Section 1: 10-Q (FORM 10-Q)

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

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 2018 | 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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, 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. (Check one):

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 April 25, 2018, was 92,243,103.

Simmons First National Corporation
Quarterly Report on Form 10-Q
March 31, 2018

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

Simmons First National Corporation
Consolidated Balance Sheets
March 31, 2018 and December 31, 2017

(In thousands, except share data)		March 31, 2018 (Unaudited)		December 31, 2017
ASSETS				
Cash and non-interest bearing balances due from banks	$	170,811	$	205,025
Interest bearing balances due from banks and federal funds sold		688,853		393,017
Cash and cash equivalents		859,664		598,042
Interest bearing balances due from banks - time		3,069		3,314
Investment securities:				
Held-to-maturity		352,756		368,058
Available-for-sale		1,830,113		1,589,517
Total investments		2,182,869		1,957,575
Mortgage loans held for sale		17,708		24,038
Other assets held for sale		24,784		165,780
Loans:				
Legacy loans		6,290,383		5,705,609
Allowance for loan losses		(47,207)		(41,668)
Loans acquired, net of discount and allowance		4,696,945		5,074,076
Net loans		10,940,121		10,738,017
Premises and equipment		289,355		287,249
Foreclosed assets and other real estate owned		29,140		32,118
Interest receivable		42,129		43,528
Bank owned life insurance		186,473		185,984
Goodwill		845,687		842,651
Other intangible assets		99,504		106,071
Other assets		76,806		71,439
Total assets	$	15,597,309	$	15,055,806
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits:				
Non-interest bearing transaction accounts	$	2,734,287	$	2,665,249
Interest bearing transaction accounts and savings deposits		6,720,754		6,494,896
Time deposits		2,201,874		1,932,730
Total deposits		11,656,915		11,092,875
Federal funds purchased and securities sold under agreements to repurchase		120,909		122,444
Other borrowings		1,140,986		1,380,024
Subordinated notes and debentures		468,465		140,565
Other liabilities held for sale		2,781		157,366
Accrued interest and other liabilities		98,202		77,968
Total liabilities		13,488,258		12,971,242
Stockholders' equity:				
Common stock, Class A, $0.01 par value; 120,000,000 shares authorized (1); 92,242,389 and 92,029,118 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively		922		920
Surplus		1,590,086		1,586,034
Undivided profits		552,105		514,874
Accumulated other comprehensive loss		(34,062)		(17,264)
Total stockholders' equity		2,109,051		2,084,564
Total liabilities and stockholders' equity	$	15,597,309	$	15,055,806

(1) On April 19, 2018, shareholders of the Company approved an increase in the number of authorized shares from 120,000,000 to 175,000,000.

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Income
Three Months Ended March 31, 2018 and 2017

(In thousands, except per share data [1])	Three Months Ended March 31, 2018	2017
	(Unaudited)	
INTEREST INCOME		
Loans	$ 143,350	$ 68,728
Interest bearing balances due from banks and federal funds sold	1,009	122
Investment securities	12,622	9,451
Mortgage loans held for sale	158	126
TOTAL INTEREST INCOME	157,139	78,427
INTEREST EXPENSE		
Deposits	15,597	4,204
Federal funds purchased and securities sold under agreements to repurchase	110	75
Other borrowings	5,139	1,194
Subordinated notes and debentures	1,327	574
TOTAL INTEREST EXPENSE	22,173	6,047
NET INTEREST INCOME	134,966	72,380
Provision for loan losses	9,150	4,307
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	125,816	68,073
NON-INTEREST INCOME		
Trust income	5,249	4,212
Service charges on deposit accounts	10,345	8,102
Other service charges and fees	2,750	2,197
Mortgage and SBA lending income	4,445	2,423
Investment banking income	834	690
Debit and credit card fees	8,796	7,934
Bank owned life insurance income	1,103	818
Gain on sale of securities, net	6	63
Other income	4,007	3,621
TOTAL NON-INTEREST INCOME	37,535	30,060
NON-INTEREST EXPENSE		
Salaries and employee benefits	56,357	35,536
Occupancy expense, net	6,960	4,663
Furniture and equipment expense	4,403	4,443
Other real estate and foreclosure expense	1,020	589
Deposit insurance	2,128	680
Merger related costs	1,711	524
Other operating expenses	25,494	19,887
TOTAL NON-INTEREST EXPENSE	98,073	66,322
INCOME BEFORE INCOME TAXES	65,278	31,811
Provision for income taxes	13,966	9,691
NET INCOME	$ 51,312	$ 22,120
BASIC EARNINGS PER SHARE	$ 0.56	$ 0.35
DILUTED EARNINGS PER SHARE	$ 0.55	$ 0.35

(1) All per share amounts have been restated to reflect the effect of the two-for-one stock split on February 8, 2018.

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Comprehensive Income
Three Months Ended March 31, 2018 and 2017

(In thousands)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(Unaudited)	
NET INCOME	$ 51,312	$ 22,120
OTHER COMPREHENSIVE (LOSS) INCOME		
Unrealized holding (losses) gains arising during the period on available-for-sale securities	(22,735)	1,567
Less: Reclassification adjustment for realized gains included in net income	6	63
Other comprehensive (loss) gain, before tax effect	(22,741)	1,504
Less: Tax effect of other comprehensive (loss) income	(5,943)	590
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(16,798)	914
COMPREHENSIVE INCOME	$ 34,514	$ 23,034

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2018 and 2017

(In thousands)	March 31, 2018	March 31, 2017
	(Unaudited)	
OPERATING ACTIVITIES		
Net income	$ 51,312	$ 22,120
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,677	4,953
Provision for loan losses	9,150	4,307
Gain on sale of investments	(6)	(63)
Net accretion of investment securities and assets	(14,368)	(6,766)
Net (accretion) amortization on borrowings	(211)	106
Stock-based compensation expense	2,585	2,329
Loss on sale of premises and equipment, net of impairment	--	43
Loss (gain) on sale of foreclosed assets held for sale	41	(326)
Gain on sale of mortgage loans held for sale	(2,610)	(2,360)
Deferred income taxes	3,921	3,090
Increase in cash surrender value of bank owned life insurance	(1,103)	(818)
Originations of mortgage loans held for sale	(113,012)	(88,870)
Proceeds from sale of mortgage loans held for sale	121,952	109,264
Changes in assets and liabilities:		
Interest receivable	1,582	1,699
Assets held in trading accounts	--	(14)
Other assets	(5,648)	3,901
Accrued interest and other liabilities	33,983	(16,913)
Income taxes payable	(13,955)	6,123
Net cash provided by operating activities	80,290	41,805
INVESTING ACTIVITIES		
Net originations of loans	(140,804)	(144,651)
Decrease in due from banks - time	245	--
Purchases of premises and equipment, net	(6,052)	(25,924)
Proceeds from sale of premises and equipment	--	1,394
Proceeds from sale of foreclosed assets held for sale	4,359	2,844
Proceeds from sale of available-for-sale securities	7,726	--
Proceeds from maturities of available-for-sale securities	58,548	26,373
Purchases of available-for-sale securities	(320,798)	(123,787)
Proceeds from maturities of held-to-maturity securities	15,512	32,051
Purchases of held-to-maturity securities	--	(860)
Proceeds from bank owned life insurance death benefits	616	--
Disposition of assets and liabilities held for sale	(75,586)	--
Net cash used in investing activities	(456,234)	(232,560)
FINANCING ACTIVITIES		
Net change in deposits	564,040	53,069
Proceeds from issuance of subordinated notes	326,711	--
Dividends paid on common stock	(14,081)	(7,845)
Net change in other borrowed funds	(239,038)	167,915
Net change in federal funds purchased and securities sold under agreements to repurchase	(1,535)	(5,022)
Net shares issued under stock compensation plans	1,469	2,260
Net cash provided by financing activities	637,566	210,377
INCREASE IN CASH AND CASH EQUIVALENTS	261,622	19,622
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	598,042	285,659
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 859,664	$ 305,281

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Stockholders' Equity
Three Months Ended March 31, 2018 and 2017

(In thousands, except share data [1])	Common Stock	Surplus	Accumulated Other Comprehensive Income (Loss)	Undivided Profits	Total
Balance, December 31, 2016	$ 626	$ 711,663	$ (15,212)	$ 454,034	$ 1,151,111
Comprehensive income	--	--	914	22,120	23,034
Stock issued for employee stock purchase plan – 26,002 shares	--	618	--	--	618
Stock-based compensation plans, net – 195,266	2	3,969	--	--	3,971
Dividends on common stock – $0.125 per share	--	--	--	(7,845)	(7,845)
Balance, March 31, 2017 (Unaudited)	628	716,250	(14,298)	468,309	1,170,889
Comprehensive income	--	--	50	70,820	70,870
Reclassify stranded tax effects due to 2017 tax law changes	--	--	(3,016)	3,016	--
Stock-based compensation plans, net – 164,020	1	8,969	--	--	8,970
Stock issued for Hardeman acquisition – 1,599,940 common shares	16	42,622	--	--	42,638
Stock issued for OKSB acquisition – 14,488,604 common shares	145	431,253	--	--	431,398
Stock issued for First Texas acquisition – 12,999,840 common shares	130	386,940	--	--	387,070
Cash dividends – $0.375 per share	--	--	--	(27,271)	(27,271)
Balance, December 31, 2017	920	1,586,034	(17,264)	514,874	2,084,564
Comprehensive income	--	--	(16,798)	51,312	34,514
Stock issued for employee stock purchase plan – 39,782 shares	--	1,026	--	--	1,026
Stock-based compensation plans, net – 173,489	2	3,026	--	--	3,028
Dividends on common stock – $0.15 per share	--	--	--	(14,081)	(14,081)
Balance, March 31, 2018 (Unaudited)	$ 922	$ 1,590,086	$ (34,062)	$ 552,105	$ 2,109,051

(1) All share and per share amounts have been restated to reflect the effect of the two-for-one stock split on February 8, 2018.

See Condensed Notes to Consolidated Financial Statements.

NOTE 1: PREPARATION OF INTERIM FINANCIAL STATEMENTS

Organizational Structure

Simmons First National Corporation (the "Company") is a publicly traded financial holding company that trades on the NASDAQ Global Select Market ("NASDAQ") under the ticker symbol "SFNC" and the parent of Simmons Bank, an Arkansas state-chartered bank that began as a community bank in 1903, and Bank SNB, an Oklahoma state-chartered bank that was acquired in October 2017 through the Company's merger with Southwest Bancorp, Inc. Simmons Bank is also the parent of Simmons First Investment Group, Inc. (a dually registered broker-dealer and investment adviser), Simmons First Insurance Services, Inc. (an insurance company), and Simmons First Insurance Services of TN, LLC (an insurance agency).

Description of Business

The Company is headquartered in Pine Bluff, Arkansas and conducts banking operations in communities throughout Arkansas, Colorado, Kansas, Missouri, Oklahoma, Tennessee and Texas. The Company offers consumer, real estate and commercial loans, checking, savings and time deposits from 200 financial centers conveniently located throughout its market areas. Additionally, the Company offers 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.

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, 2017, 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, 2017, which was filed with the SEC on February 28, 2018.

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 loan losses.

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.

Recently Adopted Accounting Standards

<u>Reporting Comprehensive Income</u> – In February 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220)* ("ASU 2018-02"), that allows a reclassification from accumulated other comprehensive income ("AOCI") to retained earnings for stranded tax effects resulting from the tax reform legislation signed into law in December 2017 ("2017 Act"). Current US GAAP requires the remeasurement of deferred tax assets and liabilities as a result of a change in tax laws or rates to be presented in net income from continuing operations. Consequently, the original deferred tax amount recorded through AOCI at the old rate will remain in AOCI despite the fact that its related deferred tax asset/liability will be reduced through continuing operations to reflect the new rate, resulting in "stranded" tax effects in AOCI. ASU 2018-02 requires a reclassification from AOCI to retained earnings for those stranded tax effects resulting from the newly enacted federal corporate income tax rate. The amount of reclassification would be the difference between 1) the amount initially charged or credited directly to other comprehensive income at the previous enacted federal corporate income tax rate that remains in AOCI and 2) the amount that would have been charged or credited using the newly enacted federal corporate income tax rate, excluding the effect of any valuation allowance previously charged to income from continuing operations. The effective date is for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. As permitted, the Company elected to early adopt the provisions of ASU 2018-02 during the fourth quarter 2017, which resulted in a reclassification from AOCI to retained earnings in the amount of $3.0 million related to the change in federal corporate tax rate.

Stock Compensation: Scope of Modification Accounting – In May 2017, the FASB issued ASU No. 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"), that provides clarity and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, to a change to the terms or conditions of a share-based payment award. An entity may change the terms or conditions of a share-based payment award for many different reasons, and the nature and effect of the change can vary significantly. The guidance clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting and the guidance should be applied prospectively to an award modified on or after the adoption date. ASU 2017-09 is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. Currently, the Company has not modified any existing awards nor has any plans to do so, therefore the adoption of ASU 2017-09 has not had a material effect on the Company's results of operations, financial position or disclosures.

Premium Amortization on Purchased Callable Debt Securities – In March 2017, the FASB issued ASU No. 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Topic 310-20): Premium Amortization on Purchased Callable Debt Securities* ("ASU 2017-08"), that amends the amortization period for certain purchased callable debt securities held at a premium. Specifically, the amendments shorten the amortization period by requiring that the premium be amortized to the earliest call date. Under previous US GAAP, entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The effective date is for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. As permitted, the Company elected to early adopt the provisions of ASU 2017-08 during the first quarter 2017. The adoption of this standard did not have a material effect on the Company's results of operations, financial position or disclosures.

Statement of Cash Flows – In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), designed to address the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of certain debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, and distributions received from equity method investees. The amendments also provide guidance on when an entity should separate or aggregate cash flows based on the predominance principle. The effective date is for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The new standard is required to be applied retrospectively, but may be applied prospectively if retrospective application would be impracticable. The adoption of 2016-15 did not have a material impact on the Company's results of operations, financial position or disclosures since the amendment applies to the classification of cash flows. The adoption did not have a material impact on the consolidated statement of cash flows.

Financial Assets and Financial Liabilities – In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), that makes changes primarily affecting the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. In February 2018, the FASB issued 2018-03 that clarified certain guidance and contained narrow scope amendments. The effective date is for fiscal periods beginning after December 15, 2017, including interim periods within those fiscal years. ASU 2016-01 did not have a material impact on the Company's results of operations or financial position. However, this new guidance requires the disclosed estimated fair value of the Company's loan portfolio to be based on an exit price calculation, which considers liquidity, credit and nonperformance risk of its loans. The adoption of 2016-01 did not have a material impact on the Company's fair value disclosures.

Revenue Recognition – In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), that outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers. The core principle of this revenue model is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive for those goods or services. In July 2015, the FASB issued ASU No. 2015-14, deferring the effective date to annual and interim periods beginning after December 15, 2017. The guidance does not apply to revenue associated with financial instruments, including loans and securities that are accounted for under other US GAAP, which comprises a significant portion of the Company's revenue stream. However, the updated guidance affects the revenue recognition pattern for certain revenue streams, including service charges on deposit accounts, gains/losses on sale of other real estate owned ("OREO"), and trust income. The adoption of this standard did not have a material effect on the Company's results of operations, financial position or disclosures. See below "Revenue from Contracts with Customers" for additional information.

Recently Issued Accounting Standards

Derivatives and Hedging: Targeted Improvements – In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging* Activities ("ASU 2017-12"), that changes both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results in order to better align a company's risk management activities and financial reporting for hedging relationships. In summary, this amendment 1) expands the types of transactions eligible for hedge accounting; 2) eliminates the separate measurement and presentation of hedge ineffectiveness; 3) simplifies the requirements around the assessment of hedge effectiveness; 4) provides companies more time to finalize hedge documentation; and 5) enhances presentation and disclosure requirements. The effective date is for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. All transition requirements and elections should be applied to existing hedging relationships on the date of adoption and the effects should be reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact this standard will have on its results of operations, financial position or disclosures, but it is not expected to have a material impact.

Goodwill Impairment – In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), that eliminates Step 2 from the goodwill impairment test which required entities to compare the implied fair value of goodwill to its carrying amount. Under the amendments, the goodwill impairment will be measured as the excess of the reporting unit's carrying amount over its fair value. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The effective date is for fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual impairment tests beginning in 2017. ASU 2017-04 is not expected to have a material effect on the Company's results of operations, financial position or disclosures.

Credit Losses on Financial Instruments – In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires earlier measurement of credit losses, expands the range of information considered in determining expected credit losses and enhances disclosures. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments replace the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The effective date for these amendments is for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company has formed a cross functional team that is assessing its data and system needs and evaluating the potential impact of adopting the new guidance. The Company anticipates a significant change in the processes and procedures to calculate the loan losses, including changes in assumptions and estimates to consider expected credit losses over the life of the loan versus the current accounting practice that utilizes the incurred loss model. The Company expects to recognize a one-time cumulative effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective, but cannot yet determine the magnitude of any such one-time adjustment or the overall impact on its results of operations, financial position or disclosures. However, the Company has begun developing processes and procedures to ensure it is fully compliant at the required adoption date. Among other things, the Company has initiated data gathering and assessment to support forecasting of asset quality, loan balances, and portfolio net charge-offs and developing asset quality forecast models in preparation for the implementation of this standard.

Leases – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), that establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The new guidance results in a more consistent representation of the rights and obligations arising from leases by requiring lessees to recognize the lease asset and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. The effective date is for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Based upon leases that were outstanding as of March 31, 2018, the Company does not expect the new standard to have a material impact on its results of operations, but anticipates increases in its assets and liabilities. Decisions to repurchase, modify or renew leases prior to the implementation date will impact the level of materiality.

There have been no other significant changes to the Company's accounting policies from the 2017 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.

Revenue from Contracts with Customers

Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, applies to all contracts with customers to provide goods or services in the ordinary course of business. However, Topic 606 specifically does not apply to revenue related to financial instruments, guarantees, insurance contracts, leases, or nonmonetary exchanges. Given these scope exceptions, interest income recognition and measurement related to loans and investments securities, the Company's two largest sources of revenue, are not accounted for under Topic 606. Also, the Company does not use Topic 606 to account for gains or losses on its investments in securities, loans, and derivatives due to the scope exceptions.

Certain revenue streams, such as service charges on deposit accounts, gains or losses on the sale of OREO, and trust income, fall under the scope of Topic 606 and the Company must recognize revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. Topic 606 is applied using five steps: 1) identify the contract with the customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company has evaluated the nature of all contracts with customers that fall under the scope of Topic 606 and determined that further disaggregation of revenue from contracts with customers into categories was not necessary. There has not been significant revenue recognized in the current reporting period resulting from performance obligations satisfied in previous periods. In addition, there has not been a significant change in timing of revenues received from customers.

A description of performance obligations for each type of contract with customers is as follows:

<u>Service charges on deposit accounts</u> – The Company's primary source of funding comes from deposit accounts with its customers. Customers pay certain fees to access their cash on deposit including, but not limited to, non-transactional fees such as account maintenance, dormancy or statement rendering fees, and certain transaction-based fees such as ATM, wire transfer, overdraft or returned check fees. The Company generally satisfies its performance obligations as services are rendered. The transaction prices are fixed, and are charged either on a periodic basis or based on activity.

<u>Sale of OREO</u> – In the normal course of business, the Company will enter into contracts with customers to sell OREO, which has generally been foreclosed upon by the Company. The Company generally satisfies its performance obligation upon conveyance of property from the Company to the customer, generally by way of an executed agreement. The transaction price is fixed, and on occasion the Company will finance a portion of the proceeds the customers uses to purchase the property. These properties are generally sold without recourse or warranty.

<u>Trust Income</u> – The Company enters into contracts with its customers to manage assets for investment, and/or transact on their accounts. The Company generally satisfies its performance obligations as services are rendered. The management fee is a fixed percentage-based fee calculated upon the average balance of assets under management and is charged to customers on a monthly basis.

Acquisition Accounting, Loans Acquired

The Company accounts for its 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. No allowance for loan losses related to the loans acquired is recorded on the acquisition date as the fair value of the loans acquired incorporates assumptions regarding credit risk. Loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, *Fair Value Measurement*. The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

The Company evaluates non-impaired loans acquired in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount on these loans is accreted into interest income over the weighted average life of the loans using a constant yield method. The Company evaluates purchased impaired loans in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

For impaired loans accounted for under ASC Topic 310-30, the Company continues to estimate cash flows expected to be collected on purchased credit impaired loans. The Company evaluates, at each balance sheet date, whether the present value of the purchased credit impaired loans determined using the effective interest rates has decreased significantly and if so, recognize a provision for loan loss in the consolidated statement of income. For any significant increases in cash flows expected to be collected, the Company adjusts the amount of accretable yield recognized on a prospective basis over the remaining life of the purchased credit impaired loan.

For further discussion of acquisition and loan accounting, see Note 2, Acquisitions, and Note 6, Loans Acquired.

NOTE 2: ACQUISITIONS

Southwest Bancorp, Inc.

On October 19, 2017, the Company completed the acquisition of Southwest Bancorp, Inc. ("OKSB") headquartered in Stillwater, Oklahoma, including its wholly-owned bank subsidiary, Bank SNB. The Company issued 14,488,604 shares of its common stock valued at approximately $431.4 million as of October 19, 2017, plus $94.9 million in cash in exchange for all outstanding shares of OKSB common stock.

Prior to the acquisition, OKSB conducted banking business from 29 branches located in Texas, Oklahoma, Kansas and Colorado. In addition, OKSB owned a loan production office in Denver, Colorado. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $2.7 billion in assets, including approximately $2.0 billion in loans (inclusive of loan discounts) and approximately $2.0 billion in deposits. The systems conversion is planned to occur late May 2018, at which time the subsidiary bank will be merged into Simmons Bank.

Goodwill of $229.1 million was recorded as a result of the transaction. The acquisition allowed the Company to enter the Texas, Oklahoma, and Colorado banking markets and it also strengthened the Company's Kansas franchise and its product offerings in the healthcare and real estate industries, all of 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 OKSB transaction, as of the acquisition date, is as follows:

(In thousands)	Acquired from OKSB	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 79,517	$ --	$ 79,517
Investment securities	485,468	(1,295)	484,173
Loans acquired	2,039,524	(43,071)	1,996,453
Allowance for loan losses	(26,957)	26,957	--
Foreclosed assets	6,284	(1,127)	5,157
Premises and equipment	21,210	5,457	26,667
Bank owned life insurance	28,704	--	28,704
Goodwill	13,545	(13,545)	--
Core deposit intangible	1,933	40,191	42,124
Other intangibles	3,806	--	3,806
Other assets	33,455	(9,141)	24,314
Total assets acquired	$ 2,686,489	$ 4,426	$ 2,690,915

Liabilities Assumed

Deposits:			
Non-interest bearing transaction accounts	$ 485,971	$ --	$ 485,971
Interest bearing transaction accounts and savings deposits	869,252	--	869,252
Time deposits	613,345	(2,213)	611,132
Total deposits	1,968,568	(2,213)	1,966,355
Securities sold under agreement to repurchase	11,256	--	11,256
Other borrowings	347,000	--	347,000
Subordinated debentures	46,393	--	46,393
Accrued interest and other liabilities	17,440	5,364	22,804
Total liabilities assumed	2,390,657	3,151	2,393,808
Equity	295,832	(295,832)	--
Total equity assumed	295,832	(295,832)	--
Total liabilities and equity assumed	$ 2,686,489	$ (292,681)	$ 2,393,808
Net assets acquired			297,107
Purchase price			526,251
Goodwill			$ 229,144

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the acquisition. 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 over the next few months, within one year of the acquisition. Therefore, adjustments to the estimated amounts and carrying values may occur.

The Company's operating results for all periods presented include the operating results of the acquired assets and assumed liabilities of OKSB subsequent to the acquisition date.

First Texas BHC, Inc.

On October 19, 2017, the Company completed the acquisition of First Texas BHC, Inc. ("First Texas") headquartered in Fort Worth, Texas, including its wholly-owned bank subsidiary, Southwest Bank. The Company issued 12,999,840 shares of its common stock valued at approximately $387.1 million as of October 19, 2017, plus $70.0 million in cash in exchange for all outstanding shares of First Texas common stock.

Prior to the acquisition, First Texas operated 15 banking centers, a trust office and a limited service branch in north Texas and a loan production office in Austin, Texas. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $2.4 billion in assets, including approximately $2.2 billion in loans (inclusive of loan discounts) and approximately $1.9 billion in deposits. The Company completed the systems conversion and merged First Texas into Simmons Bank in February 2018.

Goodwill of $240.8 million was recorded as a result of the transaction. The acquisition allowed the Company to enter the Texas banking markets and it also strengthened the Company's specialty product offerings in the area of SBA lending and trust services, all of 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 First Texas transaction, as of the acquisition date, is as follows:

(In thousands)	Acquired from First Texas	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 59,277	$ --	$ 59,277
Investment securities	81,114	(596)	80,518
Loans acquired	2,246,212	(37,834)	2,208,378
Allowance for loan losses	(20,864)	20,664	(200)
Premises and equipment	24,864	10,123	34,987
Bank owned life insurance	7,190	--	7,190
Goodwill	37,227	(37,227)	--
Core deposit intangible	--	7,328	7,328
Other assets	18,263	11,485	29,748
Total assets acquired	$ 2,453,283	$ (26,057)	$ 2,427,226
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$ 74,410	$ --	$ 74,410
Interest bearing transaction accounts and savings deposits	1,683,298	--	1,683,298
Time deposits	124,233	(283)	123,950
Total deposits	1,881,941	(283)	1,881,658
Securities sold under agreement to repurchase	50,000	--	50,000
Other borrowings	235,000	--	235,000
Subordinated debentures	30,323	589	30,912
Accrued interest and other liabilities	11,727	1,669	13,396
Total liabilities assumed	2,208,991	1,975	2,210,966
Equity	244,292	(244,292)	--
Total equity assumed	244,292	(244,292)	--
Total liabilities and equity assumed	$ 2,453,283	$ (242,317)	$ 2,210,966
Net assets acquired			216,260
Purchase price			457,103
Goodwill			$ 240,843

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the acquisition. 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 over the next few months, within one year of the acquisition. Therefore, adjustments to the estimated amounts and carrying values may occur.

The Company’s operating results for all periods presented include the operating results of the acquired assets and assumed liabilities of First Texas subsequent to the acquisition date.

Summary of Unaudited Pro forma Information

The unaudited pro forma information below for the years ended December 31, 2017 and 2016 gives effect to the OKSB and First Texas acquisitions as if the acquisitions had occurred on January 1, 2016. Pro forma earnings for the year ended December 31, 2017 were adjusted to exclude $9.4 million of acquisition-related costs, net of tax, incurred by Simmons during 2017. The pro forma financial information is not necessarily indicative of the results of operations if the acquisitions had been effective as of this date.

(In thousands, except per share data)	2017	2016
Revenue [(1)]	$ 654,358	$ 620,461
Net income	$ 130,947	$ 136,199
Diluted earnings per share	$ 1.43	$ 1.52

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(1) Net interest income plus noninterest income.

Consolidated year-to-date 2017 results included approximately $29.2 million of revenue and $10.5 million of net income attributable to the OKSB acquisition and $27.6 million of revenue and $5.7 million of net income attributable to the First Texas acquisition.

Hardeman County Investment Company, Inc.

On May 15, 2017, the Company completed the acquisition of Hardeman County Investment Company, Inc. ("Hardeman"), headquartered in Jackson, Tennessee, including its wholly-owned bank subsidiary, First South Bank. The Company issued 1,599,940 shares of its common stock valued at approximately $42.6 million as of May 15, 2017, plus $30.0 million in cash in exchange for all outstanding shares of Hardeman common stock.

Prior to the acquisition, Hardeman conducted banking business from 10 branches located in western Tennessee. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $462.9 million in assets, including approximately $251.6 million in loans (inclusive of loan discounts) and approximately $389.0 million in deposits. The Company completed the systems conversion and merged Hardeman into Simmons Bank in September 2017. As part of the systems conversion, five existing Simmons Bank and First South Bank branches were consolidated or closed.

Goodwill of $29.4 million was recorded as a result of the transaction. The merger strengthened the Company's position in the western Tennessee market, and the Company will be able to achieve cost savings by integrating the two companies and combining accounting, data processing, and other administrative functions, all of 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 Hardeman transaction, as of the acquisition date, is as follows:

(In thousands)	Acquired from Hardeman	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 8,001	$ --	$ 8,001
Interest bearing balances due from banks - time	1,984	--	1,984
Investment securities	170,654	(285)	170,369
Loans acquired	257,641	(5,992)	251,649
Allowance for loan losses	(2,382)	2,382	--
Foreclosed assets	1,083	(452)	631
Premises and equipment	9,905	1,258	11,163
Bank owned life insurance	7,819	--	7,819
Goodwill	11,485	(11,485)	--
Core deposit intangible	--	7,840	7,840
Other intangibles	--	830	830
Other assets	2,639	(1)	2,638
Total assets acquired	$ 468,829	$ (5,905)	$ 462,924

Liabilities Assumed

Deposits:			
Non-interest bearing transaction accounts	$ 76,555	$ --	$ 76,555
Interest bearing transaction accounts and savings deposits	214,872	--	214,872
Time deposits	97,917	(368)	97,549
Total deposits	389,344	(368)	388,976
Securities sold under agreement to repurchase	17,163	--	17,163
Other borrowings	3,000	--	3,000
Subordinated debentures	6,702	--	6,702
Accrued interest and other liabilities	1,891	1,924	3,815
Total liabilities assumed	418,100	1,556	419,656
Equity	50,729	(50,729)	--
Total equity assumed	50,729	(50,729)	--
Total liabilities and equity assumed	$ 468,829	$ (49,173)	$ 419,656
Net assets acquired			43,268
Purchase price			72,639
Goodwill			$ 29,371

During 2018, the Company finalized its analysis of the loans acquired along with other acquired assets and assumed liabilities.

The Company's operating results for all periods presented include the operating results of the acquired assets and assumed liabilities of Hardeman 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.

Foreclosed assets – These assets are presented at the estimated present values that management expects to receive when the properties are sold, net of related costs of disposal.

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. Core deposit intangible established prior to the acquisitions, if applicable, was written off.

Other intangibles – Other intangible assets represent the value of the relationships that Hardeman had with its insurance customers and the mortgage servicing rights acquired with OKSB. The fair value of Hardeman's insurance customer relationships was estimated based on a combination of discounted cash flow methodology and a market valuation approach. Other intangibles established prior to the acquisitions, if applicable, were written off.

Other assets – The fair value adjustment results from certain assets whose value was estimated to be 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.

FHLB and other borrowings – The fair value of Federal Home Loan Bank and 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. Due to the floating rate nature of the debenture, the fair value approximates book value as of the date acquired.

Accrued interest and other liabilities – The adjustment establishes a liability for unfunded commitments equal to the fair value of that liability at the date of acquisition.

NOTE 3: INVESTMENT SECURITIES

The amortized cost and fair value of investment securities that are classified as held-to-maturity ("HTM") and available-for-sale ("AFS") are as follows:

	March 31, 2018				December 31, 2017			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-Maturity								
U.S. Government agencies	$ 46,961	$ 1	$ (259)	$ 46,703	$ 46,945	$ 7	$ (228)	$ 46,724
Mortgage-backed securities	15,404	--	(444)	14,960	16,132	8	(287)	15,853
State and political subdivisions	286,901	3,701	(1,106)	289,496	301,491	5,962	(222)	307,231
Other securities	3,490	--	--	3,490	3,490	--	--	3,490
Total HTM	$ 352,756	$ 3,702	$ (1,809)	$ 354,649	$ 368,058	$ 5,977	$ (737)	$ 373,298
Available-for-Sale								
U.S. Government agencies	$ 152,855	$ 15	$ (3,066)	$ 149,804	$ 141,559	$ 116	$ (1,951)	$ 139,724
Mortgage-backed securities	1,394,138	155	(38,114)	1,356,179	1,208,017	246	(20,946)	1,187,317
State and political subdivisions	191,018	100	(5,230)	185,888	144,642	532	(2,009)	143,165
Other securities	136,911	1,332	(1)	138,242	118,106	1,206	(1)	119,311
Total AFS	$1,874,922	$ 1,602	$ (46,411)	$1,830,113	$1,612,324	$ 2,100	$ (24,907)	$1,589,517

Securities with limited marketability, such as stock in the Federal Reserve Bank and the Federal Home Loan Bank, are carried at cost and are reported as other AFS securities in the table above.

Certain investment securities are valued at less than their historical cost. Total fair value of these investments at March 31, 2018 and December 31, 2017, was $1.8 billion and $1.4 billion, which is approximately 82.1% and 73.5%, respectively, of the Company's combined AFS and HTM investment portfolios.

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2018:

(In thousands)	Less Than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Held-to-Maturity						
U.S. Government agencies	$ 12,957	$ (17)	$ 32,758	$ (242)	$ 45,715	$ (259)
Mortgage-backed securities	5,897	(110)	8,479	(334)	14,376	(444)
State and political subdivisions	100,221	(1,070)	1,595	(36)	101,816	(1,106)
Total HTM	$ 119,075	$ (1,197)	$ 42,832	$ (612)	$ 161,907	$ (1,809)
Available-for-Sale						
U.S. Government agencies	$ 120,100	$ (1,617)	$ 25,326	$ (1,449)	$ 145,426	$ (3,066)
Mortgage-backed securities	725,518	(12,950)	589,543	(25,164)	1,315,061	(38,114)
State and political subdivisions	95,659	(1,603)	73,293	(3,627)	168,952	(5,230)
Other securities	--	--	99	(1)	99	(1)
Total AFS	$ 941,277	$ (16,170)	$ 688,261	$ (30,241)	$ 1,629,538	$ (46,411)

These declines primarily resulted from the rate for these investments yielding less than current market rates. Based on evaluation of available evidence, management believes the declines in fair value for these securities are temporary. Management does not have the intent to sell these securities and management believes it is more likely than not the Company will not have to sell these securities before recovery of their amortized cost basis less any current period credit losses.

Declines in the fair value of HTM and AFS securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers, among other things, (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Management has the ability and intent to hold the securities classified as HTM until they mature, at which time the Company expects to receive full value for the securities. Furthermore, as of March 31, 2018, 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. Accordingly, as of March 31, 2018, management believes the impairments detailed in the table above are temporary. Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

Income earned on securities for the three months ended March 31, 2018 and 2017, is as follows:

(In thousands)	2018	2017
Taxable:		
Held-to-maturity	$ 567	$ 661
Available-for-sale	9,032	5,816
Non-taxable:		
Held-to-maturity	1,936	2,283
Available-for-sale	1,087	691
Total	$ 12,622	$ 9,451

The amortized cost and estimated fair value by maturity of securities 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	$ 48,493	$ 48,335	$ 370	$ 370
After one through five years	75,993	75,842	35,843	35,100
After five through ten years	92,585	92,633	22,926	22,342
After ten years	120,281	122,879	284,834	277,981
Securities not due on a single maturity date	15,404	14,960	1,394,138	1,356,179
Other securities (no maturity)	--	--	136,811	138,141
Total	$ 352,756	$ 354,649	$ 1,874,922	$ 1,830,113

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $1.4 billion at March 31, 2018 and $1.2 billion at December 31, 2017.

There were approximately $6,000 of gross realized gains and no realized losses from the sale of securities during the three months ended March 31, 2018. There were approximately $63,000 of gross realized gains and no realized losses from the sale of securities during the three months ended March 31, 2017.

The state and political subdivision debt obligations are predominately non-rated bonds representing small issuances, primarily in Arkansas, Missouri, Oklahoma, Tennessee and Texas issues, which are evaluated on an ongoing basis.

NOTE 4: OTHER ASSETS AND OTHER LIABILITIES HELD FOR SALE

In August 2017, the Company, through its bank subsidiary, Simmons Bank, acquired the stock of Heartland Bank (“Heartland”) at a public auction held to satisfy certain indebtedness of Heartland’s former holding company, Rock Bancshares, Inc.

In March 2018, Heartland sold $141.0 million of branches and loans, as well as $154.6 million of deposits and other liabilities. At the end of the first quarter 2018, other assets held for sale of $24.8 million and other liabilities held for sale of $2.8 million related to Heartland, both recorded at fair value, remained at the Company. The Company will continue to work through the disposition of Heartland’s few remaining assets and expects to be complete within one year of the acquisition.

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

Cash and 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 – The carrying amount of these assets was deemed to be a reasonable estimate of fair value, as there were no material differences to fair value based upon quoted market prices.

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.

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.

NOTE 5: LOANS AND ALLOWANCE FOR LOAN LOSSES

At March 31, 2018, the Company's loan portfolio was $10.99 billion, compared to $10.78 billion at December 31, 2017. The various categories of loans are summarized as follows:

(In thousands)	March 31, 2018	December 31, 2017
Consumer:		
Credit cards	$ 176,602	$ 185,422
Other consumer	284,285	280,094
Total consumer	460,887	465,516
Real Estate:		
Construction	786,077	614,155
Single family residential	1,193,464	1,094,633
Other commercial	2,611,358	2,530,824
Total real estate	4,590,899	4,239,612
Commercial:		
Commercial	971,704	825,217
Agricultural	128,247	148,302
Total commercial	1,099,951	973,519
Other	138,646	26,962
Loans	6,290,383	5,705,609
Loans acquired, net of discount and allowance (1)	4,696,945	5,074,076
Total loans	$ 10,987,328	$ 10,779,685

(1) See Note 6, Loans Acquired, for segregation of loans acquired by loan class.

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; providing an adequate allowance for loans 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. Furthermore, a factor that influenced the Company's judgment regarding the allowance for loan losses consists of an eight-year historical loss average segregated by each primary loan sector. On an annual basis, historical loss rates are calculated for each sector.

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 be impacted by economic downturns resulting in increasing unemployment. Other consumer loans include direct and indirect installment loans and 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 loans, single family residential loans and commercial loans. Construction and development loans ("C&D") and commercial real estate loans ("CRE") can be particularly sensitive to valuation of real estate. Commercial real estate 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 commercial real estate – 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 length. 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. 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 all commercial loans for closely-held or limited liability entities.

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 if 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.

Nonaccrual loans, excluding loans acquired, segregated by class of loans, are as follows:

(In thousands)	March 31, 2018	December 31, 2017
Consumer:		
Credit cards	$ 298	$ 170
Other consumer	4,711	4,605
Total consumer	5,009	4,775
Real estate:		
Construction	1,923	2,242
Single family residential	13,616	13,431
Other commercial	16,707	16,054
Total real estate	32,246	31,727
Commercial:		
Commercial	8,003	6,980
Agricultural	2,137	2,160
Total commercial	10,140	9,140
Total	$ 47,395	$ 45,642

An age analysis of past due loans, excluding loans acquired, 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, 2018						
Consumer:						
Credit cards	$ 707	$ 672	$ 1,379	$ 175,223	$ 176,602	$ 233
Other consumer	3,407	3,176	6,583	277,702	284,285	33
Total consumer	4,114	3,848	7,962	452,925	460,887	266
Real estate:						
Construction	640	703	1,343	784,734	786,077	--
Single family residential	6,937	6,163	13,100	1,180,364	1,193,464	71
Other commercial	4,796	9,488	14,284	2,597,074	2,611,358	--
Total real estate	12,373	16,354	28,727	4,562,172	4,590,899	71
Commercial:						
Commercial	3,674	4,134	7,808	963,896	971,704	--
Agricultural	107	2,075	2,182	126,065	128,247	--
Total commercial	3,781	6,209	9,990	1,089,961	1,099,951	--
Other	--	--	--	138,646	138,646	--
Total	$ 20,268	$ 26,411	$ 46,679	$ 6,243,704	$ 6,290,383	$ 337
December 31, 2017						
Consumer:						
Credit cards	$ 707	$ 672	$ 1,379	$ 184,043	$ 185,422	$ 332
Other consumer	5,009	3,298	8,307	271,787	280,094	10
Total consumer	5,716	3,970	9,686	455,830	465,516	342
Real estate:						
Construction	411	1,210	1,621	612,534	614,155	--
Single family residential	8,071	6,460	14,531	1,080,102	1,094,633	1
Other commercial	2,388	8,031	10,419	2,520,405	2,530,824	--
Total real estate	10,870	15,701	26,571	4,213,041	4,239,612	1
Commercial:						
Commercial	1,523	6,125	7,648	817,569	825,217	--
Agricultural	50	2,120	2,170	146,132	148,302	--
Total commercial	1,573	8,245	9,818	963,701	973,519	--
Other	--	--	--	26,962	26,962	--
Total	$ 18,159	$ 27,916	$ 46,075	$ 5,659,534	$ 5,705,609	$ 343

Impaired Loans – A loan is considered impaired when it is probable that the Company will not receive all amounts due according to the contractual terms of the loans, including scheduled principal and interest payments. This includes loans that are delinquent 90 days or more, nonaccrual loans and certain other loans identified by management. Certain other loans identified by management consist of performing loans with specific allocations of the allowance for loan losses. Impaired loans are carried at the present value of estimated future cash flows using the loan’s existing rate, or the fair value of the collateral if the loan is collateral dependent.

Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. Impaired loans, or portions thereof, are charged-off when deemed uncollectible.

Impaired loans, net of government guarantees and excluding loans acquired, segregated by class of loans, are as follows:

(In thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Investment in Impaired Loans	Interest Income Recognized
						Three Months Ended March 31, 2018	
March 31, 2018							
Consumer:							
Credit cards	$ 298	$ 298	$ --	$ 298	$ --	$ 234	$ 15
Other consumer	4,849	4,711	--	4,711	--	4,658	34
Total consumer	5,147	5,009	--	5,009	--	4,892	49
Real estate:							
Construction	2,392	1,220	702	1,922	249	2,082	16
Single family residential	14,605	13,057	559	13,616	32	13,523	100
Other commercial	22,500	8,135	8,573	16,708	145	16,287	120
Total real estate	39,497	22,412	9,834	32,246	426	31,892	236
Commercial:							
Commercial	8,480	7,119	758	7,877	18	7,226	53
Agricultural	3,256	2,137	--	2,137	--	1,586	12
Total commercial	11,736	9,256	758	10,014	18	8,812	65
Total	$ 56,380	$ 36,677	$ 10,592	$ 47,269	$ 444	$ 45,596	$ 350
						Three Months Ended March 31, 2017	
December 31, 2017							
Consumer:							
Credit cards	$ 170	$ 170	$ --	$ 170	$ --	$ 302	$ 5
Other consumer	4,755	4,605	--	4,605	--	2,107	13
Total consumer	4,925	4,775	--	4,775	--	2,409	18
Real estate:							
Construction	2,522	1,347	895	2,242	249	3,074	20
Single family residential	14,347	12,725	706	13,431	53	12,667	81
Other commercial	22,308	6,732	9,133	15,865	36	19,321	123
Total real estate	39,177	20,804	10,734	31,538	338	35,062	224
Commercial:							
Commercial	9,954	4,306	2,269	6,575	--	11,344	72
Agricultural	3,278	1,035	--	1,035	--	1,726	11
Total commercial	13,232	5,341	2,269	7,610	--	13,070	83
Total	$ 57,334	$ 30,920	$ 13,003	$ 43,923	$ 338	$ 50,541	$ 325

At March 31, 2018, and December 31, 2017, impaired loans, net of government guarantees and excluding loans acquired, totaled $47.3 million and $43.9 million, respectively. Allocations of the allowance for loan losses relative to impaired loans were $444,000 and $338,000 at March 31, 2018 and December 31, 2017, respectively. Approximately $350,000 of interest income was recognized on average impaired loans of $45.6 million for the three months ended March 31, 2018. Interest income recognized on impaired loans on a cash basis during the three months ended March 31, 2018 and 2017 was not material.

Included in certain impaired loan categories are troubled debt restructurings ("TDRs"). 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" 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.

Under ASC Topic 310-10-35 – *Subsequent Measurement*, a TDR is considered to be impaired, and an impairment analysis must be performed. The Company assesses the exposure for each modification, either by collateral discounting or by calculation of the present value of future cash flows, and determines if a specific allocation to the allowance for loan losses is needed.

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.

The following table presents a summary of troubled debt restructurings, excluding loans acquired, segregated by class of loans.

(Dollars in thousands)	Accruing TDR Loans		Nonaccrual TDR Loans		Total TDR Loans	
	Number	Balance	Number	Balance	Number	Balance
March 31, 2018						
Consumer:						
Other consumer	1	$ 91	--	$ --	1	$ 91
Total consumer	1	91	--	--	1	91
Real estate:						
Construction	--	--	1	408	1	408
Single-family residential	5	201	13	802	18	1,003
Other commercial	4	4,270	4	3,350	8	7,620
Total real estate	9	4,471	18	4,560	27	9,031
Commercial:						
Commercial	4	1,897	6	738	10	2,635
Total commercial	4	1,897	6	738	10	2,635
Total	14	$ 6,459	24	$ 5,298	38	$ 11,757
December 31, 2017						
Real estate:						
Construction	--	$ --	1	$ 420	1	$ 420
Single-family residential	4	141	15	954	19	1,095
Other commercial	4	4,322	5	3,712	9	8,034
Total real estate	8	4,463	21	5,086	29	9,549
Commercial:						
Commercial	5	2,644	6	745	11	3,389
Total commercial	5	2,644	6	745	11	3,389
Total	13	$ 7,107	27	$ 5,831	40	$ 12,938

The following table presents loans that were restructured as TDRs during the three months ended March 31, 2018 and 2017, excluding loans acquired, segregated by class of loans.

				Modification Type		
(Dollars in thousands)	Number of Loans	Balance Prior to TDR	Balance at March 31	Change in Maturity Date	Change in Rate	Financial Impact on Date of Restructure
Three Months Ended March 31, 2018						
Consumer:						
Other consumer	1	$ 91	$ 91	$ 91	$ --	$ --
Total consumer	1	91	91	91	--	--
Real estate:						
Single-family residential	1	61	62	62	--	--
Total real estate	1	61	62	62	--	--
Total	2	$ 152	$ 153	$ 153	$ --	$ --
Three Months Ended March 31, 2017						
Real estate:						
Construction	1	$ 456	$ 456	$ 456	$ --	$ --
Other commercial	2	7,362	7,362	7,362	--	33
Total real estate	3	7,818	7,818	7,818	--	33
Commercial:						
Commercial	5	770	760	760	--	--
Total commercial	5	770	760	760	--	--
Total	8	$ 8,588	$ 8,578	$ 8,578	$ --	$ 33

During the three months ended March 31, 2018, the Company modified 2 loans with a recorded investment of $152,000 prior to modification which were deemed troubled debt restructuring. The restructured loans were modified by deferring amortized principal payments, changing the maturity date and requiring interest only payments for a period of up to 12 months. A specific reserve was not considered necessary for these loans based upon the fair value of the collateral. Also, there was no immediate financial impact from the restructuring of these loans, as it was not considered necessary to charge-off interest or principal on the date of restructure.

During the three months ended March 31, 2017, the Company modified 8 loans with a recorded investment of $8.6 million prior to modification which were deemed troubled debt restructuring. The restructured loans were modified by deferring amortized principal payments and requiring interest only payments for a period of up to 12 months. Based on the fair value of the collateral, a specific reserve of $26,000 was determined necessary for these loans. Also, the financial impact from the restructuring of these loans was $33,000 from the charge-off interest on the date of restructure.

There was one commercial real estate loan for which a payment default occurred during the three months ended March 31, 2018. A charge-off of $66,300 was recorded for this loan and $294,300 was transferred to OREO. There was one commercial real estate loan for which a payment default occurred during the three months ended March 31, 2017. The Company defines a payment default as a payment received more than 90 days after its due date.

In addition to the TDRs that occurred during the period provided in the preceding tables, the Company had TDRs with pre-modification loan balances of $294,300 and $242,300 at March 31, 2018 and 2017, respectively, for which OREO was received in full or partial satisfaction of the loans. The majority of such TDRs were in commercial real estate and residential real estate. At March 31, 2018 and December 31, 2017, the Company had $6,809,000 and $5,057,000, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At March 31, 2018 and December 31, 2017, the Company had $3,767,000 and $3,828,000, 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 in the States of Arkansas, Colorado, Kansas, Missouri, Oklahoma, Tennessee and Texas.

The Company utilizes a risk rating matrix to assign a risk rate to each of its commercial and real estate loans. Loans are rated on a scale of 1 to 8. A description of the general characteristics of the 8 risk ratings is as follows:

- *Risk Rate 1 – 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.

- *Risk Rate 2 – 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").

- *Risk Rate 3 – 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.

- *Risk Rate 4 – 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.

- *Risk Rate 5 – 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.

- *Risk Rate 6 – 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.

- *Risk Rate 7 – 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.

- *Risk Rate 8 – 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.

Loans acquired are evaluated using this internal grading system. Loans acquired are evaluated individually and include purchased credit impaired loans of $17.6 million and $17.1 million that are accounted for under ASC Topic 310-30 and are classified as substandard (Risk Rating 6) as of March 31, 2018 and December 31, 2017, respectively. Of the remaining loans acquired and accounted for under ASC Topic 310-20, $78.7 million and $76.3 million were classified (Risk Ratings 6, 7 and 8 – see classified loans discussion below) at March 31, 2018 and December 31, 2017, respectively.

Purchased credit impaired loans are loans that showed evidence of deterioration of credit quality since origination and for which it is probable, at acquisition, that the Company will be unable to collect all amounts contractually owed. Their fair value was initially based on the estimate of cash flows, both principal and interest, expected to be collected or estimated collateral values if cash flows are not estimable, discounted at prevailing market rates of interest. The difference between the undiscounted cash flows expected at acquisition and the fair value at acquisition is recognized as interest income on a level-yield method over the life of the loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition are not recognized as a yield adjustment. Increases in expected cash flows subsequent to the initial investment are recognized prospectively through adjustment of the yield on the loan over its remaining life. Decreases in expected cash flows are recognized as impairment.

Classified loans for the Company include loans in Risk Ratings 6, 7 and 8. Loans may be classified, but not considered impaired, due to one of the following reasons: (1) The Company has established minimum dollar amount thresholds for loan impairment testing. Loans rated 6 – 8 that fall under the threshold amount are not tested for impairment and therefore are not included in impaired loans. (2) Of the loans that are above the threshold amount and tested for impairment, after testing, some are considered to not be impaired and are not included in impaired loans. Total classified loans, excluding loans accounted for under ASC Topic 310-30, were $177.8 million and $175.6 million, as of March 31, 2018 and December 31, 2017, respectively.

The following table presents a summary of loans by credit risk rating as of March 31, 2018 and December 31, 2017, segregated by class of loans. Loans accounted for under ASC Topic 310-30 are all included in Risk Rate 1-4 in this table.

(In thousands)	Risk Rate 1-4	Risk Rate 5	Risk Rate 6	Risk Rate 7	Risk Rate 8	Total
March 31, 2018						
Consumer:						
Credit cards	$ 176,071	$ --	$ 531	$ --	$ --	$ 176,602
Other consumer	279,414	--	4,871	--	--	284,285
Total consumer	455,485	--	5,402	--	--	460,887
Real estate:						
Construction	778,757	2,344	4,960	16	--	786,077
Single family residential	1,168,255	1,790	23,197	222	--	1,193,464
Other commercial	2,572,032	7,076	32,250	--	--	2,611,358
Total real estate	4,519,044	11,210	60,407	238	--	4,590,899
Commercial:						
Commercial	953,138	6,140	12,426	--	--	971,704
Agricultural	124,938	325	2,961	23	--	128,247
Total commercial	1,078,076	6,465	15,387	23	--	1,099,951
Other	138,646	--	--	--	--	138,646
Loans acquired	4,545,941	54,664	95,842	498	--	4,696,945
Total	$ 10,737,192	$ 72,339	$ 177,038	$ 759	$ --	$ 10,987,328

(In thousands)	Risk Rate 1-4	Risk Rate 5	Risk Rate 6	Risk Rate 7	Risk Rate 8	Total
December 31, 2017						
Consumer:						
Credit cards	$ 184,920	$ --	$ 502	$ --	$ --	$ 185,422
Other consumer	275,160	--	4,934	--	--	280,094
Total consumer	460,080	--	5,436	--	--	465,516
Real estate:						
Construction	603,126	5,795	5,218	16	--	614,155
Single family residential	1,066,902	3,954	23,490	287	--	1,094,633
Other commercial	2,480,293	19,581	30,950	--	--	2,530,824
Total real estate	4,150,321	29,330	59,658	303	--	4,239,612
Commercial:						
Commercial	736,377	74,254	14,402	50	134	825,217
Agricultural	146,065	24	2,190	23	--	148,302
Total commercial	882,442	74,278	16,592	73	134	973,519
Other	26,962	--	--	--	--	26,962
Loans acquired	4,782,384	198,314	93,378	--	--	5,074,076
Total	$ 10,302,189	$ 301,922	$ 175,064	$ 376	$ 134	$ 10,779,685

Allowance for Loan Losses

Allowance for Loan Losses – The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's allowance for loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310-10, *Receivables*, and allowance allocations calculated in accordance with ASC Topic 450-20, *Loss Contingencies*. Accordingly, the methodology is based on the Company's internal grading system, specific impairment analysis, qualitative and quantitative factors.

As mentioned above, allocations to the allowance for loan losses are categorized as either specific allocations or general allocations.

A loan is considered impaired when it is probable that the Company will not receive all amounts due according to the contractual terms of the loan, including scheduled principal and interest payments. For a collateral dependent loan, the Company's evaluation process includes a valuation by appraisal or other collateral analysis. 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 loan 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.

The general allocation is calculated monthly based on management's assessment of several factors such as (1) historical loss experience based on volumes and types, (2) volume and trends in delinquencies and nonaccruals, (3) lending policies and procedures including those for loan losses, collections and recoveries, (4) national, state and local economic trends and conditions, (5) external factors and pressure from competition, (6) the experience, ability and depth of lending management and staff, (7) seasoning of new products obtained and new markets entered through acquisition and (8) other factors and trends that will affect specific loans and categories of loans. The Company establishes general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as credit cards, one-to-four family owner occupied residential real estate loans and other consumer loans.

The following table details activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2018. 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
Three Months Ended March 31, 2018					
Balance, beginning of period	$ 7,007	$ 27,281	$ 3,784	$ 3,596	$ 41,668
Provision for loan losses (1)	4,286	3,286	751	759	9,082
Charge-offs	(1,761)	(455)	(999)	(1,056)	(4,271)
Recoveries	69	302	263	94	728
Net charge-offs	(1,692)	(153)	(736)	(962)	(3,543)
Balance, March 31, 2018(2)	$ 9,601	$ 30,414	$ 3,799	$ 3,393	$ 47,207
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ 18	$ 426	$ --	$ --	$ 444
Loans collectively evaluated for impairment	9,583	29,988	3,799	3,393	46,763
Balance, March 31, 2018 (2)	$ 9,601	$ 30,414	$ 3,799	$ 3,393	$ 47,207

Activity in the allowance for loan losses for the three months ended March 31, 2017 was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Three Months Ended March 31, 2017					
Balance, beginning of period	$ 7,739	$ 21,817	$ 3,779	$ 2,951	$ 36,286
Provision for loan losses (1)	696	860	758	1,243	3,557
Charge-offs	(292)	(656)	(1,044)	(1,174)	(3,166)
Recoveries	30	232	236	690	1,188
Net charge-offs	(262)	(424)	(808)	(484)	(1,978)
Balance, March 31, 2017 (2)	$ 8,173	$ 22,253	$ 3,729	$ 3,710	$ 37,865
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ 708	$ 837	$ --	$ 1	$ 1,546
Loans collectively evaluated for impairment	7,465	21,416	3,729	3,709	36,319
Balance, March 31, 2017 (2)	$ 8,173	$ 22,253	$ 3,729	$ 3,710	$ 37,865
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ --	$ 338	$ --	$ --	$ 338
Loans collectively evaluated for impairment	7,007	26,943	3,784	3,596	41,330
Balance, December 31, 2017 (2)	$ 7,007	$ 27,281	$ 3,784	$ 3,596	$ 41,668

(1) Provision for loan losses of $68,000 attributable to loans acquired was excluded from this table for the three months ended March 31, 2018 (total provision for loan losses for the three months ended March 31, 2018 was $9,150,000). There were $79,000 in charge-offs for loans acquired during the three months ended March 31, 2018, resulting in an ending balance in the allowance related to loans acquired of $407,000. Provision for loan losses of $750,000 attributable to loans acquired was excluded from this table for the three months ended March 31, 2017 (total provision for loan losses for the three months ended March 31, 2017 was $4,307,000). There were $1.3 million in charge-offs for loans acquired during the first three months of 2017, resulting in an ending balance in the allowance related to loans acquired of $435,000.

(2) Allowance for loan losses at March 31, 2018 includes $407,000 allowance for loans acquired (not shown in the table above). Allowance for loan losses at December 31, 2017 and March 31, 2017 includes $418,000 and $435,000, respectively, of allowance for loans acquired (not shown in the table above). The total allowance for loan losses at March 31, 2018 was $47,614,000 and total allowance for loan losses at December 31, 2017 and March 31, 2017 was $42,086,000 and $38,300,000, respectively.

The Company's recorded investment in loans, excluding loans acquired, related to each balance in the allowance for loan losses by portfolio segment on the basis of the Company's impairment methodology was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
March 31, 2018					
Loans individually evaluated for impairment	$ 10,014	$ 32,246	$ 298	$ 4,711	$ 47,269
Loans collectively evaluated for impairment	1,089,937	4,558,653	176,304	418,220	6,243,114
Balance, end of period	$ 1,099,951	$ 4,590,899	$ 176,602	$ 422,931	$ 6,290,383
December 31, 2017					
Loans individually evaluated for impairment	$ 7,610	$ 31,538	$ 170	$ 4,605	$ 43,923
Loans collectively evaluated for impairment	965,909	4,208,074	185,252	302,451	5,661,686
Balance, end of period	$ 973,519	$ 4,239,612	$ 185,422	$ 307,056	$ 5,705,609

NOTE 6: LOANS ACQUIRED

During the fourth quarter of 2017, the Company evaluated $1.985 billion of net loans ($2.021 billion gross loans less $36.3 million discount) purchased in conjunction with the acquisition of OKSB, described in Note 2, Acquisitions, in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. The Company evaluated the remaining $11.4 million of net loans ($18.1 million gross loans less $6.7 million discount) purchased in conjunction with the acquisition of OKSB for impairment in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

Also during the fourth quarter of 2017, the Company evaluated $2.208 billion of net loans ($2.246 billion gross loans less $37.8 million discount) purchased in conjunction with the acquisition of First Texas, described in Note 2, Acquisitions, in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans.

During the second quarter of 2017, the Company evaluated $249.2 million of net loans ($254.2 million gross loans less $5.0 million discount) purchased in conjunction with the acquisition of Hardeman, described in Note 2, Acquisitions, in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. The Company evaluated the remaining $2.4 million of net loans ($3.4 million gross loans less $990,000 discount) purchased in conjunction with the acquisition of Hardeman for impairment in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*.

See Note 2, Acquisitions, for further discussion of loans acquired.

The following table reflects the carrying value of all loans acquired as of March 31, 2018 and December 31, 2017:

(In thousands)	Loans Acquired March 31, 2018	Loans Acquired December 31, 2017
Consumer:		
Other consumer	$ 43,090	$ 51,467
Real estate:		
Construction	591,533	637,032
Single family residential	747,597	793,228
Other commercial	2,420,121	2,387,777
Total real estate	3,759,251	3,818,037
Commercial:		
Commercial	891,261	995,587
Agricultural	3,343	66,576
Total commercial	894,604	1,062,163
Other	--	142,409
Total loans acquired (1)	$ 4,696,945	$ 5,074,076

(1) Loans acquired are reported net of a $407,000 and $418,000 allowance at March 31, 2018 and December 31, 2017, respectively.

Nonaccrual loans acquired, excluding purchased credit impaired loans accounted for under ASC Topic 310-30, segregated by class of loans, are as follows (see Note 5, Loans and Allowance for Loan Losses, for discussion of nonaccrual loans):

(In thousands)	March 31, 2018	December 31, 2017
Consumer:		
Other consumer	$ 570	$ 334
Real estate:		
Construction	241	1,767
Single family residential	8,072	12,151
Other commercial	19,626	7,401
Total real estate	27,939	21,319
Commercial:		
Commercial	1,518	1,748
Agricultural	152	84
Total commercial	1,670	1,832
Total	$ 30,179	$ 23,485

An age analysis of past due loans acquired segregated by class of loans, is as follows (see Note 5, Loans and Allowance for Loan Losses, for discussion of past due loans):

(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, 2018						
Consumer:						
Other consumer	$ 444	$ 152	$ 596	$ 42,494	$ 43,090	$ --
Real estate:						
Construction	162	1,504	1,666	589,867	591,533	--
Single family residential	7,938	5,353	13,291	734,306	747,597	--
Other commercial	1,480	3,940	5,420	2,414,701	2,420,121	--
Total real estate	9,580	10,797	20,377	3,738,874	3,759,251	--
Commercial:						
Commercial	1,697	569	2,266	888,995	891,261	--
Agricultural	43	119	162	3,181	3,343	--
Total commercial	1,740	688	2,428	892,176	894,604	--
Total	$ 11,764	$ 11,637	$ 23,401	$ 4,673,544	$ 4,696,945	$ --
December 31, 2017						
Consumer:						
Other consumer	$ 889	$ 260	$ 1,149	$ 50,318	$ 51,467	$ 108
Real estate:						
Construction	2,577	1,448	4,025	633,007	637,032	279
Single family residential	12,936	3,302	16,238	776,990	793,228	126
Other commercial	17,176	5,647	22,823	2,364,954	2,387,777	2,565
Total real estate	32,689	10,397	43,086	3,774,951	3,818,037	2,970
Commercial:						
Commercial	2,344	1,039	3,383	992,204	995,587	67
Agricultural	51	--	51	66,525	66,576	--
Total commercial	2,395	1,039	3,434	1,058,729	1,062,163	67
Other	15	--	15	142,394	142,409	--
Total	$ 35,988	$ 11,696	$ 47,684	$ 5,026,392	$ 5,074,076	$ 3,145

The following table presents a summary of loans acquired by credit risk rating, segregated by class of loans (see Note 5, Loans and Allowance for Loan Losses, for discussion of loan risk rating). Loans accounted for under ASC Topic 310-30 are all included in Risk Rate 1-4 in this table.

(In thousands)	Risk Rate 1-4	Risk Rate 5	Risk Rate 6	Risk Rate 7	Risk Rate 8	Total
March 31, 2018						
Consumer:						
Other consumer	$ 41,995	$ 14	$ 1,081	$ --	$ --	$ 43,090
Real estate:						
Construction	570,334	19,624	1,575	--	--	591,533
Single family residential	726,224	1,917	18,958	498	--	747,597
Other commercial	2,374,014	12,663	33,444	--	--	2,420,121
Total real estate	3,670,572	34,204	53,977	498	--	3,759,251
Commercial:						
Commercial	830,225	20,446	40,590	--	--	891,261
Agricultural	3,149	--	194	--	--	3,343
Total commercial	833,374	20,446	40,784	--	--	894,604
Total	$ 4,545,941	$ 54,664	$ 95,842	$ 498	$ --	$ 4,696,945
December 31, 2017						
Consumer:						
Other consumer	$ 50,625	$ 21	$ 821	$ --	$ --	$ 51,467
Real estate:						
Construction	604,796	30,524	1,712	--	--	637,032
Single family residential	770,954	2,618	19,656	--	--	793,228
Other commercial	2,337,097	15,064	35,616	--	--	2,387,777
Total real estate	3,712,847	48,206	56,984	--	--	3,818,037
Commercial:						
Commercial	946,322	13,901	35,364	--	--	995,587
Agricultural	66,367	--	209	--	--	66,576
Total commercial	1,012,689	13,901	35,573	--	--	1,062,163
Other	142,409	--	--	--	--	142,409
Total	$ 4,918,570	$ 62,128	$ 93,378	$ --	$ --	$ 5,074,076

Loans acquired were individually evaluated and recorded at estimated fair value, including estimated credit losses, at the time of acquisition. These loans are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to the Company's legacy loan portfolio, with most focus being placed on those loans which include the larger loan relationships and those loans which exhibit higher risk characteristics.

In addition to the accretable yield on loans acquired not considered to be impaired, the amount of the estimated cash flows expected to be received from the purchased credit impaired loans in excess of the fair values recorded for the purchased credit impaired loans is referred to as the accretable yield. The accretable yield is recognized as interest income over the estimated lives of the loans. Each quarter, the Company estimates the cash flows expected to be collected from the acquired purchased credit impaired loans, and adjustments may or may not be required. This has resulted in an increase in interest income that is spread on a level-yield basis over the remaining expected lives of the loans.

The impact of these adjustments on the Company's financial results for the three months ended March 31, 2018 and 2017 is shown below:

(In thousands)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Impact on net interest income and pre-tax income	$ 450	$ 1,184
Impact, net of taxes	$ 331	$ 720

These adjustments will be recognized over the remaining lives of the purchased credit impaired loans. The accretable yield adjustments recorded in future periods will change as the Company continues to evaluate expected cash flows from the purchased credit impaired loans.

Changes in the carrying amount of the accretable yield for all purchased impaired loans were as follows for the three months ended March 31, 2018 and 2017.

	Three Months Ended March 31, 2018		Three Months Ended March 31, 2017	
(In thousands)	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans
Beginning balance	$ 620	$ 17,116	$ 1,655	$ 17,802
Additions	--	--	--	--
Accretable yield adjustments	1,134	--	1,228	--
Accretion	(385)	385	(1,666)	1,666
Payments and other reductions, net	--	104	--	(10,773)
Balance, ending	$ 1,369	$ 17,605	$ 1,217	$ 8,695

Purchased impaired loans are evaluated on an individual borrower basis. Because some loans evaluated by the Company were determined to have experienced impairment in the estimated credit quality or cash flows, the Company recorded a provision and established an allowance for loan loss for loans acquired resulting in a total allowance on loans acquired of $407,000 at March 31, 2018 and $418,000 at December 31, 2017. The provision on loans acquired for the three months ended March 31, 2018 and 2017 was $68,000 and $750,000, respectively.

NOTE 7: 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 $845.7 million at March 31, 2018 and $842.7 million at December 31, 2017.

The Company recorded $229.1 million, $240.8 million and $29.4 million of goodwill as a result of its acquisitions of OKSB, First Texas and Hardeman, respectively. Goodwill impairment was neither indicated nor recorded during the three months ended March 31, 2018 or the year ended December 31, 2017.

Core deposit premiums are amortized over periods ranging from 10 to 15 years and are periodically evaluated, at least annually, as to the recoverability of their carrying value. Core deposit premiums of $42.1 million, $7.3 million, and $7.8 million were recorded during 2017 as part of the OKSB, First Texas and Hardeman acquisitions, respectively.

Intangible assets are being amortized over various periods ranging from 10 to 15 years. The Company recorded $830,000 of intangible assets during 2017 related to the insurance operations in the Hardeman acquisition. The Company recorded $3.8 million of other intangible assets during 2017 as part of the OKSB acquisition which were subsequently sold in first quarter 2018.

The Company's goodwill and other intangibles (carrying basis and accumulated amortization) at March 31, 2018 and December 31, 2017, were as follows:

(In thousands)	March 31, 2018	December 31, 2017
Goodwill	$ 845,687	$ 842,651
Core deposit premiums:		
Gross carrying amount	105,984	105,984
Accumulated amortization	(19,009)	(16,659)
Core deposit premiums, net	86,975	89,325
Books of business intangible:		
Gross carrying amount	15,234	15,414
Accumulated amortization	(2,912)	(2,827)
Books of business intangible, net	12,322	12,587
Other intangibles:		
Gross carrying amount	2,068	6,037
Accumulated amortization	(1,861)	(1,878)
Other intangibles, net	207	4,159
Other intangible assets, net	99,504	106,071
Total goodwill and other intangible assets	$ 945,191	$ 948,722

The Company's estimated remaining amortization expense on intangibles as of March 31, 2018 is as follows:

(In thousands)	Year	Amortization Expense
	Remainder of 2018	$ 8,171
	2019	10,565
	2020	10,552
	2021	10,490
	2022	10,438
	Thereafter	49,288
	Total	$ 99,504

NOTE 8: TIME DEPOSITS

Time deposits include approximately $1.035 billion and $736.0 million of certificates of deposit of $100,000 or more at March 31, 2018, and December 31, 2017, respectively. Of this total approximately $664,732,000 and $396,771,000 of certificates of deposit were over $250,000 at March 31, 2018 and December 31, 2017, respectively.

NOTE 9: INCOME TAXES

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

(In thousands)	March 31, 2018	March 31, 2017
Income taxes currently payable	$ 10,045	$ 6,601
Deferred income taxes	3,921	3,090
Provision for income taxes	$ 13,966	$ 9,691

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 appropriate tax effects, are as follows:

(In thousands)	March 31, 2018	December 31, 2017
Deferred tax assets:		
Loans acquired	$ 18,418	$ 19,885
Allowance for loan losses	12,294	10,773
Valuation of foreclosed assets	2,852	2,852
Tax NOLs from acquisition	7,727	7,821
Deferred compensation payable	2,534	2,433
Accrued equity and other compensation	4,472	5,302
Acquired securities	578	578
Unrealized loss on available-for-sale securities	12,217	6,107
Other	7,279	8,813
Gross deferred tax assets	68,371	64,564
Deferred tax liabilities:		
Goodwill and other intangible amortization	(32,579)	(32,572)
Accumulated depreciation	(9,317)	(8,945)
Other	(4,103)	(4,413)
Gross deferred tax liabilities	(45,999)	(45,930)
Net deferred tax asset, included in other assets	$ 22,372	$ 18,634

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

(In thousands)	March 31, 2018	March 31, 2017
Computed at the statutory rate [(1)]	$ 13,708	$ 11,134
Increase (decrease) in taxes resulting from:		
State income taxes, net of federal tax benefit	1,822	539
Discrete items related to ASU 2016-09	(273)	(1,082)
Tax exempt interest income	(677)	(1,071)
Tax exempt earnings on BOLI	(186)	(218)
Other differences, net	(428)	389
Actual tax provision	$ 13,966	$ 9,691

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(1) The statutory rate was 21% for the three months ended March 31, 2018, compared to 35% for the three months ended March 31, 2017.

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 2018 and in future years. The Company expects to fully realize its deferred tax assets in the future.

On December 22, 2017, the President signed tax reform legislation (the “2017 Act”) which includes a broad range of tax reform proposals affecting businesses, including corporate tax rates, business deductions, and international tax provisions. The 2017 Act reduces the corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. Under US GAAP, deferred tax assets and liabilities are required to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled and the effect of a change in tax law is recorded discretely as a component of the income tax provision related to continuing operations in the period of enactment. As a result, the Company was required to remeasure its deferred taxes as of December 22, 2017 based upon the new 21% tax rate and the change was recorded in the 2017 income tax provision.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance on accounting for the tax effects of the 2017 Act. SAB 118 provides a measurement period that should not extend beyond one year from the 2017 Act enactment date for companies to complete the accounting under ASC 740, *Income Taxes*. As such, the company’s 2017 financial results reflect the income tax effects for the 2017 Act for which the accounting under ASC 740 is complete and provisional amounts for those specific income tax effects of the 2017 Act for which the accounting under ASC 740 is incomplete but a reasonable estimate could be determined. The company did not identify items for which the income tax effects of the 2017 Act have not been completed and a reasonable estimate could not be determined as of December 31, 2017. The tax expense recorded in 2017 is a reasonable estimate based on published guidance available at this time and is considered provisional. The ultimate impact of the 2017 Act may differ from these estimates due to changes in interpretations and assumptions made by the Company, as well as additional regulatory guidance. Any adjustments will be reflected in the Company’s financial statements in future periods.

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 closed a stock acquisition in a prior year that invoked the Section 382 annual limitation. Approximately $35.6 million of federal net operating losses subject to the IRC Sec 382 annual limitation are expected to be utilized by the Company. The net operating loss carryforwards expire between 2028 and 2035.

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 2014 tax year and forward. The Company's various state income tax returns are generally open from the 2014 and later tax return years based on individual state statute of limitations.

NOTE 10: 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 safekeeping agents.

The gross amount of recognized liabilities for repurchase agreements was $114.6 million and $122.0 million at March 31, 2018 and December 31, 2017, respectively. The remaining contractual maturity of the securities sold under agreements to repurchase in the consolidated balance sheets as of March 31, 2018 and December 31, 2017 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, 2018					
Repurchase agreements:					
U.S. Government agencies	$ 114,634	$ --	$ --	$ --	$ 114,634
December 31, 2017					
Repurchase agreements:					
U.S. Government agencies	$ 122,019	$ --	$ --	$ --	$ 122,019

NOTE 11: OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Debt at March 31, 2018 and December 31, 2017 consisted of the following components:

(In thousands)	March 31, 2018	December 31, 2017
Other Borrowings		
FHLB advances, net of discount, due 2018 to 2033, 1.33% to 7.37% secured by residential real estate loans	$ 1,140,986	$ 1,261,642
Revolving credit agreement, due 10/5/2018, floating rate of 1.50% above the one month LIBOR rate, unsecured	--	75,000
Notes payable, due 10/15/2020, 3.85%, fixed rate, unsecured	--	43,382
Total other borrowings	1,140,986	1,380,024
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	--
Trust preferred securities, due 12/30/2033, floating rate of 2.80% above the three month LIBOR rate, reset quarterly, callable without penalty	20,620	20,620
Trust preferred securities, net of discount, due 6/30/2035, floating rate of 1.75% above the three month LIBOR rate, reset quarterly, callable without penalty	9,344	9,327
Trust preferred securities, net of discount, due 9/15/2037, floating rate of 1.37% above the three month LIBOR rate, reset quarterly	10,310	10,284
Trust preferred securities, net of discount, due 12/5/2033, floating rate of 2.88% above the three month LIBOR rate, reset quarterly, callable without penalty	5,155	5,156
Trust preferred securities, net of discount, due 10/18/2034, floating rate of 2.00% above the three month LIBOR rate, reset quarterly, callable without penalty	5,155	5,148
Trust preferred securities, net of discount, due 6/6/2037, floating rate of 1.57% above the three month LIBOR rate, reset quarterly, callable without penalty	10,310	10,288
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, due 6/26/2033, floating rate of 3.10% above the three month LIBOR rate, reset quarterly, callable without penalty	20,619	20,619
Trust preferred securities, due 10/7/2033, floating rate of 2.85% above the three month LIBOR rate, reset quarterly, callable without penalty	25,774	25,774
Trust preferred securities, due 9/15/2037, floating rate of 2.00% above the three month LIBOR rate, reset quarterly, callable without penalty	8,248	8,248
Other subordinated debentures, net of discount, due 9/30/2023, floating rate equal to daily average of prime rate, reset quarterly	19,517	18,399
Unamortized debt issuance costs	(3,289)	--
Total subordinated notes and debentures	468,465	140,565
Total other borrowings and subordinated debt	$ 1,609,451	$ 1,520,589

In March 2018, the Company issued $330.0 million in aggregate principal amount, of 5.00% Fixed-to-Floating Rate Subordinated Notes ("the Notes") at a public offering price equal to 100% of the aggregate principal amount of the Notes. The Company incurred $3.3 million in debt issuance costs related to the offering during March. 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 Simmons First National Corporation only and are not obligations of, and are not guaranteed by, any of its subsidiaries. During the first quarter of 2018, the Company used a portion of the net proceeds from the sale of the Notes to repay certain outstanding indebtedness, including the amounts borrowed under the Revolving Credit Agreement (the "Credit Agreement") discussed below and the unsecured debt from correspondent banks. The subordinated notes qualify for Tier 2 capital treatment.

In October 2017, the Company entered into the Credit Agreement with U.S. Bank National Association and executed an unsecured Revolving Credit Note pursuant to which the Company may borrow, prepay and re-borrow up to $75.0 million, the proceeds of which were primarily used to pay off amounts outstanding under a term note assumed with the First Texas acquisition. The Credit Agreement contains customary representations, warranties, and covenants of the Company, including, among other things, covenants that impose various financial ratio requirements. The line of credit available to the Company under the Credit Agreement expires on October 5, 2018, at which time all amounts borrowed, together with applicable interest, fees, and other amounts owed by the Company shall be due and payable.

At March 31, 2018, the Company had $653.0 million of Federal Home Loan Bank ("FHLB") advances outstanding with original maturities of one year or less.

The Company had total FHLB advances of $1.1 billion at March 31, 2018, with approximately $2.2 billion of additional advances available from the FHLB. The FHLB advances are secured by mortgage loans and investment securities totaling approximately $3.7 billion at March 31, 2018.

The trust preferred securities are tax-advantaged issues that qualified for Tier 1 capital treatment until December 31, 2017, when the Company reached $15 billion in assets. They still qualify for inclusion as Tier 2 capital at March 31, 2018. 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 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 includes subordinated debt, notes payable and FHLB advances with an original maturity of greater than one year. Aggregate annual maturities of long-term debt at March 31, 2018, are as follows:

(In thousands)	Year	Annual Maturities
	2018	$ 102,899
	2019	2,577
	2020	2,474
	2021	2,165
	2022	1,314
	Thereafter	845,022
	Total	$ 956,451

NOTE 12: CONTINGENT LIABILITIES

The Company and/or its subsidiaries have various unrelated legal proceedings, which, in the aggregate, are not expected to have a material adverse effect on the financial position of the Company and its subsidiaries.

NOTE 13: COMMON STOCK

On January 18, 2018, the board of directors of the Company approved a two-for-one stock split of the Corporation's outstanding Class A common stock ("Common Stock") in the form of a 100% stock dividend for shareholders of record as of the close of business on January 30, 2018 ("Record Date"). The new shares were distributed by the Company's transfer agent, Computershare, and the Company's common stock began trading on a split-adjusted basis on the NASDAQ Global Select Market on February 9, 2018. All previously reported share and per share data included in filings subsequent to February 8, 2018 are restated to reflect the retroactive effect of this two-for-one stock split.

On April 19, 2018, shareholders of the Company approved an increase in the number of authorized shares from 120,000,000 to 175,000,000.

On July 23, 2012, the Company approved a stock repurchase program which authorized the repurchase of up to 1,700,000 shares (split adjusted) of Class A common stock, or approximately 2% of the shares outstanding. Under the current plan, the Company can repurchase an additional 308,272 shares. The shares are to be purchased from time to time at prevailing market prices, through open market or unsolicited negotiated transactions, depending upon market conditions. Under the repurchase program, there is no time limit for the stock repurchases, nor is there a minimum number of shares that the Company intends to repurchase. The Company may discontinue purchases at any time that management determines additional purchases are not warranted. The Company intends to use the repurchased shares to satisfy stock option exercises, payment of future stock awards and dividends and general corporate purposes.

NOTE 14: UNDIVIDED PROFITS

The Company's subsidiary banks are subject to legal limitations on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. For the lead subsidiary bank, Simmons Bank, 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. Bank SNB is limited by the regulations of the state of Oklahoma. Under these regulations, the total amount of dividends that may be paid by Bank SNB without regulatory approval is limited to the current year net profits, combined with the retained earnings of the preceding two years. At March 31, 2018, the Company's subsidiary banks had approximately $1.6 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. Under the Basel III Rules effective January 1, 2015, the criteria for a well-capitalized institution are: a 5% "Tier l leverage capital" ratio, an 8% "Tier 1 risk-based capital" ratio, 10% "total risk-based capital" ratio; and a 6.50% "common equity Tier 1 (CET1)" ratio.

The Company and Banks must hold a capital conservation buffer composed of CET1 capital above its minimum risk-based capital requirements. The implementation of the capital conservation buffer began on January 1, 2016, at the 0.625% level and will phase in over a four-year period (increasing by that amount on each subsequent January 1 until it reaches 2.5% on January 1, 2019). As of March 31, 2018, the Company and its subsidiary banks met all capital adequacy requirements under the Basel III Capital Rules, and management believes the Company and subsidiary banks would meet all Capital Rules on a fully phased-in basis if such requirements were currently effective. The Company's CET1 ratio was 9.64% at March 31, 2018.

NOTE 15: 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 awarding of bonus shares granted to directors, officers and other key employees.

Share and per share information regarding Stock-Based Compensation Plans has been adjusted to reflect the effects of the Company's two-for-one stock split which became effective on February 8, 2018. The table below summarizes the transactions under the Company's active stock compensation plans for the three months ended March 31, 2018:

	Stock Options Outstanding		Non-vested Stock Awards Outstanding		Non-vested Stock Units Outstanding	
	Number of Shares (000)	Weighted Average Exercise Price	Number of Shares (000)	Weighted Average Exercise Price	Number of Shares (000)	Weighted Average Exercise Price
Balance, January 1, 2018	812	$ 21.98	162	$ 20.86	652	$ 27.92
Granted	--	--	--	--	280	29.16
Stock Options Exercised	(83)	20.67	--	--	--	--
Stock Awards/Units Vested	--	--	(40)	17.89	(144)	27.87
Forfeited/Expired	(3)	23.51	(9)	19.67	(46)	28.22
Balance, March 31, 2018	726	$ 22.12	113	$ 22.01	742	$ 28.38
Exercisable, March 31, 2018	693	$ 22.06				

The following table summarizes information about stock options under the plans outstanding at March 31, 2018:

Range of Exercise Prices		Options Outstanding			Options Exercisable	
		Number of Shares (000)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares (000)	Weighted Average Exercise Price
$8.78 -	$9.46	3	1.97	$ 9.22	3	$ 9.22
10.65 -	10.65	5	3.90	10.65	5	10.65
10.76 -	10.76	2	1.80	10.76	2	10.76
15.16 -	15.16	25	0.16	15.16	25	15.16
20.29 -	20.29	70	6.75	20.29	70	20.29
20.36 -	20.36	3	6.63	20.36	2	20.36
22.20 -	22.20	76	6.98	22.20	76	22.20
22.75 -	22.75	436	7.36	22.75	436	22.75
23.51 -	23.51	99	7.66	23.51	67	23.51
24.07 -	24.07	7	7.46	24.07	7	24.07
$8.78	$24.07	726	6.99	$ 22.12	693	$ 22.06

Stock-based compensation expense was $2,621,000 and $2,599,000 during the three months ended March 31, 2018 and 2017, respectively. Stock-based compensation expense is recognized ratably over the requisite service period for all stock-based awards. There was $169,000 of unrecognized stock-based compensation expense related to stock options at March 31, 2018. Unrecognized stock-based compensation expense related to non-vested stock awards was $24,932,000 at March 31, 2018. At such date, the weighted-average period over which this unrecognized expense is expected to be recognized was 2.4 years.

The intrinsic value of stock options outstanding and stock options exercisable at March 31, 2018 was $4,600,000 and $4,430,000. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was $28.45 as of March 31, 2018, and the exercise price multiplied by the number of options outstanding. The total intrinsic value of stock options exercised during the three months ended March 31, 2018 and March 31, 2017, was $646,000 and $414,000, respectively.

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, 2018 and 2017.

NOTE 16: EARNINGS PER SHARE (“EPS”)

Basic EPS is computed based on the weighted average number of shares outstanding during each period. Diluted EPS is computed using the weighted average common shares and all potential dilutive common shares outstanding during the period. The share and per share amounts for 2017 have been restated to reflect the effect of the two-for-one stock split during February 2018.

Following is the computation of earnings per share for the three months ended March 31, 2018 and 2017:

(In thousands, except per share data)	2018	2017
Net income	$ 51,312	$ 22,120
Average common shares outstanding	92,182	62,702
Average potential dilutive common shares	457	524
Average diluted common shares	92,639	63,226
Basic earnings per share	$ 0.56	$ 0.35
Diluted earnings per share	$ 0.55	$ 0.35

There were no stock options excluded from the earnings per share calculation due to the related exercise price exceeding the average market price for the three months ended March 31, 2018 and 2017.

NOTE 17: ADDITIONAL CASH FLOW INFORMATION

The following is a summary of the Company’s additional cash flow information during the three months ended:

	Three Months Ended March 31,	
(In thousands)	2018	2017
Interest paid	$ 22,863	$ 6,160
Income taxes (refunded) paid	(7,375)	23
Transfers of loans to foreclosed assets held for sale	1,316	2,044
Transfers of premises to foreclosed assets and other real estate owned	106	--

NOTE 18: OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

(In thousands)	Three Months Ended March 31, 2018	2017
Professional services	$ 4,330	$ 5,169
Postage	1,399	1,131
Telephone	1,486	1,078
Credit card expense	3,228	2,837
Marketing	1,660	1,364
Operating supplies	749	355
Amortization of intangibles	2,837	1,550
Branch right sizing expense	61	118
Other expense	9,744	6,285
Total other operating expenses	$ 25,494	$ 19,887

NOTE 19: CERTAIN TRANSACTIONS

From time to time the Company and its subsidiaries have made loans and other extensions of credit to directors, officers, their associates and members of their immediate families. From time to time directors, officers and their associates and members of their immediate families have placed deposits with the Company’s subsidiary banks, Simmons Bank and Bank SNB. Such loans, other extensions of credit and deposits 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 other persons not related to the lender and did not involve more than normal risk of collectability or present other unfavorable features.

NOTE 20: COMMITMENTS AND CREDIT RISK

The Company grants agri-business, commercial and residential loans to customers throughout Arkansas, Colorado, 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, 2018, the Company had outstanding commitments to extend credit aggregating approximately $567,620,000 and $3,288,010,000 for credit card commitments and other loan commitments. At December 31, 2017, the Company had outstanding commitments to extend credit aggregating approximately $564,592,000 and $3,086,696,000 for credit card commitments and other loan commitments, respectively.

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 $39,372,000 and $47,621,000 at March 31, 2018, and December 31, 2017, respectively, with terms ranging from 9 months to 15 years. At March 31, 2018 and December 31, 2017, the Company had no deferred revenue under standby letter of credit agreements.

NOTE 21: 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 exchange traded equities. 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 (SSAE 16), which is made available for the Company's review. 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.

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, 2018 and December 31, 2017.

(In thousands)	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2018				
Available-for-sale securities				
U.S. Government agencies	$ 149,804	$ --	$ 149,804	$ --
Mortgage-backed securities	1,356,179	--	1,356,179	--
State and political subdivisions	185,888	--	185,888	--
Other securities	138,242	--	138,242	--
Other assets held for sale	24,784	--	--	24,784
Derivative asset	6,381	--	6,381	--
Other liabilities held for sale	(2,781)	--	--	(2,781)
Derivative liability	(6,326)	--	(6,326)	--
December 31, 2017				
Available-for-sale securities				
U.S. Government agencies	$ 139,724	$ --	$ 139,724	$ --
Mortgage-backed securities	1,187,317	--	1,187,317	--
States and political subdivisions	143,165	--	143,165	--
Other securities	119,311	--	119,311	--
Other assets held for sale	165,780	--	--	165,780
Derivative asset	3,634	--	3,634	--
Other liabilities held for sale	(157,366)	--	--	(157,366)
Derivative liability	(3,068)	--	(3,068)	--

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 (for example, when there is evidence of impairment). Financial assets and liabilities measured at fair value on a nonrecurring basis include the following:

Impaired loans (collateral dependent) – Loan impairment is reported when full payment under the loan terms is not expected. Allowable methods for determining the amount of impairment include estimating fair value using the fair value of the collateral for collateral-dependent loans. If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to require an increase, such increase is reported as a component of the provision for loan losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan is confirmed. Impaired loans that are collateral dependent are classified within Level 3 of the fair value hierarchy when impairment is determined using the fair value method.

Appraisals are updated at renewal, if not more frequently, for all collateral dependent loans that are deemed impaired by way of impairment testing. Impairment testing is performed on all loans over $1.5 million rated Substandard or worse, all existing impaired loans regardless of size and all TDRs. All collateral dependent impaired loans meeting these thresholds have had updated appraisals or internally prepared evaluations within the last one to two years and these updated valuations are considered in the quarterly review and discussion of the corporate Special Asset Committee. On targeted CRE loans, appraisals/internally prepared valuations may be updated before the typical 1-3 year balloon/maturity period. If an updated valuation results in decreased value, a specific (ASC 310) impairment is placed against the loan, or a partial charge-down is initiated, depending on the circumstances and anticipation of the loan's ability to remain a going concern, possibility of foreclosure, certain market factors, etc.

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 loan 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. As of March 31, 2018 and December 31, 2017, the fair value of foreclosed assets and other real estate owned less estimated costs to sell was $29.1 million and $32.1 million, respectively.

The significant unobservable inputs (Level 3) used in the fair value measurement of collateral for collateral-dependent impaired 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. During the reported periods, collateral discounts ranged from 10% to 40% for commercial and residential real estate collateral.

Mortgage loans held for sale – Mortgage loans held for sale are reported at fair value if, on an aggregate basis, the fair value of the loans is less than cost. In determining whether the fair value of loans held for sale is less than cost when quoted market prices are not available, 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, 2018 and December 31, 2017, the aggregate fair value of mortgage loans held for sale exceeded their cost. Accordingly, no mortgage loans held for sale were marked down and reported at fair value.

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, 2018 and December 31, 2017.

		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, 2018				
Impaired loans [(1)] [(2)] (collateral dependent)	$ 12,358	$ --	$ --	$ 12,358
Foreclosed assets and other real estate owned [(1)]	23,983	--	--	23,983
December 31, 2017				
Impaired loans [(1)] [(2)] (collateral dependent)	$ 11,229	$ --	$ --	$ 11,229
Foreclosed assets and other real estate owned [(1)]	24,093	--	--	24,093

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

(2) Specific allocations of $243,000 and $2,195,000 were related to the impaired collateral dependent loans for which fair value re-measurements took place during the periods ended March 31, 2018 and December 31, 2017, 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 (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, 2018					
Financial assets:					
Cash and cash equivalents	$ 859,664	$ 859,664	$ --	$ --	$ 859,664
Interest bearing balances due from banks - time	3,069	--	3,069	--	3,069
Held-to-maturity securities	352,756	--	354,649	--	354,649
Mortgage loans held for sale	17,708	--	--	17,708	17,708
Interest receivable	42,129	--	42,129	--	42,129
Legacy loans, net	6,243,176	--	--	6,214,776	6,214,776
Loans acquired, net	4,696,945	--	--	4,675,579	4,675,579
Financial liabilities:					
Non-interest bearing transaction accounts	2,734,287	--	2,734,287	--	2,734,287
Interest bearing transaction accounts and savings deposits	6,720,754	--	6,720,754	--	6,720,754
Time deposits	2,201,874	--	--	2,179,221	2,179,221
Federal funds purchased and securities sold under agreements to repurchase	120,909	--	120,909	--	120,909
Other borrowings	1,140,986	--	1,145,193	--	1,145,193
Subordinated notes and debentures	468,465	--	413,968	--	413,968
Interest payable	3,874	--	3,874	--	3,874
December 31, 2017					
Financial assets:					
Cash and cash equivalents	$ 598,042	$ 598,042	$ --	$ --	$ 598,042
Interest bearing balances due from banks - time	3,314	--	3,314	--	3,314
Held-to-maturity securities	368,058	--	373,298	--	373,298
Mortgage loans held for sale	24,038	--	--	24,038	24,038
Interest receivable	43,528	--	43,528	--	43,528
Legacy loans, net	5,663,941	--	--	5,646,505	5,646,505
Loans acquired, net	5,074,076	--	--	5,058,455	5,058,455
Financial liabilities:					
Non-interest bearing transaction accounts	2,665,249	--	2,665,249	--	2,665,249
Interest bearing transaction accounts and savings deposits	6,494,896	--	6,494,896	--	6,494,896
Time deposits	1,932,730	--	--	1,915,539	1,915,539
Federal funds purchased and securities sold under agreements to repurchase	122,444	--	122,444	--	122,444
Other borrowings	1,380,024	--	1,381,365	--	1,381,365
Subordinated debentures	140,565	--	136,474	--	136,474
Interest payable	4,564	--	4,564	--	4,564

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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee, Board of Directors and Stockholders
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 ("the Company") as of March 31, 2018, and the related condensed consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the three-month periods ended March 31, 2018 and 2017, 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 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 as of December 31, 2017, 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 28, 2018, 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, 2017, 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 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 8, 2018

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

OVERVIEW

Our net income for the three months ended March 31, 2018 was $51.3 million and diluted earnings per share were $0.55, compared to net income of $22.1 million and $0.35 diluted earnings per share (split adjusted) for the same period in 2017.

Net income for the first quarter in both 2018 and 2017 included non-core items, mostly related to our acquisitions. Excluding all non-core items, core earnings for the three months ended March 31, 2018 were $52.6 million, or $0.57 diluted core earnings per share, compared to $22.5 million, or $0.36 diluted core earnings per share (split adjusted) for the same period in 2017. See Reconciliation of Non-GAAP Measures for additional discussion of non-GAAP measures.

In addition to producing record financial results, we managed through other significant events.

We completed the acquisitions of Southwest Bancorp, Inc., including its wholly-owned bank subsidiary, Bank SNB, and First Texas BHC, Inc., including its wholly-owned bank subsidiary, Southwest Bank, in October 2017. The systems conversion of Southwest Bank was completed during February 2018 while the systems conversion for Bank SNB is anticipated to be complete in May 2018. See Note 2 for additional information related to these acquisitions.

In March, we completed an offering of $330 million aggregate principal amount of 5.00% Fixed-to-Floating Rate Subordinated Notes due 2028 (the "Notes"). The Notes will bear a fixed interest rate of 5.00% per year in years one through five, payable semi-annually in arrears, and a floating rate equal to three-month LIBOR plus 215 basis points in years six through ten, payable quarterly in arrears. The Notes were offered to the public at 100% of their face amount. We expect to use approximately $222 million of the net proceeds from the sale of the Notes to repay outstanding indebtedness and the remainder for general corporate purposes. See Note 11 for additional information related to the Notes.

Also during the first quarter of 2018, we completed the sale of certain deposits, loans and branch facilities related to the Heartland Bank held for sale assets and liabilities and we continue to explore liquidating options for the few remaining assets.

Lastly, we completed a 2-for-1 stock split in the form of a 100% stock dividend effective February 8, 2018.

Stockholders' equity as of March 31, 2018 was $2.1 billion, book value per share was $22.86 and tangible book value per share was $12.62 (split adjusted). Our ratio of stockholders' equity to total assets was 13.5% and the ratio of tangible stockholders' equity to tangible assets was 7.9% at March 31, 2018. See Reconciliation of Non-GAAP Measures for additional discussion of non-GAAP measures. The Company's Tier I leverage ratio of 8.6%, as well as our other regulatory capital ratios, remain significantly above the "well capitalized" levels (see Table 12 in the Capital section of this Item).

Total loans, including loans acquired, were $11.0 billion at March 31, 2018, compared to $10.8 billion at December 31, 2017 and $5.8 billion at March 31, 2017. Total loans increased $208 million during the quarter, which included $126 million net increase in loans at Simmons Bank and $82 million net increase in loans at Bank SNB. This increase was partially offset by the seasonal decrease of $24 million in agricultural payoffs and $25 million decrease in our liquidating portfolios of indirect lending and consumer finance. Our markets in Dallas/Ft. Worth, Denver, Nashville, Northwest Arkansas, Oklahoma City and St. Louis are experiencing good loan growth. Due to our increased size and scale we are benefiting from access to new lending opportunities in these growth markets as well as in our historical legacy markets.

We continue to have strong asset quality. At March 31, 2018, the allowance for loan losses for legacy loans was $47.2 million. The allowance for loan losses for loans acquired was $407,000 and the acquired loan discount credit mark was $79.1 million. The allowances for loan losses and credit marks provide a total of $126.7 million of coverage, which equates to a total coverage ratio of 1.1% of gross loans. The ratio of credit mark and related allowance to loans acquired was 1.7%.

Simmons First National Corporation is a $15.6 billion Arkansas based financial holding company conducting financial operations throughout Arkansas, Colorado, Kansas, Missouri, Oklahoma, Tennessee and Texas.

CRITICAL ACCOUNTING POLICIES

Overview

We follow accounting and reporting policies that conform, in all material respects, to generally accepted accounting principles and to general practices within the financial services industry. The preparation of financial statements in conformity with generally accepted accounting principles 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 loan 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 Loan Losses on Loans Not Acquired

The allowance for loan losses is management's estimate of probable losses in the loan portfolio. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is calculated monthly based on management's assessment of several factors such as (1) historical loss experience based on volumes and types, (2) volume and trends in delinquencies and nonaccruals, (3) lending policies and procedures including those for loan losses, collections and recoveries, (4) national, state and local economic trends and conditions, (5) external factors and pressure from competition, (6) the experience, ability and depth of lending management and staff, (7) seasoning of new products obtained and new markets entered through acquisition and (8) other factors and trends that will affect specific loans and categories of loans. We establish general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as credit cards, one-to-four family owner occupied residential real estate loans and other consumer loans. General reserves have been established, based upon the aforementioned factors and allocated to the individual loan categories. Allowances are accrued for probable losses on specific loans evaluated for impairment for which the basis of each loan, including accrued interest, exceeds the discounted amount of expected future collections of interest and principal or, alternatively, the fair value of loan collateral.

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

Acquisition Accounting, Loans Acquired

We account for our acquisitions under Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, which requires the use of the purchase method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. No allowance for loan losses related to the loans acquired is recorded on the acquisition date as the fair value of the loans acquired incorporates assumptions regarding credit risk. Loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820. The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

We evaluate loans acquired in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount on these loans is accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. We evaluate purchased impaired loans in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected. All loans acquired are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

For impaired loans accounted for under ASC Topic 310-30, we continue to estimate cash flows expected to be collected on purchased credit impaired loans. We evaluate at each balance sheet date whether the present value of our purchased credit impaired loans determined using the effective interest rates has decreased significantly and if so, recognize a provision for loan loss in our consolidated statement of income. For any significant increases in cash flows expected to be collected, we adjust the amount of accretable yield recognized on a prospective basis over the remaining life of the purchased credit impaired loan.

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*. 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. 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 performance or bonus shares 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 15, Stock Based Compensation, in the accompanying 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.

The adoption of ASU 2016-09 – *Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, decreased the effective tax rate during first quarter 2017 and 2018 as the new standard impacted how the income tax effects associated with stock-based compensation are recognized.

On December 22, 2017, the President signed tax reform legislation (the “2017 Act”) which includes a broad range of tax reform proposals affecting businesses, including corporate tax rates, business deductions, and international tax provisions. The 2017 Act reduces the corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. Under US GAAP, deferred tax assets and liabilities are required to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled and the effect of a change in tax law is recorded discretely as a component of the income tax provision related to continuing operations in the period of enactment. As a result, the Company was required to remeasure its deferred taxes as of December 22, 2017 based upon the new 21% tax rate and the change was recorded in the 2017 income tax provision.

IMPACTS OF GROWTH

During 2017, through internal growth and through acquisitions, the assets of the Company exceeded the $10 billion threshold.

The Dodd-Frank Act and associated Federal Reserve regulations cap the interchange rate on debit card transactions that can be charged by banks that, together with their affiliates, have at least $10 billion in assets at $0.21 per transaction plus five basis points multiplied by the value of the transaction. The cap goes into effect July 1st of the year following the year in which a bank reaches the $10 billion asset threshold. Simmons Bank, when viewed together with its affiliates, had assets in excess of $10 billion at December 31, 2017, and therefore, will be subject to the interchange rate cap effective July 1, 2018. Because of the cap, Simmons Bank estimates that it will receive approximately $7.0 million less in debit card fees on a pre-tax basis in 2018 and $14.0 million less on a pre-tax basis in 2019.

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 is included as total capital.

The Dodd-Frank Act also requires banks and bank holding companies with more than $10 billion in assets to conduct annual stress tests. In anticipation of becoming subject to this requirement, the Company and Simmons Bank have begun the necessary preparations, including undertaking a gap analysis, implementing enhancements to the audit and compliance departments, and investing in various information technology systems. However, the Company believes that significant, additional expenditures will be required to fully comply with the stress testing requirements. The Company and Simmons Bank are expected to report the first stress test in July 2019 for the fiscal year 2018.

Additionally, the Dodd-Frank Act established the Bureau of Consumer Financial Protection (the “CFPB”) and granted it supervisory authority over banks with total assets of more than $10 billion. Simmons Bank, with assets now exceeding $10 billion, will become subject to CFPB oversight with respect to its compliance with federal consumer financial laws. Simmons Bank will continue to be subject to the oversight of its other regulators with respect to matters outside the scope of the CFPB’s jurisdiction. While the CFPB has broad rule-making, supervisory and examination authority, as well as expanded data collecting and enforcement powers, its ultimate impact on the operations of Simmons Bank remains uncertain.

It is also important to note that the Dodd-Frank Act changed how the FDIC calculates deposit insurance premiums payable by insured depository institutions. The Dodd-Frank Act directed the FDIC to amend its assessment regulations so that assessments are generally based upon a depository institution’s average total consolidated assets less the average tangible equity of the insured depository institution during the assessment period. Assessments were previously based on the amount of an institution’s insured deposits. Now that Simmons Bank exceeds $10 billion in total assets, it will become subject to the assessment rates assigned to larger banks which may result in higher deposit insurance premiums.

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% for periods beginning January 1, 2018 or 39.225% for periods prior to 2018.

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. Historically, approximately 70% of our loan portfolio and approximately 80% of our time deposits have repriced in one year or less. Through acquisitions our loans acquired tended to have longer maturities. In addition, due to market pressures the duration of our legacy loan portfolio has also extended over the past several years. Our current interest rate sensitivity shows that approximately 63% of our loans and 77% of our time deposits will reprice in the next year.

Net Interest Income

For the three month period ended March 31, 2018, net interest income on a fully taxable equivalent basis was $136.1 million, an increase of $61.8 million, or 83.1%, over the same period in 2017. The increase in net interest income was the result of a $77.9 million increase in interest income partially offset by a $16.1 million increase in interest expense.

The increase in interest income primarily resulted from an incremental $74.6 million of interest income on loans, consisting of legacy loans and loans acquired, and a net increase of $2.3 million of interest income on investment securities. An increase in loan volume, resulting primarily from our acquisitions completed in the second and fourth quarters of 2017, generated $67.5 million of additional interest income. Furthermore, an increase in yield of 47 basis points also contributed to the increase in interest income during 2018.

Included in interest income is the additional yield accretion recognized as a result of updated estimates of the cash flows of our loans acquired, as discussed in Note 6, Loans Acquired, in the accompanying Notes to Consolidated Financial Statements included elsewhere in this report. Each quarter, we estimate the cash flows expected to be collected from the loans acquired, and adjustments may or may not be required. The cash flows estimate has increased based on payment histories and reduced loss expectations of the loans. This resulted in increased interest income that is spread on a level-yield basis over the remaining expected lives of the loans.

For the quarters ended March 2018 and 2017, interest income included $11.3 million and $4.4 million, respectively, for the yield accretion recognized on loans acquired. We expect accretion income to gradually decline during 2018.

The $16.1 million increase in interest expense is primarily from the growth in deposit accounts and other debt, primarily from the 2017 acquisitions.

Net Interest Margin

Our net interest margin increased 13 basis points to 4.17% for the three month period ended March 31, 2018, when compared to 4.04% for the same period in 2017. The most significant factor in the increasing margin during the three month period ended March 31, 2018 was the higher accretable yield adjustments on loans acquired discussed above. Normalized for all accretion on loans acquired, our net interest margin at March 31, 2018 and 2017 was 3.82% and 3.80%, 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, 2018 and 2017, respectively, as well as changes in fully taxable equivalent net interest margin for the three months ended March 31, 2018, versus March 31, 2017.

Table 1: Analysis of Net Interest Margin

(FTE = Fully Taxable Equivalent)

(In thousands)	Three Months Ended March 31, 2018	2017
Interest income	$ 157,139	$ 78,427
FTE adjustment	1,130	1,965
Interest income – FTE	158,269	80,392
Interest expense	22,173	6,047
Net interest income – FTE	$ 136,096	$ 74,345
Yield on earning assets – FTE	4.84%	4.36%
Cost of interest bearing liabilities	0.89%	0.43%
Net interest spread – FTE	3.95%	3.93%
Net interest margin – FTE	4.17%	4.04%

Table 2: Changes in Fully Taxable Equivalent Net Interest Margin

(In thousands)	Three Months Ended March 31, 2018 vs. 2017
Increase due to change in earning assets	$ 69,733
Increase due to change in earning asset yields	8,144
Decrease due to change in interest bearing liabilities	(8,263)
Decrease due to change in interest rates paid on interest bearing liabilities	(7,863)
Increase in net interest income	$ 61,751

Table 3 shows, for each major category of earning assets and interest bearing liabilities, the average (computed daily) amount outstanding, the interest earned or expensed on such amount and the average rate earned or expensed for the three months ended March 31, 2018 and 2017. 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

	Three Months Ended March 31,					
	2018			2017		
(In thousands)	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	$ 338,505	$ 1,009	1.21	$ 131,328	$ 122	0.38
Investment securities - taxable	1,785,874	9,599	2.18	1,292,441	6,477	2.03
Investment securities - non-taxable	293,071	4,083	5.65	348,834	4,884	5.68
Mortgage loans held for sale	14,775	158	4.34	11,473	126	4.45
Assets held in trading accounts	--	--	--	48	--	--
Loans	10,819,324	143,420	5.38	5,685,585	68,783	4.91
Total interest earning assets	13,251,549	158,269	4.84	7,469,709	80,392	4.36
Non-earning assets	1,836,661			944,761		
Total assets	$ 15,088,210			$ 8,414,470		

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:						
Interest bearing liabilities:						
Interest bearing transaction and savings deposits	$ 6,579,295	$ 10,755	0.66	$ 3,950,169	$ 2,189	0.22
Time deposits	2,003,668	4,842	0.98	1,262,430	2,015	0.65
Total interest bearing deposits	8,582,963	15,597	0.74	5,212,599	4,204	0.33
Federal funds purchased and securities sold under agreements to repurchase	120,443	110	0.37	111,474	75	0.27
Other borrowings	1,282,527	5,139	1.63	345,664	1,194	1.40
Subordinated debt and debentures	162,813	1,327	3.31	60,452	574	3.85
Total interest bearing liabilities	10,148,746	22,173	0.89	5,730,189	6,047	0.43
Non-interest bearing liabilities:						
Non-interest bearing deposits	2,632,182			1,466,501		
Other liabilities	204,230			51,307		
Total liabilities	12,985,158			7,247,997		
Stockholders' equity	2,103,052			1,166,473		
Total liabilities and stockholders' equity	$ 15,088,210			$ 8,414,470		
Net interest spread			3.95			3.93
Net interest margin		$ 136,096	4.17		$ 74,345	4.04

Table 4 shows changes in interest income and interest expense resulting from changes in volume and changes in interest rates for the three month period ended March 31, 2018, as compared to the same period of the prior year. 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, 2018 over 2017		
(In thousands, on a fully taxable equivalent basis)	Volume	Yield/ Rate	Total
Increase (decrease) in:			
Interest income:			
Interest bearing balances due from banks and federal funds sold	$ 369	$ 518	$ 887
Investment securities - taxable	2,623	499	3,122
Investment securities - non-taxable	(777)	(24)	(801)
Mortgage loans held for sale	35	(3)	32
Loans	67,483	7,154	74,637
Total	69,733	8,144	77,877
Interest expense:			
Interest bearing transaction and savings accounts	2,180	6,386	8,566
Time deposits	1,507	1,320	2,827
Federal funds purchased and securities sold under agreements to repurchase	6	29	35
Other borrowings	3,725	220	3,945
Subordinated notes and debentures	845	(92)	753
Total	8,263	7,863	16,126
Increase in net interest income	$ 61,470	$ 281	$ 61,751

PROVISION FOR LOAN LOSSES

The provision for loan 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 loan losses at a level considered appropriate in relation to the estimated 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, historical loan loss experience, assessment of current economic conditions, past due and non-performing loans and net loan 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.

The provision for loan losses for the three month period ended March 31, 2018, was $9.2 million, compared to $4.3 million for the three month period ended March 31, 2017, an increase of $4.9 million. See Allowance for Loan Losses section for additional information.

The provision increase was necessary to maintain an appropriate allowance for loan losses for the company’s growing legacy portfolio. Significant loan growth in our markets, both from new loans and from loans acquired migrating to legacy, required an allowance to be established for those loans through a provision.

Additionally, a $68,000 and $750,000 provision was recorded on loans acquired during the three months ended March 31, 2018 and 2017, respectively, as a result of a decrease in expected cash flows from our required ongoing evaluation of credit marks on certain purchased credit impaired loans.

NON-INTEREST INCOME

Total non-interest income was $37.5 million for the three month period ended March 31, 2018, an increase of approximately $7.5 million, or 24.9%, compared to $30.1 million for the same period in 2017.

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

Table 5 shows non-interest income for the three month periods ended March 31, 2018 and 2017, respectively, as well as changes in 2018 from 2017.

Table 5: Non-Interest Income

(In thousands)	Three Months Ended March 31 2018	Three Months Ended March 31 2017	2018 Change from 2017	
Trust income	$ 5,249	$ 4,212	$ 1,037	24.62%
Service charges on deposit accounts	10,345	8,102	2,243	27.68
Other service charges and fees	2,750	2,197	553	25.17
Mortgage and SBA lending income	4,445	2,423	2,022	83.45
Investment banking income	834	690	144	20.87
Credit card fees	8,796	7,934	862	10.86
Bank owned life insurance income	1,103	818	285	34.84
Gain on sale of securities, net	6	63	(57)	-90.48
Net gain (loss) on sale of premises held for sale	4	(43)	47	-109.30
Other income	4,003	3,664	339	9.25
Total non-interest income	$ 37,535	$ 30,060	$ 7,475	24.87%

Recurring fee income (service charges, trust fees and credit card fees) for the three month period ended March 31, 2018, was $27.1 million, an increase of $4.7 million from the three month period ended March 31, 2017. Trust income increased by $1.0 million or 24.6%, total service charges increased by $2.8 million, or 27.1% and debit and credit card fees increased $862,000, or 10.9%. The increases in service charges and debit and credit card fees were due to additional accounts acquired from OKSB, First Texas and Hardeman. The increase in trust income is from continued positive growth in our existing personal trust and investor management client base as well as from the recent acquisitions.

Mortgage and SBA lending income increased by $2.0 million for the three months ended March 31, 2018 compared to last year, primarily due to the timing of the 2017 acquisitions.

NON-INTEREST EXPENSE

Non-interest expense consists of salaries and employee benefits, occupancy, equipment, foreclosure losses and other expenses necessary for the operation of the Company. 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.

Non-interest expense for the three months ended March 31, 2018 was $98.1 million, an increase of $31.8 million, or 47.9%, from the same period in 2017. Normalizing for the non-core merger related costs and branch right sizing expenses, non-interest expense for the three months ended March 31, 2018 increased $30.6 million, or 46.6%, from the same period in 2017, primarily due to the incremental operating expenses of the acquired franchises, with the largest increase being in salaries and employee benefits expense.

Table 6 below shows non-interest expense for the three month periods ended March 31, 2018 and 2017, respectively, as well as changes in 2018 from 2017.

Table 6: Non-Interest Expense

	Three Months Ended March 31		2018 Change from	
(In thousands)	2018	2017	2017	
Salaries and employee benefits	$ 56,357	$ 35,536	$ 20,821	58.59%
Occupancy expense, net	6,960	4,663	2,297	49.26
Furniture and equipment expense	4,403	4,443	(40)	-0.90
Other real estate and foreclosure expense	1,020	589	431	73.17
Deposit insurance	2,128	680	1,448	212.94
Merger related costs	1,711	524	1,187	226.53
Other operating expenses:				
Professional services	4,330	5,169	(839)	-16.23
Postage	1,399	1,131	268	23.70
Telephone	1,486	1,078	408	37.85
Credit card expenses	3,228	2,837	391	13.78
Marketing	1,660	1,364	296	21.70
Operating supplies	749	355	394	110.99
Amortization of intangibles	2,837	1,550	1,287	83.03
Branch right sizing expense	61	118	(57)	-48.31
Other expense	9,744	6,285	3,459	55.04
Total non-interest expense	$ 98,073	$ 66,322	$ 31,751	47.87%

LOAN PORTFOLIO

Our legacy loan portfolio, excluding loans acquired, averaged $5.934 billion and $4.461 billion during the first three months of 2018 and 2017, respectively. As of March 31, 2018, total loans, excluding loans acquired, were $6.290 billion, an increase of $584.8 million from December 31, 2017. 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).

When we make a credit decision on an acquired loan as a result of the loan maturing or renewing, the outstanding balance of that loan migrates from loans acquired to legacy loans. Our legacy loan growth from December 31, 2017 to March 31, 2018 included $210.8 million in balances that migrated from loans acquired during the period. These migrated loan balances are included in the legacy loan balances as of March 31, 2018.

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 loan losses and regularly reviewing loans through the internal loan review process. The loan portfolio is diversified by borrower, purpose and industry and, in the case of credit card loans, which are unsecured, by 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 loan 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, excluding loans acquired, at the indicated dates are reflected in Table 7, according to type of loan.

Table 7: Loan Portfolio

(In thousands)	March 31, 2018	December 31, 2017
Consumer:		
Credit cards	$ 176,602	$ 185,422
Other consumer	284,285	280,094
Total consumer	460,887	465,516
Real estate:		
Construction	786,077	614,155
Single family residential	1,193,464	1,094,633
Other commercial	2,611,358	2,530,824
Total real estate	4,590,899	4,239,612
Commercial:		
Commercial	971,704	825,217
Agricultural	128,247	148,302
Total commercial	1,099,951	973,519
Other	138,646	26,962
Total loans, excluding loans acquired, before allowance for loan losses	$ 6,290,383	$ 5,705,609

Consumer loans consist of credit card loans and other consumer loans. Consumer loans were $460.9 million at March 31, 2018, or 7.3% of total loans, compared to $465.5 million, or 8.2% of total loans at December 31, 2017. The decrease in consumer loans from December 31, 2017, to March 31, 2018, was due to the expected seasonal decline in our credit card portfolio partially offset by growth in direct consumer loans.

Real estate loans consist of construction loans, single-family residential loans and commercial real estate loans. Real estate loans were $4.591 billion at March 31, 2018, or 73.0% of total loans, compared to $4.240 billion, or 74.3%, of total loans at December 31, 2017, an increase of $351.3 million.

Commercial loans consist of non-real estate loans related to business and agricultural loans. Commercial loans were $1.1 billion at March 31, 2018, or 17.5% of total loans, compared to $973.5 million, or 17.1% of total loans at December 31, 2017, an increase of $126.4 million. Non-agricultural commercial loans increased to $971.7 million, a $146.5 million, or 17.8%, growth from December 31, 2017. Agricultural loans decreased to $128.2 million, a $20.1 million, or 13.5%, decline primarily due to seasonality of the portfolio, which normally peaks in the third quarter and is at its lowest point at the end of the first quarter.

LOANS ACQUIRED

On October 19, 2017, we completed the acquisition of OKSB and issued 14,488,604 shares of the Company's common stock valued at approximately $431.4 million as of October 19, 2017 plus $94.9 million in cash in exchange for all outstanding shares of OKSB common stock. Included in the acquisition were loans with a fair value of $2.0 billion.

On October 19, 2017, we completed the acquisition of First Texas and issued 12,999,840 shares of the Company's common stock valued at approximately $387.1 million as of October 19, 2017 plus $70.0 million in cash in exchange for all outstanding shares of First Texas common stock. Included in the acquisition were loans with a fair value of $2.2 billion.

On May 15, 2017, we completed the acquisition of Hardeman and issued 1,599,940 shares of the Company's common stock valued at approximately $42.6 million as of May 15, 2017 plus $30.0 million in cash in exchange for all outstanding shares of Hardeman common stock. Included in the acquisition were loans with a fair value of $251.6 million.

Table 8 reflects the carrying value of all loans acquired as of March 31, 2018 and December 31, 2017.

Table 8: Loans Acquired

(In thousands)	March 31, 2018	December 31, 2017
Consumer:		
Other consumer	$ 43,090	$ 51,467
Real estate:		
Construction	591,533	637,032
Single family residential	747,597	793,228
Other commercial	2,420,121	2,387,777
Total real estate	3,759,251	3,818,037
Commercial:		
Commercial	891,261	995,587
Agricultural	3,343	66,576
Total commercial	894,604	1,062,163
Other	--	142,409
Total loans acquired (1)	$ 4,696,945	$ 5,074,076

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(1) Loans acquired are reported net of a $407,000 and $418,000 allowance at March 31, 2018 and December 31, 2017, respectively.

The majority of the loans originally acquired in the OKSB, First Texas, and Hardeman acquisitions were evaluated and are being accounted for in accordance with ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans.

We evaluated the remaining loans purchased in conjunction with the acquisitions of OKSB, First Texas, and Hardeman for impairment in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

Some purchased impaired loans were determined to have experienced additional impairment upon disposition or foreclosure in the first quarter 2018. During the three months ended March 31, 2018, we recorded $68,000 provision for these loans and charge-offs of $79,000, resulting in an allowance for loan losses for purchased impaired loans at March 31, 2018 of $407,000. See Note 2 and Note 6 of the Notes to Consolidated Financial Statements for further discussion of loans acquired.

ASSET QUALITY

A loan is considered impaired when it is probable that we will not receive all amounts due according to the contractual terms of the loans. Impaired loans include non-performing loans (loans past due 90 days or more and nonaccrual loans) and certain other loans identified by management that are still performing.

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. The subsidiary banks recognize 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 loan losses.

Credit card loans are classified as impaired when payment of interest or principal is 90 days past due. When accounts 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, excluding all loans acquired, decreased by $1.3 million from December 31, 2017 to March 31, 2018. Foreclosed assets held for sale decreased by $3.0 million. Nonaccrual loans increased by $1.8 million during the period, primarily commercial loans. Non-performing assets, including troubled debt restructurings (“TDRs”) and acquired non-covered foreclosed assets, as a percent of total assets were 0.54% at March 31, 2018, compared to 0.57% at December 31, 2017.

In February 2017, we executed a sale of eleven substandard loans, which were primarily loans acquired, with a net principal balance of $11 million. We recognized a loss of $676,000 on this sale.

From time to time, certain borrowers are experiencing declines in income and cash flow. As a result, many borrowers are seeking 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 to a borrower that is experiencing financial difficulty and grant a concession that we would not otherwise consider, a “troubled debt restructuring” 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.

Under ASC Topic 310-10-35 – *Subsequent Measurement*, a TDR is considered to be impaired, and an impairment analysis must be performed. We assess the exposure for each modification, either by collateral discounting or by calculation of the present value of future cash flows, and determine if a specific allocation to the allowance for loan losses is needed.

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. Our TDR balance decreased to $11.8 million at March 31, 2018, compared to $12.9 million at December 31, 2017. The majority of our TDR balances remain in the CRE portfolio with the largest balance comprised of four relationships.

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. The allowance for loan losses as a percent of total legacy loans was 0.75% as of March 31, 2018. Non-performing loans equaled 0.76% of total loans. Non-performing assets were 0.50% of total assets, a 2 basis point decrease from December 31, 2017. The allowance for loan losses was 99% of non-performing loans. Our annualized net charge-offs to total loans for the first three months of 2018 was 0.24%. Excluding credit cards, the annualized net charge-offs to total loans for the same period was 0.20%. Annualized net credit card charge-offs to total credit card loans were 1.63%, compared to 1.61% during the full year 2017, and 200 basis points better than the most recently published industry average charge-off ratio as reported by the Federal Reserve for all banks.

Table 9 presents information concerning non-performing assets, including nonaccrual loans and foreclosed assets held for sale (excluding all loans acquired).

Table 9: Non-performing Assets

(Dollars in thousands)	March 31, 2018	December 31, 2017
Nonaccrual loans [1]	$ 47,395	$ 45,642
Loans past due 90 days or more (principal or interest payments)	336	520
Total non-performing loans	47,731	46,162
Other non-performing assets:		
Foreclosed assets held for sale	29,140	32,118
Other non-performing assets	794	675
Total other non-performing assets	29,934	32,793
Total non-performing assets	$ 77,665	$ 78,955
Performing TDRs	$ 6,459	$ 7,107
Allowance for loan losses to non-performing loans	99%	90%
Non-performing loans to total loans	0.76%	0.81%
Non-performing assets to total assets [2]	0.50%	0.52%

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(1) Includes nonaccrual TDRs of approximately $5.3 million at March 31, 2018 and $5.8 million at December 31, 2017.

(2) Excludes all loans acquired, except for their inclusion in total assets.

There was no interest income on nonaccrual loans recorded for the three month periods ended March 31, 2018 and 2017.

At March 31, 2018, impaired loans, net of government guarantees and loans acquired, were $47.3 million compared to $43.9 million at December 31, 2017. On an ongoing basis, management evaluates the underlying collateral on all impaired loans and allocates specific reserves, where appropriate, in order to absorb potential losses if the collateral were ultimately foreclosed.

<u>ALLOWANCE FOR LOAN LOSSES</u>

Overview

The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's allowance for loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310-10, *Receivables*, and allowance allocations calculated in accordance with ASC Topic 450-20, *Loss Contingencies*. Accordingly, the methodology is based on our internal grading system, specific impairment analysis, qualitative and quantitative factors.

As mentioned above, allocations to the allowance for loan losses are categorized as either specific allocations or general allocations.

Specific Allocations

A loan is considered impaired when it is probable that we will not receive all amounts due according to the contractual terms of the loan, including scheduled principal and interest payments. For a collateral dependent loan, our evaluation process includes a valuation by appraisal or other collateral analysis. 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 loan 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.

General Allocations

The general allocation is calculated monthly based on management's assessment of several factors such as (1) historical loss experience based on volumes and types, (2) volume and trends in delinquencies and nonaccruals, (3) lending policies and procedures including those for loan losses, collections and recoveries, (4) national, state and local economic trends and conditions, (5) external factors and pressure from competition, (6) the experience, ability and depth of lending management and staff, (7) seasoning of new products obtained and new markets entered through acquisition and (8) other factors and trends that will affect specific loans and categories of loans. We established general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as credit cards, one-to-four family owner occupied residential real estate loans and other consumer loans.

Reserve for Unfunded Commitments

In addition to the allowance for loan losses, we have established a reserve for unfunded commitments, classified in other liabilities. This reserve is maintained at a level sufficient to absorb losses arising from unfunded loan commitments. The adequacy of the reserve for unfunded commitments is determined monthly based on methodology similar to our methodology for determining the allowance for loan losses. Net adjustments to the reserve for unfunded commitments are included in other non-interest expense.

An analysis of the allowance for loan losses is shown in Table 10.

Table 10: Allowance for Loan Losses

(In thousands)	2018	2017
Balance, beginning of year	$ 41,668	$ 36,286
Loans charged off:		
Credit card	999	1,044
Other consumer	1,056	1,174
Real estate	455	656
Commercial	1,761	292
Total loans charged off	4,271	3,166
Recoveries of loans previously charged off:		
Credit card	263	236
Other consumer	94	690
Real estate	302	232
Commercial	69	30
Total recoveries	728	1,188
Net loans charged off	3,543	1,978
Provision for loan losses (1)	9,082	3,557
Balance, March 31(3)	$ 47,207	37,865
Loans charged off:		
Credit card		2,861
Other consumer		2,593
Real estate		7,333
Commercial		7,545
Total loans charged off		20,332
Recoveries of loans previously charged off:		
Credit card		785
Other consumer		1,549
Real estate		758
Commercial		73
Total recoveries		3,165
Net loans charged off		17,167
Provision for loan losses (2)		20,970
Balance, end of year (3)		$ 41,668

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(1) Provision for loan losses of $68,000 attributable to loans acquired, was excluded from this table for 2018 (total year-to-date provision for loan losses was $9,150,000) and $750,000 was excluded from this table for 2017 (total 2017 provision for loan losses was $4,307,000). Charge offs of $79,000 on loans acquired were excluded from this table for 2018 and $1.3 million for 2017.

(2) Provision for loan losses of $1,866,000 attributable to loans acquired, was excluded from this table for 2017 (total 2017 provision for loan losses was $26,393,000).

(3) Allowance for loan losses at March 31, 2018 includes $407,000 allowance for loans acquired (not shown in the table above). Allowance for loan losses at December 31, 2017 and March 31, 2017 includes $418,000 and $435,000, respectively, of allowance for loans acquired (not shown in the table above). The total allowance for loan losses at March 31, 2018 was $47,614,000 and total allowance for loan losses at December 31, 2017 and March 31, 2017 was $42,086,000 and $38,300,000, respectively.

Provision for Loan Losses

The amount of provision added to the allowance during the three months ended March 31, 2018 and 2017, and for the year ended December 31, 2017, was based on management's judgment, with consideration given to the composition of the portfolio, historical loan loss experience, assessment of current economic 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 Loan Losses Allocation

As of March 31, 2018, the allowance for loan losses reflects an increase of approximately $5.5 million from December 31, 2017, while total loans, excluding loans acquired, increased by $584.8 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 following table sets forth the sum of the amounts of the allowance for loan 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, excluding loans acquired, for each of the periods indicated. These allowance amounts have been computed using the Company's internal grading system, specific impairment analysis, qualitative and quantitative factor allocations. The amounts shown are not necessarily indicative of the actual future losses that may occur within individual categories.

Table 11: Allocation of Allowance for Loan Losses

	March 31, 2018		December 31, 2017	
(Dollars in thousands)	Allowance Amount	% of loans (1)	Allowance Amount	% of loans (1)
Credit cards	$ 3,799	8.1%	$ 3,784	9.1%
Other consumer	3,191	6.8%	3,489	8.4%
Real estate	30,414	64.4%	27,281	65.4%
Commercial	9,601	20.3%	7,007	16.8%
Other	202	0.4%	107	0.3%
Total (2)	$ 47,207	100%	$ 41,668	100.0%

(1) Percentage of loans in each category to total loans, excluding loans acquired.
(2) Allowance for loan losses at March 31, 2018 and December 31, 2017 includes $407,000 and $418,000, respectively, allowance for loans acquired (not shown in the table above). The total allowance for loan losses at March 31, 2018 and December 31, 2017 was $47,614,000 and $42,086,000, respectively.

DEPOSITS

Deposits are our primary source of funding for earning assets and are primarily developed through our network of 200 financial centers. 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 $100,000 or more and brokered deposits. As of March 31, 2018, core deposits comprised 91.1% 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 Asset Liability Committee and Treasury Management, 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 do expect costs of funding with deposits to increase with the continued rise in interest rates and increased competition for deposits across all our markets.

Our total deposits as of March 31, 2018, were $11.7 billion, an increase of $564.0 million from December 31, 2017. We have also continued our strategy to move more volatile time deposits to less expensive, revenue enhancing transaction accounts. Non-interest bearing transaction accounts, interest bearing transaction accounts and savings accounts totaled $9.5 billion at March 31, 2018, compared to $9.2 billion at December 31, 2017, a $294.9 million increase. Total time deposits increased $269.1 million to $2.2 billion at March 31, 2018, from $1.9 billion at December 31, 2017. We had $164.8 million and $159.6 million of brokered deposits at March 31, 2018, and December 31, 2017, respectively.

OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Our total debt was $1.6 billion and $1.5 billion at March 31, 2018 and December 31, 2017, respectively. The outstanding balance for March 31, 2018 includes $653.0 million in FHLB short-term advances, $488.0 million in FHLB long-term advances, $330.0 million in subordinated notes and $138.5 million of trust preferred securities and other subordinated debt.

In March 2018, we issued $330.0 million in aggregate principal amount of 5.00% Fixed-to-Floating Rate Subordinated Notes ("the Notes") at a public offering price equal to 100% of the aggregate principal amount of the Notes. The Company incurred $3.3 million in debt issuance costs related to the offering during March. The Notes will mature on April 1, 2028 and will be 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 Simmons First National Corporation only and are not obligations of, and are not guaranteed by, any of its subsidiaries.

During 2017, we entered into a Revolving Credit Agreement with U.S. Bank National Association and executed an unsecured Revolving Credit Agreement (the "Credit Agreement") pursuant to which we may borrow, prepay and reborrow up to $75.0 million, the proceeds of which were primarily used to pay off amounts outstanding under a term note assumed with the First Texas acquisition.

During the first quarter of 2018, the Company used a portion of the net proceeds from the sale of the Notes to repay certain outstanding indebtedness, including the amounts borrowed under the Credit Agreement and the unsecured debt from correspondent banks.

CAPITAL

Overview

At March 31, 2018, total capital was $2.109 billion. Capital represents shareholder ownership in the Company – the book value of assets in excess of liabilities. At March 31, 2018, our common equity to assets ratio was 13.5% compared to 13.9% at year-end 2017.

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. The aggregate liquidation preference of all shares of preferred stock cannot exceed $80,000,000.

On January 18, 2018, the board of directors of the Company approved a two-for-one stock split of the Corporation's outstanding Class A common stock ("Common Stock") in the form of a 100% stock dividend for shareholders of record as of the close of business on January 30, 2018 ("Record Date"). The new shares were distributed by the Company's transfer agent, Computershare, and the Company's common stock began trading on a split-adjusted basis on the NASDAQ Global Select Market on February 9, 2018. All previously reported share and per share data included in filings subsequent to February 8, 2018 are restated to reflect the retroactive effect of this two-for-one stock split.

On April 19, 2018, shareholders of the Company approved an increase in the number of authorized shares from 120,000,000 to 175,000,00

Stock Repurchase

On July 23, 2012, we announced the adoption by our Board of Directors of a stock repurchase program which authorized the repurchase of up to 1,700,000 (split adjusted) of Class A common stock, or approximately 2% of the shares outstanding. The shares are to be purchased from time to time at prevailing market prices, through open market or unsolicited negotiated transactions, depending upon market conditions. Under the repurchase program, there is no time limit for the stock repurchases, nor is there a minimum number of shares that we intend to repurchase. We may discontinue purchases at any time that management determines additional purchases are not warranted. We intend to use the repurchased shares to satisfy stock option exercises, payment of future stock awards and dividends and general corporate purposes. We had no stock repurchases during the first quarter of 2018 or 2017.

Cash Dividends

We declared cash dividends on our common stock of $0.15 per share for the first calendar quarter of 2018 compared to $0.125 per share (split adjusted) for the first calendar quarter of 2017, an increase of $0.025, or 20%. 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 and the funding of debt obligations. 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 the subsidiary bank is subject to various regulatory limitations. See the Liquidity and Market Risk Management discussions of Item 3 – Quantitative and Qualitative Disclosure About Market Risk for additional information regarding the parent company's liquidity.

Risk Based Capital

Our bank subsidiaries 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.

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, 2018, we meet all capital adequacy requirements to which we are subject.

As of the most recent notification from regulatory agencies, each subsidiary was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and the Banks 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 institutions' categories.

Our risk-based capital ratios at March 31, 2018 and December 31, 2017 are presented in Table 12 below:

Table 12: Risk-Based Capital

(Dollars in thousands)	March 31, 2018	December 31, 2017
Tier 1 capital:		
Stockholders' equity	$ 2,109,051	$ 2,084,564
Goodwill and other intangible assets	(918,161)	(902,371)
Unrealized loss on available-for-sale securities, net of income taxes	34,062	17,264
Total Tier 1 capital	1,224,952	1,199,457
Tier 2 capital:		
Qualifying unrealized gain on available-for-sale equity securities	8	1
Trust preferred securities and subordinated debt	468,466	140,565
Qualifying allowance for loan losses	54,436	48,947
Total Tier 2 capital	522,910	189,513
Total risk-based capital	$ 1,747,862	$ 1,388,970
Risk weighted assets	$ 12,417,233	$ 12,234,160
Assets for leverage ratio	$ 14,179,390	$ 13,016,478
Ratios at end of period:		
Common equity Tier 1 ratio (CET1)	9.86%	9.80%
Tier 1 leverage ratio	8.64%	9.21%
Tier 1 risk-based capital ratio	9.86%	9.80%
Total risk-based capital ratio	14.08%	11.35%
Minimum guidelines:		
Common equity Tier 1 ratio	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%

Regulatory Capital Changes

In July 2013, the Company's primary federal regulator, the Federal Reserve, published final rules (the "Basel III Capital Rules") establishing a new comprehensive capital framework for U.S. banks. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards. The Basel III Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions compared to the current U.S. risk-based capital rules.

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 expanded the risk-weighting categories from four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of 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, and resulting in higher risk weights for a variety of asset categories, including many residential mortgages and certain commercial real estate.

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 from 4.0% to 6.0% and require a minimum leverage ratio of 4.0%. The Basel III Capital Rules became effective for the Company and its subsidiary bank on January 1, 2015, with full compliance with all of the final rule's requirements phased in over a multi-year schedule. Management believes that, as of March 31, 2018, the Company and its bank subsidiaries would meet all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis if such requirements were currently effective.

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 Rules. The tier 1 capital for the Company consisted of common equity tier 1 capital and trust preferred securities. The Basel III 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 $468.5 million is included as tier 2 and total capital as of March 31, 2018.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See the section titled *Recently Issued Accounting Pronouncements* 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 are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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," "estimate," "expect," "foresee," "believe," "may," "might," "will," "would," "could" or "intend," future or conditional verb tenses, and variations or negatives of such terms. These forward-looking statements include, without limitation, those relating to the Company's future growth, revenue, assets, asset quality, profitability and customer service, critical accounting policies, net interest margin, non-interest revenue, market conditions related to the Company's stock repurchase program, allowance for loan losses, the effect of certain new accounting standards on the Company's financial statements, income tax deductions, credit quality, the level of credit losses from lending commitments, net interest revenue, interest rate sensitivity, loan loss experience, liquidity, capital resources, market risk, earnings, effect of pending litigation, acquisition strategy, 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 or expansion and acquisition strategy, the effects of future economic conditions, governmental monetary and fiscal policies, as well as legislative and regulatory changes; the risks of changes in interest rates and their effects on the level and composition of deposits, loan demand and the values of loan collateral, securities and interest sensitive assets and liabilities; the costs of evaluating possible acquisitions and the risks inherent in integrating acquisitions; 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 loan losses, fair value for loans and other real estate owned; and those factors set forth under Item 1A. Risk-Factors of this report and other cautionary statements set forth elsewhere in this report. Many of these factors are beyond our ability to predict or control. 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 expectations 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 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.

RECONCILIATION OF NON-GAAP MEASURES

The tables below present computations of core earnings (net income excluding non-core items {merger related costs and the one-time costs of branch right sizing}) and diluted core earnings per share (non-GAAP) as well as a reconciliation of tangible book value per share (non-GAAP), tangible common equity to tangible equity (non-GAAP) and the core net interest margin (non-GAAP). Non-core items are included in financial results presented in accordance with generally accepted accounting principles (GAAP).

We believe the exclusion of these non-core items in expressing earnings and certain other financial measures, including "core earnings," provides a meaningful base 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, "diluted core earnings per share" (non-GAAP) and core net interest margin (non-GAAP), provides a meaningful base 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 "diluted core 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 $945.2 million and $948.7 million total goodwill and other intangible assets for the periods ended March 31, 2018 and December 31, 2017, respectively. Because of our high level of intangible assets, management believes a useful calculation is return on tangible equity (non-GAAP).

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).

All per share data has been restated to reflect the retroactive effect of the two-for-one stock split which occurred during February 2018.

See Table 13 below for the reconciliation of non-GAAP financial measures, which exclude non-core items for the periods presented.

Table 13: Reconciliation of Core Earnings (non-GAAP)

	Three Months Ended March 31,	
(Dollars in thousands)	2018	2017
Net income	$ 51,312	$ 22,120
Non-core items:		
Merger related costs	1,711	524
Branch right sizing	57	154
Tax effect (1)	(462)	(266)
Net non-core items	1,306	412
Core earnings (non-GAAP)	$ 52,618	$ 22,532
Diluted earnings per share	$ 0.55	$ 0.35
Non-core items:		
Merger related costs	0.02	0.01
Branch right sizing	--	--
Tax effect (1)	--	--
Net non-core items	0.02	0.01
Diluted core earnings per share (non-GAAP)	$ 0.57	$ 0.36

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(1) Effective tax rate of 26.135% for 2018 and 39.225% for 2017, adjusted for non-deductible merger-related and branch right sizing costs.

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

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

(In thousands, except per share data)	March 31, 2018	December 31, 2017
Total common stockholders' equity	$ 2,109,051	$ 2,084,564
Intangible assets:		
Goodwill	(845,687)	(842,651)
Other intangible assets	(99,504)	(106,071)
Total intangibles	(945,191)	(948,722)
Tangible common stockholders' equity	$ 1,163,860	$ 1,135,842
Shares of common stock outstanding	92,242,389	92,029,118
Book value per common share	$ 22.86	$ 22.65
Tangible book value per common share (non-GAAP)	$ 12.62	$ 12.34

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)

(In thousands, except per share data)	March 31, 2018	December 31, 2017
Total common stockholders' equity	$ 2,109,051	$ 2,084,564
Intangible assets:		
Goodwill	(845,687)	(842,651)
Other intangible assets	(99,504)	(106,071)
Total intangibles	(945,191)	(948,722)
Tangible common stockholders' equity	$ 1,163,860	$ 1,135,842
Total assets	$ 15,597,309	$ 15,055,806
Intangible assets:		
Goodwill	(845,687)	(842,651)
Other intangible assets	(99,504)	(106,071)
Total intangibles	(945,191)	(948,722)
Tangible assets	$ 14,652,118	$ 14,107,084
Ratio of equity to assets	13.52%	13.85%
Ratio of tangible common equity to tangible assets (non-GAAP)	7.94%	8.05%

See Table 16 below for the calculation of core net interest margin for the periods presented.

Table 16: Reconciliation of Core Net Interest Margin (non-GAAP)

	Three Months Ended March 31,	
(Dollars in thousands)	2018	2017
Net interest income	$ 134,966	$ 72,380
FTE adjustment	1,130	1,965
Fully tax equivalent net interest income	136,096	74,345
Total accretable yield	(11,294)	(4,427)
Core net interest income	$ 124,802	$ 69,918
Average earning assets – quarter-to-date	$ 13,251,549	$ 7,469,709
Net interest margin	4.17	4.04
Core net interest margin (non-GAAP)	3.82	3.80

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Parent Company

The Company has leveraged its investment in its subsidiary banks and depends upon the dividends paid to it, as the sole shareholder of the subsidiary banks, as a principal source of funds for dividends to shareholders, stock repurchases and debt service requirements. At March 31, 2018, undivided profits of Simmons Bank were approximately $298.6 million, of which approximately $1.6 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 Banks

Generally speaking, the Company's subsidiary banks rely 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 banks' primary investing activities include loan originations and purchases of investment securities, offset by loan payoffs and investment 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 banks monitor these same indicators and make 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 sources of liquidity available to the Company are a $75 million revolving line of credit with U.S. Bank National Association for purposes of financing distributions, financing certain acquisitions and working capital purposes and 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 $395 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, the bank subsidiaries have 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 $2.2 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, Colorado, 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 83.8% 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 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.

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, 2018, 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 4.23% and 7.81%, respectively, relative to the base case over the next 12 months, while decreases in interest rates of 100 basis points would result in a negative variance in net interest income of -5.14% relative to the base case over the next 12 months. The likelihood of a decrease in interest rates in excess of 100 basis points as of March 31, 2018 is considered remote given current interest rate levels and the recent rate increases by the Federal Reserve. These are good faith estimates and assume that the composition of our interest sensitive assets and liabilities existing at each year-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, 2018:

Table 14: Net Interest Income Sensitivity

Interest Rate Scenario	% Change from Base
Up 200 basis points	7.81%
Up 100 basis points	4.23%
Down 100 basis points	-5.14%

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have 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 Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures were effective for the period.

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, 2018, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: Other Information

Item 1A. Risk Factors

Management is not aware of any material changes to the risk factors discussed in Part 1, Item 1A of our Form 10-K for the year ended December 31, 2017. In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A of our Form 10-K, which could materially and adversely affect the Company's business, ongoing financial condition and results of operations. The risks described are not the only risks facing the Company. Additional risks and uncertainties not presently known to management or that management currently believes to be immaterial may also adversely affect our business, ongoing financial condition or results of operations.

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

(c) Issuer Purchases of Equity Securities. The Company made no purchases of its common stock during the three months ended March 31, 2018.

Item 6. Exhibits

Exhibit No.	**Description**
2.1	Agreement and Plan of Merger, dated as of March 24, 2014, by and between Simmons First National Corporation and Delta Trust & Banking Corporation (incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on July 23, 2014 (File No. 000-06253)).
2.2	Agreement and Plan of Merger, dated as of May 6, 2014, by and between Simmons First National Corporation and Community First Bancshares, Inc., as amended on September 11, 2014 (incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on October 8, 2014 (File No. 000-06253)).
2.3	Agreement and Plan of Merger, dated as of May 27, 2014, by and between Simmons First National Corporation and Liberty Bancshares, Inc., as amended on September 11, 2014 (incorporated by reference to Annex B to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on October 8, 2014 (File No. 000-06253)).
2.4	Agreement and Plan of Merger, dated as of April 28, 2015, by and between Simmons First National Corporation and Ozark Trust & Investment Corporation (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K for April 29, 2015 (File No. 000-06253)).
2.5	Stock Purchase Agreement by and among Citizens National Bank, Citizens National Bancorp, Inc. and Simmons First National Corporation, dated as of May 18, 2016 (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation's Current Report on Form 8-K for May 18, 2016 (File No. 000-06253)).

2.6	Agreement and Plan of Merger, dated as of November 17, 2016, by and between Simmons First National Corporation and Hardeman County Investment Company, Inc. (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation's Current Report on Form 8-K for November 17, 2016 (File No. 000-06253)).
2.7	Agreement and Plan of Merger, dated as of December 14, 2016, by and between Simmons First National Corporation and Southwest Bancorp, Inc., as amended on July 19, 2017 (incorporated by reference to Exhibit 2.11 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2017 (File No. 000-06253)).
2.8	Agreement and Plan of Merger, dated as of January 23, 2017, by and between Simmons First National Corporation and First Texas, BHC, Inc., as amended on July 19, 2017 (incorporated by reference to Exhibit 2.12 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2017 (File No. 000-06253)).
3.1	Amended and Restated Articles of Incorporation of Simmons First National Corporation, as amended on April 23, 2018.*
3.2	Amended By-Laws of Simmons First National Corporation (incorporated by reference to Exhibit 3.2 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2017 (File No. 000-06253)).
3.3	Certificate of Designation of Senior Non-Cumulative Perpetual Preferred Stock, Series A of Simmons First National Corporation, dated February 27, 2015 (incorporated by reference to Exhibit 3.1to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (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 Marty D. Casteel dated January 22, 2018 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2017 (File No. 000-06253)).
10.2	Amendment to Deferred Compensation Agreement for George A. Makris dated January 25, 2018 (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2017 (File No. 000-06253)).
12.1	Computation of Ratios of Earnings to Combined Fixed Charges and Preferred Dividend.*

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 – Robert A. Fehlman, Senior 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, Controller 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 – Robert A. Fehlman, Senior 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, Controller and Chief Accounting Officer.*
101.INS	XBRL Instance Document.**
101.SCH	XBRL Taxonomy Extension Schema.**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.**
101.DEF	XBRL Taxonomy Extension Definition Linkbase.**
101.LAB	XBRL Taxonomy Extension Labels Linkbase.**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.**

* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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 8, 2018

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

Date: May 8, 2018

/s/ Robert A. Fehlman
Robert A. Fehlman
Senior Executive Vice President,
Chief Financial Officer and Treasurer

Date: May 8, 2018

/s/ David W. Garner
David W. Garner
Executive Vice President, Controller
and Chief Accounting Officer

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Section 2: EX-3.1 (EXHIBIT 3.1)

Exhibit 3.1

AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
SIMMONS FIRST NATIONAL CORPORATION

Pursuant to, and in accordance with, the Arkansas Business Corporation Act of 1987, the Articles of Incorporation of Simmons First National Corporation are hereby amended and restated as follows:

FIRST: The name of this Corporation is

SIMMONS FIRST NATIONAL CORPORATION.

SECOND: The duration of this Corporation and the period of its existence shall be perpetual.

THIRD: The nature of the business of this Corporation and the objects and purposes proposed to be transacted, promoted or carried on by it are as follows, to-wit:

(a) To act as a holding company and to acquire and own stock or other interest in other businesses of any lawful character, including specifically banks, mortgage loan and servicing businesses, factoring businesses, and other financially oriented businesses; and as shareholder or as owner of other interest in such businesses, to exercise all rights incident thereto;

(b) To do all things herein set forth, and in addition, all such other acts and things necessary or convenient or intended for the attainment of any of the purposes of this Corporation and to participate in, engage in, carry on and conduct any business that a natural person lawfully might or could do insofar as such acts and business undertakings are permitted to be done by a corporation organized under the general corporation laws of the State of Arkansas, with all powers conferred upon corporations, specifically or by inference, under the laws of the State of Arkansas.

FOURTH: The authorized capital stock of this Corporation shall consist of 175,000,000 shares of Class A Common Stock having a par value of $0.01 per share and 40,040,000 shares of Preferred Stock having a par value of $0.01 per share, with the powers, privileges, incidents, preferences and limitations hereinafter set forth below:

(a) **Class A common Stock**:

The entire voting power of this Corporation shall be vested in the Class A common stock, and the holder of each share of the Class A common stock shall be entitled to one vote, in person or by proxy, for each share of such stock standing in the holder's name on the books of the Corporation.

(b) **Preferred Stock**:

The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article FOURTH, to provide for the issuance of Preferred Stock, in series, and by filing a certificate pursuant to the applicable law of the State of Arkansas, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(1) The number of shares constituting that series and the distinctive designation of that series;

(2) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(3) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(4) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(5) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or date upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(6) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(7) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of that series;

(8) Any other relative rights, preferences and limitations of that series.

The aggregate liquidation preference of all shares of Preferred stock shall not exceed $80,000,000. The aggregate liquidation preference may be allocated among shares in different series in such manner and amounts as the Board may determine in the resolution establishing such series.

Dividends on outstanding shares of Preferred Stock shall be paid or declared and set apart for payment before any dividends shall be paid or declared and set apart for payment on the common shares with respect to the same dividend period.

(c) **General**

(1) No shareholder of the Corporation shall because of the ownership of stock have a pre-emptive or other right to purchase, subscribe for, or take any part of the stock or any part of the notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase stock of the Corporation issued, optioned, or sold by it. Any part of the capital stock authorized by the Articles of Incorporation or any amendment thereto duly filed, and any part of the notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase stock of the Corporation may, at any time, be issued, optioned for sale, and sold or disposed of by the Corporation pursuant to resolution of its Board of Directors to such persons and upon such terms as to such Board may seem proper without first offering such stock or securities or any part thereof to existing shareholders.

(2) The Board of Directors of the Corporation shall have the power, at their discretion, to prepare and cause to be issued convertible bonds or debentures of the Corporation, whether or not secured by a sinking fund, pledge or other commitment, having such rights, conversion options into the Class A common stock of the Corporation, bearing such interest, having such maturity dates, with such restrictions, incidents, privileges, and characteristics, and in such amounts, total and individually, as may be determined by the Board of Directors to be appropriate for the corporate purposes.

FIFTH: The Corporation shall not commence business until it has received consideration of the value of at least Three Hundred Dollars for the issuance of its shares of stock.

SIXTH: The initial office of the Corporation shall be at Fifth and Main Streets in the City of Pine Bluff, Arkansas, and the name of the resident agent of the Corporation is George A. Makris, whose address is 501 Main Street, Pine Bluff, Arkansas, 71601.

SEVENTH: The name and post office address of the incorporator is Wayne A. Stone, 10 Westridge Drive, Pine Bluff, Arkansas.

EIGHTH: The Board of Directors of this Corporation shall consist of not less than five (5) nor more than twenty-five (25) persons, the exact number of directors within such minimum and maximum limits to be fixed and determined, from time to time, by resolution of majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

NINTH: The affairs and business of this Corporation shall be controlled and conducted by the Board of Directors. The Board of Directors may make By-Laws for the management of the affairs and business of this Corporation, from time to time, and may amend or repeal such By-Laws. In addition, the Corporation and Board of Directors shall have all the powers provided for boards of directors and corporations under the laws of the State of Arkansas, including, but not limited to, the power to create an Executive Committee from among their number, to provide for the day-to-day management and operations of the Corporation's affairs.

TENTH: The private property of the stockholders shall not be subject to the payment of the corporate debts to any extent whatsoever.

ELEVENTH: (a)(1) Except as otherwise expressly provided in this Article, in the event that any person becomes an Interested Stockholder (as hereinafter defined), then any acquisition of additional Voting Shares (as hereinafter defined), other than through a Business Combination (as hereinafter defined), by such Interested Stockholder shall only be pursuant to a Tender Offer (as hereinafter defined) to acquire, for cash, any and all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors ("Voting Shares") not owned by such Interested Stockholder at the Fair Price (as hereinafter defined).

(2) The provisions of this section (a) shall not apply to any person exempted from the requirements of this section by the Board of Directors in a resolution passed before the person becomes an Interested Stockholder.

(3) A Tender Offer shall be made on the terms and subject to the conditions as set forth below:

(i) All expenses associated with the making and conduct of the Tender Offer shall be the sole responsibility of the Interested Stockholder; and

(ii) The Tender Offer shall be an offer to purchase any and all outstanding Voting Shares not owned by the Interested Stockholder at a price per share not less than the Fair Price, net to the seller in cash. Shares tendered pursuant to valid guarantees of delivery before the initial expiration date of the Tender Offer, specifically identifying certificates therefor, shall be deemed to be validly tendered for purposes of the Tender Offer. The initial expiration of the Tender Offer shall not be less than twenty (20) business days after the commencement of the Tender Offer.

(b) In addition to any affirmative vote required by law, and except as otherwise expressly provided in this Article:

(1) any merger or consolidation of the Corporation with or into any other Corporation, or

(2) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the property and assets of the Corporation, or

(3) the adoption of any plan or proposal of liquidation or dissolution of the Corporation; or

(4) any reclassification of the Corporation's securities (including any stock split); shall require the affirmative vote of the holders of at least 80% of the outstanding Voting Shares, unless such Business Combination is approved by 80% of the Continuing Directors (as hereinafter defined) of the Corporation. Such affirmative vote of the shareholders or directors shall be required, notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement or otherwise.

(c) The provisions of sections (a) and (b) of this Article shall not be applicable to any Business Combination or stock acquisition, and such Business Combination or stock acquisition shall require only such affirmative vote as is required by law and any other provisions of these Articles of Incorporation, if any, if such transaction has been approved by 80% of the Continuing Directors of the Corporation.

(d) For purposes of this Article:

(1) "Business Combination" means any transaction which is referred to in any one or more paragraphs (1) through (4) of section (b) of this Article.

(2) "Person" includes a natural person, corporation, partnership, association, joint stock company, trust, unincorporated association or other entity. When two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of common stock, such syndicate or group shall be deemed a Person for purposes of this Article.

(3) "Interested Stockholder" means any Person (other than the Corporation), any Subsidiary (as hereinafter defined) or any Employee Stock Ownership Trust or other compensation plan of the Corporation, who or which as of any date immediately prior to the consummation of any transaction described in this Article:

(i) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares; or

(ii) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 6% of the then outstanding Voting Shares.

(4) "Tender Offer" means a tender offer for cash made in accordance with the then applicable rules and regulations of the Securities and Exchange Commission issued pursuant to Section 14(d) of the Securities Exchange Act of 1934, as amended.

(5) "Fair Price" means the amount payable by the Interested Stockholder in respect of each Voting Share, which shall be the greater amount determined on either of the following bases:

(i) The highest price per share of Voting Shares including commissions paid to brokers or dealers for solicitation or other services, at which Voting Shares held by the Interested Stockholder were acquired pursuant to any market purchase or otherwise within the preceding twenty-four (24) full calendar months prior to the commencement of the Tender Offer. For purposes of this subsection (i), if the consideration paid in any such acquisition of Voting Shares consisted, in whole or part, of consideration other than cash, then such other consideration shall be valued at the market value thereof at the time of the payment.

(ii) The highest sale price per share of the Voting Shares for any trading day during the preceding twenty-four (24) full calendar months prior to the commencement of the Tender Offer. For purposes of this subsection (ii), the sale price for any trading day shall be the last sale price per share of Voting Shares as reported in the National Association of Securities Dealers Automated Quotation System.

(6) "Beneficial Ownership" means any right or power through any contract, arrangement, understanding, relationship or otherwise to exercise, directly or indirectly, (1) voting power, which includes the power to vote, or to direct the voting of, the Voting Shares, or (2) investment power, which includes the power to dispose of, or to direct the disposition of, the Voting Shares.

Notwithstanding the foregoing, Beneficial Ownership shall not include (1) ownership by a registered broker holding shares of Voting Shares in its street name for customers, or (2) ownership by an employee plan maintained for the Company's employees, provided that each employee is entitled to vote the shares in the trust which are allocable to him.

(7) A person shall be a "beneficial owner" of any Voting Shares:

(i) which such Person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(ii) which such Person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding, or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such first mentioned Person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any Voting Shares.

(8) An "Affiliate" of, or a Person "affiliated" with, a specified Person, is a Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with the Person specified.

(9) The term "Associate" used to indicate a relationship with any Person means (1) any corporation or organization (other than the Corporation or a majority-owned subsidiary of the Corporation) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, or (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

(10) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (7) of section (d) above, but shall not include any other Voting Shares which may be issuable pursuant to any agreement or upon exercise of conversion rights, warrants, or options, or otherwise.

(11) "Proponent" means any Person (or its Affiliates or Associates) which makes any Tender Offer for the Voting Shares or proposes any Business Combination directly affecting the Corporation or its subsidiaries.

(12) "Continuing Directors" means the incumbent directors of the Corporation on the date immediately preceding the date the Proponent (or its Affiliates or Associates) became an Interested Stockholder. In the event the Proponent (or its Affiliates or Associates) is not an Interested Stockholder, then all directors of the Corporation shall be Continuing Directors.

(13) "Subsidiary" shall mean a corporation of which a majority of each class of equity is owned, directly or indirectly, by the Corporation.

(e) A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Article on the basis of information known to them, (1) if a Business Combination is proposed by or on behalf of an Interested Stockholder or Affiliate of an Interested Stockholder, (2) the number of Voting Shares beneficially owned by any Person, (3) whether a person is an Affiliate or Associate of another, or (4) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (7) of section (d) above.

(f) Nothing contained in this Article shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law. The Board of Directors is specifically authorized to seek equitable relief, including an injunction, to enforce the provisions of the Article.

<u>TWELFTH</u>: (a) Every person who was or is a party of, is threatened to be made party to, or is involved in, any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Corporation (or is or was serving at the request of the Corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise) shall be indemnified and held harmless to the fullest extent legally permissible under and pursuant to any procedure specified in the Arkansas Business Corporation Act of 1965, as amended and as the same may be amended hereafter, against all expenses, liabilities and losses (including attorney's fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right that may enforced in any lawful manner by such person, and the Corporation may in the discretion of the Board of Directors enter into indemnification agreements with its directors and officers. Such right of indemnification shall not be exclusive of any other right which such director or officer may have or hereafter acquire and, without limiting the generality of such statement, he shall be entitled to his rights of indemnification under any agreement, vote of stockholders, provision of law or otherwise, as well as his rights under this section.

(b) The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is, or was, a director of officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation or as its representative in a partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

(c) Expenses incurred by a director or officer of the Corporation in defending a civil or criminal action, suit or proceeding by reason of the fact that he is, or was, a director or officer of the Corporation (or is or was serving at the Corporation's request as a director or officer of another corporation or as its representative in a partnership, joint venture, trust or other enterprise) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding (1) upon authorization (i) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to the action, suit or proceeding, (ii) if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested directors so directs, then by independent legal counsel in a written opinion, or (iii) by the shareholders; and (2) upon receipt of an undertaking by, or on behalf of, such person to repay such amount, if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized by relevant provisions of the Arkansas Business Corporation Act of 1965 as the same now exists or as it may hereafter be amended.

(d) If any provision of this Article or the application thereof to any person or circumstance is adjudicated invalid, such invalidity shall not affect other provisions or applications of this Article which lawfully can be given without the invalid provision of this Article.

THIRTEENTH: In the event of any Tender Offer, merger offer or other acquisitive offer for the shares or assets of the Corporation or any of its subsidiaries, then, in addition to any other action required by law, the Board of Directors shall consider the following factors in evaluating such offer, prior to making any recommendation with respect to such offer:

(a) The likely impact of the proposed acquisitive transaction on the Corporation, its subsidiaries, its shareholders, its employees and the communities served by the Corporation and its subsidiaries;

(b) The timeliness of the offer and proposed transaction considering the current business climate and the current business activities and plans of the Corporation and its subsidiaries;

(c) The possibility of any legal defects, including but not limited to bank and bank holding company regulatory matters, in the offer of proposed transaction;

(d) The risk of non-consummation of the offer due to inadequate financing, failure to obtain regulatory approval or such other risks as the Board may identify;

(e) The current market price of the stock and the assets of the Corporation and its subsidiaries;

(f) The book value of the stock of the Corporation;

(g) The relationship of the proposed price in the offer to the Board's opinion of the current value of the Corporation and its subsidiaries in an independently negotiated transaction;

(h) The relationship of the proposed price in the offer to the Board's opinion of the future value of the Corporation and its subsidiaries as an independent entity; and

(i) Any other factors which the Board deems pertinent.

No director who is an Affiliate or Associate (as defined in Article Eleventh above) of the offeror shall participate in any manner whatsoever in the above evaluation of the offer.

FOURTEENTH: Any amendment, repeal or modification of any of the terms of the Articles of Incorporation of the Corporation shall, in addition to all other requirements of law, require the approval of 80% of the shares entitled to vote on such amendment, repeal or modification, unless such amendment, repeal or modification shall have been approved by an affirmative vote of 80% of the Continuing Directors of the Corporation (as defined in Article Eleventh above).

<u>FIFTEENTH</u>: The Corporation elects to be governed by and subject to the Arkansas Business Corporation Act of 1987.

<u>SIXTEENTH</u>: To the fullest extent permitted by the Arkansas Business Corporation Act, as it now exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director.

<u>SEVENTEENTH:</u> Reserved

<u>EIGHTEENTH:</u> There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Senior Noncumulative Perpetual Preferred Stock, Series A" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 30,852.

The Certificate of Designation and Standard Provisions attached hereto as Exhibit 1 shall set forth the terms of the Designated Preferred Stock.

IN WITNESS WHEREOF, the Chairman and Chief Executive Officer of the Corporation has set his hand this 23rd day of April, 2018.

SIMMONS FIRST NATIONAL CORPORATION

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

CERTIFICATE

Pursuant to, and in accordance with, the Arkansas Business Corporation Act of 1987, Simmons First National Corporation does hereby certify that the Amended and Restated Articles of Incorporation were duly adopted and restated by a resolution of the Board of Directors. The Amended and Restated Articles of Incorporation contain an amendment to Article FOURTH which was duly approved by the shareholders and for which the following information is provided:

FIRST: The name of the corporation is: **Simmons First National Corporation**.

SECOND: The Articles of Incorporation are hereby amended by amending Article FOURTH to increase the authorized number of shares of Class A Common Stock from 120,000,000 to 175,000,000.

THIRD: There were 92,192,732 shares of Class A Common Stock outstanding and entitled to vote on the record date, February 14, 2018.

FOURTH: The number of shares which were voted for the amendment to Article FOURTH was 75,422,443; the number of shares which were voted against that amendment was 2,592,437; and the number of shares which abstained were 169,429. The number of votes cast for the amendment is sufficient for its adoption.

FIFTH: The date of adoption of the Amendment was April 19, 2018.

IN WITNESS WHEREOF, the Chairman and Chief Executive Officer of Simmons First National Corporation has set his hand this 23rd day of April, 2018.

SIMMONS FIRST NATIONAL CORPORATION

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

EXHIBIT 1

[CERTIFICATE OF DESIGNATION AND STANDARD PROVISIONS ON NEXT PAGE]

CERTIFICATE OF DESIGNATION
OF
SENIOR NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES A
OF
SIMMONS FIRST NATIONAL CORPORATION

The undersigned, being the Chairman and Chief Executive Officer of Simmons First National Corporation, a corporation organized and existing under the laws of the state of Arkansas (the "Issuer"), in accordance with Sections 4-27-101, et seq., of the Arkansas Business Corporation Act, does hereby certify that:

A. The Issuer entered into an Agreement and Plan of Merger (the "Merger") with Community First Bancshares, Inc., a Tennessee corporation, ("CFB") dated May 6, 2014, by which CFB would be merged with and into Issuer.

B. The Issuer anticipates that the Merger of CFB will be completed in the fourth quarter of 2014.

C. CFB is a participant in the United States Department of the Treasury's (the "Treasury") Small Business Loan Fund ("SBLF").

D. As part of CFB's participation in the SBLF, it issued 30,852 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series C, with a liquidation value of $1,000 per share to the Treasury ("CFB Preferred Shares") in exchange for $30,852,000 in SBLF funds (the "CFB Original Issuance").

E. As part of the CFB Original Issuance, CFB also issued Certificate of Designation of Senior Non-Cumulative Perpetual Preferred Stock, Series C, which was originally filed by CFB with the Secretary of State of the state of Tennessee on August 16, 2011.

F. In connection with the Merger, the Issuer has agreed to issue 30,852 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series A, with a par value of $0.01 and liquidation value of $1,000 per share with the rights, preferences and privileges set forth in this Certificate of Designation in exchange for the CFB Preferred Shares.

G. The board of directors of the Issuer (the "Board of Directors"), in accordance with the articles of incorporation and bylaws of the Issuer and applicable law, adopted the following resolution on 2-25, 2015 creating a series of 30,852 shares of preferred stock of the Issuer designated as "Senior Non-Cumulative Perpetual Preferred Stock, Series A".

RESOLVED, that pursuant to the provisions of the articles of incorporation and bylaws of the Issuer and applicable law, a series of preferred stock, par value $0.01 per share, of the Issuer be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Issuer a series of preferred stock designated as the "Senior Non-Cumulative Perpetual Preferred Stock, Series A" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 30,852.

Part 2. Standard Provisions. The Standard Provisions contained in Schedule A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designation to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designation (including the Standard Provisions in Schedule A hereto) as defined below:

(a) "Common Stock" means the common stock, par value $0.01 per share, of the Issuer.

(b) "Definitive Agreement" means that certain Securities Purchase Agreement by and between CFB and Treasury, dated as of the Signing Date and assumed by the Issuer.

(c) "Junior Stock" means the Common Stock and any other class or series of stock of the Issuer the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend and redemption rights and/or as to rights on liquidation, dissolution or winding up of the Issuer.

(d) "Liquidation Amount" means $1,000 per share of Designated Preferred Stock.

(e) "Minimum Amount" means (i) the amount equal to twenty-five percent (25%) of the aggregate Liquidation Amount of Designated Preferred Stock issued on the Original Issue Date or (ii) all of the outstanding Designated Preferred Stock, if the aggregate liquidation preference of the outstanding Designated Preferred Stock is less than the amount set forth in the preceding clause (i).

(f) "Parity Stock" means any class or series of stock of the Issuer (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

(g) "Signing Date" means August 18, 2011.

(h) "Treasury" means the United States Department of the Treasury and any successor in interest thereto.

Part 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, **SIMMONS FIRST NATIONAL CORPORATION** has caused this Certificate of Designation to be signed by **George A. Makris, Jr.**, its **Chairman** and **Chief Executive Officer**, this 27th day of February, 2015.

SIMMONS FIRST NATIONAL CORPORATION

By: /s/ George A. Makris, Jr.
Name: George A. Makris, Jr.
Title: Chairman and CEO

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designation. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Issuer, as set forth below.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) "Acquiror", in any Holding Company Transaction, means the surviving or resulting entity or its ultimate parent in the case of a merger or consolidation or the transferee in the case of a sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of the consolidated assets of the Issuer and its subsidiaries, taken as a whole.

(b) "Affiliate" means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") when used with respect to any person, means the possession, directly or indirectly through one or more intermediaries, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

(c) "Applicable Dividend Rate" has the meaning set forth in Section 3(a).

(d) "Appropriate Federal Banking Agency" means the "appropriate Federal banking agency" with respect to the Issuer as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(e) "Bank Holding Company" means a company registered as such with the Board of Governors of the Federal Reserve System pursuant to 12 U.S.C. §1842 and the regulations of the Board of Governors of the Federal Reserve System thereunder.

(f) "Baseline" means the "Initial Small Business Lending Baseline" set forth on the Initial Supplemental Report (as defined in the Definitive Agreement), subject to adjustment pursuant to Section 3(a).

(g) "Business Combination" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Issuer's stockholders.

(h) "Business Day" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York or the District of Columbia generally are authorized or required by law or other governmental actions to close.

(i) "Bylaws" means the bylaws of the Issuer, as they may be amended from time to time.

(j) "Call Report" has the meaning set forth in the Definitive Agreement.

(k) "Certificate of Designation" means the Certificate of Designation or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(l) "Charge-Offs" means the net amount of loans charged off by the Issuer or, if the Issuer is a Bank Holding Company or a Savings and Loan Holding Company, by the IDI Subsidiary(ies) during quarters that begin on or after the Signing Date, determined as follows:

(i) if the Issuer or the applicable IDI Subsidiary is a bank, by subtracting (A) the aggregate dollar amount of recoveries reflected on line RIAD4605 of its Call Reports for such quarters from (B) the aggregate dollar amount of charge-offs reflected on line RIAD4635 of its Call Reports for such quarters (without duplication as a result of such dollar amounts being reported on a year-to-date basis); or

(ii) if the Issuer or the applicable IDI Subsidiary is a thrift, by subtracting (A) the sum of the aggregate dollar amount of recoveries reflected on line VA140 of its Call Reports for such quarters and the aggregate dollar amount of adjustments reflected on line VA150 of its Call Reports for such quarters from (B) the aggregate dollar amount of charge-offs reflected on line VA160 of its Call Reports for such quarters.

(m) "Charter" means the Issuer's certificate or articles of incorporation, articles of association, or similar organizational document.

(n) "CPP Lending Incentive Fee" has the meaning set forth in Section 3(e).

(o) "Current Period" has the meaning set forth in Section 3(a)(i)(2).

(p) "Dividend Payment Date" means January 1, April 1, July 1, and October 1 of each year.

(q) Dividend Period" means the period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date; *provided, however*, the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date (the "Initial Dividend Period").

(r) "Dividend Record Date" has the meaning set forth in Section 3(b).

(s) "Dividend Reference Period" has the meaning set forth in Section 3(a)(i)(2).

(t) "GAAP" means generally accepted accounting principles in the United States.

(u) "Holding Company Preferred Stock" has the meaning set forth in Section 7(c)(v).

(v) "Holding Company Transaction" means the occurrence of (a) any transaction (including, without limitation, any acquisition, merger or consolidation) the result of which is that a "person" or "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended, (i) becomes the direct or indirect ultimate “beneficial owner,” as defined in Rule 13d-3 under that Act, of common equity of the Issuer representing more than 50% of the voting power of the outstanding Common Stock or (ii) is otherwise required to consolidate the Issuer for purposes of generally accepted accounting principles in the United States, or (b) any consolidation or merger of the Issuer or similar transaction or any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of the consolidated assets of the Issuer and its subsidiaries, taken as a whole, to any Person other than one of the Issuer’s subsidiaries; *provided* that, in the case of either clause (a) or (b), the Issuer or the Acquiror is or becomes a Bank Holding Company or Savings and Loan Holding Company.

(w) "IDI Subsidiary" means any Issuer Subsidiary that is an insured depositary institution.

(x) "Increase in QSBL" means:

(i) with respect to the first (1st) Dividend Period, the difference obtained by subtracting (A) the Baseline from (B) QSBL set forth in the Initial Supplemental Report (as defined in the Definitive Agreement); and

(ii) with respect to each subsequent Dividend Period, the difference obtained by subtracting (A) the Baseline from (B) QSBL for the Dividend Reference Period for the Current Period.

(y) "Initial Dividend Period" has the meaning set forth in the definition of "Dividend Period".

(z) "Issuer Subsidiary" means any subsidiary of the Issuer.

(aa) "Liquidation Preference" has the meaning set forth in Section 4(a).

(bb) "Non-Qualifying Portion Percentage" means, with respect to any particular Dividend Period, the percentage obtained by subtracting the Qualifying Portion Percentage from one (1).

(cc) "Original Issue Date" means August 18, 2011.

(dd) "Percentage Change in QSBL" has the meaning set forth in Section 3(a)(ii).

(ee) "Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

(ff) "Preferred Director" has the meaning set forth in Section 7(c).

(gg) "Preferred Stock" means any and all series of preferred stock of the Issuer, including the Designated Preferred Stock.

(hh) "Previously Acquired Preferred Shares" has the meaning set forth in the Definitive Agreement.

(ii) "Private Capital" means, if the Issuer is Matching Private Investment Supported (as defined in the Definitive Agreement), the equity capital received by the Issuer or the applicable Affiliate of the Issuer from one or more non-governmental investors in accordance with Section 1.3(m) of the Definitive Agreement.

(jj) "Publicly-traded" means a company that (i) has a class of securities that is traded on a national securities exchange and (ii) is required to file periodic reports with either the Securities and Exchange Commission or its primary federal bank regulator.

(kk) "Qualified Small Business Lending" or "QSBL" means, with respect to any particular Dividend Period, the "Quarter-End Adjusted Qualified Small Business Lending" for such Dividend Period set forth in the applicable Supplemental Report.

(ll) "Qualifying Portion Percentage" means, with respect to any particular Dividend Period, the percentage obtained by dividing (i) the Increase in QSBL for such Dividend Period by (ii) the aggregate Liquidation Amount of then-outstanding Designated Preferred Stock.

(mm) "Savings and Loan Holding Company" means a company registered as such with the Office of Thrift Supervision pursuant to 12 U.S.C. §1467a(b) and the regulations of the Office of Thrift Supervision promulgated thereunder.

(nn) "Share Dilution Amount" means the increase in the number of diluted shares outstanding (determined in accordance with GAAP applied on a consistent basis, and as measured from the date of the Issuer's or CFB's most recent consolidated financial statements prior to the Signing Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

(oo) "Signing Date Tier 1 Capital Amount" means $127,931,000.

(pp) "Standard Provisions" mean these Standard Provisions that form a part of the Certificate of Designation relating to the Designated Preferred Stock.

(qq) "Supplemental Report" means a Supplemental Report delivered by the Issuer or CFB to Treasury pursuant to the Definitive Agreement.

(rr) "Tier 1 Dividend Threshold" means, as of any particular date, the result of the following formula:

$$((A + B - C) * 0.9) - D$$

where:

A = Signing Date Tier 1 Capital Amount;

B = the aggregate Liquidation Amount of the Designated Preferred Stock issued to Treasury;

C = the aggregate amount of Charge-Offs since the Signing Date; and

D = (i) beginning on the first day of the eleventh (11th) Dividend Period, the amount equal to ten percent (10%) of the aggregate Liquidation Amount of the Designated Preferred Stock issued to Treasury as of the Effective Date (without regard to any redemptions of Designated Preferred Stock that may have occurred thereafter) for every one percent (1%) of positive Percentage Change in Qualified Small Business Lending between the ninth (9th) Dividend Period and the Baseline; and

(ii) zero (0) at all other times.

(ss) "Voting Parity Stock" means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Section 7(d) of these Standard Provisions that form a part of the Certificate of Designation, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate.

(i) The "Applicable Dividend Rate" shall be determined as follows:

(1) With respect to the Initial Dividend Period, the Applicable Dividend Rate shall be 5%.

(2) With respect to each of the second (2nd) through the tenth (10th) Dividend Periods, inclusive (in each case, the “Current Period”), the Applicable Dividend Rate shall be:

(A) (x) the applicable rate set forth in column “A” of the table in Section 3(a)(iii), based on the Percentage Change in QSBL between the Dividend Period that was two Dividend Periods prior to the Current Period (the “Dividend Reference Period”) and the Baseline, multiplied by (y) the Qualifying Portion Percentage; plus

(B) (x) five percent (5%) multiplied by (y) the Non- Qualifying Portion Percentage.

In each such case, the Applicable Dividend Rate shall be determined at the time the Issuer delivers a complete and accurate Supplemental Report to Treasury with respect to the Dividend Reference Period.

(3) With respect to the eleventh (11th) through the eighteenth (18th) Dividend Periods, inclusive, and that portion of the nineteenth (19th) Dividend Period prior to, but not including, the four and one half (4½) year anniversary of the Original Issue Date, the Applicable Dividend Rate shall be:

(A) (x) the applicable rate set forth in column “B” of the table in Section 3(a)(iii), based on the Percentage Change in QSBL between the ninth (9th) Dividend Period and the Baseline, multiplied by (y) the Qualifying Portion Percentage, calculated as of the last day of the ninth (9th) Dividend Period; plus

(B) (x) five percent (5%) multiplied by (y) the Non- Qualifying Portion Percentage, calculated as of the last day of the ninth (9th) Dividend Period.

In such case, the Applicable Dividend Rate shall be determined at the time the Issuer delivers a complete and accurate Supplemental Report to Treasury with respect to the ninth (9th) Dividend Period.

(4) With respect to (A) that portion of the nineteenth (19th) Dividend Period beginning on the four and one half (4½) year anniversary of the Original Issue Date and (B) all Dividend Periods thereafter, the Applicable Dividend Rate shall be nine percent (9%).

(5) Notwithstanding anything herein to the contrary, if the Issuer fails to submit a Supplemental Report that is due during any of the second (2nd) through tenth (10th) Dividend Periods on or before the sixtieth (60th) day of such Dividend Period, the Issuer's QSBL for the Dividend Period that would have been covered by such Supplemental Report shall be zero (0) for purposes hereof.

(6) Notwithstanding anything herein to the contrary, but subject to Section 3(a)(i)(5) above, if the Issuer fails to submit the Supplemental Report that is due during the tenth (10th) Dividend Period, the Issuer's QSBL shall be zero (0) for purposes of calculating the Applicable Dividend Rate pursuant to Section 3(a)(i)(3) and (4). The Applicable Dividend Rate shall be re-determined effective as of the first day of the calendar quarter following the date such failure is remedied, provided it is remedied prior to the four and one half (4½) anniversary of the Original Issue Date.

(7) Notwithstanding anything herein to the contrary, if the Issuer fails to submit any of the certificates required by Sections 3.1(d)(ii) or 3.1(d)(iii) of the Definitive Agreement when and as required thereby, the Issuer's QSBL for the shall be zero (0) for purposes of calculating the Applicable Dividend Rate pursuant to Section 3(a)(i)(2) or (3) above until such failure is remedied.

(ii) The "<u>Percentage Change in Qualified Lending</u>" between any given Dividend Period and the Baseline shall be the result of the following formula, expressed as a percentage:

$$\left(\frac{\text{(QSBL for the Dividend Period – Baseline) x 100)}}{\text{Baseline}}\right) \text{ x 100}$$

(iii) The following table shall be used for determining the Applicable Dividend Rate:

If the Percentage Change in Qualified Lending is:	*The Applicable Dividend Rate shall be:* **Column "A"** *(each of the 2nd – 10th Dividend Periods)*	**Column "B"** *(11th – 18th, and the first part of the19th, Dividend Periods)*
0% or less	5%	7%
More than 0%, but less than 2.5%	5%	5%
2.5% or more, but less than 5%	4%	4%
5% or more, but less than 7.5%	3%	3%
7.5% or more, but less than 10%	2%	2%
10% or more	1%	1%

(iv) If the Issuer consummates a Business Combination, a purchase of loans or a purchase of participations in loans and the Designated Preferred Stock remains outstanding thereafter, then the Baseline shall thereafter be the "Quarter-End Adjusted Small Business Lending Baseline" set forth on the Quarterly Supplemental Report (as defined in the Definitive Agreement).

(b) Payment. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, non-cumulative cash dividends with respect to:

(i) each Dividend Period (other than the Initial Dividend Period) at a rate equal to one-fourth (¼) of the Applicable Dividend Rate with respect to each Dividend Period on the Liquidation Amount per share of Designated Preferred Stock, and no more, payable quarterly in arrears on each Dividend Payment Date; and

(ii) the Initial Dividend Period, on the first such Dividend Payment Date to occur at least twenty (20) calendar days after the Original Issue Date, an amount equal to (A) the Applicable Dividend Rate with respect to the Initial Dividend Period multiplied by (B) the number of days from the Original Issue Date to the last day of the Initial Dividend Period (inclusive) divided by 360.

In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. For avoidance of doubt, "payable quarterly in arrears" means that, with respect to any particular Dividend Period, dividends begin accruing on the first day of such Dividend Period and are payable on the first day of the next Dividend Period.

The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of four 90-day quarters, and actual days elapsed over a 90-day quarter.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Issuer on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designation).

(c) Non-Cumulative. Dividends on shares of Designated Preferred Stock shall be non-cumulative. If the Board of Directors or any duly authorized committee of the Board of Directors does not declare a dividend on the Designated Preferred Stock in respect of any Dividend Period:

(i) the holders of Designated Preferred Stock shall have no right to receive any dividend for such Dividend Period, and the Issuer shall have no obligation to pay a dividend for such Dividend Period, whether or not dividends are declared for any subsequent Dividend Period with respect to the Designated Preferred Stock; and

(ii) the Issuer shall, within five (5) calendar days, deliver to the holders of the Designated Preferred Stock a written notice executed by the Chief Executive Officer and the Chief Financial Officer of the Issuer stating the Board of Directors' rationale for not declaring dividends.

(d) Priority of Dividends; Restrictions on Dividends.

(i) Subject to Sections 3(d)(ii), (iii) and (v) and any restrictions imposed by the Appropriate Federal Banking Agency or, if applicable, the Issuer's state bank supervisor (as defined in Section 3(r) of the Federal Deposit Insurance Act (12 U.S.C. § 1813(q)), so long as any share of Designated Preferred Stock remains outstanding, the Issuer may declare and pay dividends on the Common Stock, any other shares of Junior Stock, or Parity Stock, in each case only if (A) after giving effect to such dividend the Issuer's Tier 1 capital would be at least equal to the Tier 1 Dividend Threshold**,** and (B) full dividends on all outstanding shares of Designated Preferred Stock for the most recently completed Dividend Period have been or are contemporaneously declared and paid.

(ii) If a dividend is not declared and paid in full on the Designated Preferred Stock in respect of any Dividend Period, then from the last day of such Dividend Period until the last day of the third (3rd) Dividend Period immediately following it, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock; *provided, however*, that in any such Dividend Period in which a dividend is declared and paid on the Designated Preferred Stock, dividends may be paid on Parity Stock to the extent necessary to avoid any material breach of a covenant by which the Issuer is bound.

(iii) When dividends have not been declared and paid in full for an aggregate of four (4) Dividend Periods or more, and during such time the Issuer was not subject to a regulatory determination that prohibits the declaration and payment of dividends, the Issuer shall, within five (5) calendar days of each missed payment, deliver to the holders of the Designated Preferred Stock a certificate executed by at least a majority of the Board of Directors stating that the Board of Directors used its best efforts to declare and pay such dividends in a manner consistent with (A) safe and sound banking practices and (B) the directors' fiduciary obligations.

(iv) Subject to the foregoing and Section 3(e) below and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

(v) If the Issuer is not Publicly-Traded, then after the tenth (10th) anniversary of the Signing Date, so long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock.

(e) Special Lending Incentive Fee Related to CPP. If Treasury held Previously Acquired Preferred Shares immediately prior to the Original Issue Date and the Issuer did not apply to Treasury to redeem such Previously Acquired Preferred Shares prior to December 16, 2010, and if the Issuer's Supplemental Report with respect to the ninth (9th) Dividend Period reflects an amount of Qualified Small Business Lending that is less than or equal to the Baseline (or if the Issuer fails to timely file a Supplemental Report with respect to the ninth (9th) Dividend Period), then beginning on April 1, 2014 and on all Dividend Payment Dates thereafter ending on April 1, 2016, the Issuer shall pay to the Holders of Designated Preferred Stock, on each share of Designated Preferred Stock, but only out of assets legally available therefor, a fee equal to 0.5% of the Liquidation Amount per share of Designated Preferred Stock ("CPP Lending Incentive Fee"). All references in Section 3(d) to "dividends" on the Designated Preferred Stock shall be deemed to include the CPP Lending Incentive Fee.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Issuer, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Issuer or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Issuer, subject to the rights of any creditors of the Issuer, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Issuer ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends on each such share (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Issuer or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Issuer shall be entitled to receive all remaining assets of the Issuer (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Is Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Issuer with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Issuer, shall not constitute a liquidation, dissolution or winding up of the Issuer.

Section 5. Redemption.

(a) Optional Redemption.

(i) Subject to the other provisions of this Section 5:

(1) The Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding; and

(2) If, after the Signing Date, there is a change in law that modifies the terms of Treasury's investment in the Designated Preferred Stock or the terms of Treasury's Small Business Lending Fund program in a materially adverse respect for the Issuer or CFB, the Issuer may, after consultation with the Appropriate Federal Banking Agency, redeem all of the shares of Designated Preferred Stock at the time outstanding.

(ii) The per-share redemption price for shares of Designated Preferred Stock shall be equal to the sum of:

(1) the Liquidation Amount per share,

(2) the per-share amount of any unpaid dividends for the then current Dividend Period at the Applicable Dividend Rate to, but excluding, the date fixed for redemption (regardless of whether any dividends are actually declared for that Dividend Period; and

(3) the pro rata amount of CPP Lending Incentive Fees for the current Dividend Period.

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Issuer or its agent. Any declared but unpaid dividends for the then current Dividend Period payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Issuer. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state:
(1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable, but in any event the shares to be redeemed shall not be less than the Minimum Amount. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time, subject to the approval of the Appropriate Federal Banking Agency. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Issuer, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Issuer, after which time the holders of the shares so called for redemption shall look only to the Issuer for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Issuer shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Board Observation Rights. Whenever, at any time or times, dividends on the shares of Designated Preferred Stock have not been declared and paid in full within five (5) Business Days after each Dividend Payment Date for an aggregate of five (5) Dividend Periods or more, whether or not consecutive, the Issuer shall invite a representative selected by the holders of a majority of the outstanding shares of Designated Preferred Stock, voting as a single class, to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors in connection with such meetings; *provided*, that the holders of the Designated Preferred Stock shall not be obligated to select such a representative, nor shall such representative, if selected, be obligated to attend any meeting to which he/she is invited. The rights of the holders of the Designated Preferred Stock set forth in this Section 7(b) shall terminate when full dividends have been timely paid on the Designated Preferred Stock for at least four consecutive Dividend Periods, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(c) Preferred Stock Directors. Whenever, at any time or times, (i) dividends on the shares of Designated Preferred Stock have not been declared and paid in full within five (5) Business Days after each Dividend Payment Date for an aggregate of six (6) Dividend Periods or more, whether or not consecutive, and (ii) the aggregate liquidation preference of the then-outstanding shares of Designated Preferred Stock is greater than or equal to $25,000,000, the authorized number of directors of the Issuer shall automatically be increased by two and the holders of the Designated Preferred Stock, voting as a single class, shall have the right, but not the obligation, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Issuer's next annual meeting of stockholders (or, if the next annual meeting is not yet scheduled or is scheduled to occur more than thirty days later, the President of the Company shall promptly call a special meeting for that purpose) and at each subsequent annual meeting of stockholders until full dividends have been timely paid on the Designated Preferred Stock for at least four consecutive Dividend Periods, at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Issuer to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Issuer may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the holders of a majority of the outstanding shares of Designated Preferred Stock, voting as a single class, may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(d) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the written consent of (x) Treasury if Treasury holds any shares of Designated Preferred Stock, or (y) the holders of a majority of the outstanding shares of Designated Preferred Stock, voting as a single class, if Treasury does not hold any shares of Designated Preferred Stock, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designation for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Issuer ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Issuer;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designation for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(d)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock;

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Subject to Section 7(d)(v) below, any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Issuer with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Issuer is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof that are the same as the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole; provided, that in all cases, the obligations of the Issuer are assumed (by operation of law or by express written assumption) by the resulting entity or its ultimate parent;

(iv) Certain Asset Sales. Any sale of all, substantially all, or any material portion of, the assets of the Company, if the Designated Preferred Stock will not be redeemed in full contemporaneously with the consummation of such sale; and

(v) Holding Company Transactions. Any consummation of a Holding Company Transaction, unless as a result of the Holding Company Transaction each share of Designated Preferred Stock shall be converted into or exchanged for one share with an equal liquidation preference of preference securities of the Issuer or the Acquiror (the "Holding Company Preferred Stock"). Any such Holding Company Preferred Stock shall entitle holders thereof to dividends from the date of issuance of such Holding Company Preferred Stock on terms that are equivalent to the terms set forth herein, and shall have such other rights, preferences, privileges and voting powers, and limitations and restrictions thereof that are the same as the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such conversion or exchange, taken as a whole;

provided, however, that for all purposes of this Section 7(d), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Issuer or CFB to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Issuer will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(e) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(d) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(f) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Restriction on Redemptions and Repurchases.

(a) Subject to Sections 8(b) and (c), so long as any share of Designated Preferred Stock remains outstanding, the Issuer may repurchase or redeem any shares of Capital Stock (as defined below), in each case only if (i) after giving effect to such dividend, repurchase or redemption, the Issuer's Tier 1 capital would be at least equal to the Tier 1 Dividend Threshold and (ii) dividends on all outstanding shares of Designated Preferred Stock for the most recently completed Dividend Period have been or are contemporaneously declared and paid (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date).

(b) If a dividend is not declared and paid on the Designated Preferred Stock in respect of any Dividend Period, then from the last day of such Dividend Period until the last day of the third (3rd) Dividend Period immediately following it, neither the Issuer nor any Issuer Subsidiary shall, redeem, purchase or acquire any shares of Common Stock, Junior Stock, Parity Stock or other capital stock or other equity securities of any kind of the Issuer or any Issuer Subsidiary, or any trust preferred securities issued by the Issuer or any Affiliate of the Issuer ("Capital Stock"), (other than (i) redemptions, purchases, repurchases or other acquisitions of the Designated Preferred Stock and (ii) repurchases of Junior Stock or Common Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset any Share Dilution Amount pursuant to a publicly announced repurchase plan) and consistent with past practice; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount, (iii) the acquisition by the Issuer or any of the Issuer Subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Issuer or any other Issuer Subsidiary), including as trustees or custodians, (iv) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock or trust preferred securities for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case set forth in this clause (iv), solely to the extent required pursuant to binding contractual agreements entered into by CFB prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock, (v) redemptions of securities held by the Issuer or any wholly-owned Issuer Subsidiary or (vi) redemptions, purchases or other acquisitions of capital stock or other equity securities of any kind of any Issuer Subsidiary required pursuant to binding contractual agreements entered into prior to (x) if Treasury held Previously Acquired Preferred Shares immediately prior to the Original Issue Date, the original issue date of such Previously Acquired Preferred Shares, or (y) otherwise, the Signing Date).

(c) If the Issuer is not Publicly-Traded, then after the tenth (10th) anniversary of the Signing Date, so long as any share of Designated Preferred Stock remains outstanding, no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Issuer or any of its subsidiaries.

Section 9. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Issuer, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 10. References to Line Items of Supplemental Reports. If Treasury modifies the form of Supplemental Report, pursuant to its rights under the Definitive Agreement, and any such modification includes a change to the caption or number of any line item on the Supplemental Report, then any reference herein to such line item shall thereafter be a reference to such re-captioned or re-numbered line item.

Section 11. Record Holders. To the fullest extent permitted by applicable law, the Issuer and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Issuer nor such transfer agent shall be affected by any notice to the contrary.

Section 12. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designation, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 13. Replacement Certificates. The Issuer shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Issuer. The Issuer shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Issuer of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Issuer.

Section 14. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

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Section 3: EX-12.1 (EXHIBIT 12.1)

Exhibit 12.1

Simmons First National Corporation
Computation of Consolidated Ratios of Earnings to Combined Fixed Charges and Preferred Dividend

(In thousands, except ratios)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Year Ended December 31, 2017	2016	2015	2014	2013
Fixed Charges:							
Interest on deposits	$ 15,597	$ 4,204	$ 27,756	$ 15,217	$ 15,248	$ 9,079	$ 8,399
Interest on borrowings	6,576	1,843	12,318	6,582	7,105	4,892	3,864
Estimated interest on rental expense	1,083	569	2,569	2,301	2,167	1,663	1,264
Fixed charges before preferred stock dividends	23,256	6,616	42,643	24,100	24,520	15,634	13,527
Preferred stock dividends pre-tax income requirements	-	-	-	39	423	-	-
Total combined fixed charges and preferred stock dividends, including interest on deposits (A)	23,256	6,616	42,643	24,140	24,943	15,634	13,527
Less: Interest on deposits	15,597	4,204	27,756	15,217	15,248	9,079	8,399
Total combined fixed charges and preferred stock dividends, excluding interest on deposits (B)	$ 7,659	$ 2,412	$ 14,887	$ 8,923	$ 9,695	$ 6,555	$ 5,128
Earnings:							
Pretax income from continuing operations	$ 65,278	$ 31,811	$ 154,923	$ 143,414	$ 107,007	$ 50,290	$ 32,536
Fixed charges including interest on deposits	23,256	6,616	42,643	24,100	24,520	15,634	13,527
Earnings, including interest on deposits (C)	88,534	38,427	197,566	167,514	131,527	65,924	46,063
Less: Interest on deposits	15,597	4,204	27,756	15,217	15,248	9,079	8,399
Earnings, excluding interest on deposits (D)	$ 72,937	$ 34,223	$ 169,810	$ 152,297	$ 116,279	$ 56,845	$ 37,664
Ratio of earnings to combined fixed charges and preferred dividend:							
Including interest on deposits (C /A)	3.81	5.81	4.63	6.94	5.27	4.22	3.41
Excluding interest on deposits (D / B)	9.52	14.19	11.41	17.07	11.99	8.67	7.35

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Section 4: EX-15.1 (EXHIBIT 15.1)

Exhibit 15.1

Awareness of Independent Registered Public Accounting Firm

We acknowledge the incorporation by reference in the June 18, 2014, Amendment No. 1 to the Registration Statement on Form S-3 (Registration No. 333-194309) and the Registration Statements on Form S-8 (Registration Statements Nos. 333-134240, 333-134241, 333-134276, 333-134301, 333-134356, 333-138629, 333-186253, 333-186254 and 333-206160) of Simmons First National Corporation of our report dated May 8, 2018, included with the Quarterly Reports on Form10-Q for the quarter ended March 31, 2018. Pursuant to Rule 436(c) under the Securities Act of 1933, these reports should not be considered a 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 8, 2018

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Section 5: EX-31.1 (EXHIBIT 31.1)

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 8, 2018

/s/ George A. Makris, Jr.
George A. Makris, Jr.
Chairman and Chief Executive Officer
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Section 6: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Robert A. Fehlman, 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 8, 2018

/s/ Robert A. Fehlman
Robert A. Fehlman
Senior Executive Vice President,
Chief Financial Officer and Treasurer

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Section 7: EX-31.3 (EXHIBIT 31.3)

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 8, 2018

/s/ David W. Garner
David W. Garner
Executive Vice President, Controller
and Chief Accounting Officer

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Section 8: EX-32.1 (EXHIBIT 32.1)

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 ending March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, George A. Makris, Jr., Chairman and Chief Executive Officer of the Company, hereby certifies that:

(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 8, 2018

/s/ George A. Makris, Jr.
George A. Makris, Jr.
Chairman and Chief Executive Officer
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Section 9: EX-32.2 (EXHIBIT 32.2)

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 ending March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, Robert A. Fehlman, Senior Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certifies that:

(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 8, 2018

/s/ Robert A. Fehlman
Robert A. Fehlman
Senior Executive Vice President,
Chief Financial Officer and Treasurer
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Section 10: EX-32.3 (EXHIBIT 32.3)

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 ending March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, David W. Garner, Executive Vice President, Controller and Chief Accounting Officer of the Company, hereby certifies that:

(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 8, 2018

/s/ David W. Garner
David W. Garner

Executive Vice President, Controller
and Chief Accounting Officer

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