, 2021, respectively. The remaining contractual maturity of the securities sold under agreements to repurchase in the consolidated balance sheets as of March 31, 2022 and December 31, 2021 is presented in the following tables.

	Remaining Contractual Maturity of the Agreements				
(In thousands)	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
March 31, 2022					
Repurchase agreements:					
U.S. Government agencies	$ 178,828	$ —	$ —	$ —	$ 178,828
December 31, 2021					
Repurchase agreements:					
U.S. Government agencies	$ 170,403	$ —	$ —	$ —	$ 170,403

NOTE 12: OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Debt at March 31, 2022 and December 31, 2021 consisted of the following components:

(In thousands)	March 31, 2022	December 31, 2021
Other Borrowings		
FHLB advances, net of discount, due 2022 to 2035, 0.23% to 7.37% secured by real estate loans	$ 1,305,812	$ 1,306,143
Other long-term debt	31,431	31,830
Total other borrowings	1,337,243	1,337,973
Subordinated Notes and Debentures		
Subordinated notes payable, due 4/1/2028, fixed-to-floating rate (fixed rate of 5.00% through 3/31/2023, floating rate of 2.15% above the three month LIBOR rate, reset quarterly)	330,000	330,000
Trust preferred securities, due 9/15/2037, floating rate of 1.37% above the three month LIBOR rate, reset quarterly	10,310	10,310
Trust preferred securities, due 6/6/2037, floating rate of 1.57% above the three month LIBOR rate, reset quarterly, callable without penalty	10,310	10,310
Trust preferred securities, due 12/15/2035, floating rate of 1.45% above the three month LIBOR rate, reset quarterly, callable without penalty	6,702	6,702
Trust preferred securities, net of discount, due 6/15/2037, floating rate of 1.85% above the three month LIBOR rate, reset quarterly, callable without penalty	25,368	25,329
Trust preferred securities, net of discount, due 12/15/2036, floating rate of 1.85% above the three month LIBOR rate, reset quarterly, callable without penalty	3,046	3,041
Unamortized debt issuance costs	(1,494)	(1,561)
Total subordinated notes and debentures	384,242	384,131
Total other borrowings and subordinated debt	$ 1,721,485	$ 1,722,104

In March 2018, the Company issued $330.0 million in aggregate principal amount, of 5.00% Fixed-to-Floating Rate Subordinated Notes (“Notes”) at a public offering price equal to 100% of the aggregate principal amount of the Notes. The Company incurred $3.6 million in debt issuance costs related to the offering during March 2018. The Notes will mature on April 1, 2028 and will bear interest at an initial fixed rate of 5.00% per annum, payable semi-annually in arrears. From and including April 1, 2023 to, but excluding, the maturity date or the date of earlier redemption, the interest rate will reset quarterly to an annual interest rate equal to the then-current three month LIBOR rate plus 215 basis points, payable quarterly in arrears. The Notes will be subordinated in right of payment to the payment of the Company’s other existing and future senior indebtedness, including all of its general creditors. The Notes are obligations of the Company only and are not obligations of, and are not guaranteed by, any of its subsidiaries. The Company used a portion of the net proceeds from the sale of the Notes to repay certain outstanding indebtedness. The Notes qualify for Tier 2 capital treatment.

The terms of the Company’s Notes and trust preferred securities utilize the three month LIBOR rate to determine the interest rate and expense due each quarter. The Company is currently reviewing all applicable documents and working with the debt holders and all relevant parties to determine the alternate interest rate index to be utilized, or other impacts, when LIBOR is discontinued.

The Company had total FHLB advances of $1.31 billion at March 31, 2022 and December 31, 2021, of which $1.30 billion are FHLB Owns the Option (“FOTO”) advances. FOTO advances are a low cost, fixed-rate source of funding in return for granting to FHLB the flexibility to choose a termination date earlier than the maturity date. Typically, FOTO exercise dates follow a specified lockout period at the beginning of the term when FHLB cannot terminate the FOTO advance. If FHLB exercises its option to terminate the FOTO advance at one of the specified option exercise dates, there is no termination or prepayment fee, and replacement funding will be available at then-prevailing market rates, subject to FHLB’s credit and collateral requirements. The Company’s FOTO advances outstanding at March 31, 2022 have original maturity dates of ten years to fifteen years with lockout periods that have expired. The Company expects the FHLB’s option to terminate the FOTO advances prior to stated maturity dates will not be exercised due to the current low interest rate environment. The possibility of the FHLB exercising the options is continually analyzed by the Company along with the market expected rate outcome. At March 31, 2022, the FHLB advances outstanding were secured by mortgage loans and investment securities totaling approximately $5.0 billion and the Company had approximately $3.6 billion of additional advances available from the FHLB.

The trust preferred securities are tax-advantaged issues that qualify for inclusion as Tier 2 capital at March 31, 2022. Distributions on these securities are included in interest expense on long-term debt. Each of the trusts is a statutory business trust organized for the sole purpose of issuing trust securities and investing the proceeds thereof in junior subordinated debentures of the Company, the sole asset of each trust. The preferred securities of each trust represent preferred beneficial interests in the assets of the respective trusts and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of each trust are wholly-owned by the Company. Each trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payments on the related junior subordinated debentures. The Company's obligations under the junior subordinated securities and other relevant trust agreements, in the aggregate, constitute a full and unconditional guarantee by the Company of each respective trust's obligations under the trust securities issued by each respective trust.

The Company's long-term debt primarily includes subordinated debt and long-term FHLB advances with an original maturity of greater than one year. Aggregate annual maturities of long-term debt at March 31, 2022, are as follows:

Year	(In thousands)
Remainder of 2022	$ 1,342
2023	1,796
2024	2,412
2025	4,882
2026	1,877
Thereafter	1,709,176
Total	$ 1,721,485

NOTE 13: CONTINGENT LIABILITIES

In the ordinary course of its operations, the Company and its subsidiaries are parties to various legal proceedings incidental to the conduct of our business, including proceedings based on breach of contract claims, lender liability claims, and other ordinary-course claims, some of which seek substantial relief or damages.

On May 22, 2019, Danny Walkingstick and Whitnye Fort filed a putative class action complaint against Simmons Bank in the United States District Court for the Western District of Missouri. The operative complaint alleges that Simmons Bank improperly charges overdraft fees on transactions that did not actually overdraw customers' accounts by utilizing the checking account's "available balance" to assess overdraft fees instead of the "ledger balance." Plaintiffs' claims include breach of contract and unjust enrichment, and they seek to represent a proposed class of all Simmons Bank checking account customers who were assessed an overdraft fee on a transaction that purportedly did not overdraw the account. Plaintiffs seek unspecified damages, costs, attorneys' fees, pre- and post-judgment interest, and other relief as the Court deems proper for themselves and the putative class. Simmons Bank denies the allegations but has entered into a settlement agreement and release with the plaintiffs on behalf of themselves and the proposed class to resolve this matter, subject to the court's approval. The settlement is not expected to have a material adverse effect on the Company's business, consolidated results of operations, financial condition, or cash flows.

On January 14, 2020, Susanne Pace filed a putative class action complaint in the Circuit Court of Boone County, Missouri against Landmark Bank, formerly a wholly-owned subsidiary of The Landrum Company, to which Simmons Bank is a successor by merger in connection with the Company's acquisition of The Landrum Company, which closed in October 2019. The complaint alleges that Landmark Bank improperly charged overdraft fees where a transaction was initially authorized on sufficient funds but later settled negative due to intervening transactions. The complaint asserts a claim for breach of contract, which incorporates the implied duty of good faith and fair dealing. Plaintiff seeks to represent a proposed class of all Landmark Bank checking account customers from Missouri who were allegedly charged overdraft fees on transactions that did not overdraw their checking account. Plaintiff seeks unspecified actual, statutory, and punitive damages as well as costs, attorneys' fees, prejudgment interest, an injunction, and other relief as the Court deems proper for herself and the putative class. Simmons Bank denies the allegations but has reached a settlement in principle with the plaintiff to resolve this matter, subject to the preparation and execution of a mutually acceptable settlement agreement and release, as well as the court's approval. The settlement is not expected to have a material adverse effect on the Company's business, consolidated results of operations, financial condition, or cash flows.

On June 29, 2020, Shunda Wilkins, Diann Graham, and David Watson filed a putative class action complaint against Simmons Bank in the United States District Court for the Eastern District of Arkansas. The complaint alleges that Simmons Bank improperly charges multiple insufficient funds or overdraft fees when a merchant resubmits a rejected payment request. The

complaint asserts claims for breach of contract and unjust enrichment. Plaintiffs seek to represent a proposed class of all Simmons Bank checking account customers who were charged multiple insufficient funds or overdraft fees on resubmitted payment requests. Plaintiffs seek unspecified damages, costs, attorney's fees, pre-judgment interest, an injunction, and other relief as the Court deems proper for themselves and the purported class. Simmons Bank denies the allegations and is vigorously defending the matter.

On May 13, 2021, Susanne Pace filed a second putative class action complaint in the circuit court of Boone County, Missouri against Landmark Bank, to which Simmons Bank is a successor by merger, which was removed to the United States District Court for the Western District of Missouri, Central Division. The complaint alleged that Landmark Bank improperly charged multiple insufficient funds or overdraft fees when a merchant or other originator resubmits a rejected payment request. The complaint asserted claims for breach of contract, including breach of the covenant of good faith and fair dealing. Plaintiff sought to represent a proposed class of all Landmark Bank checking account customers who were charged multiple insufficient funds or overdraft fees on resubmitted payment requests. Plaintiff sought unspecified damages, costs, attorney's fees, pre- and post-judgment interest, an injunction, and other relief as the Court deems proper for herself and the purported class. Simmons Bank denies the allegations, and on January 11, 2022, the Court granted Simmons Bank's motion to compel arbitration.

We establish reserves for legal proceedings when potential losses become probable and can be reasonably estimated. While the ultimate resolution (including amounts thereof) of any legal proceedings, including the matters described above, cannot be determined at this time, based on information presently available and after consultation with legal counsel, management believes that the ultimate outcome in such proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, consolidated results of operations, financial condition, or cash flows. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any of these proceedings, which may be material to our results of operations for a given fiscal period.

NOTE 14: CAPITAL STOCK

On February 27, 2009, at a special meeting, the Company's shareholders approved an amendment to the Articles of Incorporation to establish 40,040,000 authorized shares of preferred stock, $0.01 par value. As of March 31, 2022, the aggregate liquidation preference of all shares of preferred stock cannot exceed $80,000,000.

On October 29, 2019, the Company filed Amended and Restated Articles of Incorporation ("October Amended Articles") with the Arkansas Secretary of State. The October Amended Articles classified and designated Series D Preferred Stock, Par Value $0.01 Per Share, out of the Company's authorized preferred stock. On November 30, 2021, the Company redeemed all of the Series D Preferred Stock, including accrued and unpaid dividends.

On April 27,2022, shareholder of the Company approved an increase in the number of authorized shares of its Class A common stock from 175,000,000 to 350,000,000.

Effective July 23, 2021, the Company's Board of Directors approved an amendment to the Company's stock repurchase program originally established in October 2019 ("2019 Program") that increased the amount of the Company's Class A common stock that may be repurchased under the 2019 Program from a maximum of $180 million to a maximum of $276.5 million and extended the term of the 2019 Program from October 31, 2021, to October 31, 2022 (unless terminated sooner).

During the three month period ended March 31, 2022, the Company repurchased 513,725 shares at an average price of $31.25 per share under the 2019 Program. The Company repurchased 130,916 shares at an average price of $23.53 per share under the 2019 Program during the three months ended March 31, 2021.

During January 2022, the Company substantially exhausted the remaining capacity under the 2019 Program. As a result, the Company's Board of Directors authorized a new stock repurchase program in January 2022 (the "2022 Program") under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding. The 2022 Program will terminate on January 31, 2024 (unless terminated sooner).

Under the 2022 Program, which replaced the 2019 Program, the Company may repurchase shares of its common stock through open market and privately negotiated transactions or otherwise. The timing, pricing, and amount of any repurchases under the 2022 Program will be determined by the Company's management at its discretion based on a variety of factors, including, but not limited to, trading volume and market price of the Company's common stock, corporate considerations, the Company's working capital and investment requirements, general market and economic conditions, and legal requirements. The 2022 Program does not obligate the Company to repurchase any common stock and may be modified, discontinued, or suspended at any time without prior notice. The Company anticipates funding for this 2022 Program to come from available sources of liquidity, including cash

on hand and future cash flow. As of March 31, 2022, the Company had not repurchased any shares under the 2022 Program. Market conditions and the Company's capital needs will drive decisions regarding additional, future stock repurchases.

NOTE 15: UNDIVIDED PROFITS

Simmons Bank, the Company's subsidiary bank, is subject to legal limitations on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. The approval of the Commissioner of the Arkansas State Bank Department is required if the total of all dividends declared by an Arkansas state bank in any calendar year exceeds seventy-five percent (75%) of the total of its net profits, as defined, for that year combined with seventy-five percent (75%) of its retained net profits of the preceding year. At March 31, 2022, Simmons Bank had approximately $176.5 million available for payment of dividends to the Company, without prior regulatory approval.

The risk-based capital guidelines of the Federal Reserve Board and the Arkansas State Bank Department include the definitions for (1) a well-capitalized institution, (2) an adequately-capitalized institution, and (3) an undercapitalized institution. The criteria for a well-capitalized institution are: a 5% "Tier 1 leverage capital" ratio, an 8% "Tier 1 risk-based capital" ratio, 10% "total risk-based capital" ratio; and a 6.5% "common equity Tier 1 (CET1)" ratio.

The Company and Simmons Bank, must hold a capital conservation buffer of 2.5% composed of CET1 capital above its minimum risk-based capital requirements. Failure to meet this capital conservation buffer would result in additional limits on dividends, other distributions and discretionary bonuses. As of March 31, 2022, the Company and Simmons Bank met all capital adequacy requirements, including the capital conservation buffer, under the Basel III Capital Rules. The Company's CET1 ratio was 13.52% at March 31, 2022.

NOTE 16: STOCK-BASED COMPENSATION

The Company's Board of Directors has adopted various stock-based compensation plans. The plans provide for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units and performance stock units. Pursuant to the plans, shares are reserved for future issuance by the Company upon exercise of stock options or awards of restricted stock, restricted stock units, or performance stock units granted to directors, officers and other key employees.

The table below summarizes the transactions under the Company's active stock-based compensation plans for the three months ended March 31, 2022:

	Stock Options Outstanding		Non-vested Stock Awards Outstanding		Non-vested Stock Units Outstanding	
(Shares in thousands)	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Grant-Date Fair Value	Number of Shares	Weighted Average Grant-Date Fair Value
Beginning balance, January 1, 2022	473	$ 22.50	2	$ 22.20	1,111	$ 26.49
Granted	—	—	—	—	403	15.99
Stock options exercised	(1)	20.36	—	—	—	—
Stock awards/units vested (earned)	—	—	(2)	22.20	(294)	26.66
Forfeited/expired	—	—	—	—	(26)	21.28
Balance, March 31, 2022	472	$ 22.50	—	$ —	1,194	$ 23.03
Exercisable, March 31, 2022	472	$ 22.50				

The following table summarizes information about stock options under the plans outstanding at March 31, 2022:

Range of Exercise Prices			Options Outstanding			Options Exercisable	
			Number of Shares (In thousands)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares (In thousands)	Weighted Average Exercise Price
$ 10.65	—	$ 10.65	3	0.83	$10.65	3	$10.65
20.29	—	20.29	47	2.75	20.29	47	20.29
22.20	—	22.20	51	2.98	22.20	51	22.20
22.75	—	22.75	293	3.36	22.75	293	22.75
23.51	—	23.51	71	3.81	23.51	71	23.51
24.07	—	24.07	7	3.46	24.07	7	24.07
$ 10.65	—	$ 24.07	472	3.31	$22.50	472	$22.50

The table below summarizes the Company's performance stock unit activity for the three months ended March 31, 2022:

(In thousands)	Performance Stock Units
Non-vested, January 1, 2022	257
Granted	174
Vested (earned)	(74)
Forfeited	(7)
Non-vested, March 31, 2022	350

Stock-based compensation expense was $3.9 million during both three month periods ended March 31, 2022 and 2021. Stock-based compensation expense is recognized ratably over the requisite service period for all stock-based awards. There was no unrecognized stock-based compensation expense related to stock options at March 31, 2022. Unrecognized stock-based compensation expense related to non-vested stock awards and stock units was $18.2 million at March 31, 2022. At such date, the weighted-average period over which this unrecognized expense is expected to be recognized was 1.9 years.

The intrinsic value of stock options outstanding and stock options exercisable at March 31, 2022 was $1.8 million. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was $26.22 as of March 31, 2022, and the exercise price multiplied by the number of options outstanding. There was no intrinsic value of stock options exercised during the three months ended March 31, 2022, while the total intrinsic value of stock options exercised during the three months ended March 31, 2021, was $1.2 million.

The fair value of the Company's employee stock options granted is estimated on the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. There were no stock options granted during the three months ended March 31, 2022 and 2021.

NOTE 17: EARNINGS PER SHARE (“EPS”)

Basic EPS is computed by dividing reported net income available to common stockholders by weighted average number of common shares outstanding during each period. Diluted EPS is computed by dividing reported net income available to common stockholders by the weighted average common shares and all potential dilutive common shares outstanding during the period.

The computation of earnings per share is as follows:

(In thousands, except per share data)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income available to common stockholders	$ 65,095	$ 67,407
Average common shares outstanding	112,439	108,210
Average potential dilutive common shares	588	445
Average diluted common shares	113,027	108,655
Basic earnings per share	$ 0.58	$ 0.62
Diluted earnings per share	$ 0.58	$ 0.62

There were no stock options excluded from the earnings per share calculation for the three months ended March 31, 2022 and 2021 due to the average market price exceeding the related stock option exercise price.

NOTE 18: ADDITIONAL CASH FLOW INFORMATION

The following is a summary of the Company’s additional cash flow information:

(In thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Interest paid	$ 12,901	$ 19,264
Income taxes (refunded) paid	(363)	(366)
Transfers of loans to foreclosed assets held for sale	474	979
Transfers of assets held for sale to other assets	100	—

NOTE 19: OTHER INCOME AND OTHER OPERATING EXPENSES

Other income for the three months ended March 31, 2022 and 2021 was $7.3 million and $10.5 million, respectively. During the three month period ended March 31, 2021, the Company recognized a gain on sale of $5.3 million related to the sale of banking operations and bank branches.

Other operating expenses consisted of the following:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Professional services	$ 5,446	$ 5,247
Postage	2,126	2,370
Telephone	1,558	1,632
Credit card expense [1]	2,706	2,331
Marketing	6,140	3,153
Software and technology	10,147	10,251
Operating supplies	698	570
Amortization of intangibles	3,486	3,344
Branch right sizing expense	909	625
Other expense	8,430	6,540
Total other operating expenses	$ 41,646	$ 36,063

(1) During 2021, certain debit and credit card transaction fees were reclassified from non-interest expense to non-interest income. Prior periods have been adjusted to reflect this reclassification.

NOTE 20: CERTAIN TRANSACTIONS

From time to time, the Company and its subsidiaries have made loans, other extensions of credit, and vendor contracts to directors, officers, their associates and members of their immediate families. Additionally, some directors, officers and their associates and members of their immediate families have placed deposits with the Company's subsidiary bank, Simmons Bank. Such loans and other extensions of credit, deposits and vendor contracts (which were not material) were made in the ordinary course of business, on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with unrelated persons or through a competitive bid process. Further, in management's opinion, these extensions of credit did not involve more than normal risk of collectability or present other unfavorable features.

NOTE 21: COMMITMENTS AND CREDIT RISK

The Company grants agribusiness, commercial and residential loans to customers primarily throughout Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas, along with credit card loans to customers throughout the United States. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At March 31, 2022, the Company had outstanding commitments to extend credit aggregating approximately $689.4 million and $3.78 billion for credit card commitments and other loan commitments, respectively. At December 31, 2021, the Company had outstanding commitments to extend credit aggregating approximately $685.3 million and $3.41 billion for credit card commitments and other loan commitments, respectively.

As of March 31, 2022, the Company had outstanding commitments to originate fixed rate-rate mortgage loans of approximately $96.7 million. At December 31, 2021, the Company had outstanding commitments to originate fixed-rate mortgage loans of approximately $108.5 million.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Company had total outstanding letters of credit amounting to $39.4 million and $37.7 million at March 31, 2022, and December 31, 2021, respectively, with terms ranging from 9 months to 15 years. At March 31, 2022 and December 31, 2021, the Company had no deferred revenue under standby letter of credit agreements.

The Company has purchased letters of credit from the FHLB as security for certain public deposits. The amount of the letters of credit was $59.3 million and $59.1 million at March 31, 2022 and December 31, 2021, respectively, and they expire in less than one year from issuance.

NOTE 22: FAIR VALUE MEASUREMENTS

ASC Topic 820, *Fair Value Measurements* defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also establishes a fair value hierarchy that requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Topic 820 describes three levels of inputs that may be used to measure fair value:

- *Level 1 Inputs* – Quoted prices in active markets for identical assets or liabilities.
- *Level 2 Inputs* – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3 Inputs* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein. A more detailed description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

Available-for-sale securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds, mortgage products and certain other financial products. Other securities classified as available-for-sale are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things. In order to ensure the fair values are consistent with ASC Topic 820, the Company periodically checks the fair values by comparing them to another pricing source, such as Bloomberg. The availability of pricing confirms Level 2 classification in the fair value hierarchy. The third-party pricing service is subject to an annual review of internal controls. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Company's investment in U.S. Treasury securities, if any, is reported at fair value utilizing Level 1 inputs. The remainder of the Company's available-for-sale securities are reported at fair value utilizing Level 2 inputs.

Mortgage loans held for sale – Mortgage loans held for sale are reported at fair value on an aggregate basis. Adjustments to fair value are recognized monthly and reflected in earnings. In determining the fair value of loans held for sale, the Company may consider outstanding investor commitments, discounted cash flow analyses with market assumptions or the fair value of the collateral if the loan is collateral dependent. Such loans are classified within either Level 2 or Level 3 of the fair value hierarchy. Where assumptions are made using significant unobservable inputs, such loans held for sale are classified as Level 3. At March 31, 2022 and December 31, 2021, the aggregate fair value of mortgage loans held for sale exceeded their cost.

Derivative instruments – The Company's derivative instruments are reported at fair value utilizing Level 2 inputs. The Company obtains fair value measurements from dealer quotes.

The following table sets forth the Company's financial assets by level within the fair value hierarchy that were measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021.

		Fair Value Measurements Using		
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2022				
Available-for-sale securities				
U.S. Treasury	$ —	$ —	$ —	$ —
U.S. Government agencies	333,231	—	333,231	—
Mortgage-backed securities	4,166,108	—	4,166,108	—
State and political subdivisions	1,653,694	—	1,653,694	—
Other securities	487,036	—	487,036	—
Mortgage loans held for sale	18,206	—	—	18,206
Derivative asset	57,707	—	57,707	—
Derivative liability	(10,554)	—	(10,554)	—
December 31, 2021				
Available-for-sale securities				
U.S. Treasury	$ 300	$ 300	$ —	$ —
U.S. Government agencies	364,641	—	364,641	—
Mortgage-backed securities	4,448,616	—	4,448,616	—
States and political subdivisions	1,819,658	—	1,819,658	—
Other securities	480,330	—	480,330	—
Mortgage loans held for sale	36,356	—	—	36,356
Derivative asset	25,852	—	25,852	—
Derivative liability	(15,443)	—	(15,443)	—

Certain financial assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. Financial assets and liabilities measured at fair value on a nonrecurring basis include the following:

Individually assessed loans (collateral-dependent) – When the Company has a specific expectation to initiate, or has initiated, foreclosure proceedings, and when the repayment of a loan is expected to be substantially dependent on the liquidation of underlying collateral, the relationship is deemed collateral-dependent. Fair value of the loan is determined by establishing an allowance for credit loss for any exposure based on the valuation of the underlying collateral. The valuation of the collateral is determined by either an independent third-party appraisal or other collateral analysis. Discounts can be made by the Company based upon the overall evaluation of the independent appraisal. Collateral-dependent loans are classified within Level 3 of the fair value hierarchy due to the unobservable inputs used in determining their fair value such as collateral values and the borrower's underlying financial condition. Collateral values supporting the individually assessed loans are evaluated quarterly for updates to appraised values or adjustments due to non-current valuations.

Foreclosed assets and other real estate owned – Foreclosed assets and other real estate owned are reported at fair value, less estimated costs to sell. At foreclosure, if the fair value, less estimated costs to sell, of the real estate acquired is less than the Company's recorded investment in the related loan, a write-down is recognized through a charge to the allowance for credit losses. Additionally, valuations are periodically performed by management and any subsequent reduction in value is recognized by a charge to income. The fair value of foreclosed assets and other real estate owned is estimated using Level 3 inputs based on unobservable market data.

The significant unobservable inputs (Level 3) used in the fair value measurement of collateral for collateral-dependent loans and foreclosed assets primarily relate to the specialized discounting criteria applied to the borrower's reported amount of collateral. The amount of the collateral discount depends upon the condition and marketability of the collateral, as well as other factors which may affect the collectability of the loan. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset. It is reasonably possible that a change in the estimated fair value for instruments measured using Level 3 inputs could occur in the future. As the Company's primary objective in the event of default would be to liquidate the collateral to settle the outstanding balance of the loan, collateral that is less marketable would receive a larger discount.

The following table sets forth the Company's financial assets by level within the fair value hierarchy that were measured at fair value on a nonrecurring basis as of March 31, 2022 and December 31, 2021.

		Fair Value Measurements Using		
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2022				
Individually assessed loans [(1)] [(2)] (collateral-dependent)	$ 92,039	$ —	$ —	$ 92,039
Foreclosed assets and other real estate owned [(1)]	278	—	—	278
December 31, 2021				
Individually assessed loans [(1)] [(2)] (collateral-dependent)	$ 47,089	$ —	$ —	$ 47,089
Foreclosed assets and other real estate owned [(1)]	4,875	—	—	4,875

(1) These amounts represent the resulting carrying amounts on the consolidated balance sheets for collateral-dependent loans and foreclosed assets and other real estate owned for which fair value re-measurements took place during the period.

(2) Identified reserves of $10,664,000 and $4,214,000 were related to collateral-dependent loans for which fair value re-measurements took place during the periods ended March 31, 2022 and December 31, 2021, respectively.

ASC Topic 825, *Financial Instruments*, requires disclosure in annual and interim financial statements of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or nonrecurring basis. The following methods and assumptions were used to estimate the fair value of each class of financial instruments not previously disclosed.

Cash and cash equivalents – The carrying amount for cash and cash equivalents approximates fair value (Level 1).

Interest bearing balances due from banks – The fair value of interest bearing balances due from banks – time is estimated using a discounted cash flow calculation that applies the rates currently offered on deposits of similar remaining maturities (Level 2).

Held-to-maturity securities – Fair values for held-to-maturity securities equal quoted market prices, if available, such as for highly liquid government bonds (Level 1). If quoted market prices are not available, fair values are estimated based on quoted market prices of similar securities. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things (Level 2). In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Loans – The fair value of loans is estimated by discounting the future cash flows, using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Additional factors considered include the type of loan and related collateral, variable or fixed rate, classification status, remaining term, interest rate, historical delinquencies, loan to value ratios, current market rates and remaining loan balance. The loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. The discount rates used for loans were based on current market rates for new originations of similar loans. Estimated credit losses were also factored into the projected cash flows of the loans. The fair value of loans is estimated on an exit price basis incorporating the above factors (Level 3).

Deposits – The fair value of demand deposits, savings accounts and money market deposits is the amount payable on demand at the reporting date (i.e., their carrying amount) (Level 2). The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities (Level 3).

Federal Funds purchased, securities sold under agreement to repurchase and short-term debt – The carrying amount for Federal funds purchased, securities sold under agreement to repurchase and short-term debt are a reasonable estimate of fair value (Level 2).

Other borrowings – For short-term instruments, the carrying amount is a reasonable estimate of fair value. For long-term debt, rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value (Level 2).

Subordinated debentures – The fair value of subordinated debentures is estimated using the rates that would be charged for subordinated debentures of similar remaining maturities (Level 2).

Accrued interest receivable/payable – The carrying amounts of accrued interest approximated fair value (Level 2).

Commitments to extend credit, letters of credit and lines of credit – The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date.

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The estimated fair values, and related carrying amounts, of the Company's financial instruments are as follows:

(In thousands)	Carrying Amount	Fair Value Measurements Level 1	Level 2	Level 3	Total
March 31, 2022					
Financial assets:					
Cash and cash equivalents	$ 1,687,017	$ 1,687,017	$ —	$ —	$ 1,687,017
Interest bearing balances due from banks - time	1,857	—	1,857	—	1,857
Held-to-maturity securities, net	1,556,825	—	1,307,058	—	1,307,058
Interest receivable	69,357	—	69,357	—	69,357
Loans, net	11,849,669	—	—	11,897,022	11,897,022
Financial liabilities:					
Non-interest bearing transaction accounts	5,223,862	—	5,223,862	—	5,223,862
Interest bearing transaction accounts and savings deposits	12,105,948	—	12,105,948	—	12,105,948
Time deposits	2,062,612	—	—	2,041,775	2,041,775
Federal funds purchased and securities sold under agreements to repurchase	196,828	—	196,828	—	196,828
Other borrowings	1,337,243	—	1,353,902	—	1,353,902
Subordinated notes and debentures	384,242	—	387,031	—	387,031
Interest payable	9,979	—	9,979	—	9,979
December 31, 2021					
Financial assets:					
Cash and cash equivalents	$ 1,650,653	$ 1,650,653	$ —	$ —	$ 1,650,653
Interest bearing balances due from banks - time	1,882	—	1,882	—	1,882
Held-to-maturity securities, net	1,529,221	—	1,517,378	—	1,517,378
Interest receivable	72,990	—	72,990	—	72,990
Loans, net	11,807,171	—	—	11,922,735	11,922,735
Financial liabilities:					
Non-interest bearing transaction accounts	5,325,318	—	5,325,318	—	5,325,318
Interest bearing transaction accounts and savings deposits	11,588,770	—	11,588,770	—	11,588,770
Time deposits	2,452,460	—	—	2,451,055	2,451,055
Federal funds purchased and securities sold under agreements to repurchase	185,403	—	185,403	—	185,403
Other borrowings	1,337,973	—	1,393,711	—	1,393,711
Subordinated notes and debentures	384,131	—	394,464	—	394,464
Interest payable	6,759	—	6,759	—	6,759

The fair value of commitments to extend credit, letters of credit and lines of credit is not presented since management believes the fair value to be insignificant.

NOTE 23: DERIVATIVE INSTRUMENTS

The Company utilizes derivative instruments to manage exposure to various types of interest rate risk for itself and its customers within policy guidelines. Transactions should only be entered into with an associated underlying exposure. All derivative instruments are carried at fair value.

Derivative contracts involve the risk of dealing with institutional derivative counterparties and their ability to meet contractual terms. Institutional counterparties must have an investment grade credit rating and be approved by the Company's asset/liability management committee. In arranging these products for its customers, the Company assumes additional credit risk from the customer and from the dealer counterparty with whom the transaction is undertaken. Credit risk exists due to the default credit risk created in the exchange of the payments over a period of time. Credit exposure on interest rate swaps is limited to the net favorable value and interest payments of all swaps with each counterparty. Access to collateral in the event of default is reasonably assured. Therefore, credit exposure may be reduced by the amount of collateral pledged by the counterparty.

Hedge Structures

The Company will seek to enter derivative structures that most effectively address the risk exposure and structural terms of the underlying position being hedged. The term and notional principal amount of a hedge transaction will not exceed the term or principal amount of the underlying exposure. In addition, the Company will use hedge indices which are the same as, or highly correlated to, the index or rate on the underlying exposure. Derivative credit exposure is monitored on an ongoing basis for each customer transaction and aggregate exposure to each counterparty is tracked. The Company has set a maximum outstanding notional contract amount at 10% of the Company's assets.

Fair Value Hedges

For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting gain or loss on the hedged asset or liability attributable to the hedged risk are recognized in current earnings. The gain or loss on the derivative instrument is presented on the same income statement line item as the earnings effect of the hedged item. During the third quarter of 2021, the Company began utilizing interest rate swaps designated as fair value hedges to mitigate the effect of changing interest rates on the fair values of fixed rate callable AFS securities. The hedging strategy converts the fixed interest rates to variable interest rates based on federal funds rates.

The following table summarizes the fair value hedges recorded in the accompanying consolidated balance sheets.

				March 31, 2022		December 31, 2021	
(In thousands)	Balance Sheet Location	Weighted Average Pay Rate	Receive Rate	Notional	Fair Value	Notional	Fair Value
Derivative assets	Other assets	1.21%	Federal Funds	$ 1,001,715	$ 47,163	$ 1,001,715	$ 10,524

The following amounts were recorded on the balance sheet related to carrying amounts and cumulative basis adjustments for fair value hedges.

	Carrying Amount of Hedged Assets		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of Hedged Assets	
Line Item on the Balance Sheet (In thousands)	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Investment securities - Available-for-sale	$ 914,706	$ 1,063,173	$ 47,163	$ 10,524

Customer Risk Management Interest Rate Swaps

The Company's qualified loan customers have the opportunity to participate in its interest rate swap program for the purpose of managing interest rate risk on their variable rate loans with the Company. The Company enters into such agreements with customers, then offsetting agreements are executed between the Company and an approved dealer counterparty to minimize market risk from changes in interest rates. The counterparty contracts are identical to customer contracts in terms of notional amounts, interest rates, and maturity dates, except for a fixed pricing spread or fee paid to the Company by the dealer counterparty. These interest rate swaps carry varying degrees of credit, interest rate and market or liquidity risks. The fair value of these derivative instruments is recognized as either derivative assets or liabilities in the accompanying consolidated balance sheets. The Company has a limited number of swaps that are standalone without a similar agreement with the loan customer.

The following table summarizes the fair values of loan derivative contracts recorded in the accompanying consolidated balance sheets.

	March 31, 2022		December 31, 2021	
(In thousands)	Notional	Fair Value	Notional	Fair Value
Derivative assets	$ 321,796	$ 10,544	$ 318,428	$ 15,328
Derivative liabilities	325,265	10,554	321,985	15,443

Risk Participation Agreements

The Company has a limited number of Risk Participation Agreement swaps, that are associated with loan participations, where the Company is not the counterparty to the interest rate swaps that are associated with the risk participation sold. The interest rate swap mark to market only impacts the Company if the swap is in a liability position to the counterparty and the customer defaults on payments to the counterparty. The notional amount of these contingent agreements is $36.9 million as of March 31, 2022.

Energy Hedging

The Company provides energy derivative services to qualifying, high quality oil and gas borrowers for hedging purposes. The Company serves as an intermediary on energy derivative products between the Company's borrowers and dealers. The Company will only enter into back-to-back trades, thus maintaining a balanced book between the dealer and the borrower.

Energy hedging risk exposure to the Company's customer increases as energy prices for crude oil and natural gas rise. As prices decrease, exposure to the exchange increases. These risks are mitigated by customer credit underwriting policies and establishing a predetermined hedge line for each borrower and by monitoring the exchange margin.

The outstanding notional value as of March 31, 2022 for energy hedging Customer Sell to Company swaps were $13.1 million and the corresponding Company Sell to Dealer swaps were $13.1 million and the corresponding net fair value of the derivative asset and derivative liability was $150,000.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders, Board of Directors and Audit Committee
Simmons First National Corporation
Pine Bluff, Arkansas

Results of Review of Interim Financial Statements

We have reviewed the condensed consolidated balance sheet of Simmons First National Corporation and subsidiaries ("the Company") as of March 31, 2022, and the related condensed consolidated statements of income, comprehensive income (loss), stockholders' equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and the related notes (collectively referred to as the "interim financial information or statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Company and subsidiaries as of December 31, 2021, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the year then ended (not presented herein), and in our report dated February 25, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ BKD, LLP

Little Rock, Arkansas
May 6, 2022

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In November 2020, the SEC issued Final Rule 33-10890, Management's Discussion and Analysis, Selected Financial Data and Supplementary Financial Information, which modernizes and simplifies certain disclosure requirements of Regulation S-K. An update to Item 303(c) of Regulation S-K allows registrants to compare the results of the most recently completed quarter to the results of either the immediately preceding quarter or the corresponding quarter of the preceding fiscal year. The final rule became effective on February 10, 2021 and must be applied in a registrant's first fiscal year ending on or after August 9, 2021. Management has elected to present sequential quarterly analysis as we believe that comparing current quarter results to those of the immediately preceding fiscal quarter is more useful in identifying current business trends and provides a more relevant analysis of our business results. Additionally, in the first filing after the adoption of these rule changes, we are required to present results in both the historic presentation and the new revised presentation formats. Accordingly, we have compared our results of operations for the three months ended March 31, 2022 to our results of operations for the three months ended December 31, 2021 and March 31, 2021, as applicable, throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations..

OVERVIEW

Net income for the first three months of 2022 was $65.1 million, or $0.58 diluted earnings per share, compared to net income of $48.2 million, or $0.42 diluted earnings per share and $67.4 million, or $0.62 diluted earnings per share, for the three months ended December 31, 2021 and March 31, 2021, respectively. Included in each comparative quarter's results were non-core items related to our acquisitions and branch right sizing initiatives. In addition, gains associated with the sale of branch operations were included in the results for the first three months of 2021. Excluding these non-core items, core earnings for the three months ended March 31, 2022 were $67.2 million, an increase of $7.7 million as compared to the preceding sequential fiscal quarter, and an increase of $3.2 million compared to the same period in the prior year. Core diluted earnings per share for the first three months of 2022 were $0.59 compared to $0.52 and $0.59 for the three months ended December 31, 2021, and March 31, 2021, respectively.

In November 2021, we announced the Company had entered into the Spirit Agreement with Spirit, headquartered in Conroe, Texas, including its wholly-owned bank subsidiary, Spirit of Texas Bank SSB. This acquisition was completed on April 8, 2022. We were able to obtain all necessary approvals, consummate the transaction and successfully complete the systems conversion less than five months after the announcement, which we believe speaks to the outstanding team we have developed. See Note 2, Acquisitions, in the accompanying Notes to Consolidated Financial Statements for additional information related to this acquisition.

Simmons Bank was named to *Forbes* magazine's list of "World's Best Banks" for the third consecutive year and ranked among the top 45 banks in *Forbes'* list of "America's Best Banks" for 2022. We continue to work to develop new and innovative products and services using digital channels to provide an enhanced customer experience to "bank when you want, where you want".

Our asset quality continued to show marked improvement during the first quarter of 2022. Non-performing assets, including troubled debt restructurings ("TDRs") and acquired foreclosed assets, as a percent of total assets were 0.30% at March 31, 2022, compared to 0.33% at December 31, 2021 and 0.56% at March 31, 2021.

Stockholders' equity as of March 31, 2022 was $2.96 billion, book value per share was $26.32 and tangible book value per share was $15.22. Our ratio of common stockholders' equity to total assets was 12.10% and the ratio of tangible common stockholders' equity to tangible assets was 7.37% at March 31, 2022. The Company's Tier 1 leverage ratio of 9.00%, as well as our other regulatory capital ratios, remain significantly above the "well capitalized" guidelines (see Table 12 in the Capital section of this Item). We repurchased 513,725 shares of our common stock during the first quarter of 2022, which substantially exhausted the remaining capacity under the 2019 Program. As a result, in January 2022, our Board of Directors authorized the 2022 Program, which replaced the 2019 Program and under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding.

Total deposits were $19.39 billion at March 31, 2022, compared to $19.37 billion at December 31, 2021 and $18.19 billion at March 31, 2021. The increase in total deposits from the same period end of 2021 primarily reflects the acquisition of Landmark and Triumph which were completed in the fourth quarter of 2021.

Total loans were $12.03 billion at March 31, 2022, compared to $12.01 billion at December 31, 2021 and $12.20 billion at March 31, 2021. Total loan production (loan originations and advances) during the first quarter of 2022 totaled $2.51 billion, which outpaced loan paydowns and payoffs.

Our commercial loan pipeline rose for the sixth consecutive quarter to $2.36 billion at March 31, 2022, while our unfunded commitments rose for the fourth consecutive quarter to $3.43 billion at March 31, 2022, a 68% year-over-over increase. We are seeing activity from repeat customers across most of our business lines. For these reasons, amongst others, we are continuing to actively recruit loan producers across all of our business units. We continue to have good asset quality and positive credit performance during the quarter.

In our discussion and analysis of our financial condition and results of operation in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," we provide certain financial information determined by methods other than in accordance with US GAAP. We believe the presentation of non-GAAP financial measures provides a meaningful basis for period-to-period and company-to-company comparisons, which we believe will assist investors and analysts in analyzing the core financial measures of the Company and predicting future performance. See the *GAAP Reconciliation of Non-GAAP Measures* section below for additional discussion and reconciliations of non-GAAP measures.

Simmons First National Corporation is a Mid-South based financial holding company that, as of March 31, 2022, has approximately $24.5 billion in consolidated assets and, through its subsidiaries, conducts financial operations in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

CRITICAL ACCOUNTING ESTIMATES

Overview

We follow accounting and reporting policies that conform, in all material respects, to US GAAP and to general practices within the financial services industry. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. While we base estimates on historical experience, current information and other factors deemed to be relevant, actual results could differ from those estimates.

We consider accounting estimates to be critical to reported financial results if (i) the accounting estimate requires management to make assumptions about matters that are highly uncertain and (ii) different estimates that management reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, could have a material impact on our financial statements.

The accounting policies that we view as critical to us are those relating to estimates and judgments regarding (a) the determination of the adequacy of the allowance for credit losses, (b) acquisition accounting and valuation of loans, (c) the valuation of goodwill and the useful lives applied to intangible assets, (d) the valuation of stock-based compensation plans and (e) income taxes.

Allowance for Credit Losses

The allowance for credit losses is a reserve established through a provision for credit losses charged to expense, which represents management's best estimate of lifetime expected losses based on reasonable and supportable forecasts, historical loss experience, and other qualitative considerations. The allowance, in the judgment of management, is necessary to reserve for expected credit losses and risks inherent in the loan portfolio. Our allowance for credit loss methodology includes reserve factors calculated to estimate current expected credit losses to amortized cost balances over the remaining contractual life of the portfolio, adjusted for prepayments, in accordance with ASC Topic 326-20, *Financial Instruments - Credit Losses*. Accordingly, the methodology is based on our reasonable and supportable economic forecasts, historical loss experience, and other qualitative adjustments. For further information see the section *Allowance for Credit Losses* below.

Our evaluation of the allowance for credit losses is inherently subjective as it requires material estimates. The actual amounts of credit losses realized in the near term could differ from the amounts estimated in arriving at the allowance for credit losses reported in the financial statements.

Acquisition Accounting, Loans

We account for our acquisitions under ASC Topic 805, *Business Combinations*, which requires the use of the acquisition method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. The fair value for acquired loans at the time of acquisition is based on a variety of factors including discounted expected cash flows, adjusted for estimated prepayments and credit losses. In accordance with ASC 326, the fair value adjustment is recorded as premium or discount to the unpaid principal balance of each acquired loan. Loans that have been identified as having experienced a more-than-insignificant deterioration in credit quality since origination are purchased credit deteriorated ("PCD") loans. The net premium or discount on PCD loans is adjusted by our allowance for credit losses recorded at the time of acquisition. The remaining net premium or discount is accreted or amortized into interest income over the remaining life of the loan using a constant yield method. The net premium or discount on loans that are not classified as PCD ("non-PCD"), that includes credit and non-credit components, is accreted or amortized into interest income over the remaining life of the loan using a constant yield method. We then record the necessary allowance for credit losses on the non-PCD loans through provision for credit losses expense.

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Other intangible assets represent purchased assets that also lack physical substance but can be separately distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset or liability. We perform an annual goodwill impairment test, and more than annually if circumstances warrant, in accordance with ASC Topic 350, *Intangibles – Goodwill and Other*, as amended by ASU 2011-08 – Testing Goodwill for Impairment and ASU 2017-04 - Intangibles – Goodwill and Other. ASC Topic 350 requires that goodwill and intangible assets that have indefinite lives be reviewed for impairment annually or more frequently if certain conditions occur. Our assessment depends on several assumptions which are dependent on market and economic conditions. Impairment losses on recorded goodwill, if any, will be recorded as operating expenses.

Stock-Based Compensation Plans

We have adopted various stock-based compensation plans. The plans provide for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units and performance stock units. Pursuant to the plans, shares are reserved for future issuance by the Company upon exercise of stock options or awarding of restricted stock, restricted stock units or performance stock units granted to directors, officers and other key employees.

In accordance with ASC Topic 718, *Compensation – Stock Compensation*, the fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses various assumptions. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. For additional information, see Note 16, Stock-Based Compensation, in the accompanying Condensed Notes to Consolidated Financial Statements included elsewhere in this report.

Income Taxes

We are subject to the federal income tax laws of the United States, and the tax laws of the states and other jurisdictions where we conduct business. Due to the complexity of these laws, taxpayers and the taxing authorities may subject these laws to different interpretations. Management must make conclusions and estimates about the application of these innately intricate laws, related regulations, and case law. When preparing the Company's income tax returns, management attempts to make reasonable interpretations of the tax laws. Taxing authorities have the ability to challenge management's analysis of the tax law or any reinterpretation management makes in its ongoing assessment of facts and the developing case law. Management assesses the reasonableness of its effective tax rate quarterly based on its current estimate of net income and the applicable taxes expected for the full year. On a quarterly basis, management also reviews circumstances and developments in tax law affecting the reasonableness of deferred tax assets and liabilities and reserves for contingent tax liabilities.

NET INTEREST INCOME

Overview

Net interest income, our principal source of earnings, is the difference between the interest income generated by earning assets and the total interest cost of the deposits and borrowings obtained to fund those assets. Factors that determine the level of net interest income include the volume of earning assets and interest bearing liabilities, yields earned and rates paid, the level of non-performing loans and the amount of non-interest bearing liabilities supporting earning assets. Net interest income is analyzed in

the discussion and tables below on a fully taxable equivalent basis. The adjustment to convert certain income to a fully taxable equivalent basis consists of dividing tax-exempt income by one minus the combined federal and state income tax rate of 26.135%.

Our practice is to limit exposure to interest rate movements by maintaining a significant portion of earning assets and interest bearing liabilities in short-term repricing. In the last several years, on average, approximately 43% of our loan portfolio and approximately 78% of our time deposits have repriced in one year or less. Our current interest rate sensitivity shows that approximately 43% of our loans and 81% of our time deposits will reprice in the next year.

Net Interest Income - Sequential Quarter Analysis

For the three month period ended March 31, 2022, net interest income on a fully taxable equivalent basis was $151.2 million, a decrease of $7.5 million, or 4.7%, compared to the three months ended December 31, 2021. The decrease in net interest income was the result of a $9.0 million decrease in fully tax equivalent interest income, partially offset by a $1.5 million decrease in interest expense.

The decrease in interest income primarily resulted from a $10.4 million decrease in interest income on loans, that reflects a decrease in loan volume of $330,000 coupled with a 24 basis point decline in yield that resulted in a $10.0 million decrease, partially offset by an increase in interest income on investment securities of $1.4 million.

The $1.5 million decrease in interest expense is mostly due to the decrease in our deposit account rates. Interest expense decreased $1.1 million due to the decrease in rate of 4 basis points on interest-bearing deposit accounts.

Net Interest Income - Year-over-Year Analysis

Net interest income on a fully taxable equivalent basis was relatively flat on a year-over-year basis, with a slight increase of $364,000, or 0.2%, when comparing the three months ended March 31, 2022 to the same period in the prior year. While the overall change was relatively flat, the components of net interest income fluctuated between periods. Net interest income for the three months ended March 31, 2022 experienced a $6.3 million decrease in fully tax equivalent interest income offset by a $6.6 million decrease in interest expense, on a year-over-year basis.

The decrease in interest income compared to the three months ended March 31, 2021 primarily resulted from a $19.2 million decrease in interest income on loans, that reflects a decrease in loan volume of $7.1 million coupled with a 41 basis point decline in yield that resulted in a $12.1 million decrease, significantly offset by an increase in interest income on investment securities of $13.5 million. The decrease in loan volume during the first three months of 2022 was primarily due to the forgiveness of PPP loan balances, which averaged $89.8 million and $891.1 million for the three months ended March 31, 2022 and 2021, respectively. Forgiveness of PPP loans was partially offset by the acquired loan portfolios of Landmark and Triumph. The increase in interest income on investment securities was due to the growth in our investment portfolio average balances which increased by $4.1 billion or 94.3%, as we re-invested excess liquidity in our investment security portfolio throughout 2021.

The $6.6 million decrease in interest expense is mostly due to the decrease in our deposit account rates. Interest expense decreased $5.9 million due to the decrease in rate of 22 basis points on interest-bearing deposit accounts. Additionally, while our overall average interest bearing deposit portfolio grew by approximately $1.2 billion, a decrease of $502,000 in interest expense was related to a $801.9 million decrease in time deposit accounts due to the maturing of existing time deposits, coupled with a continued effort to improve our mix of deposits into lower cost deposits.

Net Interest Margin

Our net interest margin on a fully tax equivalent basis was 2.76% for the three month period ended March 31, 2022, as compared to 2.86% and 2.99% for the three months ended December 31, 2021 and March 31, 2021, respectively. The decreases of 10 basis points and 23 basis points for the three month period ended March 31, 2022, as compared to the three month period ended December 31, 2021 and March 31, 2021, respectively, were primarily due to lower loan yields compared to previous periods, offset by the lower cost of deposits, as we continue to manage our interest expense through deposit pricing.

Normalized for all accretion, our core net interest margin for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021, was 2.70%, 2.75% and 2.86%, respectively.

Net Interest Income Tables

Tables 1 and 2 reflect an analysis of net interest income on a fully taxable equivalent basis for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

Table 1: Analysis of Net Interest Margin
(FTE = Fully Taxable Equivalent using an effective tax rate of 26.135%)

	Three Months Ended		
(In thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Interest income	$ 161,727	$ 170,732	$ 169,434
FTE adjustment	5,602	5,579	4,163
Interest income – FTE	167,329	176,311	173,597
Interest expense	16,121	17,651	22,753
Net interest income – FTE	$ 151,208	$ 158,660	$ 150,844
Yield on earning assets – FTE	3.06 %	3.18 %	3.44 %
Cost of interest bearing liabilities	0.40 %	0.44 %	0.61 %
Net interest spread – FTE	2.66 %	2.74 %	2.83 %
Net interest margin – FTE	2.76 %	2.86 %	2.99 %

Table 2: Changes in Fully Taxable Equivalent Net Interest Margin

	Three Months Ended	
(In thousands)	March 31, 2022 compared to December 31, 2021	March 31, 2022 compared to March 31, 2021
Increase (decrease) due to change in earning assets	$ (227)	$ 9,046
Decrease due to change in earning asset yields	(8,755)	(15,314)
Increase due to change in interest bearing liabilities	233	556
Increase due to change in interest rates paid on interest bearing liabilities	1,297	6,076
Increase (decrease) in net interest income	$ (7,452)	$ 364

Table 3 shows, for each major category of earning assets and interest bearing liabilities, the average (computed on a daily basis) amount outstanding, the interest earned or expensed on such amount and the average rate earned or expensed for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021, respectively. The table also shows the average rate earned on all earning assets, the average rate expensed on all interest bearing liabilities, the net interest spread and the net interest margin for the same periods. The analysis is presented on a fully taxable equivalent basis. Nonaccrual loans were included in average loans for the purpose of calculating the rate earned on total loans.

Table 3: Average Balance Sheets and Net Interest Income Analysis
(FTE = Fully Taxable Equivalent using an effective tax rate of 26.135%)

	Three Months Ended								
	March 31, 2022			December 31, 2021			March 31, 2021		
(In thousands)	Average Balance	Income/ Expense	Yield/ Rate (%)	Average Balance	Income/ Expense	Yield/ Rate (%)	Average Balance	Income/ Expense	Yield/ Rate (%)
ASSETS									
Earning assets:									
Interest bearing balances due from banks and federal funds sold	$ 1,728,694	$ 649	0.15	$ 1,484,752	$ 583	0.16	$ 3,477,989	$ 798	0.09
Investment securities - taxable	5,688,306	18,148	1.29	5,790,429	17,186	1.18	2,334,078	10,120	1.76
Investment securities - non-taxable	2,844,777	20,937	2.98	2,787,301	20,470	2.91	2,057,132	15,439	3.04
Mortgage loans held for sale	27,633	190	2.79	42,866	310	2.87	97,409	639	2.66
Loans - including fees	11,895,805	127,405	4.34	11,924,444	137,762	4.58	12,518,300	146,601	4.75
Total interest earning assets	22,185,215	167,329	3.06	22,029,792	176,311	3.18	20,484,908	173,597	3.44
Non-earning assets	2,640,984			2,668,230			2,253,913		
Total assets	$ 24,826,199			$ 24,698,022			$ 22,738,821		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Liabilities:									
Interest bearing liabilities:									
Interest bearing transaction and savings deposits	$ 12,083,516	$ 4,314	0.14	$ 11,413,325	$ 4,390	0.15	$ 10,093,868	$ 6,088	0.24
Time deposits	2,241,123	2,503	0.45	2,607,011	3,705	0.56	3,043,000	7,091	0.95
Total interest bearing deposits	14,324,639	6,817	0.19	14,020,336	8,095	0.23	13,136,868	13,179	0.41
Federal funds purchased and securities sold under agreements to repurchase	218,186	68	0.13	223,008	72	0.13	307,540	245	0.32
Other borrowings	1,337,654	4,779	1.45	1,340,825	4,903	1.45	1,341,059	4,802	1.45
Subordinated debt and debentures	384,187	4,457	4.70	383,489	4,581	4.74	382,943	4,527	4.79
Total interest bearing liabilities	16,264,666	16,121	0.40	15,967,658	17,651	0.44	15,168,410	22,753	0.61
Non-interest bearing liabilities:									
Non-interest bearing deposits	5,184,828			5,288,933			4,419,136		
Other liabilities	207,597			179,362			177,819		
Total liabilities	21,657,091			21,435,953			19,765,365		
Stockholders' equity	3,169,108			3,262,069			2,973,456		
Total liabilities and stockholders' equity	$ 24,826,199			$ 24,698,022			$ 22,738,821		
Net interest spread – FTE			2.66			2.74			2.83
Net interest margin – FTE		$ 151,208	2.76		$ 158,660	2.86		$ 150,844	2.99

Table 4 shows changes in interest income and interest expense resulting from changes in both volume and interest rates for the three month period ended March 31, 2022, as compared to the three months ended December 31, 2021 and March 31, 2021, respectively. The changes in interest rate and volume have been allocated to changes in average volume and changes in average rates in proportion to the relationship of absolute dollar amounts of the changes in rates and volume.

Table 4: Volume/Rate Analysis

	Three Months Ended					
	March 31, 2022 compared to December 31, 2021			March 31, 2022 compared to March 31, 2021		
(In thousands, on a fully taxable equivalent basis)	Volume	Yield/ Rate	Total	Volume	Yield/ Rate	Total
Increase (decrease) in:						
Interest income:						
Interest bearing balances due from banks and federal funds sold	$ 93	$ (27)	$ 66	$ (514)	$ 365	$ (149)
Investment securities - taxable	(307)	1,269	962	11,298	(3,270)	8,028
Investment securities - non-taxable	423	44	467	5,802	(304)	5,498
Mortgage loans held for sale	(106)	(14)	(120)	(479)	30	(449)
Loans - including fees	(330)	(10,027)	(10,357)	(7,061)	(12,135)	(19,196)
Total	(227)	(8,755)	(8,982)	9,046	(15,314)	(6,268)
Interest expense:						
Interest bearing transaction and savings accounts	249	(325)	(76)	1,040	(2,814)	(1,774)
Time deposits	(476)	(726)	(1,202)	(1,542)	(3,046)	(4,588)
Federal funds purchased and securities sold under agreements to repurchase	(2)	(2)	(4)	(57)	(120)	(177)
Other borrowings	(12)	(112)	(124)	(12)	(11)	(23)
Subordinated notes and debentures	8	(132)	(124)	15	(85)	(70)
Total	(233)	(1,297)	(1,530)	(556)	(6,076)	(6,632)
Decrease in net interest income	$ 6	$ (7,458)	$ (7,452)	$ 9,602	$ (9,238)	$ 364

PROVISION FOR CREDIT LOSSES

The provision for credit losses represents management's determination of the amount necessary to be charged against the current period's earnings in order to maintain the allowance for credit losses at a level considered appropriate in relation to the estimated lifetime risk inherent in the loan portfolio. The level of provision to the allowance is based on management's judgment, with consideration given to the composition, maturity and other qualitative characteristics of the portfolio, assessment of current economic conditions, reasonable and supportable forecasts, past due and non-performing loans and historical net credit loss experience. It is management's practice to review the allowance on a monthly basis and, after considering the factors previously noted, to determine the level of provision made to the allowance.

We had a recapture of $19.9 million of provision for credit losses for the three months ended March 31, 2022, as compared to a recapture of $1.3 million for the three months ended December 31, 2021 and a provision for credit losses of $1.4 million for the same period ended March 31, 2021. The recapture of credit losses was driven by improved credit quality metrics and improved macroeconomic factors, coupled with the planned exit of several large oil and gas relationships during the quarter.

NON-INTEREST INCOME

Non-interest income is principally derived from recurring fee income, which includes service charges, wealth management fees and debit and credit card fees. Non-interest income also includes income on the sale of mortgage loans, income from the increase in cash surrender values of bank owned life insurance and gains (losses) from sales of securities.

For the three month period ended March 31, 2022, total non-interest income was $42.2 million, a decrease of $4.4 million or 9.4% and $7.3 million or 14.8%, compared to the three months ended December 31, 2021 and March 31, 2021, respectively. The decrease reflects the normal seasonality of service charges.

Mortgage lending income decreased by $493,000 and $1.9 million for the three month period ended March 31, 2022, as compared to the three months ended December 31, 2021 and March 31, 2021, respectively. The decrease was due to a decline in refinancing demand and mortgage loan volume driven by the current rising rate environment.

Other income for the three month period ended March 31, 2022 decreased by $2.7 million as compared to the preceding sequential fiscal quarter, and increased by $2.1 million, when compared to the same period in the prior year. The changes in other income are primarily driven by the $1.4 million and $3.1 million settlement awards received by the Company during the three months ended March 31, 2022 and December 31, 2021, respectively.

The additional year-over-year decreases are due to the recognizing a net gain of $5.5 million on the sale of investment securities and a $5.3 million gain on the sale of Illinois branches during the three months ended March 31, 2021.

Table 5 shows non-interest income for the three month periods ended March 31, 2022, December 31, 2021 and March 31, 2021, respectively, as well as changes between periods.

Table 5: Non-Interest Income

	Three Months Ended							
(Dollars in thousands)	March 31, 2022	December 31, 2021		March 31, 2021	Change from Quarter - Sequential		Change from Quarter - Year-over-Year	
Wealth management fees	$ 7,968	$ 8,042		$ 7,361	$ (74)	(0.9)%	$ 607	8.2 %
Service charges on deposit accounts	10,696	11,909		9,715	(1,213)	(10.2)%	981	10.1
Other service charges and fees	1,637	1,762		1,922	(125)	(7.1)%	(285)	(14.8)
Mortgage lending income	4,550	5,043		6,447	(493)	(9.8)%	(1,897)	(29.4)
Debit and credit card fees [(1)]	7,449	7,460		6,610	(11)	(0.1)%	839	12.7
Bank owned life insurance income	2,706	2,768		1,523	(62)	(2.2)%	1,183	77.7
Gain (loss) on sale of securities, net	(54)	(348)		5,471	294	*	(5,525)	*
Gain on sale of branches	—	—		5,300	—	*	(5,300)	*
Other income	7,266	9,965		5,200	(2,699)	(27.1)%	2,066	39.7
Total non-interest income	$ 42,218	$ 46,601	$46,601	$ 49,549	$ (4,383)	(9.4)%	$ (7,331)	(14.8)%

(1) During the second and third quarters of 2021, certain debit and credit card transaction fees were reclassified from non-interest expense to non-interest income. Prior periods have been adjusted to reflect this reclassification.

Recurring fee income (total service charges, wealth management fees, debit and credit card fees) for the three month period ended March 31, 2022, was $27.8 million, a decrease of $1.4 million and an increase of $2.1 million from the three month periods ended December 31, 2021 and March 31, 2021, respectively. The decrease as compared to the preceding sequential fiscal quarter is due to the seasonal changes in customer spending habits, whereas the increase as compared to the same period in the prior year are primarily the result of the strengthened economic activity and increase in customer base from the Landmark and Triumph acquisitions.

NON-INTEREST EXPENSE

Non-interest expense consists of salaries and employee benefits, occupancy, equipment, foreclosure losses and other expenses necessary for our operations. Management remains committed to controlling the level of non-interest expense through the continued use of expense control measures. We utilize an extensive profit planning and reporting system involving all subsidiaries. Based on a needs assessment of the business plan for the upcoming year, monthly and annual profit plans are developed, including manpower and capital expenditure budgets. These profit plans are subject to extensive initial reviews and monitored by management monthly. Variances from the plan are reviewed monthly and, when required, management takes corrective action intended to ensure financial goals are met. We also regularly monitor staffing levels at each subsidiary to ensure productivity and overhead are in line with existing workload requirements.

For the three month period ended March 31, 2022, total non-interest expense was $128.4 million, a decrease of $13.2 million, or 9.3% and an increase of $15.4 million, or 13.6% compared to the three months ended December 31, 2021 and March 31, 2021, respectively.

Salaries and employee benefits expense increased by $4.1 million and $7.6 million as compared to the three months ended December 31, 2021 and March 31, 2021, respectively. The increases reflects normal seasonality with respect to payroll taxes at the beginning of the year, as well as a profit-sharing contribution associated with the Company's 401(k) plan and costs associated with equity compensation. Additionally, our results of operations for the three month period ended March 31, 2022 compared to the three month period ended March 31, 2021 includes the impacts of the Landmark and Triumph acquisitions.

Merger related costs for the three month period ended March 31, 2022 decreased by $11.7 million as compared to the preceding sequential quarter, and increased by $1.7 million, when compared to the same period in the prior year. The decrease as compared to the preceeding sequential quarter is due to the Landmark and Triumph acquisitions, whereas the increase as compared to the same period in the prior year is primarily due to the Spirit acquisition completed April 8, 2022. See Note 2, Acquisitions, in the accompanying Notes to Consolidated Financial Statements for additional information related to these acquisitions. Core non-interest expense for the three month period ended March 31, 2022, which excludes branch right sizing and merger related costs, decreased by $734,000 or 0.6% and increased by $13.5 million or 12.0% from the three month periods ended December 31, 2021 and March 31, 2021, respectively.

Marketing expense decreased by $3.2 million for the three month period ended March 31, 2022 as compared to the sequential quarter, primarily due to a $2.5 million donation to the Simmons First Foundation during the three months ended December 31, 2021. Marketing expense increased by $3.0 million when compared to the same period in the prior year due to increased advertising and public relations expenses, including a multi-university corporate sponsorship program designed to support female student athletes and serve as a program for developing women leaders in the corporate world.

Table 6 below shows non-interest expense for the three month periods ended March 31, 2022, December 31, 2021 and March 31, 2021, respectively, as well as changes between periods.

Table 6: Non-Interest Expense

(Dollars in thousands)	Three Months Ended March 31, 2022	Three Months Ended December 31, 2021	Three Months Ended March 31, 2021	Change from Quarter - Sequential		Change from Quarter - Year-over-Year	
Salaries and employee benefits	$ 67,906	63,832	$ 60,340	$ 4,074	6.4 %	$ 7,566	12.5 %
Occupancy expense, net	10,023	11,033	9,300	(1,010)	(9.2)%	723	7.8 %
Furniture and equipment expense	4,775	4,721	5,415	54	1.1 %	(640)	(11.8)%
Other real estate and foreclosure expense	343	576	343	(233)	(40.5)%	—	— %
Deposit insurance	1,838	2,108	1,308	(270)	(12.8)%	530	40.5 %
Merger related costs	1,886	13,591	233	(11,705)	*	1,653	*
Other operating expenses:							
Professional services	5,446	4,714	5,247	732	15.5 %	199	3.8 %
Postage	2,126	1,999	2,370	127	6.4 %	(244)	(10.3)%
Telephone	1,558	1,477	1,632	81	5.5 %	(74)	(4.5)%
Debit and credit card [(1)]	2,706	3,524	2,331	(818)	(23.2)%	375	16.1 %
Marketing	6,140	9,322	3,153	(3,182)	(34.1)%	2,987	94.7 %
Software and technology	10,147	10,366	10,251	(219)	(2.1)%	(104)	(1.0)%
Operating supplies	698	753	570	(55)	(7.3)%	128	22.5 %
Amortization of intangibles	3,486	3,486	3,344	—	— %	142	4.2 %
Branch right sizing	909	1,650	625	(741)	(44.9)%	284	45.4 %
Other	8,430	8,445	6,540	(15)	(0.2)%	1,890	28.9 %
Total non-interest expense	$ 128,417	$ 141,597	$ 113,002	$ (13,180)	(9.3)%	$ 15,415	13.6 %

(1) During the second and third quarters of 2021, certain debit and credit card transaction fees were reclassified from non-interest expense to non-interest income. Prior periods have been adjusted to reflect this reclassification.

* Not meaningful

INVESTMENTS AND SECURITIES

Our securities portfolio is the second largest component of earning assets and provides a significant source of revenue. Securities within the portfolio are classified as either HTM or AFS. Our philosophy regarding investments is conservative based on investment type and maturity. Investments in the portfolio primarily include U.S. Treasury securities, U.S. Government agencies, MBS and municipal securities. Our general policy is not to invest in derivative type investments or high-risk securities, except for collateralized MBS for which collection of principal and interest is not subordinated to significant superior rights held by others.

HTM and AFS investment securities were $1.6 billion and $6.6 billion, respectively, at March 31, 2022, compared to the HTM amount of $1.5 billion and AFS amount of $7.1 billion at December 31, 2021. We will continue to look for opportunities to maximize the value of the investment portfolio.

Management has the ability and intent to hold the securities classified as HTM until they mature, at which time we expect to receive full value for the securities. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Furthermore, as of March 31, 2022, management also had the ability and intent to hold the securities classified as AFS for a period of time sufficient for a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality.

During the third quarter of 2021, the Company began utilizing interest rate swaps designated as fair value hedges to mitigate the effect of changing interest rates on the fair values of $1.0 billion of fixed rate callable municipal securities held in the AFS portfolio. These swap agreements involve the payment of fixed interest rates with a weighted average of 1.21% in exchange for variable interest rates based on federal funds rates and consist of a two year forward start date and maturity dates varying between 2028 and 2029.

LOAN PORTFOLIO

Our loan portfolio averaged $11.90 billion and $12.52 billion during the first three months of 2022 and 2021, respectively. As of March 31, 2022, total loans were $12.03 billion, a slight increase of $16.1 million from December 31, 2021. The average loan balance for the first three months of 2021 included $891.1 million of PPP loans compared to an average PPP loan balance of $89.8 million for the first three months of 2022. This period-to-period decline in average PPP loan balance was partially offset by the 2021 acquisitions of Landmark and Triumph. See Note 2, Acquisitions, in the accompanying Notes to Consolidated Financial Statements for additional information related to these acquisitions. The most significant components of the loan portfolio were loans to businesses (commercial loans, commercial real estate loans and agricultural loans) and individuals (consumer loans, credit card loans and single-family residential real estate loans).

We seek to manage our credit risk by diversifying our loan portfolio, determining that borrowers have adequate sources of cash flow for loan repayment without liquidation of collateral, obtaining and monitoring collateral, providing an appropriate allowance for credit losses and regularly reviewing loans through the internal loan review process. The loan portfolio is diversified by borrower, purpose, industry and geographic region. We seek to use diversification within the loan portfolio to reduce credit risk, thereby minimizing the adverse impact on the portfolio, if weaknesses develop in either the economy or a particular segment of borrowers. Collateral requirements are based on credit assessments of borrowers and may be used to recover the debt in case of default. We use the allowance for credit losses as a method to value the loan portfolio at its estimated collectible amount. Loans are regularly reviewed to facilitate the identification and monitoring of deteriorating credits.

The balances of loans outstanding at the indicated dates are reflected in Table 7, according to type of loan.

Table 7: Loan Portfolio

(In thousands)	March 31, 2022	December 31, 2021
Consumer:		
Credit cards	$ 184,372	$ 187,052
Other consumer	180,602	168,318
Total consumer	364,974	355,370
Real estate:		
Construction and development	1,423,445	1,326,371
Single family residential	2,042,978	2,101,975
Other commercial	5,762,567	5,738,904
Total real estate	9,228,990	9,167,250
Commercial:		
Commercial	2,016,405	1,992,043
Agricultural	150,465	168,717
Total commercial	2,166,870	2,160,760
Other	267,759	329,123
Total loans before allowance for credit losses	$ 12,028,593	$ 12,012,503

Consumer loans consist of credit card loans and other consumer loans. Consumer loans were $365.0 million at March 31, 2022, or 3.0% of total loans, compared to $355.4 million, or 3.0% of total loans at December 31, 2021. The increase in consumer loans from December 31, 2021, to March 31, 2022, was primarily due to growth in direct consumer loans partially offset by the expected seasonal decline in our credit card portfolio.

Real estate loans consist of C&D loans, single-family residential loans and CRE loans. Real estate loans were $9.23 billion at March 31, 2022, or 76.7% of total loans, compared to $9.17 billion, or 76.3%, of total loans at December 31, 2021, a slight increase of $61.7 million, or 0.7%. Our C&D loans increased by $97.1 million, or 7.3%, single family residential loans decreased by $59.0 million, or 2.8%, and CRE loans experienced a marginal increase of $23.7 million, or 0.4%. In the near term, we expect to continue to manage our C&D and CRE portfolio concentration by developing deeper relationships with our customers.

Commercial loans consist of non-real estate loans related to business and agricultural loans. Total commercial loans were relatively flat between periods with a balance of $2.17 billion at March 31, 2022, or 18.0% of total loans, compared to $2.16 billion, or 18.0% of total loans at December 31, 2021, an increase of $6.1 million, or 0.3%. New commercial fundings and advances outpaced the planned run-off of $54.5 million in our energy portfolio and the $54.8 million of PPP loan payoffs during the quarter. Agricultural loans decreased $18.3 million, or 10.8%, primarily due to seasonality of the portfolio, which normally peaks in the third quarter. In addition, we are continuing with our planned exit of the energy portfolio.

Other loans mainly consists of mortgage warehouse lending. Mortgage volume experienced a market driven decline during the first three months of 2022 when compared to 2021, leading to a decrease of $61.4 million in other loans primarily from mortgage warehouse lines of credit.

Loan demand appears to be returning to more normalized levels. For the sixth consecutive quarter, we have experienced an increase in commercial loan demand. We are seeing loan growth in our metro, community and corporate banking groups and continue to add new producers in these areas. Our loan pipeline consisting of all loan opportunities was $2.36 billion at March 31, 2022, compared to $2.31 billion at December 31, 2021. Loans approved and ready to close at the end of the quarter totaled $775.7 million.

ASSET QUALITY

Non-performing loans are comprised of (a) nonaccrual loans, (b) loans that are contractually past due 90 days and (c) other loans for which terms have been restructured to provide a reduction or deferral of interest or principal, because of deterioration in the financial position of the borrower. Simmons Bank recognizes income principally on the accrual basis of accounting. When loans are classified as nonaccrual, generally, the accrued interest is charged off and no further interest is accrued. Loans, excluding credit card loans, are placed on a nonaccrual basis either: (1) when there are serious doubts regarding the collectability of principal or interest or (2) when payment of interest or principal is 90 days or more past due and either (i) not fully secured or (ii) not in the process of collection. If a loan is determined by management to be uncollectible, the portion of the loan determined to be uncollectible is then charged to the allowance for credit losses.

When credit card loans reach 90 days past due and there are attachable assets, the accounts are considered for litigation. Credit card loans are generally charged off when payment of interest or principal exceeds 150 days past due. The credit card recovery group pursues account holders until it is determined, on a case-by-case basis, to be uncollectible.

Total non-performing assets decreased $5.3 million from December 31, 2021 to March 31, 2022. Nonaccrual loans decreased by $4.1 million during the period and foreclosed assets held for sale and other real estate owned decreased by $914,000. The decrease in nonaccrual loans was primarily due to an overall improvement in economic conditions.

Non-performing assets, including troubled debt restructurings ("TDRs") and acquired foreclosed assets, as a percent of total assets were 0.30% at March 31, 2022, compared to 0.33% at December 31, 2021. From time to time, certain borrowers experience declines in income and cash flow. As a result, these borrowers seek to reduce contractual cash outlays, the most prominent being debt payments. In an effort to preserve our net interest margin and earning assets, we are open to working with existing customers in order to maximize the collectability of the debt.

When we restructure a loan for a borrower experiencing financial difficulty and grant a concession we would not otherwise consider, a "troubled debt restructuring" occurs and the loan is classified as a TDR. The Company grants various types of concessions, primarily interest rate reduction and/or payment modifications or extensions, with an occasional forgiveness of principal.

Once an obligation has been restructured due to such credit problems, it continues to be considered a TDR until paid in full; or, if an obligation yields a market interest rate and no longer has any concession regarding payment amount or amortization, then it is not considered a TDR at the beginning of the calendar year after the year in which the improvement takes place. Our TDR balance remained relatively flat at $6.0 million as of March 31, 2022, decreasing $897,000 from December 31, 2021.

TDRs are individually evaluated for expected credit losses. We assess the exposure for each modification, using either the fair value of the underlying collateral or the present value of expected cash flows, and determine if a specific allowance for credit losses is needed.

We return TDRs to accrual status only if (1) all contractual amounts due can reasonably be expected to be repaid within a prudent period, and (2) repayment has been in accordance with the contract for a sustained period, typically at least six months.

We continue to maintain good asset quality compared to the industry and strong asset quality remains a primary focus of our strategy. The allowance for credit losses as a percent of total loans was 1.49% as of March 31, 2022. Non-performing loans equaled 0.53% of total loans. Non-performing assets were 0.29% of total assets, a 2 basis point decrease from December 31, 2021. The allowance for credit losses was 278% of non-performing loans as of March 31, 2022. Our annualized net charge-offs to average total loans for the first three months of 2022 was 0.22%. Excluding credit cards, the annualized net charge-offs to average total loans for the same period was 0.20%. Annualized net credit card charge-offs to average total credit card loans were 1.39%, compared to 1.40% during the full year 2021, and 18 basis points better than the most recently published industry average charge-off ratio as reported by the Federal Reserve for all banks.

Table 8 presents information concerning non-performing assets, including nonaccrual loans at amortized cost and foreclosed assets held for sale.

Table 8: Non-performing Assets

(Dollars in thousands)	March 31, 2022	December 31, 2021
Nonaccrual loans [(1)]	$ 64,096	$ 68,204
Loans past due 90 days or more (principal or interest payments)	240	349
Total non-performing loans	64,336	68,553
Other non-performing assets:		
Foreclosed assets held for sale and other real estate owned	5,118	6,032
Other non-performing assets	1,479	1,667
Total other non-performing assets	6,597	7,699
Total non-performing assets	$ 70,933	$ 76,252
Performing TDRs	$ 3,424	$ 4,289
Allowance for credit losses to non-performing loans	278 %	300 %
Non-performing loans to total loans	0.53 %	0.57 %
Non-performing assets (including performing TDRs) to total assets	0.30 %	0.33 %
Non-performing assets to total assets	0.29 %	0.31 %

(1) Includes nonaccrual TDRs of approximately $2,618,000 at March 31, 2022 and $2,650,000 at December 31, 2021.

The interest income on nonaccrual loans is not considered material for the three month periods ended March 31, 2022 and 2021.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is a reserve established through a provision for credit losses charged to expense which represents management's best estimate of lifetime expected losses based on reasonable and supportable forecasts, historical loss experience, and other qualitative considerations.

Loans with similar risk characteristics such as loan type, collateral type, and internal risk ratings are aggregated into homogeneous segments for assessment. Reserve factors are based on estimated probability of default and loss given default for each segment. The estimates are determined based on economic forecasts over the reasonable and supportable forecast period based on projected performance of economic variables that have a statistical correlation with the historical loss experience of the segments. For contractual periods that extend beyond the one-year forecast period, the estimates revert to average historical loss experiences over a one-year period on a straight-line basis.

We also include qualitative adjustments to the allowance based on factors and considerations that have not otherwise been fully accounted for. Qualitative adjustments include, but are not limited to:

- *Changes in asset quality* - Adjustments related to trending credit quality metrics including delinquency, non-performing loans, charge-offs, and risk ratings that may not be fully accounted for in the reserve factor.
- *Changes in the nature and volume of the portfolio* - Adjustments related to current changes in the loan portfolio that are not fully represented or accounted for in the reserve factors.
- *Changes in lending and loan monitoring policies and procedures* - Adjustments related to current changes in lending and loan monitoring procedures as well as review of specific internal policy compliance metrics.
- *Changes in the experience, ability, and depth of lending management and other relevant staff* - Adjustments to measure increasing or decreasing credit risk related to lending and loan monitoring management.
- *Changes in the value of underlying collateral of collateralized loans* - Adjustments related to improving or deterioration of the value of underlying collateral that are not fully captured in the reserve factors.
- *Changes in and the existence and effect of any concentrations of credit* - Adjustments related to credit risk of specific industries that are not fully captured in the reserve factors.

- *Changes in regional and local economic and business conditions and developments* - Adjustments related to expected and current economic conditions at a regional or local-level that are not fully captured within our reasonable and supportable forecast.
- *Data imprecision due to limited historical loss data* - Adjustments related to limited historical loss data that is representative of the collective loan portfolio.

Loans that do not share similar risk characteristics are evaluated on an individual basis. These evaluations are typically performed on loans with a deteriorated internal risk rating or that are classified as a TDR. The allowance for credit loss is determined based on several methods including estimating the fair value of the underlying collateral or the present value of expected cash flows.

An analysis of the allowance for credit losses on loans is shown in Table 9.

Table 9: Allowance for Credit Losses

(In thousands)	2022	2021
Balance, beginning of year	$ 205,332	$ 238,050
Loans charged off:		
Credit card	920	1,003
Other consumer	414	702
Real estate	485	1,687
Commercial	6,319	859
Total loans charged off	8,138	4,251
Recoveries of loans previously charged off:		
Credit card	274	290
Other consumer	387	304
Real estate	426	403
Commercial	557	320
Total recoveries	1,644	1,317
Net loans charged off	6,494	2,934
Provision for credit losses	(19,914)	—
Balance, March 31,	$ 178,924	$ 235,116
Loans charged off:		
Credit card		2,622
Other consumer		1,351
Real estate		9,004
Commercial		9,754
Total loans charged off		22,731
Recoveries of loans previously charged off:		
Credit card		758
Other consumer		1,100
Real estate		4,507
Commercial		4,340
Total recoveries		10,705
Net loans charged off		12,026
Provision for credit losses		(31,209)
Acquisition adjustment for PCD loans		13,451
Balance, end of year		$ 205,332

Provision for Credit Losses

The amount of provision added to or released from the allowance during the three months ended March 31, 2022 and 2021, and for the year ended December 31, 2021, was based on management's judgment, with consideration given to the composition of the portfolio, historical loan loss experience, assessment of current economic forecasts and conditions, past due and non-performing loans and net loss experience. It is management's practice to review the allowance on a monthly basis, and after considering the factors previously noted, to determine the level of provision made to the allowance.

Allowance for Credit Losses Allocation

As of March 31, 2022, the allowance for credit losses reflected a decrease of approximately $26.4 million from December 31, 2021 while total loans were relatively flat with a slight increase of $16.1 million over the same three month period. The allocation in each category within the allowance generally reflects the overall changes in the loan portfolio mix.

The decrease in the allowance for credit losses during the first three months of 2022 was predominately related to improved credit quality metrics and improved macroeconomic factors, coupled with the planned exit of several large oil and gas relationships during the quarter. Additionally, there was a reduction of pandemic-era qualitative factors that were established based on unidentifiable risks with borrowers in at-risk industries. We considered our allowance for credit losses at March 31, 2022 appropriate given the considerable amount of uncertainty as to the structure and timing of potential economic recovery, the impact of new COVID-19 variants, future of government assistance related to COVID-19 recovery efforts and other related factors.

The following table sets forth the sum of the amounts of the allowance for credit losses attributable to individual loans within each category, or loan categories in general. The table also reflects the percentage of loans in each category to the total loan portfolio for each of the periods indicated. The allowance for credit losses by loan category is determined by i) our estimated reserve factors by category including applicable qualitative adjustments and ii) any specific allowance allocations that are identified on individually evaluated loans. The amounts shown are not necessarily indicative of the actual future losses that may occur within individual categories.

Table 10: Allocation of Allowance for Credit Losses

	March 31, 2022		December 31, 2021	
(Dollars in thousands)	Allowance Amount	% of loans [1]	Allowance Amount	% of loans [1]
Credit cards	$ 2,894	1.6 %	$ 3,987	1.6 %
Other consumer	3,397	1.5 %	2,676	1.4 %
Real estate	161,389	76.7 %	179,270	76.3 %
Commercial	9,177	18.0 %	17,458	18.0 %
Other	2,067	2.2 %	1,941	2.7 %
Total	$ 178,924	100.0 %	$ 205,332	100.0 %

(1) Percentage of loans in each category to total loans.

DEPOSITS

Deposits are our primary source of funding for earning assets and are primarily developed through our network of approximately 197 financial centers as of March 31, 2022. We offer a variety of products designed to attract and retain customers with a continuing focus on developing core deposits. Our core deposits consist of all deposits excluding time deposits of $250,000 or more and brokered deposits. As of March 31, 2022, core deposits comprised 92.6% of our total deposits.

We continually monitor the funding requirements along with competitive interest rates in the markets we serve. Because of our community banking philosophy, our executives in the local markets, with oversight by the Chief Deposit Officer, Asset Liability Committee and the Bank's Treasury Department, establish the interest rates offered on both core and non-core deposits. This approach ensures that the interest rates being paid are competitively priced for each particular deposit product and structured to meet the funding requirements. We believe we are paying a competitive rate when compared with pricing in those markets.

We manage our interest expense through deposit pricing. We believe that additional funds can be attracted and deposit growth can be accelerated through deposit pricing if we experience increased loan demand or other liquidity needs. We can also utilize brokered deposits as an additional source of funding to meet liquidity needs. We are continually monitoring and looking for opportunities to fairly reprice our deposits while remaining competitive in this current challenging rate environment.

Our total deposits as of March 31, 2022, were $19.39 billion, an slight increase of $25.9 million from December 31, 2021. Non-interest bearing transaction accounts, interest bearing transaction accounts and savings accounts totaled $17.33 billion at March 31, 2022, compared to $16.91 billion at December 31, 2021, an increase of $415.7 million. Total time deposits decreased $389.8 million to $2.06 billion at March 31, 2022, from $2.45 billion at December 31, 2021. The decrease in time deposits is attributable to maturing time deposits, coupled with a continued effort to improve our mix of deposits into lower costs funds. We had $890.9 million and $466.0 million of brokered deposits at March 31, 2022, and December 31, 2021, respectively. We are managing our balance sheet and our net interest margin by continuing to eliminate several high-cost deposits related to public funds and brokered deposits as well as hone our product offerings to give customers flexibility of choice while maintaining the ability to adjust interest rates timely in the current rate environment.

OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Our total debt was $1.72 billion at March 31, 2022 and December 31, 2021. The outstanding balance for March 31, 2022 includes $1.31 billion in FHLB long-term advances; $330.0 million in subordinated notes; $54.2 million of trust preferred securities and unamortized debt issuance costs; and $31.4 million of other long-term debt.

The FHLB long-term advances outstanding at the end of the first quarter 2022 are primarily FOTO advances which are a low cost, fixed-rate source of funding in return for granting to FHLB the flexibility to choose a termination date earlier than the maturity date. Our FOTO advances outstanding at March 31, 2022 had original maturity dates of 10 years to 15 years with lockout periods that have expired. We expect the FHLB to not exercise the options to terminate the FOTO advances prior to their stated maturity dates due to the current low interest rate environment. We continually analyze the possibility of the FHLB exercising the options along with the market expected rate outcome. As of March 31, 2022, there were no FHLB short-term advances outstanding.

In March 2018, we issued $330 million in aggregate principal amount of 5.00% Fixed-to-Floating Rate Subordinated Notes (“Notes”) at a public offering price equal to 100% of the aggregate principal amount of the Notes. The Company incurred $3.6 million in debt issuance costs related to the offering. The Notes will mature on April 1, 2028 and are subordinated in right of payment to the payment of our other existing and future senior indebtedness, including all our general creditors. The Notes are obligations of the Company only and are not obligations of, and are not guaranteed by, any of its subsidiaries.

CAPITAL

Overview

At March 31, 2022, total capital was $2.96 billion. Capital represents shareholder ownership in the Company – the book value of assets in excess of liabilities. At March 31, 2022, our common equity to asset ratio was 12.10% compared to 13.14% at year-end 2021.

Capital Stock

On February 27, 2009, at a special meeting, our shareholders approved an amendment to the Articles of Incorporation to establish 40,040,000 authorized shares of preferred stock, $0.01 par value. As of March 31, 2022, the aggregate liquidation preference of all shares of preferred stock cannot exceed $80,000,000.

On October 29, 2019, we filed Amended and Restated Articles of Incorporation (“October Amended Articles”) with the Arkansas Secretary of State. The October Amended Articles classified and designated Series D Preferred Stock, Par Value $0.01 Per Share, out of our authorized preferred stock. On November 30, 2021, the Company redeemed all of the Series D Preferred Stock, including accrued and unpaid dividends.

On April 27, 2022, shareholders of the Company approved an increase in the number of authorized shares of its Class A common stock from 175,000,000 to 350,000,000.

Stock Repurchase Program

Effective July 23, 2021, our Board of Directors approved an amendment to the Company's stock repurchase program originally approved in October 2019 ("2019 Program") that increased the amount of our common stock that could be repurchased under the 2019 Program from a maximum of $180 million to a maximum of $276.5 million and extended the term of the 2019 Program from October 31, 2021, to October 31, 2022 (unless terminated sooner).

During the three month period ended March 31, 2022, we repurchased 513,725 shares at an average price per share of $31.25 under the 2019 Program. During the three month period ended March 31, 2021, 130,916 shares at an average price per share of $23.53 were repurchased under the 2019 Program.

During January 2022, the Company substantially exhausted the remaining capacity under the 2019 Program. As a result, in January 2022, the Company's Board of Directors authorized a new stock repurchase program (the "2022 Program") under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding. The 2022 Program will terminate on January 31, 2024 (unless terminated sooner).

Under the 2022 Program, which replaced the 2019 Program, the Company may repurchase shares of its common stock through open market and privately negotiated transactions or otherwise. The timing, pricing, and amount of any repurchases under the 2022 Program will be determined by the Company's management at its discretion based on a variety of factors, including, but not limited to, trading volume and market price of the Company's common stock, corporate considerations, the Company's working capital and investment requirements, general market and economic conditions, and legal requirements. The 2022 Program does not obligate the Company to repurchase any common stock and may be modified, discontinued, or suspended at any time without prior notice. The Company anticipates funding for this 2022 Program to come from available sources of liquidity, including cash on hand and future cash flow. As of March 31, 2022, the Company had not repurchased any shares under the 2022 Program. Market conditions and the Company's capital needs will drive decisions regarding additional, future stock repurchases.

Cash Dividends

We declared cash dividends on our common stock of $0.19 per share for the first three months of 2022, compared to $0.18 per share for the first three months of 2021, an increase of $0.01, or 6%. The timing and amount of future dividends are at the discretion of our Board of Directors and will depend upon our consolidated earnings, financial condition, liquidity and capital requirements, the amount of cash dividends paid to us by our subsidiaries, applicable government regulations and policies and other factors considered relevant by our Board of Directors. Our Board of Directors anticipates that we will continue to pay quarterly dividends in amounts determined based on the factors discussed above. However, there can be no assurance that we will continue to pay dividends on our common stock at the current levels or at all.

Parent Company Liquidity

The primary liquidity needs of the Parent Company are the payment of dividends to shareholders, the funding of debt obligations and cash needs for acquisitions. The primary sources for meeting these liquidity needs are the current cash on hand at the parent company and the future dividends received from Simmons Bank. Payment of dividends by Simmons Bank is subject to various regulatory limitations. See the Liquidity and Market Risk Management discussions of Item 3 – Quantitative and Qualitative Disclosures About Market Risk for additional information regarding the parent company's liquidity. The Company continually assesses its capital and liquidity needs and the best way to meet them, including, without limitation, through capital raising in the market via stock or debt offerings.

Risk Based Capital

The Company and Simmons Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Our capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. The Company and Simmons Bank must hold a capital conservation buffer composed of common equity Tier 1 capital above its minimum risk-based capital requirements. Failure to meet this capital conservation buffer would result in additional limits on dividends, other distributions and discretionary bonuses.

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of March 31, 2022, we meet all capital adequacy requirements to which we are subject. As of the most recent notification from regulatory agencies, Simmons Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and Simmons Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's categories.

Our risk-based capital ratios at March 31, 2022 and December 31, 2021 are presented in Table 11 below:

Table 11: Risk-Based Capital

(Dollars in thousands)	March 31, 2022	December 31, 2021
Tier 1 capital:		
Stockholders' equity	$ 2,961,607	$ 3,248,841
CECL transition provision	92,619	114,458
Goodwill and other intangible assets	(1,224,691)	(1,226,686)
Unrealized loss (gain) on available-for-sale securities, net of income taxes	326,961	10,545
Total Tier 1 capital	2,156,496	2,147,158
Tier 2 capital:		
Trust preferred securities and subordinated debt	384,242	384,131
Qualifying allowance for credit losses and reserve for unfunded commitments	78,057	71,853
Total Tier 2 capital	462,299	455,984
Total risk-based capital	$ 2,618,795	$ 2,603,142
Risk weighted assets	$ 15,953,622	$ 15,538,967
Assets for leverage ratio	$ 23,966,206	$ 23,647,901
Ratios at end of period:		
Common equity Tier 1 ratio (CET1)	13.52 %	13.82 %
Tier 1 leverage ratio	9.00 %	9.08 %
Tier 1 leverage ratio, excluding average PPP loans (non-GAAP)[1]	9.03 %	9.15 %
Tier 1 risk-based capital ratio	13.52 %	13.82 %
Total risk-based capital ratio	16.42 %	16.75 %
Minimum guidelines:		
Common equity Tier 1 ratio (CET1)	4.50 %	4.50 %
Tier 1 leverage ratio	4.00 %	4.00 %
Tier 1 risk-based capital ratio	6.00 %	6.00 %
Total risk-based capital ratio	8.00 %	8.00 %

(1) PPP loans are 100% federally guaranteed and have a zero percent risk-weight for regulatory capital ratios. Tier 1 leverage ratio, excluding average PPP loans is a non-GAAP measurement.

Regulatory Capital Changes

In December 2018, the Federal Reserve, Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation ("FDIC") (collectively, the "agencies") issued a final rule revising regulatory capital rules in anticipation of the adoption of ASU 2016-13 that provided an option to phase in over a three year period on a straight line basis the day-one impact of the adoption on earnings and Tier 1 capital (the "CECL Transition Provision").

In March 2020 and in response to the COVID-19 pandemic, the agencies issued a new regulatory capital rule revising the CECL Transition Provision to delay the estimated impact on regulatory capital stemming from the implementation of ASU 2016-13. The rule provides banking organizations that implement CECL before the end of 2020 the option to delay for two years an estimate of CECL's effect on regulatory capital, followed by a three-year transition period (the "2020 CECL Transition Provision"). The Company elected to apply the 2020 CECL Transition Provision.

The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. The rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach with a more risk-sensitive approach. The Basel III Capital Rules established risk-weighting categories depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities, to 600% for certain equity exposures.

The final rules included a new common equity Tier 1 capital to risk-weighted assets ratio of 4.5% and a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets. The rules also raised the minimum ratio of Tier 1 capital to risk-weighted assets to 6.0% and require a minimum leverage ratio of 4.0%.

Prior to December 31, 2017, Tier 1 capital included common equity Tier 1 capital and certain additional Tier 1 items as provided under the Basel III Capital Rules. The Tier 1 capital for the Company consisted of common equity Tier 1 capital and trust preferred securities. The Basel III Capital Rules include certain provisions that require trust preferred securities to be phased out of qualifying Tier 1 capital when assets surpass $15 billion. As of December 31, 2017, the Company exceeded $15 billion in total assets and the grandfather provisions applicable to its trust preferred securities no longer apply and trust preferred securities are no longer included as Tier 1 capital. Trust preferred securities and qualifying subordinated debt of $384.2 million is included as Tier 2 and total capital as of March 31, 2022.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See the *Recently Issued Accounting Standards* section in Note 1, Preparation of Interim Financial Statements, in the accompanying Condensed Notes to Consolidated Financial Statements included elsewhere in this report for details of recently issued accounting pronouncements and their expected impact on the Company's ongoing financial position and results of operation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report may not be based on historical facts and should be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology, such as "anticipate," "believe," "budget," "contemplate," "continue," "estimate," "expect," "foresee," "intend," "indicate," "target," "plan," positions," "prospects," "project," "predict," or "potential," by future conditional verbs such as "could," "may," "might," "should," "will," or "would," or by variations of such words or by similar expressions. These forward-looking statements include, without limitation, those relating to the Company's future growth, completed acquisitions, revenue, expenses, assets, asset quality, profitability, earnings, accretion, customer service, lending capacity and lending activity, investment in digital channels, critical accounting policies, net interest margin, non-interest revenue, market conditions related to and the impact of the Company's stock repurchase program, consumer behavior and liquidity, the adequacy of the allowance for credit losses, the impacts of the COVID-19 pandemic and the ability of the Company to manage the impacts of the COVID-19 pandemic, income tax deductions, credit quality, the level of credit losses from lending commitments, net interest revenue, interest rate sensitivity, loan loss experience, liquidity, the Company's expectations regarding actions by the FHLB including with respect to the FHLB's option to terminate FOTO advances, capital resources, market risk, plans for investments in securities, effect of pending and future litigation, including the results of the overdraft fee litigation against the Company that is described in this quarterly report, acquisition strategy and activity, legal and regulatory limitations and compliance and competition.

These forward-looking statements involve risks and uncertainties, and may not be realized due to a variety of factors, including, without limitation: changes in the Company's operating, acquisition, or expansion strategy; the effects of future economic conditions (including unemployment levels and slowdowns in economic growth), governmental monetary and fiscal policies, as well as legislative and regulatory changes, including in response to the COVID-19 pandemic; the impacts of the COVID-19 pandemic on the Company's operations and performance; the ultimate effect of measures the Company takes or has taken in response to the COVID-19 pandemic; the severity and duration of the COVID-19 pandemic, including the effectiveness of vaccination efforts and developments with respect to COVID-19 variants; the pace of recovery when the COVID-19 pandemic subsides and the heightened impact it has on many of the risks described herein; changes in real estate values; changes in interest rates; inflation; changes in the level and composition of deposits, loan demand, and the values of loan collateral, securities and interest sensitive assets and liabilities; changes in the securities markets generally or the price of the Company's common stock specifically; developments in information technology affecting the financial industry; cyber threats, attacks or events; reliance on third parties for the provision of key services; changes in accounting principles, including changes related to loan loss recognition; uncertainty and disruption associated with the discontinued use of the London Inter-Bank Offered Rate; the costs of evaluating possible acquisitions and the risks inherent in integrating acquisitions; possible adverse rulings, judgements, settlements, and other outcomes of pending or future litigation; market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises, war and other military conflicts (including the ongoing military conflict between Russia and Ukraine) or other major events, or the prospect of these events; the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer and the internet; the failure of assumptions underlying the establishment of reserves for possible credit losses, fair value for loans, other real estate owned, and other cautionary statements set forth elsewhere in this report. Please also refer to the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this quarterly report and the Company's annual report on Form 10-K for the year ended December 31, 2021, and related disclosures in other filings, which have been filed with the SEC and are available on the SEC's website at www.sec.gov. Many of these factors are beyond our ability to predict or control, and actual results could differ materially from those in the forward-looking statements due to these factors and others. In addition, as a result of these and other factors, our past financial performance should not be relied upon as an indication of future performance.

We believe the assumptions and expectations that underlie or are reflected in our forward-looking statements are reasonable, based on information available to us on the date hereof. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations or whether our future performance will differ materially from the performance reflected in or implied by our forward-looking statements, and you should not place undue reliance on these forward-looking statements. Any forward-looking statement speaks only as of the date hereof, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and all written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this section.

GAAP RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The tables below present computations of core earnings (net income excluding non-core items {gain on sale of branches, merger related costs, and the net branch right sizing costs}) (non-GAAP) and core diluted earnings per share (non-GAAP) as well as a computation of tangible book value per share (non-GAAP), tangible common equity to tangible assets (non-GAAP), the core net interest margin (non-GAAP), core other income (non-GAAP) and core non-interest expense (non-GAAP). Non-core items are included in financial results presented in accordance with generally accepted accounting principles (US GAAP). The tables below also present computations of certain figures that are exclusive of the impact of PPP loans: Tier 1 leverage ratio excluding average PPP loans (non-GAAP) and net interest income and net interest margin, each adjusted for PPP loans (each non-GAAP).

We believe the exclusion of these non-core items in expressing earnings and certain other financial measures, including "core earnings," provides a meaningful basis for period-to-period and company-to-company comparisons, which management believes will assist investors and analysts in analyzing the core financial measures of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of the Company's business because management does not consider these non-core items to be relevant to ongoing financial performance. Management and the Board of Directors utilize "core earnings" (non-GAAP) for the following purposes:

- Preparation of the Company's operating budgets
- Monthly financial performance reporting
- Monthly "flash" reporting of consolidated results (management only)
- Investor presentations of Company performance

We believe the presentation of "core earnings" on a diluted per share basis, "core diluted earnings per share" (non-GAAP) and core net interest margin (non-GAAP), provides a meaningful basis for period-to-period and company-to-company comparisons, which management believes will assist investors and analysts in analyzing the core financial measures of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of the Company's business, because management does not consider these non-core items to be relevant to ongoing financial performance on a per share basis. Management and the Board of Directors utilize "core diluted earnings per share" (non-GAAP) for the following purposes:

- Calculation of annual performance-based incentives for certain executives
- Calculation of long-term performance-based incentives for certain executives
- Investor presentations of Company performance

We have $1.250 billion and $1.252 billion total goodwill and other intangible assets for the periods ended March 31, 2022 and December 31, 2021, respectively. Because our acquisition strategy has resulted in a high level of intangible assets, management believes useful calculations include tangible book value per share (non-GAAP) and tangible common equity to tangible assets (non-GAAP).

We believe the exclusion of PPP loans or their impact, as applicable, in expressing earnings and certain other financial measures provides a meaningful basis for period-to-period and company-to-company comparisons because PPP loans are 100% federally guaranteed and have very low interest rates. The Company's non-GAAP financial measures that exclude PPP loans or their impact include the ratios of "Tier 1 leverage ratio excluding average PPP loans" (non-GAAP) and "net interest margin," adjusted for PPP loans (non-GAAP). Management believes these non-GAAP presentations will assist investors and analysts in analyzing the core financial measures of the Company, including the performance of the Company's loan portfolio and the Company's regulatory capital position, and predicting future performance. Management and the Board of Directors utilize these non-GAAP financial measures for financial performance reporting and investor presentations of Company performance.

We believe that presenting these non-GAAP financial measures will permit investors and analysts to assess the performance of the Company on the same basis as that is applied by management and the Board of Directors.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. To mitigate these limitations, we have procedures in place to identify and approve each item that qualifies as non-core to ensure that the Company's "core" results are properly reflected for period-to-period comparisons. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analyses of results as reported under GAAP. In particular, a measure of earnings that excludes non-core items does not represent the amount that effectively accrues directly to stockholders (i.e., non-core items are included in earnings and stockholders' equity). Additionally, similarly titled non-GAAP financial measures used by other companies may not be computed in the same or similar fashion.

See Table 12 below for the reconciliation of non-GAAP financial measures, which exclude non-core items for the periods presented.

Table 12: Reconciliation of Core Earnings (non-GAAP)

	Three Months Ended		
(In thousands, except per share data)	March 31, 2022	December 31, 2021	March 31, 2021
Net income available to common stockholders	$ 65,095	$ 48,230	$ 67,407
Non-core items:			
Gain on sale of branches	—	—	(5,300)
Merger related costs	1,886	13,591	233
Branch right sizing (net)	909	1,648	448
Tax effect [1]	(731)	(3,983)	1,207
Net non-core items	2,064	11,256	(3,412)
Core earnings (non-GAAP)	$ 67,159	$ 59,486	$ 63,995
Diluted earnings per share[2]	$ 0.58	$ 0.42	$ 0.62
Non-core items:			
Gain on sale of branches	—	—	(0.05)
Merger related costs	0.01	0.12	—
Branch right sizing (net)	0.01	0.01	0.01
Tax effect [1]	(0.01)	(0.03)	0.01
Net non-core items	0.01	0.10	(0.03)
Core diluted earnings per share (non-GAAP)	$ 0.59	$ 0.52	$ 0.59

(1) Effective tax rate of 26.135%.
(2) See Note 17, Earnings Per Share, for number of shares used to determine EPS.

See Table 13 below for the reconciliation of core other income and core non-interest expense for the periods presented.

Table 13: Reconciliation of Core Other Income and Core Non-Interest Expense (non-GAAP)

	Three Months Ended		
(In thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Other income	$ 7,266	$ 9,965	$ 10,500
Gain on sale of branches	—	—	(5,300)
Branch right sizing	—	(2)	(177)
Core other income (non-GAAP)	$ 7,266	$ 9,963	$ 5,023
Non-interest expense	$ 128,417	$ 141,597	$ 113,002
Non-core items:			
Merger related costs	(1,886)	(13,591)	(233)
Branch right sizing	(909)	(1,650)	(625)
Total non-core items	(2,795)	(15,241)	(858)
Core non-interest expense (non-GAAP)	$ 125,622	$ 126,356	$ 112,144

See Table 14 below for the reconciliation of tangible book value per common share.

Table 14: Reconciliation of Tangible Book Value per Common Share (non-GAAP)

(In thousands, except per share data)	March 31, 2022	December 31, 2021
Total stockholders’ equity	$ 2,961,607	$ 3,248,841
Preferred stock	—	—
Total common stockholders’ equity	2,961,607	3,248,841
Intangible assets:		
Goodwill	(1,147,007)	(1,146,007)
Other intangible assets	(102,748)	(106,235)
Total intangibles	(1,249,755)	(1,252,242)
Tangible common stockholders’ equity	$ 1,711,852	$ 1,996,599
Shares of common stock outstanding	112,505,555	112,715,444
Book value per common share	$ 26.32	$ 28.82
Tangible book value per common share (non-GAAP)	$ 15.22	$ 17.71

See Table 15 below for the calculation of tangible common equity and the reconciliation of tangible common equity to tangible assets.

Table 15: Reconciliation of Tangible Common Equity and the Ratio of Tangible Common Equity to Tangible Assets (non-GAAP)

(Dollars in thousands)	March 31, 2022	December 31, 2021
Total common stockholders' equity	$ 2,961,607	$ 3,248,841
Intangible assets:		
Goodwill	(1,147,007)	(1,146,007)
Other intangible assets	(102,748)	(106,235)
Total intangibles	(1,249,755)	(1,252,242)
Tangible common stockholders' equity	$ 1,711,852	$ 1,996,599
Total assets	$ 24,482,268	$ 24,724,759
Intangible assets:		
Goodwill	(1,147,007)	(1,146,007)
Other intangible assets	(102,748)	(106,235)
Total intangibles	(1,249,755)	(1,252,242)
Tangible assets	$ 23,232,513	$ 23,472,517
Ratio of common equity to assets	12.10 %	13.14 %
Ratio of tangible common equity to tangible assets (non-GAAP)	7.37 %	8.51 %

See Table 16 below for the calculation of Tier 1 leverage ratio excluding average PPP loans for the period presented.

Table 16: Reconciliation of Tier 1 Leverage Ratio Excluding Average PPP Loans (non-GAAP)

(Dollars in thousands)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Total Tier 1 capital	$ 2,156,496	$ 1,939,868
Adjusted average assets for leverage ratio	$ 23,966,206	$ 21,668,406
Average PPP loans	(89,757)	$ (891,070)
Adjusted average assets excluding average PPP loans	$ 23,876,449	$ 20,777,336
Tier 1 leverage ratio	9.00 %	8.95 %
Tier 1 leverage ratio excluding average PPP loans (non-GAAP)	9.03 %	9.34 %

See Table 17 below for the calculation of core net interest margin and net interest margin adjusted for PPP loans for the periods presented.

Table 17: Reconciliation of Core Net Interest Margin (non-GAAP)

	Three Months Ended		
(Dollars in thousands)	March 31, 2022	December 31, 2021	March 31, 2021
Net interest income	$ 145,606	$ 153,081	$ 146,681
FTE adjustment	5,602	5,579	4,163
Fully tax equivalent net interest income	151,208	158,660	150,844
Total accretable yield	(3,703)	(5,758)	(6,630)
Core net interest income	$ 147,505	$ 152,902	$ 144,214
PPP loan interest income	(2,113)	(5,107)	(11,652)
Net interest income adjusted for PPP loans	$ 149,095	$ 153,553	$ 139,192
Average earning assets	$ 22,185,215	$ 22,029,792	$ 20,484,908
Average PPP loan balance	(89,757)	(172,130)	(891,070)
Average earning assets adjusted for PPP loans	$ 22,095,458	$ 21,857,662	$ 19,593,838
Net interest margin	2.76 %	2.86 %	2.99 %
Core net interest margin (non-GAAP)	2.70 %	2.75 %	2.86 %
Net interest margin adjusted for PPP loans (non-GAAP)	2.74 %	2.79 %	2.88 %

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company has leveraged its investment in its subsidiary bank and depends upon the dividends paid to it, as the sole shareholder of the subsidiary bank, as a principal source of funds for dividends to shareholders, stock repurchases and debt service requirements. At March 31, 2022, undivided profits of Simmons Bank were approximately $516.9 million, of which approximately $176.5 million was available for the payment of dividends to the Company without regulatory approval. In addition to dividends, other sources of liquidity for the Company are the sale of equity securities and the borrowing of funds.

Subsidiary Bank

Generally speaking, the Company's subsidiary bank relies upon net inflows of cash from financing activities, supplemented by net inflows of cash from operating activities, to provide cash used in investing activities. Typical of most banking companies, significant financing activities include: deposit gathering; use of short-term borrowing facilities, such as federal funds purchased and repurchase agreements; and the issuance of long-term debt. The subsidiary bank's primary investing activities include loan originations and purchases of investment securities, offset by loan payoffs and investment cash flows and maturities.

Liquidity represents an institution's ability to provide funds to satisfy demands from depositors and borrowers by either converting assets into cash or accessing new or existing sources of incremental funds. A major responsibility of management is to maximize net interest income within prudent liquidity constraints. Internal corporate guidelines have been established to constantly measure liquid assets as well as relevant ratios concerning earning asset levels and purchased funds. The management and Board of Directors of the subsidiary bank monitors these same indicators and makes adjustments as needed.

Liquidity Management

The objective of our liquidity management is to access adequate sources of funding to ensure that cash flow requirements of depositors and borrowers are met in an orderly and timely manner. Sources of liquidity are managed so that reliance on any one funding source is kept to a minimum. Our liquidity sources are prioritized for both availability and time to activation.

Our liquidity is a primary consideration in determining funding needs and is an integral part of asset/liability management. Pricing of the liability side is a major component of interest margin and spread management. Adequate liquidity is a necessity in addressing this critical task. There are seven primary and secondary sources of liquidity available to the Company. The particular liquidity need and timeframe determine the use of these sources.

The first source of liquidity available to the Company is federal funds. Federal funds are available on a daily basis and are used to meet the normal fluctuations of a dynamic balance sheet. The Bank has approximately $415 million in federal funds lines of credit from upstream correspondent banks that can be accessed, when needed. In order to ensure availability of these upstream funds we test these borrowing lines at least annually. Historical monitoring of these funds has made it possible for us to project seasonal fluctuations and structure our funding requirements on a month-to-month basis.

Second, Simmons Bank has lines of credit available with the Federal Home Loan Bank. While we use portions of those lines to match off longer-term mortgage loans, we also use those lines to meet liquidity needs. Approximately $3.6 billion of these lines of credit are currently available, if needed, for liquidity.

A third source of liquidity is that we have the ability to access large wholesale deposits from both the public and private sector to fund short-term liquidity needs.

A fourth source of liquidity is the retail deposits available through our network of financial centers throughout Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas. Although this method can be a somewhat more expensive alternative to supplying liquidity, this source can be used to meet intermediate term liquidity needs.

Fifth, we use a laddered investment portfolio that ensures there is a steady source of intermediate term liquidity. These funds can be used to meet seasonal loan patterns and other intermediate term balance sheet fluctuations. Approximately 81.0% of the investment portfolio is classified as available-for-sale. We also use securities held in the securities portfolio to pledge when obtaining public funds.

Sixth, we have a network of downstream correspondent banks from which we can access debt to meet liquidity needs.

Finally, we have the ability to access funds through the Federal Reserve Bank Discount Window.

We believe the various sources available are ample liquidity for short-term, intermediate-term and long-term liquidity.

Market Risk Management

Market risk arises from changes in interest rates. We have risk management policies to monitor and limit exposure to market risk. In asset and liability management activities, policies designed to minimize structural interest rate risk are in place. The measurement of market risk associated with financial instruments is meaningful only when all related and offsetting on- and off-balance-sheet transactions are aggregated, and the resulting net positions are identified.

Interest Rate Sensitivity

Interest rate risk represents the potential impact of interest rate changes on net income and capital resulting from mismatches in repricing opportunities of assets and liabilities over a period of time. A number of tools are used to monitor and manage interest rate risk, including simulation models and interest sensitivity gap analysis. Management uses simulation models to estimate the effects of changing interest rates and various balance sheet strategies on the level of the Company's net income and capital. As a means of limiting interest rate risk to an acceptable level, management may alter the mix of floating and fixed-rate assets and liabilities, change pricing schedules and manage investment maturities during future security purchases, or enter into derivative contracts such as interest rate swaps.

The simulation model incorporates management's assumptions regarding the level of interest rates or balance changes for indeterminate maturity deposits for a given level of market rate changes. These assumptions have been developed through anticipated pricing behavior. Key assumptions in the simulation models include the relative timing of prepayments, cash flows and maturities. These assumptions are inherently uncertain and, as a result, the model cannot precisely estimate net interest income or precisely predict the impact of a change in interest rates on net income or capital. Actual results will differ from simulated results due to the timing, magnitude and frequency of interest rate changes and changes in market conditions and management strategies, among other factors.

As of March 31, 2022, the model simulations projected that 100 and 200 basis point increases in interest rates would result in a positive variance in net interest income of 3.05% and 5.62%, respectively, relative to the base case over the next 12 months, while decreases in interest rates of 25 basis points would result in a negative variance in net interest income of 1.14% relative to the base case over the next 12 months. The likelihood of a decrease in interest rates in excess of 25 basis points as of March 31, 2022, is considered remote given current interest rate levels and the recent rate increase by the Federal Reserve. These are good faith estimates and assume that the composition of our interest sensitive assets and liabilities existing at each period-end will remain constant over the relevant twelve month measurement period and that changes in market interest rates are instantaneous and sustained across the yield curve regardless of duration of pricing characteristics of specific assets or liabilities. Also, this analysis does not contemplate any actions that we might undertake in response to changes in market interest rates. We believe these estimates are not necessarily indicative of what actually could occur in the event of immediate interest rate increases or decreases of this magnitude. As interest-bearing assets and liabilities reprice in different time frames and proportions to market interest rate movements, various assumptions must be made based on historical relationships of these variables in reaching any conclusion. Since these correlations are based on competitive and market conditions, we anticipate that our future results will likely be different from the foregoing estimates, and such differences could be material.

The table below presents our sensitivity to net interest income at March 31, 2022:

Table 18: Net Interest Income Sensitivity

Interest Rate Scenario	% Change from Base
Up 200 basis points	5.62%
Up 100 basis points	3.05%
Down 25 basis points	(1.14)%

Item 4. Controls and Procedures

Management, under the supervision and with the participation of the Company’s Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, has reviewed and evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer have concluded that the Company’s current disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Company’s Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, as appropriate to allow timely decisions regarding required disclosure. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that the Company’s disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Company or its subsidiary to disclose material information required to be set forth in the Company’s periodic reports.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal controls over financial reporting during the quarter ended March 31, 2022, which materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II: Other Information

Item 1. Legal Proceedings

The information contained in Note 13, Contingent Liabilities, of the Condensed Notes to Consolidated Financial Statements in Part I, Item 1 of this report is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes in the risk factors faced by the Company from those disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (“2021 Form 10-K”).

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Effective July 23, 2021, the Company’s Board of Directors approved an amendment to the 2019 Program that increased the amount of the Company’s Class A common stock that may be repurchased under the 2019 Program from a maximum of $180 million to a maximum of $276.5 million and extended the term of the 2019 Program from October 31, 2021, to October 31, 2022 (unless terminated sooner). The 2019 Program was originally approved on October 17, 2019 and first amended in March 2020. During January 2022, the Company substantially exhausted the remaining capacity under the 2019 Program, and as a result, the Company’s Board of Directors authorized a new stock repurchase program (the “2022 Program”), which replaced the 2019 Program and under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding. The timing, pricing, and amount of any repurchases under the 2022 Program will be determined by the Company’s management at its discretion based on a variety of factors, including, but not limited to, trading volume and market price of the Company’s common stock, corporate considerations, the Company’s working capital and investment requirements, general market and economic conditions, and legal requirements. As of March 31, 2022, the Company had not repurchased any shares under the 2022 Program. Market conditions and the Company’s capital needs will drive decisions regarding additional, future stock repurchases.

During the quarter ended March 31, 2022, we repurchased restricted stock in connection with employee tax withholding obligations under employee compensation plans. Information concerning our purchases of common stock is as follows:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2022 - January 31, 2022	514,622	$ 31.25	513,725	$ 175,000,000
February 1, 2022 - February 28, 2022	—	—	—	$ 175,000,000
March 1, 2022 - March 31, 2022	—	—	—	$ 175,000,000
Total	514,622	$ 31.25	513,725	

(1) Total number of shares purchased consists of 897 shares with an average price $27.44 of restricted stock purchased in connection with employee tax withholding obligations under employee compensation plans, which are not purchases under any publicly announced plan.

Item 6. Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of June 4, 2021, by and among Simmons First National Corporation, Simmons Bank and Landmark Community Bank (incorporated by reference to Annex A to the Registration Statement on Form S-4 filed under the Securities Act of 1933 by Simmons First National Corporation on July 21, 2021 (File No. 333-258059)).
2.2	Agreement and Plan of Merger, dated as of June 4, 2021, by and among Simmons First National Corporation and Triumph Bancshares, Inc. (incorporated by reference to Annex B to the Registration Statement on Form S-4 filed under the Securities Act of 1933 by Simmons First National Corporation on July 21, 2021 (File No. 333-258059)).
2.3	Agreement and Plan of Merger, dated as of November 18, 2021, by and among Simmons First National Corporation and Spirit of Texas Bancshares, Inc. (incorporated by reference to Annex A to the Registration Statement on Form S-4 filed under the Securities Act of 1933 by Simmons First National Corporation on January 18, 2022 (File No. 333-261842)).
3.1	Amended and Restated Articles of Incorporation of Simmons First National Corporation, as amended on July 14, 2021 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-4 filed under the Securities Act of 1933 by Simmons First National Corporation on July 21, 2021 (File No. 333-258059)).
3.2	Amended and Restated By-Laws of Simmons First National Corporation (incorporated by reference to Exhibit 3.1 to Simmons First National Corporation's Current Report on Form 8-K filed on February 18, 2022 (File No. 000-06253)).
4.1	Instruments defining the rights of security holders, including indentures. Simmons First National Corporation hereby agrees to furnish copies of instruments defining the rights of holders of long-term debt of the Corporation and its consolidated subsidiaries to the U.S. Securities and Exchange Commission upon request. No issuance of debt exceeds ten percent of the total assets of the Corporation and its subsidiaries on a consolidated basis.
10.1	Deferred Compensation Agreement for George A. Makris III dated March 11, 2022.*^
10.2	Form of Associate Restricted Stock Unit Award Certificate and Terms and Conditions (2022).*^
10.3	Form of Associate Performance Share Unit Award Certificate and Terms and Conditions (2022).*^
10.4	Form of Associate Cash Award Certificate and Terms and Conditions (2022).*^
10.5	Form of Director Restricted Stock Unit Award Certificate and Terms and Conditions (2022).*^
14.1	Amended and Restated Simmons First National Corporation Code of Ethics (as amended and restated on July 23, 2020) (incorporated by reference to Exhibit 14.1 to Simmons First National Corporation's Current Report on Form 8-K filed July 28, 2020 (File No. 000-06253)).
15.1	Awareness Letter of BKD, LLP.*
31.1	Rule 13a-15(e) and 15d-15(e) Certification – George A. Makris, Jr., Chairman and Chief Executive Officer.*
31.2	Rule 13a-15(e) and 15d-15(e) Certification – James M. Brogdon, Executive Vice President, Chief Financial Officer, and Treasurer.*
31.3	Rule 13a-15(e) and 15d-15(e) Certification – David W. Garner, Executive Vice President, Executive Director of Finance and Accounting and Chief Accounting Officer.*
32.1	Certification Pursuant to 18 U.S.C. Sections 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – George A. Makris, Jr., Chairman and Chief Executive Officer.*
32.2	Certification Pursuant to 18 U.S.C. Sections 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – James M. Brogdon, Executive Vice President, Chief Financial Officer, and Treasurer.*
32.3	Certification Pursuant to 18 U.S.C. Sections 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – David W. Garner, Executive Vice President, Executive Director of Finance and Accounting and Chief Accounting Officer.*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Exhibit No.	Description
101.SCH	Inline XBRL Taxonomy Extension Schema.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith
^ Management contract or a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIMMONS FIRST NATIONAL CORPORATION
(Registrant)

Date: May 6, 2022	/s/ George A. Makris, Jr. George A. Makris, Jr. Chairman and Chief Executive Officer
Date: May 6, 2022	/s/ James M. Brogdon James M. Brogdon Executive Vice President, Chief Financial Officer and Treasurer
Date: May 6, 2022	/s/ David W. Garner David W. Garner Executive Vice President, Executive Director of Finance and Accounting and Chief Accounting Officer

DEFERRED
COMPENSATION AGREEMENT

THIS AGREEMENT made and entered into by and between Simmons First National Corporation ("**Employer**") and George A. Makris, III ("**Employee**"), WITNESSETH:

WHEREAS, Employee is presently employed by Employer in the capacity of Executive Vice President and General Counsel and is a person whom Employer considers to possess significant ability, experience and valuable contacts in matters relating to the business of Employer; and

WHEREAS, Employer desires to obtain the continued services of Employee and to provide certain deferred, contingent benefits to Employee as more particularly hereinafter provided; and

NOW, THEREFORE, for and in consideration of the premises and Employee's continued employment, it is agreed as follows, to-wit:

1. ***Definitions.*** As used herein, the following terms shall have the definitions set forth below:

Benefit Period - For the purposes of Section 5, the period commencing on the first day of the next succeeding calendar month following the Separation from Service of Employee and ending one hundred eighty (180) months thereafter.

Change in Control - shall mean a change in ownership or control of the Employer as defined in Treasury Regulation 1.409A-3(i)(5) or any subsequently applicable Treasury Regulation.

Designated Beneficiary - Employee may designate a beneficiary on a form supplied by the Employer (attached hereto as Exhibit A) and, may change or revoke that designation by filing written notice with the Employer. In the absence of a designation, Employee will be deemed to have designated the following beneficiaries (if then living) in the following order: (1) his or her spouse, (2) his or her children in equal shares, and (3) his or her estate.

Disabled - A participant shall be considered disabled if the participant (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Employer, (iii) is determined to be totally disabled by the Social Security Administration or (iv) is determined to be disabled by the Employer's disability insurance program, provided the criteria utilized by the insurance program complies with the criteria set forth under (a) above.

Final Average Compensation - The average of the sum of the salary and cash bonus (inclusive of all discretionary bonuses and cash incentive programs in which Employer participated) for the last five (5) consecutive, completed calendar years of service. Stock options, restricted stock or other equity compensation grants, programs or plans shall not be included in the computation of Final Average Compensation. However, all sums earned under the SFNC Executive Incentive Plan (or its equivalent) ("EIP") shall be considered as cash compensation, even if in future years some part or all of the EIP may be paid in stock rather than cash.

Monthly Benefit - The monthly benefit payable upon death, Disability or Normal Retirement shall be one-twelfth (1/12th) of an amount equal to thirty percent (30%) of the Final Average Compensation of Employee.

Separation from Service - shall mean Employee has experienced a termination of employment with Employer. For purposes of this Agreement, whether a termination of employment or service has occurred is determined based on whether the facts and circumstances indicate that Employer and Employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services Employee would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to Employer if Employee has been providing services to Employer less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether Employee continues to be treated as an executive for other purposes (such as continuation of salary and participation in executive benefit programs), whether similarly situated service providers have been treated consistently, and whether Employee is permitted, and realistically available, to perform services for other service recipients in the same line of business. Employee will be presumed not to have separated from service where the level of bona fide services performed continues at a level that is fifty percent (50%) or more of the average level of service performed by Employee during the immediately preceding thirty-six (36) month period.

Specified Employee - is a key employee (as defined in section 416(i) of the Internal Revenue Code without regard to section 416(i)(5)) of the Employer (and all persons with whom the Employer would be considered a single employer under section 414(b) or 414(c) of the Internal Revenue Code) any stock of which is publicly traded on an established securities market or otherwise. For this purpose, an employee is a key employee if he or she meets the requirements of section 416(i) at any time during the calendar year. If a person is a key employee as of December 31 of any year, the person is treated as a specified employee for the 12-month period beginning on the first day of April of the next calendar year. The determination whether the stock is publicly traded on an established securities market or otherwise shall be made as of the date of the Employee's separation from service.

2. ***Continued Employment of Employee***. Employee shall continue in the employ of Employer until the earlier of a Change in Control or attainment of age 60, subject to termination at any time by the Board of Directors of Employer.

3. ***Normal Retirement, Disability or Death***. (a) Upon the first to occur of the following:

i. Employee's Separation from Service at or after age 60 ("**Normal Retirement**"),

ii. Employee's Disability prior to age 60 while still in the employ of Employer, or

iii. Employee's death prior to age 60 while still in the employ of Employer --

Employer shall pay to Employee (or Employee's beneficiary in the case of death of the Employee) the Monthly Benefit, as defined herein, each month beginning on the first day of the month following Employee's Normal Retirement, Disability or death, and ending upon the expiration of 180 consecutive months after the commencement of payments.

(b) If Employee dies prior to receiving 180 monthly payments, the remaining payments (not to exceed 180), shall be made to Employee's Designated Beneficiary or, if none, to Employee's estate.

4. ***Payments to Specified Employees***. If at the time of the Employee's death Disability, or Normal Retirement, Employee is a Specified Employee, then notwithstanding any provision herein, including Sections 3 and 5, concerning the date of the commencement of payments, all payments that Employee would otherwise have been entitled to receive hereunder during the first six (6) months after his death, Disability or Normal Retirement shall be retained by the Employer and paid to the Employee (or his beneficiary, as the case may be) upon the first day of the seventh (7th) month next following the event giving rise to the commencement of the payments. All payments due on any date more than six (6) months after the event giving rise to the commencement of the payments shall not be delayed and shall be made on the dates as originally set forth herein.

5. ***Separation from Service after Change in Control***. In the event of a Change in Control and Employee's Separation from Service prior to his entitlement to the Monthly Benefit, then Employer shall pay to Employee the Monthly Benefit each month during the Benefit Period, beginning on the first day of the calendar month following such Separation from Service. If Employee dies prior to the end of the Benefit Period, the remaining payments, through the end of the Benefit Period, shall be made to Employee's Designated Beneficiary.

6. ***Consultation and Advice***. Employee agrees that, following Separation from Service due to disability or Normal Retirement, Employee shall, upon request by the Board of Directors of Employer, render consultation and advice to Employer on a part time basis. Such consultation and advice may be performed at such place and time as may be designated by Employee. Employee shall be obligated to perform his duties under this Section only as long as Employee's health shall permit provided, however, the inability of Employee to perform these duties due to poor health or death shall not impair any benefit payable hereunder to the Employee, his designated beneficiary or his estate.

7. ***Forfeiture***. Employee shall forfeit the right to payment of any further deferred compensation benefits hereunder if:

(a) Employee shall fail to continue in the full time employ of Employer until the earlier of a Change in Control or the attainment of age 60 for any reason other than death or Disability;

(b) Employee shall fail to provide any required consultation services under Section 6 above; or

(c) Employee, while receiving payments hereunder, shall, directly or indirectly, as owner, employee, independent contractor, agent or in any other capacity, take part or engage in any manner in any business, activity or endeavor within the State of Arkansas which, in the sole determination of the Board of Directors of Employer, shall be in competition with the business of Employer.

8. ***Administration***. This deferred compensation agreement shall be administered by the Compensation Committee of the Board of Directors of Employer, which Committee shall have all rights and powers as may be necessary or appropriate for the discharge of its duties in the administration of this agreement.

9. ***No Trust or Security***. It is specifically understood and agreed that no trust or fiduciary relationship of any kind or character is created by this agreement and that Employer's liability hereunder is an unsecured obligation of Employer.

10. ***Prohibition against Assignment***. Employee may not assign, encumber or in any other manner transfer or dispose of any rights of Employee hereunder, except that Employee may designate a beneficiary or beneficiaries to receive payments in the event of Employee's death.

11. ***Benefit and Binding Effect***. This agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives and successors.

12. ***IRC Section 409A.*** This Agreement is intended to comply with IRC Section 409A or an exemption. Severance benefits under this Agreement are intended to be exempt from IRC Section 409A under the "separation pay exception" to the maximum extent possible. Any payments that qualify for the "short-term deferral" exception or another exception under IRC Section 409A will be paid under the applicable exception. Payments may only be made under this Agreement upon an event and in a manner permitted by IRC Section 409A to the extent applicable, including the requirement, if applicable, that payments upon Separation from Service be delayed for six months if the Employee is considered a "key employee" of a public company for purposes of IRC Section 409A. Payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under IRC Section 409A. For purposes of IRC Section 409A, the right to a series of installment payments under the Agreement will be treated as a right to a series of separate payments. In no event may the Employee, directly or indirectly, designate the calendar year of payment.

IN WITNESS WHEREOF, the parties have executed this instrument this 11th day of March, 2022.

SIMMONS FIRST NATIONAL CORPORATION

By _/s/ Jena Compton_________________

Title:_EVP, Chief People Officer________

_/s/ George A. Makris III_______________

George A. Makris, III

EXHIBIT A

BENEFICIARY DESIGNATION

In the event of my death, pay the Monthly Benefits due me under the Deferred Compensation Agreement with Simmons First National Corporation to the beneficiary listed below. I understand that if the Designated Beneficiary predeceases me, or if I die without naming a Designated Beneficiary, that the Monthly Benefits will be paid to the following beneficiaries (if then living) in the following order: (1) my spouse, (2) my children in equal shares, and (3) my estate. This beneficiary designation may be changed at any time by delivering a new beneficiary designation, in acceptable form, to Simmons First National Corporation. Any prior beneficiary designation is superseded by this designation.

NAME OF PRIMARY BENEFICIARY

____

ADDRESS

____

____

Dated this ____ day of __________, 2022

____

George A. Makris, III

Received this ___ day of _________, 2022

Simmons First National Corporation

By: _______________________________

Title: ______________________________

AWARD CERTIFICATE

Restricted Stock Units Granted under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan

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This Award Certificate, effective as of the Grant Date, between Simmons First National Corporation ("Simmons") and the Participant, who is an employee of Simmons or a parent or subsidiary corporation (as defined in sections 424(e) or (f) of the Code) (the "Company"), has been approved under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan (the "Plan") and evidences the grant of restricted stock units ("RSUs") to the Participant under the Plan, as follows.

Simmons hereby grants to the Participant the RSUs set forth in Section 1 below ("RSU Award"). The RSU Award is in all respects limited and conditioned as provided in this Award Certificate, in the Plan, and in the applicable Terms and Conditions, which are incorporated into this Award Certificate by reference.

1. Participant and Award Information.

Participant Name: __________________

Grant Date: __________________

RSUs Granted: __________________

Vesting Dates Shares

2. Participant's Acknowledgments. To evidence its grant of the RSU Award, Simmons has signed this Award Certificate as of the Grant Date. This Award Certificate and the RSU Award shall become legally binding, effective as of the Grant Date, if the Participant indicates his or her acceptance of the RSU Award electronically on the on-line system of Etrade, the Company's equity administrator, within sixty (60) days of the Grant Date. If the Participant fails to timely accept the RSU Award, the RSU Award shall be cancelled and forfeited ab initio. By accepting the RSU Award, the Participant acknowledges that he or she: (a) has read this Award Certificate (including the Terms and Conditions and the Plan); (b) has had the opportunity to be represented by legal counsel in connection with his or her acceptance of the RSU Award; (c) understands and agrees to the terms, conditions, and consequences of this Award Certificate (including the Terms and Conditions

and the Plan); and (d) is fully aware of the legal and binding effect of this Award Certificate (including the Terms and Conditions and the Plan).

Simmons First National Corporation

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TERMS AND CONDITIONS

Restricted Stock Unit Terms and
Conditions Second Amended and Restated
Simmons First National Corporation 2015 Incentive Plan

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1. **Restricted Stock Units.** A RSU is a hypothetical share of Simmons common stock. Each vested RSU shall entitle the Participant to receive one Share. A RSU is not a Share and carries no voting or dividend rights until it is vested and converted to a Share and such Share is issued to the Participant.

2. **Continuous Employment Requirement.** Pursuant to the Award Certificate (which, for the avoidance of doubt, includes these Terms and Conditions), the Participant has been granted RSUs. These RSUs shall be converted to Shares in accordance with Section 3 of these RSU Terms and Conditions ("Terms and Conditions") only if the Participant is continuously employed by the Company from the Grant Date until vesting, except as otherwise provided in Section 4 of the Terms and Conditions.

   For purposes of this Section 2 and subject to Section 13 of the Terms and Conditions, the Participant shall not be treated as having experienced a termination if he or she is on an authorized leave of absence with the Company.

3. **Period of Restriction, Vesting and Payment.**

   a. The RSU Award shall vest as specified in the Award Certificate on the applicable Vesting Dates. Payment of the Shares attributed to the portion of the RSUs that vests shall be made on the applicable Vesting Date. Total Shares per vest shall be rounded down to avoid a fractional share except for the final vest which shall be the remainder of the unvested RSU Award.

   b. The period between the Grant Date and the time in which the applicable portion of the RSUs are fully vested is the "Period of Restriction."

   c. Violation of Restrictive Covenants. All vesting of the RSU Award shall cease immediately upon the Participant's breach, in the Administrator's determination, of any confidentiality, non-disclosure, non-competition, or non-solicitation obligation, commitment or agreement with the Company and all unvested RSUs shall be cancelled immediately and shall not be payable.

4. **Early Cancellation/Waiver of Continuous Employment Requirement.** The continuous employment requirement described in Section 2 of the Terms and Conditions may be waived or RSUs may be cancelled as follows:

   a. Involuntary Termination without Cause, Voluntary Termination, or Termination for Cause. If the Participant is involuntarily terminated without Cause, quits, is terminated for Cause, or otherwise experiences a termination of employment before satisfying the continuous employment requirement set forth in Section 2 of the Terms and Conditions, and under circumstances not described in Subsections (b), (c), or (d) below, all unvested RSUs shall be cancelled immediately and shall not be payable, except to the extent the Administrator decides otherwise prior to the date of such termination. To the extent the Administrator decides to vest any RSUs that would otherwise be cancelled, payment shall occur within sixty (60) days following the date of termination of employment, subject to Section 13 of the Terms and Conditions and any additional requirements imposed by the Administrator.

   b. Retirement. If the Participant retires, all vesting requirements shall be accelerated as if the Participant had satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions and, subject to Section 13 of the Terms and Conditions, payment shall be accelerated to the date of retirement. For purposes of this Section 4(b), "retire" or "retirement" means a voluntary termination of employment on or after the earlier of (i) age 65 or (ii) age 62 and 10 years of service. The Administrator has the discretion to determine whether years of service shall include service with a predecessor employer.

   c. Termination by Reason of Death or Disability. If the Participant experiences a termination of employment by reason of death or Disability, all vesting requirements shall be accelerated to the date of termination of employment, subject to Section 13 of the Terms and Conditions, as if the Participant had satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions.

   d. Change in Control. To the extent not already vested under Section 3(a) of the Terms and Conditions or under the terms of the acquisition documents executed in connection with a Change in Control, the unvested RSUs shall automatically become fully vested if, in connection with or during the one-year period immediately following a Change in Control, the Participant is involuntarily terminated without Cause, and the Shares attributable to such vesting RSUs shall be paid within sixty (60) days following the date of the Participant's termination of employment, subject to Section 13 of the Terms and Conditions.

5. **No Transfer During the Period of Restriction.** During the Period of Restriction, the Participant may not sell, assign, transfer, pledge, encumber, alienate, hypothecate, or otherwise dispose of the RSUs in the RSU Award or suffer any involuntary assignment or transfer of the RSU Award.

6. **Withholding.**

   a. Subject to Section 13 of the Terms and Conditions, the Company shall have the right to retain and withhold the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to the RSUs. Subject to Section 13 of the Terms and Conditions, the Company shall withhold at the statutory minimum rates unless the Participant has elected prior to the payment date to have a higher amount (up to the maximum allowed by law) withheld. Unless the Participant elects prior to the payment date to satisfy the withholding requirement for any such taxes to be withheld by the Company by check or direct debit (including, for the avoidance of doubt, cash transfer), the Company shall withhold from any vesting RSUs a number of whole Shares having a Fair Market Value equal to the amount required to be withheld to satisfy the withholding requirement (including any higher amount elected by the Participant) and shall cancel any Shares so withheld. The value of any Shares so withheld shall be based on the Fair Market Value of the Shares on the date of payment.
   b. The Participant has had the opportunity to review with the Participant's own tax advisors, the federal, state, local, and foreign tax consequences of the RSUs and the transactions contemplated by the Award Certificate. The Participant is relying solely on such advisors and not on any statements or representations made by the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this award.

7. **Securities Laws.** The Company shall not be required to issue or deliver any Shares prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its sole discretion, determines to be necessary or advisable.

8. **Definitions.** All capitalized terms that are not otherwise defined in these Terms and Conditions or the Award Certificate shall have the meanings set forth in the Plan.

9. **Non-Solicitation; Non-Interference.** In exchange for the RSUs provided hereunder, the Participant agrees that he or she will not, upon separation of employment, for whatever reason, directly or indirectly though others, solicit

or accept business from Established Customers for one year after separation of employment from the Company. For the same period, the Participant agrees that he or she will not interfere with, or attempt to interfere with, the Company's relationships with any of its customers. "Established Customers" shall be defined to mean any customer for whom the Participant provided services, held Confidential Information, or had contact as a representative of the Company while employed by the Company. The acceptance of traditional teller line business by the Participant operating in a retail branch is excluded from the non-solicitation and non-interference obligations set forth in this section.

The Participant also agrees not to use or disclose Confidential Information. "Confidential Information" shall include any information as to Company strategy, business plans, methods or policies, systems, documentation, research or development projects, acquisitions, trade secrets, names and addresses of customers, customer lists, or any other data relating to past, present or prospective customers, or any other information relating to the business operations of Company or its customers.

The Participant also agrees for one year after separation of employment from the Company not to solicit, directly or indirectly through others, any Company associates for employment or to otherwise terminate employment with Company. The Participant agrees these provisions are reasonable and necessary to protect the Company's legitimate business interests.

This Section 9 shall survive and remain in effect following the Participant's separation of employment regardless of the status of the RSU at such time.

10. **Clawback.** The RSU Award and all Shares delivered and other compensation paid pursuant to the award of RSUs (whether before or after the RSUs have been converted to Shares) shall be subject to clawback by the Company as may be required by applicable law or stock exchange listing requirement, clawback provision set forth in the Plan and/or any other clawback procedure of the Company, as amended from time to time, and whether approved before or after the date of the Award Certificate, and on such basis as the Board or Administrator determines.
11. **Severability.** If any provision of these Terms and Conditions should be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of these Terms and Conditions, and these Terms and Conditions shall be construed and enforced as if such illegal or invalid provision had never been included herein.

12. **Entire Agreement.** The Award Certificate, these Terms and Conditions, and the Plan constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the subject matter of the Award Certificate, these Terms and Conditions, and the Plan. Provided however, that nothing in Section 9 hereunder is intended to

supersede any other non-competition or non-solicitation obligations that the Participant may already have to the Company. Rather, Section 9 shall be read in conjunction with and considered supplemental to such other obligations and shall at all times only enhance but never limit such other obligations.

13. **Compliance with section 409A of the Code.** If the Participant is eligible to retire, the RSUs are subject to section 409A of the Code and applicable regulations issued thereunder ("Section 409A") except in certain limited circumstances. To the extent the RSUs are exempt from Section 409A, nothing in this Section 13 shall require the RSUs to meet the requirements of Section 409A. To the extent the RSUs are subject to Section 409A, the Plan, Award Certificate, and these Terms and Conditions are intended to avoid the adverse tax consequences of Section 409A and shall be interpreted and administered accordingly. The provisions of Section 9.4 of the Plan, including the definitions provided thereunder and the six-month delay, are hereby incorporated by reference into these Terms and Conditions and the Award Certificate. All references to "termination of employment", "retire", "Retirement" or similar terms shall mean "separation from service" under Section 409A. A separation from service shall occur at the time required under Section 409A. Each payment hereunder shall be treated as a separate payment under Section 409A. When, if ever, a payment specifies a payment period with reference to a number of days (e.g., "payment shall be made within sixty (60) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company or, if within the control of the Participant and payable over two calendar years, shall always be paid in the later calendar year. To the extent any provision of the Plan, Award Certificate and these Terms and Conditions is subject to and does not comply with Section 409A, such provision shall be interpreted and/or amended to comply with Section 409A, to the extent allowed under Section 409A. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under Section 409A.

14. **Banking Regulatory Provision.** The RSU Award shall be subject to any applicable condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any subsidiary thereof is subject.

15. **Electronic Delivery and Acceptance.** Simmons has elected to deliver documents related to current or future participation in the Plan by electronic means and to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the current equity administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future. The Participant's indication via the current equity administrator's on-line system that the Participant has read and accepted the

RSU Award is considered the Participant's electronic signature and the Participant's express consent to the Award Certificate, the Plan, and these Terms and Conditions.

AWARD CERTIFICATE

Performance Share Units Granted under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan

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This Award Certificate, effective as of the Grant Date, between Simmons First National Corporation ("Simmons") and the Participant, who is an employee of Simmons or a parent or subsidiary corporation (as defined in sections 424(e) or (f) of the Code) (the "Company"), has been approved under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan (the "Plan") and evidences the grant of performance share units ("PSUs") (also referred to under the Plan as "Performance Shares") to the Participant under the Plan, as follows.

Simmons hereby grants to the Participant the PSUs set forth in Section 2 below. The PSUs are in all respects limited and conditioned as provided in this Award Certificate, in the Plan, and in the applicable Terms and Conditions, which are incorporated into this Award Certificate by reference.

1.) Participant Information.

Participant Name: _____________
Grant Date: _________________

2.) PSU Award Information.

Target Grant: ______ PSUs
Performance Period: January 1, 2022 through December 31, 2024
Metrics and Weighting:

- Core Return on Average Assets ("ROAA")
- Core Return on Tangible Common Equity ("ROTCE")
- Total Shareholder Return ("TSR")

(collectively, the "Metrics" and individually, a "Metric")

Metrics Table				
Metric	Weighting	Payout Percentage		
		Threshold (50%)	Target (100%)	Maximum (200%)
ROAA	30%	25th Percentile	50th Percentile	75th Percentile
ROTCE	35%	25th Percentile	50th Percentile	75th Percentile
TSR	35%	25th Percentile	50th Percentile	75th Percentile

3.) Participant’s Acknowledgments. To evidence its grant of the PSUs, Simmons has signed this Award Certificate as of the Grant Date. This Award Certificate and the award of PSUs shall become legally binding, effective as of the Grant Date, if the Participant indicates his or her acceptance of this Award Certificate electronically on the on-line system of Etrade, the Company’s equity administrator, within sixty (60) days of the Grant Date. If the Participant fails to timely accept this Award Certificate, the PSUs shall be cancelled and forfeited ab initio. By accepting this Award Certificate, the Participant acknowledges that he or she: (a) has read this Award Certificate (including the Terms and Conditions and the Plan); (b) has had the opportunity to be represented by legal counsel in connection with his or her acceptance of this Award Certificate; (c) understands and agrees to the terms, conditions, and consequences of this Award Certificate (including the Terms and Conditions and the Plan); and (d) is fully aware of the legal and binding effect of this Award Certificate (including the Terms and Conditions and the Plan).

Simmons First National Corporation

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TERMS AND CONDITIONS

Performance Share Unit Terms and Conditions
Second Amended and Restated
Simmons First National Corporation 2015 Incentive Plan

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1. **Performance Share Units.** A PSU is a hypothetical share of Simmons common stock. Each vested PSU shall entitle the Participant to receive one Share. A PSU is not a Share and carries no voting or dividend rights until it is vested and converted to a Share and issued to the Participant.

2. **Continuous Employment Requirement.** Pursuant to the Award Certificate (which, for the avoidance of doubt, includes these Terms and Conditions), the Participant has been granted PSUs in an amount of up to 200% of the Target Grant. These PSUs shall be converted to Shares in accordance with Section 3 of these Performance Share Unit Terms and Conditions ("Terms and Conditions") only if the Participant is continuously employed by the Company from the Grant Date until the PSU attainment has been certified by the Administrator at the first regularly scheduled meeting following the date final financial results are available ("Certification Date"), except as otherwise provided in Section 5 of the Terms and Conditions ("Early Cancellation/Waiver of Continuous Employment Requirement").

   For purposes of this Section 2, the Participant shall not be treated as having experienced a termination if he or she is on an authorized leave of absence with the Company.

3. **Award of PSUs.** Subject to Section 4 of the Terms and Conditions, if the Participant satisfies the continuous employment requirement in Section 2 of the Terms and Conditions on the Certification Date, the Participant shall be issued Shares equal to the number of PSUs of the Target Grant (set forth in the Award Certificate) multiplied by the Final Payout Percentage ("Final Award").

   The Final Payout Percentage shall be calculated by multiplying the Payout Percentage for ROAA by .30, the Payout Percentage for ROTCE by .35, and the Payout Percentage for TSR by .35 and then adding together the resulting numbers represented as a percentage. Notwithstanding anything to the contrary, in no event shall the number of Shares earned exceed 200% of the Participant's Target Grant.

   With respect to any Metric listed in the Metrics Table set forth in the Award Certificate ("Metrics Table"), for attainment in between "Threshold" and "Target," and "Target" and "Maximum," the Payout Percentage for that Metric is a sliding scale based on a straight line interpolation.

Achievement below Threshold on any Metric listed in the Metrics Table shall result in a zero Payout Percentage for that Metric.

a. Payout Percentage for ROAA. For purposes of determining the Payout Percentage for ROAA, Simmons' ROAA for each year in the Performance Period shall be calculated, and this calculation shall be performed in the same manner as used for calculating ROAA in Simmons' published financial statements.

   Each of the three annual ROAA amounts shall be averaged to determine the final ROAA attainment. This attainment shall then be compared to the three-year average ROAA of each of the other US Banks contained in the KBW Regional Banking Index (KRXTR) on the last day of the Performance Period (each of which shall be calculated in a manner consistent with that used for Simmons), and a percentile rank shall be established for Simmons. This percentile rank shall then be analyzed against the Metrics Table to determine the Payout Percentage.

b. Payout Percentage for ROTCE. For purposes of determining the Payout Percentage for ROTCE, Simmons' ROTCE for each year in the Performance Period shall be calculated, and this calculation shall be performed in the same manner as used for calculating ROTCE in Simmons' published financial statements.

   Each of the three annual ROTCE amounts shall be averaged to determine the final ROTCE attainment. This attainment shall then be compared to the three-year average ROTCE of each of the other US Banks contained in the KBW Regional Banking Index (KRXTR) on the last day of the Performance Period (each of which shall be calculated in a manner consistent with that used for Simmons), and a percentile rank shall be established for Simmons. This percentile rank shall then be analyzed against the Metrics Table to determine the Payout Percentage.

c. Payout Percentage for TSR. For purposes of determining the Payout Percentage for TSR, attainment calculations under the TSR portion of the Metrics Table set forth in the Award Certificate shall be performed according to the following:

   The TSR percentile rank attained shall be based on Simmons' TSR for the Performance Period compared to each of the other US banks contained in the KBW Regional Banking Index (KRXTR) on the last day of the Performance Period ("Index Banks").

   The TSR calculation shall be based on an average of the first twenty (20) and final twenty (20) trading days in the Performance Period for the computation of both Simmons' TSR and the TSR for each of the Index Banks. The daily TSR computations shall be determined by the Administrator's designee according to its standard TSR methodology.

With respect to any Metric that uses the KBW Regional Banking Index (KRXTR), if such index is not readily available (or if the relevant information concerning it is not readily available), the Administrator shall select a substitute index, which shall be, to the extent practicable, reasonably comparable to the KBW Regional Banking Index (KRXTR).

4. **Discretion to Reduce or Increase Award.** The Administrator reserves the right to adjust the amount payable under the Award Certificate in accordance with any standard or on any other basis as the Administrator may determine including individual performance or the Administrator's discretion.

5. **Early Cancellation/Waiver of Continuous Employment Requirement.** The continuous employment requirement described in Section 2 of the Terms and Conditions may be waived or PSUs may be cancelled as follows:

   a. Involuntary Termination without Cause, Voluntary Termination, or Termination for Cause. If the Participant is involuntarily terminated without Cause, quits, is terminated for Cause, or otherwise experiences a termination of employment before satisfying the continuous employment requirement set forth in Section 2 of the Terms and Conditions, and under circumstances not described in Subsections (b), (c), (d), or (e) below, all unvested PSUs shall be cancelled immediately and shall not be payable, except to the extent the Administrator decides otherwise. To the extent that the Administrator decides to waive the above cancellation provision for any portion of the PSUs pursuant to this Section 5(a), such PSUs shall be payable at the time the PSUs would have been payable had the Participant been subject to and satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions, subject to attainment of the applicable performance requirements under Section 3 of the Terms and Conditions and any additional requirements imposed by the Administrator; payment will not be accelerated.

   b. Retirement. If the Participant retires, the Participant shall vest in the PSUs for the Performance Period as if the Participant had satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions, subject to attainment of the applicable performance requirements set forth in Section 3 of the Terms and Conditions, and unless otherwise provided by the Administrator, such PSUs shall be multiplied by a fraction, the numerator of which is the number of days of employment in the Performance Period completed by the Participant as of the date of the retirement and the denominator of which is the number of years in the Performance Period multiplied by 365.

      All PSUs for which the continuous employment requirement is waived pursuant to this Section 5)b) shall be payable at the time the PSUs would have been payable had the Participant been subject to and satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions; payment will not be accelerated.

      For purposes of this Section 5)b), "retire" or "retirement" means a voluntary termination of employment on or after the earlier of (i) age 65 or (ii) age 62 and

10 years of service. The Administrator has the discretion to determine whether years of service shall include service with a predecessor employer.

c. Termination by Reason of Disability. If the Participant experiences a termination of employment by reason of disability, the Participant shall vest in the PSUs for the Performance Period as if the Participant had satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions, subject to attainment of the applicable performance requirements set forth in Section 3 of the Terms and Conditions.
All PSUs for which the continuous employment requirement is waived pursuant to this Section 5)c) shall be payable at the time the PSUs would have been payable had the Participant been subject to and satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions; payment will not be accelerated.

d. Termination by Reason of Death. If the Participant experiences a termination by reason of death, the Participant shall vest in the PSUs as if the Participant had satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions subject to attainment of the applicable performance requirements set forth in Section 3 of the Terms and Conditions.

All PSUs for which the continuous employment requirement is waived pursuant to this Section 5(d) shall be payable at the time the PSUs would have been payable had the Participant been subject to and satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions; payment will not be accelerated.

e. Change in Control. If there is a Change in Control during the Performance Period and the Participant is employed at the time of the Change in Control, the PSUs for the Performance Period shall be subject to the following:

1. If the Change in Control occurs at any time during the nine (9) month period beginning on the first day of the Performance Period, all PSUs shall be cancelled immediately and shall not be payable, except to the extent the Administrator decides otherwise.

2. If the Change in Control occurs at any time after the nine (9) month period beginning on the first day of the Performance Period, the Participant shall be paid the PSUs as if the Participant had satisfied the continuous employment requirement set forth in Section 2 of the Terms and Conditions, using the Target Payout Percentage.

All PSUs for which the continuous employment requirement is waived pursuant to this Section 5)e), shall be payable upon the Change in Control.

f. Violation of Restrictive Covenants. All PSUs shall be cancelled immediately, and shall not be payable upon the Participant's breach, in the Administrator's

determination, of any confidentiality, non-disclosure, non-competition, or non-solicitation obligation, commitment or agreement with the Company.

6. **Payment.** Payment of the PSUs shall be made in Shares of Simmons common stock, except for any fractional Shares or dividend equivalent payments under Section 7, which shall be paid in cash. Payment of both Shares and cash shall be after the Certification Date, but in all events except in the case of a delay allowed under Section 16, between January 1 and March 15 of the year following the end of the Performance Period (the "Payment Period"), except as otherwise provided in Section 5(e) of the Terms and Conditions. If the Participant dies before any payment due hereunder is made, such payment shall be made to the beneficiary designated by the Participant under the Plan and on file with the Company (or its designee) before the Participant's death, or if none, to the Participant's estate. Once a payment has been made with respect to a PSU, the PSU shall be cancelled.

7. **Dividend Equivalent.** During the Payment Period, the Participant will receive a cash payment equal to the value of the cash dividends that would have been paid by the Company during the Performance Period on the number of Shares issued to the Participant with respect to the PSUs. No other dividends will be paid in connection with the grant of PSUs evidenced by the Award Certificate.

8. **Extraordinary Events.** In determining Core EPS or TSR, and for other appropriate purposes under the Award Certificate or the Plan, the Administrator will have the discretion to take into consideration any or all of the following: (a) the effects of business combinations; (b) the effects of discontinued operations; (c) changes in accounting principles; (d) extraordinary items; (e) restructuring charges; (f) changes in tax law; (g) changes in capital structure and (h) any other items as determined by the Administrator. Items (a) through (g) will be as defined and as disclosed in Simmons' financial statements.

9. **Withholding.** Subject to Section 16 of the Terms and Conditions, the Company shall have the right to retain and withhold the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to the PSUs. Subject to Section 16 of the Terms and Conditions, the Company shall withhold at the statutory minimum rates unless the Participant has elected prior to the payment date to have a higher amount (up to the maximum allowed by law) withheld. Unless the Participant elects prior to the payment date to satisfy the withholding requirement for any such taxes to be withheld by the Company by check or direct debit (including, for the avoidance of doubt, cash transfer), the Company shall withhold from any vesting PSUs a number of whole Shares having a Fair Market Value equal to the amount required to be withheld to satisfy the withholding requirement (including any higher amount elected by the Participant) and shall cancel any Shares so withheld. The value of any Shares so withheld shall be based on the Fair Market Value of the Shares on the date of payment. The Participant has had the opportunity to review with the Participant's own tax advisors, the federal, state, local, and foreign tax consequences of the PSUs and the transactions contemplated by the Award Certificate. The Participant is relying solely on such advisors and not on any statements or representations made by the Company or any of its agents. The Participant

understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this award.

10. **Securities Laws.** The Company shall not be required to issue or deliver any Shares prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its sole discretion, determines to be necessary or advisable.

11. **No Transfer.** The Participant may not sell, assign, transfer, pledge, encumber, alienate, hypothecate, or otherwise dispose of the PSUs or suffer any involuntary assignment or transfer of the PSUs until such time as the PSUs have been paid in accordance with Section 6 and fully converted into Shares.

12. **Definitions.** All capitalized terms that are not otherwise defined in these Terms and Conditions or the Award Certificate shall have the meanings set forth in the Plan.

13. **Clawback.** The PSUs and all Shares delivered and other compensation paid pursuant to the award of PSUs (whether before or after the PSUs have been paid under Section 6) shall be subject to clawback by the Company as may be required by applicable law or stock exchange listing requirement, clawback provision set forth in the Plan and/or any other clawback procedure of the Company, as amended from time to time, and whether approved before or after the date of the Award Certificate, and on such basis as the Board or Administrator determines.

14. **Severability.** If any provision of these Terms and Conditions should be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of these Terms and Conditions, and these Terms and Conditions shall be construed and enforced as if such illegal or invalid provision had never been included herein.

15. **Entire Agreement.** The Award Certificate, these Terms and Conditions, and the Plan constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the subject matter of the Award Certificate, these Terms and Conditions, and the Plan.

16. **Compliance with section 409A of the Code.** The PSUs are subject to section 409A of the Code and applicable regulations issued thereunder ("Section 409A"). The Plan, Award Certificate, and these Terms and Conditions are intended to avoid the adverse tax consequences of Section 409A and shall be interpreted and administered accordingly. The provisions of Section 9.4 of the Plan are hereby incorporated by reference into these Terms and Conditions. To the extent any provision of the Plan, Award Certificate, and these Terms and Conditions is subject to and does not comply with Section 409A, such provision shall be interpreted and/or amended to comply with Section 409A, to the extent allowed under Section 409A. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under Section 409A.

17. **Banking Regulatory Provision.** The PSUs shall be subject to any applicable condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any subsidiary thereof is subject.

18. **Electronic Delivery and Acceptance.** Simmons has elected to deliver documents related to current or future participation in the Plan by electronic means and to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the current equity administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future. The Participant's indication via the current equity administrator's on-line system that the Participant has read and accepted the Award Certificate is considered the Participant's electronic signature and the Participant's express consent to the Award Certificate, the Plan, and these Terms and Conditions.

Award Certificate
Cash Award Granted under the
Second Amended and Restated
Simmons First National Corporation 2015 Incentive Plan

This Award Certificate ("Award Certificate") evidences the grant of a cash award, effective as of the Grant Date, under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan ("Plan") by Simmons First National Corporation ("Simmons") to the Participant, who is an employee of Simmons or a parent or subsidiary corporation (as defined in sections 424(e) or (f) of the Code) ("Company"), as follows.

Simmons hereby grants to the Participant the Cash Award set forth below subject to performance against the Performance Criteria during the Performance Period, as outlined herein. The Cash Award is in all respects limited and conditioned as provided in this Award Certificate, in the Plan, and in the applicable Terms and Conditions, which are incorporated into this Award Certificate by reference.

1. **Participant Information.**
   Participant Name: __________________ ("Participant")

2. **Cash Award Information.**
   Grant Date: _______________
   Target Award: $___________
   Maximum Award: $ ___________________
   Performance Period: January 1, 2022 through December 31, 2022

3. **Performance Criteria**

Threshold	
Target	
Maximum	

4. **Definitions.** All capitalized terms that are not otherwise defined in this Award Certificate shall have the meanings set forth in the Plan or the Terms and Conditions.

5. **Award Certificate and Cash Award Are Revocable.** This Award Certificate and the Cash Award **may be revoked or cancelled at any time in the Company's sole discretion**. The Company reserves the right to modify or amend this Award Certificate or the Terms and Conditions. Further, the Company may cancel the Award Certificate at any time prior to the Earned Date, and the Participant has no right or claim for payment hereunder until the Earned Date unless otherwise specified by law.

Terms and Conditions

Cash Award Terms and Conditions
Second Amended and Restated
Simmons First National Corporation 2015 Incentive Plan

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1. **Continuous Employment Requirement.** Subject to the Company's right to revoke the Cash Award, the Participant shall receive the Cash Award Payment in accordance with Section 2 of these Terms and Conditions ("Terms and Conditions"), only if the Participant is continuously employed by the Company from the Grant Date until payment date ("Earned Date"), except as otherwise provided in Section 3 of the Terms and Conditions and subject to the other provisions contained in the Terms and Conditions. For purposes of this Section 1, the Participant shall not be treated as having experienced a termination if he or she is on an authorized leave of absence with the Company.

2. **Cash Award.**
   a. Performance Criteria. A Cash Award may be divided into two or more Performance Criteria, each of which shall include its own weighting. The Performance Criteria applicable to this Cash Award are described in the Award Certificate and include any applicable Threshold, Target and Maximum against which performance is measured.
   b. Cash Award Payment. Subject to the Terms and Conditions, if the Participant satisfies the continuous employment requirement in Section 1 of the Terms and Conditions, on the Earned Date, the Participant shall be entitled to receive a cash payment in the amount of the Target Award multiplied by the Cash Award Payout ("Cash Award Payment") as computed according to the Terms and Conditions following the end of the Performance Period.
   c. For purposes of the computation of the "Cash Award Payout":

      i. The performance achieved with respect to each Performance Criterion shall be determined by the Administrator. Achievement above the Maximum level will be deemed achievement at the Maximum level. Achievement below the Threshold level will result in no achievement.

      ii. Core EPS shall be the Core Earnings Per Share that Simmons attained for the Performance Period, as reflected in Simmons' public financial disclosures (subject, for the avoidance of doubt, to adjustment pursuant to Section 5 of the Terms and Conditions).

      iii. Efficiency Ratio shall be the Efficiency Ratio that Simmons attained for the Performance Period, as reflected in Simmons' public financial disclosures (subject, for the avoidance of doubt, to adjustment pursuant to Section 5 of the Terms and Conditions).

iv. For each Performance Criterion, attainment between "Threshold" and "Target" or between "Target" and "Maximum" shall be calculated using a sliding scale based on a straight line interpolation and shall be expressed as a percentage of Target.

v. To determine the Cash Award Payout, the attainment for each Performance Criterion (expressed as a percentage of Target) shall be multiplied by the weighting for that Performance Criterion indicated in the Performance Criteria section of the Award Certificate. All such products shall then be added together to determine the Cash Award Payout for the Participant (expressed as a percentage of Target), subject to adjustment as provided in the other provisions of the Terms and Conditions.

d. Budget Adjustments. To the extent the Participant is employed in the Human Resources, Finance and Accounting, Capital Planning, Legal, Bank Operations, IT, Credit, Digital, Data, Investor Relations, Risk, Audit, or Administration (departments reporting to the Chief Administrative Officer) departments, the Cash Award Payment may be decreased by up to 25% for failure to meet the department's expense budget for the year, as determined in the sole discretion of the Administrator.

e. Individual Adjustments. The Cash Award Payment is subject to adjustment (increase or decrease) of up to 50% based on a determination, in the Administrator's sole discretion, of individual Participant performance during the Performance Period warranting such an adjustment or otherwise as determined in the Administrator's sole discretion. Considerations may include, but are not limited to, risk and compliance management for the Company and/or business area, achievement against strategic and/or individual goals and asset quality.

f. Maximum Award. Notwithstanding anything herein to the contrary, in no event shall the Cash Award Payment exceed the Maximum Award.

3. **Early Cancellation/Waiver of Continuous Employment Requirement.** The continuous employment requirement described in Section 1 of the Terms and Conditions may be waived or the Cash Award may be cancelled as follows:

a. Involuntary Termination without Cause, Voluntary Termination, or Termination for Cause. If the Participant is involuntarily terminated without Cause, quits, is terminated for Cause, or otherwise experiences a termination of employment before satisfying the continuous employment requirement set forth in Section 1 of the Terms and Conditions, and under circumstances not described in Subsections (b), (c), or (d) below, the Cash Award shall be cancelled immediately and shall not be payable, except to the extent the Administrator decides otherwise. To the extent the Administrator decides to waive the above cancellation provision for any portion of the Cash Award pursuant to this Section 3(a), payment of any non-cancelled portion of the Cash Award shall occur no later than March 15 of the year following the end of the Performance Period.

b. Retirement. If the Participant retires, the Participant shall be paid the Cash Award for the Performance Period based on actual attainment as calculated under Section 2 as if the Participant had satisfied the continuous employment requirement set forth in Section 1 of the Terms and Conditions, and unless otherwise provided by the Administrator, such Cash Award shall be multiplied by a fraction, the numerator of which is the number of days in the Performance Period completed by the Participant as of the date of the retirement and the denominator of which is 365.

   If the continuous employment requirement is waived pursuant to this Section 3(b), the applicable portion of the Cash Award shall be payable at the time set forth in Section 4 at the time the Cash Award would have been payable had the Participant been subject to and satisfied the continuous employment requirement set forth in Section 1 of the Terms and Conditions; payment will not be accelerated.

   For purposes of this Section 3(b), "retire" or "retirement" means a voluntary termination of employment on or after the earlier of (i) age 65 or (ii) age 62 and 10 years of service. The Administrator has the discretion to determine whether years of service shall include service with a predecessor employer.

c. Termination by Reason of Death or Disability. If the Participant experiences a termination by reason of Death or disability, the Participant shall be paid the Cash Award for the Performance Period, based on actual attainment as calculated under Section 2 as if the Participant had satisfied the continuous employment requirement set forth in Section 1 of the Terms and Conditions.
   If the continuous employment requirement is waived pursuant to this Section 3(c), the Cash Award shall be payable at the time set forth in Section 4 at the time the Cash Awards would have been payable had the Participant been subject to and satisfied the continuous employment requirement set forth in Section 1 of the Terms and Conditions; payment will not be accelerated.

d. Change in Control. If there is a Change in Control during the Performance Period and the Participant is employed at the time of the Change in Control, the Participant shall be paid the Cash Award, calculated as the Target Award multiplied by a fraction, the numerator of which is the number of days in the Performance Period elapsed as of the date of the Change in Control and the denominator of which is 365.

   If the continuous employment requirement is waived pursuant to this Section 3(d), the applicable portion of the Cash Award shall be payable upon the Change in Control.

e. Violation of Restrictive Covenants. The Cash Award shall be cancelled immediately and shall not be payable upon the Participant's breach, in the Administrator's sole determination, of any confidentiality, non-disclosure, non-

competition, or non-solicitation obligation, commitment or agreement with the Company.

4. **Payment.** Payment of the Cash Award shall be made in cash. Except as provided in Section 3(d), payment shall be made as soon as practicable after the end of the Performance Period, but no later than March 15 of the year following the end of the Performance Period; provided that, no payment shall be made until the Administrator certifies the levels at which the Performance Criteria have been attained (which shall occur prior to March 15 of the year following the end of the Performance Period). If the Participant dies before any payment due hereunder is made, such payment shall be made to the beneficiary designated by the Participant under the Plan and on file with the Company (or its designee) before the Participant's death, or if none, to the Participant's estate.

5. **Extraordinary Events.** In determining the achievement of any Performance Criterion, and for other appropriate purposes under the Award Certificate or the Plan, the Administrator will have the discretion to take into consideration any or all of the following: (a) the effects of business combinations; (b) the effects of discontinued operations; (c) changes in accounting principles; (d) extraordinary items; (e) restructuring charges; (f) changes in tax law; (g) changes in capital structure; and (h) any other items as determined by the Administrator. Items (a) through (g) will be as defined and as disclosed in Simmons' public financial disclosures.

6. **Withholding.**

   a. Subject to Section 13, the Company shall have the right to retain and withhold the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to the Cash Award. Subject to Section 13, the Company shall withhold at the statutory minimum rate unless the Participant has elected prior to the payment date to have a higher amount (up to the maximum allowed by law) withheld.

   b. The Participant has had the opportunity to review with the Participant's own tax advisors, the federal, state, local, and foreign tax consequences of the Cash Award and the transactions contemplated by the Award Certificate. The Participant is relying solely on such advisors and not on any statements or representations made by the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this award.

7. **Reservation of Rights.** The Company reserves the right to modify or amend the Terms and Conditions or the Award Certificate. Further, the Company may cancel the Award Certificate at any time prior to the Earned Date, and the Participant has no right or claim for payment hereunder until the Earned Date unless otherwise specified by law.

8. **Cancellation and Clawback.** The Cash Award and all sums paid or payable pursuant to the Cash Award (whether before or after the Cash Award has been paid) shall be subject to clawback by the Company as may be required by applicable law or stock exchange

listing requirement, clawback provision set forth in the Plan and/or any other clawback procedure of the Company, as amended from time to time, and whether approved before or after the date of the Award Certificate, on such basis as the Board or Administrator determines.

9. **Definitions.** All capitalized terms that are not otherwise defined in the Terms and Conditions shall have the meanings set forth in the Award Certificate or the Plan.

10. **No Employment Contract**. Nothing contained herein is intended to or does create a contract of employment for any specified time or compensation in any amount. Employment at all times remains at will unless a separate and independent employment agreement has been entered into between the Participant and the Company.

11. **Severability.** If any provision of the Terms and Conditions should be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Terms and Conditions, and the Terms and Conditions shall be construed and enforced as if such illegal or invalid provision had never been included herein.

12. **Amendments to the Cash Award.** The Award Certificate, the Terms and Conditions, and the Plan provide all governing terms for the Cash Award. Any changes to the Award Certificate or the Terms and Conditions will be made in writing and delivered to the Participant, but the Participant's consent is not required for any amendments to the Cash Award to be effective. For the avoidance of doubt, the Company may amend the Award Certificate and the Terms and Conditions for any reason and at any time prior to the Earned Date without the Participant's consent.

13. **Compliance with section 409A of the Code.** To the extent the Cash Award is exempt from 409A of the Code and applicable regulations issued thereunder ("Section 409A"), nothing in this Section 13 shall require the Cash Award to meet the requirements of Section 409A. To the extent the Cash Award is subject to section 409A, the Plan, the Award Certificate and the Terms and Conditions are intended to avoid the adverse tax consequences of Section 409A of the Code and shall be interpreted and administered accordingly. Accordingly, should any provision of the Plan, the Award Certificate or the Terms and Conditions be subject to but not comply with section 409A of the Code, such provision shall be interpreted and/or amended to comply with 409A, to the extent allowable by law. The provisions of Section 9.4 of the Plan, including the definitions provided thereunder and the six-month delay, are hereby incorporated by reference into the Terms and Conditions. All references to "termination of employment", "retire", "Retirement" or similar terms shall mean "separation from service" under Section 409A. A separation from service shall occur at the time required under Section 409A. Each payment hereunder shall be treated as a separate payment under Section 409A. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under section 409A of the Code.

14. **Banking Regulatory Provision**. The Cash Award shall be subject to any applicable condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any subsidiary thereof is subject.

AWARD CERTIFICATE

Restricted Stock Units Granted under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan

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This Award Certificate, effective as of the Grant Date, between Simmons First National Corporation ("Simmons") and the Participant, who is a non-employee director of Simmons or a parent or subsidiary corporation (as defined in sections 424(e) or (f) of the Code) (the "Company") has been approved under the Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan (the "Plan") and evidences the grant of restricted stock units ("RSUs") to the Participant under the Plan, as follows.

Simmons hereby grants to the Participant the RSUs set forth in Section 1 below ("RSU Award"). The RSU Award is in all respects limited and conditioned as provided in this Award Certificate, in the Plan, and in the applicable Terms and Conditions, which are incorporated into this Award Certificate by reference.

1. **Participant and Award Information.**

   Participant Name:
   Grant Date:
   RSUs Granted:
   Vesting Dates:

2. **Participant's Acknowledgments.** The Participant shall be deemed to have accepted and agreed to this RSU Award on the Grant Date unless written notice is provided of the rejection of such RSU Award to the Company's HR administrator, Greg Gough – greg.gough@simmonsbank.com, no later than three business days following the Grant Date. By accepting this RSU Award, the Participant acknowledges that he or she: (a) has read this Award Certificate (including the Terms and Conditions and the Plan); (b) has had the opportunity to be represented by legal counsel in connection with his or her acceptance of this RSU Award; (c) understands and agrees to the terms, conditions, and consequences of this Award Certificate (including the Terms and Conditions and the Plan); and (d) is fully aware of the legal and binding effect of this Award Certificate (including the Terms and Conditions and the Plan).

Simmons First National Corporation

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TERMS AND CONDITIONS

Restricted Stock Unit Terms and Conditions
Second Amended and Restated
Simmons First National Corporation 2015 Incentive Plan

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1. **Restricted Stock Units.** A RSU is a hypothetical share of Simmons common stock. Each vested RSU shall entitle the Participant to receive one Share. A RSU carries no voting or dividend rights until it is vested and converted to a Share and issued to the Participant.

2. **Continuous Directorship Requirement.** Pursuant to the Award Certificate, the Participant has been granted RSUs. These RSUs shall be converted to Shares in accordance with Section 3 of these RSU Terms and Conditions ("Terms and Conditions") only if the Participant continuously remains a director of the Company from the Grant Date until vesting. If the Participant discontinues director service for any reason, other than death or total disability, before satisfying the continuous directorship requirement, all RSUs shall be canceled immediately and shall not be payable, except to the extent the Administrator decides otherwise. In the event of death or total disability, all vesting requirements will be accelerated as if the Participant had satisfied the continuous directorship requirement.

3. **Period of Restriction and Vesting.**

    a. The RSU Award shall vest as specified in the Award Certificate. Total Shares per vest shall be rounded down except for the final vest which shall be the remainder of the unvested RSU Award.

    b. The period between the Grant Date and the time in which the RSUs are fully vested is known under this Award Certificate as the "Period of Restriction."

4. **No Transfer During the Period of Restriction.** During the Period of Restriction, the Participant may not sell, assign, transfer, pledge, encumber, alienate, hypothecate, or otherwise dispose of the RSUs in the RSU Award or suffer any involuntary assignment or transfer of the RSU Award.

5. **Taxes.** The Participant has had the opportunity to review with the Participant's own tax advisors, the federal, state, local, and foreign tax consequences of the RSUs and the transactions contemplated by the Award Certificate. The Participant is relying solely on such advisors and not on any statements or representations made by the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this award.

6. **Definitions.** All capitalized terms that are not otherwise defined in these Terms and Conditions or the Award Certificate shall have the meanings set forth in the Plan.

7. **Securities Laws.** The Company shall not be required to issue or deliver any Shares prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its sole discretion, determines to be necessary or advisable.

8. **Cancellation and Clawback.** The RSU Award shall be subject to cancellation, and all Shares delivered and other compensation paid pursuant to the award of RSUs (whether before or after the RSUs have been converted to Shares) shall be subject to reimbursement to the extent required by the Administrator pursuant to the clawback provision set forth in the Plan and/or any other clawback procedure of the Company, as amended from time to time, and whether approved before or after the date of the Award Certificate.

9. **Severability.** If any provision of these Terms and Conditions should be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of these Terms and Conditions, and these Terms and Conditions shall be construed and enforced as if such illegal or invalid provision had never been included herein.

10. **Entire Agreement.** The Award Certificate, these Terms and Conditions, and the Plan constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the subject matter of the Award Certificate, these Terms and Conditions, and the Plan.

11. **Compliance with section 409A of the Code.** To the extent the RSUs are subject to section 409A of the Code, the Terms and Conditions are intended to avoid the adverse tax consequences of section 409A of the Code and shall be interpreted and administered accordingly. To the extent any provision of the Terms and Conditions are subject to and do not comply with final regulations or other guidance under section 409A of the Code, such provision shall be inoperative from the effective date of such final regulations or other guidance. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under section 409A of the Code.

12. **Banking Regulatory Provision.** The RSU Award shall be subject to any condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any subsidiary thereof is subject.

13. **Electronic Delivery and Acceptance.** Simmons has decided to deliver documents related to current or future participation in the Plan by electronic means and to request Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the current equity administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future.

Exhibit 15.1

Awareness of Independent Registered
Public Accounting Firm

We acknowledge the incorporation by reference on Form S-3ASR (Registration No. 333-254919) and the Registration Statements on Form S-8 (Registration Nos. 333-134240, 333-134241, 333-134276, 333-134301, 333-134356, 333-138629, 333-186253, 333-186254, 333-197708, 333-206160, 333-234166 and 333-239309) of Simmons First National Corporation (the Company) of our report dated May 6, 2022, included with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022. Pursuant to Rule 436(c) under the S*ecurities Act of 1933* (the Act), this report should not be considered part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of the Act.

BKD, LLP

/s/ BKD, LLP

Little Rock, Arkansas
May 6, 2022

Exhibit 31.1

CERTIFICATION

I, George A. Makris, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simmons First National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

/s/ George A. Makris, Jr.
George A. Makris, Jr.
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, James M. Brogdon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simmons First National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

/s/ James M. Brogdon

James M. Brogdon
Executive Vice President, Chief Financial Officer,
and Treasurer

Exhibit 31.3

CERTIFICATION

I, David W. Garner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simmons First National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022

/s/ David W. Garner

David W. Garner
Executive Vice President, Executive Director of Finance
and Accounting and Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Simmons First National Corporation (the “Company”), on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, George A. Makris, Jr., Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

/s/ George A. Makris, Jr.
George A. Makris, Jr.
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Simmons First National Corporation (the "Company"), on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James M. Brogdon, Executive Vice President, Chief Financial Officer, and Treasurer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

/s/ James M. Brogdon

James M. Brogdon
Executive Vice President, Chief Financial Officer
and Treasurer

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Simmons First National Corporation (the “Company”), on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David W. Garner, Executive Vice President, Executive Director of Finance and Accounting and Chief Accounting Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

/s/ David W. Garner

David W. Garner
Executive Vice President, Executive Director of Finance
and Accounting and Chief Accounting Officer