



**Simmons First  
National Corporation**

## **RISK COMMITTEE CHARTER**

*As Adopted by the Board of Directors on December 16, 2015*

# **SIMMONS FIRST NATIONAL CORPORATION RISK COMMITTEE CHARTER**

## **I. GENERAL**

This Charter identifies the Purpose, Authority, Composition, Meeting Requirements, Responsibilities and Duties of the Risk Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Simmons First National Corporation (the “**Corporation**”). This Charter is intended to serve as a key component of a flexible framework within which the Board, assisted by its various committees, oversees and directs the business and affairs of the Corporation. It will be reviewed at least annually.

## **II. PURPOSE**

The Committee is appointed by the Board to assist the Board in fulfilling its responsibility to the Corporation’s shareholders with respect to its oversight of:

- (i) The Corporation’s enterprise risk management function, regulatory compliance function and overall risk governance structure;
- (ii) The development of the Corporation’s Risk Appetite Statement, which is further supported by the Corporation’s Risk Appetite Framework;
- (iii) The development and implementation of the Corporation’s Risk Appetite Framework, with an enterprise view of risk capacity, risk appetite, risk tolerances, risk targets and risk limits, and which is further supported by the Corporation’s Enterprise Risk Management Framework;
- (iv) The development and implementation of the Corporation’s Enterprise Risk Management Framework, including the implementation of consistent policies, procedures, processes and systems for identifying, measuring, monitoring, controlling and reporting risks of all types, including the categories of credit risk, market risk, liquidity risk, operational risk, regulatory compliance risk, legal risk, reputation risk and strategic risk;
- (v) The adequacy of the Corporation’s internal Risk Self-Assessment process; and
- (vi) Such other matters as may be delegated to the Committee by the Board from time to time.

### III. AUTHORITY

The Committee is established pursuant to Article IV, Section 6 of the amended and restated By-Laws of the Corporation. The Committee will have the resources and authority necessary to perform its responsibilities and duties as enumerated in Section VI of this Charter, including the authority, subject to ratification by the Board, to:

- (i) Conduct or authorize investigations, at the expense of the Corporation, into any matters necessary for the Committee to perform its prescribed responsibilities and duties under this Charter;
- (ii) Appoint, compensate and oversee the work of any risk management consulting firm employed by the Corporation;
- (iii) Obtain advice and assistance from internal or external legal counsel, accountants, consultants or other advisors, at the Corporation's expense, to assist the Committee in performing its prescribed responsibilities and duties under this Charter;
- (iv) Obtain any information it requires from Management, officers or other associates of the Corporation and its subsidiaries, all of whom are directed to cooperate with the Committee's requests;
- (v) Delegate its authority to subcommittees established by the Committee from time to time, which subcommittees will consist of one or more members of the Committee and will report to the Committee; and
- (vi) Meet in joint session with any of the Board's other standing committees for the review of any information it deems necessary to perform its prescribed responsibilities and duties under this Charter.

### IV. COMPOSITION

The Committee will be comprised of three or more directors. The Board will strive to maintain at least one member of the Committee who qualifies as a "risk management expert," as such term is defined by the Board of Governors of the Federal Reserve (the "**FRB**") and determined by the Board.

The Committee's members will be appointed annually by the majority vote of the Board on the recommendation of the Board's Nominating and Corporate Governance Committee (the "**NCGC**"), and may be replaced in the Board's discretion. Likewise, the Committee Chairman will be appointed annually by the majority vote of the Board on the recommendation of the NCGC, and may be replaced in the Board's discretion. The Committee Chairman must satisfy the independence and qualification requirements of the securities exchange(s) on which the Corporation's securities are listed, the Securities and Exchange Act of 1934, as amended, and the rules and regulations of the U.S. Securities and Exchange Commission (the "**SEC**") and the FRB.

The members will serve for such term or terms as the Board may determine or until their earlier resignation, retirement or removal by the Board. In determining whether an independent director is eligible to serve on the Committee, the Board must consider whether the director is affiliated with the Corporation or a subsidiary or affiliate of the Corporation to determine whether such affiliation would impair the director's judgment as a member of the Committee. No independent member of the Committee will receive any compensation from the Corporation or its subsidiaries that would impair his or her independence.

## **V. MEETING REQUIREMENTS**

The Committee will meet at least quarterly, with the authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting, in person or via teleconference or videoconference. A majority of the members of the Committee will constitute a quorum. If the Committee Chairman is not present, the members of the Committee may designate one of its members as temporary Chair by majority vote of the Committee members in attendance.

The Committee Chairman, with input from the EVP of Regulatory Affairs & Risk Strategy and the Chief Risk Officer, will prepare and/or approve an agenda, along with appropriate briefing materials, in advance of each meeting. The agenda for each Committee meeting will provide time during which the Committee can meet without the presence of Management (*i.e.*, Executive Session) to discuss any matters that the Committee deems necessary to perform its prescribed responsibilities and duties under this Charter. Executive Sessions of the Committee will be held at the end of each Committee meeting or on the call of the Committee Chairman. A record of all matters to be reported to the Board and all actions taken in Executive Session will be recorded and maintained by the Committee Chairman or his or her designee and will be retained by the Internal Audit Group Manager, who will preserve, to the extent reasonably possible, the confidentiality of such minutes.

The Committee will appoint a Secretary, who need not be a Director. The Secretary will keep detailed minutes of each Committee meeting and fully document and maintain records of the Committee's proceedings. The minutes of the Committee meetings will reflect if an Executive Session was held and if there were no actions or matters to discuss with the Board.

The Committee may request any officer or associate of the Corporation and its subsidiaries, independent counsel, accountants, consultants or other advisors to attend Committee meetings and provide pertinent information as the Committee deems necessary to perform its prescribed responsibilities and duties under this Charter.

## **VI. RESPONSIBILITIES AND DUTIES**

In addition to the specific responsibilities and duties enumerated in this Charter, the Committee may take such other actions that are consistent with the general scope of its

authority set forth in this Charter, the Corporation's By-Laws or Corporate Governance Principles or as directed by the Board. The Committee will have the following responsibilities and duties in carrying out its stated purposes.

**A. Oversight of Enterprise Risk Management Function**

- (1) Review and approve, on an annual basis, the Corporation's Risk Appetite Statement.
- (2) Review and approve, on an annual basis, the Corporation's Risk Appetite Framework, including any material revisions to the framework prior to the implementation of such revisions, to ensure the development and implementation of appropriate risk capacity, risk appetite, risk tolerances, risk targets and risk limits.
- (3) Review and approve, on an annual basis, the Corporation's Enterprise Risk Management Framework, including any material revisions to the framework prior to the implementation of such revisions, to ensure it is commensurate with the Corporation's structure, risk profile, complexity, activities and size.
- (4) Annually review the results of the Corporation's Enterprise Risk Self-Assessment and evaluate the adequacy of the self-assessment and the risk mitigation strategies developed by Management in response to any material weaknesses or gaps identified by the self-assessment.
- (5) Bi-annually engage the services of a qualified, independent risk management consultant to perform a review of the Corporation's Enterprise Risk Self-Assessment.
- (6) Ensure the development and implementation of effective policies, procedures, processes and systems to ensure risks are properly identified, measured, monitored, controlled and reported, and within the Corporation's risk appetite, as most recently approved by the Board.
- (7) Review and approve, on an annual basis, all policies and procedures of the Corporation and its subsidiaries with a material enterprise risk management impact to the Corporation, as identified annually by the internal Enterprise Risk Management Committee (the "**ERM Committee**"), including any material revisions to such policies and procedures prior to the implementation of such revisions.
- (8) Ensure that risk processes are supported by a risk governance structure that includes Board oversight, policies and procedures, risk limits and the ERM Committee, and further by a corporate culture that supports risk management objectives and reflects a model of shared accountability between the Corporation's Chief Risk Officer, lines of business, subsidiaries and support functions.

- (9) Ensure that Management is taking appropriate measures to apply consistent methodologies for identifying, measuring, monitoring, controlling and reporting risk to the Corporation including, without limitation, the categories of credit risk, market risk, liquidity risk, operational risk, regulatory compliance risk, legal risk, reputation risk and strategic risk.
- (10) Regularly review and discuss with Management, including the Chief Risk Officer, the Enterprise Risk Management Report that provides a high-level dashboard view of the inherent risk, adequacy of controls and residual risk by risk category and comparison of residual risk to risk tolerance for each risk category; key risk indicators; key risk limits; top risk issues; forward-looking opportunities and risks; key initiatives; and risk appetite.
- (11) Review and approve, on an annual basis, the Corporation's Strategic Operating Plan, including any material revisions to the plan prior to the implementation of such revisions.
- (12) Review and approve, on an annual basis, the Corporation's Contingency Funding Plan and Capital Structure, Adequacy and Management Plan, including any material revisions to the plans prior to the implementation of such revisions.
- (13) Review the Corporation's capital and liquidity positions under clearly defined stress tests contained in the Corporation's Contingency Funding Plan and Capital Structure, Adequacy and Management Plan.
- (14) Review and approve, on an annual basis, the annual schedule and work plan of all functional areas of the Corporation and its subsidiaries with a material enterprise risk management impact to the Corporation, as identified annually by the ERM Committee, including any material revisions to such schedules and work plans prior to the implementation of such revisions.
- (15) Make appropriate inquiries of Management, including the Chief Risk Officer, the Corporate Compliance Manager and the Audit Group Manager, to determine if there are inappropriate scope or resource limitations.
- (16) Review significant issues identified by the Chief Risk Officer and the status of Management's corrective actions.
- (17) Discuss with Management any financial, legal, regulatory, compliance or other risk matter that could have a material impact on the Corporation's earnings or operations.
- (18) Coordinate with the Audit Committee for review and oversight of financial reporting, accounting and related risks; the Compensation Committee for review and oversight of compensation-related risks; and the NCGC for review and oversight of corporate governance-related risks.

## **B. Oversight of Regulatory Compliance Function**

- (1) Oversee Management's compliance with all of the Corporation and its subsidiaries' regulatory obligations arising under applicable federal and state banking laws, rules and regulations, including any terms and conditions required from time to time by any action, formal or informal, of the Board of Governors of the Federal Reserve, the Federal Reserve Bank of St. Louis, the Office of the Comptroller of the Currency or any other federal or state banking regulatory agency or body that has authority over the Corporation or its subsidiaries (each a "**Banking Regulator**"), and any responses of Management to any inquiries from any applicable Banking Regulator.
- (2) Review and approve, on an annual basis, the Corporation's internal annual compliance training schedule.
- (3) Review periodically the effect of regulatory initiatives on the operations of the Corporation and its subsidiaries.
- (4) Meet with regulators when deemed necessary or appropriate by the Board or the Committee, or when requested by regulators.

## **C. Oversight of Internal ERM Committee**

- (1) Review and approve, on an annual basis, the ERM Committee Charter, which is a cross-functional, management-level, internal committee charged with the development, implementation and maintenance of the Corporation's Risk Appetite Statement, Risk Appetite Framework and Enterprise Risk Management Framework.
- (2) Review and approve, on an annual basis, the composition of the ERM Committee, as recommended to the Committee by the Chief Executive Officer and the Chief Risk Officer.
- (3) Review and approve, on an annual basis, the annual meeting schedule and work plan of the ERM Committee.
- (4) Review and approve, on an annual basis, the list provided to the Committee of those policies, procedures and functional areas identified by the ERM Committee with a material enterprise risk management impact to the Corporation.
- (5) Regularly review and discuss with Management the minutes of the ERM Committee meetings.

#### **D. Oversight of Chief Risk Officer**

- (1) Review and approve the appointment and, as appropriate, the replacement of the Chief Risk Officer.
- (2) Review annually and evaluate the performance of the Chief Risk Officer and report the results of this evaluation to the EVP of Regulatory Affairs & Risk Strategy, to whom the Chief Risk Officer reports administratively.
- (3) As part of the functional reporting relationship of the Chief Risk Officer to the Risk Committee, review and approve annually the remuneration of the Chief Risk Officer.

#### **E. Reporting**

- (1) Review and approve all reports of the Committee required to be included in the Corporation's annual proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.
- (2) Regularly report to the Board on (i) the adequacy and quality of the Corporation's methods for identifying, measuring, monitoring, controlling and reporting risks; (ii) the matters addressed at all meetings of the Committee, including the Committee's conclusions following its bi-annual review of the external review of the Corporation's Enterprise Risk Self-Assessment; and (iii) such other matters as are relevant to the Committee's discharge of its responsibilities and duties under this Charter. The Committee will recommend action by the Board as the Committee deems appropriate or necessary. The report to the Board may take the form of an oral report by the Committee Chairman or any other member of the Committee designated by the Committee to make such report.
- (3) Fully document and maintain records of its proceedings, including risk management decisions.
- (4) Maintain and publish to the Board minutes of each Committee meeting.
- (5) Publicly disclose this Charter and any such amendments at the times and in the manner required by the SEC and/or any other regulatory body or stock exchange having authority over the Corporation, and in all events post such charter and amendments to the Corporation's investor relations website.

**F. Other Responsibilities**

- (1) Perform any functions or activities required to be performed by it or otherwise appropriate under applicable law, rules or regulations, by the Corporation's By-Laws and the resolutions or other directives of the Board.
- (2) Conduct or authorize special investigations into any matters within its scope of authority under this Charter.
- (3) Periodically meet, but at least annually, with the Chief Executive Officer, the Chief Risk Officer, the General Counsel and the Audit Group Manager in separate Executive Sessions.
- (4) Perform an annual review and evaluation of the performance of the Committee and its members.
- (5) Perform an annual review and evaluation of the adequacy of, and its compliance with, this Charter, requesting Board approval for proposed changes.
- (6) Participate in continuing education opportunities in enterprise risk management and other areas relevant to the Committee.

**VII. LIMITATION OF THE COMMITTEE'S RESPONSIBILITIES**

While the Committee has the authority, responsibilities and duties set forth in this Charter, its core function is oversight. It is not the duty of the Committee to develop, implement and maintain an effective risk appetite framework or enterprise risk management framework, which is the responsibility of Management through the ERM Committee.

Each member of the Committee will be entitled to rely, to the fullest extent permitted by law, upon (1) the integrity of those persons or organizations within and outside the Corporation from whom the member receives information, (2) the accuracy and completeness of the other information provided to the Committee by such persons or organizations, absent actual knowledge to the contrary, and (3) representations made by Management and the Corporation's outside advisors.