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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Simmons First National Corporation's Third Quarter 2021 Earnings Conference Call. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Ed Bilek, Director of Investor Relations. Please go ahead.

Edward J. Bilek - *Simmons First National Corporation - Executive VP & Director of IR*

Good morning, and thank you for joining our third quarter earnings call. My name is Ed Bilek, Director of Investor Relations at Simmons First National Corporation. Joining me today are George Makris, Chairman and Chief Executive Officer; Bob Fehlman, President and Chief Operating Officer; Jay Brogdon, Chief Financial Officer and Treasurer; Steve Massanelli, Chief Administrative Officer; Matt Reddin, Chief Banking Officer; and David Garner, Chief Accounting Officer.

The purpose of our call is to discuss the information and data provided by the company in its quarterly earnings release issued this morning and to discuss the company's outlook for the remainder of 2021. We will begin with prepared comments followed by a Q&A session. We have invited institutional investors and analysts from the equity firms that provide research on the company to participate in the Q&A session. All other guests on this conference call are in listen-only mode. A recording of today's call, including our prepared remarks and the Q&A session, will be posted on our website, simmonsbank.com, under the Investor Relations page for at least 60 days.

During today's call, we will make forward-looking statements about our future plans, goals, expectations, estimates, projections and outlook. I'd remind you that you should not place undue reliance on any forward-looking statement as actual results could materially differ from those projected or implied by the forward-looking statements due to a variety of factors. Additional information concerning some of these factors is contained in the company's SEC filings, including, without limitation, the description of certain risk factors contained in the company's Form 10-K for the year ended December 31, 2020, and the forward-looking information section of the company's earnings release issued this morning. The company assumes no obligation to update or revise any forward-looking statements or other information.

Finally, in this presentation, we will discuss certain non-GAAP financial metrics which we believe provide useful information to investors. Additional disclosures regarding non-GAAP metrics, including the reconciliations of these non-GAAP metrics to GAAP, are contained in the company's earnings press release and third quarter investor presentation, which are included as exhibits to the company's current report filed this morning with the SEC on Form 8-K and available on the Investor Relations page of the company's website, simmonsbank.com.

I will now turn the call over to George Makris.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Thanks, Ed, and welcome once again to our third quarter 2021 earnings call. Simmons First National Corporation once again delivered solid results during the quarter, reflecting our ability to execute basic blocking and tackling fundamentals. Equally important, they demonstrate our continued focus on strategically navigating the current economic environment without losing focus on our goal of creating long-term value for our shareholders. It goes without saying there are times like now when it's best to just take what the defense gives you rather than taking undue risks and stretching for short-term growth that ultimately creates future headwinds.

Before I get to the numbers in the quarter, I'd like to spend a minute on our acquisitions of Landmark Community Bank and Triumph Bank. Shortly after the end of the quarter, we announced the closing and conversion of these banks, which means in approximately 4 months since the date we announced the signing of the definitive agreements. We were able to obtain all necessary regulatory approvals, shareholder approvals, close the transactions and simultaneously complete systems conversion for both banks over Columbus Day weekend. So when they opened for business on October 12, it was a Simmons Bank.

Closing and converting a single bank is no small task, let alone 2 banks at the same time. To effectively complete this task took a herculean effort and is truly a remarkable accomplishment by the Simmons associates who worked to make this happen, further proof of the outstanding team we have assembled here at Simmons. I'd also like to take this opportunity to welcome our new customers, associates and shareholders to the Simmons family. We're very glad to have you as part of our group.

Now to the numbers for the quarter. Net income for the quarter was $80.6 million, up $14.7 million or 22% compared to the third quarter a year ago. Diluted earnings per share were $0.74, up 23% from the year ago quarter. Core earnings for the quarter, which excludes certain noncore items, were $79.4 million or $0.73 on a diluted per-share basis. On a year-to-date basis, net income for the first 9 months of 2021 was $223 million, up 10% from the same period a year ago, and on a diluted per-share basis totaled $2.05, representing a 12% increase compared to the same period a year ago.

In terms of key performance metrics during the quarter, return on average assets was 1.37%, return on average common equity was 10.42% and return on average tangible common equity was 17.43%.

Net interest income for the quarter on a fully taxable equivalent basis totaled $150.2 million compared to $151.1 million for the second quarter of 2021. Net interest margin in the quarter was 2.85%, down 4 basis points on a linked-quarter basis. On a positive note, the yield on loans rose 3 basis points on a linked-quarter basis, and we continue to have success in managing down our deposit costs with total cost of deposits dropping 4 basis points during the quarter to 20 basis points.

On a core basis, which excludes accretion, net interest income on a fully taxable equivalent basis totaled $146.1 million for the quarter, up from $145.5 million reported in the second quarter of 2021. Noninterest income totaled $48.6 million for the third quarter of 2021, up 3% linked quarter. Core noninterest income was $48.8 million, up 5% on a linked-quarter basis. Noninterest expense totaled $114.3 million for the quarter, flat on a linked-quarter basis and down 2% compared to a year ago.

As previously announced, during the quarter, we closed 13 branches across franchise as part of our ongoing branch rationalization initiative. With the closing of the Landmark and Triumph Bank acquisitions, there will be additional opportunities to rightsize our branch structure in the Memphis and Nashville markets, which includes, in certain cases, the addition of new branches to better position us geographically while expanding our reach and allowing us to better serve our customers in terms of convenience.

We continue to be steadfast in maintaining a strong credit culture, a cornerstone of our bank. Nonperforming loans totaled $59.4 million, down $21.5 million on a linked-quarter basis. This was the fourth consecutive quarter of marked improvement with nonperforming loans now at their lowest levels since December of 2018. Net charge-offs as a percentage of average total loans were 17 basis points in the quarter, heavily influenced by the partial charge-off of a single commercial credit. These positive trends, combined with improved economic modeling scenarios, resulting in a recapture of provision expense in the quarter totaling $19.9 million. At the same time, all of our coverage ratios remained strong with our allowance to loan ratio of 1.87% and our nonperforming loan coverage ratio at 341%.

With respect to the balance sheet, total assets ended the quarter at $23.2 billion, total loans were $10.8 billion and total deposits were $18.1 billion. Loan production during the quarter was $1.5 billion but was offset entirely by paydowns. On a positive note, our commercial loan pipeline rose for the fourth consecutive quarter to $1.5 billion, up 15% on a linked-quarter basis. We're encouraged by this trend and other anecdotal evidence in the market that will translate into an increase in total loans. For this reason, amongst others, we're continuing to actively recruit loan producers across all business units throughout our franchise.

Capital levels remain very strong and significantly above regulatory well-capitalized guidelines. Total risk-based capital was 17.4%, CET1 was 14.3%, and the leverage ratio was 9.1%.

Importantly, these ratios also reflect increased activity under our share repurchase program authorized by our Board of Directors. During the quarter, we repurchased 1.8 million shares with remaining capacity under program totaling approximately $98.5 million. As always, continuing to return excess capital to our shareholders in the form of share repurchases will be dependent upon market conditions and as part of our overall disciplined capital management process.

On our website at simmonsbank.com, we've shared an extensive presentation, along with a press release and financial data, which gives much more detail regarding our quarterly results and other important information about our company.

In closing, we continue to be encouraged by our performance in 2021 while adapting to an ever-changing landscape and challenging economic environment. With the closing and conversions of Landmark and Triumph Bank behind us, we are working to ensure our new associates have the tools and resources in place to meet our customer needs, provide exceptional service and capitalize on the growth opportunities afforded to us in these markets. As we enter the final quarter of 2021, our focus remains on building on the positive momentum and finishing the year strong as we enter 2022.

This concludes our prepared comments. I will now turn the line over to our operator and invite questions from our analysts and institutional investors.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Stephen Scouten from Piper Sandler.

Stephen Kendall Scouten - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

I guess maybe if we can look a little bit on the loan growth front. I know in the comments, in the release, it sounded like you feel a little bit more optimistic about returning to growth in '22. The approved and rate of closed pipeline is up, what is that, like maybe $26 million quarter-over-quarter. So can you give us some color just what you're seeing in your markets with your customers and kind of how you're thinking about loan demand from here?

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Stephen, this is Matt. Glad to answer that. I'll give you a little color. We are very hopeful that we're kind of seeing that inflection point on net positive loan growth that could happen as soon as even the fourth quarter, and we can -- we had a really good shot in October being a month of net positive growth, all based on that pipeline growing and then our production growing. That third quarter, the $1.5 billion that we show in production, compares to the first half of the year at $1.8 billion. So really, that trend is showing that we're getting real close to that inflection point of net positive.

And what I'll say about the production we saw in the third quarter that was really, really good was a lot of repeat borrowers are getting more and more active across a lot of categories, CRE, industrial, multifamily, mini storage, builder finance, credit tenant, even some select office, so really good diversified CRE opportunities, plus good, what I consider, meat and potatoes of auto dealerships, medical facilities, specialty hospitals. We have not seen that type of diverse production this pre-pandemic. Meaning our borrowers are back doing business again, and we're seeing new customer acquisition through new talent acquisition of new bankers. We're seeing moving business over good core C&I business. We're seeing businesses being purchased. We're getting to finance some of that. So the third quarter really showed a good, diverse mix that was very encouraging kind of as we look forward to the fourth quarter and to 2022.

Stephen Kendall Scouten - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Got it. That's very helpful, Matt. And then maybe just my follow-up would be around new loan yields. I think maybe in previous quarters, you've given the yield on that approved and ready to close pipeline, not sure if I missed it this quarter around. But any data there on new loan yields? Because it looked like, if I exclude PPP, if I'm getting this right, the core loan yields were probably down 7 or 8 basis points quarter-over-quarter. So just wanted to get some color there.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

That's right on the money there. If you look at our -- on Slide 13 of our commercial loan -- that's just the commercial loan pipeline, but it's a low rate environment, a very competitive environment. And with our asset quality parameters that we'll always stay to, you're going to see that drift downward in this environment with that new production coming on.

Stephen Kendall Scouten - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Okay. So that -- like I think last quarter, was it maybe like 3.70% range. Is that kind of there trending or...

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Yes. 3.77% last quarter and 3.47% this quarter. And again, that is -- as Matt said, that's without the consumer side. That's just commercial, and it also does not have the loan fees that you'd see that hit the ledger.

Stephen Kendall Scouten - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Correct.Sure.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

If you go back to slide -- a few slides, you can see on Slide 7, the actual yield and both the GAAP and the core yield was slightly up for the quarter. Some of that, obviously, is PPP.

Stephen Kendall Scouten - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Right. Okay. Yes. Core, just excluding accretion but including the PPP.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

That's right. Correct.

Stephen Kendall Scouten - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Got it. Okay. Perfect. Congrats on getting those deals closed and converted. That is a very impressive time line, so glad to see it.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Thanks, Steve.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Thanks, Steve.

Operator

And our next question comes from David Feaster from Raymond James.

David Pipkin Feaster - *Raymond James & Associates, Inc., Research Division - Research Analyst*

I just wanted to start on the commercial finance team and just get an update with those guys. That's a pretty exciting group to bring over and just whether they had begun contributing in the quarter and just what expectations you might have for that team.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Dave, it's Matt. Thanks for the question. Yes, we're excited as well. If you remember, we talked about the commercial finance team. That group came to multiple institutions. They all have some non-solicits that we're absolutely going to observe and do it right. But really, that third quarter, this, what we just went through, was process, policy, procedure, platform, getting them all onboard and ready to go, but we will see some production from them closing in the fourth quarter. So that's encouraging. But that's going to be a slow build with those non-solicits, but the team is doing well and really getting engaged, and we're starting to see some pipeline coming through loan committee with them right now.

David Pipkin Feaster - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. That bodes well for production going forward. That's great. And then just even outside that team, it seems like you guys have been pretty aggressive recruiting. Just curious how hiring pipelines are looking, where you're seeing opportunities and maybe whether there's any new verticals like that team you picked off that you're looking to expand into.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

I really appreciate that question as well. That's something that's really important to remember about us right now. We talked about even coming into the pre-pandemic because we were in an adjustment period. And now as a $25 billion bank, we're really focused on building out a metro market bank and then our community market bank. And within those metro markets, I think we'll continue to segment. We'll see those opportunities to do that. We're upgrading our talent. We're bringing on true commercial bankers in our metro markets to go alongside what we already have, and we're seeing the fruits of that recruitment. We're seeing some pipeline come on.

But also, when we talk about investing in talent, I think it's important to remember, we brought on a new Head of Consumer and Business, Joe DiNicolantonio. He was over business banking at Regions back years ago. And now he's building out infrastructure, technology platform, most importantly, building out bankers. Also, we've hired a new Head of Consumer Lending, Consumer Credit Card where we can get much more proactive in the consumer lending space.

And also, we're focused on where we can, portfolio mortgages. That's a nice complement with Landmark and Triumph. They were big in the medical and professional space, sports entertainment and jumbo really from a mortgage perspective. We're going to invest in that, more bankers, more talent there to take advantage of the niche that they had. So hopefully, that gives you a feel for where we're taking Simmons overall from our producers, but we are seeing pipeline adds from our current bankers that we've added recently, but more to come is what I would tell you.

David Pipkin Feaster - *Raymond James & Associates, Inc., Research Division - Research Analyst*

That's great. And then just last one, just it's great to see the strength in some of the fee income lines. I know improving cross-selling across the bank into the fee income business has been a major priority for you, George. But just curious whether you guys can walk through some of the puts and takes with the -- your top fee business lines and what you're seeing in some of those businesses?

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Well, I'll start, and Matt and Jay and Bob can certainly pipe in. I'm going to start with our wealth management group because, as you know, about 18 months ago, maybe 2 years ago, we hired a new head of our wealth group, Jimmy Crocker. And Jimmy came on; and Jason Waters, Head of our investment Strategy, came on at the same time. Those guys have done a great job.

But as I've mentioned before, we have $6 billion of assets under management, but they were very concentrated in Central Arkansas, Southern Missouri, and we need that service across our entire footprint. And Jimmy and Jason have been very diligent in going out and building teams in those markets. Now that is one where the revenue comes absolutely after you get the talent in place, so we're going to expect that, that revenue will continue to grow.

I will say this that, that group has already exceeded their budget for the year, so I call them our sandbagging group. They're definitely going to have a little higher expectation next year. But they've done a fantastic job, and I think that's the one area where we have a substantial opportunity to improve.

Matt also mentioned that credit card is an opportunity for us. We're building out a portfolio of products. We've been very limited in that in the past. We'll have a new delivery channel through our digital offering sometime in 2022. So we believe that credit card fee income is also going to be a really good opportunity for us going forward.

Matt, you may want to talk about mortgage a little bit. Hard to predict because of the volatility based on rates. But Matt is doing a great job of building that team out, too. And even though mortgage revenue is down compared to last year, it is certainly up compared to our history. So Matt will speak a little about that.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Yes, George, thank you. David, I appreciate those comments on wealth. We are seeing good quarter-over-quarter revenue pipeline growth on the wealth side, and you can see the wealth advisers we brought on. But just as important with that is on the mortgage side, if you look -- you have time on our Investor Day, you can look at Slide 14, it really paints the picture of what 2020 was from a refinanced housing boom on the mortgage market but now kind of stabilizing in this high inventory. Still, our production is exceeding our '19 levels, meaning we're recruiting new MLOs. We're having success both with purchase and refi now. And we're excited we're bringing on new MLOs every day, and we think we have a platform that attracts really good producers that can come alongside a bank and offer a complete financial services to their customer base. So I think you'll see a continued build-out of mortgage.

And also treasury management, we've continued to hire into that space. We brought on new treasury management associates, and we had a nice little uptick there in service charge income from treasury management this quarter. So I think you'll see more going forward there.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

David, I'll mention one other thing, too, with regard to deposit fee income. As we acquired banks, we were very sensitive to the shock that we give to the customers that we acquire, both from a product standpoint, a rate standpoint, a fee standpoint. So we're a little slow to bring that new group into the fold, if you will.

So last year, we went through a pretty significant consolidation of deposit products, deposit pricing, deposit service charges. So now that group is all singing from the same hymnal, if you will. With our new acquisitions in Memphis, we're true form, will slow in bringing that customer base on. We want them to get comfortable with Simmons Bank. There'll be some give and take. There will be some fees that we'll lower, some that we'll raise, but we will be consistent in the marketplace sooner rather than later in acquisitions going forward. So that's another opportunity for us to standardize our product offering, our pricing across footprint. And we think that, ultimately, that will pay dividends with regard to fee income.

Operator

And our next question comes from Gary Tenner from D.A. Davidson.

Gary Peter Tenner - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

I had a question about just kind of balance sheet management. Obviously, the last couple of quarters, you've put a lot of excess funds to work in the investment portfolio, up over $8 billion now, still almost $2 billion of cash. And I think you get some more excess liquidity from the 2 deals that closed in October. So just kind of curious how you're thinking about the liquidity deployment, if you're thinking about additional, kind of leaning into some higher interest rates in the bond portfolio and balancing that against maybe a pending inflection point on the loan side.

Jay Brogdon - *Simmons First National Corporation - Executive VP, CFO & Treasurer*

Yes. Gary, this is Jay. I think everything you said is kind of true to form with how we're looking at it. I'd say, first and foremost, we look at the balance sheet overall. So we're looking at everything from the liquidity position, which, for us, we think of as we sort of break apart the securities portfolio there, we've got about $1.5 billion in floaters. And so we think of those variable-rate securities more like short-term liquidity, just like we have in the cash and cash equivalents bucket. So we show that number at $3.3 billion at 9/30. And then we've got a very laddered approach in the, call it, the fixed income securities portfolio, so a lot of cash flow coming off from that portfolio over the next several quarters but laddered out into some longer-term maturities as well. And again, all of that's overlaid against where we're at in the loan book, the percentage of that portfolio that's floating, the maturities in that portfolio. So we pay a lot of attention to where we're at from an overall balance sheet, liquidity and interest rate risk point of view.

Gary Peter Tenner - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

Okay. And then a follow-up to that. I just wonder if you could provide a kind of update on the rate sensitivity within the loan portfolio. I know you do provide some detail in terms of overall rate sensitivity, but just maybe talk about the size of the portfolio that's variable rate and then update us on floors.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Gary, I'll start on that question. Our mix, fixed to variable, it has historically been around 50-50, variable and fixed. But we've seen that -- the fixed go up slightly. It's in the mid-50s now. But really, that's just a result of some construction. Many CRE coming off our book showing a little more fixed, but still like that, equal weighting there today.

Gary Peter Tenner - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

And in terms of floors, I don't know if you could update any information in terms of the variable rate portfolio in floors.

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Yes. I would say a good portion -- I'll have that number right in front of me today that -- what our variable rate portfolio is, the majority of them do have floors.

Operator

And our next question comes from Matt Olney from Stephens Inc.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

Yes. I was going to circle back on loan growth and definitely appreciate the improving commercial loan pipeline on Slide 13, and you also mentioned some of your newer verticals are getting some traction. And hopefully, we'll be seeing some normalizing loan demand.

But on the other side is the runoff in some of the paydowns, they seem to be pretty aggressive still, even more so than some of your peers. Any color on how close we are to seeing an inflection on core loan balances?

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

Matt, yes, great question. And I look at that every day and what we see as our runoff is nothing that gives me concern that business is being taken from us, but it really is a continued rightsizing from a heavy CRE book that the big junctures continue to come off that need to come off, that were planned to come off, not so much even now planned runoff, but even projects that are at completion that are moving to the secondary market or they're being sold outright. But as an inflection point, I'm very hopeful that, that could happen even as soon as the fourth quarter. I mean we had a really good chance in the third quarter, seeing our first month of net positive growth. And so with that strong pipeline build, and I think we have a nice fourth quarter production coming, I think we're getting really, really close, Matt, to that inflection point and then positive loan growth moving forward.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

And I may misheard you, when did you say the first positive month of net growth was? Did you see it in the third quarter? I missed it. Or do you expect that in the fourth quarter?

Matthew Steven Reddin - *Simmons First National Corporation - Executive VP & Chief Banking Officer*

I was very hopeful in October, we had that month. But as any quarter end, a lot of things moving out, and borrowers do pay off things. That happens right at the very end. But we look at that on a daily basis, and it looks very encouraging in the third quarter -- in October -- in September of that month. But again, it's getting really, really close where you see that net positive on a monthly basis.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

Got it. Okay. And then I also wanted to ask about operating expenses. A little bit of noise in the third quarter. Where would you point us to for a good starting point for the fourth quarter for the legacy Simmons Bank and then, of course, layering on the 2 acquisitions.

Jay Brogdon - *Simmons First National Corporation - Executive VP, CFO & Treasurer*

Yes. Matt, this is Jay. So a couple of comments on that. Fair to point out, we had some noncore noise in the quarter. First of all, I would just reiterate kind of the guide we've had historically for what I'll call Simmons legacy for this purpose. Again, we've closed early in the fourth quarter on Landmark and Triumph, so we'll talk about that separately in a moment.

But when you think about the $112 million to $115 million range, we've been pretty consistent in that range this year. We had a couple of one-timers in the third quarter that impacted those numbers, a balance of some true-ups on accruals in the third quarter. We had a noncore item related to branch rightsizing. So if you go back in time to prior quarters, noncore M&A expense on the mark to market of some of those branches when we bring them in as held for sale as we've worked through those branches, we've been able to reverse out some of that mark to market in the third quarter. So it actually shows up as kind of a noncore positive, if you will, in the expenses in the quarter. But when you clear out all that noise, we still feel really good in our guidance range in that $112 million to $115 million range for what I'll call Simmons legacy.

And then I would fully kind of reiterate the guide that we had, an announcement on Landmark and Triumph. We had blended cost save expectations of 40% on those transactions. We might not fully hit 40% in the fourth quarter. We're going to get the integration piece right, which will carry some of that expense burden here in the balance of October, a portion of November. But I think by December and certainly all of next year, we'll meet, if not exceed, that guide with expectation to some of Matt's earlier comments, Matt Reddin's earlier comments that we'll invest some of that back into production talent, and we're already having success there.

Operator

(Operator Instructions) And our next question comes from Brady Gailey from KBW.

Brady Matthew Gailey - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

So I wanted to start with the buyback. It was great to see you all reengage and size there, repurchasing almost 2% of the company. I know the stock is a little higher today than it was when you were doing these buybacks in the third quarter. How should we think about the buyback from here? I know you have about $100 million left. Would it be safe to assume that you could do another $50 million in the next couple of quarters?

Robert A. Fehlman - *Simmons First National Corporation - President & COO*

Yes. Brady, I think you hit -- it's all about management of our capital position, and it's the dividend payout, it's the stock buyback, all of that, as a whole, and acquisitions when we do acquisitions, putting cash in the deal. You look at the share buyback, we did have a pretty active quarter, and we bought it back at about $28.50. As the price goes down, we would probably slow it down a little bit -- as the price goes up, I mean. So I don't know if we have a time line when we hit that $50 million to $98 million, but we'll still be active. Our plan would be to be active in the buyback in the foreseeable future.

Brady Matthew Gailey - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

All right. And then congrats on the 2 pending deals in such a tight turnaround. I know you guys always kind of remain active in M&A, looking at downstream targets. With these 2 now closed, maybe just an update on how things are progressing on the M&A front for Simmons.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Well, Brady, we have a lot of good friends that we've built relationships with over the years across our footprint, and we continue to have some very productive conversations. At least, in our opinion, they're productive. It's still a very important part of our strategy to continue to build out our scale in the markets that we serve and maybe even some ancillary markets that we would pick up through acquisitions, so we're still very active, still having very productive discussions. Nothing's come to the point of announcement yet, but we're very hopeful that one or more of these conversations might in the near term, anyway. So we're very much interested in continuing our M&A strategy.

Operator

And we have a follow-up question from Matt Olney from Stephens Inc.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

Yes. Just following up on the last question around M&A. George, how would you characterize the M&A chatter currently in the market?

And then secondly, as far as Simmons' preference, I think the last few deals, Landmark and Triumph, were 2 smaller banks that were in the current footprint added density. How should we be thinking about the Simmons M&A strategy from here? Should we anticipate similar deals that would increase density or market expansion, just any color?

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Well, Matt, our first priority is to increase our density in the markets that we serve. So to the extent that we're successful there, that would be our priority. Now we've been very fortunate with 2 deals in Memphis. All of that was in markets where we currently were. But prior to that, Landmark, a bank out of Columbia, was in our footprint but in no markets that we currently serve. So we would consider that to be in footprint as well.

So we're focused on the states where we're doing business to date and primarily on markets that we're currently in. But if we happen to find a really good partner that had some presence in the market we were in but had some new markets as well, we would see that as a very positive outcome.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

And George, just a general comment you can make on just the overall level and activity of M&A chatter in your markets.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Well, it's probably picking up a little bit. But it's -- to me, it's sort of normal. We've been pretty active for the last several years, so I would say that our activity has not increased or decreased. We sort of have a quota, Matt, as we've talked about before, about how many transactions we can manage at one time or within a certain period of time. And I think we've been very disciplined in that process, and we'll continue to be disciplined.

So I wish I could tell you that we controlled the time line on acquisitions, but I'll tell you that's just not the case. So when we have a potential merger partner, and their time line is in the next 6 months, then it's going to be up to us to try to meet that expectation. So they sort of get slided, if you will, in time lines that we feel like we can manage successfully. And knock on wood, so far, so good.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

Okay. Great. Makes sense. And just a few housekeeping items here at the end. PPP, I think you said $8.5 million of remaining speed that you expect. How much of those would you anticipate realizing in the fourth quarter versus into 2022?

Robert A. Fehlman - *Simmons First National Corporation - President & COO*

Matt, we're working that every day. We've got a group out there. It's gone down pretty quick the last quarter. You're into PPP 2 now, so it's a little different. There's not much of PPP 1 left. It's going to be down by year-end, but we'll still have some going into the first quarter.

Matthew Covington Olney - *Stephens Inc., Research Division - MD*

Okay. And then a similar question on the discount accretion. I know that's going to be a de minimis amount at this point, but what should our expectations be in the next few quarters on that?

Jay Brogdon - *Simmons First National Corporation - Executive VP, CFO & Treasurer*

Yes. I mean I think you're right. It's kind of trailing off. But of course, you're going to have a pickup in that here in the fourth quarter with the closing of Landmark and Triumph early in the quarter. So I would expect the trail-off on -- again, I'll use that term legacy to sort of continue to maybe be picked up a bit from the new acquisitions over the coming quarters.

Robert A. Fehlman - *Simmons First National Corporation - President & COO*

Yes. And do keep in mind on the new accounting rules and CECL is we will have the day 1 -- or first day of day 2 of CECL adjustment that will hit, in addition to the loan discount, so we'll have a double count. So effectively, all of the accretion will be interest income going forward versus being related to the credit mark. Yes.

Operator

And I am showing no further questions. I would now like to turn the call back to George Makris for closing remarks.

George A. Makris - *Simmons First National Corporation - Chairman & CEO*

Thank you very much for joining us today. Just in summary, I want to thank the folks that you've heard on this call today because I think it illustrates our ability to manage in different kinds of economic scenarios. And while our loan book is down, we've been able to manage fairly successfully our investment portfolio, and we did make $80 million this quarter, which we're pretty proud of.

I think also the marked improvement in our asset quality illustrates 2 points. First of all, our conservative nature on the way that we recognize risk in our portfolio. So when the pandemic started, we're one of the first banks to market with recognizing additional risk based on the uncertainty in the marketplace. And our provision and our allowance reflected that at that point in time. I think you can see that we are now starting to work with our customers and understand that they're past the point of that particular risk, and our portfolio is improving. We're able to recapture some of that earlier provision, which I think is a very positive reflection of our customer base.

And I'll leave you with this thought because Matt didn't mention it. While we're really proud of our loan pipeline build at the end of the third quarter, up 15% from the previous quarter, as of Friday, that loan pipeline was $1.8 billion with approved, ready to close at $530 million. So just in these short 3 weeks since the end of the quarter, we've seen that pipeline continue to build, and that's without the pipeline from Landmark and Triumph because I just, quite honestly, haven't had time to get their pipeline in the loan production system.

So we're very optimistic about our ability to meet the market's needs. If we had been in this position 18 months ago with a loan-to-deposit ratio of 98% and CRE concentration of 340%, we would not be in the position we are today. So I'm really proud of what these folks have done, the navigation that they've done during a very uncertain period of our economy. So I hope you'll take that as a positive note.

Thanks again for joining us today, and I hope you have a great fourth quarter, and happy holidays.

Operator

Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.
