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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

OR

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

For the transition period from _____ to _____

Commission File Number 000-06253

SIMMONS FIRST NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

The number of shares outstanding of the Registrant's Common Stock as of August 3, 2022, was 128,317,550.

Simmons First National Corporation
Quarterly Report on Form 10-Q
June 30, 2022

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* No reportable information under this item.

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

Simmons First National Corporation
Consolidated Balance Sheets
June 30, 2022 and December 31, 2021

(In thousands, except share data)	June 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Cash and non-interest bearing balances due from banks	$ 193,473	$ 209,190
Interest bearing balances due from banks and federal funds sold	771,374	1,441,463
Cash and cash equivalents	964,847	1,650,653
Interest bearing balances due from banks - time	1,535	1,882
Investment securities:		
Held-to-maturity, net of allowance for credit losses of $1,381 and $1,279 at June 30, 2022 and December 31, 2021, respectively	3,819,682	1,529,221
Available-for-sale, at estimated fair value (amortized cost of $4,730,178 and $7,130,861 at June 30, 2022 and December 31, 2021, respectively)	4,341,647	7,113,545
Total investments	8,161,329	8,642,766
Mortgage loans held for sale	14,437	36,356
Other loans held for sale	16,375	100
Loans	15,110,344	12,012,503
Allowance for credit losses on loans	(212,611)	(205,332)
Net loans	14,897,733	11,807,171
Premises and equipment	553,062	483,469
Foreclosed assets and other real estate owned	4,084	6,032
Interest receivable	82,332	72,990
Bank owned life insurance	486,355	445,305
Goodwill	1,310,528	1,146,007
Other intangible assets	137,285	106,235
Other assets	588,707	325,793
Total assets	$ 27,218,609	$ 24,724,759
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Non-interest bearing transaction accounts	$ 6,057,186	$ 5,325,318
Interest bearing transaction accounts and savings deposits	12,816,198	11,588,770
Time deposits	3,162,479	2,452,460
Total deposits	22,035,863	19,366,548
Federal funds purchased and securities sold under agreements to repurchase	155,101	185,403
Other borrowings	1,060,244	1,337,973
Subordinated notes and debentures	421,693	384,131
Accrued interest and other liabilities	285,813	201,863
Total liabilities	23,958,714	21,475,918
Stockholders’ equity:		
Common stock, Class A, $0.01 par value; 350,000,000 and 175,000,000 shares authorized at June 30, 2022 and December 31, 2021, respectively; 128,787,764 and 112,715,444 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	1,288	1,127
Surplus	2,569,060	2,164,989
Undivided profits	1,139,975	1,093,270
Accumulated other comprehensive loss	(450,428)	(10,545)
Total stockholders’ equity	3,259,895	3,248,841
Total liabilities and stockholders’ equity	$ 27,218,609	$ 24,724,759

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Income
Three and Six Months Ended June 30, 2022 and 2021

(In thousands, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(Unaudited)		(Unaudited)	
INTEREST INCOME				
Loans, including fees	$ 165,641	$ 138,804	$ 292,817	$ 285,228
Interest bearing balances due from banks and federal funds sold	1,117	651	1,766	1,449
Investment securities	37,848	27,128	71,560	48,701
Mortgage loans held for sale	200	386	390	1,025
TOTAL INTEREST INCOME	204,806	166,969	366,533	336,403
INTEREST EXPENSE				
Deposits	9,754	10,782	16,571	23,961
Federal funds purchased and securities sold under agreements to repurchase	119	192	187	437
Other borrowings	4,844	4,897	9,623	9,699
Subordinated notes and debentures	4,990	4,565	9,447	9,092
TOTAL INTEREST EXPENSE	19,707	20,436	35,828	43,189
NET INTEREST INCOME	185,099	146,533	330,705	293,214
Provision for credit losses	33,859	(12,951)	13,945	(11,506)
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	151,240	159,484	316,760	304,720
NON-INTEREST INCOME				
Wealth management fees	7,214	7,892	15,182	15,253
Service charges on deposit accounts	11,379	10,050	22,075	19,765
Other service charges and fees	1,871	2,048	3,508	3,970
Mortgage lending income	2,240	4,490	6,790	10,937
Debit and credit card fees	8,224	7,073	15,673	13,683
Bank owned life insurance income	2,563	2,038	5,269	3,561
Gain (loss) on sale of securities, net	(150)	5,127	(204)	10,598
Other income	6,837	8,397	14,103	18,897
TOTAL NON-INTEREST INCOME	40,178	47,115	82,396	96,664
NON-INTEREST EXPENSE				
Salaries and employee benefits	74,135	60,261	142,041	120,601
Occupancy expense, net	11,004	9,103	21,027	18,403
Furniture and equipment expense	5,104	4,859	9,879	10,274
Other real estate and foreclosure expense	142	863	485	1,206
Deposit insurance	2,812	1,687	4,650	2,995
Merger related costs	19,133	686	21,019	919
Other operating expenses	44,483	37,198	86,129	73,261
TOTAL NON-INTEREST EXPENSE	156,813	114,657	285,230	227,659
INCOME BEFORE INCOME TAXES	34,605	91,942	113,926	173,725
Provision for income taxes	7,151	17,018	21,377	31,381
NET INCOME	27,454	74,924	92,549	142,344
Preferred stock dividends	—	13	—	26
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 27,454	$ 74,911	$ 92,549	$ 142,318
BASIC EARNINGS PER SHARE	$ 0.21	$ 0.69	$ 0.77	$ 1.31
DILUTED EARNINGS PER SHARE	$ 0.21	$ 0.69	$ 0.77	$ 1.31

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Comprehensive Income (Loss)
Three and Six Months Ended June 30, 2022 and 2021

(In thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(Unaudited)		(Unaudited)	
NET INCOME	$ 27,454	$ 74,924	$ 92,549	$ 142,344
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized holding gains (losses) arising during the period on available-for-sale securities	21,333	71,801	(444,375)	(53,916)
Less: Reclassification adjustment for realized (loss) gains included in net income	(150)	5,127	(204)	10,598
Less: Realized loss on available-for-sale securities interest rate hedges	(22,832)	—	(60,031)	—
Net unrealized losses on securities transferred from available for sale to held to maturity during the period	(206,682)	—	(206,682)	—
Less: Accretion of net unrealized losses on securities transferred from available-for-sale to held-to-maturity	4,785	—	4,701	—
Other comprehensive income (loss), before tax effect	(167,152)	66,674	(595,523)	(64,514)
Less: Tax effect of other comprehensive income (loss)	(43,685)	17,425	(155,640)	(16,861)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(123,467)	49,249	(439,883)	(47,653)
COMPREHENSIVE INCOME (LOSS)	$ (96,013)	$ 124,173	$ (347,334)	$ 94,691

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2022 and 2021

(In thousands)	June 30, 2022	June 30, 2021
	(Unaudited)	
OPERATING ACTIVITIES		
Net income	$ 92,549	$ 142,344
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	24,230	23,837
Provision for credit losses	13,945	(11,506)
(Gain) loss on sale of investments	204	(10,598)
Net accretion of investment securities and assets	(24,494)	(24,377)
Net amortization on borrowings	192	269
Stock-based compensation expense	8,164	7,592
Gain on sale of premises and equipment, net of impairment	—	(606)
Gain on sale of foreclosed assets and other real estate owned	(290)	(177)
Gain on sale of mortgage loans held for sale	(4,333)	(20,006)
Gain on sale of loans	(228)	—
Gain on sale of branches	—	(5,300)
Deferred income taxes	917	6,315
Income from bank owned life insurance	(5,269)	(3,630)
Originations of mortgage loans held for sale	(329,833)	(534,124)
Proceeds from sale of mortgage loans held for sale	356,085	655,497
Changes in assets and liabilities:		
Interest receivable	(1,547)	4,680
Other assets	(10,064)	(2,402)
Accrued interest and other liabilities	57,874	(58,284)
Income taxes payable	(245)	6,786
Net cash provided by operating activities	177,857	176,310
INVESTING ACTIVITIES		
Net change in loans	(835,002)	1,520,504
Proceeds from sale of loans	15,556	1,847
Net change in due from banks - time	347	244
Purchases of premises and equipment, net	(17,000)	(5,829)
Proceeds from sale of premises and equipment	—	5,156
Proceeds from sale of foreclosed assets and other real estate owned	2,819	10,988
Proceeds from sale of available-for-sale securities	—	249,454
Proceeds from maturities of available-for-sale securities	762,094	314,547
Purchases of available-for-sale securities	(259,586)	(3,672,029)
Proceeds from maturities of held-to-maturity securities	30,848	9,479
Purchases of held-to-maturity securities	(329,660)	(606,187)
Purchases of bank owned life insurance death benefits	—	(160,000)
Proceeds from bank owned life insurance death benefits	—	3,032
Disposition of assets and liabilities held for sale	—	(134,166)
Purchase of Spirit of Texas Bancshares, Inc.	276,396	—
Net cash used in investing activities	(353,188)	(2,462,960)
FINANCING ACTIVITIES		
Net change in deposits	(49,701)	1,307,965
Dividends paid on preferred stock	—	(26)
Dividends paid on common stock	(45,844)	(39,010)
Net change in other borrowed funds	(315,778)	(2,874)
Net change in federal funds purchased and securities sold under agreements to repurchase	(30,302)	(111,896)
Net shares issued (cancelled) under stock compensation plans	(3,905)	1,373
Shares issued under employee stock purchase plan	1,151	1,170
Repurchases of common stock	(66,096)	(3,080)
Net cash (used in) provided by financing activities	(510,475)	1,153,622
DECREASE IN CASH AND CASH EQUIVALENTS	(685,806)	(1,133,028)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,650,653	3,472,152
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 964,847	$ 2,339,124

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Stockholders' Equity
Three Months Ended June 30, 2022 and 2021

(In thousands, except share data)	Preferred Stock	Common Stock	Surplus	Accumulated Other Comprehensive (Loss) Income	Undivided Profits	Total
Three Months Ended June 30, 2022						
Balance, March 31, 2022 (Unaudited)	$ —	$ 1,125	$ 2,150,453	$ (326,961)	$ 1,136,990	$ 2,961,607
Comprehensive (loss) income	—	—	—	(123,467)	27,454	(96,013)
Stock-based compensation plans, net – 42,459 shares	—	—	3,893	—	—	3,893
Stock issued for Spirit acquisition - 18,275,074 shares	—	183	464,735	—	—	464,918
Stock repurchases – 2,035,324 shares	—	(20)	(50,021)	—	—	(50,041)
Dividends on common stock – $0.19 per share	—	—	—	—	(24,469)	(24,469)
Balance, June 30, 2022 (Unaudited)	$ —	$ 1,288	$ 2,569,060	$ (450,428)	$ 1,139,975	$ 3,259,895
Three Months Ended June 30, 2021						
Balance, March 31, 2021 (Unaudited)	$ 767	$ 1,083	$ 2,017,188	$ (37,176)	$ 948,913	$ 2,930,775
Comprehensive income	—	—	—	49,249	74,924	124,173
Stock-based compensation plans, net – 40,937 shares	—	1	3,940	—	—	3,941
Dividends on preferred stock	—	—	—	—	(13)	(13)
Dividends on common stock – $0.18 per share	—	—	—	—	(19,510)	(19,510)
Balance, June 30, 2021 (Unaudited)	$ 767	$ 1,084	$ 2,021,128	$ 12,073	$ 1,004,314	$ 3,039,366

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Stockholders' Equity
Six Months Ended June 30, 2022 and 2021

(In thousands, except share data)	Preferred Stock	Common Stock	Surplus	Accumulated Other Comprehensive (Loss) Income	Undivided Profits	Total
Six Months Ended June 30, 2022						
Balance, December 31, 2021	$ —	$ 1,127	$ 2,164,989	$ (10,545)	$ 1,093,270	$ 3,248,841
Comprehensive (loss) income	—	—	—	(439,883)	92,549	(347,334)
Stock issued for employee stock purchase plan – 59,475 shares	—	1	1,150	—	—	1,151
Stock-based compensation plans, net – 286,820 shares	—	2	4,257	—	—	4,259
Stock issued for Spirit acquisition - 18,275,074 shares	—	183	464,735	—	—	464,918
Stock repurchases – 2,549,049 shares	—	(25)	(66,071)	—	—	(66,096)
Dividends on common stock – $0.38 per share	—	—	—	—	(45,844)	(45,844)
Balance, June 30, 2022 (Unaudited)	$ —	$ 1,288	$ 2,569,060	$ (450,428)	$ 1,139,975	$ 3,259,895
Six Months Ended June 30, 2021						
Balance, December 31, 2020	$ 767	$ 1,081	$ 2,014,076	$ 59,726	$ 901,006	$ 2,976,656
Comprehensive (loss) income	—	—	—	(47,653)	142,344	94,691
Stock issued for employee stock purchase plan – 60,697 shares	—	1	1,169	—	—	1,170
Stock-based compensation plans, net – 379,226 shares	—	3	8,962	—	—	8,965
Stock repurchases – 130,916 shares	—	(1)	(3,079)	—	—	(3,080)
Dividends on preferred stock	—	—	—	—	(26)	(26)
Dividends on common stock – $0.36 per share	—	—	—	—	(39,010)	(39,010)
Balance, June 30, 2021 (Unaudited)	$ 767	$ 1,084	$ 2,021,128	$ 12,073	$ 1,004,314	$ 3,039,366

See Condensed Notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1: PREPARATION OF INTERIM FINANCIAL STATEMENTS

Description of Business and Organizational Structure

Simmons First National Corporation ("Company") is a Mid-South financial holding company headquartered in Pine Bluff, Arkansas, and the parent company of Simmons Bank, an Arkansas state-chartered bank that has been in operation since 1903 ("Simmons Bank" or the "Bank"). Simmons First Insurance Services, Inc. and Simmons First Insurance Services of TN, LLC are wholly-owned subsidiaries of Simmons Bank and are insurance agencies that offer various lines of personal and corporate insurance coverage to individual and commercial customers. The Company, through its subsidiaries, offers, among other things, consumer, real estate and commercial loans; checking, savings and time deposits; and specialized products and services (such as credit cards, trust and fiduciary services, investments, agricultural finance lending, equipment lending, insurance and Small Business Administration ("SBA") lending) from 233 financial centers as of June 30, 2022, located throughout market areas in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

Basis of Presentation

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

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

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

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

Recently Adopted Accounting Standards

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

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

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

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

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

Recently Issued Accounting Standards

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

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

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

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

NOTE 2: ACQUISITIONS

Spirit of Texas Bancshares, Inc.

On April 8, 2022, the Company completed its merger with Spirit of Texas Bancshares, Inc. ("Spirit") pursuant to the terms of the Agreement and Plan of Merger dated as of November 19, 2021 ("Spirit Agreement"), at which time Spirit merged with and into the Company, with the Company continuing as the surviving corporation. The Company issued 18,275,074 shares of its common stock valued at approximately $464.9 million as of April 8, 2022, plus $1,393,508.90 in cash, in exchange for all outstanding shares of Spirit capital stock (and common stock equivalents) to effect the merger.

Prior to the acquisition, Spirit, headquartered in Conroe, Texas, conducted banking business through its subsidiary bank, Spirit of Texas Bank SSB, from 35 branches located primarily in the Texas Triangle - consisting of Dallas-Fort Worth, Houston, San Antonio and Austin metropolitan areas - with additional locations in the Bryan-College Station, Corpus Christi and Tyler metropolitan areas, along with offices in North Central and South Texas. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $3.12 billion in assets, including approximately $2.29 billion in loans (inclusive of loan discounts), and approximately $2.72 billion in deposits.

Goodwill of $163.9 million was recorded as a result of the transaction. The merger strengthened the Company's position in the Texas market and brought forth additional opportunities in the Company's current footprint, which gave rise to the goodwill recorded. The goodwill will not be deductible for tax purposes.

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

(In thousands)	Acquired from Spirit	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 277,790	$ —	$ 277,790
Investment securities	362,088	(13,401)	348,687
Loans acquired	2,314,085	(23,839)	2,290,246
Allowance for credit losses on loans	(17,005)	12,962	(4,043)
Premises and equipment	84,135	(17,918)	66,217
Bank owned life insurance	36,890	—	36,890
Goodwill	77,681	(77,681)	—
Core deposit and other intangible assets	6,245	32,386	38,631
Other assets	58,403	3,895	62,298
Total assets acquired	$ 3,200,312	$ (83,596)	$ 3,116,716

(In thousands)	Acquired from Spirit	Fair Value Adjustments	Fair Value
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$ 825,228	$ (165)	$ 825,063
Interest bearing transaction accounts and savings deposits	1,383,663	—	1,383,663
Time deposits	509,209	1,081	510,290
Total deposits	2,718,100	916	2,719,016
Other borrowings	37,547	503	38,050
Subordinated debentures	36,491	879	37,370
Accrued interest and other liabilities	23,667	(3,823)	19,844
Total liabilities assumed	2,815,805	(1,525)	2,814,280
Equity	384,507	(384,507)	—
Total equity assumed	384,507	(384,507)	—
Total liabilities and equity assumed	$ 3,200,312	$ (386,032)	$ 2,814,280
Net assets acquired			302,436
Purchase price			466,311
Goodwill			$ 163,875

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

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

Landmark Community Bank

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

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

Goodwill of $31.4 million was recorded as a result of the transaction. The merger strengthened the Company’s market share and brought forth additional opportunities in the Company’s current footprint, which gave rise to the goodwill recorded. The goodwill will not be deductible for tax purposes.

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

(In thousands)	Acquired from Landmark	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 27,591	$ —	$ 27,591
Due from banks - time	100	—	100
Investment securities	114,793	(125)	114,668
Loans acquired	785,551	3,953	789,504
Allowance for credit losses on loans	(5,980)	3,621	(2,359)
Premises and equipment	9,540	(4,099)	5,441
Bank owned life insurance	21,287	—	21,287
Core deposit intangible	88	4,071	4,159
Other assets	13,036	(4,605)	8,431
Total assets acquired	$ 966,006	$ 2,816	$ 968,822
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$ 110,393	$ —	$ 110,393
Interest bearing transaction accounts and savings deposits	425,777	—	425,777
Time deposits	266,835	(334)	266,501
Total deposits	803,005	(334)	802,671
Other borrowings	47,023	—	47,023
Accrued interest and other liabilities	8,459	(3,122)	5,337
Total liabilities assumed	858,487	(3,456)	855,031
Equity	107,519	(107,519)	—
Total equity assumed	107,519	(107,519)	—
Total liabilities and equity assumed	$ 966,006	$ (110,975)	$ 855,031
Net assets acquired			113,791
Purchase price			145,195
Goodwill			$ 31,404

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

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

Triumph Bancshares, Inc.

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

Prior to the acquisition, Triumph, headquartered in Memphis, Tennessee, conducted banking business through its subsidiary bank, Triumph Bank, from 6 branches located in the Memphis and Nashville, Tennessee, metropolitan areas. Including the effects of the acquisition method accounting adjustments, the Company acquired approximately $847.2 million in assets, including approximately $698.8 million in loans (inclusive of loan discounts), and approximately $719.7 million in deposits.

Goodwill of $39.9 million was recorded as a result of the transaction. The merger strengthened the Company’s market share and brought forth additional opportunities in the Company’s current footprint, which gave rise to the goodwill recorded. The goodwill will not be deductible for tax purposes.

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

(In thousands)	Acquired from Triumph	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$ 7,484	$ —	$ 7,484
Due from banks - time	495	—	495
Investment securities	130,571	(1,116)	129,455
Loans acquired	702,460	(3,674)	698,786
Allowance for credit losses on loans	(12,617)	1,525	(11,092)
Premises and equipment	2,774	484	3,258
Goodwill	1,550	(1,550)	—
Core deposit intangible	—	5,136	5,136
Other assets	12,806	897	13,703
Total assets acquired	$ 845,523	$ 1,702	$ 847,225
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$ 115,729	$ —	$ 115,729
Interest bearing transaction accounts and savings deposits	383,434	—	383,434
Time deposits	219,477	1,094	220,571
Total deposits	718,640	1,094	719,734
Securities sold under agreement to repurchase	2,854	—	2,854
Other borrowings	30,700	—	30,700
Accrued interest and other liabilities	2,882	455	3,337
Total liabilities assumed	755,076	1,549	756,625
Equity	90,446	(90,446)	—
Total equity assumed	90,446	(90,446)	—
Total liabilities and equity assumed	$ 845,522	$ (88,897)	$ 756,625
Net assets acquired			90,600
Purchase price			130,544
Goodwill			$ 39,944

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

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

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

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

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

Loans acquired – Fair values for loans were based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and current discount rates. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns. The discount rate does not include a factor for credit losses as that has been included in the estimated cash flows. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. See Note 5, Loans and Allowance for Credit Losses, in the accompanying Notes to Consolidated Financial Statements for additional information related to purchased financial assets with credit deterioration.

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

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

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

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

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

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

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

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

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

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

NOTE 3: INVESTMENT SECURITIES

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

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

During the quarters ended June 30, 2022 and September 30, 2021, the Company transferred, at fair value, $1.99 billion and $500.8 million, respectively, of securities from the available-for-sale portfolio to the held-to-maturity portfolio. The related remaining net unrealized losses of $151.9 million and net unrealized gains of $791,000, respectively, in accumulated other comprehensive income (loss) will be amortized over the remaining life of the securities. No gains or losses on these securities were recognized at the time of transfer.

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

(In thousands)	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-maturity						
June 30, 2022						
U.S. Government agencies	$ 446,789	$ —	$ 446,789	$ —	$ (67,286)	$ 379,503
Mortgage-backed securities	1,244,713	—	1,244,713	3,951	(61,982)	1,186,682
State and political subdivisions	1,869,027	(103)	1,868,924	240	(397,081)	1,472,083
Other securities	260,534	(1,278)	259,256	85	(18,647)	240,694
Total HTM	$ 3,821,063	$ (1,381)	$ 3,819,682	$ 4,276	$ (544,996)	$ 3,278,962
December 31, 2021						
U.S. Government agencies	$ 232,609	$ —	$ 232,609	$ —	$ (7,914)	$ 224,695
Mortgage-backed securities	70,342	—	70,342	232	(1,425)	69,149
State and political subdivisions	1,210,248	(1,197)	1,209,051	6,166	(8,462)	1,206,755
Other securities	17,301	(82)	17,219	—	(440)	16,779
Total HTM	$ 1,530,500	$ (1,279)	$ 1,529,221	$ 6,398	$ (18,241)	$ 1,517,378

Mortgage-backed securities ("MBS") are commercial MBS, secured by commercial properties, and residential MBS, generally secured by single-family residential properties. All mortgage-backed securities included in the table above were issued by U.S. government agencies or corporations. As of June 30, 2022, HTM MBS consists of $152.2 million and $1.09 billion of commercial MBS and residential MBS, respectively. As of December 31, 2021, HTM MBS consists of $4.9 million and $65.5 million of commercial MBS and residential MBS, respectively.

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

(In thousands)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Available-for-sale					
June 30, 2022					
U.S. Treasury	$ 1,447	$ —	$ —	$ (6)	$ 1,441
U.S. Government agencies	202,528	—	339	(4,534)	198,333
Mortgage-backed securities	3,150,519	—	4	(186,589)	2,963,934
State and political subdivisions	1,103,260	—	518	(188,523)	915,255
Other securities	272,424	—	645	(10,385)	262,684
Total AFS	$ 4,730,178	$ —	$ 1,506	$ (390,037)	$ 4,341,647
December 31, 2021					
U.S. Treasury	$ 300	$ —	$ —	$ —	$ 300
U.S. Government agencies	374,754	—	495	(10,608)	364,641
Mortgage-backed securities	4,485,548	—	6,307	(43,239)	4,448,616
State and political subdivisions	1,791,097	—	30,556	(1,995)	1,819,658
Other securities	479,162	—	6,647	(5,479)	480,330
Total AFS	$ 7,130,861	$ —	$ 44,005	$ (61,321)	$ 7,113,545

As of June 30, 2022, AFS MBS consists of $1.31 billion and $1.66 billion of commercial MBS and residential MBS, respectively. As of December 31, 2021, AFS MBS consists of $1.53 billion and $2.92 billion of commercial MBS and residential MBS, respectively.

Accrued interest receivable on HTM and AFS securities at June 30, 2022 was $15.4 million and $20.5 million, respectively, and is included in interest receivable on the consolidated balance sheets. The Company has made the election to exclude all accrued interest receivable from securities from the estimate of credit losses.

The following table summarizes the Company's AFS investments in an unrealized loss position for which an allowance for credit loss has not been recorded as of June 30, 2022, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
(In thousands)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Available-for-sale						
U.S. Treasury	$ 1,441	$ (6)	$ —	$ —	$ 1,441	$ (6)
U.S. Government agencies	110,444	(3,226)	50,341	(1,308)	160,785	(4,534)
Mortgage-backed securities	2,082,115	(125,904)	880,256	(60,685)	2,962,371	(186,589)
State and political subdivisions	714,786	(117,930)	150,324	(70,593)	865,110	(188,523)
Other securities	195,830	(8,320)	14,237	(2,065)	210,067	(10,385)
Total AFS	$ 3,104,616	$ (255,386)	$ 1,095,158	$ (134,651)	$ 4,199,774	$ (390,037)

As of June 30, 2022, the Company's investment portfolio included $4.34 billion of AFS securities, of which $4.20 billion, or 96.7%, were in an unrealized loss position that were not deemed to have credit losses. A portion of the unrealized losses were related to the Company's MBS, which are issued and guaranteed by U.S. government-sponsored entities and agencies, and the Company's state and political subdivision securities, specifically investments in insured fixed rate municipal bonds for which the issuers continue to make timely principal and interest payments under the contractual terms of the securities.

Furthermore, the decline in fair value for each of the above AFS securities is attributable to the rates for those investments yielding less than current market rates. Management does not believe any of the securities are impaired due to reasons of credit quality. Management believes the declines in fair value for the securities are temporary. Management does not have the intent to sell the securities, and management believes it is more likely than not the Company will not have to sell the securities before recovery of their amortized cost basis.

Allowance for Credit Losses

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

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

The following table details activity in the allowance for credit losses by investment security type for the three and six months ended June 30, 2022 on the Company's HTM securities portfolio.

(In thousands)	State and Political Subdivisions	Other Securities	Total
Three Months Ended June 30, 2022			
Held-to-maturity			
Beginning balance, April 1, 2022	$ 1,285	$ 92	$ 1,377
Provision for credit loss expense	—	—	—
Net increase (decrease) in allowance on previously impaired securities	(1,183)	1,183	—
Recoveries	1	3	4
Ending balance, June 30, 2022	$ 103	$ 1,278	$ 1,381
Six Months Ended June 30, 2022			
Held-to-maturity			
Beginning balance, January 1, 2022	$ 1,197	$ 82	$ 1,279
Provision for credit loss expense	—	—	—
Net increase (decrease) in allowance on previously impaired securities	(1,183)	1,183	—
Recoveries	89	13	102
Ending balance, June 30, 2022	$ 103	$ 1,278	$ 1,381

Activity in the allowance for credit losses by investment security type for the three and six months ended June 30, 2021 on the Company's HTM and AFS securities portfolio was as follows:

(In thousands)	State and Political Subdivisions	Other Securities	Total
Three Months Ended June 30, 2021			
Held-to-maturity			
Beginning balance, April 1, 2021	$ 1,042	$ 576	$ 1,618
Provision for credit loss expense	(171)	(315)	(486)
Ending balance, June 30, 2021	$ 871	$ 261	$ 1,132
Available-for-sale			
Beginning balance, April 1, 2021	$ 64	$ 2,390	$ 2,454
Net decrease in allowance on previously impaired securities	(64)	(2,390)	(2,454)
Ending balance, June 30, 2021	$ —	$ —	$ —
Six Months Ended June 30, 2021			
Held-to-maturity			
Beginning balance, January 1, 2021	$ 2,307	$ 608	$ 2,915
Provision for credit loss expense	(1,436)	253	(1,183)
Securities charged-off	—	(600)	(600)
Ending balance, June 30, 2021	$ 871	$ 261	$ 1,132
Available-for-sale			
Beginning balance, January 1, 2021	$ 217	$ 95	$ 312
Reduction due to sales	—	(11)	(11)
Net decrease in allowance on previously impaired securities	(217)	(84)	(301)
Ending balance, June 30, 2021	$ —	$ —	$ —

Based upon the Company's analysis of the underlying risk characteristics of its AFS portfolio, including credit ratings and other qualitative factors, as previously discussed, there was no provision for credit losses related to AFS securities recorded for the three and six months ended June 30, 2022. During the three and six months ended June 30, 2021, the provision for credit losses was reduced by $2,454,000 and $312,000, respectively, related to AFS securities.

The following table summarizes bond ratings for the Company's HTM portfolio, based upon amortized cost, issued by state and political subdivisions and other securities as of June 30, 2022:

	State and Political Subdivisions				
(In thousands)	Not Guaranteed or Pre-Refunded	Other Credit Enhancement or Insurance	Pre-Refunded	Total	Other Securities
Aaa/AAA	$ 194,105	$ 275,834	$ —	$ 469,939	$ —
Aa/AA	667,088	505,305	—	1,172,393	—
A	47,636	157,423	—	205,059	172,341
Baa/BBB	—	5,935	—	5,935	53,364
Not Rated	8,829	6,872	—	15,701	34,829
Total	$ 917,658	$ 951,369	$ —	$ 1,869,027	$ 260,534

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

Income earned on securities for the three and six months ended June 30, 2022 and 2021, is as follows:

(In thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Taxable:				
Held-to-maturity	$ 10,578	$ 837	$ 12,490	$ 1,350
Available-for-sale	11,217	13,757	27,453	23,364
Non-taxable:				
Held-to-maturity	10,088	3,030	16,190	5,034
Available-for-sale	5,965	9,504	15,427	18,953
Total	$ 37,848	$ 27,128	$ 71,560	$ 48,701

The amortized cost and estimated fair value by maturity of securities as of June 30, 2022 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. Accordingly, actual maturities may differ from contractual maturities.

	Held-to-Maturity		Available-for-Sale	
(In thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 3,794	$ 3,813	$ 4,084	$ 4,077
After one through five years	7,513	7,556	171,681	167,509
After five through ten years	313,724	290,805	278,500	269,311
After ten years	2,251,319	1,790,105	1,124,785	936,207
Securities not due on a single maturity date	1,244,713	1,186,683	3,150,519	2,963,934
Other securities (no maturity)	—	—	609	609
Total	$ 3,821,063	$ 3,278,962	$ 4,730,178	$ 4,341,647

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $4.16 billion at June 30, 2022 and $3.88 billion at December 31, 2021.

There were no gross realized gains and approximately $150,000 of gross realized losses from the sale and calls of securities during the three months ended June 30, 2022, and approximately $37,000 of gross realized gains and $240,000 of gross realized losses from the sale and call of securities during the six months ended June 30, 2022. There were approximately $5.2 million of gross realized gains and $26,000 of gross realized losses from the sale of securities during the three months ended June 30, 2021, and approximately $10.6 million of gross realized gains and $39,000 of gross realized losses from the sale of securities during the six months ended June 30, 2021. The income tax expense/benefit related to security gains/losses was 26.135% of the gross amounts in 2022 and 2021.

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

NOTE 4: OTHER ASSETS AND OTHER LIABILITIES HELD FOR SALE

Spirit Acquisition

In connection with the Spirit acquisition, the Company acquired a portfolio of loans which were identified as held for sale by the acquired bank prior to the completion of the acquisition. These loans were valued at $31.3 million, net of fair value discounts, at the date of acquisition. As of June 30, 2022, the remaining balance of loans held for sale, net of fair value discounts, was $16.4 million.

As of June 30, 2022, there were no outstanding other liabilities held for sale.

Illinois Branch Sale

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

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

The Company recognized a gain on sale of $5.3 million related to the Illinois Branches in the six month period ended June 30, 2021.

NOTE 5: LOANS AND ALLOWANCE FOR CREDIT LOSSES

At June 30, 2022, the Company's loan portfolio was $15.11 billion, compared to $12.01 billion at December 31, 2021. The various categories of loans are summarized as follows:

(In thousands)	June 30, 2022	December 31, 2021
Consumer:		
Credit cards	$ 189,684	$ 187,052
Other consumer	204,692	168,318
Total consumer	394,376	355,370
Real Estate:		
Construction and development	2,082,688	1,326,371
Single family residential	2,357,942	2,101,975
Other commercial	7,082,055	5,738,904
Total real estate	11,522,685	9,167,250
Commercial:		
Commercial	2,612,256	1,992,043
Agricultural	218,743	168,717
Total commercial	2,830,999	2,160,760
Other	362,284	329,123
Total loans	$ 15,110,344	$ 12,012,503

The above table presents total loans at amortized cost. The difference between amortized cost and unpaid principal balance is primarily premiums and discounts associated with acquisition date fair value adjustments on acquired loans as well as net deferred origination fees totaling $31.8 million and $21.5 million at June 30, 2022 and December 31, 2021, respectively.

Accrued interest on loans, which is excluded from the amortized cost of loans held for investment, totaled $46.5 million and $39.8 million at June 30, 2022 and December 31, 2021, respectively, and is included in interest receivable on the consolidated balance sheets.

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

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

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

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

Paycheck Protection Program Loans – The Company originated loans pursuant to multiple PPP appropriations of the CARES Act which provided 100% federally guaranteed loans for small businesses to cover up to 24 weeks of payroll costs and assistance with mortgage interest, rent and utilities. Notably, these small business loans may be forgiven by the SBA if borrowers maintain their payrolls and satisfy certain other conditions. PPP loans have a zero percent risk-weight for regulatory capital ratios. As of June 30, 2022 and December 31, 2021, the total outstanding balance of PPP loans was $19.5 million and $116.7 million, respectively.

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

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

(In thousands)	June 30, 2022	December 31, 2021
Consumer:		
Credit cards	$ 325	$ 377
Other consumer	334	381
Total consumer	659	758
Real estate:		
Construction and development	3,292	2,296
Single family residential	21,046	19,268
Other commercial	20,281	26,953
Total real estate	44,619	48,517
Commercial:		
Commercial	17,237	18,774
Agricultural	142	152
Total commercial	17,379	18,926
Other	13	3
Total	$ 62,670	$ 68,204

As of June 30, 2022 and December 31, 2021, nonaccrual loans for which there was no related allowance for credit losses had an amortized cost of $11.8 million and $14.5 million, respectively. These loans are individually assessed and do not hold an allowance due to being adequately collateralized under the collateral-dependent valuation method.

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

(In thousands)	Gross 30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90 Days Past Due & Accruing
June 30, 2022						
Consumer:						
Credit cards	$ 823	$ 282	$ 1,105	$ 188,579	$ 189,684	$ 180
Other consumer	786	81	867	203,825	204,692	—
Total consumer	1,609	363	1,972	392,404	394,376	180
Real estate:						
Construction and development	578	1,610	2,188	2,080,500	2,082,688	—
Single family residential	12,399	10,590	22,989	2,334,953	2,357,942	552
Other commercial	3,788	14,682	18,470	7,063,585	7,082,055	—
Total real estate	16,765	26,882	43,647	11,479,038	11,522,685	552
Commercial:						
Commercial	5,202	8,148	13,350	2,598,906	2,612,256	172
Agricultural	141	44	185	218,558	218,743	—
Total commercial	5,343	8,192	13,535	2,817,464	2,830,999	172
Other	—	13	13	362,271	362,284	—
Total	$ 23,717	$ 35,450	$ 59,167	$ 15,051,177	$ 15,110,344	$ 904

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

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

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

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

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

	Accruing TDR Loans		Nonaccrual TDR Loans		Total TDR Loans	
(Dollars in thousands)	Number	Balance	Number	Balance	Number	Balance
June 30, 2022						
Real estate:						
Single-family residential	24	$ 1,902	13	$ 1,122	37	$ 3,024
Other commercial	1	753	—	—	1	753
Total real estate	25	2,655	13	1,122	38	3,777
Commercial:						
Commercial	—	—	3	1,401	3	1,401
Total commercial	—	—	3	1,401	3	1,401
Total	25	$ 2,655	16	$ 2,523	41	$ 5,178

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

The following table presents loans that were restructured as TDRs during the three and six month periods ended June 30, 2022 and 2021.

(Dollars in thousands)	Number of loans	Balance Prior to TDR	Balance at June 30,	Change in Maturity Date	Change in Rate	Financial Impact on Date of Restructure
Three and Six Months Ended June 30, 2022						
Real estate:						
Other commercial	1	$ 13	$ 13	$ —	$ 13	$ —
Total real estate	1	$ 13	$ 13	$ —	$ 13	$ —
Three and Six Months Ended June 30, 2021						
Real estate:						
Other commercial	1	$ 784	$ 778	$ —	$ 778	$ —
Total real estate	1	$ 784	$ 778	$ —	$ 778	$ —

During the three and six months ended June 30, 2022, the Company modified one loan with a recorded investment of $13,000 prior to modification, which was deemed a TDR. The restructured loan was modified by reducing the interest rate on the loan. No specific reserve was recorded with respect to this TDR. Also, there was no immediate financial impact from the restructuring of this loan, as it was not considered necessary to charge-off interest or principal on the date of restructure.

During the three and six months ended June 30, 2021, the Company modified one loan with a recorded investment of $784,000 prior to modification, which was deemed a TDR. The restructured loan was modified by deferring amortized principal payments and requiring interest only payments for a period of up to 12 months. A specific reserve of approximately $5,100 was recorded with respect to this TDR. Also, there was no immediate financial impact from the restructuring of this loan, as it was not considered necessary to charge-off interest or principal on the date of restructure.

Additionally, there were no loans considered TDRs for which a payment default occurred during the six months ended June 30, 2022 or 2021. The Company defines a payment default as a payment received more than 90 days after its due date.

There were no TDRs with pre-modification loan balances for which Other Real Estate Owned ("OREO") was received in full or partial satisfaction of the loans during the three and six month periods ended June 30, 2022 or 2021. At June 30, 2022 and December 31, 2021, the Company had $2,420,000 and $1,806,000, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At June 30, 2022 and December 31, 2021, the Company had $524,000 and $831,000, respectively, of OREO secured by residential real estate properties.

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

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

- *Pass (Excellent)* – This category includes loans which are virtually free of credit risk. Borrowers in this category represent the highest credit quality and greatest financial strength.
- *Pass (Good)* - Loans under this category possess a nominal risk of default. This category includes borrowers with strong financial strength and superior financial ratios and trends. These loans are generally fully secured by cash or equivalents (other than those rated "excellent").
- *Pass (Acceptable – Average)* - Loans in this category are considered to possess a normal level of risk. Borrowers in this category have satisfactory financial strength and adequate cash flow coverage to service debt requirements. If secured, the perfected collateral should be of acceptable quality and within established borrowing parameters.
- *Pass (Monitor)* - Loans in the Watch (Monitor) category exhibit an overall acceptable level of risk, but that risk may be increased by certain conditions, which represent "red flags". These "red flags" require a higher level of supervision or monitoring than the normal "Pass" rated credit. The borrower may be experiencing these conditions for the first time, or it may be recovering from weakness, which at one time justified a higher rating. These conditions may include: weaknesses in financial trends; marginal cash flow; one-time negative operating results; non-compliance with policy or borrowing agreements; poor diversity in operations; lack of adequate monitoring information or lender supervision; questionable management ability/stability.
- *Special Mention* - A loan in this category has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention loans are not adversely classified (although they are "criticized") and do not expose an institution to sufficient risk to warrant adverse classification. Borrowers may be experiencing adverse operating trends or an ill-proportioned balance sheet. Non-financial characteristics of a Special Mention rating may include management problems, pending litigation, a non-existent or ineffective loan agreement or other material structural weakness, and/or other significant deviation from prudent lending practices.
- *Substandard* - A Substandard loan is inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. The loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. This does not imply ultimate loss of the principal, but may involve burdensome administrative expenses and the accompanying cost to carry the loan.
- *Doubtful* - A loan classified Doubtful has all the weaknesses inherent in a substandard loan except that the weaknesses make collection or liquidation in full (on the basis of currently existing facts, conditions, and values) highly questionable and improbable. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain an operating entity. The possibility of loss is extremely high, but because of specific pending events that may strengthen the asset, its classification as loss is deferred. Pending factors include: proposed merger or acquisition; liquidation procedures; capital injection; perfection of liens on additional collateral; and refinancing plans. Loans classified as Doubtful are placed on nonaccrual status.
- *Loss* - Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loans has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless loan, even though partial recovery may be affected in the future. Borrowers in the Loss category are often in bankruptcy, have formally suspended debt repayments, or have otherwise ceased normal business operations. Loans should be classified as Loss and charged-off in the period in which they become uncollectible.

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

- *Current* - Loans in this category are either current in payments or are under 30 days past due. These loans are considered to have a normal level of risk.
- *30-89 Days Past Due* - Loans in this category are between 30 and 89 days past due and are subject to the Company's loss mitigation process. These loans are considered to have a moderate level of risk.

- *90+ Days Past Due* - Loans in this category are 90 days or more past due and are placed on nonaccrual status. These loans have been subject to the Company's loss mitigation process and foreclosure and/or charge-off proceedings have commenced.

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

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

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

The following table presents a summary of loans by credit quality indicator, as of June 30, 2022, segregated by class of loans.

	Term Loans Amortized Cost Basis by Origination Year								
(In thousands)	2022 (YTD)	2021	2020	2019	2018	2017 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Consumer - credit cards									
Delinquency:									
Current	$ —	$ —	$ —	$ —	$ —	$ —	$ 188,579	$ —	$ 188,579
30-89 days past due	—	—	—	—	—	—	823	—	823
90+ days past due	—	—	—	—	—	—	282	—	282
Total consumer - credit cards	—	—	—	—	—	—	189,684	—	189,684
Consumer - other									
Delinquency:									
Current	113,647	37,547	15,582	7,499	4,689	4,961	19,897	3	203,825
30-89 days past due	121	308	85	59	21	173	19	—	786
90+ days past due	—	17	8	5	4	39	8	—	81
Total consumer - other	113,768	37,872	15,675	7,563	4,714	5,173	19,924	3	204,692
Real estate - C&D									
Risk rating:									
Pass	141,408	112,131	82,372	28,611	21,030	21,377	1,669,088	346	2,076,363
Special mention	—	—	—	257	—	45	—	—	302
Substandard	1,955	91	12	14	32	151	3,768	—	6,023
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - C&D	143,363	112,222	82,384	28,882	21,062	21,573	1,672,856	346	2,082,688
Real estate - SF residential									
Delinquency:									
Current	345,078	444,223	281,134	173,339	234,911	554,820	296,238	5,210	2,334,953
30-89 days past due	357	1,492	434	2,311	1,533	5,348	924	—	12,399
90+ days past due	—	419	475	607	1,213	6,693	1,183	—	10,590
Total real estate - SF residential	345,435	446,134	282,043	176,257	237,657	566,861	298,345	5,210	2,357,942
Real estate - other commercial									
Risk rating:									
Pass	1,122,003	1,607,077	704,790	389,165	270,028	870,569	1,726,593	19,805	6,710,030
Special mention	32,585	13,784	34,233	2,815	6,836	30,804	61,082	—	182,139
Substandard	37,988	19,126	15,535	4,606	15,386	47,629	49,616	—	189,886
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - other commercial	1,192,576	1,639,987	754,558	396,586	292,250	949,002	1,837,291	19,805	7,082,055
Commercial									
Risk rating:									
Pass	390,270	403,212	193,069	87,732	49,283	75,417	1,336,375	38,411	2,573,769
Special mention	88	1,266	120	70	11	1,022	3,596	—	6,173
Substandard	2,541	4,792	796	1,389	2,334	5,432	14,098	931	32,313
Doubtful and loss	—	—	—	—	—	—	—	1	1
Total commercial	392,899	409,270	193,985	89,191	51,628	81,871	1,354,069	39,343	2,612,256
Commercial - agriculture									
Risk rating:									
Pass	25,266	27,616	13,144	7,172	1,832	1,942	140,470	558	218,000
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	58	—	99	55	1	530	—	743
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial - agriculture	25,266	27,674	13,144	7,271	1,887	1,943	141,000	558	218,743
Other									
Delinquency:									
Current	44,083	31,049	9,005	5,973	23,119	28,484	219,605	953	362,271
30-89 days past due	—	—	—	—	—	—	—	—	—
90+ days past due	—	—	—	—	—	13	—	—	13
Total other	44,083	31,049	9,005	5,973	23,119	28,497	219,605	953	362,284
Total	$ 2,257,390	$ 2,704,208	$ 1,350,794	$ 711,723	$ 632,317	$ 1,654,920	$ 5,732,774	$ 66,218	$ 15,110,344

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

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

Allowance for Credit Losses

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

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

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

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

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

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

Loans for which the repayment is expected to be provided substantially through the operation or sale of collateral and where the borrower is experiencing financial difficulty had an amortized cost of $97.5 million and $47.1 million as of June 30, 2022 and December 31, 2021, respectively, as further detailed in the table below. The collateral securing these loans consist of commercial real estate properties, residential properties, and other business assets.

(In thousands)	Real Estate Collateral	Other Collateral	Total
June 30, 2022			
Construction and development	$ 2,682	$ —	$ 2,682
Single family residential	1,944	—	1,944
Other commercial real estate	84,094	—	84,094
Commercial	—	8,773	8,773
Total	$ 88,720	$ 8,773	$ 97,493
December 31, 2021			
Construction and development	$ 2,489	$ —	$ 2,489
Single family residential	1,838	—	1,838
Other commercial real estate	32,849	—	32,849
Commercial	—	9,913	9,913
Total	$ 37,176	$ 9,913	$ 47,089

The following table details activity in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2022. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Allowance for credit losses:					
Three Months Ended June 30, 2022					
Beginning balance, April 1, 2022	$ 9,177	$ 161,389	$ 2,894	$ 5,464	$ 178,924
Acquisition adjustment for PCD loans	854	3,187	—	2	4,043
Provision for credit loss expense	22,853	1,629	4,470	1,454	30,406
Charge-offs	(688)	(124)	(1,004)	(518)	(2,334)
Recoveries	621	400	249	302	1,572
Net charge-offs	(67)	276	(755)	(216)	(762)
Ending balance, June 30, 2022	$ 32,817	$ 166,481	$ 6,609	$ 6,704	$ 212,611
Six Months Ended June 30, 2022					
Beginning balance, January 1, 2022	$ 17,458	$ 179,270	$ 3,987	$ 4,617	$ 205,332
Acquisition adjustment for PCD loans	854	3,187	—	2	4,043
Provision for credit loss expense	20,334	(16,193)	4,023	2,328	10,492
Charge-offs	(7,007)	(600)	(1,924)	(932)	(10,463)
Recoveries	1,178	817	523	689	3,207
Net charge-offs	(5,829)	217	(1,401)	(243)	(7,256)
Ending balance, June 30, 2022	$ 32,817	$ 166,481	$ 6,609	$ 6,704	$ 212,611

Activity in the allowance for credit losses for the three and six months ended June 30, 2021 was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Allowance for credit losses:					
Three Months Ended June 30, 2021					
Beginning balance, April 1, 2021	$ 34,633	$ 195,826	$ 2,172	$ 2,485	$ 235,116
Provision for credit losses	(6,678)	(8,522)	4,072	1,117	(10,011)
Charge-offs	(309)	(439)	(1,046)	(411)	(2,205)
Recoveries	2,147	1,523	244	425	4,339
Net (charge-offs) recoveries	1,838	1,084	(802)	14	2,134
Ending balance, June 30, 2021	$ 29,793	$ 188,388	$ 5,442	$ 3,616	$ 227,239
Six Months Ended June 30, 2021					
Beginning balance, January 1, 2021	$ 42,093	$ 182,868	$ 7,472	$ 5,617	$ 238,050
Provision for credit loss expense	(13,599)	5,720	(515)	(1,617)	(10,011)
Charge-offs	(1,168)	(2,126)	(2,049)	(1,113)	(6,456)
Recoveries	2,467	1,926	534	729	5,656
Net (charge-offs) recoveries	1,299	(200)	(1,515)	(384)	(800)
Ending balance, June 30, 2021	$ 29,793	$ 188,388	$ 5,442	$ 3,616	$ 227,239

As of June 30, 2022, the Company's allowance for credit losses was considered sufficient based upon expected loan level cash flows that were supported by economic forecasts. The provision for credit losses for the three and six months ended June 30, 2022 was primarily due to the Day 2 provision expense related to the Spirit acquisition, partially offset by the provision recapture based upon improved asset credit quality metrics combined with improved Moody's economic modeling scenarios.

Reserve for Unfunded Commitments

In addition to the allowance for credit losses, the Company has established a reserve for unfunded commitments, classified in other liabilities. This reserve is maintained at a level management believes to be sufficient to absorb losses arising from unfunded loan commitments. The reserve for unfunded commitments was $25.9 million and $22.4 million as of June 30, 2022 and December 31, 2021, respectively. The adequacy of the reserve for unfunded commitments is determined quarterly based on methodology similar to the methodology for determining the allowance for credit losses. For the three and six month periods ended June 30, 2022, an adjustment to the reserve for unfunded commitments resulted in an expense of $3.5 million associated with the Day 2 provision related to the Spirit acquisition and was included in the provision for credit losses in the statement of income. No adjustment was made to the reserve for unfunded commitments during the three and six months ended June 30, 2021 as it was considered sufficient to cover any loss expectations.

Provision for Credit Losses

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

The components of the provision for credit losses for the three and six month periods ended June 30, 2022 and 2021 were as follows:

(In thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Provision for credit losses related to:				
Loans	$ 30,406	$ (10,011)	$ 10,492	$ (10,011)
Unfunded commitments	3,453	—	3,453	—
Securities - HTM	—	(486)	—	(1,183)
Securities - AFS	—	(2,454)	—	(312)
Total	$ 33,859	$ (12,951)	$ 13,945	$ (11,506)

Purchased Credit Deteriorated ("PCD") Loans

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

The following table provides a summary of loans purchased during the fourth quarter of 2021 as part of the Landmark acquisition with credit deterioration at acquisition:

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

The following table provides a summary of loans purchased during the fourth quarter of 2021 as part of the Triumph acquisition with credit deterioration at acquisition:

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

The following table provides a summary of loans purchased during the second quarter of 2022 as part of the Spirit acquisition with credit deterioration at acquisition:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Unpaid principal balance	$ 8,258	$ 66,534	$ —	$ 59	$ 74,851
PCD allowance for credit loss at acquisition	(854)	(3,187)	—	(2)	(4,043)
Non-credit related discount	(378)	(998)	—	(1)	(1,377)
Fair value of PCD loans	$ 7,026	$ 62,349	$ —	$ 56	$ 69,431

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

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

The Company's leases are classified as operating leases with a term, including expected renewal or termination options, greater than one year, and are related to certain office facilities and office equipment. The following table presents information as of June 30, 2022 and December 31, 2021 related to the Company's right-of-use lease assets, included in premises and equipment, and lease liabilities, included in accrued interest and other liabilities.

(Dollars in thousands)	June 30, 2022	December 31, 2021
Right-of-use lease assets	$ 51,879	$ 48,855
Lease liabilities	52,696	49,321
Weighted average remaining lease term	8.00 years	7.96 years
Weighted average discount rate	2.02 %	2.00 %

Operating lease cost for the three and six month periods ended June 30, 2022 was $3.7 million and $6.9 million, respectively, as compared to $2.9 million and $5.7 million for the same periods in 2021.

NOTE 7: PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Total premises and equipment, net at June 30, 2022 and December 31, 2021 were as follows:

(In thousands)	June 30, 2022	December 31, 2021
Right-of-use lease assets	$ 51,879	$ 48,855
Premises and equipment:		
Land	122,827	101,728
Buildings and improvements	364,076	320,844
Furniture, fixtures and equipment	112,688	107,122
Software	67,215	66,947
Construction in progress	21,206	9,117
Accumulated depreciation and amortization	(186,829)	(171,144)
Total premises and equipment, net	$ 553,062	$ 483,469

NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is tested annually, or more often than annually, if circumstances warrant, for impairment. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated, and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. Goodwill totaled $1.31 billion and $1.15 billion at June 30, 2022 and December 31, 2021, respectively. Goodwill increased $164.5 million during the six months ended June 30, 2022 primarily due to the Spirit acquisition, along with adjustments related to the continued assessment of the fair value and assumed tax position of the Landmark and Triumph acquisitions.

Goodwill impairment was neither indicated nor recorded during the six months ended June 30, 2022 or the year ended December 31, 2021. During the second quarter of 2022, the Company performed an annual goodwill impairment analysis and concluded no impairment existed. Also during the second quarter of 2022, the Company's share price began to decline as markets in the United States responded to record inflation and other economic pressures. As a result of the effect on share price, the Company performed an interim goodwill impairment assessment and concluded no impairment existed during the period.

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

Changes in the carrying amount and accumulated amortization of the Company's core deposit premiums and other intangible assets at June 30, 2022 and December 31, 2021 were as follows:

(In thousands)	June 30, 2022	December 31, 2021
Core deposit premiums:		
Balance, beginning of year	$ 93,862	$ 97,363
Acquisitions[1]	36,500	9,295
Disposition of intangible asset[2]	—	(674)
Amortization	(6,895)	(12,122)
Balance, end of period	123,467	93,862
Books of business and other intangibles:		
Balance, beginning of year	12,373	13,747
Acquisitions[3]	2,131	—
Amortization	(686)	(1,374)
Balance, end of period	13,818	12,373
Total other intangible assets, net	$ 137,285	$ 106,235

(1) A core deposit premium of $36.5 million was recorded during 2022 as part of the Spirit acquisition. Core deposit premiums of $5.1 million and $4.2 million were recorded during 2021 as part of the Triumph and Landmark acquisitions, respectively. See Note 2, Acquisitions, for additional information on acquisitions.
(2) Adjustments recorded for the premiums on certain deposit liabilities associated with the sale of banking operations.
(3) The Company recorded $2.1 million during 2022 related to servicing assets acquired as part of the Spirit acquisition. See Note 2, Acquisitions, for additional information on acquisitions.

The carrying basis and accumulated amortization of the Company's other intangible assets at June 30, 2022 and December 31, 2021 were as follows:

(In thousands)	June 30, 2022	December 31, 2021
Core deposit premiums:		
Gross carrying amount	$ 189,996	$ 153,496
Accumulated amortization	(66,529)	(59,634)
Core deposit premiums, net	123,467	93,862
Books of business and other intangibles:		
Gross carrying amount	22,068	19,937
Accumulated amortization	(8,250)	(7,564)
Books of business and other intangibles, net	13,818	12,373
Total other intangible assets, net	$ 137,285	$ 106,235

The Company's estimated remaining amortization expense on other intangible assets as of June 30, 2022 is as follows:

(In thousands)	Year	Amortization Expense
	Remainder of 2022	$ 8,209
	2023	16,187
	2024	15,285
	2025	12,700
	2026	12,227
	Thereafter	72,677
	Total	$ 137,285

NOTE 9: TIME DEPOSITS

Time deposits included approximately $1.01 billion and $784.9 million of certificates of deposit over $250,000 at June 30, 2022 and December 31, 2021, respectively. Brokered time deposits were $1.35 billion and $466.0 million at June 30, 2022 and December 31, 2021, respectively.

NOTE 10: INCOME TAXES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2022	2021	2022	2021
Income taxes currently payable	$ 15,341	$ 13,930	$ 20,460	$ 25,066
Deferred income taxes	(8,190)	3,088	917	6,315
Provision for income taxes	$ 7,151	$ 17,018	$ 21,377	$ 31,381

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

(In thousands)	June 30, 2022	December 31, 2021
Deferred tax assets:		
Loans acquired	$ 7,656	$ 4,832
Allowance for credit losses	50,577	48,462
Valuation of foreclosed assets	628	628
Tax NOLs from acquisition	13,949	13,537
Deferred compensation payable	3,545	3,426
Accrued equity and other compensation	5,202	5,776
Acquired securities	19,795	223
Right-of-use lease liability	12,804	11,984
Unrealized loss on AFS securities	139,084	8,164
Allowance for unfunded commitments	6,300	5,442
Other	6,059	7,202
Gross deferred tax assets	265,599	109,676
Deferred tax liabilities:		
Goodwill and other intangible amortization	(45,670)	(38,329)
Accumulated depreciation	(25,183)	(26,347)
Right-of-use lease asset	(12,605)	(11,871)
Unrealized gain on swaps	—	(2,767)
Other	(4,271)	(3,718)
Gross deferred tax liabilities	(87,729)	(83,032)
Net deferred tax asset	$ 177,870	$ 26,644

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2022	2021	2022	2021
Computed at the statutory rate (21%)	$ 7,267	$ 19,305	$ 23,924	$ 36,477
Increase (decrease) in taxes resulting from:				
State income taxes, net of federal tax benefit	(560)	1,488	565	3,378
Stock-based compensation	97	(66)	(105)	37
Tax exempt interest income	(3,619)	(2,741)	(7,022)	(5,251)
Tax exempt earnings on BOLI	(465)	(319)	(890)	(560)
Federal tax credits	(949)	(589)	(1,537)	(1,179)
Other differences, net	5,380	(60)	6,442	(1,521)
Actual tax provision	$ 7,151	$ 17,018	$ 21,377	$ 31,381

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

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

Section 382 of the Internal Revenue Code imposes an annual limit on the ability of a corporation that undergoes an "ownership change" to use its U.S. net operating losses to reduce its tax liability. The Company has engaged in two tax-free reorganization transactions in which acquired net operating losses are limited pursuant to Section 382. In total, approximately $54.6 million of federal net operating losses subject to the IRC Section 382 annual limitation are expected to be utilized by the Company. All of the acquired net operating loss carryforwards are expected to be fully utilized by 2036.

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

NOTE 11: SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

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

The gross amount of recognized liabilities for repurchase agreements was $146.1 million and $170.4 million at June 30, 2022 and December 31, 2021, respectively. The remaining contractual maturity of the securities sold under agreements to repurchase in the consolidated balance sheets as of June 30, 2022 and December 31, 2021 is presented in the following tables.

	Remaining Contractual Maturity of the Agreements				
(In thousands)	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
June 30, 2022					
Repurchase agreements:					
U.S. Government agencies	$ 146,101	$ —	$ —	$ —	$ 146,101
December 31, 2021					
Repurchase agreements:					
U.S. Government agencies	$ 170,403	$ —	$ —	$ —	$ 170,403

NOTE 12: OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Debt at June 30, 2022 and December 31, 2021 consisted of the following components:

(In thousands)	June 30, 2022	December 31, 2021
Other Borrowings		
FHLB advances, net of discount, due 2028 to 2034, 1.06% to 5.53% secured by real estate loans	$ 1,029,215	$ 1,306,143
Other long-term debt	31,029	31,830
Total other borrowings	1,060,244	1,337,973
Subordinated Notes and Debentures		
Subordinated notes payable, due 4/1/2028, fixed-to-floating rate (fixed rate of 5.00% through 3/31/2023, floating rate of 2.15% above the three month LIBOR rate, reset quarterly)	330,000	330,000
Subordinated notes payable, net of premium adjustments, due 7/31/2030, fixed-to-floating rate (fixed rate of 6.00% through 7/30/2025, floating rate of 5.92% above the three month SOFR rate, reset quarterly)	37,341	—
Trust preferred securities, due 9/15/2037, floating rate of 1.37% above the three month LIBOR rate, reset quarterly	10,310	10,310
Trust preferred securities, due 6/6/2037, floating rate of 1.57% above the three month LIBOR rate, reset quarterly, callable without penalty	10,310	10,310
Trust preferred securities, due 12/15/2035, floating rate of 1.45% above the three month LIBOR rate, reset quarterly, callable without penalty	6,702	6,702
Trust preferred securities, net of discount, due 6/15/2037, floating rate of 1.85% above the three month LIBOR rate, reset quarterly, callable without penalty	25,408	25,329
Trust preferred securities, net of discount, due 12/15/2036, floating rate of 1.85% above the three month LIBOR rate, reset quarterly, callable without penalty	3,050	3,041
Unamortized debt issuance costs	(1,428)	(1,561)
Total subordinated notes and debentures	421,693	384,131
Total other borrowings and subordinated debt	$ 1,481,937	$ 1,722,104

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

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

The Company assumed subordinated debt in an aggregate principal amount, net of premium adjustments, of $37.4 million in connection with the Spirit acquisition in April 2022 (the "Spirit Notes"). The Spirit Notes will mature on July 24, 2030, and initially bear interest at a fixed annual rate of 6.00%, payable quarterly, in arrears, to, but excluding, July 31, 2025. From and including July 31, 2025, to, but excluding, the maturity date or earlier redemption date, the interest rate will reset quarterly to an interest rate per annum equal to a benchmark rate, which is expected to be the then-current three-month Secured Overnight Financing Rate, as published by the Federal Reserve Bank of New York (provided, that in the event the benchmark rate is less than zero, the benchmark rate will be deemed to be zero) plus 592 basis points, payable quarterly, in arrears.

The Company had total FHLB advances of $1.03 billion and $1.31 billion at June 30, 2022 and December 31, 2021, respectively, which are primarily FHLB Owns the Option ("FOTO") advances. FOTO advances are a low cost, fixed-rate source of funding in return for granting to FHLB the flexibility to choose a termination date earlier than the maturity date. Typically, FOTO exercise dates follow a specified lockout period at the beginning of the term when FHLB cannot terminate the FOTO advance. If FHLB exercises its option to terminate the FOTO advance at one of the specified option exercise dates, there is no termination or prepayment fee, and replacement funding will be available at then-prevailing market rates, subject to FHLB's credit and collateral requirements. The Company's FOTO advances outstanding at June 30, 2022 have original maturity dates of ten years to fifteen years with lockout periods that have expired and, as a result, are considered and monitored by the Company as short-term advances. The possibility of the FHLB exercising the options is continually analyzed by the Company along with the market expected rate outcome. At June 30, 2022, the FHLB advances outstanding were secured by mortgage loans and investment securities totaling approximately $4.9 billion and the Company had approximately $3.7 billion of additional advances available from the FHLB.

The trust preferred securities are tax-advantaged issues that qualify for inclusion as Tier 2 capital at June 30, 2022. Distributions on these securities are included in interest expense on long-term debt. Each of the trusts is a statutory business trust organized for the sole purpose of issuing trust securities and investing the proceeds thereof in junior subordinated debentures of the Company, the sole asset of each trust. The preferred securities of each trust represent preferred beneficial interests in the assets of the respective trusts and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of each trust are wholly-owned by the Company. Each trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payments on the related junior subordinated debentures. The Company's obligations under the junior subordinated securities and other relevant trust agreements, in the aggregate, constitute a full and unconditional guarantee by the Company of each respective trust's obligations under the trust securities issued by each respective trust.

The Company has received approval from the Federal Reserve to redeem the five issuances of trust preferred securities and expects to complete the redemptions during the third quarter of 2022.

The Company's long-term debt primarily includes subordinated debt and long-term FHLB advances with an original maturity of greater than one year. Aggregate annual maturities of long-term debt at June 30, 2022, are as follows:

Year		(In thousands)
Remainder of 2022	$	777
2023		1,608
2024		1,693
2025		4,841
2026		1,844
Thereafter		446,175
Total	$	456,938

NOTE 13: CONTINGENT LIABILITIES

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

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

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

On June 29, 2020, Shunda Wilkins, Diann Graham, and David Watson filed a putative class action complaint against Simmons Bank in the United States District Court for the Eastern District of Arkansas. The complaint alleges that Simmons Bank improperly charges multiple insufficient funds or overdraft fees when a merchant resubmits a rejected payment request. The complaint asserts claims for breach of contract and unjust enrichment. Plaintiffs seek to represent a proposed class of all Simmons Bank checking account customers who were charged multiple insufficient funds or overdraft fees on resubmitted payment requests. Plaintiffs seek unspecified damages, costs, attorney's fees, pre-judgment interest, an injunction, and other relief as the Court deems proper for themselves and the purported class. Simmons Bank denies the allegations and is vigorously defending the matter.

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

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

NOTE 14: CAPITAL STOCK

On February 27, 2009, at a special meeting, the Company's shareholders approved an amendment to the Articles of Incorporation to establish 40,040,000 authorized shares of preferred stock, $0.01 par value. As of June 30, 2022, the aggregate liquidation preference of all shares of preferred stock cannot exceed $80,000,000.

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

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

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

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

During the six month period ended June 30, 2022, the Company repurchased 513,725 shares at an average price of $31.25 per share under the 2019 Program and 2,035,324 shares at an average price of $24.59 per share under the 2022 Program, respectively. The 2022 Program repurchases were all completed during the three months ended June 30, 2022. Market conditions and the Company's capital needs will drive decisions regarding additional, future stock repurchases. The Company repurchased 130,916 shares at an average price of $23.53 per share under the 2019 Program during the six months ended June 30, 2021. No shares were repurchased during the three months ended June 30, 2021.

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

NOTE 15: UNDIVIDED PROFITS

Simmons Bank, the Company's subsidiary bank, is subject to legal limitations on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. The approval of the Commissioner of the Arkansas State Bank Department is required if the total of all dividends declared by an Arkansas state bank in any calendar year exceeds seventy-five percent (75%) of the total of its net profits, as defined, for that year combined with seventy-five percent (75%) of its retained net profits of the preceding year. At June 30, 2022, Simmons Bank had approximately $232.5 million available for payment of dividends to the Company, without prior regulatory approval.

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

The Company and Simmons Bank, must hold a capital conservation buffer of 2.5% composed of CET1 capital above its minimum risk-based capital requirements. Failure to meet this capital conservation buffer would result in additional limits on dividends, other distributions and discretionary bonuses. As of June 30, 2022, the Company and Simmons Bank met all capital adequacy requirements, including the capital conservation buffer, under the Basel III Capital Rules. The Company's CET1 ratio was 12.10% at June 30, 2022.

NOTE 16: STOCK-BASED COMPENSATION

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

The table below summarizes the transactions under the Company's active stock-based compensation plans for the six months ended June 30, 2022:

(Shares in thousands)	Stock Options Outstanding		Non-vested Stock Awards Outstanding		Non-vested Stock Units Outstanding	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Grant-Date Fair Value	Number of Shares	Weighted Average Grant-Date Fair Value
Beginning balance, January 1, 2022	473	$ 22.50	2	$ 22.20	1,111	$ 26.49
Granted	—	—	—	—	645	26.86
Stock options exercised	(2)	13.89	—	—	—	—
Stock awards/units vested (earned)	—	—	(2)	22.20	(348)	26.70
Forfeited/expired	—	—	—	—	(50)	25.21
Balance, June 30, 2022	471	$ 22.54	—	$ —	1,358	$ 26.67
Exercisable, June 30, 2022	471	$ 22.54				

The following table summarizes information about stock options under the plans outstanding at June 30, 2022:

Range of Exercise Prices				Options Outstanding			Options Exercisable	
				Number of Shares (In thousands)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares (In thousands)	Weighted Average Exercise Price
$ 10.65	—	$	10.65	1	0.54	$10.65	1	$10.65
20.29	—		20.29	47	2.50	20.29	47	20.29
22.20	—		22.20	51	2.73	22.20	51	22.20
22.75	—		22.75	293	3.11	22.75	293	22.75
23.51	—		23.51	72	3.56	23.51	72	23.51
24.07	—		24.07	7	3.21	24.07	7	24.07
$ 10.65	—	$	24.07	471	3.07	$22.54	471	$22.54

The table below summarizes the Company's performance stock unit activity for the six months ended June 30, 2022:

(In thousands)	Performance Stock Units
Non-vested, January 1, 2022	257
Granted	181
Vested (earned)	(75)
Forfeited	(10)
Non-vested, June 30, 2022	353

Stock-based compensation expense was $8.2 million and $7.6 million during the six month periods ended June 30, 2022 and 2021, respectively. Stock-based compensation expense is recognized ratably over the requisite service period for all stock-based awards. There was no unrecognized stock-based compensation expense related to stock options at June 30, 2022. Unrecognized stock-based compensation expense related to non-vested stock awards and stock units was $24.1 million at June 30, 2022. At such date, the weighted-average period over which this unrecognized expense is expected to be recognized was 1.8 years.

The intrinsic value of stock options outstanding and stock options exercisable at June 30, 2022 was $61,000. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was $21.26 as of June 30, 2022, and the exercise price multiplied by the number of options outstanding. There was no intrinsic value of stock options exercised during the six months ended June 30, 2022, while the total intrinsic value of stock options exercised during the six months ended June 30, 2021 was $1.3 million.

The fair value of the Company's employee stock options granted is estimated on the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. There were no stock options granted during the six months ended June 30, 2022 and 2021.

NOTE 17: EARNINGS PER SHARE ("EPS")

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

The computation of earnings per share is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	2022	2021	2022	2021
Net income available to common stockholders	$ 27,454	$ 74,911	$ 92,549	$ 142,318
Average common shares outstanding	128,313	108,362	120,420	108,286
Average potential dilutive common shares	407	460	407	460
Average diluted common shares	128,720	108,822	120,827	108,746
Basic earnings per share	$ 0.21	$ 0.69	$ 0.77	$ 1.31
Diluted earnings per share	$ 0.21	$ 0.69	$ 0.77	$ 1.31

There were 6,610 stock options excluded from the three months ended June 30, 2022 earnings per share calculation due to the related stock option exercise price exceeding the average market price of the Company's stock during the period. There were no stock options excluded from the earnings per share calculation for the six months ended June 30, 2022 due to the related exercise price exceeding the average market price. There were no stock options excluded from the earnings per share calculation for the three and six months ended June 30, 2021 due to the related stock option exercise price exceeding the average market price.

NOTE 18: ADDITIONAL CASH FLOW INFORMATION

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

	Six Months Ended June 30,	
(In thousands)	2022	2021
Interest paid	$ 36,049	$ 44,281
Income taxes (refunded) paid	4,881	(32,980)
Transfers of loans to foreclosed assets held for sale	581	3,289
Transfers of premises held for sale to other real estate owned	—	4,368
Transfers of assets held for sale to other assets	100	—

NOTE 19: OTHER INCOME AND OTHER OPERATING EXPENSES

Other income for the three and six months ended June 30, 2022 was $6.8 million and $14.1 million, respectively. Other income for the same periods in 2021 was $8.4 million and $18.9 million, respectively. During the six month period ended June 30, 2021, the Company recognized a gain on sale of $5.9 million related to the sale of banking operations and bank branches.

Other operating expenses consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2022	2021	2022	2021
Professional services	$ 4,202	$ 4,561	$ 9,648	$ 9,808
Postage	2,217	1,943	4,343	4,313
Telephone	1,695	1,610	3,253	3,242
Credit card expense [(1)]	3,037	2,530	5,743	4,861
Marketing	8,754	4,740	14,894	7,893
Software and technology	10,078	9,857	20,225	20,108
Operating supplies	713	838	1,411	1,408
Amortization of intangibles	4,096	3,332	7,582	6,676
Branch right sizing expense	292	468	1,201	1,093
Other expense	9,399	7,319	17,829	13,859
Total other operating expenses	$ 44,483	$ 37,198	$ 86,129	$ 73,261

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

NOTE 20: CERTAIN TRANSACTIONS

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

NOTE 21: COMMITMENTS AND CREDIT RISK

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

At June 30, 2022, the Company had outstanding commitments to extend credit aggregating approximately $691.6 million and $4.94 billion for credit card commitments and other loan commitments, respectively. At December 31, 2021, the Company had outstanding commitments to extend credit aggregating approximately $685.3 million and $3.41 billion for credit card commitments and other loan commitments, respectively.

As of June 30, 2022, the Company had outstanding commitments to originate fixed rate-rate mortgage loans of approximately $59.1 million. At December 31, 2021, the Company had outstanding commitments to originate fixed-rate mortgage loans of approximately $108.5 million.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Company had total outstanding letters of credit amounting to $41.3 million and $37.7 million at June 30, 2022, and December 31, 2021, respectively, with terms ranging from 9 months to 15 years. At June 30, 2022 and December 31, 2021, the Company had no deferred revenue under standby letter of credit agreements.

The Company has purchased letters of credit from the FHLB as security for certain public deposits. The amount of the letters of credit was $142.8 million and $59.1 million at June 30, 2022 and December 31, 2021, respectively, and they expire in less than one year from issuance.

NOTE 22: FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

Mortgage loans held for sale – Mortgage loans held for sale are reported at fair value on an aggregate basis. Adjustments to fair value are recognized monthly and reflected in earnings. In determining the fair value of loans held for sale, the Company may consider outstanding investor commitments, discounted cash flow analyses with market assumptions or the fair value of the collateral if the loan is collateral dependent. Such loans are classified within either Level 2 or Level 3 of the fair value hierarchy. Where assumptions are made using significant unobservable inputs, such loans held for sale are classified as Level 3. At June 30, 2022 and December 31, 2021, the aggregate fair value of mortgage loans held for sale exceeded their cost.

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

The following table sets forth the Company's financial assets by level within the fair value hierarchy that were measured at fair value on a recurring basis as of June 30, 2022 and December 31, 2021.

		Fair Value Measurements Using		
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Available-for-sale securities				
U.S. Treasury	$ 1,441	$ 1,441	$ —	$ —
U.S. Government agencies	198,333	—	198,333	—
Mortgage-backed securities	2,963,934	—	2,963,934	—
State and political subdivisions	915,255	—	915,255	—
Other securities	262,684	—	262,684	—
Mortgage loans held for sale	14,437	—	—	14,437
Derivative asset	95,113	—	95,113	—
Derivative liability	(25,384)	—	(25,384)	—
December 31, 2021				
Available-for-sale securities				
U.S. Treasury	$ 300	$ 300	$ —	$ —
U.S. Government agencies	364,641	—	364,641	—
Mortgage-backed securities	4,448,616	—	4,448,616	—
States and political subdivisions	1,819,658	—	1,819,658	—
Other securities	480,330	—	480,330	—
Mortgage loans held for sale	36,356	—	—	36,356
Derivative asset	25,852	—	25,852	—
Derivative liability	(15,443)	—	(15,443)	—

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

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

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

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

The following table sets forth the Company's financial assets by level within the fair value hierarchy that were measured at fair value on a nonrecurring basis as of June 30, 2022 and December 31, 2021.

		Fair Value Measurements Using		
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Individually assessed loans [1] [2] (collateral-dependent)	$ 96,053	$ —	$ —	$ 96,053
Foreclosed assets and other real estate owned [1]	880	—	—	880
December 31, 2021				
Individually assessed loans [1] [2] (collateral-dependent)	$ 47,089	$ —	$ —	$ 47,089
Foreclosed assets and other real estate owned [1]	4,875	—	—	4,875

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

(2) Identified reserves of $10,641,000 and $4,214,000 were related to collateral-dependent loans for which fair value re-measurements took place during the periods ended June 30, 2022 and December 31, 2021, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

	Carrying	Fair Value Measurements			
(In thousands)	Amount	Level 1	Level 2	Level 3	Total
June 30, 2022					
Financial assets:					
Cash and cash equivalents	$ 964,847	$ 964,847	$ —	$ —	$ 964,847
Interest bearing balances due from banks - time	1,535	—	1,535	—	1,535
Held-to-maturity securities, net	3,819,682	—	3,278,962	—	3,278,962
Interest receivable	82,332	—	82,332	—	82,332
Loans and other loans held for sale, net	14,914,108	—	—	14,772,593	14,772,593
Financial liabilities:					
Non-interest bearing transaction accounts	6,057,186	—	6,057,186	—	6,057,186
Interest bearing transaction accounts and savings deposits	12,816,198	—	12,816,198	—	12,816,198
Time deposits	3,162,479	—	—	3,119,356	3,119,356
Federal funds purchased and securities sold under agreements to repurchase	155,101	—	155,101	—	155,101
Other borrowings	1,060,244	—	1,063,073	—	1,063,073
Subordinated notes and debentures	421,693	—	420,817	—	420,817
Interest payable	6,739	—	6,739	—	6,739
December 31, 2021					
Financial assets:					
Cash and cash equivalents	$ 1,650,653	$ 1,650,653	$ —	$ —	$ 1,650,653
Interest bearing balances due from banks - time	1,882	—	1,882	—	1,882
Held-to-maturity securities, net	1,529,221	—	1,517,378	—	1,517,378
Interest receivable	72,990	—	72,990	—	72,990
Loans and other loans held for sale, net	11,807,171	—	—	11,922,735	11,922,735
Financial liabilities:					
Non-interest bearing transaction accounts	5,325,318	—	5,325,318	—	5,325,318
Interest bearing transaction accounts and savings deposits	11,588,770	—	11,588,770	—	11,588,770
Time deposits	2,452,460	—	—	2,451,055	2,451,055
Federal funds purchased and securities sold under agreements to repurchase	185,403	—	185,403	—	185,403
Other borrowings	1,337,973	—	1,393,711	—	1,393,711
Subordinated notes and debentures	384,131	—	394,464	—	394,464
Interest payable	6,759	—	6,759	—	6,759

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

NOTE 23: DERIVATIVE INSTRUMENTS

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

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

Hedge Structures

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

Fair Value Hedges

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

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

				June 30, 2022		December 31, 2021	
(In thousands)	Balance Sheet Location	Weighted Average Pay Rate	Receive Rate	Notional	Fair Value	Notional	Fair Value
Derivative assets	Other assets	1.21%	Federal Funds	$ 999,565	$ 69,744	$ 1,001,715	$ 10,524

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

	Carrying Amount of Hedged Assets		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of Hedged Assets	
Line Item on the Balance Sheet (In thousands)	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Investment securities - Available-for-sale	$ 821,820	$ 1,063,173	$ 69,744	$ 10,524

Customer Risk Management Interest Rate Swaps

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

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

	June 30, 2022		December 31, 2021	
(In thousands)	Notional	Fair Value	Notional	Fair Value
Derivative assets	$ 504,626	$ 25,368	$ 318,428	$ 15,328
Derivative liabilities	505,626	25,384	321,985	15,443

Risk Participation Agreements

The Company has a limited number of Risk Participation Agreement swaps, that are associated with loan participations, where the Company is not the counterparty to the interest rate swaps that are associated with the risk participation sold. The interest rate swap mark to market only impacts the Company if the swap is in a liability position to the counterparty and the customer defaults on payments to the counterparty. The notional amount of these contingent agreements is $31.5 million as of June 30, 2022.

Energy Hedging

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

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

The outstanding notional value as of June 30, 2022 for energy hedging Customer Sell to Company swaps were $9.6 million and the corresponding Company Sell to Dealer swaps were $9.6 million and the corresponding net fair value of the derivative asset and derivative liability was $116,000.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Statements

We have reviewed the condensed consolidated balance sheet of Simmons First National Corporation and subsidiaries (“the Company”) as of June 30, 2022, and the related condensed consolidated statements of income, comprehensive income (loss) and stockholders’ equity for the three-month and six-month periods ended June 30, 2022 and 2021, and cash flows for the six-month periods ended June 30, 2022 and 2021, and the related notes (collectively referred to as the “interim financial information or statements”). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

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

Basis for Review Results

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

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

/s/ FORVIS, LLP
(formerly BKD, LLP)

Little Rock, Arkansas
August 5, 2022

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

As permitted by SEC rules, management presents a sequential quarterly analysis of the Company's performance as we believe that comparing current quarter results to those of the immediately preceding fiscal quarter is more useful in identifying current business trends and provides a more relevant analysis of our business results than comparing to the same period in the prior year. Accordingly, we have compared our results of operations for the three months ended June 30, 2022 to our results of operations for the three months ended March 31, 2022, as applicable, throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations. For additional information regarding the Company's results for the three months ended March 31, 2022, please refer to our first quarter Form 10-Q filed with the SEC on May 6, 2022.

OVERVIEW

Our net income for the three months ended June 30, 2022 was $27.5 million, or $0.21 diluted earnings per share, decreases of $37.6 million and $0.37, respectively, compared to the three months ended March 31, 2022. Included in both period end results were certain items related to our acquisitions and branch right sizing initiatives, while the results for the three months ended June 30, 2022 also include the Day 2 accounting provision required for loans and unfunded commitments acquired in connection with the Spirit acquisition. Excluding these certain items, adjusted earnings for the three months ended June 30, 2022 were $66.8 million, or $0.52 adjusted diluted earnings per share, compared to $67.2 million, or $0.59 adjusted diluted earnings per share for the three months ended March 31, 2022.

Net income for the first six months of 2022 was $92.5 million, or $0.77 diluted earnings per share, compared to $142.3 million, or $1.31 diluted earnings per share, for the same period in 2021. In addition to the certain items referenced above, gains associated with the sale of branch operations were included in the results for the first six months of 2021. Excluding these certain items, year-to-date adjusted earnings were $134.0 million, a decrease of $5.5 million compared to the same period in the prior year. Adjusted diluted earnings per share for the first half of 2022 were $1.11 compared to $1.28 for the same period in 2021.

Although second quarter results were significantly impacted by accounting adjustments and one-time merger expenses related to our acquisition of Spirit during the quarter, our adjusted operating results excluding these items were very strong. Highlights for the quarter include a significant increase in revenue, well contained operating expense growth, improved asset quality, strong organic loan growth, marked improvement in the efficiency ratio, substantial expansion of the net interest margin, and excellent capital ratios.

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

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

Asset quality metrics show continued improvement and reflect both economic conditions in the markets we serve, as well as the impact of the Company's strategic decision in 2019 designed to de-risk loan portfolios that were acquired in connection with its geographic diversification and expansion. As a result of this strategic decision, over the past two years the Company has prudently and systematically exited certain non-relationship credits and non-core industries while also significantly reducing its exposure to commercial real estate to more acceptable levels. Total nonperforming loans as of June 30, 2022, December 31, 2021, and June 30, 2021 were $63.6 million, $68.6 million, and $80.9 million, respectively. Non-performing assets, including troubled debt restructurings ("TDRs") and acquired foreclosed assets, as a percent of total assets were 0.27% at June 30, 2022, compared to 0.33% at December 31, 2021 and 0.43% at June 30, 2021.

Stockholders' equity as of June 30, 2022 was $3.26 billion, book value per share was $25.31 and tangible book value per share was $14.07. Our ratio of common stockholders' equity to total assets was 11.98% and the ratio of tangible common stockholders' equity to tangible assets was 7.03% at June 30, 2022. The Company's Tier 1 leverage ratio of 9.22%, as well as our other regulatory capital ratios, remain significantly above the "well capitalized" guidelines (see Table 12 in the Capital section of this Item). In January 2022, our Board of Directors authorized the 2022 Program, which replaced the 2019 Program and under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding. We repurchased approximately 2.0 million shares of our common stock under the 2022 Program during the second quarter of 2022.

Total deposits were $22.04 billion at June 30, 2022, compared to $19.37 billion at December 31, 2021. Total loans were $15.11 billion at June 30, 2022, compared to $12.01 billion at December 31, 2021.The increase in total loans and deposits during these periods primarily reflects the acquisition of Spirit during the second quarter of 2022. Net loan growth has also been driven by increased activity throughout our geographic footprint.

Our commercial pipeline rose for the seventh consecutive quarter to $3.02 billion and was up 28% from the prior quarter end and we are seeing activity from repeat customers across most of our business lines. Our strategy of restructuring our loan portfolio over the past two years not only diversified the risk profile but also established capacity which should provide the foundation for additional loan and revenue growth, which is evident in our loan pipeline and unfunded commitments. Our liquidity is solid, and our capital is strong. We are growing in all markets as demonstrated by the addition of nearly 2,000 new business deposit accounts in the quarter.

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

Simmons First National Corporation is a Mid-South based financial holding company that, as of June 30, 2022, has approximately $27.2 billion in consolidated assets and, through its subsidiaries, conducts financial operations in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

CRITICAL ACCOUNTING ESTIMATES

Overview

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

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

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

Allowance for Credit Losses

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

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

Acquisition Accounting, Loans

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

Goodwill and Intangible Assets

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

Stock-Based Compensation Plans

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

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

Income Taxes

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

NET INTEREST INCOME

Overview

Net interest income, our principal source of earnings, is the difference between the interest income generated by earning assets and the total interest cost of the deposits and borrowings obtained to fund those assets. Factors that determine the level of net interest income include the volume of earning assets and interest bearing liabilities, yields earned and rates paid, the level of non-performing loans and the amount of non-interest bearing liabilities supporting earning assets. Net interest income is analyzed in the discussion and tables below on a fully taxable equivalent basis. The adjustment to convert certain income to a fully taxable equivalent basis consists of dividing tax-exempt income by one minus the combined federal and state income tax rate of 26.135%.

Our practice is to limit exposure to interest rate movements by maintaining a significant portion of earning assets and interest bearing liabilities in short-term repricing. In the last several years, on average, approximately 43% of our loan portfolio and approximately 78% of our time deposits have repriced in one year or less. Our current interest rate sensitivity shows that approximately 42% of our loans and 87% of our time deposits will reprice in the next year.

Net Interest Income - Sequential Quarter Analysis

For the three month period ended June 30, 2022, net interest income on a fully taxable equivalent basis was $191.2 million, an increase of $40.0 million, or 26.4%, compared to the three months ended March 31, 2022. The increase in net interest income was primarily the result of a $43.6 million increase in fully tax equivalent interest income partially offset by a $3.6 million increase in interest expense.

The increase in interest income primarily resulted from a $36.6 million increase in interest income on loans, coupled with an increase of $4.4 million in interest income on investment securities. Regarding the increase in interest income on loans during the second quarter of 2022, the increase in loan volume resulted in an increase of $28.9 million, in addition to an increase of $7.7 million of interest income from a 20 basis point increase in loan yield. The loan yield for the second quarter of 2022 was 4.54% compared to 4.34% from the preceding sequential quarter. The additional loan volume was due to the acquisition of Spirit early in the second quarter, along with strong organic loan growth. The increase in both loan and investment yield was due to the rising rate environment and was also positively impacted by a significant decrease in the level of variable rate loans and securities at or below their interest rate floors during the quarter.

The $3.6 million increase in interest expense is mostly due to the increase in deposit account rates, as we manage the challenging rising rate environment. Interest expense increased $2.3 million due to the increase in yield of 6 basis points on interest-bearing deposit accounts.

Net Interest Income - Year-over-Year Analysis

For the six month period ended June 30, 2022, net interest income on a fully taxable equivalent basis was $342.4 million, an increase of $40.5 million, or 13.4%, over the same period in 2021. The increase in net interest income was the result of a $33.1 million increase in fully tax equivalent interest income combined with a $7.4 million decrease in interest expense.

The increase in interest income during the six month period ended June 30, 2022 resulted from increases in interest income on loans and investments. The increase in interest income on loans of $5.8 million reflects an increase in loan volume of $23.7 million partially offset by a 29 basis point decline in loan yield that resulted in a $17.9 million decrease. The increase in our loan volume during the first six months of 2022 was primarily due to the Spirit acquisition noted above, along with the acquisition of Landmark and Triumph in the fourth quarter of 2021. Forgiveness of PPP loans partially offset the additional loan volume provided by these acquisitions. The increase in interest income on investment securities of $25.6 million was due to the growth in our investment portfolio average balances which increased by $3.1 billion or 56.4%, as we re-invested excess liquidity in our investment security portfolio throughout 2021.

The $7.4 million decrease in interest expense is mostly due to the decrease in our deposit account rates. Interest expense decreased $7.3 million due to the decrease in rate of 15 basis points on interest-bearing deposit accounts as we continued efforts to improve our mix of deposits into lower cost deposits.

Net Interest Margin

Our net interest margin on a fully tax equivalent basis increased 48 basis points to 3.24% for the three month period ended June 30, 2022, when compared to 2.76% for the three months ended March 31, 2022. For the six month period ended June 30, 2022, our net interest margin increased 7 basis points to 3.01% when compared to 2.94% for the same period in 2021.

The increase in the net interest margin during the three months ended June 30, 2022 compared to the three months ended March 31, 2022 was primarily due to the rising rate environment and driven by increases in our loan and investment rates. The slight increase in net interest margin on a year-over-year basis is mostly due to the effective management of our deposit costs, as we continued our effort to improve the mix of deposits into lower cost deposits and manage rates effectively.

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 June 30, 2022 and March 31, 2022 and the six months ended June 30, 2022 and 2021, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	June 30, 2022	March 31, 2022	June 30, 2022	June 30, 2021
Interest income	$ 204,806	$ 161,727	$ 366,533	$ 336,403
FTE adjustment	6,096	5,602	11,698	8,711
Interest income – FTE	210,902	167,329	378,231	345,114
Interest expense	19,707	16,121	35,828	43,189
Net interest income – FTE	$ 191,195	$ 151,208	$ 342,403	$ 301,925
Yield on earning assets – FTE	3.57 %	3.06 %	3.32 %	3.36 %
Cost of interest bearing liabilities	0.46 %	0.40 %	0.43 %	0.57 %
Net interest spread – FTE	3.11 %	2.66 %	2.89 %	2.79 %
Net interest margin – FTE	3.24 %	2.76 %	3.01 %	2.94 %

Table 2: Changes in Fully Taxable Equivalent Net Interest Margin

(In thousands)	Three Months Ended June 30, June 30, 2022 compared to March 31, 2022	Six Months Ended June 30, June 30, 2022 compared to June 30, 2021
Increase due to change in earning assets	$ 27,805	$ 49,622
Increase (decrease) due to change in earning asset yields	15,768	(16,505)
Increase (decrease) due to change in interest bearing liabilities	(700)	81
Increase (decrease) due to change in interest rates paid on interest bearing liabilities	(2,886)	7,280
Increase in net interest income	$ 39,987	$ 40,478

Table 3 shows, for each major category of earning assets and interest bearing liabilities, the average (computed on a daily basis) amount outstanding, the interest earned or expensed on such amount and the average rate earned or expensed for the three months ended June 30, 2022 and March 31, 2022 and the six months ended June 30, 2022 and 2021, respectively. The table also shows the average rate earned on all earning assets, the average rate expensed on all interest bearing liabilities, the net interest spread and the net interest margin for the same periods. The analysis is presented on a fully taxable equivalent basis. Nonaccrual loans were included in average loans for the purpose of calculating the rate earned on total loans.

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

	Three Months Ended					
	June 30, 2022			March 31, 2022		
(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	$ 777,098	$ 1,117	0.58	$ 1,728,694	$ 649	0.15
Investment securities - taxable	5,674,470	21,794	1.54	5,688,306	18,148	1.29
Investment securities - non-taxable	2,725,610	21,733	3.20	2,844,777	20,937	2.98
Mortgage loans held for sale	17,173	200	4.67	27,633	190	2.79
Other loans held for sale	22,114	2,063	37.42	—	—	—
Loans - including fees	14,478,183	163,995	4.54	11,895,805	127,405	4.34
Total interest earning assets	23,694,648	210,902	3.57	22,185,215	167,329	3.06
Non-earning assets	3,074,384			2,640,984		
Total assets	$ 26,769,032			$ 24,826,199		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities:						
Interest bearing liabilities:						
Interest bearing transaction and savings deposits	$ 12,807,502	$ 6,879	0.22	$ 12,083,516	$ 4,314	0.14
Time deposits	2,586,567	2,875	0.45	2,241,123	2,503	0.45
Total interest bearing deposits	15,394,069	9,754	0.25	14,324,639	6,817	0.19
Federal funds purchased and securities sold under agreements to repurchase	210,280	119	0.23	218,186	68	0.13
Other borrowings	1,241,501	4,844	1.56	1,337,654	4,779	1.45
Subordinated debt and debentures	418,327	4,990	4.78	384,187	4,457	4.70
Total interest bearing liabilities	17,264,177	19,707	0.46	16,264,666	16,121	0.40
Non-interest bearing liabilities:						
Non-interest bearing deposits	5,926,304			5,184,828		
Other liabilities	216,848			207,597		
Total liabilities	23,407,329			21,657,091		
Stockholders' equity	3,361,703			3,169,108		
Total liabilities and stockholders' equity	$ 26,769,032			$ 24,826,199		
Net interest spread – FTE			3.11			2.66
Net interest margin – FTE		$ 191,195	3.24		$ 151,208	2.76

(In thousands)	Six Months Ended June 30, 2022 Average Balance	Six Months Ended June 30, 2022 Income/ Expense	Six Months Ended June 30, 2022 Yield/ Rate (%)	Six Months Ended June 30, 2021 Average Balance	Six Months Ended June 30, 2021 Income/ Expense	Six Months Ended June 30, 2021 Yield/ Rate (%)
ASSETS						
Earning assets:						
Interest bearing balances due from banks and federal funds sold	$ 1,250,266	$ 1,766	0.28	$ 3,088,816	$ 1,449	0.09
Investment securities - taxable	5,681,352	39,943	1.42	3,373,375	24,714	1.48
Investment securities - non-taxable	2,784,863	42,669	3.09	2,039,153	32,338	3.20
Mortgage loans held for sale	22,375	390	3.51	73,202	1,025	2.82
Other loans held for sale	11,118	2,063	37.42	—	—	—
Loans - including fees	13,194,144	291,400	4.45	12,149,041	285,588	4.74
Total interest earning assets	22,944,118	378,231	3.32	20,723,587	345,114	3.36
Non-earning assets	2,858,864			2,276,218		
Total assets	$ 25,802,982			$ 22,999,805		
LIABILITIES AND STOCKHOLDERS’ EQUITY						
Liabilities:						
Interest bearing liabilities:						
Interest bearing transaction and savings deposits	$ 12,447,510	$ 11,193	0.18	$ 10,249,756	$ 10,809	0.21
Time deposits	2,414,798	5,378	0.45	2,986,201	13,152	0.89
Total interest bearing deposits	14,862,308	16,571	0.22	13,235,957	23,961	0.37
Federal funds purchased and securities sold under agreements to repurchase	214,211	187	0.18	274,024	437	0.32
Other borrowings	1,289,311	9,623	1.51	1,340,531	9,699	1.46
Subordinated debt and debentures	401,351	9,447	4.75	383,011	9,092	4.79
Total interest bearing liabilities	16,767,181	35,828	0.43	15,233,523	43,189	0.57
Non-interest bearing liabilities:						
Non-interest bearing deposits	5,557,611			4,624,158		
Other liabilities	212,255			164,686		
Total liabilities	22,537,047			20,022,367		
Stockholders’ equity	3,265,935			2,977,438		
Total liabilities and stockholders’ equity	$ 25,802,982			$ 22,999,805		
Net interest spread – FTE			2.89			2.79
Net interest margin – FTE		$ 342,403	3.01		$ 301,925	2.94

Table 4 shows changes in interest income and interest expense resulting from changes in both volume and interest rates for the three months ended June 30, 2022 as compared to the three months ended March 31, 2022 and the six months ended June 30, 2022 and 2021, respectively. The changes in interest rate and volume have been allocated to changes in average volume and changes in average rates in proportion to the relationship of absolute dollar amounts of the changes in rates and volume.

Table 4: Volume/Rate Analysis

	Three Months Ended June 30,			Six Months Ended June 30,		
	June 30, 2022 compared to March 31, 2022			June 30, 2022 compared to June 30, 2021		
(In thousands, on a fully taxable equivalent basis)	Volume	Yield/ Rate	Total	Volume	Yield/ Rate	Total
Increase (decrease) in:						
Interest income:						
Interest bearing balances due from banks and federal funds sold	$ (522)	$ 990	$ 468	$ (1,258)	$ 1,575	$ 317
Investment securities - taxable	(44)	3,690	3,646	16,265	(1,036)	15,229
Investment securities - non-taxable	(901)	1,697	796	11,460	(1,129)	10,331
Mortgage loans held for sale	(90)	100	10	(841)	206	(635)
Other loans held for sale	446	1,617	2,063	302	1,761	2,063
Loans - including fees	28,916	7,674	36,590	23,694	(17,882)	5,812
Total	27,805	15,768	43,573	49,622	(16,505)	33,117
Interest expense:						
Interest bearing transaction and savings accounts	272	2,293	2,565	2,116	(1,732)	384
Time deposits	384	(12)	372	(2,170)	(5,604)	(7,774)
Federal funds purchased and securities sold under agreements to repurchase	(2)	53	51	(81)	(169)	(250)
Other borrowings	(358)	423	65	(378)	302	(76)
Subordinated notes and debentures	404	129	533	432	(77)	355
Total	700	2,886	3,586	(81)	(7,280)	(7,361)
Increase (decrease) in net interest income	$ 27,105	$ 12,882	$ 39,987	$ 49,703	$ (9,225)	$ 40,478

PROVISION FOR CREDIT LOSSES

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

The provision for credit losses for the three months ended June 30, 2022 was an expense of $33.9 million as compared to a recapture of $19.9 million for the three months ended March 31, 2022. For the six months ended June 30, 2022, the Company’s provision for credit losses was $13.9 million as compared to a recapture of $11.5 million for the same period ended June 30, 2021. The change for the three month period ended June 30, 2022 as compared to the preceding quarter is primarily due to the Spirit acquisition and the related Day 2 provision expense for the acquired loans and additional unfunded commitments added to the Company’s portfolio. The recapture of credit losses for the three month period ended March 31, 2022, and the three and six month periods ended June 30, 2021 was driven by improved credit quality metrics and improved macroeconomic factors.

NON-INTEREST INCOME

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

Total non-interest income was $40.2 million for the three month period ended June 30, 2022, a decrease of approximately $2.0 million, or 4.8%, as compared to the three month period ended March 31, 2022, primarily driven by the decrease in mortgage lending income due to a decline in refinancing demand and mortgage loan volume driven by the current rising rate environment.

For the six month period ended June 30, 2022, total non-interest income was $82.4 million, a decrease of approximately $14.3 million, or 14.8%, compared to the same period in 2021, primarily due to decreases in the gains on sale of securities, gains on sale of branches and mortgage lending income. During the first six months of 2021, we sold approximately $249.5 million of investment securities resulting in a net gain of $10.6 million. Additionally, the Company recognized $5.9 million on the gain on sale of branches, which we exclude from adjusted earnings, during the first six months of 2021, primarily related to the sale of Illinois branches. A decrease of $4.1 million in mortgage lending income for the six month period ended June 30, 2022 was due to the higher interest rate environment and softening market conditions.

An increase of $2.3 million in service charges on deposit accounts and an increase of $2.0 million in debit and credit card fees partially offset the overall decrease in non-interest income during the first six months of 2022 as a result of the additional customer base from the Landmark, Triumph and Spirit acquisitions and additional transactions due to the changes in customer spending habits, respectively.

Table 5 shows non-interest income for the three month period ended June 30, 2022 as compared to the three month period ended March 31, 2022 and the six month periods ended June 30, 2022 and 2021, respectively.

Table 5: Non-Interest Income

	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)	June 30, 2022	March 31, 2022	Change $	Change %	June 30, 2022	June 30, 2021	Change $	Change %
Wealth management fees	$ 7,214	$ 7,968	$ (754)	(9.5)%	$ 15,182	$ 15,253	$ (71)	(0.5)%
Service charges on deposit accounts	11,379	10,696	683	6.4	22,075	19,765	2,310	11.7
Other service charges and fees	1,871	1,637	234	14.3	3,508	3,970	(462)	(11.6)
Mortgage lending income	2,240	4,550	(2,310)	(50.8)	6,790	10,937	(4,147)	(37.9)
Debit and credit card fees [1]	8,224	7,449	775	10.4	15,673	13,683	1,990	14.5
Bank owned life insurance income	2,563	2,706	(143)	(5.3)	5,269	3,561	1,708	48.0
Gain (loss) on sale of securities, net	(150)	(54)	(96)	*	(204)	10,598	(10,802)	*
Gain on sale of branches	(88)	—	(88)	—	(88)	5,922	(6,010)	*
Other income	6,925	7,266	(341)	(4.7)	14,191	12,975	1,216	9.4
Total non-interest income	$ 40,178	$ 42,218	$ (2,040)	(4.8)%	$ 82,396	$ 96,664	$ (14,268)	(14.8)%

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

Recurring fee income (total service charges, wealth management fees, debit and credit card fees) for the three month period ended June 30, 2022 was $28.7 million, an increase of $938,000 as compared to the three month period ended March 31, 2022. Recurring fee income for the six month period ended June 30, 2022, was $56.4 million, an increase of $3.8 million from the six month period ended June 30, 2021. The increases in the periods presented are primarily the result of changes in total service charges and debit and credit card fees, previously discussed as well as the recent acquisitions.

NON-INTEREST EXPENSE

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

For the three month period ended June 30, 2022, non-interest expense was $156.8 million, an increase of $28.4 million, or 22.1%, from the three month period ended March 31, 2022. Non-interest expense for the six months ended June 30, 2022 was $285.2 million, an increase of $57.6 million, or 25.3%, from the same period in 2021.

Salaries and employee benefits expense increased $6.2 million during the three month period ended June 30, 2022 as compared to the preceding sequential quarter and $21.4 million during the six month period June 30, 2022 as compared to same period in 2021. The increase for the three month period reflects the impacts of the Spirit acquisition, while the increase for the six month period includes impacts from the Landmark, Triumph and Spirit acquisitions. In addition, the Bank continues to add associates in our lending, wealth and mortgage programs as we continue to actively recruit new producers.

Merger related costs for the three and six month periods ended June 30, 2022 as compared to the three months ended March 31, 2022 and six months ended June 30, 2021, increased by $17.2 million and $20.1 million, respectively, and is primarily related to the Spirit acquisition completed April 8, 2022. See Note 2, Acquisitions, in the accompanying Notes to Consolidated Financial Statements for additional information related to this acquisition. Adjusted non-interest expense, which excludes branch right sizing and merger related costs, for the three and six months ended June 30, 2022, increased $11.8 million, or 9.4%, and increased $37.4 million, or 16.6%, respectively, as compared to the three months ended March 31, 2022 and six months ended June 30, 2021.

Marketing expense increased by $2.6 million during the three month period ended June 30, 2022 as compared to the three months ended March 31, 2022 and increased by $7.0 million during the six month period ended June 30, 2022 as compared to the same period in 2021. The increase during the three month period ended June 30, 2022 was primarily related to a $1.6 million contribution to the Simmons First Foundation Conservation Fund, reflecting a portion of paper statement fees collected as part of a promotion to encourage customers to enroll in eStatements. The increase during the six month period ended June 30, 2022 includes the previously mentioned contribution related to paper statement fees, in addition to increased advertising and public relations expenses, including a multi-university corporate sponsorship program designed to support female student athletes and serve as a program for developing women leaders in the corporate world.

Table 6 below shows non-interest expense for the three month period ended June 30, 2022 as compared to the three month period ended March 31, 2022 and the six month periods ended June 30, 2022 and 2021, respectively.

Table 6: Non-Interest Expense

	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)	June 30, 2022	March 31, 2022	Change $	Change %	June 30, 2022	June 30, 2021	Change $	Change %
Salaries and employee benefits	$ 74,135	$ 67,906	$ 6,229	9.2%	$ 142,041	$ 120,601	$ 21,440	17.8%
Occupancy expense, net	11,004	10,023	981	9.8	21,027	18,403	2,624	14.3
Furniture and equipment expense	5,104	4,775	329	6.9	9,879	10,274	(395)	(3.8)
Other real estate and foreclosure expense	142	343	(201)	(58.6)	485	1,206	(721)	(59.8)
Deposit insurance	2,812	1,838	974	53.0	4,650	2,995	1,655	55.3
Merger related costs	19,133	1,886	17,247	*	21,019	919	20,100	*
Other operating expenses:								
Professional services	4,202	5,446	(1,244)	(22.8)	9,648	9,808	(160)	(1.6)
Postage	2,217	2,126	91	4.3	4,343	4,313	30	0.7
Telephone	1,695	1,558	137	8.8	3,253	3,242	11	0.3
Debit and credit card [(1)]	3,037	2,706	331	12.2	5,743	4,861	882	18.1
Marketing	8,754	6,140	2,614	42.6	14,894	7,893	7,001	88.7
Software and technology	10,078	10,147	(69)	(0.7)	20,225	20,108	117	0.6
Operating supplies	713	698	15	2.2	1,411	1,408	3	0.2
Amortization of intangibles	4,096	3,486	610	17.5	7,582	6,676	906	13.6
Branch right sizing	292	909	(617)	(67.9)	1,201	1,093	108	9.9
Other	9,399	8,430	969	11.5	17,829	13,859	3,970	28.7
Total non-interest expense	$ 156,813	$ 128,417	$ 28,396	22.1%	$ 285,230	$ 227,659	$ 57,571	25.3%

(1) During the second and third quarters of 2021, certain debit and credit card transaction fees were reclassified from non-interest expense to non-interest income. Prior periods have been adjusted to reflect this reclassification.
* Not meaningful

INVESTMENTS AND SECURITIES

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

HTM and AFS investment securities were $3.8 billion and $4.3 billion, respectively, at June 30, 2022, compared to the HTM amount of $1.5 billion and AFS amount of $7.1 billion at December 31, 2021. We will continue to look for opportunities to maximize the value of the investment portfolio.

During our second quarter review of the Company's balance sheet composition, liquidity and capital levels, along with our analysis of the macroeconomic factors influencing interest rates, we determined the need to reclassify certain securities from the AFS portfolio to the HTM portfolio. During the quarter ended June 30, 2022, the Company transferred, at fair value, $1.99 billion of securities from the AFS portfolio to the HTM portfolio. Previously, during the quarter ended September 30, 2021, the Company transferred, at fair value, $500.8 million of securities from AFS to HTM. The related remaining net unrealized losses of $151.9 million and net unrealized gains of $791,000, respectively, in accumulated other comprehensive income (loss) are being amortized over the remaining life of the securities. No gains or losses on these securities were recognized at the time of transfer.

Management has the ability and intent to hold the securities classified as HTM until they mature, at which time we expect to receive full value for the securities. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Furthermore, as of June 30, 2022, management also had the ability and intent to hold the securities classified as AFS for a period of time sufficient for a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality.

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

Table 7: Maturity Distribution of Investment Securities

Table 7 reflects the amortized cost and estimated fair value of securities at June 30, 2022, by contractual maturity and the weighted average yields (for tax-exempt obligations on a fully taxable equivalent basis, assuming a 26.135% tax rate) of such securities and is presented due to the reclassification of certain securities during the quarter. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

	June 30, 2022							
						Total		
(In thousands)	1 year or less	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years	No fixed maturity	Amortized Cost	Par Value	Fair Value
Held-to-Maturity								
U.S. Government agencies	$ —	$ —	$ 48,038	$ 398,751	$ —	$ 446,789	$ 480,246	$ 379,503
Mortgage-backed securities	—	—	—	—	1,244,713	1,244,713	1,313,282	1,186,682
State and political subdivisions	3,794	6,384	12,296	1,846,553	—	1,869,027	1,879,997	1,472,083
Other securities	—	1,129	253,390	6,015	—	260,534	274,878	240,694
Total	$ 3,794	$ 7,513	$ 313,724	$ 2,251,319	$ 1,244,713	$ 3,821,063	$ 3,948,403	$ 3,278,962
Percentage of total	0.1 %	0.2 %	8.2 %	58.9 %	32.6 %	100.0 %		
Weighted average yield	4.9 %	3.5 %	3.4 %	2.5 %	3.1 %	2.8 %		
Available-for-Sale								
U.S. Treasury	$ —	$ 1,447	$ —	$ —	$ —	$ 1,447	$ 1,500	$ 1,441
U.S. Government agencies	77	94,672	51,810	55,969	—	202,528	200,230	198,333
Mortgage-backed securities	—	—	—	—	3,150,519	3,150,519	3,088,139	2,963,934
State and political subdivisions	4,007	15,948	20,685	1,062,620	—	1,103,260	1,115,494	915,255
Other securities	—	59,614	206,005	6,196	609	272,424	271,976	262,684
Total	$ 4,084	$ 171,681	$ 278,500	$ 1,124,785	$ 3,151,128	$ 4,730,178	$ 4,677,339	$ 4,341,647
Percentage of total	0.1 %	3.6 %	5.9 %	23.8 %	66.6 %	100.0 %		
Weighted average yield	2.1 %	1.6 %	3.4 %	2.1 %	1.2 %	1.6 %		

LOAN PORTFOLIO

Our loan portfolio averaged $13.19 billion and $12.15 billion during the first six months of 2022 and 2021, respectively. As of June 30, 2022, total loans were $15.11 billion, an increase of $3.1 billion from December 31, 2021. The increase in the average loan balance during the first six months of 2022 when compared to the same period in 2021 was due to the 2021 acquisitions of Landmark and Triumph and the 2022 acquisition of Spirit. See Note 2, Acquisitions, in the accompanying Notes to Consolidated Financial Statements for additional information related to these acquisitions. This period-to-period increase was partially offset by the decline in average PPP loan balance, which totaled $70.9 million for the six months ended June 30, 2022 as compared to $802.4 million for the same period ended June 30, 2021. Loan growth was weighted toward the latter half of the quarter. The higher level of period end loan balances should provide a platform for interest income growth going forward. The most significant components of the loan portfolio were loans to businesses (commercial loans, commercial real estate loans and agricultural loans) and individuals (consumer loans, credit card loans and single-family residential real estate loans).

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

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

Table 8: Loan Portfolio

(In thousands)	June 30, 2022	December 31, 2021
Consumer:		
Credit cards	$ 189,684	$ 187,052
Other consumer	204,692	168,318
Total consumer	394,376	355,370
Real estate:		
Construction and development	2,082,688	1,326,371
Single family residential	2,357,942	2,101,975
Other commercial	7,082,055	5,738,904
Total real estate	11,522,685	9,167,250
Commercial:		
Commercial	2,612,256	1,992,043
Agricultural	218,743	168,717
Total commercial	2,830,999	2,160,760
Other	362,284	329,123
Total loans before allowance for credit losses	$ 15,110,344	$ 12,012,503

Consumer loans consist of credit card loans and other consumer loans. Consumer loans were $394.4 million at June 30, 2022, or 2.6% of total loans, compared to $355.4 million, or 3.0% of total loans at December 31, 2021. The increase in consumer loans from December 31, 2021, to June 30, 2022, was primarily due to the combined acquired and organic growth in direct consumer loans.

Real estate loans consist of C&D loans, single-family residential loans and CRE loans. Real estate loans were $11.52 billion at June 30, 2022, or 76.3% of total loans, compared to $9.17 billion, or 76.3%, of total loans at December 31, 2021, an increase of $2.36 billion, or 25.7%. Our C&D loans increased by $756.3 million, or 57.0%, single family residential loans increased by $256.0 million, or 12.2%, and CRE loans increased by $1.34 billion, or 23.4%. The increases were largely due to the Spirit acquisition noted above, coupled with strong organic loan growth. In the near term, we expect to continue to manage our C&D and CRE portfolio concentration by developing deeper relationships with our customers.

Commercial loans consist of non-real estate loans related to business and agricultural loans. Total commercial loans were $2.83 billion at June 30, 2022, or 18.7% of total loans, compared to $2.16 billion, or 18.0% of total loans at December 31, 2021, an increase of $670.2 million, or 31.0%, was primarily due to the combined acquired and organic growth. Agricultural loans increased $50.0 million, or 29.7%, primarily due to seasonality of the portfolio, which normally peaks in the third quarter.

Other loans mainly consists of mortgage warehouse lending. Mortgage volume experienced a market driven decline during the first six months of 2022 when compared to 2021, but was more than offset by the Spirit acquisition, leading to an increase of $33.2 million in other loans.

Loan demand appears to be returning to more normalized levels similar to levels experienced prior to the onset of the COVID-19 pandemic. For the seventh consecutive quarter, we have experienced an increase in commercial loan demand. We are seeing loan growth in our metro, community and corporate banking groups and continue to add new producers in these areas. Our loan pipeline consisting of all loan opportunities was $3.02 billion at June 30, 2022 compared to $2.31 billion at December 31, 2021. Loans approved and ready to close at the end of the quarter totaled $1.11 billion.

ASSET QUALITY

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

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

Total non-performing assets decreased $6.3 million from December 31, 2021 to June 30, 2022. Nonaccrual loans decreased by $5.5 million during the period and foreclosed assets held for sale and other real estate owned decreased by $1.9 million. The decrease in nonaccrual loans was primarily due to an overall improvement in economic conditions.

Non-performing assets, including troubled debt restructurings ("TDRs") and acquired foreclosed assets, as a percent of total assets were 0.27% at June 30, 2022, compared to 0.33% at December 31, 2021. From time to time, certain borrowers experience declines in income and cash flow. As a result, these borrowers seek to reduce contractual cash outlays, the most prominent being debt payments. In an effort to preserve our net interest margin and earning assets, we are open to working with existing customers in order to maximize the collectability of the debt.

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

Once an obligation has been restructured due to such credit problems, it continues to be considered a TDR until paid in full; or, if an obligation yields a market interest rate and no longer has any concession regarding payment amount or amortization, then it is not considered a TDR at the beginning of the calendar year after the year in which the improvement takes place. Our TDR balance decreased to $5.2 million as of June 30, 2022, compared to $6.9 million as of December 31, 2021.

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

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

We continue to maintain good asset quality compared to the industry and strong asset quality remains a primary focus of our strategy. The allowance for credit losses as a percent of total loans was 1.41% as of June 30, 2022. Non-performing loans equaled

0.42% of total loans. Non-performing assets were 0.26% of total assets, a 5 basis point decrease from December 31, 2021. The allowance for credit losses was 334% of non-performing loans. Our annualized net charge-offs to average total loans for the first six months of 2022 was 0.11%. Annualized net credit card charge-offs to average total credit card loans were 1.47% for the first six months of 2022, compared to 1.40% during the full year 2021, and 35 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 at amortized cost and foreclosed assets held for sale.

Table 9: Non-performing Assets

(Dollars in thousands)	June 30, 2022	December 31, 2021
Nonaccrual loans [(1)]	$ 62,670	$ 68,204
Loans past due 90 days or more (principal or interest payments)	904	349
Total non-performing loans	63,574	68,553
Other non-performing assets:		
Foreclosed assets held for sale and other real estate owned	4,084	6,032
Other non-performing assets	2,314	1,667
Total other non-performing assets	6,398	7,699
Total non-performing assets	$ 69,972	$ 76,252
Performing TDRs	$ 2,655	$ 4,289
Allowance for credit losses to non-performing loans	334 %	300 %
Non-performing loans to total loans	0.42 %	0.57 %
Non-performing assets (including performing TDRs) to total assets	0.27 %	0.33 %
Non-performing assets to total assets	0.26 %	0.31 %

(1) Includes nonaccrual TDRs of approximately $2,523,000 at June 30, 2022 and $2,650,000 at December 31, 2021.

The interest income on nonaccrual loans is not considered material for the three and six month periods ended June 30, 2022 and 2021.

ALLOWANCE FOR CREDIT LOSSES

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

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

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

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

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

An analysis of the allowance for credit losses on loans is shown in Table 10.

Table 10: Allowance for Credit Losses

(In thousands)	2022	2021
Balance, beginning of year	$ 205,332	$ 238,050
Loans charged off:		
Credit card	1,924	2,049
Other consumer	932	1,113
Real estate	600	2,126
Commercial	7,007	1,168
Total loans charged off	10,463	6,456
Recoveries of loans previously charged off:		
Credit card	523	534
Other consumer	689	729
Real estate	817	1,926
Commercial	1,178	2,467
Total recoveries	3,207	5,656
Net loans charged off	7,256	800
Provision for credit losses	10,492	(10,011)
Acquisition adjustment for PCD loans	4,043	—
Balance, June 30,	$ 212,611	$ 227,239
Loans charged off:		
Credit card		1,576
Other consumer		940
Real estate		8,565
Commercial		9,445
Total loans charged off		20,526
Recoveries of loans previously charged off:		
Credit card		514
Other consumer		675
Real estate		2,984
Commercial		2,193
Total recoveries		6,366
Net loans charged off		14,160
Provision for credit losses		(21,198)
Acquisition adjustment for PCD loans		13,451
Balance, end of year		$ 205,332

Provision for Credit Losses

The amount of provision added to or released from the allowance during the three and six months ended June 30, 2022 and 2021, and for the year ended December 31, 2021, was based on management's judgment, with consideration given to the composition of the portfolio, historical loan loss experience, assessment of current economic forecasts and conditions, past due and non-performing loans and net loss experience. It is management's practice to review the allowance on a monthly basis, and after considering the factors previously noted, to determine the level of provision made to the allowance.

Allowance for Credit Losses Allocation

As of June 30, 2022, the allowance for credit losses reflected an increase of approximately $7.3 million from December 31, 2021 while total loans increased by $3.10 billion over the same six month period. The allocation in each category within the allowance generally reflects the overall changes in the loan portfolio mix.

The increase in the allowance for credit losses during the first six months of 2022 was primarily due to the Spirit acquisition, which provided $2.29 billion in total loans after purchase accounting discounts. The increase was partially offset by improved credit quality metrics and improved macroeconomic factors, coupled with the planned exit of several large oil and gas relationships during the year. Additionally, there was a reduction of pandemic-era qualitative factors that were established based on unidentifiable risks with borrowers in at-risk industries. Our allowance for credit losses at June 30, 2022 was considered appropriate given the considerable amount of uncertainty as to the structure and timing of potential economic recovery, the impact of new COVID-19 variants, future of government assistance related to COVID-19 recovery efforts and other related factors.

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

Table 11: Allocation of Allowance for Credit Losses

	June 30, 2022		December 31, 2021	
(Dollars in thousands)	Allowance Amount	% of loans [1]	Allowance Amount	% of loans [1]
Credit cards	$ 6,609	1.3 %	$ 3,987	1.6 %
Other consumer	2,865	1.4 %	2,676	1.4 %
Real estate	166,481	76.3 %	179,270	76.3 %
Commercial	32,817	18.6 %	17,458	18.0 %
Other	3,839	2.4 %	1,941	2.7 %
Total	$ 212,611	100.0 %	$ 205,332	100.0 %
Allowance for credit losses to period-end loans	1.41 %		1.71 %	

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

DEPOSITS

Deposits are our primary source of funding for earning assets and are primarily developed through our network of 233 financial centers as of June 30, 2022. We offer a variety of products designed to attract and retain customers with a continuing focus on developing core deposits. Our core deposits consist of all deposits excluding time deposits of $250,000 or more and brokered deposits. As of June 30, 2022, core deposits comprised 89.3% of our total deposits.

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

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

Our total deposits as of June 30, 2022, were $22.04 billion, an increase of $2.67 billion from December 31, 2021, primarily driven by the acquisition of Spirit, which contributed $2.72 billion, net of fair value adjustments. Non-interest bearing transaction accounts, interest bearing transaction accounts and savings accounts totaled $18.87 billion at June 30, 2022, compared to $16.91 billion at December 31, 2021, an increase of $1.96 billion. Total time deposits increased $710.0 million to $3.16 billion at June 30, 2022, from $2.45 billion at December 31, 2021. We had $1.35 billion and $466.0 million of brokered deposits at June 30, 2022, and December 31, 2021, respectively. These category increases were primarily related to the Spirit acquisition. We are managing our balance sheet and our net interest margin by continuing to eliminate several high-cost deposits related to public funds and brokered deposits as well as hone our product offerings to give customers flexibility of choice while maintaining the ability to adjust interest rates timely in the current rate environment.

OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Our total debt was $1.48 billion and $1.72 billion at June 30, 2022 and December 31, 2021, respectively. The outstanding balance for June 30, 2022 includes $1.0 billion in FHLB short-term advances; $367.3 million in subordinated notes; $54.4 million of trust preferred securities and unamortized debt issuance costs; and $31.0 million of other long-term debt.

All of the FHLB short-term advances outstanding at the end of the second quarter 2022 are FOTO advances which are a low cost, fixed-rate source of funding in return for granting to FHLB the flexibility to choose a termination date earlier than the maturity date. Our FOTO advances outstanding at June 30, 2022 had original maturity dates of 10 years to 15 years with lockout periods that have expired and, as a result, are considered and monitored as short-term advances. We continually analyze the possibility of the FHLB exercising the options along with the market expected rate outcome.

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

The Company assumed Fixed-to-Floating Rate Subordinated Notes in an aggregate principal amount, net of premium adjustments, of $37.4 million in connection with the Spirit acquisition in April 2022. The Spirit Notes will mature on July 31, 2030, and initially bear interest at a fixed annual rate of 6.00%, payable quarterly, in arrears, to, but excluding, July 31, 2025. From and including July 31, 2025, to, but excluding, the maturity date or earlier redemption date, the interest rate will reset quarterly to an interest rate per annum equal to a benchmark rate, which is expected to be the then-current three-month Secured Overnight Financing Rate, as published by the Federal Reserve Bank of New York (provided, that in the event the benchmark rate is less than zero, the benchmark rate will be deemed to be zero) plus 592 basis points, payable quarterly, in arrears.

The Company has received approval from the Federal Reserve to redeem the five issuances of trust preferred securities and expects to complete the redemptions during the third quarter of 2022.

CAPITAL

Overview

At June 30, 2022, total capital was $3.26 billion. Capital represents shareholder ownership in the Company – the book value of assets in excess of liabilities. At June 30, 2022, our common equity to asset ratio was 11.98% compared to 13.14% at year-end 2021.

Capital Stock

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

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

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

Stock Repurchase Program

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

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

During the six month period ended June 30, 2022, we repurchased 513,725 shares at an average price per share of $31.25 under the 2019 Program and 2,035,324 shares at an average price per share of $24.59 under the 2022 Program. During the six month period ended June 30, 2021, we repurchased 130,916 shares at an average price per share of $23.53 under the 2019 Program. No shares were repurchased under the 2019 Program during the three months ended June 30, 2021.

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

Cash Dividends

We declared cash dividends on our common stock of $0.38 per share for the first six months of 2022 compared to $0.36 per share for the first six months of 2021, an increase of $0.02, or 6%. The timing and amount of future dividends are at the discretion of our Board of Directors and will depend upon our consolidated earnings, financial condition, liquidity and capital requirements, the amount of cash dividends paid to us by our subsidiaries, applicable government regulations and policies and other factors considered relevant by our Board of Directors. Our Board of Directors anticipates that we will continue to pay quarterly dividends in amounts determined based on the factors discussed above. However, there can be no assurance that we will continue to pay dividends on our common stock at the current levels or at all.

Parent Company Liquidity

The primary liquidity needs of the Parent Company are the payment of dividends to shareholders, the funding of debt obligations and cash needs for acquisitions. The primary sources for meeting these liquidity needs are the current cash on hand at the parent company and the future dividends received from Simmons Bank. Payment of dividends by Simmons Bank is subject to various regulatory limitations. See the Liquidity and Market Risk Management discussions of Item 3 – Quantitative and Qualitative Disclosures About Market Risk of this Quarterly Report on Form 10Q for additional information regarding the parent company's liquidity. The Company continually assesses its capital and liquidity needs and the best way to meet them, including, without limitation, through capital raising in the market via stock or debt offerings.

Risk Based Capital

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

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of June 30, 2022, we meet all capital adequacy requirements to which we are subject. As of the most recent notification from regulatory agencies, Simmons Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and Simmons Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's categories.

Our risk-based capital ratios at June 30, 2022 and December 31, 2021 are presented in Table 12 below:

Table 12: Risk-Based Capital

(Dollars in thousands)	June 30, 2022	December 31, 2021
Tier 1 capital:		
Stockholders' equity	$ 3,259,895	$ 3,248,841
CECL transition provision	92,619	114,458
Goodwill and other intangible assets	(1,423,323)	(1,226,686)
Unrealized loss (gain) on available-for-sale securities, net of income taxes	450,428	10,545
Total Tier 1 capital	2,379,619	2,147,158
Tier 2 capital:		
Trust preferred securities and subordinated debt	421,693	384,131
Qualifying allowance for credit losses and reserve for unfunded commitments	114,733	71,853
Total Tier 2 capital	536,426	455,984
Total risk-based capital	$ 2,916,045	$ 2,603,142
Risk weighted assets	$ 19,669,149	$ 15,538,967
Assets for leverage ratio	$ 25,807,113	$ 23,647,901
Ratios at end of period:		
Common equity Tier 1 ratio (CET1)	12.10 %	13.82 %
Tier 1 leverage ratio	9.22 %	9.08 %
Tier 1 risk-based capital ratio	12.10 %	13.82 %
Total risk-based capital ratio	14.83 %	16.75 %

(Dollars in thousands)	June 30, 2022	December 31, 2021
Minimum guidelines:		
Common equity Tier 1 ratio (CET1)	4.50 %	4.50 %
Tier 1 leverage ratio	4.00 %	4.00 %
Tier 1 risk-based capital ratio	6.00 %	6.00 %
Total risk-based capital ratio	8.00 %	8.00 %

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Regulatory Capital Changes

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

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

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

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

Prior to December 31, 2017, Tier 1 capital included common equity Tier 1 capital and certain additional Tier 1 items as provided under the Basel III Capital Rules. The Tier 1 capital for the Company consisted of common equity Tier 1 capital and trust preferred securities. The Basel III Capital Rules include certain provisions that require trust preferred securities to be phased out of qualifying Tier 1 capital when assets surpass $15 billion. As of December 31, 2017, the Company exceeded $15 billion in total assets and the grandfather provisions applicable to its trust preferred securities no longer apply and trust preferred securities are no longer included as Tier 1 capital. Trust preferred securities and qualifying subordinated debt of $421.7 million is included as Tier 2 and total capital as of June 30, 2022.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

GAAP RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The tables below present computations of adjusted earnings (net income excluding certain items {gain on sale of branches, merger related costs, net branch right sizing costs, and the Day 2 CECL Provision}) (non-GAAP), and adjusted diluted earnings per share (non-GAAP) as well as a computation of tangible book value per share (non-GAAP), tangible common equity to tangible assets (non-GAAP), adjusted other income (non-GAAP) and adjusted non-interest expense (non-GAAP). Adjusted items are included in financial results presented in accordance with generally accepted accounting principles (US GAAP).

We believe the exclusion of these certain items in expressing earnings and certain other financial measures, including "adjusted earnings," provides a meaningful basis for period-to-period and company-to-company comparisons, which management believes will assist investors and analysts in analyzing the adjusted 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 certain items to be relevant to ongoing financial performance. Management and the Board of Directors utilize "adjusted 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 "adjusted earnings" on a diluted per share basis (non-GAAP) provides a meaningful basis for period-to-period and company-to-company comparisons, which management believes will assist investors and analysts in analyzing the adjusted 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 certain items to be relevant to ongoing financial performance on a per share basis. Management and the Board of Directors utilize "adjusted diluted earnings per share" (non-GAAP) for the following purposes:

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

We have $1.448 billion and $1.252 billion total goodwill and other intangible assets for the periods ended June 30, 2022 and December 31, 2021, respectively. Because our acquisition strategy has resulted in a high level of intangible assets, management believes useful calculations include tangible book value per share (non-GAAP) and tangible common equity to tangible assets (non-GAAP).

We believe 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 adjusted to ensure that the Company's "adjusted" 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 certain items does not represent the amount that effectively accrues directly to stockholders (i.e., certain items are included in earnings and stockholders' equity). Additionally, similarly titled non-GAAP financial measures used by other companies may not be computed in the same or similar fashion.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	June 30, 2022	March 31, 2022	June 30, 2022	June 30, 2021
Net income available to common stockholders	$ 27,454	$ 65,095	$ 92,549	$ 142,318
Certain items:				
Gain on sale of branches	—	—	—	(5,316)
Merger related costs	19,133	1,886	21,019	919
Branch right sizing (net)	380	909	1,289	487
Day 2 CECL Provision	33,779	—	33,779	—
Tax effect [(1)]	(13,928)	(731)	(14,658)	1,022
Net certain items	39,364	2,064	41,429	(2,888)
Adjusted earnings (non-GAAP)	$ 66,818	$ 67,159	$ 133,978	$ 139,430
Diluted earnings per share[(2)]	$ 0.21	$ 0.58	$ 0.77	$ 1.31
Certain items:				
Gain on sale of branches	—	—	—	(0.05)
Merger related costs	0.15	0.01	0.17	0.01
Branch right sizing (net)	—	0.01	0.01	—
Day 2 CECL Provision	0.27	—	0.28	—
Tax effect [(1)]	(0.11)	(0.01)	(0.12)	0.01
Net certain items	0.31	0.01	0.34	(0.03)
Adjusted diluted earnings per share (non-GAAP)	$ 0.52	$ 0.59	$ 1.11	$ 1.28

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

See Table 14 below for the reconciliation of adjusted other income and adjusted non-interest expense for the periods presented.

Table 14: Reconciliation of Adjusted Other Income and Adjusted Non-Interest Expense (non-GAAP)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	June 30, 2022	March 31, 2022	June 30, 2022	June 30, 2021
Other income	$ 6,837	$ 7,266	$ 14,103	$ 18,897
Certain items:				
Gain on sale of branches	—	—	—	(5,316)
Branch right sizing	88	—	88	(606)
Total certain items	88	—	88	(5,922)
Adjusted other income (non-GAAP)	$ 6,925	$ 7,266	$ 14,191	$ 12,975
Non-interest expense	$ 156,813	$ 128,417	$ 285,230	$ 227,659
Certain items:				
Merger related costs	(19,133)	(1,886)	(21,019)	(919)
Branch right sizing	(292)	(909)	(1,201)	(1,093)
Total certain items	(19,425)	(2,795)	(22,220)	(2,012)
Adjusted non-interest expense (non-GAAP)	$ 137,388	$ 125,622	$ 263,010	$ 225,647

See Table 15 below for the reconciliation of tangible book value per common share.

Table 15: Reconciliation of Tangible Book Value per Common Share (non-GAAP)

(In thousands, except per share data)	June 30, 2022	December 31, 2021
Total common stockholders' equity	$ 3,259,895	$ 3,248,841
Intangible assets:		
Goodwill	(1,310,528)	(1,146,007)
Other intangible assets	(137,285)	(106,235)
Total intangibles	(1,447,813)	(1,252,242)
Tangible common stockholders' equity	$ 1,812,082	$ 1,996,599
Shares of common stock outstanding	128,787,764	112,715,444
Book value per common share	$ 25.31	$ 28.82
Tangible book value per common share (non-GAAP)	$ 14.07	$ 17.71

See Table 16 below for the calculation of tangible common equity and the reconciliation of tangible common equity to tangible assets.

Table 16: Reconciliation of Tangible Common Equity and the Ratio of Tangible Common Equity to Tangible Assets (non-GAAP)

(Dollars in thousands)	June 30, 2022	December 31, 2021
Total common stockholders’ equity	$ 3,259,895	$ 3,248,841
Intangible assets:		
Goodwill	(1,310,528)	(1,146,007)
Other intangible assets	(137,285)	(106,235)
Total intangibles	(1,447,813)	(1,252,242)
Tangible common stockholders’ equity	$ 1,812,082	$ 1,996,599
Total assets	$ 27,218,609	$ 24,724,759
Intangible assets:		
Goodwill	(1,310,528)	(1,146,007)
Other intangible assets	(137,285)	(106,235)
Total intangibles	(1,447,813)	(1,252,242)
Tangible assets	$ 25,770,796	$ 23,472,517
Ratio of common equity to assets	11.98 %	13.14 %
Ratio of tangible common equity to tangible assets (non-GAAP)	7.03 %	8.51 %

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company has leveraged its investment in its subsidiary bank and depends upon the dividends paid to it, as the sole shareholder of the subsidiary bank, as a principal source of funds for dividends to shareholders, stock repurchases and debt service requirements. At June 30, 2022, undivided profits of Simmons Bank were approximately $563.2 million, of which approximately $232.5 million was available for the payment of dividends to the Company without regulatory approval. In addition to dividends, other sources of liquidity for the Company are the sale of equity securities and the borrowing of funds.

Subsidiary Bank

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

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

Liquidity Management

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

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

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

Second, Simmons Bank has lines of credit available with the Federal Home Loan Bank. While we use portions of those lines to match off longer-term mortgage loans, we also use those lines to meet liquidity needs. Approximately $3.7 billion of these lines of credit are currently available, if needed, for liquidity.

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

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

Fifth, we use a laddered investment portfolio that ensures there is a steady source of intermediate term liquidity. These funds can be used to meet seasonal loan patterns and other intermediate term balance sheet fluctuations. Approximately 53.2% of the investment portfolio is classified as available-for-sale. We also use securities held in the securities portfolio to pledge when obtaining public funds.

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

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

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

Market Risk Management

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

Interest Rate Sensitivity

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

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

As of June 30, 2022, the model simulations projected that 100 and 200 basis point increases in interest rates would result in a positive variance in net interest income of 2.88% and 5.33%, respectively, relative to the base case over the next 12 months, while decreases in interest rates of 25 basis points would result in a negative variance in net interest income of 0.82% relative to the base case over the next 12 months. The likelihood of a decrease in interest rates in excess of 25 basis points as of June 30, 2022, 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 period-end will remain constant over the relevant twelve month measurement period and that changes in market interest rates are instantaneous and sustained across the yield curve regardless of duration of pricing characteristics of specific assets or liabilities. Also, this analysis does not contemplate any actions that we might undertake in response to changes in market interest rates. We believe these estimates are not necessarily indicative of what actually could occur in the event of immediate interest rate increases or decreases of this magnitude. As interest-bearing assets and liabilities reprice in different time frames and proportions to market interest rate movements, various assumptions must be made based on historical relationships of these variables in reaching any conclusion. Since these correlations are based on competitive and market conditions, we anticipate that our future results will likely be different from the foregoing estimates, and such differences could be material.

The table below presents our sensitivity to net interest income at June 30, 2022:

Table 17: Net Interest Income Sensitivity

Interest Rate Scenario	% Change from Base
Up 200 basis points	5.33%
Up 100 basis points	2.88%
Down 25 basis points	(0.82)%

Item 4. Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2022, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

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

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

Information concerning our purchases of common stock during the quarter ended June 30, 2022 is as follows:

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2022 - April 30, 2022	—	$ —	—	$ —
May 1, 2022 - May 31, 2022	2,035,324	24.59	2,035,324	$ 124,959,000
June 1, 2022 - June 30, 2022	—	—	—	$ —
Total	2,035,324	$ 28.48	2,035,324	

(1) No shares of restricted stock were purchased in connection with employee tax withholding obligations under employee compensation plans, which are not purchases under any publicly announced plan.

Item 6. Exhibits

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

* Filed herewith

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: August 5, 2022	/s/ George A. Makris, Jr. George A. Makris, Jr. Chairman and Chief Executive Officer (Principal Executive Officer)
Date: August 5, 2022	/s/ James M. Brogdon James M. Brogdon Executive Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer)
Date: August 5, 2022	/s/ David W. Garner David W. Garner Executive Vice President, Executive Director of Finance and Accounting and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 15.1

Awareness of Independent Registered
Public Accounting Firm

We acknowledge the incorporation by reference on Form S-3ASR (Registration No. 333-254919) and the Registration Statements on Form S-8 (Registration Nos. 333-134240, 333-134241, 333-134276, 333-134301, 333-134356, 333-138629, 333-186253, 333-186254, 333-197708, 333-206160, 333-234166 and 333-239309) of Simmons First National Corporation (the Company) of our report dated August 5, 2022, included with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2022. Pursuant to Rule 436(c) under the S*ecurities Act of 1933* (the Act), this report should not be considered part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of the Act.

FORVIS, LLP
(formerly BKD, LLP)

/s/ FORVIS, LLP

Little Rock, Arkansas
August 5, 2022

Exhibit 31.1

CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2022

/s/ George A. Makris, Jr.

George A. Makris, Jr.
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James M. Brogdon, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2022

/s/ James M. Brogdon

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

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: August 5, 2022

/s/ David W. Garner

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

Exhibit 32.1

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

In connection with the Quarterly Report of Simmons First National Corporation (the “Company”), on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, George A. Makris, Jr., Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: August 5, 2022

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

Exhibit 32.2

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

In connection with the Quarterly Report of Simmons First National Corporation (the "Company"), on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James M. Brogdon, Executive Vice President, Chief Financial Officer, and Treasurer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: August 5, 2022

/s/ James M. Brogdon
James M. Brogdon
Executive Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Exhibit 32.3

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

In connection with the Quarterly Report of Simmons First National Corporation (the "Company"), on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David W. Garner, Executive Vice President, Executive Director of Finance and Accounting and Chief Accounting Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: August 5, 2022

/s/ David W. Garner

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