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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

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

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12 (b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the Registrant's Common Stock, par value $0.01 per share, held by non-affiliates on June 30, 2023, was $2,125,228,007 based upon the last trade price as reported on the Nasdaq Global Select Market® of $17.25.

The number of shares outstanding of the Registrant's Common Stock as of February 23, 2024, was 125,327,684.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2024 Annual Meeting of Shareholders of the Registrant to be held on April 23, 2024, are incorporated by reference into Part III of this Form 10-K.

SIMMONS FIRST NATIONAL CORPORATION
ANNUAL REPORT ON FORM 10-K

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K 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," "likely," "target," "plan," "positions," "prospects," "project," "predict," or "potential," by future conditional verbs such as "could," "may," "might," "should," "will," or "would," by variations of such words, or by similar expressions. These forward-looking statements include, without limitation, those relating to the Company's future growth, business strategies, acquisitions and their expected benefits, revenue, expenses, assets, asset quality, profitability, earnings, accretion, dividends, customer service, lending capacity and lending activity, loan demand, investment in digital channels, critical accounting policies and estimates, net interest margin, non-interest revenue, non-interest expense, market conditions related to and the impact of the Company's stock repurchase program, consumer behavior and liquidity, the Company's ability to recruit and retain key employees, the adequacy of the allowance for credit losses, the estimated cost savings associated with the Company's Better Bank Initiative, income tax deductions, credit quality, the level of credit losses from lending commitments, net interest revenue, interest rates and interest rate sensitivity, economic conditions, repricing of loans and time deposits, loan loss experience, liquidity, the Company's expectations regarding actions by the Federal Home Loan Banks ("FHLB") and other agencies, capital resources, market risk, plans for investments in (and cash flows from) securities, effect of pending and future litigation, staffing initiatives, estimated cost savings associated with the Company's early retirement program and Better Bank Initiative, legal and regulatory limitations and compliance, and competition.

These forward-looking statements are based on various assumptions and involve inherent 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 the policies of the Federal Reserve), as well as legislative and regulatory changes; general business conditions, as well as conditions within the financial markets, developments impacting the financial services industry, such as bank failure or concerns involving liquidity; changes in real estate values; changes in interest rates and related governmental policies; changes in liquidity; increased 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 credit quality; actions taken by the Company to manage its investment securities portfolio; changes in the securities markets generally or the price of the Company's common stock specifically; changes in the assumptions used in making the forward-looking statements; 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; the costs of evaluating possible acquisitions and the risks inherent in integrating acquisitions; possible adverse rulings, judgements, settlements, fines and other outcomes of pending or future litigation or government actions; loss of key employees; increased unemployment; labor shortages; 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 conflicts between Russia and Ukraine and between Israel and Hamas) or other major events, or the prospect of these events; changes in customer behaviors, including consumer spending, borrowing, and saving habits; the soundness of other financial institutions and indirect exposure related to the closings of Silicon Valley Bank (SVB), Signature Bank and Silvergate Bank and their impact on the broader market through other customers, suppliers and partners (or that the conditions which resulted in the liquidity concerns with SVB, Signature Bank and Silvergate Bank may also adversely impact, directly or indirectly, other financial institutions and market participants with which the Company has commercial or deposit relationships); increased delinquency and foreclosure rates on commercial real estate loans; 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 those factors set forth under Item 1A. "Risk Factors" of this report and other cautionary statements set forth elsewhere in this report and in other filings that have been filed with the U.S. Securities and Exchange Commission ("SEC"). 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.

PART I

ITEM 1. BUSINESS

Company Overview

Simmons First National Corporation, an Arkansas corporation organized in 1968, is a financial holding company registered under the Bank Holding Company Act of 1956, as amended. The terms "Company," "we," "us," and "our" refer to Simmons First National Corporation and, where appropriate, its subsidiaries. The Company is headquartered in Pine Bluff, Arkansas, and had total consolidated assets of $27.3 billion, total consolidated loans of $16.8 billion, total consolidated deposits of $22.2 billion and equity capital of $3.4 billion, each as of December 31, 2023. The Company, through its subsidiaries, provides banking and other financial products and services in markets located in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

We seek to build shareholder value by, among other things, focusing on strong asset quality, maintaining strong capital, managing our liquidity position, improving our operational efficiency and opportunistically growing our business, both organically and through mergers with and acquisitions of other financial institutions. Our business philosophy centers on building strong, deep customer relationships through excellent customer service and integrity in our operations. While we have grown in recent years into a regional financial institution and one of the largest bank/financial holding companies headquartered in the State of Arkansas, we continue to emphasize, where practicable, a community-based mindset focused on local associates responding to local banking needs and making business decisions in the markets they serve. Those efforts, though, are buttressed by experienced, centralized support functions in select, critical areas. While we serve a variety of customers and industries, we are not dependent on any single customer or industry.

Subsidiary Bank

The Company's lead subsidiary, Simmons Bank ("Simmons Bank" or the "Bank"), is an Arkansas state-chartered bank that has been in operation since 1903.

Simmons Bank provides banking and other financial products and services to individuals and businesses using a network of approximately 234 financial centers in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas. Simmons Bank offers commercial banking products and services to business and other corporate customers. Simmons Bank extends loans for a broad range of corporate purposes, including (among others) financing commercial real estate, construction of particular properties, commercial and industrial uses, acquisition and equipment financings, and other general corporate needs. Simmons Bank also engages in small business administration ("SBA") and agricultural finance lending, and it offers corporate credit card products, as well as corporate deposit products and treasury management services.

In addition, Simmons Bank offers a variety of consumer banking products and services, including (among others) savings, time, and checking deposit products; ATM services; internet and mobile banking platforms; overdraft facilities; real estate, home equity, and other consumer loans and lines of credit; consumer credit card products; and safe deposit boxes. Simmons Bank also maintains a networking arrangement with a third-party broker-dealer that offers brokerage services to Simmons Bank customers, as well as a trust department that provides a variety of trust, investment, agency, and custodial services for individual and corporate clients (including, among others, administration of estates and personal trusts as well as management of investment accounts).

Additionally, 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.

Community and Commercial Banking Strategy

Historically, the Company utilized separately chartered community bank subsidiaries to provide full-service banking products and services across our footprint. During 2014, we consolidated all separately chartered banks into Simmons Bank in order to more effectively meet the increased regulatory burden facing banks, reduce certain operating costs, and more efficiently perform operational duties. To both effectively compete for and service the needs of different types of customers, Simmons Bank now operates using two main groups, a community banking group (which generally focuses on small-to-mid-size customer relationships) and a commercial banking group (which generally focuses on larger, more complex customers with intricate or unique banking needs). Both of these groups are supported by Simmons Bank's retail, private banking, trust and various operations divisions.

Growth Strategy

Over the years, as we have expanded our markets and services, our growth strategy has evolved and diversified. We have used varying acquisition and internal branching methods to enter key growth markets and increase the size of our footprint.

Since 1990, we have completed 21 whole bank acquisitions, one trust company acquisition, five bank branch acquisitions, one bankruptcy (363) acquisition, four FDIC failed bank acquisitions and four Resolution Trust Corporation failed thrift acquisitions. The following summary provides additional details concerning our more recent acquisition activity.

In 2013, we completed the acquisition of Metropolitan National Bank ("Metropolitan" or "MNB") from Rogers Bancshares, Inc. ("RBI"). The purchase was completed through an auction of the MNB stock by the U. S. Bankruptcy Court as a part of the Chapter 11 proceeding of RBI. MNB, which was headquartered in Little Rock, Arkansas, served central and northwest Arkansas and had total assets of $950 million. Upon completion of the acquisition, MNB and our Rogers, Arkansas chartered bank, Simmons First Bank of Northwest Arkansas were merged into Simmons Bank. As an in-market acquisition, MNB had significant branch overlap with our existing branch footprint. We completed the systems conversion for MNB on March 21, 2014, and simultaneously closed 27 branch locations that had overlapping footprints with other locations.

On August 31, 2014, we completed the acquisition of Delta Trust & Banking Corporation ("Delta Trust"), including its wholly-owned bank subsidiary, Delta Trust & Bank. Also headquartered in Little Rock, Arkansas, Delta Trust had total assets of $420 million. The acquisition further expanded Simmons Bank's presence in south, central and northwest Arkansas and allowed us the opportunity to provide services that had not previously been offered with the addition of Delta Trust's insurance agency and securities brokerage service. We merged Delta Trust & Bank into Simmons Bank and completed the systems conversion on October 24, 2014. At that time, we also closed 4 branch locations with overlapping footprints.

In February 2015, we completed the acquisition of Liberty Bancshares, Inc. ("Liberty"), including its wholly-owned bank subsidiary, Liberty Bank. Liberty was headquartered in Springfield, Missouri, served southwest Missouri and had total assets of $1.1 billion. The acquisition enhanced Simmons Bank's presence not only in southwest Missouri, but also in the St. Louis and Kansas City metropolitan areas. The acquisition also allowed us the opportunity to provide services that we had not previously offered in these areas such as trust and securities brokerage services. In addition, Liberty's expertise in SBA lending enhanced our commercial offerings throughout our geographies. We merged Liberty Bank into Simmons Bank and completed the systems conversion in April 2015.

Also in February 2015, we completed the acquisition of Community First Bancshares, Inc. ("Community First"), including its wholly-owned bank subsidiary, First State Bank. Community First was headquartered in Union City, Tennessee, served customers throughout Tennessee, and had total assets of $1.9 billion. The acquisition expanded our footprint into Tennessee and allowed us the opportunity to provide additional services to customers in this area and expand our community banking strategy. In addition, Community First's expertise in SBA and consumer lending benefited our customers across each region. We merged First State Bank into Simmons Bank and completed the systems conversion in September 2015.

In October 2015, we completed the acquisition of Ozark Trust & Investment Corporation ("Ozark Trust"), including its wholly-owned non-deposit trust company, Trust Company of the Ozarks. Headquartered in Springfield, Missouri, Ozark Trust had over $1 billion in assets under management and provided a wide range of financial services for its clients including investment management, trust services, IRA rollover or transfers, successor trustee services and personal representative and custodial services. As our first acquisition of a fee-only financial firm, Ozark Trust provided a new wealth management capability that could be leveraged across the Company's entire geographic footprint.

In September 2016, we completed the acquisition of Citizens National Bank ("Citizens"), headquartered in Athens, Tennessee. Citizens had total assets of $585 million and strengthened our position in east Tennessee by nine branches. The acquisition expanded our footprint in east Tennessee and allowed us the opportunity to provide additional services to customers in this area and expand our community banking strategy. We merged Citizens into Simmons Bank and completed the systems conversion in October 2016.

In May 2017, we completed the acquisition of Hardeman County Investment Company, Inc. ("Hardeman"), headquartered in Jackson, Tennessee, including its wholly-owned bank subsidiary, First South Bank. We acquired approximately $463 million in assets and strengthened our position in the western Tennessee market. We merged First South Bank into Simmons Bank and completed the systems conversion in September 2017. As part of the systems conversion, we consolidated or closed three existing Simmons Bank and two First South Bank branches due to overlapping footprint.

In October 2017, we completed the acquisition of First Texas BHC, Inc. ("First Texas"), headquartered in Fort Worth, Texas, including its wholly-owned bank subsidiary, Southwest Bank. Southwest Bank had total assets of $2.4 billion. This acquisition allowed us to enter the Texas banking markets, and it also strengthened our specialty product offerings in the areas of SBA lending and trust services. The systems conversion was completed in February 2018, at which time Southwest Bank was merged into Simmons Bank.

Also in October 2017, we completed the acquisition of Southwest Bancorp, Inc. ("OKSB"), including its wholly-owned bank subsidiary, Bank SNB. Headquartered in Stillwater, Oklahoma, OKSB provided us with $2.7 billion in assets, allowed us additional entry into the Oklahoma, Texas and Colorado banking markets, and strengthened our Kansas franchise and our product offerings in the healthcare and real estate industries. The systems conversion was completed in May 2018, at which time Bank SNB was merged into Simmons Bank.

In April 2019, we completed the acquisition of Reliance Bancshares, Inc. ("Reliance"), headquartered in Des Peres, Missouri (part of the greater St. Louis metropolitan area), including its wholly-owned bank subsidiary, Reliance Bank. We acquired approximately $1.5 billion in assets and added 22 branches to the Simmons Bank footprint, substantially enhancing our retail presence within the St. Louis market area. The systems conversion was completed in April 2019, at which time Reliance Bank was merged into Simmons Bank.

In October 2019, we completed the acquisition of The Landrum Company ("Landrum"), headquartered in Columbia, Missouri, including its wholly-owned bank subsidiary, Landmark Bank. We acquired approximately $3.4 billion in assets and further strengthened our position in Missouri, Oklahoma and Texas. The systems conversion was completed in February 2020, at which time Landmark Bank merged into Simmons Bank. In connection with the systems conversion, we closed five existing Landmark Bank branches.

In October 2021, we completed the acquisition of Landmark Community Bank ("Landmark"), headquartered in Collierville, Tennessee, as well as the acquisition of Triumph Bancshares, Inc. ("Triumph"), including its wholly-owned bank subsidiary, Triumph Bank, headquartered in Memphis, Tennessee. Landmark had total assets of $968.8 million, while Triumph provided us with $847.2 million in assets. These combined acquisitions allowed us to expand our existing footprint in Tennessee and to further enhance our scale in two of our key Tennessee growth markets – Memphis and Nashville. The systems conversions for both Landmark and Triumph Bank were completed in October 2021, at which time Landmark and Triumph Bank were merged into Simmons Bank.

In April 2022, we completed the acquisition of Spirit of Texas Bancshares, Inc. ("Spirit"), headquartered in Conroe, Texas, including its wholly-owned bank subsidiary, Spirit of Texas Bank SSB ("Spirit Bank"). We acquired approximately $3.1 billion in assets and further strengthened our position in Texas. The systems conversion was completed in April 2022, at which time Spirit Bank merged into Simmons Bank.

Merger and Acquisition Strategy

Merger and acquisition activities have been an important part of the Company's growth strategy. While we continue to consider strategic merger and acquisition opportunities if and as they arise, and while we continue to believe that current market and industry conditions will continue to cause various financial institutions to seek merger partners in the near-to-intermediate future, in the near term, we are also enhancing our focus on ensuring that we capitalize on organic growth opportunities in many of the markets that we have had the fortune to enter through previous mergers and acquisitions. Through our "Better Bank" initiative, we have also focused on evaluating and, where appropriate, enhancing our people, processes and systems so that we are able to more effectively and efficiently compete as an organization of the size and scale that we now have achieved.

To the extent that a strategic merger and acquisition opportunity becomes of interest, we believe our community banking philosophy, access to capital and successful merger and acquisition history would position us as a purchaser of choice for a community and regional bank seeking a strong partner.

As consolidations continue to unfold in the banking industry, the management of risk is an important consideration in how the Company evaluates and consummates these transactions. The senior management teams of both the Company and Simmons Bank have extensive experience in acquiring banks, branches and deposits and post-acquisition integration of operations. We believe this experience positions us to successfully acquire and integrate banks to the extent a compelling strategic opportunity presents itself.

The process of merging or acquiring banking organizations is extremely complex; it requires a great deal of time and effort from both buyer and seller. The business, legal, operational, organizational, accounting, and tax issues all must be addressed if the merger or acquisition is to be successful. Throughout the process, valuation is an important aspect of the decision-making process, from initial target analysis through integration of the entities. Merger and acquisition strategies are vitally important in order to derive the maximum benefit out of a potential deal.

Strategic considerations that can cause an acquirer or a target institution to explore or support a merger or acquisition transaction include, among other things:

- Potentially retaining the target institution’s senior management and providing them with an appealing level of autonomy post-integration.
- Encouraging acquired banks, their boards and their associates to maintain their community involvement, while empowering the banks to offer a broader array of financial products and services. We believe this approach leads to enhanced profitability of the combined franchise after the acquisition.
- Taking advantage of future opportunities that can be exploited when the two companies are combined. Companies need to position themselves to take advantage of emerging trends in the marketplace.
- Strengthening the bench. One company may have a major weakness (such as poor distribution or service delivery) whereas the other company has some significant strength. By combining the two companies, each company fills in strategic gaps that are essential for long-term survival.
- Acquiring human resources and intellectual capital can help improve innovative thinking and development within the Company.
- Acquiring a regional or multi-state bank can provide the Company with access to emerging/established markets and/or increased products and services.
- Providing additional scale and market share within our existing footprint.

Loan Risk Assessment

As part of our ongoing risk assessment and analysis, the Company utilizes credit policies and procedures, internal credit expertise and several internal layers of review. The internal layers of ongoing review include Division Presidents, Division and Senior Credit Officers, the Chief Credit Officer and Corporate Credit Officers, an Executive Loan Committee, a Senior Credit Committee, and a Directors’ Credit Committee.

Additionally, the Company has an Asset Quality Review Committee comprised of management that meets quarterly to review the adequacy of the allowance for credit losses. The Committee reviews the status of past due, non-performing and other impaired loans, reserve ratios, and additional performance indicators for Simmons Bank. The appropriateness of the allowance for credit losses is determined based upon the aforementioned performance factors, and provision adjustments are made accordingly.

The Board of Directors reviews the adequacy of its allowance for credit losses on a periodic basis giving consideration to past due loans, non-performing loans, other impaired loans, and current economic conditions. Our loan review department monitors loan information monthly. In order to verify the accuracy of the monthly analysis of the allowance for credit losses, the loan review department performs a detailed review of loans across each product line and all divisions on an annual basis or more often if warranted. Additionally, we have instituted a Special Asset Committee for the purpose of reviewing criticized loans in regard to collateral adequacy, workout strategies and proper reserve allocations.

Competition

There is significant competition among commercial banks in our various market areas. In addition, we also compete with other providers of financial services, such as savings and loan associations, credit unions, finance companies, securities firms, insurance companies, full service brokerage firms, discount brokerage firms and fintech companies. Some of our competitors have greater resources and, as such, may have higher lending limits and may offer other services that we do not provide. Some of our competitors operate only in digital channels, which may result in those competitors investing greater resources in information technology and digital product and service delivery without the overhead associated with a branch network. We generally compete on the basis of customer service and responsiveness to customer needs, available loan and deposit products, the rates of interest charged on loans, the rates of interest paid for funds, and the availability and pricing of trust and brokerage services.

Nonbank competitors are increasingly offering products and services that traditionally were bank products. Many of these nonbank competitors are not subject to the same extensive federal regulations that govern bank holding companies and federally insured banks, which may allow them to offer greater lending limits and certain products and services that the Company and its affiliates do not provide.

Principal Offices and Available Information

Our principal executive offices are located at 501 Main Street, Pine Bluff, Arkansas 71601, and our telephone number is (870) 541-1000. We also have corporate offices located at 601 E. 3rd Street, Little Rock, Arkansas 72201. We maintain a website at www.simmonsbank.com. On this website under the *Investor Relations* section, we make our filings with the SEC (including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended) available free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, our website contains other news and announcements about the Company and its subsidiaries. Our website and the information contained on, or that can be accessed through, our website are not deemed to be incorporated by reference in, and are not considered part of, this Annual Report.

Human Capital

Our associates are a critical component of our success. Because our business depends on our ability to attract, develop, and retain highly qualified, skilled lending, operations, information technology, and other associates, as well as managers who are experienced and effective at leading their respective departments, we have implemented wide-ranging programs focused on identifying and recruiting new talent, as well as enhancing the skills, qualifications, and satisfaction of our current associate base. In recruiting, we employ a variety of strategies, including, among other things, the use of in-house recruiters, search firms, and employment agencies, designed to attract qualified and diverse candidates. Among other opportunities, we offer student internships and a banker trainee program that provides recent graduates with the opportunity to gain insight into several Company departments. We believe our compensation program, which, in addition to base and incentive compensation, includes health, retirement, and an array of other benefit plans and programs, is competitive within the financial industry, and we periodically review our plans and programs, as well as market surveys, to help ensure that our compensation program is consistent with our level of performance and that we have a current understanding of peer practices.

We provide our associates a variety of professional development opportunities, including participation in industry conferences, instructor-led continuing education and training sessions, as well as online training sessions that focus on industry, regulatory, business, and leadership topics. We offer mentorship opportunities through our “Simmons Sidekick” and “Ambassadors” programs, and we provide tuition reimbursement for associates to attend a higher education facility to obtain bachelor’s and master’s degrees that are relevant to the finance industry and/or their positions within the Company. We seek to promote from within the Company when feasible and have established programs, such as our “Next Generation Leadership Program,” to help develop future leadership talent.

We are committed to maintaining a strong culture that not only engages associates but also serves as a catalyst for growth. Our values-based culture is memorialized in a set of “Culture Cornerstones” that are communicated to all associates and incorporated in various ways throughout our operations. We strive for all six of our Culture Cornerstones - Better Together; Integrity; Passion; High Performance; Pursue Growth; and Build Loyalty - to be reflected in everything we do, including how we interact with each other, how we interact with our customers, and how we interact with our vendors and business partners. Our sixth Culture Cornerstone, Build Loyalty, was added in 2022 to provide a compelling and pervasive customer-first operational approach that is designed to produce exceptional internal and external customer experiences. In 2023, we continued our focus on our Culture Cornerstone of High Performance by implementing extensive new training and programming to support leaders and associates. We are also committed to promoting our associates’ well-being. Our wellness program, “Ultimate You,” assists associates in improving their level of physical, financial, and mental fitness through offerings such as discounted gym memberships, financial literacy training, channels for counseling, and health-focused challenges and contests. Finally, our inclusion program, “We Are Simmons,” celebrates and supports the unique perspectives, experiences, and backgrounds of our associates. We believe these differences help us better serve our customers and make us stronger as a whole. In connection with this program, we have introduced Employee Resource Groups for veterans, women, African Americans, and LGBTQIA+ associates.

As of December 31, 2023, the Company and its subsidiaries had approximately 3,007 full time equivalent associates. None of our associates are represented by any union or similar groups, and we have not experienced any labor disputes or strikes arising from any such organized labor groups. We consider our relationship with our associates to be good and strive to operate with an “open door policy” where associate concerns and issues can be discussed anytime directly with leadership or human resources. We have been recognized with “Best Places to Work” awards in several of our markets.

SUPERVISION AND REGULATION

The Company

The Company, as a bank holding company, is subject to both federal and state regulation. Under federal law, a bank holding company generally must obtain approval from the Board of Governors of the Federal Reserve System (“FRB”) before acquiring ownership or control of the assets or stock of a bank or a bank holding company. Prior to approval of any proposed acquisition, the FRB will review the effect on competition of the proposed acquisition, as well as other regulatory issues.

The federal law generally prohibits a bank holding company from directly or indirectly engaging in non-banking activities. This prohibition does not include loan servicing, liquidating activities or other activities so closely related to banking as to be a proper incident thereto. Bank holding companies, including the Company, which have elected to qualify as financial holding companies, are authorized to engage in financial activities. Financial activities include any activity that is financial in nature or any activity that is incidental or complimentary to a financial activity.

As a financial holding company, we are required to file with the FRB an annual report and such additional information as may be required by law. From time to time, the FRB examines the financial condition of the Company and its subsidiaries. Bank holding companies are not permitted to engage in unsafe and unsound banking practices. The FRB, through civil and criminal sanctions, is authorized to exercise enforcement powers over bank holding companies (including financial holding companies) and non-banking subsidiaries, to limit activities that represent unsafe or unsound practices or constitute violations of law.

Federal law also requires the Company to act as a source of financial and managerial strength for our bank subsidiary and to commit resources to support that subsidiary. This support may be required by federal banking agencies even at times when a bank holding company may not have the resources to provide the support. Further, if the FRB believes that a bank holding company’s activities, assets or affiliates represent a significant risk to the financial safety, soundness or stability of its subsidiary bank, then the FRB could require that bank holding company to terminate the activities, liquidate the assets or divest the affiliates. Federal banking agencies, including the FRB, may require these and other actions in support of a subsidiary bank even if such actions are not in the best interests of the bank holding company or its stockholders.

We are subject to certain laws and regulations of the State of Arkansas applicable to financial and bank holding companies, including examination and supervision by the Arkansas Bank Commissioner. Under Arkansas law, a financial or bank holding company is prohibited from owning more than one subsidiary bank if any subsidiary bank owned by the holding company has been chartered for less than five years and, further, requires the approval of the Arkansas Bank Commissioner for any acquisition of more than 25% of the capital stock of any other bank located in the State of Arkansas. No bank acquisition may be approved if, after such acquisition, the holding company would control, directly or indirectly, banks having 25% of the total bank deposits in the State of Arkansas, excluding deposits of other banks and public funds.

Additionally, under federal and state law, acquisitions of the Company's common stock above certain thresholds or in connection with certain governance rights or business relationships may be subject to certain regulatory restrictions, including prior notice and approval requirements, and investors in the Company's common stock are responsible for ensuring that they comply with these restrictions to the extent they are applicable.

Federal legislation allows bank holding companies (including financial holding companies) from any state to acquire banks located in any state without regard to state law, provided that the holding company (1) is well capitalized, (2) is well managed, (3) would not control more than 10% of the insured deposits in the United States or more than 30% of the insured deposits in such state, and (4) such bank has been in existence at least five years if so required by the applicable state law.

The principal source of the Company's liquidity is dividends from Simmons Bank, the payment of which is subject to certain limitations imposed by federal and state laws. The approval of the Arkansas Bank Commissioner is, for instance, 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. Under the foregoing dividend restrictions, and while maintaining its "well capitalized" status, at December 31, 2023, Simmons Bank had approximately $54.4 million available for payment of dividends to the Company, without prior regulatory approval. While past dividends are not necessarily indicative of amounts that may be paid or available to be paid in future periods, net profits of Simmons Bank and cash balances at the Company are projected to be sufficient to pay quarterly dividends on the Company's common stock at current levels and interest and principal on the Company's debt as well as meet other liquidity needs.

In 2019, final rules were adopted that, among other things, eliminated a prior approval requirement in the Basel III Capital Rules (discussed below) for a bank holding company to repurchase shares of its common stock, provided that the bank holding company is well capitalized both before and after the proposed repurchase, well-managed, and not the subject of any unresolved supervisory issues. However, a bank holding company's repurchases of shares of its common stock may, in certain circumstances, be subject to approval or notice requirements under other regulations, policies, or supervisory expectations of the bank holding company's regulators, may be discouraged by regulators in the form of supervisory feedback on the bank holding company's regulatory capital levels or plan, and must comply with all applicable state and federal corporate and securities laws and regulations.

Subsidiary Bank

Simmons Bank is an Arkansas state-chartered bank and a member of the Federal Reserve System through the Federal Reserve Bank of St. Louis. Due to the Company's typical acquisition process, there may be brief periods of time during which the Company may operate another subsidiary bank that the Company acquired through a merger with a target bank holding company as a separate subsidiary while preparing for the merger and integration of that subsidiary bank into Simmons Bank. However, it is the Company's intent to generally maintain Simmons Bank as the Company's sole subsidiary bank.

The lending powers of the subsidiary bank are generally subject to certain restrictions, including the amount which may be loaned to a single borrower. Our subsidiary bank is a member of the FDIC, which provides insurance on deposits of each member bank up to applicable limits by the Deposit Insurance Fund. For this protection, our bank pays a statutory assessment to the FDIC each year.

Furthermore, as a member of the Federal Reserve System, our subsidiary bank is required by law to maintain reserves against its transaction deposits as required by the FRB. The reserves must be held in cash or with the FRB. Banks are permitted to meet this requirement by maintaining the specified amount as an average balance over a two-week period. During 2020, due to the COVID-19 pandemic, the FRB acting pursuant to the Federal Reserve Act reduced the reserve requirements to zero until further notice. As a result, as of December 31, 2023, the Company's reserve balances were zero.

Pursuant to federal laws and regulations, national and state-chartered banks may establish branches in their home states, as well as in other states. Applications to establish branches must be filed with the appropriate primary federal regulator and, where applicable, the bank's state regulatory authority. As an Arkansas state-chartered bank, our subsidiary bank files branch applications with both the FRB and the Arkansas State Bank Department.

Federal laws and regulations also restrict banks, including our subsidiary bank, from establishing certain tying arrangements. In particular, subject to certain exceptions, banks, including our subsidiary bank, are prohibited from extending credit, leasing or selling property, furnishing services, or varying prices on the condition that the customer obtain an additional product or service from the bank or its affiliates or not obtain services of a competitor of the bank or its affiliates.

Transactions with Affiliates and Insiders

Under federal law, transactions between insured depository institutions and their affiliates are governed by Sections 23A and 23B of the Federal Reserve Act and its implementing regulation, Regulation W. In a bank holding company context, at a minimum, the parent holding company of a bank, any companies which are controlled by such parent holding company, and financial subsidiaries of the bank, are affiliates of the bank. Generally, Sections 23A and 23B of the Federal Reserve Act are intended to protect insured depository institutions from losses arising from transactions with non-insured affiliates by limiting the extent to which a bank or its subsidiaries may engage in covered transactions with any one affiliate and with all affiliates of the bank in the aggregate, and requiring that such transactions be on terms consistent with safe and sound banking practices.

Loans to executive officers, directors, or any person who directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10% of any class of voting securities of a bank ("10% Shareholders"), are subject to Sections 22(g) and 22(h) of the Federal Reserve Act and their corresponding regulations (Regulation O) and Section 13(k) of the Exchange Act relating to the prohibition on personal loans to executives (which exempts financial institutions in compliance with the insider lending restrictions of Section 22(h) of the Federal Reserve Act). Among other things, these loans must be made on terms substantially the same as those prevailing on transactions made to unaffiliated individuals, except that such insiders may receive preferential loans made under a benefit or compensation program that is widely available to the bank's employees and does not give preference to the insider over the employees, and certain extensions of credit to those persons must first be approved in advance by a disinterested majority of the entire Board of Directors. Section 22(h) of the Federal Reserve Act and its implementing regulation, Regulation O, prohibits loans to any directors, executive officers, and principal stockholders and their related interests where the aggregate amount exceeds an amount equal to 15% of an institution's unimpaired capital and surplus plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral, or when the aggregate amount on all of the extensions of credit outstanding to all of these persons would exceed the Bank's unimpaired capital and unimpaired surplus. Section 22(g) of the Federal Reserve Act places additional limitations on loans to executive officers and identifies limited circumstances in which the Bank is permitted to extend credit to executive officers.

As a result, our subsidiary bank is limited in its ability to make extensions of credit to the Company, investing in the stock or other securities of the Company, and engaging in other affiliated financial transactions with the Company.

Potential Enforcement Action for Bank Holding Companies and Banks

Enforcement proceedings seeking civil or criminal sanctions may be instituted against any bank, any financial or bank holding company, any director, officer, employee or agent of the bank or holding company, which is believed by the federal banking agencies to be violating any administrative pronouncement or engaged in unsafe and unsound practices. In more serious cases, enforcement actions may include the issuance of directives to increase capital; the issuance of formal and informal agreements; the imposition of civil monetary penalties; the issuance of a cease and desist order that can be judicially enforced; the issuance of removal and prohibition orders against officers, directors, and other institution-affiliated parties; the termination of a bank's deposit insurance; the appointment of a conservator or receiver for a bank; and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the agency would be harmed if such equitable relief was not granted.

Risk-Weighted Capital Requirements for the Company and the Subsidiary Bank

Effective January 1, 2015, the Company and its subsidiary bank became subject to new capital regulations ("Basel III Capital Rules") adopted by the Federal Reserve in July 2013 establishing a new comprehensive capital framework for U.S. banks. The Basel III Capital Rules were fully implemented as of January 1, 2019. For a tabular summary of our risk-weighted capital ratios, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital" and Note 23, Stockholders' Equity, of the Notes to Consolidated Financial Statements.

The Basel III Capital Rules include a common equity Tier 1 capital to risk-weighted assets ("CET1") ratio of 4.5% and a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets. CET1 generally consists of common stock; retained earnings; accumulated other comprehensive income; and certain minority interests, all subject to applicable regulatory adjustments and deductions. The Company and its subsidiary bank must hold a capital conservation buffer composed of CET1 capital above its minimum risk-based capital requirements.

A banking organization's qualifying total capital consists of two components: Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is an amount equal to the sum of common stockholders' equity, hybrid capital instruments (instruments with characteristics of debt and equity) in an amount up to 25% of Tier 1 Capital, certain preferred stock and the minority interest in the equity accounts of consolidated subsidiaries. For bank holding companies and financial holding companies, goodwill (net of any deferred tax liability associated with that goodwill) may not be included in Tier 1 Capital. Identifiable intangible assets may be included in Tier 1 Capital for banking organizations, in accordance with certain further requirements. At least 50% of the banking organization's total regulatory capital must consist of Tier 1 Capital.

Tier 2 Capital is an amount equal to the sum of the qualifying portion of the allowance for credit losses, certain preferred stock not included in Tier 1, hybrid capital instruments (instruments with characteristics of debt and equity), certain long-term debt securities and eligible term subordinated debt, in an amount up to 50% of Tier 1 Capital. The eligibility of these items for inclusion as Tier 2 Capital is subject to certain additional requirements and limitations of the federal banking agencies.

The Basel III Capital Rules expanded the risk-weighting categories from the previous four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities, to 600% for certain equity exposures, and resulting in higher risk weights for a variety of asset categories, including many residential mortgages and certain commercial real estate.

Accordingly, under the fully-phased in Basel III Capital Rules, the capital standards applicable to the Company include an additional capital conservation buffer of 2.5% of CET1, effectively resulting in minimum ratios inclusive of the capital conservation buffer of (1) CET1 to risk-weighted assets of at least 7.0%, (2) Tier 1 capital to risk-weighted assets of at least 8.5%, and (3) Total capital to risk-weighted assets of at least 10.5%.

In August 2020, the FRB, along with the other federal bank regulatory agencies, adopted a final rule that allows the Company and the Bank to phase-in the impact of adopting the Current Expected Credit Losses (or "CECL") methodology up to two years, with a three-year period to phase out the cumulative benefit to regulatory capital provided during the two-year delay.

Prompt Corrective Action

The Basel III Capital Rules also affected the FDIC's prompt correction action standards. Those standards seek to address problems associated with undercapitalized financial institutions and provide for five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.

For purposes of prompt corrective action, to be:

- *well capitalized*, a bank must have a total risk based capital ratio of at least 10%, a Tier 1 risk based capital ratio of at least 8%, a CET1 risk based capital ratio of at least 6.5%, and a Tier 1 leverage ratio of at least 5%;
- *adequately capitalized*, a bank must have a total risk based capital ratio of at least 8%, a Tier 1 risk based capital ratio of at least 6%, a CET1 risk based capital ratio of at least 4.5%, and a Tier 1 leverage ratio of at least 4%;
- *undercapitalized*, a bank would have a total risk based capital ratio of less than 8%, a Tier 1 risk based capital ratio of less than 6%, a CET1 risk based capital ratio of less than 4.5%, and a Tier 1 leverage ratio of less than 4%;
- *significantly undercapitalized*, a bank would have a total risk based capital ratio of less than 6%, a Tier 1 risk based capital ratio of less than 4%, a CET1 risk based capital ratio of less than 3%, and a Tier 1 leverage ratio of less than 3%; and
- *critically undercapitalized*, a bank would have a ratio of tangible equity to total assets that is less than or equal to 2%.

Institutions that fall into the latter three categories are subject to restrictions on their growth and are required to submit a capital restoration plan. There is also a method by which an institution may be downgraded to a lower capital category based on supervisory factors other than capital. As of December 31, 2023, Simmons Bank was "well capitalized" based on the aforementioned ratios.

Federal Deposit Insurance Corporation Improvement Act

The Federal Deposit Insurance Corporation Improvement Act ("FDICIA"), enacted in 1991, requires the FDIC to increase assessment rates for insured banks and authorizes one or more "special assessments," as necessary for the repayment of funds borrowed by the FDIC or any other necessary purpose. As directed in FDICIA, the FDIC has adopted a transitional risk-based assessment system, under which the assessment rate for insured banks will vary according to the level of risk incurred in the bank's activities. The risk category and risk-based assessment for a bank is determined, in part, from its prompt corrective action, as well capitalized, adequately capitalized or undercapitalized. Please refer to the section below titled *FDIC Deposit Insurance and Assessments* for more information.

Pursuant to the FDICIA and Federal Deposit Insurance Act ("FDIA"), the federal banking agencies must promptly mandate corrective actions by banks that fail to meet the capital and related requirements in order to minimize losses to the FDIC and the Deposit Insurance Fund. As of December 31, 2023, the Bank was well capitalized under these regulations.

The federal banking agencies are also required by FDICIA to prescribe standards for banks and bank holding companies (including financial holding companies) relating to operations and management, asset quality, earnings, stock valuation and compensation. A bank or bank holding company that fails to comply with such standards will be required to submit a plan designed to achieve compliance. If no plan is submitted or the plan is not implemented, the bank or holding company would become subject to additional regulatory action or enforcement proceedings.

A variety of other provisions included in FDICIA may affect the operations of the Company and the subsidiary bank, including reporting requirements, regulatory standards for real estate lending, "truth in savings" provisions, and the requirement that a depository institution give 90 days prior notice to customers and regulatory authorities before closing any branch.

Dodd-Frank Wall Street Reform and Consumer Protection Act

Enacted in 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), significantly changed the regulation of financial institutions and the financial services industry. The Dodd-Frank Act included provisions affecting large and small financial institutions alike, including several provisions that profoundly affected how community banks, thrifts, and small bank and thrift holding companies are regulated. Among other things, these provisions relaxed rules regarding interstate branching, allow financial institutions to pay interest on business checking accounts, and revised capital requirements on bank and thrift holding companies.

The Dodd-Frank Act also established the Bureau of Consumer Financial Protection ("CFPB") as an independent entity within the Federal Reserve and provided it with the authority to promulgate consumer protection regulations applicable to all entities offering consumer financial services or products, including banks. Additionally, the Dodd-Frank Act included a series of provisions covering mortgage loan origination standards affecting, among other things, originator compensation, minimum repayment standards, and pre-payment penalties. The Dodd-Frank Act contained numerous other provisions affecting financial institutions of all types, many of which have an impact on our operating environment, including among other things, our regulatory compliance costs. However, the Dodd-Frank Act does not prevent states from adopting stricter consumer protection standards than those promulgated by the CFPB. State regulation of financial products and potential enforcement actions could also adversely affect the Company's business, financial condition, or operations.

The EGRRCPA

In May 2018, the Economic Growth, Regulatory Reform, and Consumer Protection Act ("EGRRCPA") was enacted, which, among other things, amended certain provisions of the Dodd-Frank Act as well as statutes administered by the FRB and the FDIC. The EGRRCPA provides targeted regulatory relief to financial institutions while preserving the existing framework under which U.S. financial institutions are regulated. The EGRRCPA relieves bank holding companies with less than $100 billion in assets, such as the Company, from the enhanced prudential standards imposed under Section 165 of the Dodd-Frank Act (including, but not limited to, resolution planning and enhanced liquidity and risk management requirements). Please see the section below titled *Impacts of Growth* for more information.

In addition to amending the Dodd Frank Act, the EGRRCPA also includes certain additional banking-related provisions, consumer protection provisions and securities law-related provisions. Many of the EGRRCPA's changes were implemented through rules finalized by the federal banking agencies over the course of 2019. These rules and their enforcement are subject to the substantial regulatory discretion of the federal banking agencies.

Volcker Rule

Section 619 of the Dodd-Frank Act, commonly known as the "Volcker Rule," restricts the ability of banking entities from: (i) engaging in "proprietary trading" and (ii) investing in or sponsoring certain covered funds, subject to certain limited exceptions. Under the Volcker Rule, the term "covered funds" is defined as any issuer that would be an investment company under the Investment Company Act but for the exemption in Section 3(c)(1) or 3(c)(7) of that Act. There are also several exemptions from the definition of covered fund, including, among other things, loan securitizations, joint ventures, certain types of foreign funds, entities issuing asset-backed commercial paper, and registered investment companies. The EGRRCPA and the subsequently promulgated inter-agency agency rules have aimed at simplifying and tailoring certain requirements related to the Volcker Rule.

Brokered Deposits

Section 29 of the FDIA and the FDIC regulations promulgated thereunder limit the ability of any bank to accept, renew or roll over any brokered deposit unless it is well capitalized or, with the FDIC's approval, adequately capitalized. However, as a result of the EGRRCPA, the FDIC has undertaken a comprehensive review of its regulatory approach to brokered deposits, including reciprocal deposits, and interest rate caps applicable to banks that are less than well capitalized. In December 2020, the FDIC issued a final rulemaking to modernize its brokered deposit regulations. Among other things, the final rule established a new framework for analyzing certain provisions of the "deposit broker" definition and established certain automatic "primary purpose" exemptions from the deposit broker definition, as well as revised certain interest rate restrictions that apply to less than well capitalized insured depository institutions. The final rule became effective April 1, 2021; and full compliance was required by January 1, 2022. Implementation of the final rule did not have a material impact on our subsidiary bank.

FDIC Deposit Insurance and Assessments

Our customer deposit accounts are insured up to applicable limits by the FDIC's Deposit Insurance Fund ("DIF") up to $250,000 per separately insured depositor. Simmons Bank is required to pay deposit insurance assessments to maintain the DIF. Because Simmons Bank's assets exceed $10 billion, its deposit insurance assessment is based on a scoring system that examines the institution's supervisory ratings and certain financial measures. The scoring system assesses risk measures to produce two scores, a performance score and a loss severity score, that are combined and converted to an initial assessment rate. The FDIC has the ability to make discretionary adjustments to the total score based upon significant risk factors not adequately captured in the calculations.

As described above in the section titled *Potential Enforcement Action for Bank Holding Companies and Banks*, the FDIC may terminate deposit insurance upon a finding that an institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

In November 2023, the FDIC issued a final rule to implement a special assessment to recover losses to the DIF incurred as a result of recent bank failures and the FDIC's use of the systemic risk exception to cover certain deposits that were otherwise uninsured. The special assessment was based on estimated uninsured deposits as of December 31, 2022 (excluding the first $5.0 billion) and will be assessed at a quarterly rate of 3.36 basis points, over eight quarterly assessment periods, beginning in the first quarter of 2024. As a result of this final rule, we accrued $10.5 million related to this assessment in the fourth quarter of 2023. This amount represents our current expectation of the full amount of the assessment based on our total uninsured deposits as of December 31, 2022. Under the final rule, the estimated loss pursuant to the systemic risk determination will be periodically adjusted, and the FDIC has retained the ability to cease collection early, extend the special assessment collection period and impose a final shortfall special assessment on a one-time basis. The extent to which any such additional future assessments will impact our future deposit insurance expense is currently uncertain.

Community Reinvestment Act

The Community Reinvestment Act of 1977 ("CRA") requires that federal banking agencies evaluate the record of each financial institution in meeting the credit needs of the market areas they serve, including low and moderate-income ("LMI") individuals and communities. These activities are also considered in connection with, among other things, applications for mergers, acquisitions and the opening of a branch or facility, and negative results of these evaluations could prevent us from engaging in these types of transactions. Simmons Bank received a "satisfactory" CRA rating during its most recent exam.

In October 2023, the federal prudential regulatory agencies adopted substantial revisions to the regulations implementing the CRA. The Company continues to assess the impact of the adopted changes to the CRA regulations.

UDAP and UDAAP

Federal laws, including Section 5 of the Federal Trade Commission Act, prohibit financial institutions from engaging in unfair or deceptive acts or practices ("UDAP") in or affecting commerce. The Dodd-Frank Act expanded regulation in this space to apply to unfair, deceptive or abusive acts or practices ("UDAAP") and delegated to the CFPB supervision and enforcement authority for UDAAP with respect to our subsidiary bank and rulemaking authority with respect to UDAAP. These laws have been used to, among other things, address certain problematic practices that may not fall directly within the scope of other banking or consumer protection laws.

Financial Privacy and Data Security

The Company is subject to federal laws, including the Gramm-Leach-Bliley Act of 1999 ("GLBA"), and certain state laws containing consumer privacy protection and data security provisions. These federal and state laws, and the rules and regulations promulgated thereunder, impose restrictions on our ability to disclose non-public information concerning consumers to nonaffiliated third parties. These laws, rules and regulations also mandate the distribution of privacy policies to consumers, as well as provide consumers an ability to prevent our disclosure of their information under certain circumstances.

In addition, the GLBA requires that financial institutions, such as our subsidiary bank, implement comprehensive written information security programs that include administrative, technical, and physical safeguards to protect consumer information and data. Further, pursuant to interpretive guidance issued under the GLBA and certain state laws, financial institutions are also generally required to notify customers of security breaches that result in unauthorized access to their nonpublic personal information.

Although these laws and regulations impose compliance costs and create obligations and, in some cases, reporting obligations, and compliance with all of the laws, regulations, and reporting obligations may require significant resources of the Company and our subsidiary bank, these laws and regulations do not materially affect our products, services or other business activities.

Anti-Money Laundering and Anti-Terrorism

Simmons Bank is subject to the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (also known as the "PATRIOT Act"), the Bank Secrecy Act ("BSA") and rules and regulations of the Office of Foreign Assets Control ("OFAC").

Under Title III of the PATRIOT Act, all financial institutions are required to take certain measures to identify their customers, prevent money laundering, monitor customer transactions, and report suspicious activity to U.S. law enforcement agencies. Financial institutions also are required to respond to requests for information from federal banking agencies and law enforcement agencies. Information sharing among financial institutions for the above purposes is encouraged by an exemption granted to complying financial institutions from the privacy provisions of the GLBA and other privacy laws.

Among other things, Simmons Bank is required to establish an anti-money laundering ("AML") program which includes the designation of a BSA officer, the establishment and maintenance of BSA/AML training, the establishment and maintenance of BSA/AML policies and procedures, independent testing of the AML program, and compliance with customer due diligence requirements. Our subsidiary bank must also employ enhanced due diligence under certain conditions. Compliance with BSA/AML requirements is routinely examined by regulators, and failure of a financial institution to meet its requirements in combating AML and anti-terrorism activities could result in severe penalties for the institution, including, among other things, the inability to receive the requisite regulatory approvals for mergers and acquisition.

Further, OFAC administers economic sanctions imposed by the federal government that affect transactions with foreign countries, individuals, and others (as the "OFAC Rules"). The OFAC Rules target many countries as well as specially designated nationals and blocked persons (collectively, "SDNs") and take many different forms. Blocked assets (property and bank deposits) that are associated with such countries and SDNs cannot be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with the OFAC Rules can result in serious legal and reputational consequences.

In December 2020, the U.S. Congress enacted the National Defense Authorization Act (the "NDAA") that, among other provisions, made significant updates to the federal BSA/AML regulations that aim to eliminate the use of shell companies that facilitate the laundering of criminal proceeds. In December 2021, the Financial Crimes Enforcement Network ("FinCEN") issued the first of three planned rules, which rule was adopted to implement a national beneficial ownership reporting framework. In December 2023, FinCEN issued the second of the three planned rules, which rule was adopted to implement protocols for access to and disclosure of beneficial ownership information. A subsequent rulemaking is expected to update the customer due diligence requirements that apply to the Company and the Bank to be consistent with this framework. The Company and the Bank continue to monitor legislative, regulatory and supervisory developments related thereto.

Federal Home Loan Bank of Dallas

Simmons Bank is a member of the Federal Home Loan Bank of Dallas ("FHLB-Dallas"), which is one of 11 regional Federal Home Loan Banks that provide funding to their members for making housing loans as well as for affordable housing and community development loans. Each FHLB serves as a reserve, or central bank, for the members within its assigned region and makes loans to its members in accordance with policies and procedures established by the board of directors of that FHLB. As a member, Simmons Bank must purchase and maintain stock in FHLB-Dallas. At December 31, 2023, Simmons Bank's total investment in FHLB-Dallas was $58.2 million.

Incentive Compensation

The Dodd-Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities, including the Company and our subsidiary bank, with at least $1 billion in total consolidated assets that encourage inappropriate risks by providing an executive officer, employee, director, or principal shareholder with excessive compensation, fees, or benefits that could lead to material financial loss to the entity. The federal banking agencies and the SEC most recently proposed such regulations in 2016, but the regulations have not yet been finalized. However, in late 2022, the SEC finalized a set of rules directing national securities exchanges to establish listing standards regarding clawbacks of incentive-based executive compensation, which listing standards became effective in 2023. Specifically, Nasdaq implemented listing standards that require listed companies to adopt clawback policies, or policies mandating the recovery of excess incentive compensation earned by a current or former executive officer during the three fiscal years preceding the date the listed company is required to prepare an accounting restatement, including to correct an error that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. We adopted a compensation recovery policy pursuant to the Nasdaq listing standards and the policy is included as Exhibit 97 to this Annual Report on Form 10-K.

The Dodd-Frank Act also requires publicly traded companies to give stockholders a non-binding vote on executive compensation at least every three years and on so-called "golden parachute" payments in connection with approvals of mergers and acquisitions. The Company gives stockholders a non-binding vote on executive compensation annually.

Impacts of Growth

Because the Company and Simmons Bank have exceeded $10 billion in assets, each of the Company and the Bank are subject to heightened requirements (as compared to smaller community banking organizations) that are imposed by various federal banking law and regulations.

Among other things, the Dodd-Frank Act, through the Durbin Amendment, and associated Federal Reserve regulations cap the interchange rate on debit card transactions that can be charged by banks that, together with their affiliates, have at least $10 billion in assets at $0.21 per transaction plus five basis points multiplied by the value of the transaction (plus, for a debit card issuer that meets certain fraud-prevention standards, a "fraud-prevention adjustment" of $0.01 per transaction). The cap goes into effect July 1st of the year following the year in which a bank reaches the $10 billion asset threshold. Simmons Bank became subject to the interchange rate cap effective July 1, 2018. In October 2023, the Federal Reserve proposed lowering the maximum interchange fee, and the Company is monitoring developments related to the proposal and continuing to assess its potential impact.

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 are included as total Tier 2 capital.

The Dodd-Frank Act also previously required banks and bank holding companies with more than $10 billion in assets to adhere to certain enhanced prudential standards, including requirements to conduct annual stress tests, report the results to regulators and publicly disclose such results. However, as a result of regulatory reform finalized following passage of the EGRRCPA, the Company and Simmons Bank are no longer required to conduct an annual stress test of capital under the Dodd-Frank Act. Further, as a result of passage of the EGRRCPA, bank holding companies with less than $100 billion in assets, such as the Company, are exempt from the resolution planning, enhanced liquidity standards, and risk management requirements imposed under Section 165 of the Dodd-Frank Act. In anticipation of becoming subject to these requirements, the Company and Simmons Bank had begun the necessary preparations, including undertaking a gap analysis, implementing enhancements to the audit and compliance departments, and investing in various information technology systems. Notwithstanding that federal banking agencies will not take action with respect to these enhanced prudential standards, the Company and its subsidiary bank will continue to review their capital planning and risk management practices in connection with the regular supervisory processes of the FRB.

Additionally, the Dodd-Frank Act established the CFPB and granted it supervisory authority over banks with total assets of more than $10 billion. Simmons Bank is subject to CFPB oversight with respect to its compliance with federal consumer financial laws. Simmons Bank continues to be subject to the oversight of its other regulators with respect to matters outside the scope of the CFPB's jurisdiction. The CFPB has broad rule-making, supervisory, examination and enforcement authority, as well as expanded data collecting and enforcement powers, all of which impact the operations of Simmons Bank. For example, in January 2024, the CFPB proposed rules that would subject (with certain exceptions) overdraft services provided by financial institutions with more than $10 billion in assets to the provisions of the Truth in Lending Act and other consumer financial protection laws. The Company is currently evaluating the potential impact of the proposed rules and monitoring developments with respect thereto.

Pending Legislation

Because of concerns relating to, among other things, competitiveness and the safety and soundness of the banking industry, Congress and state legislatures often consider a number of wide-ranging proposals for altering the structure, regulation, and competitive relationships of the nation's financial institutions and of those chartered in a particular state legislature's jurisdiction. We cannot predict whether or in what form any proposals will be adopted or the extent to which our business may be affected.

Effect of Governmental Monetary Policies

The FRB uses monetary policy tools to impact interest rates, credit market conditions and money market conditions, as well as to influence general economic conditions, including employment, market interest and inflation rates. These policies can have a significant impact on the absolute levels and distribution of deposits, loans and investment securities, as well as on market interest rates charged on loans or paid for deposits and other borrowings. Monetary policies of the FRB have in the past had a significant effect on the operating results of bank holding companies and their subsidiary banks, such as the Company and Simmons Bank, and may have similar effects in the future.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this report, including the information contained in "Cautionary Note Regarding Forward-Looking Statements," investors in our securities should carefully consider the factors discussed below. An investment in our securities involves risks. The factors below, among others, could materially and adversely affect our business, financial condition, results of operations, liquidity or capital position, or cause our results to differ materially from our historical results or the results expressed in or implied by our forward-looking statements. Additionally, investors should not interpret the disclosure of a risk to imply that the risk has not already materialized.

Risks Related to Market Interest Rates and Liquidity

Changes in interest rates and monetary policy could adversely affect our profitability.

Our net income and cash flows depend to a significant extent on the difference between interest rates earned on interest-earning assets and the rates paid on interest-bearing liabilities. These rates are highly sensitive to many factors beyond our control, including general economic conditions and credit and monetary policies of governmental authorities. Changes in the credit or monetary policies of governmental authorities, particularly the Federal Reserve, could significantly impact market interest rates and our financial performance. For instance, changes in the nature of open market transactions in U.S. government securities, the discount rate or the federal funds rate on bank borrowings, and reserve requirements against bank deposits, could lead to increases in the costs associated with our business. In addition, such changes could influence the interest we receive on loans and securities and the amount of interest we pay on deposits. If the interest rates we pay on deposits increases at a faster rate than the interest we receive on loans and other investments, then our net interest income could be adversely affected. If the Federal Reserve further raises interest rates, we may not be able to reflect increasing interest rates in rates charged on loans or paid on deposits due to competitive pressures, which would negatively impact our mix of deposits and other funding sources, reduce demand for our products and services, or otherwise negatively impact our financial condition and results of operations. In addition, the impact of these changes may be magnified if we do not effectively manage the relative sensitivity of our assets and liabilities to changes in market interest rates, and our ability to manage such relative sensitivity may be adversely impacted by competitive conditions in the banking industry and in the financial markets. Due to the changing conditions in the national economy and uncertainty regarding the rate of inflation and the impacts of governmental policies to combat elevated inflation, we cannot predict with certainty how future changes in interest rates, deposit levels and loan demand will impact our business and profitability.

Our cost of funds may increase as a result of general economic conditions, interest rates and competitive pressures.

Our cost of funds may increase as a result of general economic conditions, fluctuations in interest rates and competitive pressures. We have traditionally obtained funds principally through local deposits as we have a base of lower cost transaction deposits. Our cost of funds and our profitability and liquidity are likely to be adversely affected if we have to rely upon higher cost borrowings from other institutional lenders or brokers to fund loan demand or liquidity needs. Also, changes in our deposit mix and growth could adversely affect our profitability and the ability to expand our loan portfolio, as well as our liquidity and funding mix. During 2022 and 2023, in response to rising market interest rates, our cost of funds increased due to customer migration from lower-cost to higher-cost deposit accounts, including interest-bearing transaction accounts and time deposits, which negatively impacted our cost of funds and net interest margin.

Our investment securities portfolio could decline in value as a result of interest rate changes and changes in issuer credit quality or the strength of the associated collateral.

If interest rates change in the future, the market value of our investment securities portfolio may decline. Weaknesses in the credit quality of the issuers of the securities within our portfolio or in the strength of the collateral, if any, underlying those securities could also result in a decline in the value of our investment securities portfolio, which could negatively affect equity and potentially impact our earnings or the liquidity that we could generate from our investment securities portfolio.

A lack of liquidity could impair our ability to fund our business and thereby adversely affect our financial condition and results of operations.

Liquidity is a critical component of our business. To ensure adequate liquidity to fund our operations, we rely heavily on our ability to generate deposits and effectively manage both the repayment of loans and the maturity schedules of our investment securities. Our most important source of funds is deposits, but sources of funds also include, among other things, cash flows from operations, maturities and sales of investment securities, and borrowings from the Federal Reserve and Federal Home Loan Bank. Our access to funding sources in amounts adequate to finance our activities, or on terms that are acceptable to us, could be impaired by factors that affect us specifically or the financial services industry or economy in general. This could result in a lack of liquidity, which could materially and adversely affect our business.

Changes in the method pursuant to which benchmark rates are determined, as well as the discontinuance and replacement of reference rates, could adversely impact our business and results of operations.

Certain interest rate benchmarks, including the London Interbank Offered Rate ("LIBOR"), have, over the course of recent years, been the subject of national and international reform. For example, during 2023, the publication of LIBOR rates ceased. The market transition away from a widely used benchmark rate to alternative reference rates is a complex process and can have (and has, on occasion, had) a range of effects on the Company's business, financial condition and results of operations, including but not limited to, by (i) adversely affecting the interest rates received or paid on the revenues and expenses associated with, or the value of, the Company's assets and liabilities; (ii) adversely affecting the interest rates paid on or received from other securities or financial arrangements, given a benchmark rate's historically prominent role in determining market interest rates globally, or (iii) resulting in disputes, litigation or other actions with borrowers or other counterparties about the interpretation or enforceability of certain fallback language contained in benchmark rate-based loans, securities or other contracts. The future discontinuation of a benchmark rate could result in operational, legal and compliance risks, and, if we are unable to adequately manage such risks and transition, our business, financial condition, results of operations and future prospects may be adversely impacted. The transition from LIBOR has resulted in and could continue to result in added costs and employee efforts and could present additional risk. Since alternative reference rates are calculated differently than LIBOR, payments under contracts referencing new alternative reference rates will differ from those referencing LIBOR.

Risks Related to the Company's Lending Activities

The mismanagement of our credit risks could result in serious harm to our business.

There are a variety of risks inherent in making loans, including, among others, risks inherent with dealing with borrowers and guarantors, risks associated with potential future changes in the value of the collateral supporting the loans, the risk that a loan may not be repaid, and the risks associated with changes in economic or industry conditions. As part of our ongoing efforts to minimize these credit-related risks, we utilize credit policies and procedures, internal credit expertise and several internal layers of review for the loans we make. We also actively monitor our concentrations of loans and carefully evaluate the credit underwriting practices of acquired institutions. However, there can be no assurance that these underwriting and monitoring procedures will reduce these risks, and the inability to properly manage our credit risk could have a material adverse effect on our business, which, in turn, could impact our financial condition and results of operations.

Deteriorating credit quality in our credit card portfolio may adversely impact us.

We have a sizeable consumer credit card portfolio. Although we experienced a decreased amount of net charge-offs in our credit card portfolio in recent years, the amount of net charge-offs could worsen. While we continue to experience a better performance with respect to net charge-offs than the national average in our credit card portfolio, our net charge-offs were 2.20% and 1.49% of our average outstanding credit card balances for the years ended December 31, 2023 and 2022, respectively. Future downturns in the economy could adversely affect consumers in a more delayed fashion compared to commercial businesses in general. Increasing unemployment and diminished asset values may prevent our credit card customers from repaying their credit card balances which could result in an increased amount of our net charge-offs that could have a material adverse effect on our unsecured credit card portfolio.

We may not maintain an appropriate allowance for credit losses.

It is likely that some portion of our loans will become delinquent, and some loans may only be partially repaid or may never be repaid. We maintain an allowance for credit losses, which is a reserve established through a provision for credit losses charged to expense, that results from management's review of the existing portfolio and management's assessment of the portfolio's collectability. Our methodology for establishing the appropriateness of the allowance for credit losses inherently involves a high degree of subjectivity and judgment and requires management to make significant estimates and predictions regarding credit risks, future market conditions, and other factors, all of which are subject to material changes and may not necessarily be in our control. If our methodology is flawed, or if we experience changes in market or economic conditions, or in conditions of our borrowers, the allowance may become inadequate, which would result in additional provisions to increase the allowance to an appropriate level. This could negatively impact our business, including through a material decrease in our earnings. In addition, prudential regulators also periodically review our allowance for credit losses and have the ability, based on their perspective, which may be different from ours, to require that we make adjustments to the allowance, which could also have a negative effect on our results of operations or financial condition.

We rely on the mortgage secondary market from time to time to provide liquidity.

We sell certain mortgage loans we originate to certain agencies and other purchasers. We rely, in part, on the agencies to purchase loans meeting their requirements to reduce our credit risk and to provide funding for additional loans we desire to originate. There is no guarantee that the agencies will not materially limit their purchases of conforming loans due to capital constraints, a change in the criteria for conforming loans or other factors. If we are unable to continue to sell conforming loans to the agencies, our ability to fund, and thus originate, additional mortgage loans may be adversely affected, which would adversely affect our results of operations.

Sales of our loans are subject to a variety of risks.

In relation to any sale of one or more of our loan portfolios, we may make certain representations and warranties to the purchaser concerning the loans sold and the procedures under which those loans were originated and serviced. If those representations and warranties prove to be incorrect, we may be required to indemnify the purchaser for any related losses or be required to repurchase certain loans that were sold. In some cases where such obligations are invoked by the purchaser, the loans may be non-performing or in default, leaving us without a remedy available against a solvent counterparty to the loan. Our results of operations may be adversely affected if we are not able to recover our losses resulting from these indemnity payments and repurchases.

Loans made through federal programs are dependent on the federal government's continuation and support of these programs and on our compliance with program requirements.

We participate in various U.S. government agency loan guarantee programs, including programs operated by the SBA. If we fail to follow any applicable regulations, guidelines or policies associated with a particular guarantee program, any loans we originate as part of that program may lose the associated guarantee, exposing us to credit risk we would not otherwise be exposed to, or result in our inability to continue originating loans under such programs, either of which could have a material adverse effect on our business, financial condition or results of operations.

Significant portions of our loan portfolio include commercial real estate, construction and development, and commercial and industrial loans, each of which presents heightened lending risks.

Our commercial loan portfolio includes, in significant part, commercial real estate loans, construction and development loans, and commercial and industrial loans. Among other things, commercial real estate loans are generally larger than residential real estate loans, often depend on the owner's cash flows or those of the property's tenants (which can be adversely affected by changes in economic conditions) as a source for repayment, and are generally perceived as involving a greater degree of risk of default than home equity loans or residential mortgage loans. Similarly, construction and development loan pose heightened risk when compared to residential real estate loans due to, for example, the fact that repayment often depends on successful completion of the construction or development project and subsequent financing. Additionally, commercial and industrial loans are often dependent upon the successful operation of the borrower's business. If the operating company suffers difficulties, including reduction in sales volume and/or profitability, the borrower's ability to repay the loan may be impaired, and the collateral associated with these types of loans may have depreciated during the term of the loan or may be difficult to value and/or liquidate. For these reasons and others, these types of loans present heightened lending risks that, if realized, may materially and adversely affect our business, financial condition or results of operations.

In the event we are required to foreclose on a loan secured by real estate, we may not be able to realize the value of that real estate as indicated in any independent appraisals upon which we relied in extending the loan.

Loans secured by real estate make up a substantial portion of our loan portfolio. In making certain of these loans, we rely on estimates concerning the value of the real estate provided by independent appraisers. However, these appraisals are only estimates of value, and mistakes of fact or judgement on the part of the appraiser could adversely affect the reliability of their appraisals. Furthermore, the value of the real estate could change (including by declining) based on events occurring after the time of the appraisal, and preparing foreclosed real estate for sale, and then selling such real estate collateral, may impose significant additional costs on us. We, therefore, may not be able to fully recover the outstanding balance of a loan in the event of its default if the real estate serving as collateral has declined in value from its original estimate, which could have a material adverse impact on our business, financial condition or results of operations.

Risks Related to Our Business, Industry, and Markets

Our business, financial condition, and results of operations could be adversely affected by developments impacting the financial services industry, such as recent bank failures or concerns involving liquidity.

Recent events in the financial services industry (including the 2023 closures of Silicon Valley Bank, Signature Bank and First Republic Bank) caused general uncertainty and concern regarding the adequacy of liquidity of the financial services industry generally. While we rely on different sources of funding to meet potential liquidity needs, our business strategies are largely based on access to funding from customer deposits and supplemental funding provided by wholesale or other secondary liquidity sources. Deposit levels may be affected by various industry factors, including interest rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, conditions in the financial services industry specifically and general economic conditions that impact the amount of liquidity in the economy and savings levels, and also by factors that impact customers' perception of our financial condition and capital and liquidity levels. In response to the closures of Silicon Valley Bank and Signature Bank, in 2023 the Secretary of the U.S. Department of the Treasury approved actions enabling the FDIC to complete its resolution of Silicon Valley Bank and Signature Bank in a manner that fully protected depositors by utilizing the Deposit Insurance Fund, and the Federal Reserve announced it would make available additional funding for eligible depository institutions to help assure banks have the ability to meet the needs of their depositors. While it appears these steps by the banking regulators helped customers' perception of the financial markets and financial services industry generally, a number of factors, including further bank closures, or deposit outflows (and particularly sudden deposit outflows) from banks, may drive additional deposit outflows, increased borrowing and funding costs, and increased competition for liquidity, any of which could have a material adverse impact on our financial performance or financial condition.

Our business may be adversely affected by conditions in the financial markets and general economic conditions.

Changes in economic conditions could cause the values of assets and liabilities recorded in the financial statements to change rapidly, resulting in material future adjustments in asset values, the allowance for credit losses, or capital that could negatively impact the Company's ability to meet regulatory capital requirements and maintain sufficient liquidity.

In a significant recession, declining asset values, defaults on mortgages and consumer loans, and the lack of market and investor confidence, as well as other factors, can all combine to increase credit default swap spreads, to cause rating agencies to lower credit ratings, and to otherwise increase the cost and decrease the availability of liquidity, despite very significant declines in Federal Reserve borrowing rates and other government actions. In the Great Recession, some banks and other lenders suffered significant losses and became reluctant to lend, even on a secured basis, due to the increased risk of default and the impact of declining asset values on the value of collateral. The foregoing can significantly weaken the strength and liquidity of some financial institutions worldwide.

The Company's financial performance generally, and in particular the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, is highly dependent upon the business environment in the states where we operate, and in the United States as a whole. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, high business and investor confidence and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; natural disasters; or a combination of these or other factors.

The business environment in the states where we operate could deteriorate and adversely affect the credit quality of our loans and our results of operations and financial condition. There can be no assurance that business and economic conditions will remain stable in the near term. If financial market volatility worsens, or if there are more disruptions in the financial markets, including disruptions to the United States or international banking systems, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

Continued inflationary pressures could increase our costs (and the costs of our borrowers) and otherwise negatively impact our business.

We have experienced upward inflationary pressures on our operating costs, including costs associated with goods and services we receive from third-party vendors, as well as our labor costs. If our expenses continue to increase due to continued inflation, our profitability could decline and our business, financial condition and results of operations may be otherwise materially and adversely affected. In addition, continued inflationary pressures could increase the operating costs of our borrowers, which could adversely impact their profitability and financial condition and thereby increase the likelihood of defaults on loans we have extended.

Our concentration of banking activities in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas, including our real estate loan portfolio, makes us more vulnerable to adverse conditions in the particular local markets in which we operate.

Our subsidiary bank operates primarily within the states of Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas, where the majority of the buildings and properties securing our loans and the businesses of our customers are located. Our financial condition, results of operations and cash flows are subject to changes in the economic conditions in these six states, the ability of our borrowers to repay their loans, and the value of the collateral securing such loans. We largely depend on the continued growth and stability of the communities we serve for our continued success. Declines in the economies of these communities or the states in general could adversely affect our ability to generate new loans or to receive repayments of existing loans, and our ability to attract new deposits, thus adversely affecting our net income, profitability and financial condition.

The ability of our borrowers to repay their loans could also be adversely impacted by the significant changes in market conditions in the region or by changes in local real estate markets, including deflationary effects on collateral value caused by property foreclosures. This could result in an increase in our charge-offs and provision for credit losses. Either of these events would have an adverse impact on our results of operations.

A significant decline in general economic conditions caused by inflation, recession, unemployment, acts of terrorism or other factors beyond our control could also have an adverse effect on our financial condition and results of operations. In addition, because multi-family and commercial real estate loans represent the majority of our real estate loans outstanding, a decline in tenant occupancy due to such factors or for other reasons could adversely impact the ability of our borrowers to repay their loans on a timely basis, which could have a negative impact on our results of operations.

We face strong competition from other banks, bank holding companies, and financial services companies.

In the markets we serve, the businesses of banking and financial services are fiercely competitive. Many of our competitors offer the same, or similar, products and services within our market areas. Some of our competitors are able to offer a broader range of products and services than we do. These competitors include banks with nationwide presences, regional banks, and community banks (who may have greater flexibility in their operational strategies than we possess). We also face competition from many other types of financial institutions, including, among others, credit unions, finance companies, insurance companies, brokerage and investment banking firms. Certain nonbank competitors of the Company are increasingly offering products and services that traditionally were banking products due to technological advances, and many of these nonbank competitors are not subject to the same extensive federal regulations that govern bank holding companies and federally insured banks. As a result, some of the competitors in our markets have the ability to offer products and services that we are unable to offer or to offer such products and services at more competitive rates. If we are unable to effectively compete for customers, we may lose loan and deposit market share, as well as experience reductions in net interest margin, fee income, and profitability, and our business, financial condition, and results of operations could be adversely affected.

Changes in service delivery channels and emerging technologies pose a competitive risk.

Advancements in technology have created the ability for financial transactions that have historically often involved traditional banks to be conducted through alternative channels. For example, consumers can now hold funds in brokerage accounts and internet-only banks, or indeed with essentially any bank that provides for online account opening and online banking. Consumers can also complete transactions such as the purchase or sale of goods and services, the payment of bills, and the transfer of funds without the direct assistance of banks. Indeed, non-traditional financial services firms, such as financial technology (FinTech) companies, have begun to offer a variety of services traditionally provided by banks and other financial institutions. The resulting increased competition could result in the loss of fee income and customer deposits, which could negatively impact our financial condition, results of operations, and liquidity. It could also require additional, costly investments in technology to remain competitive.

We anticipate that new technologies will continue to emerge that may be superior to, or render obsolete, the technologies currently used by the Company and the Bank in their products and services. Developing or acquiring access to new technologies and incorporating those technologies into our products and services, or using them to expand our products and services, in each case in a way that enables us to remain competitive, may require significant investments, may take considerable time to complete, and ultimately may not be successful.

Our growth and expansion strategy may not be successful, and our market value and profitability may suffer.

We have historically employed, as important parts of our business strategy, growth through acquisitions of banks and, to a lesser extent, through branch acquisitions and *de novo* branching. Any future acquisitions in which we might engage will be accompanied by the risks commonly encountered in acquisitions. These risks include, among other risks:

- credit risk associated with the acquired bank's loans and investments;
- difficulty of integrating operations and personnel; and
- potential disruption of our ongoing business.

In addition to pursuing the acquisition of existing viable financial institutions as opportunities arise we may also continue to engage in *de novo* branching to further our growth strategy. *De novo* branching and growing through acquisition involve numerous risks, including the following (among others):

- the inability to obtain all required regulatory approvals;
- the significant costs and potential operating losses associated with establishing a de novo branch or a new bank;
- the inability to secure the services of qualified senior management;
- the local market may not accept the services of a new bank owned and managed by a bank holding company headquartered outside of the market area of the new bank;
- the risk of encountering an economic downturn in the new market;
- the inability to obtain attractive locations within a new market at a reasonable cost; and
- the additional strain on management resources and internal systems and controls.

We expect that competition for suitable acquisition candidates will be significant. We may compete with other banks or financial service companies that are seeking to acquire our acquisition candidates, many of which are larger competitors and have greater financial and other resources. We cannot assure you that we will be able to successfully identify and acquire suitable acquisition targets on acceptable terms and conditions. Further, we cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions and *de novo* branching. Our inability to overcome these risks could have an adverse effect on our ability to achieve our business and growth strategy and maintain or increase our market value and profitability.

The value of our goodwill and other intangible assets may decline in the future.

As of December 31, 2023, we had $1.3 billion of goodwill and $112.6 million of other intangible assets. A significant decline in our expected future cash flows, a significant adverse change in the business climate, slower economic growth or a significant and sustained decline in the price of our common stock, any or all of which could be materially impacted by many of the risk factors discussed herein, may necessitate our taking charges in the future related to the impairment of our goodwill. Future regulatory actions could also have a material impact on assessments of goodwill for impairment. If we were to conclude that a future write-down of our goodwill is necessary, we would record the appropriate charge, which could have a material adverse effect on our results of operations.

Identifiable intangible assets other than goodwill consist of core deposit intangibles, books of business, and other intangible assets. Adverse events or circumstances could impact the recoverability of these intangible assets including loss of core deposits, significant losses of customer accounts and/or balances, increased competition or adverse changes in the economy. To the extent these intangible assets are deemed unrecoverable, a non-cash impairment charge would be recorded, which could have a material adverse effect on our results of operations.

Damage to our reputation could significantly harm our business.

Our ability to attract and retain customers, employees, and acquisition partners is influenced by our reputation. A negative opinion of our business can develop in connection with a variety of circumstances, including issues with our lending practices, legal and regulatory compliance, risk management, corporate governance, customer service, community involvement, integration of acquired institutions, and third-party service providers. Our reputation could also be harmed through regulatory proceedings by governmental authorities, litigation, or cybersecurity events. Reputational damage could also impact our relationships with investors, our credit ratings and our ability to access capital markets.

If we are unsuccessful in developing new, and adapting our current, products and services so that they respond to changing industry standards and customer preferences, our business may suffer.

We provide a variety of commercial and consumer banking, as well as other financial, products and services designed to meet a broad range of needs. While many of these products and services are traditional both in their characteristics and their delivery channels, advancements in technology, changes in the regulatory environment, and evolving customer preferences require that we continuously evaluate the terms under which we provide our existing products and services (including, among other things, interest rates and loan covenants), the methods by which we deliver them (including the use of online and mobile banking), whether to partner with a FinTech company or other third-party vendor to provide products and services, and the potential for new products and services in order to remain competitive. These efforts, though, could require substantial investments, and we can provide no assurance that we will develop new products and services, or adequately adapt our existing products and services, in a timely or successful manner. Our inability to do so could harm our business and adversely affect our results of operations and reputation. Furthermore, any new line of business and/or new product or service could require the establishment of new key and other controls and have a significant impact on our existing system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and/or new products or services could have a material adverse effect on our business and, in turn, our financial condition and results of operations.

Risks Related to the Company's Operations

We are subject to fraud risk, which could have a material adverse effect on our business and results of operations.

Fraud is a major, and increasing, operational risk, particularly for financial institutions. We continue to experience fraud attempts and losses through, for example, deposit fraud (such as wire fraud and check fraud) and loan fraud. Fraud has also arisen from the misconduct of our employees. The methods used to perpetrate and combat fraud continue to evolve, particularly as advances in technology occur. While we seek to be vigilant in the prevention, detection, and remediation of fraud events, some fraud loss is unavoidable, and the risk of major fraud loss cannot be eliminated.

Our models and estimations may be inadequate, which could lead to significant losses and regulatory scrutiny.

To assist with the management of our credit, liquidity, operations, and compliance functions and risks, we have developed, and currently use, various models and other analytical tools, including certain estimations. The models and estimations often take into account assumptions and historical trends and are, in some case, based on subjective judgments. As such, the models and estimations may not be effective in identifying and managing risks, which could adversely impact our financial condition and results of operations. Inadequate models may also result in compliance failures, which could lead to increased scrutiny by our regulators.

We may not be able to raise the additional capital we need to grow and, as a result, our ability to expand our operations could be materially impaired.

Federal and state regulatory authorities require us and our subsidiary bank to maintain adequate levels of capital to support our operations. Many circumstances could require us to seek additional capital, such as:

- faster than anticipated growth;
- reduced earning levels;
- operating losses;
- changes in economic conditions;
- revisions in regulatory requirements; or
- additional acquisition opportunities.

Our ability to raise additional capital will largely depend on our financial performance, and on conditions in the capital markets that are outside our control. Moreover, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would, as a result, have to compete with those institutions for investors, which could adversely impact the price at which we are able to offer our securities. If we need additional capital but cannot raise it on terms acceptable to us, our ability to expand our operations or to engage in acquisitions could be materially impaired.

Our business is heavily reliant on information technology systems, facilities, and processes; and a disruption in those systems, facilities, and processes, or a breach, including cyber-attacks, in the security of our systems, could have significant, negative impact on our business, result in the disclosure of confidential information, and create significant financial and legal exposure for us.

Our businesses are dependent on our ability and the ability of our third-party service providers to process, record and monitor a large number of transactions. If the financial, accounting, data processing or other operating systems and facilities fail to operate properly, become disabled, experience security breaches or have other significant shortcomings, our results of operations could be materially, adversely affected.

Although we and our third party service providers devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, there is no assurance that our security systems and those of our third-party service providers will provide absolute security. Financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyber-attacks and other means. Certain financial institutions in the United States have also experienced attacks from technically sophisticated and well-resourced third parties that were intended to disrupt normal business activities by making internet banking systems inaccessible to customers for extended periods. These “denial-of-service” attacks have not breached our data security systems, but require substantial resources to defend, and may affect customer satisfaction and behavior.

Despite our efforts and those of our third party service providers to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients. These risks may increase in the future as we continue to increase our mobile payments and other internet-based product offerings and expand our internal usage of web-based products and applications. Furthermore, because certain of our employees are working, or may work, remotely, there is an increased risk of disruption to our systems because remote networks and infrastructure may not be as secure as in our office environment. If our security systems were penetrated or circumvented, it could cause serious negative consequences for us, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage our computers or systems and those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure, and harm to our reputation, all of which could have a material adverse effect on us.

We depend on qualified employees and key personnel to operate and lead our business, and we may not be able to attract or retain them in the future.

A critical component of our success is the ability to attract, develop and retain highly qualified, skilled lending, operations, information technology, and other employees, as well as managers who are experienced and effective at leading their respective departments. We have an experienced group of senior management and other key personnel that our board of directors believes is capable of managing and growing our business. In many areas of the financial services industry, competition for key personnel is fierce, and the departure of those individuals from our business presents risk that we will be unable to attract, develop and retain suitable successors, which could have a material, adverse impact on our competitive position in the marketplace.

Our business is heavily reliant on a variety of third-party service providers.

We rely on a large number of vendors to provide products and services that we need for our day-to-day operations, particularly in the areas of loan and deposit operations, information technology, and security. This reliance exposes us to the risk that the vendors will not perform in accordance with the applicable contractual arrangements or service level agreements, as well as risks resulting from defective products, poor performance of services, disruption in a product or service, vendor contracts, or loss of a product or service if a vendor ceases doing business because of its own financial or operational difficulties. These risks, if realized, could result in significant disruptions to our business, which could have a material adverse impact on our financial condition and results of operations. While we maintain a vendor management program designed to assist in the oversight and monitoring of our third-party service providers, there can be no assurance that we will not experience service-related issues associated with our vendors.

Our controls, policies and procedures may fail, or our employees may not adhere to them.

It is critical that our internal controls, disclosure controls and procedures, and corporate governance and operational policies and procedures be effective in order to provide assurance that our financial reports and disclosures are materially accurate. A failure or circumvention of our controls, policies and procedures, or a failure to comply with regulations related to controls, policies and procedures, could have a material adverse effect on our business, financial condition, and results of operations, as well as cause reputational harm, which could limit our ability to access the capital markets.

Errors or mistakes in the provision of services to our customers or in carrying out our own transactions can subject us to liability, result in losses, or otherwise negatively impact our business.

In our business activities, including the provision of banking services to our customers and the management of our own investments and other assets, we effect or process, sometimes on a manual basis, a large volume of transactions representing very large amounts of money for our customers and ourselves. Errors or mistakes in these activities (including human error and systems error), as well as other failures to mitigate operational risks, can have adverse consequences, including exposing us to liability and loss and, in the case of providing services to our customers, preventing us from receiving certain contractual protections.

Accounting standards periodically change, and the application of our accounting policies and methods may require management to make estimates about matters that are uncertain.

The regulatory bodies that establish accounting standards, including, among others, the Financial Accounting Standards Board ("FASB") and the SEC, periodically revise or issue new financial accounting and reporting standards that govern the preparation of our consolidated financial statements. The effect of such revised or new standards on our financial statements can be difficult to predict and can materially impact how we record and report our financial condition and results of operations. For example, in June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Instruments*, that substantially changed the accounting for credit losses and other financial assets held by banks, financial institutions and other organizations. The standard removed the existing "probable" threshold in generally accepted accounting principles ("US GAAP") for recognizing credit losses and instead requires companies to reflect their estimate of credit losses over the life of the financial assets. Companies must consider all relevant information when estimating expected credit losses, including details about past events, current conditions, and reasonable and supportable forecasts. We adopted an optional three-year phase-in period for the day-one adverse regulatory capital impact upon adoption of the standard with the additional two-year delay allowed by regulators in response to the COVID-19 pandemic. The adoption of the standard resulted in an overall material increase in the allowance for credit losses. However, the impact at adoption was influenced by our portfolios' composition and quality at the adoption date and economic conditions and forecasts at that time.

In addition, our management must exercise judgment in appropriately applying many of our accounting policies and methods so they comply with generally accepted accounting principles. In some cases, management may have to select a particular accounting policy or method from two or more alternatives. In some cases, the accounting policy or method chosen might be reasonable under the circumstances and yet might result in our reporting materially different amounts than would have been reported if we had selected a different policy or method. Accounting policies are critical to fairly presenting our financial condition and results of operations and may require management to make difficult, subjective or complex judgments about matters that are uncertain.

Risks Related to the Company's Legal and Regulatory Environment

Financial legislative and regulatory initiatives could adversely affect the results of our operations.

We are subject to extensive governmental regulation, supervision, legislation, and control. For instance, in response to the financial crisis affecting the banking system and financial markets, the Dodd-Frank Act was enacted in 2010, as well as several programs that have been initiated by the U.S. Treasury, the FRB, and the FDIC. See "Item 1. Business - Supervision and Regulation" included herein for more information regarding regulatory burden and supervision.

Some of the provisions of legislation and regulation that have adversely impacted the Company include the "Durbin Amendment" to the Dodd-Frank Act, which mandates a limit to debit card interchange fees, and Regulation E amendments to the EFTA regarding overdraft fees. Future financial legislation and regulatory initiatives can limit the type of products we offer, the methods by which we offer them, the prices at which they are offered, and the fees that are associated with them. These provisions can also increase our costs in offering these products.

The CFPB, Federal Reserve, and Arkansas State Bank Department have broad rulemaking, supervisory and examination authority, as well as data collection and enforcement powers. The scope and impact of the regulators' actions can significantly impact the operations of the Company and its subsidiaries and the financial services industry in general.

These laws, regulations, and changes can increase our costs of regulatory compliance. They also can significantly affect the markets in which we do business, the markets for and value of our investments, and our ongoing operations, costs, and profitability. The ultimate impact of the provisions in legislative and regulatory initiatives on the Company's business and results of operations also depends upon regulatory interpretation and rulemaking. As a result, we are unable to predict the ultimate impact of future legislation or regulation, including the extent to which it could increase costs or limit our ability to pursue business opportunities in an efficient manner, or otherwise adversely affect our business, financial condition and results of operations.

Our failure to comply with applicable banking laws and regulations could result in significant monetary penalties and losses, restrict our ability to execute our growth strategy, and have other material adverse impacts on our business.

We are charged with maintaining compliance with all applicable banking laws and regulations, including, among others, fair lending, CRA, consumer compliance, BSA and anti-money laundering, capital, and other regulations described herein under "Item 1. Business - Supervision and Regulation." Various agencies, including, without limitation, the FRB, CFPB, Arkansas State Bank Department, and the Department of Justice, have the ability to institute proceedings to address compliance failures. Should those agencies be successful in the case of such a proceeding, we could become subject to material sanctions, including, among other things, monetary penalties and restrictions on our ability to engage in mergers and acquisitions and other growth-oriented activities. Compliance failures may also result in litigation instituted by private parties, including consumers, which could result in material adverse impacts on our business.

We are subject to litigation in the ordinary course of our business, and adverse rulings, judgements, settlements, and other outcomes of such litigation, as well as our associated legal expenses, may adversely affect our results.

From time to time, we are subject to litigation. Litigation and claims can arise in various contexts, including, among others, our lending activities, deposit activities, employment practices, commercial agreements, fiduciary responsibilities, compliance programs, anti-money laundering programs and other general business matters. These claims and legal actions, including supervisory actions by our regulators, could involve large amounts in controversy, significant fines or penalties, and substantial legal costs necessary for our defense. The outcome of litigation and regulatory matters, as well as the timing associated with resolving these matters, are inherently hard to predict. Substantial legal liability, which may not be insured, and significant regulatory actions against us could materially and adversely impact our business operations, including our ability to engage in mergers and acquisitions, our results of operations and our financial condition.

The Federal Reserve Board's source of strength doctrine could require that we divert capital to our subsidiary bank instead of applying available capital towards planned uses, such as engaging in acquisitions or paying dividends to shareholders.

The FRB's policies and regulations require that a bank holding company, including a financial holding company, serve as a source of financial strength to its subsidiary banks, and further provide that a bank holding company may not conduct operations in an unsafe or unsound manner. It is the FRB's policy that a bank holding company should stand ready to use available resources to provide adequate capital to its subsidiary banks during periods of financial stress or adversity, such as during periods of significant loan losses, and that such holding company should maintain the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks if such a need were to arise.

A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered an unsafe and unsound banking practice or a violation of the FRB's regulations, or both. Accordingly, if the financial condition of our subsidiary bank was to deteriorate, we could be compelled to provide financial support to our subsidiary bank at a time when, absent such FRB policy, we may not deem it advisable to provide such assistance. Under such circumstances, there is a possibility that we may not either have adequate available capital or feel sufficiently confident regarding our financial condition, to enter into acquisitions, pay dividends, or engage in other corporate activities.

We may incur environmental liabilities with respect to properties to which we take title.

A significant portion of our loan portfolio is secured by real estate. In the course of our business, we may own or foreclose and take title to real estate and could become subject to environmental liabilities with respect to these properties. We may become responsible to a governmental agency or third parties for property damage, personal injury, investigation and clean-up costs incurred by those parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with environmental investigation or remediation activities could be substantial. If we were to become subject to significant environmental liabilities, it could have a material adverse effect on our results of operations and financial condition.

We may be subject to allegations of intellectual property infringement or may fail to effectively protect our own intellectual property rights.

Our competition, or other third parties, may allege that we have violated their intellectual property rights. For example, we may unintentionally infringe upon the rights of third parties through the use of infringing software or other types of content provided by vendors. Alternatively, failure to effectively protect our own intellectual property through trade secret, copyright, patents, and other legal means may result in it being used to the benefit of others and to the detriment of our business. A successful claim of infringement could subject us to money damages, require significant license or royalty fees, or result in restrictions preventing us from using certain software or technology, thereby impeding our delivery of products or services. Even if ultimately unsuccessful, the financial cost of a legal defense and the diversion of management's attention from our business may prove costly.

Risks Related to the Company's Securities

The holders of our subordinated notes and subordinated debentures have rights that are senior to those of our common shareholders. If we defer payments of interest on our outstanding subordinated debentures or if certain defaults relating to those debentures occur, we will be prohibited from declaring or paying dividends or distributions on, and from making liquidation payments with respect to, our common stock.

We have subordinated debentures issued in connection with trust preferred securities. Payments of the principal and interest on the trust preferred securities are unconditionally guaranteed by us. The subordinated debentures are senior to our shares of common stock. As a result, we must make payments on the subordinated debentures (and the related trust preferred securities) before any dividends can be paid on our common stock. In addition, in the event of our bankruptcy, dissolution or liquidation, the holders of both the subordinated debentures and the subordinated notes must be satisfied before any distributions can be made to the holders of our common stock. We have the right to defer distributions on the subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid to holders of our capital stock. If we elect to defer or if we default with respect to our obligations to make payments on these subordinated debentures, this would likely have a material adverse effect on the market value of our common stock. Moreover, without notice to or consent from the holders of our common stock, we may issue additional series of subordinated debt securities in the future with terms similar to those of our existing subordinated debt securities or enter into other financing agreements that limit our ability to purchase or to pay dividends or distributions on our capital stock.

We may be unable to, or choose not to, pay dividends on our common stock.

We cannot assure you of our ability to continue to pay dividends. Our ability to pay dividends depends on the following factors, among others:

- We may not have sufficient earnings since our primary source of income, the payment of dividends to us by our subsidiary bank, is subject to federal and state laws that limit the ability of the bank to pay dividends;
- FRB policy requires bank holding companies to pay cash dividends on common stock only out of net income available over the past year and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition; and
- Our Board of Directors may determine that, even though funds are available for dividend payments, retaining the funds for internal uses, such as expansion of our operations, is a better strategy.

If we fail to pay dividends, capital appreciation, if any, of our common stock may be the sole opportunity for gains on an investment in our common stock. In addition, in the event our subsidiary bank becomes unable to pay dividends to us, we may not be able to service our debt or pay our other obligations or pay dividends on our common stock. Accordingly, our inability to receive dividends from our subsidiary bank could also have a material adverse effect on our business, financial condition and results of operations and the value of your investment in our common stock. Our subsidiary bank's ability to pay dividends or make other payments to us, as well as our ability to pay dividends on our common stock, is limited by the bank's obligation to maintain sufficient capital and by other general regulatory restrictions on its dividends, including restrictions imposed by state laws and regulations.

There may be future sales of additional common stock or preferred stock or other dilution of our equity, which may adversely affect the value of our common stock.

We are not restricted from issuing additional common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The value of our common stock could decline as a result of sales by us of a large number of shares of common stock or preferred stock or similar securities in the market or the perception that such sales could occur.

Shares of our common stock, as well as our other securities, are not insured deposits and may lose value.

Shares of the Company's common stock, as well as our other securities, are not savings accounts, deposits, or other obligations of any depository institution, and those shares are not insured by the FDIC or any other governmental agency or instrumentality or private insurer. Investments in shares of the Company's common stock or other securities, therefore, are subject to investment risk, including the possible loss of principal.

Anti-takeover provisions could negatively impact our shareholders.

Provisions of our articles of incorporation and by-laws and federal banking laws, including regulatory approval requirements, could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of our common stock. These provisions could also discourage proxy contests and make it more difficult for holders of our common stock to elect directors other than the candidates nominated by our Board of Directors.

General Risk Factors

Our management has broad discretion over the use of proceeds from future stock offerings.

Although we generally indicate our intent to use the proceeds from stock offerings for general corporate purposes, including funding internal growth and selected future acquisitions, our Board of Directors retains significant discretion with respect to the use of the proceeds from possible future offerings. If we use the funds to acquire other businesses, there can be no assurance that any business we acquire will be successfully integrated into our operations or otherwise perform as expected.

Our recent results do not indicate our future results and may not provide guidance to assess the risk of an investment in our common stock.

We may not be able to sustain our historical rate of growth or be able to expand our business. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede or prohibit our ability to expand our market presence. We may also be unable to identify advantageous acquisition opportunities or, once identified, enter into transactions to make such acquisitions. If we are not able to successfully grow our business, our financial condition and results of operations could be adversely affected.

Weather-related events or natural or man-made disasters could cause a disruption in our business or have other effects which could adversely impact our financial condition and results of operations.

We have operations in the mid-south and certain great plains states, areas susceptible to tornados and severe weather events. In addition, our operations and a significant number of our branches are located in the New Madrid Seismic Zone. While we have in place a business continuity plan, such events could potentially disrupt our operations or result in physical damage to our branch office locations. Severe weather events or earthquakes could also impact the value of any collateral we hold, or significantly disrupt the local economies in the markets that we serve, manifesting in a decline in loan originations, as well as an increase in the risk of delinquencies, defaults, and foreclosures.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We maintain an information security program and governance structure for assessing, identifying, and managing material risks from cybersecurity threats.

Risk Management and Strategy

Our information security program is led by our chief information security officer ("CISO"), who has over 25 years of experience in technology management, has 8 years of banking experience, and is a certified information systems security professional. The CISO oversees our "information security team" within our information technology department, which includes our identity and access management group, our security operations center group, and our security engineering and security architecture groups. These groups develop, deploy, monitor, and manage multiple processes, systems, and controls, including embedded controls within the technology we use, designed to help identify, protect against, detect, respond to, and recover from cybersecurity threats and incidents.

In addition to our information security team, we also employ an IT risk and compliance director who has over 18 years of IT governance, risk, and compliance experience and is responsible for the development, monitoring, and reporting of IT-related key risk indicators ("KRIs"), including KRIs related to cyber risks. Both our CISO and our IT risk and compliance director report to our chief information officer ("CIO"), who has more than 25 years of technology leadership experience, including leadership experience at global financial institutions, and is responsible, among other things, for oversight of our information technology environment, strategy, and security risks.

As part of our information security program, we undertake efforts to monitor new and emerging risks and evaluate the effectiveness and maturity of our cyber defenses through various means, including internal audits, targeted testing (including penetration testing), incident response exercises, maturity assessments, and industry benchmarking. In connection with these efforts, we use, on an as-needed basis, certain third-parties, including auditors, consultants, and others, that have particular cyber expertise.

We also maintain multiple groups that help oversee risks associated with our third-party service providers. These groups include (1) our third-party risk management department, which facilitates reviews of certain third parties by our assurance providers, including our information security and business continuity teams, (2) our vendor council, which reviews contractual terms (including, at times, terms related to confidentiality and data protection) for certain third-party relationships, and (3) our architecture review board, which reviews certain new business initiatives that may impact the Company's technical and/or security architecture.

Our information security program is one component of our broader enterprise risk management program. As such, KRIs related to cyber risk (which are a subset of operational risk KRIs) are reported to, and overseen and monitored by, our enterprise risk management committee, which is comprised of senior executives of the Company. Additionally, we maintain an incident response framework that details the applicable teams, their functions, and guidelines when a cybersecurity incident occurs. The framework is designed to cover significant aspects of the incident including detection, containment, remediation, and post incident analysis. Various groups of senior executives help oversee responses to security incidents, including the data loss prevention team, the core computer security incident response team, and the extended computer security incident response team.

While we do not believe that our business strategy, results of operations, or financial condition have been materially adversely affected by any cybersecurity incidents, cybersecurity threats are constant, and, like other financial institutions, we, as well as our customers, employees, and third-party service providers, have experienced a significant increase in information security and cybersecurity risk in recent years and will likely continue to be the target of cyber-attacks. We continue to assess the risks and changes in the cyber environment, reasonably invest in enhancements to our cybersecurity capabilities, and engage in industry and government forums to promote advancements in our cybersecurity capabilities. See the risk factor "*Our business is heavily reliant on information technology systems, facilities, and processes; and a disruption in those systems, facilities, and processes, or a breach, including cyber-attacks, in the security of our systems, could have significant, negative impact on our business, result in the disclosure of confidential information, and create significant financial and legal exposure for us*." in "Item 1A. Risk Factors" of this Form 10-K for more information.

Governance

Our board of directors is aware of, and takes seriously, the importance of overseeing risks associated with cybersecurity threats. Senior management has provided the board of directors with cybersecurity information, as well as incident response training. Additionally, employees have received training related to cybersecurity. Cyber risks are incorporated into risk appetite metrics for operational risk and presented to and reviewed by the risk committee of the board of directors. Additionally, the audit committee of the board of directors receives and reviews internal audit reports concerning, among other things, matters related to information security. Furthermore, the board of directors of Simmons Bank, the Company's primary operating subsidiary, has established an information technology committee ("IT Committee") that receives regular reports from the CISO and CIO concerning our information security program and cybersecurity matters. The CIO also reports IT KRIs, including those related to cyber risks, to the IT Committee. Significant security incidents are also reported by senior management to the IT Committee or its chairman, when warranted. The IT Committee chairman provides reports of the committee's activities to the board of directors of Simmons Bank. The Company's board of directors, or the board of directors of Simmons Bank (as applicable), also approves information security-related policies, including the Acceptable Use Policy, Information Security Policy, IT Ransomware Policy, and Business Continuity Management Policy.

With respect to internal management, the CISO and CIO meet regularly to discuss the activities and operations of the information security team, and the CIO holds regular meetings with our chief executive officer to discuss cyber related matters, information technology issues, and cybersecurity threats. To enhance awareness, monitoring, and oversight of cybersecurity risks, management also uses the following internal committees (in addition to the enterprise risk management committee discussed above): (1) the IT strategy and investment committee, which is comprised of senior executives and helps provide oversight of the investment and strategic direction for the Company's IT function, (2) the IT steering committee, which is comprised of leaders from various business units and helps provide oversight and direction for inter- and intra-departmental IT related initiatives, and (3) the vulnerability management working group, which is comprised of IT leaders and helps establish appropriate roles, responsibilities, and escalation paths to resolve department and enterprise vulnerabilities within service level agreements.

ITEM 2. PROPERTIES

The principal offices of the Company and of its subsidiary bank, Simmons Bank, consist of an eleven-story office building and adjacent office space located in the downtown business district of the city of Pine Bluff, Arkansas. A portion of those offices is subject to a ground lease that expires March 31, 2057. We have additional corporate offices located in Little Rock, Arkansas, including a twelve-story office building in Little Rock's River Market district.

The Company and its subsidiaries own or lease additional offices in the states of Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas. The Company and its subsidiaries conduct financial operations from approximately 234 financial centers located in communities throughout Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas. We believe our properties are suitable and adequate for our present operations.

ITEM 3. LEGAL PROCEEDINGS

The information contained in Note 22, Contingent Liabilities, of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the Nasdaq Global Select Market under the symbol "SFNC."

As of February 23, 2024, there were approximately 2,379 shareholders of record of our common stock. See the *Cash Dividends* discussion in the *Capital* section of Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for additional information regarding cash dividends.

Issuer Purchases of Equity Securities

Effective July 23, 2021, our Board of Directors approved an amendment to the Company's stock repurchase program originally approved in October 2019 and first amended in March 2020 ("2019 Program") that increased the amount of our Class A Common Stock that may be repurchased under the 2019 Program from a maximum of $180.0 million to a maximum of $276.5 million and extended the term of the 2019 Program from October 31, 2021, to October 31, 2022. The repurchase authorization under the 2019 Program was substantially exhausted during January 2022.

On January 27, 2022, we announced a new stock repurchase program ("2022 Program") under which we may repurchase up to $175.0 million of our Class A Common Stock currently issued and outstanding. The 2022 Program replaced the 2019 Program.

Because the 2022 Program was set to terminate on January 31, 2024, the Company's Board of Directors authorized a new stock repurchase program in January 2024 ("2024 Program") under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding. The 2024 Program has replaced the 2022 Program.

The timing, pricing, and amount of any repurchases under the 2024 Program will be determined by management at its discretion based on a variety of factors, including, but not limited to, trading volume and market price of our common stock, corporate considerations, the Company working capital and investment requirements, general market and economic conditions, and legal requirements. Under the 2024 Program, we may repurchase shares of our Class A Common Stock through open market and privately negotiated transactions or otherwise. The 2024 Program does not obligate us to repurchase any of our Class A Common Stock and may be modified, discontinued, or suspended at any time without prior notice. We anticipate funding for the 2024 Program to come from available sources of liquidity, including cash on hand and future cash flow.

The Company made no purchases of its common stock during the three months ended December 31, 2023. As of December 31, 2023, the Company had approximately $39.9 million of remaining funds that could have been used to repurchase shares of the Company's Class A Common Stock under the 2022 Program. The 2024 Program has since replaced the 2022 Program.

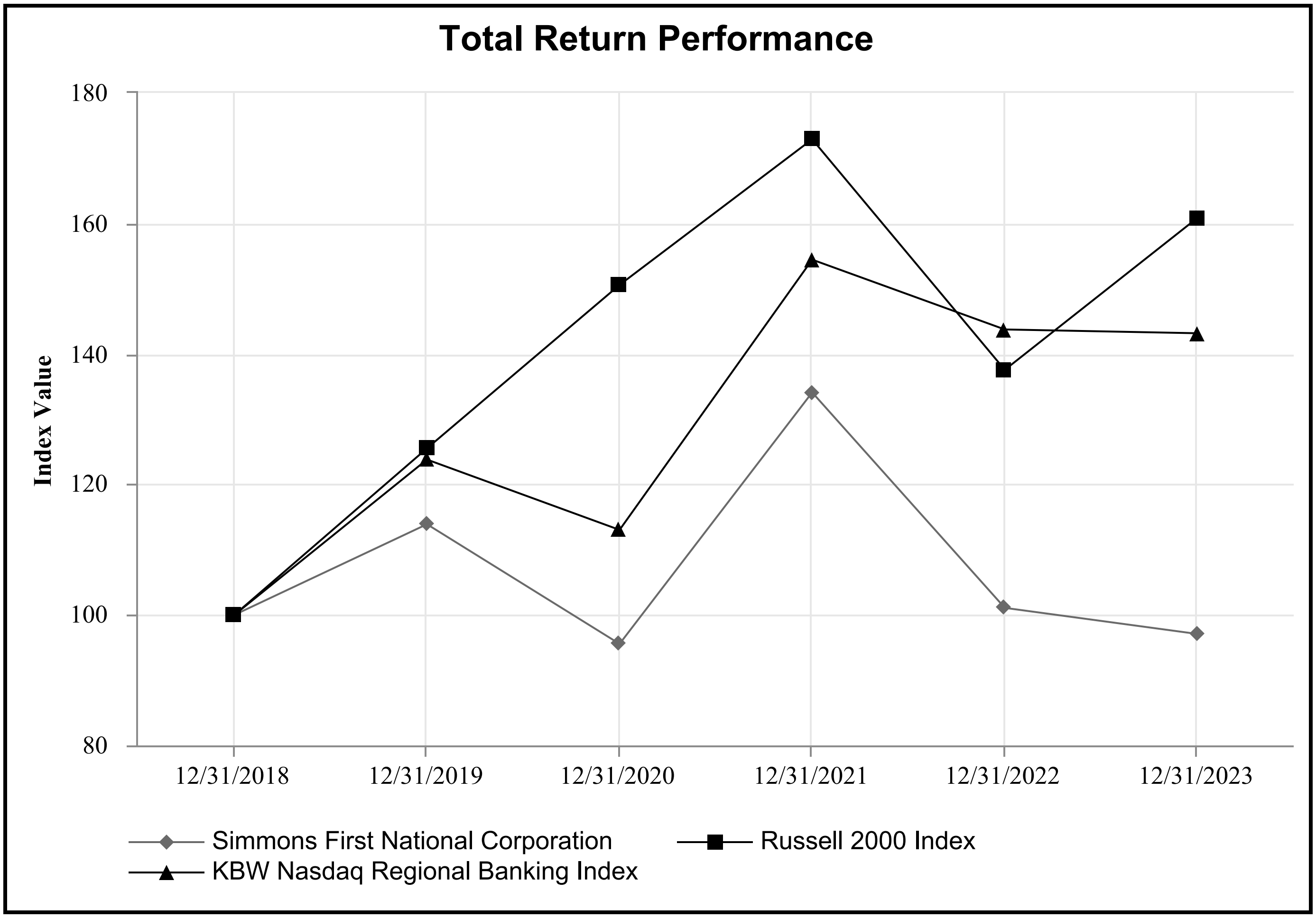
Information concerning our repurchases of Class A Common Stock during the quarter ended December 31, 2023 is as follows:

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
October 1, 2023 - October 31, 2023	—	$ —	—	$ 39,922,000
November 1, 2023 - November 30, 2023	—	—	—	$ 39,922,000
December 1, 2023 - December 31, 2023	—	—	—	$ 39,922,000
Total	—	$ —	—	

(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.

Performance Graph

The performance graph below compares the cumulative total shareholder return on the Company's Common Stock with the cumulative total return of the Russell 2000 Index and the KBW Nasdaq Regional Banking Index. The graph assumes an investment of $100 on December 31, 2018 and reinvestment of dividends on the date of payment without commissions. The performance graph represents past performance and should not be considered as an indication of future performance.



	Period Ending					
Index	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**	**12/31/2022**	**12/31/2023**
Simmons First National Corporation	100.00	113.90	95.56	134.10	101.08	97.08
Russell 2000 Index	100.00	125.53	150.58	172.90	137.56	160.85
KBW Nasdaq Regional Banking Index	100.00	123.81	113.03	154.45	143.75	143.17

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis presents the more significant factors that affected our financial condition as of December 31, 2023 and 2022 and results of operations for each of the years then ended. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K filed with the SEC on February 27, 2023 (the "2022 Form 10-K") for a discussion and analysis of the more significant factors that affected the 2021 period, which are incorporated herein by reference. Certain immaterial reclassifications have been made to make prior periods comparable. This discussion and analysis should be read in conjunction with our financial statements, notes thereto and other financial information appearing elsewhere in this report, as well as the cautionary note regarding forward-looking statements and the risks discussed in Item 1A of Part I of this Form 10-K.

Critical Accounting Estimates

Overview

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, quantitative factors, 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 Accounting Standard Codification ("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.

In the first quarter of 2023, we refined the estimation process by improving systems, models, processes, methodology, and assumptions used within the calculation. After multiple parallel runs with the former process, it was determined that the changes did not and are not expected to result in material differences of results.

Acquisition Accounting, Loans

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

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Other intangible assets represent purchased assets that also lack physical substance but can be separately distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset or liability. We perform an annual goodwill impairment test, and more than annually if circumstances warrant, in accordance with ASC Topic 350, *Intangibles – Goodwill and Other*, as amended by ASU 2011-08 – T*esting 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.

To quantitatively test goodwill for impairment, a present value of discounted cash flows calculation is completed and relies on several assumptions that have a level of subjectivity and judgement. These assumptions are dependent on market and economic conditions. Key inputs to estimate terminal fair value of the Company include projected forecasts, noninterest expense savings and a pricing multiple based on a group of peer banks with similar characteristics. These inputs are discounted by the cost of equity, which includes assumptions involving our beta; equity risk, size and company premiums; and the 20-year treasury rate. Assumptions used in calculating the cost of equity are obtained from market and third-party data. Results are compared to book value and no impairment was indicated as of December 31, 2023. Judgement is inherent in assessing goodwill for impairment. The various assumptions used in assessing goodwill for impairment involve uncertainties that are beyond our control and could cause actual results to differ materially from those projected.

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, performance stock units, and stock awards. 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, performance stock units or stock awards granted to directors, officers and other key employees.

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.

2023 Overview

Our net income available to common shareholders for the year ended December 31, 2023 was $175.1 million, or $1.38 diluted earnings per share, compared to $256.4 million, or $2.06 diluted earnings per share, for the same period in 2022. Included in 2023 results were $32.7 million of certain items, net of tax, that were primarily related to early retirement program costs, loss on sale of securities, a FDIC special assessment and branch right sizing initiatives. Included in 2022 results were $42.4 million of certain items, net of tax, that were primarily related to our acquisitions, Day 2 accounting provision in connection with acquisitions, gain on an insurance settlement related to a weather event, merger related costs and branch right sizing initiatives. Adjusting for these certain items, adjusted earnings for the year ended December 31, 2023 were $207.7 million, or $1.64 adjusted diluted earnings per share, compared to $298.8 million, or $2.40 adjusted diluted earnings per share, in 2022. See *GAAP Reconciliation of Non-GAAP Financial Measures* for additional discussion and reconciliations of non-GAAP measures.

Throughout 2023, significant turmoil within the financial services industry, which was fueled by the failure of certain regional banks that utilized specialized business models as well as continued inflationary pressures and recessionary fears, resulted in industry concerns around the level of uninsured, non-collateralized deposits, liquidity, capital and operations. Despite these challenges, which have seemed to abate slightly in the latter half of the year, we remain resolute in serving our customers' financial needs while diligently focusing on maintaining strong asset quality, capital and liquidity positions, and on strategies to improve our financial performance and maximize the value of our shareholders' investment in the current rate environment. We believe that our liquidity is solid and that our capital is strong:

- Deposits were relatively stable over the year, which highlights the granularity of our deposit base, as well as the long-term relationships we have with many of our customers. Total deposits as of December 31, 2023 were $22.24 billion, compared to $22.55 billion as of December 31, 2022. Uninsured deposits (excluding collateralized deposits and intercompany deposits) as of December 31, 2023 were approximately $4.75 billion, or 21% of total deposits.

- Capital levels were steady during the year, with all regulatory capital ratios remaining significantly above "well-capitalized" guidelines as of December 31, 2023 (see Table 18 in the *Risk Based Capital* section below). As of December 31, 2023, our ratio of common equity to total assets was 12.53%, the ratio of tangible common equity to tangible assets was 7.69% and our Tier 1 leverage ratio was 9.39%.

- Key credit quality metrics as of December 31, 2023 also remained solid, with our nonperforming loan coverage ratio at 267% and our allowance for credit losses as a percent of total loans ratio was 1.34%.

- Significant liquidity position with a loan to deposit ratio of 76% as of December 31, 2023, compared to 72% as of December 31, 2022. Additional liquidity sources available to us as of December 31, 2023 totaled $11.22 billion and our uninsured, non-collateralized deposit coverage ratio was 2.4x.

Simmons Bank was named to *Forbes* magazine's 2023 list of "World's Best Banks" for the fourth consecutive year and recognized by *Forbes'* as one of "America's Best Midsize Employers" for 2023. We continue to work to expand our suite of digital solutions to provide an enhanced customer experience to "bank when you want, where you want."

During 2023, we completed our Better Bank Initiative, which focused on programs designed to enhance operational processes and increase capacity to capitalize on organic growth opportunities, and achieved success across multiple fronts. We completed our early retirement program and extensive progress was completed on other identified opportunities related to process improvements and streamlining or upgrading systems. As a result, we were able to achieve $18 million of annualized cost savings, compared to the original $15 million of annual cost savings we previously estimated.

Asset quality metrics remain strong and reflect our conservative credit culture, as well as our focus on maintaining disciplined pricing and conservative underwriting standards given the current economic environment. Total nonperforming loans as of December 31, 2023 were $84.5 million, as compared to $58.9 million at December 31, 2022. Non-performing assets as a percent of total assets were 0.33%, compared to 0.23% at December 31, 2023 and 2022, respectively.

Stockholders' equity as of December 31, 2023 was $3.43 billion, book value per share was $27.37 and tangible book value per common share was $15.92. Our ratio of common stockholders' equity to total assets was 12.5% and the ratio of tangible common stockholders' equity to tangible assets was 7.7% at December 31, 2023. See *GAAP Reconciliation of Non-GAAP Financial Measures* for additional discussion and reconciliations of non-GAAP measures. We repurchased approximately 2.3 million shares of our common stock during 2023.

Total loans were $16.85 billion at December 31, 2023, an increase of $703.5 million, or 4.4%, from the same time in 2022. The increase in total loans during the period primarily reflects diverse loan growth driven by increased activity throughout our geographic footprint. Our unfunded commitments decreased to $4.17 billion at December 31, 2023, as compared to $5.64 billion at December 31, 2022. While unfunded commitments are considered a key indicator of future loan growth, the rapid increase in interest rates, coupled with softer economic conditions, have resulted in lower activity in our commercial loan pipeline, which was $948.2 million as of December 31, 2023, compared to $1.12 billion at December 31, 2022.

In our discussion and analysis of our financial condition and results of operation in this Item 7, *"Management's Discussion and Analysis of Financial Condition and Results of Operations,"* we provide certain financial information determined by methods other than in accordance with US GAAP. We believe the presentation of non-GAAP financial measures provides a meaningful basis for period-to-period and company-to-company comparisons, which we believe will assist investors and analysts in analyzing the core financial measures of the Company and predicting future performance. See the *GAAP Reconciliation of Non-GAAP Measures* section below for additional discussion and reconciliations of non-GAAP measures.

Simmons First National Corporation is an Arkansas-based financial holding company that, as of December 31, 2023, has approximately $27.35 billion in consolidated assets and, through its subsidiaries, conducts financial operations in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

Net Interest Income

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 noninterest 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%.

The FRB sets various benchmark interest rates which influence the general market rates of interest, including the deposit and loan rates offered by financial institutions. Between December 2015 and December 2018, the FRB had been gradually raising benchmark interest rates. The FRB target for the federal funds rate, which is the cost to banks of immediately available overnight funds, increased gradually from 0% - 0.50% in December 2015 to 2.25% - 2.50% over a three year period. The federal funds rate was flat until the FRB began to lower the rate in August 2019 and ultimately reduced it to 1.50% - 1.75% in October 2019. During March 2020, the Federal Open Market Committee ("FOMC") of the FRB substantially reduced interest rates in response to the economic crisis brought on by the COVID-19 pandemic. The federal funds rate was cut to a range of 0% - 0.25%, where it remained throughout 2021 and into early 2022. During March 2022, the FOMC began a series of rate increases in an effort to curb rising inflation. From early 2022 through 2023, the federal funds rate range was increased on eleven occasions and ended 2023 with a range set at 5.25% - 5.50%. To date in 2024, rates have been held steady by the FOMC.

Our loan portfolio is significantly affected by changes in the prime interest rate. The prime interest rate, which is the rate offered on loans to borrowers with strong credit, also increased from 3.25% to 5.50% during the years 2015 through 2018. The prime interest rate remained flat until it began to decrease in July 2019 and was eventually reduced to 4.75% in October 2019. Similarly to the reduction in the federal funds rate, the prime rate was cut to 3.25% in mid-March of 2020 in response to the COVID-19 pandemic and remained unchanged throughout 2021 and into early 2022. Paralleling the federal funds rate, multiple increases by the Federal Reserve during 2022 and 2023 increased the prime rate to 8.50% as of the end of 2023. Markets anticipate potential rate cuts by the Federal Reserve during 2024.

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 41% of our loan portfolio and approximately 89% of our time deposits have repriced in one year or less. Our current interest rate sensitivity shows that approximately 42% of our loans and 94% of our time deposits will reprice in the next year, largely contributing to our liability-sensitive position at December 31, 2023.

For the year ended December 31, 2023, net interest income on a fully taxable equivalent basis was $675.6 million, a decrease of $66.4 million, or 9.0%, over the same period in 2022. The decrease in net interest income was primarily the result of a $349.2 million increase in interest income, more than offset by a $415.6 million increase in interest expense.

The increase in interest income primarily resulted from a $296.5 million increase in interest income on loans, coupled with an increase of $48.0 million in interest income on investment securities. Regarding the increase in interest income on loans during 2023, the increase in loan volume resulted in an increase of $117.6 million in interest income, while a 113 basis point increase in yield due to rising market rates resulted in a $178.9 million increase in interest income during the year ended December 31, 2023. The loan yield for 2023 was 5.96%, compared to 4.83% for 2022. The increase in our loan volume during 2023 was due to the Spirit acquisition in the second quarter of 2022, combined with solid organic loan growth over the comparative period. The increase in interest income on investment securities reflects an increase of $66.0 million due to yield increases over the period of 132 basis points and 9 basis points for our taxable and non-taxable investment security portfolios, respectively, which were a result of rising market interest rates. The increase in interest income on investment securities due to yield increases was mitigated by a $17.9 million decrease due to the decline in our investment portfolio average balances which decreased by $861.5 million or 10.5%, as our portfolio experienced pay downs and maturities over the period, which was reinvested into our loan portfolio. Also contributing to the decrease in the average portfolio balance was a targeted sale of $241.1 million of lower-yielding AFS securities late in the fourth quarter of 2023, the proceeds of which we used to pay off higher-rate wholesale fundings.

Included in interest income is the additional yield accretion recognized as a result of updated estimates of the cash flows of our loans acquired. Each quarter, we estimate the cash flows expected to be collected from the loans acquired, and adjustments may or may not be required. The cash flows estimate may increase or decrease based on payment histories and loss expectations of the loans. The resulting adjustment to interest income is spread on a level-yield basis over the remaining expected lives of the loans. For the years ended December 31, 2023, 2022 and 2021, interest income included $8.8 million, $23.9 million and $22.1 million, respectively, for the yield accretion recognized on loans acquired.

The $415.6 million increase in interest expense is mostly due to the increase in our deposit account rates over the period, combined with the additional deposit base from the Spirit acquisition and change in deposit mix as the market experiences a shift in consumer sentiment given the attractiveness of higher yielding time deposits in the current higher interest rate environment. Interest expense increased $323.4 million due to the increase in rate of 212 basis points on interest-bearing deposit accounts and increased $50.5 million due to the increase in deposit volume over the period. Additionally, interest expense increased $35.3 million due to the increase in rate of 302 basis points on other borrowings. We continually monitor and look for opportunities to fairly reprice our deposits while remaining competitive in this current challenging rate environment.

Our net interest margin on a fully tax equivalent basis was 2.78% for the year ended December 31, 2023, down 39 basis points from 2022. The decrease in the net interest margin was due to the rising deposit rate pressure and change in deposit mix previously discussed, mitigated by the overall increase in our earning assets average balances over the comparative periods which has improved interest income in the rising rate environment.

Over the course of 2024, we anticipate moderating pressure on our margin due to several factors. We saw moderate organic loan growth during 2023, but our loan pipeline experienced decreased volume throughout the year. We expect further modest organic loan growth during 2024, subject to macroeconomic uncertainties that may reduce or otherwise impact loan demand, with continued focus on maintaining prudent underwriting standards and pricing discipline given projects surrounding near term future economic growth. We sold $241.1 million of low yield AFS securities late in the fourth quarter of 2023, and used sale proceeds to pay off higher rate wholesale fundings and we will continue to evaluate opportunities to optimize our balance sheet based on changing market conditions. Further, we have $1.0 billion of fixed rate callable municipal securities held in the AFS portfolio under swap agreements, which 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 that began in the third quarter of 2023. Additionally, while our most likely forecast embeds several rate cuts during 2024, there is still much uncertainty as to decisions that will be made by the FOMC and the risks present in the economy.

Tables 1 and 2 reflect an analysis of net interest income on a fully taxable equivalent basis for the years ended December 31, 2023, 2022 and 2021, respectively, as well as changes in fully taxable equivalent net interest margin for the years 2023 versus 2022 and 2022 versus 2021.

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

	Years Ended December 31,		
(In thousands)	2023	2022	2021
Interest income	$1,210,161	$ 861,735	$ 671,061
FTE adjustment	25,443	24,671	19,231
Interest income - FTE	1,235,604	886,406	690,292
Interest expense	560,035	144,419	79,529
Net interest income - FTE	$ 675,569	$ 741,987	$ 610,763
Yield on earning assets - FTE	5.09 %	3.79 %	3.27 %
Cost of interest bearing liabilities	2.99 %	0.84 %	0.52 %
Net interest spread - FTE	2.10 %	2.95 %	2.75 %
Net interest margin - FTE	2.78 %	3.17 %	2.89 %

Table 2: Changes in Fully Taxable Equivalent Net Interest Margin

(In thousands)	2023 vs. 2022	2022 vs. 2021
Increase due to change in earning assets	$ 93,320	$ 147,423
Increase due to change in earning asset yields	255,878	48,691
Decrease due to change in interest bearing liabilities	(48,716)	(3,274)
Decrease due to change in interest rates paid on interest bearing liabilities	(366,900)	(61,616)
(Decrease) increase in net interest income	$ (66,418)	$ 131,224

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 each of the years in the three-year period ended December 31, 2023. 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%)

	Years Ended December 31,								
	2023			2022			2021		
(In thousands)	Average Balance	Income/ Expense	Yield/ Rate (%)	Average Balance	Income/ Expense	Yield/ Rate (%)	Average Balance	Income/ Expense	Yield/ Rate (%)
ASSETS									
Earning assets:									
Interest bearing balances due from banks and federal funds sold	$ 320,261	$ 13,490	4.21	$ 793,836	$ 5,500	0.69	$ 2,376,421	$ 2,795	0.12
Investment securities - taxable	4,698,742	143,178	3.05	5,462,427	94,437	1.73	4,512,564	58,976	1.31
Investment securities - non-taxable	2,605,868	85,861	3.29	2,703,662	86,596	3.20	2,343,117	71,207	3.04
Mortgage loans held for sale	8,064	557	6.91	16,609	720	4.33	55,204	1,565	2.83
Other loans held for sale	—	—	—	8,322	3,120	37.49	—	—	—
Loans - including fees	16,647,570	992,518	5.96	14,419,763	696,033	4.83	11,810,480	555,749	4.71
Total interest earning assets	24,280,505	1,235,604	5.09	23,404,619	886,406	3.79	21,097,786	690,292	3.27
Non-earning assets	3,274,354			3,014,219			2,394,522		
Total assets	$27,554,859			$26,418,838			$23,492,308		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Liabilities:									
Interest bearing liabilities:									
Interest bearing transaction and savings deposits	$11,033,263	$238,982	2.17	$12,253,164	$ 63,033	0.51	$10,638,665	$ 19,568	0.18
Time deposits	6,038,640	233,937	3.87	3,094,747	36,016	1.16	2,804,851	21,604	0.77
Total interest bearing deposits	17,071,903	472,919	2.77	15,347,911	99,049	0.65	13,443,516	41,172	0.31
Federal funds purchased and securities sold under agreements to repurchase	105,802	1,150	1.09	200,744	941	0.47	247,448	579	0.23
Other borrowings	1,169,374	60,517	5.18	1,155,310	24,934	2.16	1,340,185	19,495	1.45
Subordinated debt and debentures	366,066	25,449	6.95	394,870	19,495	4.94	383,182	18,283	4.77
Total interest bearing liabilities	18,713,145	560,035	2.99	17,098,835	144,419	0.84	15,414,331	79,529	0.52
Noninterest bearing liabilities:									
Noninterest bearing deposits	5,201,384			5,827,160			4,836,839		
Other liabilities	281,018			233,179			169,140		
Total liabilities	24,195,547			23,159,174			20,420,310		
Stockholders' equity	3,359,312			3,259,664			3,071,998		
Total liabilities and stockholders' equity	$27,554,859			$26,418,838			$23,492,308		
Net interest spread			2.10			2.95			2.75
Net interest margin		$675,569	2.78		$741,987	3.17		$610,763	2.89

Table 4 shows changes in interest income and interest expense resulting from changes in volume and changes in interest rates for the years 2023 versus 2022 and 2022 versus 2021. 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

	Years Ended December 31,					
	2023 vs. 2022			2022 vs. 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	$ (5,033)	$ 13,023	$ 7,990	$ (2,952)	$ 5,657	$ 2,705
Investment securities - taxable	(14,763)	63,504	48,741	13,996	21,465	35,461
Investment securities - non-taxable	(3,182)	2,447	(735)	11,395	3,994	15,389
Mortgage loans held for sale	(472)	309	(163)	(1,424)	579	(845)
Other loans held for sale	(791)	(2,329)	(3,120)	791	2,329	3,120
Loans - including fees	117,561	178,924	296,485	125,617	14,667	140,284
Total	93,320	255,878	349,198	147,423	48,691	196,114
Interest expense:						
Interest bearing transaction and savings accounts	(6,881)	182,830	175,949	3,386	40,079	43,465
Time deposits	57,399	140,522	197,921	2,425	11,987	14,412
Federal funds purchased and securities sold under agreements to repurchase	(600)	809	209	(126)	488	362
Other borrowings	308	35,275	35,583	(2,978)	8,417	5,439
Subordinated notes and debentures	(1,510)	7,464	5,954	567	645	1,212
Total	48,716	366,900	415,616	3,274	61,616	64,890
Increase (decrease) in net interest income	$ 44,604	$(111,022)	$ (66,418)	$144,149	$ (12,925)	$131,224

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.

During 2023, our provision for credit loss expense was $42.0 million, as compared to an expense of $14.1 million during 2022 and a recapture of $32.7 million during 2021. The provision for credit loss expense during 2023 was impacted by several factors throughout the year, including a $47.4 million expense related to loans and reflected loan growth, as well as the impact of updated economic assumptions, which was partially offset by a $16.3 million release from the reserve for unfunded commitments primarily due to a decline in unfunded commitments resulting from customers utilizing lines of credit during the year. Additionally, provision expense related to AFS and HTM securities recorded during the twelve months ended December 31, 2023 was $9.1 million and $1.8 million, respectively, primarily due to decreases in the value of select corporate bonds in the investment securities portfolio.

The provision for credit loss expense during 2022 was impacted by several factors throughout the year, including a $33.8 million Day 2 provision expense required for loans and unfunded commitments related to the Spirit acquisition, and an expense of $16.0 million related to the overall increase in unfunded commitments during the year, primarily made up of commercial construction loans, which receive a higher reserve allocation than other loans. These expenses were partially offset by a release of $16.0 million, which was driven by a reduction to certain industry specific qualitative factors for the restaurant, hospitality, student housing and office space industries due to the improvement from pandemic related stresses. Further recapture during 2022 was driven by the planned exit of several large oil and gas relationships during the year, along with our improved asset credit quality metrics and improved Moody's economic modeling scenarios.

The recapture of credit losses during 2021 was driven by improved credit quality metrics, improved macroeconomic factors, and a maturing and amortizing loan portfolio. This recapture was partially offset by $22.7 million in provision for credit loss expense for estimated lifetime credit losses for non-purchase credit deteriorated loans acquired through the acquisitions of Landmark and Triumph during the fourth quarter.

Noninterest Income

Noninterest income is principally derived from recurring fee income, which includes service charges, wealth management fees and debit and credit card fees. Noninterest 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 noninterest income was $155.6 million in 2023, compared to $170.1 million in 2022 and $191.8 million in 2021. Noninterest income for 2023 decreased $14.5 million, or 8.5%, from 2022. Included in 2023 results was $20.6 million of a certain item related to the loss on the sale of securities during the period. Included in 2022 results were $4.0 million of certain items, primarily made up of a $4.1 million gain on an insurance settlement related to a weather event that caused severe damage to one of our branch locations. Adjusting for these certain items, adjusted noninterest income for the year ended December 31, 2023 increased $10.1 million, or 6.1%, from the prior year. See the *GAAP Reconciliation of Non-GAAP Measures* section for additional discussion and reconciliations of non-GAAP measures.

The majority of the decrease in noninterest income during 2023 was related to the loss on sale of securities as compared to 2022. During 2023, we sold approximately $247.9 million of investment securities resulting in a net loss of $20.6 million, while we realized a net loss of $278,000 related to the call of securities during 2022. The sale of securities during 2023 was primarily related to a strategic decision to sell low yield securities and use the proceeds to pay off higher rate wholesale fundings, including both brokered deposits and FHLB advances.

Mortgage lending income decreased $2.8 million during 2023 due to the rising interest rate environment and softening market conditions throughout the year, which continued to slow the demand for mortgage loans. We originated $428.0 million and $751.0 million in mortgage loans during 2023 and 2022, respectively.

These decreases in noninterest income during 2023 were partially offset by an increase of $4.0 million in service charges on deposit accounts primarily attributable to a full period including the customer base from the Spirit acquisition and additional transactions due to the changes in customer spending habits. Also included in 2023 results is a $4.0 million legal reserve recapture associated with litigation.

Table 5 shows noninterest income for the years ended December 31, 2023, 2022 and 2021, respectively, as well as changes in 2023 from 2022 and in 2022 from 2021.

Table 5: Noninterest Income

	Years Ended December 31,			2023 Change from		2022 Change from	
(Dollars in thousands)	2023	2022	2021	2022		2021	
Service charges on deposit accounts	$ 50,530	$ 46,527	$ 43,231	$ 4,003	8.6 %	$ 3,296	7.6 %
Debit and credit card fees	31,472	31,203	28,245	269	0.9	2,958	10.5
Wealth management fees	30,203	31,895	31,172	(1,692)	(5.3)	723	2.3
Mortgage lending income	7,733	10,522	21,798	(2,789)	(26.5)	(11,276)	(51.7)
Bank owned life insurance income	11,717	11,146	8,902	571	5.1	2,244	25.2
Other service charges and fees	9,122	7,616	7,696	1,506	19.8	(80)	(1.0)
Gain (loss) on sale of securities, net	(20,609)	(278)	15,498	(20,331)	*	(15,776)	*
Gain on sale of branches	—	—	5,316	—	—	(5,316)	*
Gain on insurance settlement	—	4,074	—	(4,074)	*	4,074	*
Other income	35,398	27,361	29,957	8,037	29.4	(2,596)	(8.7)
Total noninterest income	$155,566	$170,066	$191,815	$(14,500)	(8.5)%	$(21,749)	(11.3)%

*Not meaningful

Recurring fee income (total service charges, wealth management fees, debit and credit card fees) for 2023 was $121.3 million, an increase of $4.1 million, or 3.5%, when compared to the 2022 amounts. The increase is primarily due to the increased consumer base provided by the Spirit acquisition. We expect service charges to continue to moderate in early 2024 due to the elimination of returned item fees for consumer deposit accounts with insufficient funds implemented during the third quarter of 2023. Overall, we expect flat to modest growth in noninterest income during 2024.

Noninterest Expense

Noninterest 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 noninterest 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.

Noninterest expense for 2023 was $563.1 million, as compared to noninterest expense for 2022 of $566.7 million, a decrease of $3.7 million, or 0.7%, compared to the prior period. Adjusted noninterest expense, which excludes branch right sizing, merger related costs, FDIC special assessment (for 2023 only), donation to Simmons First Foundation (for 2022 only) and early retirement program costs (for 2023 only), for the year ended December 31, 2023 increased $396,000, or 0.1%, from the prior year. See the *GAAP Reconciliation of Non-GAAP Measures* section for additional discussion and reconciliations of non-GAAP measures.

Merger related costs for 2023 and 2022 were $1.4 million and $22.5 million, respectively, and were primarily related to the Spirit acquisition.

Salaries and employee benefits expense decreased slightly by $865,000 as compared to 2022, while adjusted salaries and employee benefits expense decreased by $7.1 million as compared to 2022. The decrease in adjusted salaries and employee benefits expense reflects the successful execution of programs as part of our Better Bank Initiative. Early retirement program costs during 2023 were $6.2 million.

Deposit insurance increased by $18.4 million as compared to 2022. Excluding the FDIC special assessment of $10.5 million levied to support the Deposit Insurance Fund following the failure of certain banks in 2023, deposit insurance increased by $7.9 million primarily due to an increased base rate related to changes in the mix of deposits, coupled with the increase in deposits from the Spirit acquisition.

Amortization of intangibles recorded for the years ended December 31, 2023, and 2022 was $16.3 million and $15.9 million, respectively. See Note 8, Goodwill and Other Intangible Assets, in the accompanying Notes to Consolidated Financial Statements for additional information regarding our intangibles.

Table 6 below shows noninterest expense for the years ended December 31, 2023, 2022 and 2021, respectively, as well as changes in 2023 from 2022 and in 2022 from 2021.

Table 6: Noninterest Expense

	Years Ended December 31,			2023 Change from		2022 Change from	
(Dollars in thousands)	2023	2022	2021	2022		2021	
Salaries and employee benefits	$279,919	$286,982	$246,335	$ (7,063)	(2.5)%	$ 40,647	16.5 %
Early retirement program	6,198	—	—	6,198	*	—	—
Occupancy expense, net	46,741	44,321	38,797	2,420	5.5	5,524	14.2
Furniture and equipment expense	20,741	20,665	19,890	76	0.4	775	3.9
Other real estate and foreclosure expense	892	1,003	2,121	(111)	(11.1)	(1,118)	(52.7)
Deposit insurance	19,465	11,608	6,973	7,857	67.7	4,635	66.5
FDIC special assessment	10,521	—	—	10,521	*	—	—
Merger related costs	1,420	22,476	15,911	(21,056)	(93.7)	6,565	41.3
Other operating expenses:							
Professional services	19,612	19,138	18,921	474	2.5	217	1.2
Postage	9,458	8,955	8,276	503	5.6	679	8.2
Telephone	6,965	6,394	6,234	571	8.9	160	2.6
Credit card expenses	13,243	12,243	11,112	1,000	8.2	1,131	10.2
Marketing	24,008	28,870	22,234	(4,862)	(16.8)	6,636	29.9
Software and technology	42,530	40,906	40,608	1,624	4.0	298	0.7
Operating supplies	2,591	2,556	2,766	35	1.4	(210)	(7.6)
Amortization of intangibles	16,306	15,915	13,494	391	2.5	2,421	17.9
Branch right sizing expense	5,467	3,475	(537)	1,992	57.3	4,012	*
Other expense	36,984	41,241	30,454	(4,257)	(10.3)	10,787	35.4
Total noninterest expense	$563,061	$566,748	$483,589	$ (3,687)	(0.7)%	$ 83,159	17.2 %

*Not meaningful

Due to our Better Bank Initiative and continuous efficiency improvements, we expect marginal growth in noninterest expense during 2024.

Income Taxes

The provision for income taxes for 2023 was $25.5 million, compared to $50.1 million in 2022 and $61.3 million in 2021. The effective income tax rates for the years ended 2023, 2022 and 2021 were 12.7%, 16.4% and 18.4%, respectively. The decrease in the provision for income taxes during 2023 was primarily due to tax exempt income having a larger favorable impact on the rate and lower state taxes in 2023, both driven by the one time charges to income from the loss on sale of securities and the FDIC special assessment.

Loan Portfolio

Our loan portfolio averaged $16.65 billion during 2023 and $14.42 billion during 2022. As of December 31, 2023, total loans were $16.85 billion, compared to $16.14 billion on December 31, 2022, an increase of $703.5 million, or 4.4%. The increase in the overall loan balance during 2023 is primarily due to widespread loan growth throughout our geographic markets during the year. 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.

Consumer loans consist of credit card loans and other consumer loans. Consumer loans were $318.7 million at December 31, 2023, or 1.9% of total loans, compared to $349.8 million, or 2.2% of total loans at December 31, 2022. The decrease in consumer loans was primarily due to loan payoffs and pay downs within the other consumer portfolio during the year. Our credit card portfolio has remained a stable source of lending.

Real estate loans consist of construction and development ("C&D") loans, single family residential loans and other commercial real estate ("CRE") loans. Real estate loans were $13.34 billion at December 31, 2023, or 79.2% of total loans, compared to $12.58 billion, or 77.9% of total loans at December 31, 2022, an increase of $756.9 million, or 6.0%. Our C&D loans increased by $577.6 million, or 22.5%, single family residential loans increased by $95.4 million, or 3.7%, and CRE loans increased by $83.9 million, or 1.1%. The increases were due to diversified organic growth by type and geographic market during the period. 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 $2.72 billion at December 31, 2023, or 16.2% of total loans, compared to $2.84 billion, or 17.6% of total loans at December 31, 2022, a decrease of $115.0 million, or 4.1%. The decrease in non-real estate loans related to business of $142.1 million, or 5.4%, was partially offset by the increase in agricultural loans of $27.1 million, or 13.2%.

Other loans mainly consists of mortgage warehouse lending and municipal loans. Mortgage volume experienced an increase in demand during 2023 as compared to 2022, and was coupled with continued organic growth in our municipal loans during the period, leading to an increase of $92.8 million in other loans.

While loan growth was widespread throughout our geographic markets and was generally broad-based by loan type during the period, loan growth during the latter half of 2023 reflected moderating demand and increased payoff activity, as we focus on maintaining disciplined pricing and conservative underwriting standards given the current uncertain economic environment. Our commercial loan pipeline consisting of all commercial loan opportunities was $948.2 million at December 31, 2023, compared to $1.12 billion at December 31, 2022. The pipeline includes $416.0 million in loans approved and ready to close at the end of the year.

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

Table 7: Loan Portfolio

	Years Ended December 31,				
(In thousands)	2023	2022	2021	2020	2019
Consumer:					
Credit cards	$ 191,204	$ 196,928	$ 187,052	$ 188,845	$ 204,802
Other consumer	127,462	152,882	168,318	202,379	249,694
Total consumer	318,666	349,810	355,370	391,224	454,496
Real Estate:					
Construction and development	3,144,220	2,566,649	1,326,371	1,596,255	2,236,861
Single family residential	2,641,556	2,546,115	2,101,975	1,880,673	2,442,064
Other commercial	7,552,410	7,468,498	5,738,904	5,746,863	6,205,599
Total real estate	13,338,186	12,581,262	9,167,250	9,223,791	10,884,524
Commercial:					
Commercial	2,490,176	2,632,290	1,992,043	2,574,386	2,495,516
Agricultural	232,710	205,623	168,717	175,905	315,454
Total commercial	2,722,886	2,837,913	2,160,760	2,750,291	2,810,970
Other	465,932	373,139	329,123	535,591	275,714
Total loans before allowance for credit losses	$16,845,670	$16,142,124	$12,012,503	$12,900,897	$14,425,704

Table 8 reflects the remaining maturities and interest rate sensitivity of loans at December 31, 2023.

Table 8: Maturity and Interest Rate Sensitivity of Loans

(In thousands)	1 year or less	Over 1 year through 5 years	Over 5 years through 15 years	Over 15 years	Total
Consumer	$ 71,581	$ 243,638	$ 2,415	$ 1,032	$ 318,666
Real estate	2,958,676	8,461,135	1,726,537	191,838	13,338,186
Commercial	1,407,354	1,218,960	54,770	41,802	2,722,886
Other	219,745	110,673	122,804	12,710	465,932
Total	$ 4,657,356	$ 10,034,406	$ 1,906,526	$ 247,382	$ 16,845,670
Predetermined rate					
Consumer	$ 68,027	$ 124,085	$ 2,359	$ 811	$ 195,282
Real estate	1,332,508	5,107,185	904,390	112,158	7,456,241
Commercial	490,569	798,540	46,874	41,797	1,377,780
Other	52,134	109,097	120,436	12,317	293,984
Total	$ 1,943,238	$ 6,138,907	$ 1,074,059	$ 167,083	$ 9,323,287
Floating rate					
Consumer	$ 3,554	$ 119,553	$ 56	$ 221	$ 123,384
Real estate	1,626,168	3,353,950	822,147	79,680	5,881,945
Commercial	916,785	420,420	7,896	5	1,345,106
Other	167,611	1,576	2,368	393	171,948
Total	$ 2,714,118	$ 3,895,499	$ 832,467	$ 80,299	$ 7,522,383

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 collectibility 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 increased $27.8 million from December 31, 2022 to December 31, 2023. Nonaccrual loans increased by $24.9 million during 2023, in addition to an increase in foreclosed assets held for sale of $1.2 million. The increase in nonaccrual assets was primarily due to an increase in nonaccrual loans within our commercial loan portfolio.

Non-performing assets, including modifications to borrowers experiencing financial difficulty ("FDMs", formerly known as troubled debt restructurings, or TDRs) and acquired foreclosed assets, as a percent of total assets were 0.45% at December 31, 2023 compared to 0.23% at December 31, 2022.

Total non-performing assets decreased by $13.8 million from December 31, 2021 to December 31, 2022. Nonaccrual loans decreased by $9.8 million during 2022, in addition to a decrease in foreclosed assets held for sale of $3.1 million. The decrease in nonaccrual loans was primarily due to an overall improvement in economic conditions from pandemic related stresses.

Total non-performing assets decreased by $67.6 million from December 31, 2020 to December 31, 2021. Nonaccrual loans decreased by $54.7 million during 2021, in addition to a decrease in foreclosed assets held for sale of $12.4 million. The decrease in nonaccrual loans was primarily due to an overall improvement in economic conditions while the decrease in foreclosed assets held for sale and other real estate owned is primarily the result of the disposition of one commercial building in the St. Louis area and the disposition of one piece of commercial land with net book values at the time of sale of $6.5 million and $2.8 million, respectively.

Total non-performing assets increased by $28.6 million from December 31, 2019 to December 31, 2020. Nonaccrual loans increased by $29.5 million during 2020, partially offset by a decrease in foreclosed assets held for sale of $728,000. The increase in nonaccrual loans during 2020 is primarily related to one energy loan totaling $22.0 million which moved to nonaccrual during the fourth quarter of 2020. The remaining increase was related to various other CRE loans and commercial loan relationships.

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 collectibility of the debt.

We have internal loan modification programs for borrowers experiencing financial difficulties. Modifications to borrowers experiencing financial difficulties may include interest rate reductions, principal or interest forgiveness and/or term extensions. We primarily use interest rate reduction and/or payment modifications or extensions, with an occasional forgiveness of principal.

The financial effects of the modified loans made to borrowers experiencing financial difficulty in the single family residential real estate and commercial portfolio were not significant during the year ended December 31, 2023 and did not significantly impact our determination of the allowance for credit losses on loans during the year.

During the year ended December 31, 2023, we modified one loan related to the other CRE portfolio, whereby the borrower was experiencing financial difficulty at the time of modification. The modification allowed for two months of interest only payments with the remaining balance due at maturity. Upon modification, a charge-off of $9.6 million was recorded in relation to this modified loan during 2023. As a result of the other CRE loan modified during the year ended December 31, 2023 being collateral-dependent, the impact to our allowance for credit losses on loans was the difference between the fair value of the underlying collateral, adjusted for selling costs, and the remaining outstanding principal balance of the loan.

We continue to maintain good asset quality, compared to the industry, and strong asset quality remains a primary focus for us. The allowance for credit losses as a percent of total loans was 1.34% as of December 31, 2023. Non-performing loans equaled 0.50% of total loans. Non-performing assets were 0.33% of total assets, a 10 basis point increase from December 31, 2022. The allowance for credit losses was 267% of non-performing loans. Our annualized net charge-offs to total loans for 2023 was 0.12%. Excluding credit cards, the annualized net charge-offs to total loans for the same period was 0.09%. Annualized net credit card charge-offs to average total credit card loans were 2.20%, compared to 1.49% during 2022, and 129 basis points better than the most recently published industry average charge-off ratio as reported by the Federal Reserve for all banks.

We do not own any securities backed by subprime mortgage assets, and offer no mortgage loan products that target subprime borrowers.

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

	Years Ended December 31,				
(Dollars in thousands)	2023	2022	2021	2020	2019
Nonaccrual loans [1]	$83,325	$58,434	$68,204	$122,879	$93,330
Loans past due 90 days or more (principal or interest payments)	1,147	507	349	578	856
Total non-performing loans	84,472	58,941	68,553	123,457	94,186
Other non-performing assets:					
Foreclosed assets held for sale and other real estate owned	4,073	2,887	6,032	18,393	19,121
Other non-performing assets	1,726	644	1,667	2,016	1,964
Total other non-performing assets	5,799	3,531	7,699	20,409	21,085
Total non-performing assets	$90,271	$62,472	$76,252	$143,866	$115,271
Performing FDMs (formerly TDRs)	$33,577	$1,849	$4,289	$3,138	$5,887
Allowance for credit losses to non-performing loans	267 %	334 %	300 %	193 %	72 %
Non-performing loans to total loans	0.50 %	0.37 %	0.57 %	0.96 %	0.65 %
Non-performing assets (including performing FDMs (formerly TDRs)) to total assets	0.45 %	0.23 %	0.33 %	0.66 %	0.57 %
Non-performing assets to total assets	0.33 %	0.23 %	0.31 %	0.64 %	0.54 %

(1) Includes nonaccrual FDMs (formerly known as TDRs) of approximately $282,000, $1.6 million, $2.7 million, $4.4 million and $1.6 million at December 31, 2023, 2022, 2021, 2020 and 2019, respectively.

There was no interest income on nonaccrual loans recorded for the years ended December 31, 2023, 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, quantitative factors, and other qualitative considerations.

Loans with similar risk characteristics such as loan type, collateral type, and internal risk ratings are aggregated for collective assessment. We use statistically-based models that leverage assumptions about current and future economic conditions throughout the contractual life of the loan. Expected credit losses are estimated by either lifetime loss rates or expected loss cash flows based on three key parameters: probability-of-default ("PD"), exposure-at-default ("EAD"), and loss-given-default ("LGD"). Future economic conditions are incorporated to the extent that they are reasonable and supportable. Beyond the reasonable and supportable periods, the economic variables revert to a historical equilibrium at a pace dependent on the state of the economy reflected within the economic scenarios. We also include qualitative adjustments to the allowance based on factors and considerations that have not otherwise been fully accounted for.

Loans that have unique risk characteristics are evaluated on an individual basis. These evaluations are typically performed on loans with a deteriorated internal risk rating. For a collateral-dependent loan, our 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.

Additional information related to net charge-offs is shown in Table 10.

Table 10: Ratio of Net Charge-offs to Average Loans

(Dollars in thousands)	Net Charge-offs	Average Loans	Ratio of Net Charge-offs to Average Loans
2023			
Credit cards	$ (4,295)	$ 195,545	(2.20)%
Other consumer	(984)	136,865	(0.72)%
Real estate	(9,999)	13,050,414	(0.08)%
Commercial	(3,870)	2,815,006	(0.14)%
Other	—	449,740	— %
Total	$ (19,148)	$ 16,647,570	(0.12)%
2022			
Credit cards	$ (2,838)	$ 190,119	(1.49)%
Other consumer	(679)	177,420	(0.38)%
Real estate	2,794	11,157,499	0.03 %
Commercial	(11,897)	2,557,060	(0.47)%
Other	—	337,665	— %
Total	$ (12,620)	$ 14,419,763	(0.09)%

Allowance for Credit Losses Allocation

As of December 31, 2023, the allowance for credit losses reflected an increase of approximately $28.3 million from December 31, 2022, while loans increased $703.5 million over the same 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 2023 was predominantly due to the loan growth experienced during the year, as well as refreshed economic forecasts. Our allowance for credit losses at December 31, 2023 was considered appropriate given the current economic environment 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 on Loans

	December 31,					
	2023		2022		2021	
(Dollars in thousands)	Allowance Amount	% of loans [(1)]	Allowance Amount	% of loans [(1)]	Allowance Amount	% of loans [(1)]
Credit cards	$ 5,868	1.1%	$ 5,140	1.2%	$ 3,987	1.6%
Other consumer	5,716	3.5%	6,614	3.2%	4,617	4.1%
Real estate	177,177	79.2%	150,795	78.0%	179,270	76.3%
Commercial	36,470	16.2%	34,406	17.6%	17,458	18.0%
Total	$ 225,231	100.0%	$ 196,955	100.0%	$ 205,332	100.0%
Allowance for credit losses to period-end loans	1.34 %		1.22 %		1.71 %	

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

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 held-to-maturity ("HTM") or available-for-sale ("AFS").

HTM securities, which include any security for which we have 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.

AFS securities, which include any security for which we have 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. 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.

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, mortgage-backed securities and municipal securities. Our general policy is not to invest in derivative type investments or high-risk securities, except for collateralized mortgage-backed securities for which collection of principal and interest is not subordinated to significant superior rights held by others.

HTM and AFS investment securities were $3.73 billion and $3.15 billion, respectively, at December 31, 2023, compared to the HTM amount of $3.76 billion and AFS amount of $3.85 billion at December 31, 2022. We will continue to look for opportunities to maximize the value of the investment portfolio.

As of December 31, 2023, $527.9 million, or 7.7%, of our total portfolio was invested in obligations of U.S. government agencies and U.S. Treasury securities. Our investment portfolio as of December 31, 2023 also included $2.65 billion, or 38.5%, of tax-exempt obligations of state and political subdivisions. A portion of the state and political subdivision debt obligations are rated bonds, primarily issued in states in which we are located, and are evaluated on an ongoing basis. There are no securities of any one state or political subdivision issuer exceeding ten percent of our stockholders' equity at December 31, 2023.

We had approximately $3.10 billion, or 45.1%, of our total portfolio invested in mortgaged-backed securities at December 31, 2023. These mortgage-backed securities were issued by agencies of the U.S. government.

During the quarters ended June 30, 2022 and September 30, 2021, we transferred, at fair value, $1.99 billion and $500.8 million, respectively, of securities from the AFS portfolio to the HTM portfolio. As of December 31, 2023, the related remaining combined net unrealized losses of $126.4 million 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.

Additionally, during the third quarter of 2021, we 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 consist of a two year forward start date and 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, which became effective during the late third quarter of 2023. Securities within these swap agreements have maturity dates varying between 2028 and 2029. For the year ended December 31, 2023, the net amount included in interest income on investment securities in the consolidated statements of income related to these swap agreements was $11.9 million.

The adoption of ASU 2016-13 at the beginning of 2020 required us to replace the existing impairment models for financial assets, which includes investment securities. Under this model, an estimate of expected credit losses that represents all contractual cash flows that is deemed uncollectible over the contractual life of the financial asset must be recorded. During 2023, we recorded $9.1 million of provision for credit losses related to AFS securities due to isolated corporate bonds within the portfolio. We charged-off $7.0 million directly related to one corporate bond, which was deemed uncollectible in the period, while the remaining isolated bonds were sold or experienced price recovery on previous impairments prior to the end of the period. Based upon our analysis of the underlying risk characteristics of the AFS portfolio, including credit ratings and other qualitative factors, no allowance for credit losses related to AFS securities was deemed necessary at December 31, 2023 and 2022. Our allowance for credit losses related to HTM securities was $3.2 million and $1.4 million at December 31, 2023 and 2022, respectively.

An allowance for credit losses related to mortgage-backed securities and U.S. government agencies was not recorded as of December 31, 2023 due to those securities being explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. See Note 3, Investment Securities, in the accompanying Notes to Consolidated Financial Statements for additional information related to our allowance for credit losses on investment securities held.

We had no gross realized gains and $20.6 million of gross realized losses from the sale of securities during the year ended December 31, 2023, compared to $46,000 of gross realized gains and $324,000 of gross realized losses from the call of securities during the year ended December 31, 2022. We sold approximately $247.9 million of investment securities during 2023, while no securities were sold during 2022. Securities sold during 2023 were in large part related to a strategic decision to sell low yield securities and use the proceeds to pay off higher rate wholesale fundings, including both brokered deposits and FHLB advances.

We have 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. We expect the cash flows from principal maturities of securities to provide flexibility to fund future loan growth or reduce wholesale funding. Furthermore, as of December 31, 2023, we also have the ability to hold the securities classified as AFS for a period of time sufficient for a recovery of amortized cost, we do not have an immediate intent to sell the securities classified as AFS, and we believe the accounting standard of "more likely than not" has not been met regarding whether we would be required to sell any of the AFS securities before recovery of amortized cost. During 2024, we will continue to evaluate targeted sales of AFS securities based on prevailing market conditions and our funding and liquidity positions. The unrealized losses during 2023 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. Accordingly, as of December 31, 2023, we believe the declines in fair value detailed in the table below are temporary and we do not believe any of the securities are impaired due to reasons of credit quality.

Table 12 presents the amortized cost, fair value and allowance for credit losses on investment securities for each of the years indicated.

Table 12: Investment Securities

(In thousands)	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-maturity						
December 31, 2023						
U.S. Government agencies	$ 453,121	$ —	$ 453,121	$ —	$ (89,203)	$ 363,918
Mortgage-backed securities	1,161,694	—	1,161,694	354	(107,834)	1,054,214
State and political subdivisions	1,858,680	(2,006)	1,856,674	284	(369,509)	1,487,449
Other securities	256,007	(1,208)	254,799	—	(25,010)	229,789
Total HTM	$ 3,729,502	$ (3,214)	$ 3,726,288	$ 638	$ (591,556)	$ 3,135,370
December 31, 2022						
U.S. Government agencies	$ 448,012	$ —	$ 448,012	$ —	$ (102,558)	$ 345,454
Mortgage-backed securities	1,190,781	—	1,190,781	227	(118,960)	1,072,048
State and political subdivisions	1,861,102	(110)	1,860,992	56	(446,198)	1,414,850
Other securities	261,199	(1,278)	259,921	—	(29,040)	230,881
Total HTM	$ 3,761,094	$ (1,388)	$ 3,759,706	$ 283	$ (696,756)	$ 3,063,233

(In thousands)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Available-for-sale					
December 31, 2023					
U.S. Treasury	$ 2,285	$ —	$ —	$ (31)	$ 2,254
U.S. Government agencies	74,460	—	35	(1,993)	72,502
Mortgage-backed securities	2,138,652	—	8	(198,353)	1,940,307
State and political subdivisions	1,035,147	—	187	(132,541)	902,793
Other securities	259,165	—	—	(24,868)	234,297
Total AFS	$ 3,509,709	$ —	$ 230	$ (357,786)	$ 3,152,153
December 31, 2022					
U.S. Treasury	$ 2,257	$ —	$ —	$ (60)	$ 2,197
U.S. Government agencies	191,498	—	103	(7,322)	184,279
Mortgage-backed securities	2,809,319	—	20	(266,437)	2,542,902
State and political subdivisions	1,056,124	—	250	(185,300)	871,074
Other securities	272,215	—	—	(19,813)	252,402
Total AFS	$ 4,331,413	$ —	$ 373	$ (478,932)	$ 3,852,854

Table 13 reflects the amortized cost and estimated fair value of securities at December 31, 2023, 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. 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.

Table 13: Maturity Distribution of Investment Securities

	December 31, 2023							
		Over 1 year	Over 5 years			Total		
(In thousands)	1 year or less	through 5 years	through 10 years	Over 10 years	No fixed maturity	Amortized Cost	Par Value	Fair Value
Held-to-Maturity								
U.S. Government agencies	$ —	$ 3,345	$ 91,481	$ 358,295	$ —	$ 453,121	$ 480,246	$ 363,918
Mortgage-backed securities	—	—	—	—	1,161,694	1,161,694	1,216,312	1,054,214
State and political subdivisions	365	5,814	44,074	1,808,427	—	1,858,680	1,869,433	1,487,449
Other securities	1,108	—	252,384	2,515	—	256,007	266,878	229,789
Total	$ 1,473	$ 9,159	$ 387,939	$2,169,237	$1,161,694	$3,729,502	$3,832,869	$3,135,370
Percentage of total	0.1 %	0.2 %	10.4 %	58.2 %	31.1 %	100.0 %		
Weighted average yield	4.2 %	2.7 %	2.3 %	2.6 %	2.2 %	2.5 %		
Available-for-Sale								
U.S. Treasury	$ 1,292	$ 993	$ —	$ —	$ —	$ 2,285	$ 2,300	$ 2,254
U.S. Government agencies	633	26,481	13,933	33,413	—	74,460	73,016	72,502
Mortgage-backed securities	—	—	—	—	2,138,652	2,138,652	2,095,187	1,940,307
State and political subdivisions	3,461	17,043	19,136	995,507	—	1,035,147	1,091,938	902,793
Other securities	5,032	70,870	183,007	—	256	259,165	267,134	234,297
Total	$ 10,418	$ 115,387	$ 216,076	$1,028,920	$2,138,908	$3,509,709	$3,529,575	$3,152,153
Percentage of total	0.3 %	3.3 %	6.2 %	29.3 %	60.9 %	100.0 %		
Weighted average yield	3.9 %	5.6 %	4.0 %	2.9 %	2.7 %	3.0 %		

Deposits

Deposits are our primary source of funding for earning assets and are primarily developed through our network of 234 financial centers as of December 31, 2023. 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 December 31, 2023, core deposits comprised 79.2% 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 December 31, 2023, were $22.24 billion, a decrease of $303.1 million from December 31, 2022. Noninterest bearing transaction accounts, interest bearing transaction accounts and savings accounts totaled $15.80 billion at December 31, 2023, compared to $17.78 billion at December 31, 2022, a decrease of $1.98 billion. Total time deposits increased $1.68 billion to $6.45 billion at December 31, 2023, from $4.77 billion at December 31, 2022. We had $2.90 billion and $2.75 billion of brokered deposits at December 31, 2023, and December 31, 2022, respectively. Our uninsured deposits as of December 31, 2023 and 2022 were $4.75 billion and $5.63 billion, respectively.

The change in the mix of deposits at December 31, 2023 as compared to December 31, 2022 reflects increased market competition and consumer migration toward higher rate deposits, principally certificates of deposit, given the rapid increase in interest rates that has occurred over the past year. We are continuing to refine our product offerings to give customers flexibility of choice while maintaining the ability to adjust interest rates timely in the current rate environment.

Table 14 reflects the classification of the average deposits and the average rate paid on each deposit category which is in excess of 10 percent of average total deposits for the three years ended December 31, 2023.

Table 14: Average Deposit Balances and Rates

	December 31,					
	2023		2022		2021	
(In thousands)	Average Amount	Average Rate Paid	Average Amount	Average Rate Paid	Average Amount	Average Rate Paid
Noninterest bearing transaction accounts	$ 5,201,384	— %	$ 5,827,160	— %	$ 4,836,839	— %
Interest bearing transaction and savings deposits	11,033,263	2.17 %	12,253,164	0.51 %	10,638,665	0.18 %
Time deposits	6,038,640	3.87 %	3,094,747	1.16 %	2,804,851	0.77 %
Total	$22,273,287	2.12 %	$21,175,071	0.47 %	$18,280,355	0.23 %

Our maturities of time deposits not covered by deposit insurance at December 31, 2023 are presented in Table 15.

Table 15: Maturities of Time Deposits Not Covered by Deposit Insurance

	December 31, 2023	
(In thousands)	Balance	Percent
Maturing		
Three months or less	$ 678,976	61.5 %
Over 3 months to 6 months	183,868	16.7 %
Over 6 months to 12 months	189,657	17.2 %
Over 12 months	50,622	4.6 %
Total	$ 1,103,123	100.0 %

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

Federal funds purchased and securities sold under agreements to repurchase were $68.0 million at December 31, 2023, as compared to $160.4 million at December 31, 2022.

We have historically funded our growth in earning assets through the use of core deposits, large certificates of deposits from local markets, brokered deposits, FHLB borrowings and Federal funds purchased. Management anticipates that these sources will provide necessary funding in the foreseeable future.

Other Borrowings and Subordinated Debentures

Our total debt was $1.34 billion and $1.23 billion at December 31, 2023 and 2022, respectively. The outstanding balance for December 31, 2023 includes $953.2 million in FHLB advances; $366.1 million in subordinated notes and unamortized debt issuance costs; and $19.1 million of other long-term debt. FHLB advances outstanding at December 31, 2023, which increased as compared to December 31, 2022 due to a strategic decision to utilize short-term borrowings to elevate our liquidity position given the macroeconomic environment during the year, are primarily fixed rate, fixed term advances, which are due less than one year from origination and therefore are classified as short-term advances.

A summary of information related to our FHLB short-term advances, consisting of fixed rate, fixed term advances, is presented in Table 16.

Table 16: Short-Term Borrowings

	December 31,		
(Dollars in thousands)	2023	2022	2021
Amount outstanding at year-end	$ 950,000	$ 835,000	$ —
Weighted-average interest rate at year-end	5.40 %	4.20 %	— %
Maximum amount outstanding at any month-end during the year	$1,350,000	$1,300,000	$ —
Average amount outstanding during the year	$1,149,387	$1,124,314	$ —
Weighted-average interest rate for the year	5.20 %	2.08 %	— %

During the third quarter of 2022, we redeemed the five issuances of trust preferred securities which had an outstanding aggregate principal amount of $56.2 million. We recorded a loss of $365,000 related to the early retirement of debt, which represented the unamortized purchase discounts associated with the previously acquired trust preferred securities.

In March 2018, we 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. We 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.

We 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"). 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.

Aggregate annual maturities of long-term debt at December 31, 2023 are presented in Table 17.

Table 17: Maturities of Long-Term Debt

Year	Annual Maturities (In thousands)
2024	$ 1,822
2025	1,822
2026	1,824
2027	1,920
2028	332,210
Thereafter	48,909
Total	$ 388,507

Capital

Overview

At December 31, 2023, total capital was $3.43 billion. Capital represents shareholder ownership in the Company – the book value of assets in excess of liabilities. At December 31, 2023, our common equity to asset ratio was 12.53% compared to 11.91% at year-end 2022.

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. On April 27, 2022, our shareholders approved an amendment to our Articles of Incorporation to remove an $80.0 million cap on the aggregate liquidation preference associated with the preferred stock and increase the number of authorized shares of our Class A common stock from 175,000,000 to 350,000,000.

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 ("Series D Preferred Stock"), out of our authorized preferred stock. On November 30, 2021, we redeemed all of the Series D Preferred Stock, including accrued and unpaid dividends. On April 27, 2022, our shareholders approved an amendment to our Articles of Incorporation to remove the classification and designation for the Series D Preferred Stock. As of December 31, 2023, there were no shares of preferred stock issued or outstanding.

On March 31, 2021, we filed a shelf registration with the SEC. The shelf registration statement provides increased flexibility and more efficient access to raise capital from time to time through the sale of common stock, preferred stock, debt securities, depository shares, warrants, purchase contracts, purchase units, subscription rights, units or a combination thereof, subject to market conditions. Specific terms and prices are determined at the time of any offering under a separate prospectus supplement that we are required to file with the SEC at the time of the specific offering.

Stock Repurchase Program

On October 22, 2019, we announced a stock repurchase program (the "2019 Program") under which we could repurchase up to $60.0 million of our Class A Common Stock currently issued and outstanding. On March 5, 2020, we announced an amendment to the 2019 Program that increased the maximum amount that could be repurchased under the 2019 Program from $60.0 million to $180.0 million. Effective July 23, 2021, our Board of Directors approved another amendment to the 2019 Program that increased the amount of our Class A common stock that may be repurchased from a maximum of $180.0 million to a maximum of $276.5 million and extended the term of the 2019 Program from October 31, 2021, to October 31, 2022.

During January 2022, we substantially exhausted the repurchase capacity under the 2019 Program. As a result, our Board of Directors authorized a new stock repurchase program in January 2022 ("2022 Program") under which we may repurchase up to $175.0 million of our Class A common stock currently issued and outstanding. Because the 2022 Program was set to terminate on January 31, 2024, our Board of Directors authorized a new stock repurchase program in January 2024 ("2024 Program") under which we may repurchase up to $175.0 million of our Class A common stock currently issued and outstanding.

During 2023, we repurchased 2,257,049 shares at an average price of $17.72 per share under the 2022 Program. During 2022, we repurchased 513,725 shares at an average price of $31.25 per share under the 2019 Program and 3,919,037 shares at an average price of $24.26 per share under the 2022 Program, respectively. The 2022 Program repurchases were all completed during the second and third quarters of 2022.

Under the 2024 Program, we may repurchase shares of our common stock through open market and privately negotiated transactions or otherwise. The timing, pricing, and amount of any repurchases under the 2024 Program will be determined by management at its discretion based on a variety of factors, including, but not limited to, trading volume and market price of our common stock, corporate considerations, our working capital and investment requirements, general market and economic conditions, and legal requirements. The 2024 Program does not obligate us to repurchase any common stock and may be modified, discontinued, or suspended at any time without prior notice. We anticipate funding for the 2024 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 $0.80 per share for the twelve months ended December 31, 2023, compared to $0.76 per share for the twelve months ended December 31, 2022, an increase of $0.04, or 5%. 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 Simmons First National Corporation (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. 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. See Item 7A, “Quantitative and Qualitative Disclosures About Market Risk”, for additional information regarding the parent company’s liquidity, which is incorporated herein by reference. The redemption of our trust preferred securities during the third quarter of 2022 did not have a meaningful impact on the Parent Company’s liquidity.

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.

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 December 31, 2023, we met 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 bank’s categories.

Our risk-based capital ratios at December 31, 2023 and 2022 are presented in Table 18 below:

Table 18: Risk-Based Capital

	December 31,	
(Dollars in thousands)	2023	2022
Tier 1 capital:		
Stockholders' equity	$ 3,426,488	$ 3,269,362
CECL transition provision	61,746	92,619
Goodwill and other intangible assets	(1,398,810)	(1,412,667)
Unrealized loss on available-for-sale securities, net of income taxes	404,375	517,560
Total Tier 1 capital	2,493,799	2,466,874
Tier 2 capital:		
Subordinated notes and debentures	366,141	365,989
Subordinated debt phase out	(66,000)	—
Qualifying allowance for credit losses and reserve for unfunded commitments	170,977	115,627
Total Tier 2 capital	471,118	481,616
Total risk-based capital	$ 2,964,917	$ 2,948,490
Risk weighted assets	$20,599,238	$20,738,727
Assets for leverage ratio	$26,552,988	$26,407,061
Ratios at end of year:		
Common equity Tier 1 ratio (CET1)	12.11 %	11.90 %
Tier 1 leverage ratio	9.39 %	9.34 %
Tier 1 risk-based capital ratio	12.11 %	11.90 %
Total risk-based capital ratio	14.39 %	14.22 %
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 %

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, 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 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. All of the Company's trust preferred securities were redeemed during the third quarter of 2022. Qualifying subordinated debt of $300.1 million is included as Tier 2 and total capital of the Company as of December 31, 2023.

Liquidity

In the normal course of business we have entered into a number of contractual obligations and have made commitments to make future payments. Refer to the accompanying notes to consolidated financial statements elsewhere in this report for the expected timing of such payments as of December 31, 2023. Examples of these commitments include but are not limited to long-term debt financing (Note 12, Other Borrowings and Subordinated Debentures), operating lease obligations (Note, 6, Right-of-Use Lease Assets and Lease Liabilities), time deposits with stated maturity dates (Note 9, Time Deposits), and unfunded loan commitments and letters of credit (Note 19, Commitments and Credit Risk).

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, early retirement program costs, loss from early retirement of TruPS, gain on sale of intellectual property, gain on insurance settlement, donation to Simmons First Foundation, merger related costs, FDIC special assessment, loss (gain) on sale of securities, 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 common share (non-GAAP), tangible common equity to tangible assets (non-GAAP), adjusted noninterest income (non-GAAP), adjusted noninterest expense (non-GAAP), adjusted salaries and employee benefits expense (non-GAAP) and the coverage ratio of uninsured, non-collateralized deposits (non-GAAP). Adjusted items are included in financial results presented in accordance with generally accepted accounting principles (US GAAP). The Company has updated its calculation of certain non-GAAP financial measures to exclude the impact of gains or losses on the sale of AFS investment securities in light of the impact of the Company's strategic AFS investment securities transactions during the fourth quarter of 2023 and has presented past periods on a comparable basis.

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 of "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 $1.43 billion and $1.45 billion total goodwill and other intangible assets for the periods ended December 31, 2023 and 2022, respectively. Because our acquisition strategy has resulted in a high level of intangible assets, management believes useful calculations include tangible book value per common 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.

During 2023, adjusted items primarily consisted of net branch right sizing costs of $5.5 million, mainly due to branch closures across our footprint during the year, $6.2 million in early retirement program costs related to our Better Bank Initiative, and a $20.6 million loss on sale of securities due to the strategic sale of AFS securities during the year. Additionally, we recorded $10.5 million related to a FDIC special assessment levied to support the Deposit Insurance Fund following the failure of certain banks in 2023. The net after-tax impact of all adjusted items on net income was $32.7 million, or a $0.26 impact on diluted earnings per share.

During 2022, adjusted items primarily consisted of $33.8 million of Day 2 provision expense required for loans and unfunded commitments related to the Spirit acquisition, merger-related costs of $22.5 million, primarily related to the Spirit acquisition, and net branch right sizing costs of $3.6 million, mainly due to branch closures across our footprint during the year. Additionally, we had a gain on insurance settlement of $4.1 million related to a weather event that caused severe damage to one of our branch locations. The net after-tax impact of all adjusted items was $42.4 million, or $0.34 per diluted earnings per share.

During 2021, adjusted items primarily consisted of $22.7 million of Day 2 provision expense required for loans related to the Landmark and Triumph acquisitions, $15.9 million of merger-related costs, related to the Landmark and Triumph acquisitions and $15.5 million of gains related to the sale of securities. Additionally, we had total gains on sale of branches of $5.3 million due to the Illinois Branch Sale. The net after-tax impact of these items was $12.5 million, or $0.11 per diluted earnings per share.

See Table 19 below for the reconciliation of adjusted earnings, which exclude certain items for the periods presented.

Table 19: Reconciliation of Adjusted Earnings (non-GAAP)

(In thousands, except per share data)	2023	2022	2021
Net income available to common stockholders	$ 175,057	$ 256,412	$ 271,109
Certain items:			
Gain on sale of branches	—	—	(5,316)
Loss from early retirement of TruPS	—	365	—
Gain on sale of intellectual property	—	(750)	—
Gain on insurance settlement	—	(4,074)	—
FDIC special assessment	10,521	—	—
Donation to Simmons First Foundation	—	1,738	—
Merger related costs	1,420	22,476	15,911
Early retirement program	6,198	—	—
Loss (gain) on sale of securities	20,609	278	(15,498)
Branch right sizing, net	5,467	3,628	(906)
Day 2 CECL Provision	—	33,779	22,688
Tax effect [(1)]	(11,556)	(15,012)	(4,413)
Certain items, net of tax	32,659	42,428	12,466
Adjusted earnings (non-GAAP)	$ 207,716	$ 298,840	$ 283,575
Diluted earnings per share	$ 1.38	$ 2.06	$ 2.46
Certain items:			
Gain on sale of branches	—	—	(0.05)
Loss from early retirement of TruPS	—	—	—
Gain on sale of intellectual property	—	(0.01)	—
Gain on insurance settlement	—	(0.03)	—
FDIC special assessment	0.08	—	—
Donation to Simmons First Foundation	—	0.01	—
Merger related costs	0.01	0.18	0.14
Early retirement program	0.05	—	—
Loss (gain) on sale of securities	0.17	—	(0.14)
Branch right sizing, net	0.04	0.03	(0.01)
Day 2 CECL Provision	—	0.28	0.21
Tax effect [(1)]	(0.09)	(0.12)	(0.04)
Certain items, net of tax	0.26	0.34	0.11
Adjusted diluted earnings per share (non-GAAP)	$ 1.64	$ 2.40	$ 2.57

(1) Effective tax rate of 26.135%.

See Table 20 below for the reconciliation of adjusted noninterest income, adjusted noninterest expense and adjusted salaries and employee benefits expense for the periods presented.

Table 20: Reconciliation of Adjusted Noninterest Income (non-GAAP), Adjusted Noninterest Expense (non-GAAP) and Adjusted Salaries and Employee Benefits Expense (non-GAAP)

(In thousands)	2023	2022	2021
Noninterest income	$ 155,566	$ 170,066	$ 191,815
Certain items:			
Gain on sale of branches	—	—	(5,316)
Gain on insurance settlement	—	(4,074)	—
Loss from early retirement of TruPS	—	365	—
Gain on sale of intellectual property	—	(750)	—
Loss (gain) on sale of securities	20,609	278	(15,498)
Branch right sizing	—	153	(369)
Total certain items	20,609	(4,028)	(21,183)
Adjusted noninterest income (non-GAAP)	$ 176,175	$ 166,038	$ 170,632
Noninterest expense	$ 563,061	$ 566,748	$ 483,589
Certain items:			
Merger related costs	(1,420)	(22,476)	(15,911)
Donation to Simmons First Foundation	—	(1,738)	—
Early retirement program	(6,198)	—	—
FDIC special assessment	(10,521)	—	—
Branch right sizing	(5,467)	(3,475)	537
Total certain items	(23,606)	(27,689)	(15,374)
Adjusted noninterest expense (non-GAAP)	$ 539,455	$ 539,059	$ 468,215
Salaries and employee benefits expense	$ 286,117	$ 286,982	$ 246,335
Early retirement program costs	(6,198)	—	—
Other	2	—	(66)
Adjusted salaries and employee benefits expense (non-GAAP)	$ 279,921	$ 286,982	$ 246,269

See Table 21 below for the reconciliation of tangible book value per common share.

Table 21: Reconciliation of Tangible Book Value per Common Share (non-GAAP)

(In thousands, except per share data)	2023	2022	2021
Total common stockholders' equity	$ 3,426,488	$ 3,269,362	$ 3,248,841
Intangible assets:			
Goodwill	(1,320,799)	(1,319,598)	(1,146,007)
Other intangible assets	(112,645)	(128,951)	(106,235)
Total intangibles	(1,433,444)	(1,448,549)	(1,252,242)
Tangible common stockholders' equity	$ 1,993,044	$ 1,820,813	$ 1,996,599
Shares of common stock outstanding	125,184,119	127,046,654	112,715,444
Book value per common share	$ 27.37	$ 25.73	$ 28.82
Tangible book value per common share (non-GAAP)	$ 15.92	$ 14.33	$ 17.71

See Table 22 below for the calculation of tangible common equity and the reconciliation of tangible common equity to tangible assets.

Table 22: Reconciliation of Tangible Common Equity and the Ratio of Tangible Common Equity to Tangible Assets (non-GAAP)

(Dollars in thousands)	2023	2022	2021
Total common stockholders' equity	$ 3,426,488	$ 3,269,362	$ 3,248,841
Intangible assets:			
Goodwill	(1,320,799)	(1,319,598)	(1,146,007)
Other intangible assets	(112,645)	(128,951)	(106,235)
Total intangibles	(1,433,444)	(1,448,549)	(1,252,242)
Tangible common stockholders' equity	$ 1,993,044	$ 1,820,813	$ 1,996,599
Total assets	$ 27,345,674	$ 27,461,061	$ 24,724,759
Intangible assets:			
Goodwill	(1,320,799)	(1,319,598)	(1,146,007)
Other intangible assets	(112,645)	(128,951)	(106,235)
Total intangibles	(1,433,444)	(1,448,549)	(1,252,242)
Tangible assets	$ 25,912,230	$ 26,012,512	$ 23,472,517
Ratio of common equity to assets	12.53 %	11.91 %	13.14 %
Ratio of tangible common equity to tangible assets (non-GAAP)	7.69 %	7.00 %	8.51 %

See Table 23 below for the calculation of uninsured, non-collateralized deposit coverage ratio.

Table 23: Calculation of Uninsured, Non-Collateralized Deposit Coverage Ratio (non-GAAP)

(In thousands)	2023	2022
Uninsured deposits at Simmons Bank	$ 8,328,444	$ 8,913,990
Less: Collateralized deposits (excluding portion that is FDIC insured)	2,846,716	2,759,248
Less: Intercompany eliminations	728,480	529,042
Total uninsured, non-collateralized deposits	$ 4,753,248	$ 5,625,700
FHLB borrowing availability	$ 5,401,000	$ 5,442,000
Unpledged securities	3,817,000	3,180,000
Fed funds lines, Fed discount window and Bank Term Funding Program	1,998,000	1,982,000
Additional liquidity sources	$ 11,216,000	$ 10,604,000
Uninsured, non-collateralized deposit coverage ratio	2.4x	1.9x

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Liquidity and Market Risk Management

Parent Company

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 December 31, 2023, undivided profits of Simmons Bank were approximately $622.9 million, of which approximately $54.4 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 monitor 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. As of December 31, 2023, the Bank had approximately $510.0 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 $5.4 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 45.8% of the investment portfolio is classified as available-for-sale, and we may generate additional liquidity through opportunistic sales of investment securities. 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, 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 December 31, 2023, the model simulations projected that 100 and 200 basis point increases in interest rates would result in negative variances in net interest income of 2.72% and 5.57%, respectively, relative to the base case over the next 12 months. Interest rate decreases of 100 and 200 basis points would result in positive variances in net interest income of 2.18% and 5.36%, respectively, relative to the base case over the next 12 months. These results reflect a liability-sensitive balance sheet and are consistent with the Company's shift toward short-term funding combined with relatively little change in the mix of interest-earning assets. These are good faith estimates and assume that the composition of our interest sensitive assets and liabilities existing at each year-end will remain constant over the relevant twelve month measurement period and that changes in market interest rates are instantaneous and sustained across the yield curve regardless of duration of pricing characteristics of specific assets or liabilities. Also, this analysis does not contemplate any actions that we might undertake in response to changes in market interest rates. We believe these estimates are not necessarily indicative of what actually could occur in the event of immediate interest rate increases or decreases of this magnitude. As interest-bearing assets and liabilities reprice in different time frames and proportions to market interest rate movements, various assumptions must be made based on historical relationships of these variables in reaching any conclusion. Since these correlations are based on competitive and market conditions, we anticipate that our future results will likely be different from the foregoing estimates, and such differences could be material.

The table below presents our sensitivity to net interest income at December 31, 2023.

Table 24: Net Interest Income Sensitivity

Interest Rate Scenario	% Change from Base
Up 200 basis points	(5.57)%
Up 100 basis points	(2.72)%
Down 100 basis points	2.18 %
Down 200 basis points	5.36 %

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Management’s Report on Internal Control Over Financial Reporting

The management of Simmons First National Corporation (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Company’s financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Accordingly, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth in *Internal Control – Integrated Framework (2013 edition) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO*). Based on this assessment, management has determined that the Company’s internal control over financial reporting as of December 31, 2023 is effective based on the specified criteria.

FORVIS, LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this Annual Report on Form 10-K, has issued an audit report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023. The report, which expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023, immediately follows.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Internal Control over Financial Reporting

We have audited Simmons First National Corporation's (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and our report dated February 27, 2024, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definitions and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

FORVIS, LLP

/s/ FORVIS, LLP

Little Rock, Arkansas
February 27, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Simmons First National Corporation (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 27, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits.

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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses

The Company's loan portfolio totaled $16.85 billion as of December 31, 2023 and the allowance for credit losses on loans was $225.2 million. The Company's unfunded loan commitments totaled $4.2 billion, with an allowance for credit losses of $25.6 million. The Company's available-for-sale and held-to-maturity securities portfolios totaled $6.88 billion as of December 31, 2023, and the allowance for credit losses on securities was $3.2 million. Together these amounts represent the allowance for credit losses ("ACL"). As more fully described in Notes 1, 3 and 5 to the Company's consolidated financial statements:

- For loans receivable, the ACL is a contra-asset valuation account, calculated in accordance with Topic 326 that is deducted from the amortized cost basis of loans to present the net amount expected to be collected.
- For unfunded loan commitments, the ACL is a liability account calculated in accordance with Topic 326, reported as a component of accrued interest and other liabilities.
- For securities, the ACL is a contra-valuation account that is deducted from the recorded basis of the securities.

The amount of each allowance account represents management's best estimate of current expected credit losses on those financial instruments considering all available information from internal and external sources, relevant to assessing exposure to credit loss over the contractual term of the instrument. Loans with similar risk characteristics are aggregated into homogenous segments for assessment. Expected credit losses are estimated by either lifetime loss rates or expected cash flows based on three key parameters: probability of default (PD), exposure-at-default (EAD) or loss given default (LGD). The estimates include economic forecasts over the reasonable and supportable forecast period based on projected performance of economic variables that have a statistical relationship.

Management qualitatively adjusts its model results for risk factors that were not considered within the modeling processes but were still relevant in assessing the expected credit losses within the loan pools. In some cases, management determined that an individual loan exhibited unique characteristics which differentiated the loan from other loans with the identified loan pools. In such cases the loans were evaluated for expected credit losses on an individual basis and excluded from the collective evaluation.

Auditing management's estimate of the ACL involved a high degree of subjectivity due to the nature of the qualitative factor adjustments included in the ACL and complexities due to the implementation of the PD, EAD or LGD models. Management's identification and measurement of the qualitative factor adjustments is highly judgmental.

The primary procedures we performed as of December 31, 2023 to address this critical audit matter included:

- Obtained an understanding of the Company's process for establishing the ACL
- Evaluated and tested the design and operating effectiveness of controls over the reliability and accuracy of the data used to calculate and estimate the various components of the ACL including:
    - Loan data completeness and accuracy
    - Grouping of loans by segment
    - Model inputs utilized including PD, LGD, remaining life and prepayment speed
    - Approval of model assumptions selected
    - Establishment of qualitative factors
    - Loan risk ratings
- Tested the mathematical accuracy of the calculation of the ACL
- Performed reviews of individual credit files to evaluate the reasonableness of loan credit risk ratings
- Tested internally prepared loan reviews to evaluate the reasonableness of the loan credit risk ratings
- Tested the completeness and accuracy of inputs utilized in the calculation of the ACL
- Evaluated the qualitative adjustments to the ACL including assessing the basis for adjustments and the reasonableness of the significant assumptions
- Tested the reasonableness of specific reserves on individually reviewed loans
- Evaluated credit quality trends in delinquencies, non-accruals, charge-offs and loan risk ratings
- Evaluated the overall reasonableness of the ACL and compared to trends identified within peer groups
- Tested estimated utilization rate of unfunded loan commitments
- Reviewed documentation prepared to assess the methodology utilized by a third party performing the ACL calculation for securities for reasonableness
- Evaluated the accuracy and completeness of Accounting Standards Update 2016-13*, Financial Instruments - Credit Losses (Topic 326)* disclosures in the consolidated financial statements.

Goodwill

As reflected in the Company's consolidated financial statements at December 31, 2023, the Company's goodwill was $1.32 billion. As disclosed in Note 8 to the consolidated financial statements, goodwill is tested for impairment at least annually or more frequently if indicators of impairment require the performance of an interim impairment assessment.

Auditing management's impairment tests of goodwill was complex and highly judgmental due to the calculation relying on several assumptions that have a level of subjectivity and judgment. These assumptions are dependent on market and economic conditions. Key inputs to estimate terminal fair value of the Company include projected forecasts, noninterest expense savings and a pricing multiple based on a group of peer banks with similar characteristics. These inputs are discounted by the cost of equity, which includes assumptions involving the Company's beta; equity risk, size and company premiums; and the 20-year treasury rate. Assumptions used in calculating the cost of equity are obtained from market and third-party data.

We obtained an understanding, evaluated the design and operating effectiveness of controls over the Company's goodwill assessment process. For example, we tested the controls over the Company's review of the significant assumptions utilized in estimating the fair value of the reporting unit.

To test the fair values of the reporting unit, our audit procedures included, among others, assessing methodologies, testing the significant assumptions described above, and testing the completeness and accuracy of the underlying data used by the Company. Our testing procedures over the significant assumptions included, among others, comparing forecasted revenue to current industry and economic trends. We assessed the historical accuracy of management's estimates by comparing past projections to actual performance and assessed the sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting unit resulting from changes in the assumptions. We also involved an internal valuation professional to assist in evaluating the Company's models, valuation methodology, and significant assumptions used in the fair value estimates.

FORVIS, LLP

/s/ FORVIS, LLP

We have served as the Company's auditor since 1972.

Little Rock, Arkansas
February 27, 2024

Simmons First National Corporation
Consolidated Balance Sheets
December 31, 2023 and 2022

(In thousands, except share data)	2023	2022
ASSETS		
Cash and noninterest bearing balances due from banks	$ 345,258	$ 200,616
Interest bearing balances due from banks and federal funds sold	268,834	481,506
Cash and cash equivalents	614,092	682,122
Interest bearing balances due from banks – time	100	795
Investment securities:		
Held-to-maturity, net of allowance for credit losses of $3,214 and $1,388 at December 31, 2023 and 2022, respectively	3,726,288	3,759,706
Available-for-sale, at estimated fair value (amortized cost of $3,509,709 and $4,331,413 at December 31, 2023 and 2022, respectively)	3,152,153	3,852,854
Total investments	6,878,441	7,612,560
Mortgage loans held for sale	9,373	3,486
Loans	16,845,670	16,142,124
Allowance for credit losses on loans	(225,231)	(196,955)
Net loans	16,620,439	15,945,169
Premises and equipment	570,678	548,741
Foreclosed assets and other real estate owned	4,073	2,887
Interest receivable	122,430	102,892
Bank owned life insurance	500,559	491,340
Goodwill	1,320,799	1,319,598
Other intangible assets	112,645	128,951
Other assets	592,045	622,520
Total assets	$ 27,345,674	$ 27,461,061
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing transaction accounts	$ 4,800,880	$ 6,016,651
Interest bearing transaction accounts and savings deposits	10,997,425	11,762,885
Time deposits	6,446,673	4,768,558
Total deposits	22,244,978	22,548,094
Federal funds purchased and securities sold under agreements to repurchase	67,969	160,403
Other borrowings	972,366	859,296
Subordinated notes and debentures	366,141	365,989
Accrued interest and other liabilities	267,732	257,917
Total liabilities	23,919,186	24,191,699
Stockholders' equity:		
Common stock, Class A, $0.01 par value; 350,000,000 shares authorized at December 31, 2023 and 2022; 125,184,119 and 127,046,654 shares issued and outstanding at December 31, 2023 and 2022, respectively	1,252	1,270
Surplus	2,499,930	2,530,066
Undivided profits	1,329,681	1,255,586
Accumulated other comprehensive loss	(404,375)	(517,560)
Total stockholders' equity	3,426,488	3,269,362
Total liabilities and stockholders' equity	$ 27,345,674	$ 27,461,061

See Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Income
Years Ended December 31, 2023, 2022 and 2021

(In thousands, except per share data)	2023	2022	2021
INTEREST INCOME			
Loans, including fees	$ 989,196	$ 694,192	$ 555,008
Interest bearing balances due from banks and federal funds sold	13,490	5,500	2,795
Investment securities	206,918	158,203	111,693
Mortgage loans held for sale	557	720	1,565
Other loans held for sale	—	3,120	—
TOTAL INTEREST INCOME	1,210,161	861,735	671,061
INTEREST EXPENSE			
Deposits	472,919	99,049	41,172
Federal funds purchased and securities sold under agreements to repurchase	1,150	941	579
Other borrowings	60,517	24,934	19,495
Subordinated notes and debentures	25,449	19,495	18,283
TOTAL INTEREST EXPENSE	560,035	144,419	79,529
NET INTEREST INCOME	650,126	717,316	591,532
Provision for credit losses	42,028	14,074	(32,704)
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	608,098	703,242	624,236
NONINTEREST INCOME			
Service charges on deposit accounts	50,530	46,527	43,231
Debit and credit card fees	31,472	31,203	28,245
Wealth management fees	30,203	31,895	31,172
Mortgage lending income	7,733	10,522	21,798
Bank owned life insurance income	11,717	11,146	8,902
Other service charges and fees	9,122	7,616	7,696
(Loss) gain on sale of securities, net	(20,609)	(278)	15,498
Gain on insurance settlement	—	4,074	—
Other income	35,398	27,361	35,273
TOTAL NONINTEREST INCOME	155,566	170,066	191,815
NONINTEREST EXPENSE			
Salaries and employee benefits	286,117	286,982	246,335
Occupancy expense, net	46,741	44,321	38,797
Furniture and equipment expense	20,741	20,665	19,890
Other real estate and foreclosure expense	892	1,003	2,121
Deposit insurance	29,986	11,608	6,973
Merger related costs	1,420	22,476	15,911
Other operating expenses	177,164	179,693	153,562
TOTAL NONINTEREST EXPENSE	563,061	566,748	483,589
INCOME BEFORE INCOME TAXES	200,603	306,560	332,462
Provision for income taxes	25,546	50,148	61,306
NET INCOME	175,057	256,412	271,156
Preferred stock dividends	—	—	47
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 175,057	$ 256,412	$ 271,109
BASIC EARNINGS PER SHARE	$ 1.39	$ 2.07	$ 2.47
DILUTED EARNINGS PER SHARE	$ 1.38	$ 2.06	$ 2.46

See Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023, 2022 and 2021

(In thousands)	2023	2022	2021
NET INCOME	$ 175,057	$ 256,412	$ 271,156
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized holding gains (losses) arising during the period on available-for-sale securities	108,612	(593,010)	(91,434)
Less: Reclassification adjustment for realized (losses) gains included in net income	(20,609)	(278)	15,498
Less: Realized gains (losses) on available-for-sale securities interest rate hedges	1,960	(98,374)	(10,588)
Net unrealized (losses) gains on securities transferred from available-for-sale to held-to-maturity during the period	—	(206,682)	1,106
Less: Amortization of net unrealized losses on securities transferred from available-for-sale to held-to-maturity	(25,971)	(14,632)	(104)
Other comprehensive income (loss), before tax effect	153,232	(686,408)	(95,134)
Less: Tax effect of other comprehensive income (loss)	40,047	(179,393)	(24,863)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	113,185	(507,015)	(70,271)
COMPREHENSIVE INCOME (LOSS)	$ 288,242	$ (250,603)	$ 200,885

See Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Cash Flows
Years Ended December 31, 2023, 2022 and 2021

(In thousands)	2023	2022	2021
OPERATING ACTIVITIES			
Net income	$ 175,057	$ 256,412	$ 271,156
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	47,877	48,962	47,220
Provision for credit losses	42,028	14,074	(32,704)
Loss (gain) on sale of investments	20,609	278	(15,498)
Net amortization (accretion) of investment securities and assets	14,982	(39,031)	(52,781)
Net amortization on borrowings	152	313	1,257
Stock-based compensation expense	12,189	15,317	15,868
Gain on sale of premises and equipment, net of impairment	—	—	(591)
Gain on sale of foreclosed assets and other real estate owned	(182)	(390)	(932)
Gain on sale of mortgage loans held for sale	(7,379)	(7,945)	(36,434)
Gain on sale of branches	—	—	(5,316)
Gain on sale of loans	—	(282)	—
Deferred income taxes	(2,460)	14,933	10,937
Income from bank owned life insurance	(12,905)	(11,164)	(9,477)
Loss from early retirement of TruPS	—	365	—
Originations of mortgage loans held for sale	(262,901)	(497,815)	(1,034,716)
Proceeds from sale of mortgage loans held for sale	264,393	538,630	1,190,891
Changes in assets and liabilities:			
Interest receivable	(19,538)	(22,107)	4,423
Other assets	263,969	(7,214)	(33,495)
Accrued interest and other liabilities	(3,908)	10,417	(50,620)
Income taxes payable	8,996	8,445	8,592
Net cash provided by operating activities	540,979	322,198	277,780
INVESTING ACTIVITIES			
Net change in loans	(786,775)	(1,900,325)	2,333,893
Proceeds from sale of loans	69,760	73,746	28,033
Decrease in due from banks - time	695	1,087	292
Purchases of premises and equipment, net	(33,086)	(35,268)	(47,861)
Proceeds from sale of premises and equipment	—	—	5,621
Proceeds from sale of foreclosed assets and other real estate owned	2,071	4,754	21,983
Proceeds from sale of available-for-sale securities	247,948	—	342,577
Proceeds from maturities of available-for-sale securities	302,802	1,137,923	1,001,669
Purchases of available-for-sale securities	(7,518)	(261,375)	(5,266,148)
Proceeds from maturities of held-to-maturity securities	85,192	86,229	15,712
Purchases of held-to-maturity securities	(68,368)	(331,273)	(708,580)
Proceeds from bank owned life insurance death benefits	3,686	1,873	3,814
Purchases of bank owned life insurance	—	—	(160,000)
Cash received in business combinations, net	—	276,396	25,425
Disposition of assets and liabilities held for sale	—	—	(134,166)
Net cash used in investing activities	(183,593)	(946,233)	(2,537,736)
FINANCING ACTIVITIES			
Net change in deposits	(302,747)	462,530	847,494
Repayments of subordinated debentures	—	(56,189)	(1,563)
Dividends paid on preferred stock	—	—	(47)
Dividends paid on common stock	(100,962)	(94,096)	(78,845)
Net change in other borrowed funds	113,070	(516,726)	(80,254)
Net change in federal funds purchased and securities sold under agreements to repurchase	(92,434)	(25,000)	(116,562)
Net shares (cancelled) issued under stock compensation plans	(2,854)	(5,033)	290
Shares issued under employee stock purchase plan	833	1,151	1,170
Repurchase of common stock	(40,322)	(111,133)	(132,459)
Retirement of preferred stock	—	—	(767)
Net cash (used in) provided by financing activities	(425,416)	(344,496)	438,457
DECREASE IN CASH AND CASH EQUIVALENTS	(68,030)	(968,531)	(1,821,499)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	682,122	1,650,653	3,472,152
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 614,092	$ 682,122	$ 1,650,653

See Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2023, 2022 and 2021

(In thousands, except share data)	Preferred Stock	Common Stock	Surplus	Accumulated Other Comprehensive Income (Loss)	Undivided Profits	Total
Balance, December 31, 2020	$ 767	$ 1,081	$ 2,014,076	$ 59,726	$ 901,006	$ 2,976,656
Comprehensive income	—	—	—	(70,271)	271,156	200,885
Stock issued for employee stock purchase plan – 60,697 shares	—	1	1,169	—	—	1,170
Stock-based compensation plans, net – 474,970 shares	—	4	16,154	—	—	16,158
Stock issued for Landmark acquisition - 4,499,872 shares	—	45	138,146	—	—	138,191
Stock issued for Triumph acquisition - 4,164,712 shares	—	42	127,857	—	—	127,899
Preferred stock retirement	(767)	—	—	—	—	(767)
Stock repurchases - 4,562,469 shares	—	(46)	(132,413)	—	—	(132,459)
Dividends on preferred stock	—	—	—	—	(47)	(47)
Dividends on common stock – $0.72 per share	—	—	—	—	(78,845)	(78,845)
Balance, December 31, 2021	—	1,127	2,164,989	(10,545)	1,093,270	3,248,841
Comprehensive income	—	—	—	(507,015)	256,412	(250,603)
Stock issued for employee stock purchase plan - 59,475 shares	—	1	1,150	—	—	1,151
Stock-based compensation plans, net - 429,423 shares	—	3	10,281	—	—	10,284
Stock issued for Spirit acquisition - 18,275,074 shares	—	183	464,735	—	—	464,918
Stock repurchases - 4,432,762 shares	—	(44)	(111,089)	—	—	(111,133)
Dividends on common stock - $0.76 per share	—	—	—	—	(94,096)	(94,096)
Balance, December 31, 2022	—	1,270	2,530,066	(517,560)	1,255,586	3,269,362
Comprehensive income	—	—	—	113,185	175,057	288,242
Stock issued for employee stock purchase plan - 42,510 shares	—	—	833	—	—	833
Stock-based compensation plans, net - 352,004 shares	—	5	9,330	—	—	9,335
Stock repurchases - 2,257,049 shares	—	(23)	(40,299)	—	—	(40,322)
Dividends on common stock – $0.80 per share	—	—	—	—	(100,962)	(100,962)
Balance, December 31, 2023	$ —	$ 1,252	$ 2,499,930	$ (404,375)	$1,329,681	$ 3,426,488

See Notes to Consolidated Financial Statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation

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 approximately 234 financial centers as of December 31, 2023, located throughout market areas in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Simmons Bank is an Arkansas state-chartered bank and a member of the Federal Reserve System through the Federal Reserve Bank of St. Louis. Due to the Company's typical acquisition process, there may be brief periods of time during which the Company may operate another subsidiary bank that the Company acquired through a merger with a target bank holding company as a separate subsidiary while preparing for the merger and integration of that subsidiary bank into Simmons Bank. However, it is the Company's intent to generally maintain Simmons Bank as the Company's sole subsidiary bank.

Operating Segments

Operating segments are components of an enterprise about which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company is organized with community and commercial banking groups. Each of these groups provide one or more similar banking services, including such products and services as loans; time deposits, checking and savings accounts; treasury management; and credit cards. Loan products include consumer, real estate, commercial, agricultural, equipment, warehouse lending and SBA lending. The individual banking groups have similar operating and economic characteristics. While the chief operating decision maker monitors the revenue streams of the various products, services, branch locations, divisions and groups, operations are managed, financial performance is evaluated, and management makes decisions on how to allocate resources, on a Company-wide basis. Accordingly, the respective groups are considered by management to be aggregated into one reportable operating segment.

The Company also considers its trust, investment and insurance services to be operating segments. Information on these segments is not reported separately since they do not meet the quantitative thresholds under Accounting Standards Codification ("ASC") Topic 280-10-50-12.

Use of Estimates

The preparation of financial statements in accordance with 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 acquired loans, valuation of goodwill and subsequent impairment analysis, stock-based compensation plans and income taxes. Management obtains third party valuations to assist in valuing certain aspects of these material estimates, as appropriate, including independent appraisals for significant properties in connection with the determination of the allowance for credit losses and the fair value of acquired loans. Assumptions used in the goodwill impairment analysis involve internally projected forecasts, coupled with market and third-party data. These material estimates could change as a result of the uncertainty in current macroeconomic conditions and other factors that are beyond the Company's control and could cause actual results to differ materially from those projected.

Reclassifications

Various items within the accompanying consolidated financial statements for previous years have been reclassified to provide more comparative information. These reclassifications were not material to the consolidated financial statements.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. For purposes of the consolidated statements of cash flows, cash and cash equivalents are considered to include cash and noninterest bearing balances due from banks, interest bearing balances due from banks and federal funds sold and securities purchased under agreements to resell. At December 31, 2023, nearly all of the interest-bearing and noninterest bearing deposits were uninsured with nearly all of these balances held at the Federal Reserve Bank.

Investment Securities

Held-to-maturity securities ("HTM"), which include any security for which the Company has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the constant effective yield method over the 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.

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. 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.

Trading securities, if any, which include any security held primarily for near-term sale, are carried at fair value. Gains and losses on trading securities are included in other income.

Allowance for Credit Losses - Investment Securities

Allowance for Credit Losses - HTM Securities - The Company measures expected credit losses on HTM securities on a collective basis by major security type, with each type sharing similar risk characteristics. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company has made the election to exclude accrued interest receivable on HTM securities from the estimate of credit losses and report accrued interest separately on the consolidated balance sheets.

Allowance for Credit Losses - AFS Securities - For AFS securities in an unrealized loss position, the Company first evaluates whether it intends to sell, or whether it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of these criteria regarding intent or requirement to sell is met, the AFS security amortized cost basis is written down to fair value through income. If the criteria is not met, the Company is required to assess whether the decline in fair value has resulted from credit losses or noncredit-related factors. If the assessment indicates a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists, and an allowance for credit loss is recorded through income as a component of provision for credit loss expense. If the assessment indicates that a credit loss does not exist, the Company records the decline in fair value through other comprehensive income, net of related income tax effects. The Company has made the election to exclude accrued interest receivable on AFS securities from the estimate of credit losses and report accrued interest separately on the consolidated balance sheets. Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Mortgage Loans Held For Sale

Mortgage Loans Held for Sale are carried at fair value which is determined on an aggregate basis. Adjustments to fair value are recognized monthly and reflected in earnings. The Company regularly sells mortgages into the capital markets to mitigate the effects of interest rate volatility during the period from the time an interest rate lock commitment ("IRLC") is issued until the IRLC funds creating a mortgage loan held for sale and its subsequent sale into the secondary/capital markets. Loan sales are typically executed on a mandatory basis. Under a mandatory commitment, the Company agrees to deliver a specified dollar amount with predetermined terms by a certain date. Generally, the commitment is not loan specific, and any combination of loans can be delivered into the outstanding commitment provided the terms fall within the parameters of the commitment. Upon failure to deliver, the Company is subject to fees based on market movement.

The IRLCs are derivative instruments; their fair values at December 31, 2023 and 2022 were not material. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to correspondent lenders, investors or aggregators. Gains and losses are determined by the difference between the sale price and the carrying amount in the loans sold, net of discounts collected, or premiums paid. Hedge instruments are, likewise, carried at fair value and associated gains/losses are realized at time of settlement.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-offs are reported at their amortized cost basis, which is the unpaid principal balance outstanding, net of unearned income, deferred loan fees and costs, premiums and discounts associated with acquisition date fair value adjustments on acquired loans, and any direct principal charge-offs. The Company has made a policy election to exclude accrued interest from the amortized cost basis of loans and report accrued interest separately from the related loan balance on the consolidated balance sheets.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on loans, except on certain government guaranteed loans, is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method.

Further information regarding accounting policies related to past due loans, non-accrual loans, and modifications to borrowers experiencing financial difficulty is presented in Note 5, Loans and Allowance for Credit Losses. Additionally, for discussion of the Company's accounting for acquired loans, see *Acquisition Accounting, Loans* later in this section.

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, quantitative factors, and other qualitative considerations.

Loans with similar risk characteristics such as loan type, collateral type, and internal risk ratings are aggregated for collective assessment. The Company uses statistically-based models that leverage assumptions about current and future economic conditions throughout the contractual life of the loan. Expected credit losses are estimated by either lifetime loss rates or expected loss cash flows based on three key parameters: probability-of-default ("PD"), exposure-at-default ("EAD"), and loss-given-default ("LGD"). Future economic conditions are incorporated to the extent that they are reasonable and supportable. Beyond the reasonable and supportable periods, the economic variables revert to a historical equilibrium at a pace dependent on the state of the economy reflected within the economic scenarios. The Company also includes qualitative adjustments to the allowance based on factors and considerations that have not otherwise been fully accounted for.

Loans that have unique risk characteristics are evaluated on an individual basis. These evaluations are typically performed on loans with a deteriorated internal risk rating. For a collateral-dependent loan, our 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.

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, representing expected credit losses over the contractual period for which the Company is exposed to credit risk resulting from a contractual obligation to extend credit. This reserve is maintained at a level management believes to be sufficient to absorb losses arising from unfunded loan commitments. 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. The allowance for credit loss is reported as a component of accrued interest and other liabilities in the consolidated balance sheets. Adjustments to the allowance are reported in the income statement as a component of the provision for credit losses.

Acquisition Accounting, Loans

The Company accounts for its acquisitions under ASC Topic 805, *Business Combinations*, which requires the use of the acquisition method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. The fair value for acquired loans at the time of acquisition is based on a variety of factors including discounted expected cash flows, adjusted for estimated prepayments and credit losses. In accordance with ASC 326, the fair value adjustment is recorded as premium or discount to the unpaid principal balance of each acquired loan. Loans that have been identified as having experienced a more-than-insignificant deterioration in credit quality since origination is a purchased credit deteriorated ("PCD") loan. The net premium or discount on PCD loans is adjusted by the Company's 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. The Company then records the necessary allowance for credit losses on the non-PCD loans through provision for credit losses expense.

For further discussion of the Company's acquisition and loan accounting, see Note 2, Acquisitions, and Note 5, Loans and Allowance for Credit Losses.

Trust Assets

Trust assets (other than cash deposits) held by the Company in fiduciary or agency capacities for its customers are not included in the accompanying consolidated balance sheets since such items are not assets of the Company.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized by the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Right-of-use lease assets are operating leases with a term greater than one year and are included in premises and equipment.

Foreclosed Assets Held For Sale

Assets acquired by foreclosure or in settlement of debt and held for sale are valued at estimated fair value less estimated cost to sell as of the date of foreclosure. Management evaluates the value of foreclosed assets held for sale periodically and any decreases in the fair value are charged to other expense.

Bank Owned Life Insurance

The Company maintains bank-owned life insurance policies on certain current and former employees and directors, which are recorded at their cash surrender values as determined by the insurance carriers. The appreciation in the cash surrender value of the policies is recognized as a component of noninterest income in the Company's consolidated statements of income.

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. The Company performs 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 Accounting Standards Update ("ASU") 2011-08 - *Testing Goodwill for Impairment*. ASC Topic 350 requires that goodwill and intangible assets that have indefinite lives be reviewed for impairment annually, or more frequently if certain conditions occur. Intangible assets with finite lives are amortized over the estimated life of the asset, and are reviewed for impairment whenever events or changes in circumstances indicated that the carrying value may not be recoverable. Impairment losses on recorded goodwill, if any, will be recorded as operating expenses.

Derivative Financial Instruments

The Company may enter into derivative contracts for the purposes of managing exposure to interest rate risk to meet the financing needs of its customers. A derivative instrument is a financial tool which derives its value from the value of some other financial instrument, or variable index, including certain hedging instruments embedded in other contracts. These products are primarily designed to reduce interest rate risk for either the Company or its customers who proactively manage these risks.

The Company records all derivatives on the balance sheet at fair value. In an effort to meet the financing needs of its customers and mitigate the impact of changing interest rates on the fair value of AFS securities, the Company has entered into fair value hedges. Fair value hedges include interest rate swap agreements on fixed rate loans and fixed rate callable AFS securities. To qualify for hedge accounting, derivatives must be highly effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the point of inception of the derivative contract.

For derivatives designated as hedging the exposure to changes in the fair value of the hedged item, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain of the hedging instrument. The fair value hedges are considered to be highly effective and any hedge ineffectiveness was deemed not material. Fair value adjustments related to cash flow hedges are recorded in other comprehensive income and are reclassified to earnings when the hedged transaction is reflected in earnings.

Securities Sold Under Agreements to Repurchase

The Company sells securities under agreements to repurchase to meet customer needs for sweep accounts. At the point funds deposited by customers become investable, those funds are used to purchase securities owned by the Company and held in its general account with the designation of Customers' Securities. A third party maintains control over the securities underlying overnight repurchase agreements. The securities involved in these transactions are generally U.S. Treasury or Federal Agency issues. Securities sold under agreements to repurchase generally mature on the banking day following that on which the investment was initially purchased and are treated as collateralized financing transactions which are recorded at the amounts at which the securities were sold plus accrued interest. Interest rates and maturity dates of the securities involved vary and are not intended to be matched with funds from customers.

Revenue from Contracts with Customers

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

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

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

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

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

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

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

Bankcard Fee Income – Periodic bankcard fees, net of direct origination costs, are recognized as revenue on a straight-line basis over the period the fee entitles the cardholder to use the card.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740, *Income Taxes*. The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company files consolidated income tax returns with its subsidiaries.

Earnings Per Share

Basic earnings per share are computed based on the weighted average number of shares outstanding during each year. Diluted earnings per share are computed using the weighted average common shares and all potential dilutive common shares outstanding during the period.

The computation of per share earnings is as follows:

(In thousands, except per share data)	2023	2022	2021
Net income available to common stockholders	$ 175,057	$ 256,412	$ 271,109
Average common shares outstanding	126,338	123,958	109,577
Average potential dilutive common shares	438	512	621
Average diluted common shares	126,776	124,470	110,198
Basic earnings per share	$ 1.39	$ 2.07	$ 2.47
Diluted earnings per share	$ 1.38	$ 2.06	$ 2.46

There were 410,490 stock options excluded from the year ended December 31, 2023 earnings per share calculation due to the related stock option exercise price exceeding the average market price of the Company's stock. There were no stock options excluded from the earnings per share calculations for the years ended December 31, 2022 and 2021 due to the average market price of the Company's stock exceeding the related stock option exercise price.

Stock-Based Compensation

The Company has adopted various stock-based compensation plans. The plans provide for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units and performance stock units. Pursuant to the plans, shares are reserved for future issuance by the Company, upon exercise of stock options or awarding of performance or bonus shares granted to directors, officers and other key employees. In accordance with ASC Topic 718, *Compensation – Stock Compensation*, the fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses various assumptions. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. For additional information, see Note 15, Employee Benefit Plans.

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 18, 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 $3.11 billion in assets, including approximately $2.29 billion in loans (inclusive of loan discounts), and approximately $2.72 billion in deposits.

Goodwill of $174.1 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	(19,925)	2,294,160
Allowance for credit losses on loans	(17,005)	7,382	(9,623)
Premises and equipment	84,135	(19,074)	65,061
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	(3,411)	54,992
Total assets acquired	$ 3,200,312	$ (93,724)	$ 3,106,588
Liabilities Assumed			
Deposits:			
Noninterest bearing transaction accounts	$ 825,228	$ (534)	$ 824,694
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	547	2,718,647
Other borrowings	37,547	503	38,050
Subordinated debentures	36,491	879	37,370
Accrued interest and other liabilities	23,667	(3,311)	20,356
Total liabilities assumed	2,815,805	(1,382)	2,814,423
Equity	384,507	(384,507)	—
Total equity assumed	384,507	(384,507)	—
Total liabilities and equity assumed	$ 3,200,312	$ (385,889)	$ 2,814,423
Net assets acquired			292,165
Purchase price			466,311
Goodwill			$ 174,146

During 2023, the Company finalized its analysis of the loans acquired along with other acquired assets and assumed liabilities related to the Spirit acquisition.

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

Summary of Unaudited Pro forma Information

The unaudited pro forma information below for the years ended December 31, 2022 and 2021 gives effect to the Spirit acquisition as if the acquisition had occurred on January 1, 2021. Pro forma earnings for the year ended December 31, 2022 were adjusted to exclude $18.7 million of acquisition-related costs, net of tax, incurred by the Company during 2022. The pro forma financial information is not necessarily indicative of the results of operations if the acquisition had been effective as of this date.

(In thousands, except per share data)	2022	2021
Revenue[(1)]	$ 912,631	$ 927,061
Net income	$ 264,522	$ 307,752
Diluted earnings per share	$ 2.04	$ 2.40

(1) Net interest income plus non-interest income.

As previously discussed, the Company's acquisition of Spirit was completed on April 8, 2022, at which time Spirit was fully integrated into the Company's operations. As a result, it is impracticable for the Company to provide certain post-closing information, such as revenue and earnings, as it relates to the Spirit acquisition.

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:			
Noninterest 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

During 2022, the Company finalized its analysis of the loans acquired along with other acquired assets and assumed liabilities related to Landmark.

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:			
Noninterest bearing transaction accounts	$ 115,729	$ —	$ 115,729
Interest bearing transaction accounts and savings deposits	383,434	—	383,434
Time deposits	219,477	1,094	220,571
Total deposits	718,640	1,094	719,734
Other borrowings	2,854	—	2,854
Subordinated debentures	30,700	—	30,700
Accrued interest and other liabilities	2,882	455	3,337
Total liabilities assumed	755,076	1,549	756,625
Equity	90,446	(90,446)	—
Total equity assumed	90,446	(90,446)	—
Total liabilities and equity assumed	$ 845,522	$ (88,897)	$ 756,625
Net assets acquired			90,600
Purchase price			130,544
Goodwill			$ 39,944

During 2022, the Company finalized its analysis of the loans acquired along with other acquired assets and assumed liabilities related to Triumph.

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

Total acquisition-related costs of $1.4 million, $22.5 million, and $15.9 million were recorded during the years ended 2023, 2022 and 2021, respectively.

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

During the 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 AFS portfolio to the HTM portfolio. As of December 31, 2023, the related remaining combined net unrealized losses of $126.4 million 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						
December 31, 2023						
U.S. Government agencies	$ 453,121	$ —	$ 453,121	$ —	$ (89,203)	$ 363,918
Mortgage-backed securities	1,161,694	—	1,161,694	354	(107,834)	1,054,214
State and political subdivisions	1,858,680	(2,006)	1,856,674	284	(369,509)	1,487,449
Other securities	256,007	(1,208)	254,799	—	(25,010)	229,789
Total HTM	$ 3,729,502	$ (3,214)	$ 3,726,288	$ 638	$ (591,556)	$ 3,135,370
December 31, 2022						
U.S. Government agencies	$ 448,012	$ —	$ 448,012	$ —	$ (102,558)	$ 345,454
Mortgage-backed securities	1,190,781	—	1,190,781	227	(118,960)	1,072,048
State and political subdivisions	1,861,102	(110)	1,860,992	56	(446,198)	1,414,850
Other securities	261,199	(1,278)	259,921	—	(29,040)	230,881
Total HTM	$ 3,761,094	$ (1,388)	$ 3,759,706	$ 283	$ (696,756)	$ 3,063,233

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 December 31, 2023, HTM MBS consisted of $141.6 million and $1.02 billion of commercial MBS and residential MBS, respectively. As of December 31, 2022, HTM MBS consisted of $149.2 million and $1.04 billion 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					
December 31, 2023					
U.S. Treasury	$ 2,285	$ —	$ —	$ (31)	$ 2,254
U.S. Government agencies	74,460	—	35	(1,993)	72,502
Mortgage-backed securities	2,138,652	—	8	(198,353)	1,940,307
State and political subdivisions	1,035,147	—	187	(132,541)	902,793
Other securities	259,165	—	—	(24,868)	234,297
Total AFS	$ 3,509,709	$ —	$ 230	$ (357,786)	$ 3,152,153
December 31, 2022					
U.S. Treasury	$ 2,257	$ —	$ —	$ (60)	$ 2,197
U.S. Government agencies	191,498	—	103	(7,322)	184,279
Mortgage-backed securities	2,809,319	—	20	(266,437)	2,542,902
State and political subdivisions	1,056,124	—	250	(185,300)	871,074
Other securities	272,215	—	—	(19,813)	252,402
Total AFS	$ 4,331,413	$ —	$ 373	$ (478,932)	$ 3,852,854

All mortgage-backed securities included in the table above were issued by U.S. government agencies or corporations. As of December 31, 2023, AFS MBS consisted of $710.1 million and $1.23 billion of commercial MBS and residential MBS, respectively. As of December 31, 2022, AFS MBS consisted of $1.07 billion and $1.47 billion of commercial MBS and residential MBS, respectively.

Accrued interest receivable on HTM and AFS securities at December 31, 2023 was $20.6 million and $24.7 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 December 31, 2023, 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	$ —	$ —	$ 2,254	$ (31)	$ 2,254	$ (31)
U.S. Government agencies	8,614	(39)	59,732	(1,954)	68,346	(1,993)
Mortgage-backed securities	9,182	(135)	1,930,105	(198,218)	1,939,287	(198,353)
State and political subdivisions	3,050	(163)	869,379	(132,378)	872,429	(132,541)
Other securities	11,016	(2,654)	223,025	(22,214)	234,041	(24,868)
Total AFS	$ 31,862	$ (2,991)	$ 3,084,495	$ (354,795)	$ 3,116,357	$ (357,786)

As of December 31, 2023, the Company's investment portfolio included $3.15 billion of AFS securities, of which $3.12 billion, or 98.9%, were in an unrealized loss position that are 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 immediate intent to sell the securities, and management believes the accounting standard of "more likely than not" has not been met regarding whether the Company would be required to sell any of the AFS securities before recovery of amortized cost.

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, are 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, the adequacy of the reserve for credit loss is determined quarterly based on methodology similar to the methodology for determining the allowance for credit losses on loans. The methodology considers, but is not limited to: (i) issuer bond ratings, (ii) issuer geography, (iii) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities, (iv) probability-weighted multiple scenario forecasts, and (v) the issuers' size.

The following table details activity in the allowance for credit losses by investment security type for the years ended December 31, 2023 and 2022 on the Company's HTM and AFS securities held.

(In thousands)	State and Political Subdivisions	Other Securities	Total
December 31, 2023			
Held-to-maturity			
Beginning balance, January 1, 2023	$ 110	$ 1,278	$ 1,388
Provision for credit loss expense	824	1,002	1,826
Net increase (decrease) in allowance on previously impaired securities	1,072	(1,072)	—
Ending balance, December 31, 2023	$ 2,006	$ 1,208	$ 3,214
Available-for-sale			
Beginning balance, January 1, 2023	$ —	$ —	$ —
Provision for credit loss expense	—	12,800	12,800
Reduction due to sales	—	(2,078)	(2,078)
Securities charged-off	—	(7,000)	(7,000)
Net decrease in allowance on previously impaired securities	—	(3,722)	(3,722)
Ending balance, December 31, 2023	$ —	$ —	$ —
December 31, 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	(1,180)	1,180	—
Recoveries	93	16	109
Ending balance, December 31, 2022	$ 110	$ 1,278	$ 1,388

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, the provision for credit losses related to AFS securities recorded during the twelve months ended December 31, 2023 was $9.1 million. During the year ended December 31, 2023, the Company charged-off $7.0 million directly related to one corporate bond which was deemed uncollectible during the period. There was no provision for credit losses related to AFS securities recorded during the year ended December 31, 2022.

The following table summarizes bond ratings for the Company's HTM portfolio issued by state and political subdivisions and other securities as of December 31, 2023:

	State and Political Subdivisions				
(In thousands)	Not Guaranteed or Pre-Refunded	Other Credit Enhancement or Insurance	Pre-Refunded	Total	Other Securities
Aaa/AAA	$ 179,585	$ 299,910	$ —	$ 479,495	$ —
Aa/AA	635,749	524,037	—	1,159,786	—
A	46,932	161,189	—	208,121	102,393
Baa/BBB	—	4,376	—	4,376	153,614
Not Rated	6,902	—	—	6,902	—
Total	$ 869,168	$ 989,512	$ —	$ 1,858,680	$ 256,007

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 years ended December 31, 2023, 2022 and 2021, is as follows:

(In thousands)	2023	2022	2021
Taxable:			
Held-to-maturity	$ 44,093	$ 33,778	$ 4,208
Available-for-sale	99,085	60,659	54,768
Non-taxable:			
Held-to-maturity	40,612	36,516	16,047
Available-for-sale	23,128	27,250	36,670
Total	$ 206,918	$ 158,203	$ 111,693

The amortized cost and estimated fair value by maturity of securities are shown in the following table as of December 31, 2023. 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	$ 1,473	$ 1,412	$ 10,418	$ 10,115
After one through five years	9,159	8,877	115,387	114,069
After five through ten years	387,939	345,785	216,076	190,533
After ten years	2,169,237	1,725,082	1,028,920	896,873
Securities not due on a single maturity date	1,161,694	1,054,214	2,138,652	1,940,307
Other securities (no maturity)	—	—	256	256
Total	$ 3,729,502	$ 3,135,370	$ 3,509,709	$ 3,152,153

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $3.32 billion at December 31, 2023 and $3.96 billion at December 31, 2022.

The Company sold approximately $247.9 million of investment securities during 2023 and approximately $342.6 million of investment securities during 2021. No securities were sold during 2022. Securities sold in 2023 were in large part related to a strategic decision by the Company to sell low yield securities and use the proceeds to pay off higher rate wholesale fundings, including both brokered deposits and Federal Home Loan Bank ("FHLB") advances, while the securities sold during 2021 were part of a strategic plan to realize gains on securities with projected calls within the short-term period. The net losses on the sale and call of securities in 2023 and 2022 as compared to 2021 reflect the rising interest rate environment experienced over the comparative period. There were no gross realized gains and approximately $20.6 million of gross realized losses from the sale of securities during the year ended December 31, 2023. There were approximately $46,000 of gross realized gains and $324,000 of gross realized losses from the call of securities during the year ended December 31, 2022. There were approximately $15.9 million of gross realized gains and $422,000 of gross realized losses from the sale of securities during the year ended December 31, 2021. The income tax expense/benefit related to security gains/losses was 26.135% of the gross amounts in 2023, 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 21, 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

Illinois Branch Sale

On November 30, 2020, 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 (the "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.

During 2021, the Company recognized a gain on sale of $5.3 million related to the Illinois Branches.

Spirit Acquisition

In connection with the acquisition of Spirit, 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 $35.2 million, net of fair value discounts, at the date of acquisition with no remaining balance as of December 31, 2022.

As of December 31, 2023, there were no outstanding other assets and other liabilities held for sale.

NOTE 5: LOANS AND ALLOWANCE FOR CREDIT LOSSES

At December 31, 2023, the Company's loan portfolio was $16.85 billion, compared to $16.14 billion at December 31, 2022. The various categories of loans are summarized as follows:

(In thousands)	2023	2022
Consumer:		
Credit cards	$ 191,204	$ 196,928
Other consumer	127,462	152,882
Total consumer	318,666	349,810
Real estate:		
Construction and development	3,144,220	2,566,649
Single family residential	2,641,556	2,546,115
Other commercial	7,552,410	7,468,498
Total real estate	13,338,186	12,581,262
Commercial:		
Commercial	2,490,176	2,632,290
Agricultural	232,710	205,623
Total commercial	2,722,886	2,837,913
Other	465,932	373,139
Total loans	$ 16,845,670	$ 16,142,124

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 deferred origination costs and fees totaling $6.7 million and $26.4 million at December 31, 2023 and 2022, respectively.

Accrued interest on loans, which is excluded from the amortized cost of loans held for investment, totaled $77.1 million and $65.4 million at December 31, 2023 and 2022, 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 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 length. The Company monitors these loans closely.

Commercial – The commercial loan portfolio includes commercial and agricultural loans, representing loans to commercial customers and farmers for use in normal business or farming operations to finance working capital needs, equipment purchases or other expansion projects. 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 Coronavirus Aid, Relief and Economic Security 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 December 31, 2023 and 2022, the total outstanding balance of PPP loans was $4.8 million and $8.9 million, respectively.

Other – The other loan portfolio includes mortgage warehouse loans, representing warehouse lines of credit to mortgage originators for the disbursement of newly originated 1-4 family residential loans. Also included in the other loan portfolio are loans to public sector customers, including state and local governments.

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 class of loans are as follows:

(In thousands)	2023	2022
Consumer:		
Credit cards	$ 487	$ 349
Other consumer	589	433
Total consumer	1,076	782
Real estate:		
Construction and development	2,457	2,799
Single family residential	27,209	22,319
Other commercial	11,960	14,998
Total real estate	41,626	40,116
Commercial:		
Commercial	39,886	17,356
Agricultural	734	177
Total commercial	40,620	17,533
Other	3	3
Total	$ 83,325	$ 58,434

As of December 31, 2023 and 2022, nonaccrual loans for which there was no related allowance for credit losses had an amortized cost of $3.2 million and $16.9 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
December 31, 2023						
Consumer:						
Credit cards	$ 1,734	$ 892	$ 2,626	$ 188,578	$ 191,204	$ 791
Other consumer	1,471	216	1,687	125,775	127,462	—
Total consumer	3,205	1,108	4,313	314,353	318,666	791
Real estate:						
Construction and development	3,171	2,190	5,361	3,138,859	3,144,220	—
Single family residential	30,697	12,522	43,219	2,598,337	2,641,556	7
Other commercial	4,702	3,612	8,314	7,544,096	7,552,410	—
Total real estate	38,570	18,324	56,894	13,281,292	13,338,186	7
Commercial:						
Commercial	13,799	22,750	36,549	2,453,627	2,490,176	349
Agricultural	92	516	608	232,102	232,710	—
Total commercial	13,891	23,266	37,157	2,685,729	2,722,886	349
Other	—	3	3	465,929	465,932	—
Total	$ 55,666	$ 42,701	$ 98,367	$ 16,747,303	$ 16,845,670	$ 1,147
December 31, 2022						
Consumer:						
Credit cards	$ 1,297	$ 409	$ 1,706	$ 195,222	$ 196,928	$ 225
Other consumer	852	214	1,066	151,816	152,882	—
Total consumer	2,149	623	2,772	347,038	349,810	225
Real estate:						
Construction and development	4,677	443	5,120	2,561,529	2,566,649	—
Single family residential	23,625	11,075	34,700	2,511,415	2,546,115	106
Other commercial	2,759	7,100	9,859	7,458,639	7,468,498	—
Total real estate	31,061	18,618	49,679	12,531,583	12,581,262	106
Commercial:						
Commercial	5,034	7,575	12,609	2,619,681	2,632,290	176
Agricultural	111	67	178	205,445	205,623	—
Total commercial	5,145	7,642	12,787	2,825,126	2,837,913	176
Other	61	3	64	373,075	373,139	—
Total	$ 38,416	$ 26,886	$ 65,302	$ 16,076,822	$ 16,142,124	$ 507

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Company has internal loan modification programs for borrowers experiencing financial difficulties. Modifications to borrowers experiencing financial difficulties may include interest rate reductions, principal or interest forgiveness and/or term extensions. The Company primarily uses interest rate reduction and/or payment modifications or extensions, with an occasional forgiveness of principal.

The following table presents a summary of the amortized cost basis of loan modifications granted to borrowers experiencing financial difficulty, segregated by class of loans and type of loan modification, for the year ended December 31, 2023.

(Dollars in thousands)	Rate Reduction	Percent of Total Class of Loans	Term Extension	Percent of Total Class of Loans
Real estate:				
Single family residential	$ 79	— %	$ —	— %
Other commercial	—	— %	30,493	0.40 %
Total real estate	79		30,493	
Commercial:				
Commercial	—	— %	746	0.03 %
Total commercial	—		746	
Total	$ 79		$ 31,239	

The financial effects of the modified loans made to borrowers experiencing financial difficulty in the single family residential real estate and commercial portfolio were not significant during the year ended December 31, 2023 and did not significantly impact the Company's determination of the allowance for credit losses on loans during the year.

During the year ended December 31, 2023, the Company modified one loan for a borrower experiencing financial difficulty related to the CRE portfolio, whereby the modification allowed for two months of interest only payments with the remaining balance due at maturity. Upon modification, a charge-off of $9.6 million was recorded in relation to this modified loan during 2023. As a result of this CRE loan modified during the year ended December 31, 2023 being collateral-dependent, the impact to the Company's allowance for credit losses on loans was the difference between the fair value of the underlying collateral, adjusted for selling costs, and the remaining outstanding principal balance of the loan.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty. Loans modified during the year ended December 31, 2023 were all current at December 31, 2023, with no loans in past due status. Additionally, there were no modified loans for which a payment default occurred during the year ended December 31, 2023 and were modified within twelve months prior to default. In relation to loans modified to borrowers experiencing financial difficulty, the Company defines a payment default as a payment received more than 90 days after its due date.

At December 31, 2023 and 2022, the Company had $2.5 million and $3.0 million, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At December 31, 2023 and 2022, the Company had $506,000 and $853,000, respectively, of OREO secured by residential real estate properties.

Troubled Debt Restructurings (Prior to the adoption of ASU 2022-02)

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

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

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

The following table presents a summary of TDRs segregated by class of loans as of December 31, 2022.

	Accruing TDR Loans		Nonaccrual TDR Loans		Total TDR Loans	
(Dollars in thousands)	Number	Balance	Number	Balance	Number	Balance
December 31, 2022						
Real estate:						
Single-family residential	24	$ 1,849	12	$ 1,589	36	$ 3,438
Total real estate	24	1,849	12	1,589	36	3,438
Commercial:						
Commercial	—	—	1	33	1	33
Total commercial	—	—	1	33	1	33
Total	24	$ 1,849	13	$ 1,622	37	$ 3,471

The following table presents loans that were restructured as TDRs during the year ended December 31, 2022.

				Modification Type		
(Dollars in thousands)	Number of Loans	Balance Prior to TDR	Balance at December 31,	Change in Maturity Date	Change in Rate	Financial Impact on Date of Restructure
Year Ended December 31, 2022						
Real estate:						
Single-family residential	4	$ 760	$ 730	$ —	$ 730	$ —
Total real estate	4	$ 760	$ 730	$ —	$ 730	$ —

During the year ended December 31, 2022, the Company modified four loans with a recorded investment of $760,000 prior to modification which were deemed TDRs. The restructured loans were modified by reducing the interest rate on the loan. No specific reserve was recorded with respect to these TDRs. Also, there was no immediate financial impact from the restructuring of these loans, as it was not considered necessary to charge-off interest or principal on the date of restructure.

Additionally, there was one loan with an outstanding balance of $7,800 considered a TDR for which a payment default occurred during the year ended December 31, 2022. 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 OREO was received in full or partial satisfaction of the loans during the year ended December 31, 2022.

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 December 31, 2023, segregated by class of loans.

	Term Loans Amortized Cost Basis by Origination Year								
(In thousands)	2023	2022	2021	2020	2019	2018 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Consumer - credit cards									
Delinquency:									
Current	$ —	$ —	$ —	$ —	$ —	$ —	$ 188,578	$ —	$ 188,578
30-89 days past due	—	—	—	—	—	—	1,734	—	1,734
90+ days past due	—	—	—	—	—	—	892	—	892
Total consumer - credit cards	—	—	—	—	—	—	191,204	—	191,204
Current-period consumer - credit cards gross charge-offs	—	—	—	—	—	—	5,303	—	5,303
Consumer - other									
Delinquency:									
Current	55,091	35,904	12,115	3,838	1,471	1,106	16,250	—	125,775
30-89 days past due	400	719	127	53	2	16	154	—	1,471
90+ days past due	35	127	46	—	—	—	8	—	216
Total consumer - other	55,526	36,750	12,288	3,891	1,473	1,122	16,412	—	127,462
Current-period consumer - other gross charge-offs	220	826	493	79	29	128	449	—	2,224
Real estate - C&D									
Risk rating:									
Pass	138,749	143,711	52,081	45,027	10,278	13,632	2,710,853	504	3,114,835
Special mention	—	1,143	7,284	—	—	396	16,682	—	25,505
Substandard	—	101	48	—	—	247	3,484	—	3,880
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - C&D	138,749	144,955	59,413	45,027	10,278	14,275	2,731,019	504	3,144,220
Current-period real estate - C&D gross charge-offs	—	1,148	—	—	—	8	349	—	1,505
Real estate - SF residential									
Delinquency:									
Current	371,326	620,933	352,589	238,128	121,416	504,675	388,705	565	2,598,337
30-89 days past due	5,222	5,061	3,667	2,283	1,741	9,759	2,964	—	30,697
90+ days past due	1,313	2,443	1,810	1,661	120	3,465	1,710	—	12,522
Total real estate - SF residential	377,861	628,437	358,066	242,072	123,277	517,899	393,379	565	2,641,556
Current-period real estate - SF residential gross charge-offs	—	111	12	73	—	677	232	—	1,105
Real estate - other commercial									
Risk rating:									
Pass	729,602	1,651,010	1,237,810	621,595	171,230	417,122	2,333,637	—	7,162,006
Special mention	37,302	8,458	10,149	7,844	1,364	11,604	84,978	—	161,699
Substandard	40,664	10,290	4,495	16,646	6,293	9,861	140,454	—	228,703
Doubtful and loss	—	—	—	2	—	—	—	—	2
Total real estate - other commercial	807,568	1,669,758	1,252,454	646,087	178,887	438,587	2,559,069	—	7,552,410
Current-period real estate - other commercial gross charge-offs	—	—	—	7	2	35	9,731	—	9,775

(In thousands)	Term Loans Amortized Cost Basis by Origination Year 2023	2022	2021	2020	2019	2018 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Commercial									
Risk rating:									
Pass	440,872	354,016	200,941	67,320	27,374	42,953	1,271,826	—	2,405,302
Special mention	157	14,117	316	367	98	889	8,228	—	24,172
Substandard	1,998	11,874	6,272	2,934	1,722	3,392	32,510	—	60,702
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial	443,027	380,007	207,529	70,621	29,194	47,234	1,312,564	—	2,490,176
Current-period commercial - gross charge-offs	463	2,081	778	197	244	815	1,351	—	5,929
Commercial - agriculture									
Risk rating:									
Pass	39,680	30,075	13,940	6,280	2,071	303	134,180	—	226,529
Special mention	363	733	1,068	—	—	—	3,257	—	5,421
Substandard	518	37	71	104	26	—	4	—	760
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial - agriculture	40,561	30,845	15,079	6,384	2,097	303	137,441	—	232,710
Current-period commercial - agriculture gross charge-offs	—	7	—	—	—	26	—	—	33
Other									
Delinquency:									
Current	45,234	144,732	28,413	2,543	3,255	36,719	205,033	—	465,929
30-89 days past due	—	—	—	—	—	—	—	—	—
90+ days past due	—	—	—	—	—	3	—	—	3
Total other	45,234	144,732	28,413	2,543	3,255	36,722	205,033	—	465,932
Current-period other - gross charge-offs	—	—	—	—	—	—	298	—	298
Total	$1,908,526	$3,035,484	$1,933,242	$1,016,625	$348,461	$1,056,142	$7,546,121	$ 1,069	$16,845,670

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

	Term Loans Amortized Cost Basis by Origination Year								
(In thousands)	2022	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	$ —	$ —	$ —	$ —	$ —	$ —	$ 195,222	$ —	$ 195,222
30-89 days past due	—	—	—	—	—	—	1,297	—	1,297
90+ days past due	—	—	—	—	—	—	409	—	409
Total consumer - credit cards	—	—	—	—	—	—	196,928	—	196,928
Consumer - other									
Delinquency:									
Current	86,303	26,339	10,071	3,804	2,671	2,275	20,350	3	$ 151,816
30-89 days past due	298	241	135	13	34	119	12	—	852
90+ days past due	121	47	2	1	2	41	—	—	214
Total consumer - other	86,722	26,627	10,208	3,818	2,707	2,435	20,362	3	152,882
Real estate - C&D									
Risk rating:									
Pass	237,304	68,916	50,912	16,920	13,625	9,611	2,163,776	334	$ 2,561,398
Special mention	—	—	—	—	—	41	1,342	—	1,383
Substandard	1,091	116	36	13	31	103	2,478	—	3,868
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - C&D	238,395	69,032	50,948	16,933	13,656	9,755	2,167,596	334	2,566,649
Real estate - SF residential									
Delinquency:									
Current	700,976	411,885	295,365	141,608	192,176	440,931	324,282	4,192	$ 2,511,415
30-89 days past due	3,105	3,415	1,290	2,018	3,129	8,626	2,042	—	23,625
90+ days past due	586	871	885	968	1,017	6,312	436	—	11,075
Total real estate - SF residential	704,667	416,171	297,540	144,594	196,322	455,869	326,760	4,192	2,546,115
Real estate - other commercial									
Risk rating:									
Pass	1,917,352	1,482,049	768,630	254,986	179,729	428,027	2,093,379	19,469	7,143,621
Special mention	19,538	32,831	38,821	206	2,261	20,741	104,431	—	218,829
Substandard	24,639	3,399	27,399	2,544	2,026	15,217	30,824	—	106,048
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - other commercial	1,961,529	1,518,279	834,850	257,736	184,016	463,985	2,228,634	19,469	7,468,498
Commercial									
Risk rating:									
Pass	595,256	300,650	168,539	41,924	31,329	35,447	1,401,402	24,940	2,599,487
Special mention	199	1,700	11	32	—	927	2,708	80	5,657
Substandard	5,257	2,435	3,328	802	891	1,290	11,337	1,805	27,145
Doubtful and loss	—	—	—	—	—	—	—	1	1
Total commercial	600,712	304,785	171,878	42,758	32,220	37,664	1,415,447	26,826	2,632,290
Commercial - agriculture									
Risk rating:									
Pass	44,377	22,901	12,044	4,483	1,029	369	119,342	310	204,855
Special mention	8	—	—	—	—	—	—	—	8
Substandard	55	8	78	49	10	—	560	—	760
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial - agriculture	44,440	22,909	12,122	4,532	1,039	369	119,902	310	205,623
Other									
Delinquency:									
Current	152,086	29,362	8,181	4,742	20,018	25,349	132,384	953	373,075
30-89 days past due	—	—	—	—	—	61	—	—	61
90+ days past due	—	—	—	—	—	3	—	—	3
Total other	152,086	29,362	8,181	4,742	20,018	25,413	132,384	953	373,139
Total	$3,788,551	$2,387,165	$1,385,727	$475,113	$449,978	$995,490	$6,608,013	$ 52,087	$16,142,124

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, quantitative factors, 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 prepayments, in accordance with ASC Topic 326-20, *Financial Instruments - Credit Losses*. Accordingly, the methodology is comprised of two components: individual assessments on loans with unique risk characteristics and collective assessments for loans that share similar risk characteristics. Loans with similar risk characteristics such as loan type, collateral type, and internal risk ratings are aggregated for collective assessment. The Company uses statistically-based models that leverage assumptions about current and future economic conditions throughout the contractual life of the loan. Expected credit losses are estimated by either lifetime loss rates or expected loss cash flows based on three key parameters: probability-of-default ("PD"), exposure-at-default ("EAD"), and loss-given-default ("LGD"). Future economic conditions are incorporated to the extent that they are reasonable and supportable. Beyond the reasonable and supportable periods, the economic variables revert to a historical equilibrium at a pace dependent on the state of the economy reflected within the economic scenarios. To determine the best estimate of credit losses as of December 31, 2023, the Company utilized a probability-weighted, multiple-scenario approach consisting of Baseline, Upside (S1), and Downside (S3) scenarios published by Moody's Analytics in December 2023 that was updated to reflect the U.S. economic outlook. The Company also includes qualitative adjustments to the allowance based on factors and considerations that have not otherwise been fully accounted for. These factors may include but are not limited to portfolio trends and considerations, other economic considerations, policy actions, concentration risk, or imprecision risk.

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.

Loans that have unique risk characteristics are evaluated on an individual basis. These evaluations are typically performed on loans with a deteriorated internal risk rating. 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.

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 $144.6 million and $70.9 million as of December 31, 2023 and 2022, 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
December 31, 2023			
Construction and development	$ 43,826	$ —	$ 43,826
Single family residential	3,870	—	3,870
Other commercial real estate	76,229	—	76,229
Commercial	—	20,679	20,679
Total	$ 123,925	$ 20,679	$ 144,604
December 31, 2022			
Construction and development	$ 2,156	$ —	$ 2,156
Single family residential	—	—	—
Other commercial real estate	65,450	—	65,450
Commercial	—	3,320	3,320
Total	$ 67,606	$ 3,320	$ 70,926

The following table details activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2023, 2022 and 2021. 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
December 31, 2023					
Beginning balance, January 1, 2023	$ 34,406	$ 150,795	$ 5,140	$ 6,614	$ 196,955
Provision for credit loss expense	5,934	36,381	5,023	86	47,424
Charge-offs	(5,962)	(12,385)	(5,303)	(2,522)	(26,172)
Recoveries	2,092	2,386	1,008	1,538	7,024
Net charge-offs	(3,870)	(9,999)	(4,295)	(984)	(19,148)
Ending balance, December 31, 2023	$ 36,470	$ 177,177	$ 5,868	$ 5,716	$ 225,231
December 31, 2022					
Beginning balance, January 1, 2022	$ 17,458	$ 179,270	$ 3,987	$ 4,617	$ 205,332
Acquisition adjustment for PCD loans	6,433	3,187	—	2	9,622
Provision for credit loss expense	22,412	(34,456)	3,991	2,674	(5,379)
Charge-offs	(14,270)	(4,122)	(3,862)	(1,876)	(24,130)
Recoveries	2,373	6,916	1,024	1,197	11,510
Net charge-offs	(11,897)	2,794	(2,838)	(679)	(12,620)
Ending balance, December 31, 2022	$ 34,406	$ 150,795	$ 5,140	$ 6,614	$ 196,955
December 31, 2021					
Beginning balance, January 1, 2021	$ 42,093	$ 182,868	$ 7,472	$ 5,617	$ 238,050
Acquisition adjustment for PCD loans	3,349	10,101	—	1	13,451
Provision for credit loss expense	(22,031)	(7,918)	(908)	(352)	(31,209)
Charge-offs	(10,613)	(10,691)	(3,625)	(2,053)	(26,982)
Recoveries	4,660	4,910	1,048	1,404	12,022
Net charge-offs	(5,953)	(5,781)	(2,577)	(649)	(14,960)
Ending balance, December 31, 2021	$ 17,458	$ 179,270	$ 3,987	$ 4,617	$ 205,332

As of December 31, 2023, 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 expense for the period ended December 31, 2023 was primarily due to the loan growth experienced during the period, as well as the impact of updated economic assumptions.

For the year ended December 31, 2022, provision expense related to loans was recaptured during the year for a variety of factors including a release of $16.0 million driven by improvements in certain industry specific qualitative factors for the restaurant, hospitality, student housing and office space industries due to lower pandemic related stresses. The remaining recapture during 2022 was driven by the planned exit of several large oil and gas relationships during the year, along with the Company's improved asset credit quality metrics, which combined with improved Moody's economic modeling scenarios, more than offset the $30.3 million Day 2 provision expense required for loans acquired by the Company in the Spirit acquisition.

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 $25.6 million and $41.9 million, as of December 31, 2023 and 2022 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. During 2023, $16.3 million was released from the reserve for unfunded commitments primarily due to a decline in unfunded commitments resulting from customers utilizing lines of credit during the year. During 2022, an adjustment to the reserve for unfunded commitments resulted in an expense of $16.0 million due to the overall increase in unfunded commitments, primarily made up of commercial construction loans, which receive a higher reserve allocation than other loans. Additionally, an adjustment to the reserve for unfunded commitments resulted in an expense of $3.5 million which was due to the Day 2 provision expense required for unfunded commitments related to the Spirit acquisition. These adjustments were included in the provision for credit losses in the statement of income. No adjustment was made to the reserve for unfunded commitments during 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 provision for credit losses for the years ended December 31 were as follows:

(In thousands)	2023	2022	2021
Provision for credit losses related to:			
Loans	$ 47,424	$ (5,379)	$ (31,209)
Unfunded commitments	(16,300)	19,453	—
Securities - HTM	1,826	—	(1,183)
Securities - AFS	9,078	—	(312)
Total	$ 42,028	$ 14,074	$ (32,704)

Purchased Credit Deteriorated Loans

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

The following table provides a summary of loans purchased as part of the 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	(6,433)	(3,187)	—	(2)	(9,622)
Non-credit related discount	(378)	(998)	—	(1)	(1,377)
Fair value of PCD loans	$ 1,447	$ 62,349	$ —	$ 56	$ 63,852

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

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

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

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

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

The Company accounts for its leases in accordance with ASC Topic 842, *Leases*, which requires recognition of most leases, including operating leases, with a term greater than 12 months on the balance sheet. At lease commencement, the lease contract is reviewed to determine whether the contract is a finance lease or an operating lease; a lease liability is recognized on a discounted basis, related to the Company's obligation to make lease payments; and a right-of-use asset is also recognized related to the Company's right to use, or control the use of, a specified asset for the lease term. The Company accounts for lease and non-lease components (such as taxes, insurance and common area maintenance costs) separately as such amounts are generally readily determinable under the lease contracts. Lease payments over the expected term are discounted using the Company's 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 December 31, 2023 and 2022 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)	2023	2022
Right-of-use lease assets	$ 67,267	$ 46,845
Lease liabilities	68,788	47,850
Weighted average remaining lease term	8.81 years	6.69 years
Weighted average discount rate	3.52 %	2.41 %

Operating lease cost for the years ended December 31, 2023, 2022 and 2021 was $15.7 million, $14.2 million, and $11.5 million, respectively.

The Company’s remaining undiscounted minimum lease payments on operating leases as of December 31, 2023 are as follows:

Year	(In thousands)
2024	$ 13,064
2025	11,212
2026	10,147
2027	7,732
2028	6,792
Thereafter	33,044
Total undiscounted minimum lease payments	81,991
Less: Net present value adjustment	13,203
Lease liability included in other liabilities	$ 68,788

NOTE 7: PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Total premises and equipment, net at December 31, 2023 and 2022 were as follows:

(In thousands)	2023	2022
Right-of-use lease assets	$ 67,267	$ 46,845
Premises and equipment:		
Land	122,093	122,841
Buildings and improvements	388,675	370,530
Furniture, fixtures and equipment	112,133	122,029
Software	61,242	70,984
Construction in progress	14,142	15,488
Accumulated depreciation and amortization	(194,874)	(199,976)
Total premises and equipment, net	$ 570,678	$ 548,741

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 $1.32 billion at December 31, 2023 and 2022. Goodwill increased $1.2 million during the year ended December 31, 2023 primarily due to the continued assessment of the fair value and assumed tax position of the Spirit acquisition.

Goodwill impairment was neither indicated nor recorded in 2023, 2022 or 2021. During March of 2023, the Company’s share price began to decline as markets in the United States (“US”) responded to the sudden collapse of two US banks. As a result of the decrease in the Company’s market capitalization, the Company performed an interim goodwill impairment qualitative assessment during the first quarter of 2023 and concluded that it was more likely-than-not that the fair value of goodwill continued to exceed its carrying value and therefore, goodwill was not impaired. During the second quarter of 2023, the Company performed an annual goodwill impairment analysis and concluded that it is more likely-than-not that the fair value of goodwill continues to exceed its carrying value and therefore, goodwill was not impaired. Additionally, the Company performed interim goodwill impairment assessments during the third and fourth quarters of 2023 and concluded no impairment existed during the periods.

During 2022, the Company performed an annual goodwill impairment analysis and concluded no impairment existed. Additionally during 2022, the Company’s share price declined 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 interim goodwill impairment assessments during the second, third and fourth quarters of 2022 and concluded no impairment existed during the periods.

While the goodwill impairment analysis indicated no impairment at December 31, 2023, the Company's assessment depends on several assumptions which are dependent on market and economic conditions, and future changes in those conditions could impact the Company's assessment in the future.

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 8 years to 15 years.

Changes in the carrying amount and accumulated amortization of the Company's core deposit premiums and other intangible assets at December 31, 2023 and 2022 were as follows:

(In thousands)	2023	2022
Core deposit premiums:		
Balance, beginning of year	$ 116,016	$ 93,862
Acquisitions[(1)]	—	36,500
Amortization	(14,672)	(14,346)
Balance, end of year	101,344	116,016
Books of business and other intangibles:		
Balance, beginning of year	12,935	12,373
Acquisitions[(2)]	—	2,131
Amortization	(1,634)	(1,569)
Balance, end of year	11,301	12,935
Total other intangible assets, net	$ 112,645	$ 128,951

(1) A core deposit premium of $36.5 million was recorded during 2022 as part of the Spirit acquisition. See Note 2, Acquisitions, for additional information on acquisitions.
(2) 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 December 31, 2023 and 2022 were as follows:

(In thousands)	2023	2022
Core deposit premiums:		
Gross carrying amount	$ 187,467	$ 189,996
Accumulated amortization	(86,123)	(73,980)
Core deposit premiums, net	101,344	116,016
Books of business and other intangibles:		
Gross carrying amount	22,068	22,068
Accumulated amortization	(10,767)	(9,133)
Books of business and other intangibles, net	11,301	12,935
Total other intangible assets, net	$ 112,645	$ 128,951

Core deposit premium amortization expense recorded for the years ended December 31, 2023, 2022 and 2021 was $14.7 million, $14.3 million and $12.1 million, respectively. Amortization expense recorded for books of business and other intangibles was $1.6 million, $1.6 million, and $1.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company's estimated remaining amortization expense on other intangible assets as of December 31, 2023 is as follows:

Year	(In thousands)
2024	$ 15,403
2025	12,819
2026	12,346
2027	12,218
2028	11,312
Thereafter	48,547
Total	$ 112,645

NOTE 9: TIME DEPOSITS

Time deposits included approximately $1.73 billion and $1.08 billion of certificates of deposit over $250,000 at December 31, 2023 and 2022, respectively.

Brokered time deposits were $2.90 billion and $2.75 billion at December 31, 2023 and 2022, respectively. Maturities of all time deposits at December 31, 2023 are as follows:

Year	(In thousands)
2024	$ 6,089,586
2025	287,651
2026	56,173
2027	6,705
2028	5,125
Thereafter	1,433
Total	$ 6,446,673

Deposits are the Company's primary funding source for loans and investment securities. The mix and repricing alternatives can significantly affect the cost of this source of funds and, therefore, impact the interest margin.

NOTE 10: INCOME TAXES

The provision for income taxes for the years ended December 31 is comprised of the following components:

(In thousands)	2023	2022	2021
Income taxes currently payable	$ 28,006	$ 35,215	$ 50,369
Deferred income taxes	(2,460)	14,933	10,937
Provision for income taxes	$ 25,546	$ 50,148	$ 61,306

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 as of December 31, 2023 and 2022:

(In thousands)	2023	2022
Deferred tax assets:		
Loans acquired	$ 3,644	$ 5,846
Allowance for credit losses	53,445	47,145
Valuation of foreclosed assets	480	523
Tax NOLs from acquisition	9,643	10,962
Deferred compensation payable	3,355	3,867
Accrued equity and other compensation	8,048	8,153
Acquired securities	7,569	7,651
Right-of-use lease liability	16,501	11,641
Unrealized loss on AFS securities	143,624	177,839
Allowance for unfunded commitments	6,148	10,200
Other	7,627	4,173
Gross deferred tax assets	260,084	288,000
Deferred tax liabilities:		
Goodwill and other intangible amortization	(41,174)	(44,539)
Accumulated depreciation	(24,632)	(24,288)
Right-of-use lease asset	(16,136)	(11,396)
Unrealized gain on swaps	(25,371)	(25,836)
Other	(10,995)	(8,875)
Gross deferred tax liabilities	(118,308)	(114,934)
Net deferred tax asset	$ 141,776	$ 173,066

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below for the years ended December 31:

(In thousands)	2023	2022	2021
Computed at the statutory rate	$ 42,127	$ 64,378	$ 69,807
Increase (decrease) in taxes resulting from:			
State income taxes, net of federal tax benefit	(983)	3,249	4,452
Discrete items related to share-based compensation	596	(74)	(17)
Tax exempt interest income	(15,357)	(14,484)	(11,510)
Tax exempt earnings on bank owned life insurance	(2,607)	(1,918)	(1,212)
Federal tax credits	(218)	(1,708)	(2,260)
Other differences, net	1,988	705	2,046
Actual tax provision	$ 25,546	$ 50,148	$ 61,306

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 four tax-free reorganization transactions in which acquired net operating losses are limited pursuant to Section 382. In total, approximately $39.4 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 2020 tax year and forward. The Company's various state income tax returns are generally open from the 2020 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 $67.6 million and $152.4 million at December 31, 2023 and 2022, respectively. The remaining contractual maturity of the securities sold under agreements to repurchase in the consolidated balance sheets as of December 31, 2023 and 2022 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
December 31, 2023					
Repurchase agreements:					
U.S. Government agencies	$ 67,569	$ —	$ —	$ —	$ 67,569
December 31, 2022					
Repurchase agreements:					
U.S. Government agencies	$ 152,403	$ —	$ —	$ —	$ 152,403

NOTE 12: OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Debt at December 31, 2023 and 2022 consisted of the following components:

(In thousands)	2023	2022
Other Borrowings		
FHLB advances, net of discount, due 2024 to 2033, 4.56% to 5.68%, secured by real estate loans	$ 953,222	$ 838,487
Other long-term debt	19,144	20,809
Total other borrowings	972,366	859,296
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)(1)	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)	37,171	37,285
Unamortized debt issuance costs	(1,030)	(1,296)
Total subordinated notes and debentures	366,141	365,989
Total other borrowings and subordinated debt	$ 1,338,507	$ 1,225,285

(1) The Company transitioned from the three month London Interbank Offered Rate ("LIBOR") to the three month Secured Overnight Financing Rate ("SOFR"), plus a comparable spread adjustment of 26.16 basis points, beginning with interest accrued on the notes from and after October 1, 2023.

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 initially bore interest at a 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 resets quarterly to an annual interest rate equal to the "then-current three month LIBOR rate" plus 215 basis points, payable quarterly in arrears, and the Company transitioned from the "then-current three month LIBOR rate" to the "three month SOFR, plus a comparable spread adjustment of 26.16 basis points," beginning with interest accrued on the Notes from and after October 1, 2023. 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 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 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 SOFR 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 $953.2 million and $838.5 million at December 31, 2023 and 2022, respectively, which are primarily fixed rate, fixed term advances, which are due less than one year from origination and therefore are classified as short-term advances by the Company. At December 31, 2023, the FHLB advances outstanding were secured by mortgage loans and investment securities totaling approximately $6.94 billion and the Company had approximately $5.40 billion of additional advances available from the FHLB.

During the third quarter of 2022, the Company redeemed the five issuances of trust preferred securities which had an outstanding aggregate principal amount of $56.2 million. The Company recorded a loss of $365,000 related to the early retirement of debt, which represented the unamortized purchase discounts associated with the previously acquired trust preferred securities. Each of the trusts was 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 represented preferred beneficial interests in the assets of the respective trusts and were subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of each trust were wholly-owned by the Company. The trust preferred securities were tax-advantaged issues that qualified for inclusion as Tier 2 capital.

The Company's long-term debt primarily includes subordinated debt and other notes payable. Aggregate annual maturities of long-term debt at December 31, 2023, are as follows:

Year	(In thousands)
2024	$ 1,822
2025	1,822
2026	1,824
2027	1,920
2028	332,210
Thereafter	48,909
Total	$ 388,507

NOTE 13: 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. On April 27, 2022, the Company's shareholders approved an amendment to the Company's Articles of Incorporation to remove an $80.0 million cap on the aggregate liquidation preference associated with the preferred stock and increase the number of authorized shares of the Company's Class A common stock from 175,000,000 to 350,000,000.

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 ("Series D Preferred Stock"), 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, the Company's shareholders approved an amendment to the Company's Articles of Incorporation to remove the classification and designation for the Series D Preferred Stock. As of December 31, 2023 and 2022, there were no shares of preferred stock issued or outstanding.

On March 31, 2021, the Company filed a shelf registration with the SEC. The shelf registration statement provides increased flexibility and more efficient access to raise capital from time to time through the sale of common stock, preferred stock, debt securities, depository shares, warrants, purchase contracts, purchase units, subscription rights, units or a combination thereof, subject to market conditions. Specific terms and prices are determined at the time of any offering under a separate prospectus supplement that the Company is required to file with the SEC at the time of the specific offering.

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 $180.0 million to a maximum of $276.5 million and extended the term of the 2019 Program from October 31, 2021, to October 31, 2022.

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 ("2022 Program") under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding. Because the 2022 Program was set to terminate on January 31, 2024, the Company's Board of Directors authorized a new stock repurchase program in January 2024 ("2024 Program") under which the Company may repurchase up to $175.0 million of its Class A common stock currently issued and outstanding.

During 2023, the Company repurchased 2,257,049 shares at an average price of $17.72 per share under the 2022 Program. Market conditions and the Company's capital needs will drive decisions regarding additional, future stock repurchases. During 2022, the Company repurchased 513,725 shares at an average price of $31.25 per share under the 2019 Program and 3,919,037 shares at an average price of $24.26 per share under the 2022 Program, respectively. The 2022 Program repurchases were all completed during the second and third quarters of 2022.

Under the 2024 Program, which replaced the 2022 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 2024 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 2024 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 2024 Program to come from available sources of liquidity, including cash on hand and future cash flow.

NOTE 14: TRANSACTIONS WITH RELATED PARTIES

At December 31, 2023 and 2022, Simmons Bank had extensions of credit to executive officers and directors and to companies in which Simmons Bank's executive officers or directors were principal owners in the amount of $3.2 million at December 31, 2023 and $3.7 million at December 31, 2022.

(In thousands)	2023	2022
Balance, beginning of year	$ 3,672	$ 6,216
New extensions of credit	100	180
Repayments	(565)	(2,724)
Balance, end of year	$ 3,207	$ 3,672

In management's opinion, such loans and other extensions of credit, deposits and vendor contracts (which were not material) were made in the ordinary course of business and were made 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 the normal risk of collectability or present other unfavorable features.

NOTE 15: EMPLOYEE BENEFIT PLANS

Retirement Plans

The Company offers a qualified 401(k) Plan in which the Company makes matching contributions to encourage employees to save money for their retirement. The 401(k) Plan covers substantially all employees. Under the terms of the 401(k) Plan, employees may defer a portion of their eligible pay, up to the maximum allowed by I.R.S. regulation, and the Company matches 100% of the first 3% of compensation and 50% of the next 2% of compensation for a total match of 4% of eligible pay for each participant who defers 5% or more of his or her eligible pay. Additionally, the Company may make profit-sharing contributions to the 401(k) Plan which are allocated among participants based upon 401(k) Plan compensation without regard to participant contributions. Contribution expense to the plan totaled $11.9 million, $13.0 million and $13.9 million in 2023, 2022 and 2021, respectively.

The Company also provides deferred compensation agreements with certain active and retired officers. The agreements provide monthly payments of retirement compensation for either stated periods or for the life of the participant. There was a $316,000 benefit to income related to the plans for 2023. This benefit was primarily due to a reduction in the present value of the liability resulting from a significant increase in the discount factor used, as compared to previous years. The Company also reversed the accrued unvested liability during 2023 related to a former participant. The charges to income for the plans were $2.2 million for 2022 and $2.7 million for 2021. Such charges reflect the straight-line accrual over the employment period of the present value of benefits due each participant, as of their full eligibility date, using an appropriate discount factor.

Employee Stock Purchase Plan

The Company established an Employee Stock Purchase Plan in 2015 which generally allows participants to make contributions of up to $25,000 per year, for the purpose of acquiring the Company's common stock. At the end of each plan year, full shares of the Company's stock are purchased for each employee based on that employee's contributions. The Company has issued both general and special stock offerings under the plan. Substantially all employees are eligible for the general stock offering, under which full shares of the Company's stock are purchased for an amount equal to 95% of their fair market value at the end of the plan year, or, if lower, 95% of their fair market value at the beginning of the plan year.

The special stock offering is available to substantially all non-highly compensated employees with at least six months of service, and these employees may allocate up to $10,000 to this offering. Under the special stock offering, full shares of the Company's stock are purchased for an amount equal to 85% of their fair market value at the end of the plan year, or, if lower, 85% of their fair market value at the beginning of the plan year.

Stock-Based Compensation Plans

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.

Stock-based compensation expense for all stock-based compensation awards is based on the grant date fair value. For all awards except stock option awards, the grant date fair value is the market value per share as of the grant date. For stock option awards, the fair value is estimated at 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. Additionally, there may be other factors that would otherwise have a significant effect on the value of employee stock options granted but are not considered by the model. Accordingly, while management believes that the Black-Scholes option-pricing model provides a reasonable estimate of fair value, the model does not necessarily provide the best single measure of fair value for the Company's employee stock options.

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. Expected volatility is based on historical volatility of the Company’s stock and other factors. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Forfeitures are estimated at the time of grant, and are based partially on historical experience.

The table below summarizes the transactions under the Company’s active stock compensation plans at December 31, 2023, 2022 and 2021, and changes during the years then ended:

	Stock Options Outstanding		Non-vested Stock Awards Outstanding		Non-vested Stock Units Outstanding [1]	
(Shares in thousands)	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Grant-Date Fair Value	Number of Shares	Weighted Average Grant-Date Fair Value
Balance, December 31, 2020	658	$ 22.48	5	$ 22.35	1,032	$ 24.53
Granted	—	—	—	—	674	28.94
Stock options exercised	(185)	22.42	—	—	—	—
Stock awards/units vested (earned)	—	—	(3)	22.48	(434)	25.61
Forfeited/expired	—	—	—	—	(87)	25.86
Balance, December 31, 2021	473	22.50	2	22.20	1,185	26.51
Granted	—	—	—	—	719	26.42
Stock options exercised	(3)	13.30	—	—	—	—
Stock awards/units vested (earned)	—	—	(2)	22.20	(609)	26.30
Forfeited/expired	—	—	—	—	(98)	25.68
Balance, December 31, 2022	470	22.56	—	—	1,197	26.63
Granted	—	—	—	—	798	21.15
Stock options exercised	(1)	10.65	—	—	—	—
Stock awards/units vested (earned)	—	—	—	—	(490)	24.73
Forfeited/expired	(22)	22.87	—	—	(232)	24.81
Balance, December 31, 2023	447	$ 22.56	—	$ —	1,273	$ 24.23
Exercisable, December 31, 2023	447	$ 22.56				

(1) All stock units (including performance stock units).

The following table summarizes information about stock options under the plans outstanding at December 31, 2023:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Shares (In thousands)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares (In thousands)	Weighted Average Exercise Price
\$ 20.29 — \$ 20.29	47	0.90	\$20.29	47	\$20.29
22.20 — 22.20	51	1.24	22.20	51	22.20
22.75 — 22.75	274	1.46	22.75	274	22.75
23.51 — 23.51	68	1.89	23.51	68	23.51
24.07 — 24.07	7	1.71	24.07	7	24.07
\$ 20.29 — \$ 24.07	447	1.45	\$22.56	447	\$22.56

The table below summarizes the Company's performance stock unit activity for the years ended December 31, 2023, 2022 and 2021:

(In thousands)	Performance Stock Units
Non-vested, December 31, 2020	222
Granted	171
Vested (earned)	(57)
Forfeited	(5)
Non-vested, December 31, 2021	331
Granted	184
Vested (earned)	(149)
Forfeited	(14)
Non-vested, December 31, 2022	352
Granted	302
Vested (earned)	(72)
Forfeited	(90)
Non-vested, December 31, 2023	492

Stock-based compensation expense was \$12.2 million in 2023, \$15.3 million in 2022 and \$15.9 million in 2021. Stock-based compensation expense is recognized ratably over the requisite service period for all stock-based awards. There was no unrecognized stock-based compensation expense related to stock options at December 31, 2023. Unrecognized stock-based compensation expense related to non-vested stock awards and stock units was \$14.5 million at December 31, 2023. At such date, the weighted-average period over which this unrecognized expense is expected to be recognized was 1.4 years.

There was no intrinsic value of stock options outstanding and stock options exercisable at December 31, 2023. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was \$19.84 at December 31, 2023, and the exercise price multiplied by the number of options outstanding. There were 900 stock options exercised in 2023 with an intrinsic value of \$8,000. There were 2,750 stock options exercised in 2022 with no intrinsic value. There were 184,888 stock options exercised in 2021 with an intrinsic value of \$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 years ended December 31, 2023, 2022 and 2021.

NOTE 16: ADDITIONAL CASH FLOW INFORMATION

The following is a summary of the Company's additional cash flow information during the years ended December 31:

(In thousands)	2023	2022	2021
Interest paid	$ 540,816	$ 134,980	$ 82,914
Income taxes paid	20,948	25,084	55,202
Transfers of loans to foreclosed assets held for sale	3,075	1,219	4,322
Transfer of premises held for sale to other real estate owned	—	—	4,368
Transfer of premises held for sale to premises	—	—	5,610
Transfers of assets held for sale to other assets	—	100	—
Transfers of available-for-sale to held-to-maturity securities	—	1,992,542	500,809

NOTE 17: OTHER INCOME AND OTHER OPERATING EXPENSES

Other income for the years ended December 31, 2023 and 2022 was $35.4 million and $27.4 million, respectively. Other income for the year ended December 31, 2023 included a $4.0 million legal reserve recapture associated with previously disclosed legal matters. Other income for the year ended December 31, 2021 was $35.3 million and included the gain on sale related to the Illinois Branch Sale of $5.3 million.

Other operating expenses consisted of the following during the years ended December 31:

(In thousands)	2023	2022	2021
Professional services	$ 19,612	$ 19,138	$ 18,921
Postage	9,458	8,955	8,276
Telephone	6,965	6,394	6,234
Credit card expense	13,243	12,243	11,112
Marketing	24,008	28,870	22,234
Software and technology	42,530	40,906	40,608
Operating supplies	2,591	2,556	2,766
Amortization of intangibles	16,306	15,915	13,494
Branch right sizing expense	5,467	3,475	(537)
Other expense	36,984	41,241	30,454
Total other operating expenses	$ 177,164	$ 179,693	$ 153,562

NOTE 18: 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. ASC 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 December 31, 2023 and 2022, 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 December 31, 2023 and 2022.

		Fair Value Measurements		
(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)
December 31, 2023				
Available-for-sale securities				
U.S. Treasury	$ 2,254	$ 2,254	$ —	$ —
U.S. Government agencies	72,502	—	72,502	—
Mortgage-backed securities	1,940,307	—	1,940,307	—
State and political subdivisions	902,793	—	902,793	—
Other securities	234,297	—	234,297	—
Mortgage loans held for sale	9,373	—	—	9,373
Derivative asset	130,271	—	130,271	—
Derivative liability	(27,584)	—	(27,584)	—
December 31, 2022				
Available-for-sale securities				
U.S. Treasury	$ 2,197	$ 2,197	$ —	$ —
U.S. Government agencies	184,279	—	184,279	—
Mortgage-backed securities	2,542,902	—	2,542,902	—
State and political subdivisions	871,074	—	871,074	—
Other securities	252,402	—	252,402	—
Mortgage loans held for sale	3,486	—	—	3,486
Derivative asset	139,323	—	139,323	—
Derivative liability	(34,440)	—	(34,440)	—

Certain 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. 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 assets by level within the fair value hierarchy that were measured at fair value on a nonrecurring basis as of December 31, 2023 and 2022.

		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)
December 31, 2023				
Individually assessed loans [1][2] (collateral-dependent)	$ 144,604	$ —	$ —	$ 144,604
Foreclosed assets and other real estate owned [1]	3,646	—	—	3,646
December 31, 2022				
Individually assessed loans [1][2] (collateral-dependent)	$ 70,926	$ —	$ —	$ 70,926
Foreclosed assets and other real estate owned [1]	2,418	—	—	2,418

(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 $18.7 million and $5.2 million were related to collateral-dependent loans for which fair value re-measurements took place during the years ended December 31, 2023 and 2022, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

(In thousands)	Carrying Amount	Fair Value Measurements Level 1	Level 2	Level 3	Total
December 31, 2023					
Financial assets:					
Cash and cash equivalents	$ 614,092	$ 614,092	$ —	$ —	$ 614,092
Interest bearing balances due from banks - time	100	—	100	—	100
Held-to-maturity securities, net	3,726,288	—	3,135,370	—	3,135,370
Interest receivable	122,430	—	122,430	—	122,430
Loans, net	16,620,439	—	—	15,734,766	15,734,766
Financial liabilities:					
Noninterest bearing transaction accounts	4,800,880	—	4,800,880	—	4,800,880
Interest bearing transaction accounts and savings deposits	10,997,425	—	10,997,425	—	10,997,425
Time deposits	6,446,673	—	—	6,414,222	6,414,222
Federal funds purchased and securities sold under agreements to repurchase	67,969	—	67,969	—	67,969
Other borrowings	972,366	—	970,846	—	970,846
Subordinated notes and debentures	366,141	—	349,424	—	349,424
Interest payable	35,618	—	35,618	—	35,618
December 31, 2022					
Financial assets:					
Cash and cash equivalents	$ 682,122	$ 682,122	$ —	$ —	$ 682,122
Interest bearing balances due from banks - time	795	—	795	—	795
Held-to-maturity securities, net	3,759,706	—	3,063,233	—	3,063,233
Interest receivable	102,892	—	102,892	—	102,892
Loans, net	15,945,169	—	—	15,573,555	15,573,555
Financial liabilities:					
Noninterest bearing transaction accounts	6,016,651	—	6,016,651	—	6,016,651
Interest bearing transaction accounts and savings deposits	11,762,885	—	11,762,885	—	11,762,885
Time deposits	4,768,558	—	—	4,696,473	4,696,473
Federal funds purchased and securities sold under agreements to repurchase	160,403	—	160,403	—	160,403
Other borrowings	859,296	—	857,257	—	857,257
Subordinated notes and debentures	365,989	—	363,578	—	363,578
Interest payable	16,399	—	16,399	—	16,399

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 19: 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 December 31, 2023, the Company had outstanding commitments to extend credit aggregating approximately $738.2 million and $4.17 billion for credit card commitments and other loan commitments, respectively. At December 31, 2022, the Company had outstanding commitments to extend credit aggregating approximately $696.7 million and $5.64 billion for credit card commitments and other loan commitments, respectively.

As of December 31, 2023 and 2022, the Company had outstanding commitments to originate fixed-rate mortgage loans of approximately $16.6 million and $21.1 million respectively. The commitments extend over varying periods of time with the majority being disbursed within a thirty-day period.

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 $54.2 million and $44.4 million at December 31, 2023 and 2022, respectively, with terms ranging from 9 months to 15 years. At December 31, 2023 and 2022, 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 $580.8 million and $265.7 million at December 31, 2023 and 2022, respectively, and they expire in less than one year from issuance.

At December 31, 2023, the Company did not have concentrations of 5% or more of the investment portfolio in bonds issued by a single municipality.

NOTE 20: NEW ACCOUNTING STANDARDS

Recently Adopted Accounting Standards

<u>Investment-Income Taxes</u> - In March 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-02, *Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method* ("ASU 2023-02"), that introduced the option to apply the proportional amortization method to account for investments made primarily for the purpose of receiving income tax credits and other income tax benefits when certain requirements are met. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the income tax credits being presented net in the income statement as a component of income tax expense (benefit). ASU 2023-02 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2023, with early adoption permitted. The Company elected to early adopt ASU 2023-02 and apply the proportional amortization method for all income tax credits during the first quarter of 2023 by utilizing the modified retrospective method. The adoption of ASU 2023-02 did not have a material impact on the Company's results of operations, financial position or disclosures.

Credit Losses on Financial Instruments - In March 2022, the FASB issued ASU No. 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 was 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 adopted ASU 2022-02 effective January 1, 2023 on a prospective basis. As a result, comparative disclosures to prior periods will not be available until such time as both periods disclosed are subject to the new guidance. The adoption of ASU 2022-02 did not have a material impact on the Company's results of operations or financial position. See Note 5, Loans and Allowance for Credit Losses, for additional information.

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 was 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 adoption of 2022-01 did not have a material impact on the Company's results of operations, financial position or disclosures.

Reference Rate Reform – In March 2020, the FASB issued 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 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. Effective January 1, 2022, the ICE Benchmark Administration Limited, the administrator of the LIBOR, ceased the publication of one-week and two-month USD LIBOR and as of June 30, 2023, ceased the publications of the remaining tenors of USD LIBOR (one, three, six and 12-month).

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's policy, as of January 1, 2022, is not to enter into any new LIBOR-based credit agreements and not extend, renew, or modify 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 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.

In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"). ASU 2022-06 defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848.

<u>Leases</u> - 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 was 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 2021-05 did not have a material impact on the Company's results of operations, financial position or disclosures.

<u>Income Taxes</u> – In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), that removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 introduces the following new guidance: i) guidance to evaluate whether a step-up in tax basis of goodwill relates to a business combination in which book goodwill was recognized or a separate transaction and ii) a policy election to not allocate consolidated income taxes when a member of a consolidated tax return is not subject to income tax. Additionally, ASU 2019-12 changes the following current guidance: i) making an intraperiod allocation, if there is a loss in continuing operations and gains outside of continuing operations, ii) determining when a deferred tax liability is recognized after an investor in a foreign entity transitions to or from the equity method of accounting, iii) accounting for tax law changes and year-to-date losses in interim periods, and iv) determining how to apply the income tax guidance to franchise taxes that are partially based on income. ASU 2019-12 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2020. The adoption of ASU 2019-12 did not have a material impact on the Company's operations, financial position or disclosures.

Recently Issued Accounting Standards

<u>Income Taxes</u> - In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), primarily focused on income tax disclosures regarding effective tax rates and cash income taxes paid. ASU 2023-09 requires public business entities, on an annual basis, to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income by the applicable statutory income tax rate). ASU 2023-09 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2024, with early adoption permitted. The Company will complete an evaluation of the impact this standard will have on its results of operations, financial position or disclosures.

<u>Segment Reporting</u> - In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which expands reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. The amendments in this update introduce a new requirement to disclose significant segment expenses regularly provided to the chief operating decision maker, extend certain annual disclosures to interim periods, clarify that single reportable segment entities must apply Topic 280 in its entirety, permit more than one measure of segment profit or loss to be reported under certain conditions and require disclosure of the title and position of the chief operating decision maker. ASU 2023-07 is effective for public business entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The adoption of ASU 2023-07 is not expected to have a material impact on the Company's operations, financial position or disclosures.

Presently, the Company is not aware of any other changes to the Accounting Standards Codification that will have a material impact on the Company's present or future financial position or results of operations.

NOTE 21: 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 two year forward start date for these swaps occurred during late third quarter of 2023 and involves the payment of fixed interest rates with a weighted average of 1.21% in exchange for variable interest rates based on federal funds rates. For the year ended December 31, 2023, the net amount included in interest income on investment securities in the consolidated statements of income related to fair value hedges was $11.9 million.

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

				December 31, 2023		December 31, 2022	
(In thousands)	Balance Sheet Location	Weighted Average Pay Rate	Receive Rate	Notional	Fair Value	Notional	Fair Value
Derivative assets	Other assets	1.21%	Federal Funds	$1,001,715	$ 102,644	$1,001,715	$ 104,833

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)	2023	2022	2023	2022
Investment securities - Available-for-sale	$ 940,010	$ 944,115	$ 104,408	$ 106,321

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 for the years ended December 31, 2023 and 2022.

	2023		2022	
(In thousands)	Notional	Fair Value	Notional	Fair Value
Derivative assets	$ 551,314	$ 27,627	$ 413,968	$ 34,490
Derivative liabilities	552,274	27,584	414,955	34,440

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 $19.7 million as of December 31, 2023.

Energy Hedging

The Company, from time-to-time, has provided energy derivative services to qualifying, high quality oil and gas borrowers for hedging purposes. The Company has served 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.

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

During the second quarter of 2023, the Company's remaining energy hedge swap contracts expired and there were no outstanding notional values related to these contracts as of December 31, 2023. The outstanding notional value as of December 31, 2022 for energy hedging Customer Sell to Company swaps were $2.6 million and the corresponding Company Sell to Dealer swaps were $2.6 million and the corresponding net fair value of the derivative asset and derivative liability was $49,000. Currently, the Company generally does not intend to offer hedging services to any remaining energy related customers.

NOTE 22: 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 its 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.

The Company establishes 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 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 the Company's 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 the Company's results of operations for a given fiscal period.

NOTE 23: STOCKHOLDERS' EQUITY

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 December 31, 2023, Simmons Bank had approximately $54.4 million available for payment of dividends to the Company, without prior regulatory approval. Past dividends are not necessarily indicative of amounts that may be paid, or available to be paid, in future periods.

The Company's bank subsidiary is 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 the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and its bank subsidiary must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The risk-based capital guidelines of the Federal Reserve Board and the Arkansas State Bank Department include the definitions for (1) a well-capitalized institution, (2) an adequately-capitalized institution, and (3) an undercapitalized institution. Under the Basel III Rules effective January 1, 2015, the criteria for a well-capitalized institution are: a 5% "Tier l leverage capital" ratio, an 8% "Tier 1 risk-based capital" ratio, 10% "total risk-based capital" ratio; and a 6.5% "common equity Tier 1 (CET1)" ratio. CET1 generally consists of common stock; retained earnings; accumulated other comprehensive income and certain minority interests; all subject to applicable regulatory adjustments and deductions.

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.

Quantitative measures established by regulation to ensure capital adequacy require the Company 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). As of December 31, 2023, the Company and its subsidiary bank met all capital adequacy requirements under the Basel III Capital Rules and exceeded the fully phased in capital conservation buffer.

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 the 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 these categories.

The Company's and the Bank's actual capital amounts and ratios are presented in the following table.

	Actual		Minimum For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provision	
(In thousands)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
December 31, 2023						
Total Risk-Based Capital Ratio						
Simmons First National Corporation	$2,964,917	14.4	$1,647,176	8.0	N/A	
Simmons Bank	2,834,126	13.8	1,642,972	8.0	2,053,714	10.0
Tier 1 Risk-Based Capital Ratio						
Simmons First National Corporation	2,493,799	12.1	1,236,595	6.0	N/A	
Simmons Bank	2,663,153	13.0	1,229,148	6.0	1,638,863	8.0
Common Equity Tier 1 Capital Ratio						
Simmons First National Corporation	2,493,799	12.1	927,446	4.5	N/A	
Simmons Bank	2,663,153	13.0	921,861	4.5	1,331,577	6.5
Tier 1 Leverage Ratio						
Simmons First National Corporation	2,493,799	9.4	1,061,191	4.0	N/A	
Simmons Bank	2,663,153	10.0	1,065,261	4.0	1,331,577	5.0
December 31, 2022						
Total Risk-Based Capital Ratio						
Simmons First National Corporation	$2,948,490	14.2	$1,661,121	8.0	N/A	
Simmons Bank	2,743,625	13.3	1,650,301	8.0	2,062,876	10.0
Tier 1 Risk-Based Capital Ratio						
Simmons First National Corporation	2,466,874	11.9	1,243,802	6.0	N/A	
Simmons Bank	2,628,002	12.7	1,241,576	6.0	1,655,434	8.0
Common Equity Tier 1 Capital Ratio						
Simmons First National Corporation	2,466,874	11.9	932,852	4.5	N/A	
Simmons Bank	2,628,002	12.7	931,182	4.5	1,345,040	6.5
Tier 1 Leverage Ratio						
Simmons First National Corporation	2,466,874	9.3	1,061,021	4.0	N/A	
Simmons Bank	2,628,002	10.0	1,051,201	4.0	1,314,001	5.0

NOTE 24: CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)

Condensed Balance Sheets
December 31, 2023 and 2022

(In thousands)	2023	2022
ASSETS		
Cash and cash equivalents	$ 164,439	$ 116,915
Investments in wholly-owned subsidiaries	3,603,066	3,453,961
Loans	102	1,412
Intangible assets, net	133	133
Premises and equipment	20,498	22,083
Other assets	50,642	86,622
TOTAL ASSETS	$ 3,838,880	$ 3,681,126
LIABILITIES		
Long-term debt	$ 385,285	$ 386,798
Other liabilities	27,107	24,966
Total liabilities	412,392	411,764
STOCKHOLDERS' EQUITY		
Common stock	1,252	1,270
Surplus	2,499,930	2,530,066
Undivided profits	1,329,681	1,255,586
Accumulated other comprehensive loss:		
Unrealized depreciation on available-for-sale securities, net of income taxes of $(143,076) and $(183,124) at December 31, 2023 and 2022, respectively	(404,375)	(517,560)
Total stockholders' equity	3,426,488	3,269,362
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,838,880	$ 3,681,126

Condensed Statements of Income
Years Ended December 31, 2023, 2022 and 2021

(In thousands)	2023	2022	2021
INCOME			
Dividends from subsidiaries	$ 166,874	$ 219,868	$ 227,310
Other income	303	508	1,080
Income	167,177	220,376	228,390
EXPENSE	44,685	46,133	44,847
Income before income taxes and equity in undistributed net income of subsidiaries	122,492	174,243	183,543
Provision for income taxes	(10,790)	(9,391)	(11,314)
Income before equity in undistributed net income of subsidiaries	133,282	183,634	194,857
Equity in undistributed net income (loss) of subsidiaries	41,775	72,778	76,299
NET INCOME	175,057	256,412	271,156
Preferred stock dividends	—	—	47
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 175,057	$ 256,412	$ 271,109

Condensed Statements of Comprehensive Income
Years Ended December 31, 2023, 2022 and 2021

(In thousands)	2023	2022	2021
NET INCOME	$ 175,057	$ 256,412	$ 271,156
OTHER COMPREHENSIVE INCOME (LOSS)			
Equity in other comprehensive income (loss) of subsidiaries	113,185	(507,015)	(70,271)
COMPREHENSIVE INCOME (LOSS)	$ 288,242	$ (250,603)	$ 200,885

Condensed Statements of Cash Flows
Years Ended December 31, 2023, 2022 and 2021

(In thousands)	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 175,057	$ 256,412	$ 271,156
Items not requiring (providing) cash			
Stock-based compensation expense	12,189	15,317	15,868
Depreciation and amortization	1,637	1,981	1,805
Deferred income taxes	(1,742)	(652)	3,347
Equity in undistributed net income (loss) of bank subsidiaries	(41,775)	(72,778)	(76,299)
Changes in:			
Other assets	37,720	(26,775)	(2,099)
Other liabilities	2,293	(28,745)	11,109
Net cash provided by operating activities	185,379	144,760	224,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Net collections (originations) of loans	1,310	1,198	(2,139)
Net purchases of premises and equipment	(52)	(21)	(83)
Cash acquired (paid) in business combinations	—	60,126	(6,818)
Other, net	5,856	1,688	2
Net cash provided by (used in) investing activities	7,114	62,991	(9,038)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term debt, net	(1,664)	(57,436)	(1,563)
(Cancellation) issuance of common stock, net	(2,021)	(3,882)	1,460
Stock repurchases	(40,322)	(111,133)	(132,459)
Dividends paid on preferred stock	—	—	(47)
Dividends paid on common stock	(100,962)	(94,096)	(78,845)
Preferred stock retirement	—	—	(767)
Net cash used in financing activities	(144,969)	(266,547)	(212,221)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,524	(58,796)	3,628
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	116,915	175,711	172,083
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 164,439	$ 116,915	$ 175,711

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) was carried out as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer have concluded that the Company's current disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Controls. Our management, including the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, regularly review our disclosure controls and procedures and make changes intended to ensure the quality of our financial reporting. There were no changes in our internal control over financial reporting during the Company's fourth quarter of its 2023 fiscal year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Management's Report on Internal Control Over Financial Reporting. Management's report on internal control over financial reporting, as well as the audit report of FORVIS, LLP on the Company's internal control over financial reporting are included in Item 8, Consolidated Financial Statements and Supplementary Data, of this Annual Report on Form 10-K and are incorporated herein by this reference.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

This information is incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Shareholders to be held April 23, 2024, to be filed pursuant to Regulation 14A within 120 days of the Company's fiscal year-end (the "Proxy Statement") under the captions "Proposal 2 - Election of Directors," "Audit Committee," "Delinquent Section 16(a) Reports," as applicable, "Codes of Ethics," " Executive Officers," and the last two paragraphs under the caption "Transactions with Related Persons."

The table below also sets forth the names and principal occupations of the Company's executive officers.

Name	Principal Occupation
George A. Makris, Jr.	Executive Chairman and Chairman of the Board*
Robert A. Fehlman	Chief Executive Officer*
James M. Brogdon	President*
Charles D. Hobbs	Executive Vice President and Chief Financial Officer*
Stephen C. Massanelli	Senior Executive Vice President and Chief Administrative Officer*
George A. Makris III	Executive Vice President, General Counsel and Secretary*
Jennifer B. Compton	Executive Vice President and Chief People Officer*
David W. Garner	Executive Vice President and Chief Accounting Officer*
Ann Madea	Executive Vice President and Chief Information Officer*
Brad Yaney	Executive Vice President of Credit Risk Management, Simmons Bank

* The officer holds the positions at both the Company and Simmons Bank.

The table below also sets forth the names, principal occupations, and employers of the Company's directors.

Name	Principal Occupation and Employer
Dean Bass	Retired Chairman and Chief Executive Officer, Spirit of Texas Bancshares, Inc. and Spirit of Texas Bank, SSB
Jay Burchfield	Retired Chairman, Ozark Trust and Investment Corp.
Marty D. Casteel	Retired Senior Executive Vice President of the Company; Retired Chairman, President and Chief Executive Officer of Simmons Bank
William E. Clark, II	Chairman and Chief Executive Officer, Clark Contractors, LLC
Steven A. Cossé	Retired President and Chief Executive Officer, Murphy Oil Corporation
Mark C. Doramus	Chief Financial Officer, Stephens Inc.
Edward Drilling	Retired Senior Vice President of External and Regulatory Affairs, AT&T Inc.
Eugene Hunt	Attorney, Hunt Law Firm
Jerry Hunter	Senior Counsel, Bryan Cave Leighton Paisner LLP
Susan Lanigan	Retired Executive Vice President and General Counsel, Chico's FAS, Inc.
George A. Makris, Jr.	Executive Chairman and Chairman of the Board, the Company and Simmons Bank
W. Scott McGeorge	Chairman, Pine Bluff Sand and Gravel Company
Tom Purvis	Partner, L2L Development Advisors, LLC
Robert L. Shoptaw	Retired Executive, Arkansas Blue Cross and Blue Shield
Julie Stackhouse	Retired Executive Vice President, Federal Reserve Bank of St. Louis
Russell W. Teubner	Distinguished Engineer, Broadcom, Inc.
Mindy West	Executive Vice President, Chief Financial Officer and Treasurer, Murphy USA Inc

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated herein by reference from the Proxy Statement under the captions "Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Relationship of Compensation Policies and Practices to Risk Management," "Summary of Compensation and Other Payments to the Named Executive Officers," "2023 Pay Ratio Disclosure," "Director Compensation," and "2023 Director Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

This information is incorporated herein by reference from the Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

This information is incorporated herein by reference from the Proxy Statement under the captions "Transactions with Related Persons," "Policies and Procedures for Approval of Related Party Transactions," and the first two paragraphs under the caption "Proposal 2 – Election of Directors."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This information is incorporated herein by reference from the Proxy Statement under the caption "Principal Accountant Fees" and the fourth paragraph under the caption "Audit Committee."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1 and 2. Financial Statements and any Financial Statement Schedules

The financial statements and financial statement schedules listed in the accompanying index to the consolidated financial statements and financial statement schedules are filed as part of this report.

(b) Listing of Exhibits

Exhibit No.	Description
2.1	Stock Purchase Agreement by and between Simmons First National Corporation and Rogers Bancshares, Inc., dated as of September 10, 2013 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed on September 17, 2013 (File No. 000-06253)).
2.2	Agreement and Plan of Merger, dated as of March 24, 2014, by and between Simmons First National Corporation and Delta Trust & Banking Corporation (incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on July 23, 2014 (File No. 000-06253)).
2.3	Agreement and Plan of Merger, dated as of May 6, 2014, by and between Simmons First National Corporation and Community First Bancshares, Inc., as amended on September 11, 2014 (incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on October 8, 2014 (File No. 000-06253)).
2.4	Agreement and Plan of Merger, dated as of May 27, 2014, by and between Simmons First National Corporation and Liberty Bancshares, Inc., as amended on September 11, 2014 (incorporated by reference to Annex B to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on October 8, 2014 (File No. 000-06253)).
2.5	Agreement and Plan of Merger, dated as of April 28, 2015, by and between Simmons First National Corporation and Ozark Trust & Investment Corporation (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K for April 29, 2015 (File No. 000-06253)).

Exhibit No.	Description
2.6	Stock Purchase Agreement by and among Citizens National Bank, Citizens National Bancorp, Inc. and Simmons First National Corporation, dated as of May 18, 2016 (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation’s Current Report on Form 8-K for May 18, 2016 (File No. 000-06253)).
2.7	Agreement and Plan of Merger, dated as of November 17, 2016, by and between Simmons First National Corporation and Hardeman County Investment Company, Inc. (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation’s Current Report on Form 8-K for November 17, 2016 (File No. 000-06253)).
2.8	Agreement and Plan of Merger, dated as of December 14, 2016, by and between Simmons First National Corporation and Southwest Bancorp, Inc., as amended on July 19, 2017 (incorporated by reference to Exhibit 2.11 to Simmons First National Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 000-06253)).
2.9	Agreement and Plan of Merger, dated as of January 23, 2017, by and between Simmons First National Corporation and First Texas, BHC, Inc., as amended on July 19, 2017 (incorporated by reference to Exhibit 2.12 to Simmons First National Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 000-06253)).
2.10	Agreement and Plan of Merger, dated as of November 13, 2018, by and between Simmons First National Corporation and Reliance Bancshares, Inc., as amended on February 11, 2019 (incorporated by reference to Annex A to the Proxy Statement/Prospectus filed pursuant to Rule 424(b)(3) by Simmons First National Corporation filed on March 4, 2019 (File No. 333-229378)).
2.11	Agreement and Plan of Merger, dated as of July 30, 2019, by and between Simmons First National Corporation and The Landrum Company (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation Current Report on Form 8-K filed on July 31, 2019 (File No. 000-6253)).
2.12	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)).
2.13	Agreement and Plan of Merger, dated as of June 4, 2021, by and between 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)).
2.14	Agreement and Plan of Merger, dated as of November 18, 2021, by and between 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	Articles of Amendment to the Amended and Restated Articles of Incorporation of Simmons First National Corporation, dated August 3, 2022 (incorporated by reference to Exhibit 3.2 to Simmons First National Corporation’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (File No. 000-06253)).
3.3	Amended and Restated By-Laws of Simmons First National Corporation (incorporated by reference to Exhibit 3.1 to Simmons First National Corporation’s Current Report on Form 8-K filed on December 26, 2023 (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.

Exhibit No.	Description
4.2	Description of Registrant's Securities (incorporated by reference to Exhibit 4.2 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2022 (File No. 000-06253)).
10.1	Second Amended and Restated Simmons First National Corporation 2015 Incentive Plan (incorporated by reference to Exhibit 10.1 to Amendment No. 1 to Simmons First National Corporation's Current Report on Form 8-K filed on April 7, 2020 (File No. 000-06253)).^
10.2	Form of Associate Restricted Stock Unit Award Certificate and Terms and Conditions (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 000-06253)).^
10.3	Form of Associate Restricted Stock Unit Award Certificate and Terms and Conditions (2022) (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (File No. 000-06253)).^
10.4	Form of Associate Performance Share Unit Award Certificate and Terms and Conditions (2020) (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 000-06253)).^
10.5	Form of Associate Performance Share Unit Award Certificate and Terms and Conditions (2021) (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 000-06253)).^
10.6	Form of Associate Performance Share Unit Award Certificate and Terms and Conditions (2022) (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (File No. 000-06253)).^
10.7	Form of Associate Cash Award Certificate and Terms and Conditions (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2021 (File No. 000-06253)).^
10.8	Form of Associate Cash Award Certificate and Terms and Conditions (2022) (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (File No. 000-06253)).^
10.9	Form of Director Restricted Stock Unit Award Certificate and Terms and Conditions (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 000-06253)).^
10.10	Form of Director Restricted Stock Unit Award Certificate and Terms and Conditions (2022) (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (File No. 000-06253)).^
10.11	Deferred Compensation Agreement for Marty D. Casteel dated January 22, 2018 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 000-06253)).^
10.12	Deferred Compensation Agreement for George A. Makris, Jr. dated January 2, 2013 (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Current Report on Form 8-K filed on January 7, 2013 (File No. 000-06253)).^
10.13	Amendment to Deferred Compensation Agreement for George A. Makris, Jr. dated January 25, 2018 (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 000-06253)).^
10.14	Amended and Restated Deferred Compensation Agreement for Robert A. Fehlman effective February 27, 2017 (incorporated by reference to Exhibit 10.25 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 000-06253)).^
10.15	First Amended and Restated Executive Change in Control Severance Agreement for George A. Makris, Jr. dated March 26, 2021 (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Current Report on Form 8-K filed on April 1, 2021 (File No. 000-06253)).^

Exhibit No.	Description
10.16	First Amended and Restated Executive Change in Control Severance Agreement for Stephen C. Massanelli dated March 26, 2021 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Current Report on Form 8-K filed on April 1, 2021 (File No. 000-06253)).^
10.17	Deferred Compensation Agreement for Marty D. Casteel dated January 25, 2010 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Current Report on Form 8-K filed on January 29, 2010 (File No. 000-06253)).^
10.18	Amended and Restated Executive Severance Agreement for Robert A. Fehlman dated March 1, 2006 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Current Report on Form 8-K filed on March 2, 2006 (File No. 000-06253)).^
10.19	First Amendment to Amended and Restated Executive Severance Agreement for Robert A. Fehlman dated March, 1, 2006. (incorporated by reference to Exhibit 10.14 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 000-06253)).^
10.20	Second Amendment to Amended and Restated Executive Severance Agreement for Robert A. Fehlman dated March 1, 2006. (incorporated by reference to Exhibit 10.15 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 000-06253)).^
10.21	Deferred Compensation Agreement for Jennifer B. Compton dated February 28, 2017 (incorporated by reference to Exhibit 10.11 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2019 (File No. 000-06235)).^
10.22	First Amendment to Deferred Compensation Agreement for Jennifer B. Compton dated July 27, 2022 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (File No. 000-06235)).^
10.23	First Amended and Restated Executive Change in Control Severance Agreement for Jennifer B. Compton dated March 26, 2021 (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (File No. 000-06253)).^
10.24	First Amended and Restated Executive Change in Control Severance Agreement for David Garner dated March 26, 2021 (incorporated by reference to Exhibit 10.7 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (File No. 000-06253)).^
10.25	First Amended and Restated Executive Change in Control Severance Agreement for George A. Makris III dated March 26, 2021 (incorporated by reference to Exhibit 10.6 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (File No. 000-06253)).^
10.26	Deferred Compensation Agreement for George A. Makris III dated March 11, 2022 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (File No. 000-06253)).^
10.27	First Amendment to Deferred Compensation Agreement for George A. Makris III dated July 27, 2022 (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (File No. 000-06235)).^
10.28	Deferred Compensation Agreement for Matthew Reddin dated March 7, 2017. (incorporated by reference to Exhibit 10.23 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 000-06253)).^
10.29	First Amendment to Deferred Compensation Agreement for Matthew Reddin dated August 4, 2022 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (File No. 000-06235)).^
10.30	Deferred Compensation Agreement for David Garner dated January 2, 2020 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (File No. 000-06253)).^
10.31	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (File No. 000-06253)).^

Exhibit No.	Description
10.32	Indemnification Agreement for James M. Brogdon dated July 30, 2021 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed on August 5, 2021 (File No. 000-06253)).^
10.33	Executive Change in Control Severance Agreement for James M. Brogdon dated July 30, 2021 (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Current Report on Form 8-K filed on August 5, 2021 (File No. 000-06253)).^
10.34	Deferred Compensation Agreement for James M. Brogdon dated July 30, 2021 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Current Report on Form 8-K filed on August 5, 2021 (File No. 000-06253)).^
10.35	Simmons First National Corporation Directors Deferred Compensation Plan (Amended and Restated Effective December 31, 2022) (incorporated by reference to Exhibit 10.36 to Simmons First National Corporation's Annual Report on Form 10-K for the year ended December 31, 2022 (File No. 000-06253)).^
10.36	Separation Agreement and Release among Simmons First National Corporation, Simmons Bank, and Matthew Reddin dated July 26, 2023 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed on July 28, 2023 (File No. 000-06253)).^
10.37	Indemnification Agreement for Dean Bass dated July 27, 2023 (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (File No. 000-06253)).^
10.38	Second Amendment to Deferred Compensation Agreement for George A. Makris, Jr. dated January 25, 2023 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed January 25, 2023 (File No. 000-06253)).^
10.39	Form of Associate Restricted Stock Unit Award Certificate and Terms of Conditions (2015 Plan - 2023) (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.40	Form of Associate Performance Share Unit Award Certificate and Terms and Conditions (2015 Plan - 2023) (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.41	Form of Associate Cash Award Certificate and Terms and Conditions (2015 Plan - 2023) (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.42	Executive Change in Control Severance Agreement for Ann Madea dated November 12, 2021 (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.43	Indemnification Agreement for Ann Madea dated November 12, 2021 (incorporated by reference to Exhibit 10.6 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.44	First Amended and Restated Executive Change in Control Agreement for Chad Rawls dated November 8, 2022 (incorporated by reference to Exhibit 10.7 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.45	Indemnification Agreement for Chad Rawls dated November 8, 2022 (incorporated by reference to Exhibit 10.8 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.46	Executive Change in Control Agreement for Brad Yaney dated November 4, 2022 (incorporated by reference to Exhibit 10.9 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^

Exhibit No.	Description
10.47	Indemnification Agreement for Brad Yaney dated November 4, 2022 (incorporated by reference to Exhibit 10.10 to Simmons First National Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (File No. 000-06253)).^
10.48	Simmons First National Corporation 2023 Stock and Incentive Plan (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation’s Current Report on Form 8-K filed on April 19, 2023 (File No. 000-06253)).^
10.49	Form of Non-Employee Director Restricted Stock Unit Award Agreement (2023 Plan – for awards on or after April 18, 2023) (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (File No. 000-06253)).^
10.50	Form of Associate Restricted Stock Unit Award Agreement (2023 Plan – for awards on or after May 23, 2023) (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (File No. 000-06253)).^
10.51	Indemnification Agreement for C. Daniel Hobbs dated January 25, 2024 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation’s Current Report on Form 8-K filed on January 26, 2024 (File No. 000-06253)).^
10.52	Executive Change in Control Agreement for C. Daniel Hobbs dated January 25, 2024 (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation’s Current Report on Form 8-K filed on January 26, 2024 (File No. 000-06253)).^
10.53	Deferred Compensation Agreement for C. Daniel Hobbs dated January 25, 2024 (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation’s Current Report on Form 8-K filed on January 26, 2024 (File No. 000-06253)).^
14.1	Simmons First National Corporation Code of Ethics (as amended and restated on December 19, 2023) (incorporated by reference to Exhibit 14.1 to Simmons First National Corporation’s Current Report on Form 8-K filed on December 26, 2023 (File No. 000-06253)).
14.2	Simmons First National Corporation Finance Group Code of Ethics, (as amended and restated on December 19, 2023) (incorporated by reference to Exhibit 14.2 to Simmons First National Corporation’s Current Report on Form 8-K filed on December 26, 2023 (File No. 000-06253)).
21	Subsidiaries of the Registrant.*
23	Consent of FORVIS, LLP.*
31.1	Rule 13a-15(e) and 15d-15(e) Certification – Robert A. Fehlman, Chief Executive Officer.*
31.2	Rule 13a-15(e) and 15d-15(e) Certification – C. Daniel Hobbs, Executive Vice President and Chief Financial Officer.*
31.3	Rule 13a-15(e) and 15d-15(e) Certification – David W. Garner, Executive Vice President 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 – Robert A. Fehlman, 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 – C. Daniel Hobbs, Executive Vice President and Chief Financial Officer.*
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 and Chief Accounting Officer.*
97	Simmons First National Corporation Compensation Clawback Policy.*^
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. * / **

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

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

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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.

/s/ James M. Brogdon James M. Brogdon, President	February 27, 2024

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on or about February 27, 2024.

Signature	Title
/s/ George A. Makris, Jr. George A. Makris, Jr.	Executive Chairman and Director
/s/ Robert A. Fehlman Robert A. Fehlman	Chief Executive Officer (Principal Executive Officer)
/s/ James M. Brogdon James M. Brogdon	President
/s/ Charles D. Hobbs Charles D. Hobbs	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ David W. Garner David W. Garner	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ Dean Bass Dean Bass	Director
/s/ Jay Burchfield Jay Burchfield	Director
/s/ Marty D. Casteel Marty D. Casteel	Director
/s/ William E. Clark, II William E. Clark, II	Director
Steven A. Cossé	Director
/s/ Mark C. Doramus Mark C. Doramus	Director
/s/ Edward Drilling Edward Drilling	Director

/s/ Eugene Hunt Eugene Hunt	Director
/s/ Jerry M. Hunter Jerry M. Hunter	Director
/s/ Susan Lanigan Susan Lanigan	Director
/s/ W. Scott McGeorge W. Scott McGeorge	Director
/s/ Tom Purvis Tom Purvis	Director
/s/ Robert L. Shoptaw Robert L. Shoptaw	Director
/s/ Julie Stackhouse Julie Stackhouse	Director
/s/ Russell W. Teubner Russell W. Teubner	Director
Mindy West	Director