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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

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 CORP ORATION

(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)

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

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

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

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

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

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

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

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

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

The number of shares outstanding of the Registrant's Common Stock as of May 2, 2024, was 125,483,442 .

Simmons First National Corporation
Quarterly Report on Form 10-Q
March 31, 2024

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* No reportable information under this item.

Part I: Financial Information

Item 1. Financial Statements (Unaudited)

Simmons First National Corporation
Consolidated Balance Sheets
March 31, 2024 and December 31, 2023

(In thousands, except share data)	March 31, 2024	December 31, 2023
	(Unaudited)	
ASSETS		
Cash and noninterest bearing balances due from banks	$ 380,324	$ 345,258
Interest bearing balances due from banks and federal funds sold	222,979	268,834
Cash and cash equivalents	603,303	614,092
Interest bearing balances due from banks - time	100	100
Investment securities:		
Held-to-maturity, net of allowance for credit losses of $ 3,214 at March 31, 2024 and December 31, 2023	3,707,258	3,726,288
Available-for-sale, (amortized cost of $ 3,394,971 and $ 3,509,709 at March 31, 2024 and December 31, 2023, respectively)	3,027,558	3,152,153
Total investments	6,734,816	6,878,441
Mortgage loans held for sale	11,899	9,373
Loans	17,001,760	16,845,670
Allowance for credit losses on loans	(227,367)	(225,231)
Net loans	16,774,393	16,620,439
Premises and equipment	576,466	570,678
Foreclosed assets and other real estate owned	3,511	4,073
Interest receivable	122,781	122,430
Bank owned life insurance	503,348	500,559
Goodwill	1,320,799	1,320,799
Other intangible assets	108,795	112,645
Other assets	611,964	592,045
Total assets	$ 27,372,175	$ 27,345,674
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing transaction accounts	$ 4,697,539	$ 4,800,880
Interest bearing transaction accounts and savings deposits	11,071,762	10,997,425
Time deposits	6,583,703	6,446,673
Total deposits	22,353,004	22,244,978
Federal funds purchased and securities sold under agreements to repurchase	58,760	67,969
Other borrowings	871,874	972,366
Subordinated notes and debentures	366,179	366,141
Accrued interest and other liabilities	283,232	267,732
Total liabilities	23,933,049	23,919,186
Stockholders' equity:		
Common stock, Class A, $ 0.01 par value; 350,000,000 shares authorized at March 31, 2024 and December 31, 2023; 125,419,618 and 125,184,119 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	1,254	1,252
Surplus	2,503,673	2,499,930
Undivided profits	1,342,215	1,329,681
Accumulated other comprehensive loss	(408,016)	(404,375)
Total stockholders' equity	3,439,126	3,426,488
Total liabilities and stockholders' equity	$ 27,372,175	$ 27,345,674

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Income
Three Months Ended March 31, 2024 and 2023

(In thousands, except per share data)	Three Months Ended March 31, 2024	2023
	(Unaudited)	
INTEREST INCOME		
Loans, including fees	$ 261,490	$ 227,498
Interest bearing balances due from banks and federal funds sold	3,010	2,783
Investment securities	58,001	48,774
Mortgage loans held for sale	148	82
TOTAL INTEREST INCOME	322,649	279,137
INTEREST EXPENSE		
Deposits	151,933	87,528
Federal funds purchased and securities sold under agreements to repurchase	189	323
Other borrowings	11,649	8,848
Subordinated notes and debentures	6,972	4,603
TOTAL INTEREST EXPENSE	170,743	101,302
NET INTEREST INCOME	151,906	177,835
Provision for credit losses	10,206	24,216
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	141,700	153,619
NONINTEREST INCOME		
Service charges on deposit accounts	11,955	12,437
Debit and credit card fees	8,246	7,952
Wealth management fees	7,478	7,365
Mortgage lending income	2,320	1,570
Bank owned life insurance income	3,814	2,973
Other service charges and fees	2,199	2,282
Other income	7,172	11,256
TOTAL NONINTEREST INCOME	43,184	45,835
NONINTEREST EXPENSE		
Salaries and employee benefits	72,653	77,038
Occupancy expense, net	12,258	11,578
Furniture and equipment expense	5,141	5,051
Other real estate and foreclosure expense	179	186
Deposit insurance	7,135	4,893
Merger related costs	—	1,396
Other operating expenses	42,513	43,086
TOTAL NONINTEREST EXPENSE	139,879	143,228
INCOME BEFORE INCOME TAXES	45,005	56,226
Provision for income taxes	6,134	10,637
NET INCOME	$ 38,871	$ 45,589
BASIC EARNINGS PER SHARE	$ 0.31	$ 0.36
DILUTED EARNINGS PER SHARE	$ 0.31	$ 0.36

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Comprehensive Income (Loss)
Three Months Ended March 31, 2024 and 2023

(In thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(Unaudited)	
NET INCOME	$ 38,871	$ 45,589
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized holding (losses) gains arising during the period on available-for-sale securities	(26,149)	69,963
Less: Realized (losses) gains on available-for-sale securities interest rate hedges	(15,375)	13,545
Less: Amortization of net unrealized losses on securities transferred from available-for-sale to held-to-maturity	(5,845)	(7,048)
Other comprehensive income (loss), before tax effect	(4,929)	63,466
Less: Tax effect of other comprehensive income (loss)	(1,288)	16,587
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(3,641)	46,879
COMPREHENSIVE INCOME	$ 35,230	$ 92,468

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2024 and 2023

(In thousands)	March 31, 2024	March 31, 2023
	(Unaudited)	
OPERATING ACTIVITIES		
Net income	$ 38,871	$ 45,589
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,531	12,012
Provision for credit losses	10,206	24,216
Net amortization of investment securities and assets	4,676	2,245
Net amortization on borrowings	38	38
Stock-based compensation expense	4,413	4,861
Loss on sale of foreclosed assets and other real estate owned	5	8
Gain on sale of mortgage loans held for sale	(1,746)	(1,423)
Deferred income taxes	379	(179)
Income from bank owned life insurance	(4,165)	(3,334)
Originations of mortgage loans held for sale	(60,656)	(50,269)
Proceeds from sale of mortgage loans held for sale	59,876	50,934
Changes in assets and liabilities:		
Interest receivable	(351)	4,117
Other assets	(17,362)	22,581
Accrued interest and other liabilities	17,390	(2,621)
Income taxes payable	(5,511)	(10,028)
Net cash provided by operating activities	57,594	98,747
INVESTING ACTIVITIES		
Net change in loans	(163,909)	(412,077)
Proceeds from sale of loans	211	237
Purchases of premises and equipment, net	(9,848)	(10,490)
Proceeds from sale of foreclosed assets and other real estate owned	1,218	289
Proceeds from maturities of available-for-sale securities	114,212	155,361
Purchases of available-for-sale securities	—	(745)
Proceeds from maturities of held-to-maturity securities	17,037	16,979
Purchases of held-to-maturity securities	—	(31,704)
Proceeds from bank owned life insurance death benefits	1,376	1,483
Net cash used in investing activities	(39,703)	(280,667)
FINANCING ACTIVITIES		
Net change in deposits	108,026	(95,950)
Dividends paid on common stock	(26,337)	(25,455)
Net change in other borrowed funds	(100,492)	164,530
Net change in federal funds purchased and securities sold under agreements to repurchase	(9,209)	(17,541)
Net shares cancelled under stock compensation plans	(1,638)	(2,168)
Shares issued under employee stock purchase plan	970	833
Net cash (used in) provided by financing activities	(28,680)	24,249
DECREASE IN CASH AND CASH EQUIVALENTS	(10,789)	(157,671)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	614,092	682,122
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 603,303	$ 524,451

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation
Consolidated Statements of Stockholders' Equity
Three Months Ended March 31, 2024 and 2023

(In thousands, except share data)	Common Stock	Surplus	Accumulated Other Comprehensive Income (Loss)	Undivided Profits	Total
Three Months Ended March 31, 2024					
Balance, December 31, 2023	$ 1,252	$ 2,499,930	$ (404,375)	$ 1,329,681	$ 3,426,488
Comprehensive income (loss)	—	—	(3,641)	38,871	35,230
Stock issued for employee stock purchase plan – 53,161 shares	—	970	—	—	970
Stock-based compensation plans, net – 182,338 shares	2	2,773	—	—	2,775
Dividends on common stock – $ 0.21 per share	—	—	—	(26,337)	(26,337)
Balance, March 31, 2024 (Unaudited)	$ 1,254	$ 2,503,673	$ (408,016)	$ 1,342,215	$ 3,439,126
Three Months Ended March 31, 2023					
Balance, December 31, 2022	$ 1,270	$ 2,530,066	$ (517,560)	$ 1,255,586	$ 3,269,362
Comprehensive income	—	—	46,879	45,589	92,468
Stock issued for employee stock purchase plan – 42,510 shares	—	833	—	—	833
Stock-based compensation plans, net – 193,028 shares	3	2,690	—	—	2,693
Dividends on common stock – $ 0.20 per share	—	—	—	(25,455)	(25,455)
Balance, March 31, 2023 (Unaudited)	$ 1,273	$ 2,533,589	$ (470,681)	$ 1,275,720	$ 3,339,901

See Condensed Notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1: PREPARATION OF INTERIM FINANCIAL STATEMENTS

Description of Business and Organizational Structure

Simmons First National Corporation ("Company") is a Mid-South financial holding company headquartered in Pine Bluff, Arkansas, and the parent company of Simmons Bank, an Arkansas state-chartered bank that has been in operation since 1903 ("Simmons Bank" or the "Bank"). Simmons First Insurance Services, Inc. and Simmons First Insurance Services of TN, LLC are wholly-owned subsidiaries of Simmons Bank and are insurance agencies that offer various lines of personal and corporate insurance coverage to individual and commercial customers. The Company, through its subsidiaries, offers, among other things, consumer, real estate and commercial loans; checking, savings and time deposits; and specialized products and services (such as credit cards, trust and fiduciary services, investments, agricultural finance lending, equipment lending, insurance and Small Business Administration ("SBA") lending) from approximately 233 financial centers as of March 31, 2024, located throughout market areas in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared based upon Securities and Exchange Commission ("SEC") rules that permit reduced disclosures for interim periods. Certain information and footnote disclosures have been condensed or omitted in accordance with those rules and regulations. The accompanying consolidated balance sheet as of December 31, 2023, was derived from audited financial statements. In the opinion of management, these financial statements reflect all adjustments that are necessary for a fair presentation of interim results of operations, including normal recurring accruals. Significant intercompany accounts and transactions have been eliminated in consolidation. The results for the interim periods are not necessarily indicative of results for the full year. For a more complete discussion of significant accounting policies and certain other information, this report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on February 27, 2024.

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States ("US GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income items and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements and actual results may differ from these estimates.

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.

Recently Adopted Accounting Standards

Investment-Income Taxes - In March 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("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 was 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 eliminated the accounting guidance on troubled debt restructurings ("TDRs") for creditors in Accounting Standards Codification ("ASC") Topic 310-40 and amended the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. The ASU also updated the requirements related to accounting for credit losses under ASC 326 and added 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. The adoption of ASU 2022-02 did not have a material impact on the Company's results of operations or financial position. See Note 4, 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 clarified the guidance on fair value hedge accounting of interest rate risk for portfolios of financial assets. This ASU amended 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 renamed that method the "portfolio layer" method and expanded the scope of the guidance to allow entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and nonprepayable financial assets. The scope expansion is consistent with the FASB's efforts to simplify hedge accounting and allowed 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 provided relief for companies preparing for discontinuation of interest rates such as the London Interbank Offered Rate ("LIBOR"). LIBOR is a benchmark interest rate referenced in a variety of agreements that are used by numerous entities. On March 5, 2021, the U.K. Financial Conduct Authority ("FCA") announced that the majority of LIBOR rates will no longer be published after December 31, 2021. 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 provided 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 permitted changes to critical terms of hedging relationships and to the designated benchmark interest rate in a fair value hedge and also provided relief for assessing hedge effectiveness for cash flow hedges. Companies were able to apply ASU 2020-04 immediately; however, the guidance was only 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 clarified 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 amended 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 could 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 deferred 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.

Recently Issued Accounting Standards

<u>Stock Compensation</u> - In March 2024, the FASB issued ASU No. 2024-01, *Compensation-Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards* ("ASU 2024-01"), in response to feedback received by the FASB requesting guidance on how entities should determine the appropriate guidance to apply when accounting for the issuance of profits interest units and similar types of awards. ASU 2024-01 adds an example with four fact patterns to ASC 718-10 to assist preparers of financial statements in determining whether profits interest and similar awards should be accounted for within the scope of the guidance. ASU 2024-01 only addresses the scope determination and does not amend the recognition, classification or measurement guidance. ASU 2024-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024, with early adoption permitted for interim or annual financial statements that have not yet been issued or made available for issuance. Entities may choose to adopt 2024-01 on a prospective or retrospective basis. The adoption of ASU 2024-01 is not expected to have a material impact on the Company's operations, financial position or disclosures.

<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.

There have been no other significant changes to the Company's accounting policies disclosed in Note 1, Summary of Significant Accounting Policies, of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Presently, the Company is not aware of any other changes to the Accounting Standards Codification that will have a material impact on its present or future financial position or results of operations.

NOTE 2: ACQUISITIONS

Spirit of Texas Bancshares, Inc.

On April 8, 2022, the Company completed its merger with Spirit of Texas Bancshares, Inc. ("Spirit") pursuant to the terms of the Agreement and Plan of Merger dated as of November 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.

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

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

Investment securities – 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 4, 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.

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 March 31, 2024, the related remaining combined net unrealized losses of $ 121.9 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						
March 31, 2024						
U.S. Government agencies	$ 453,805	$ —	$ 453,805	$ —	$ (94,887)	$ 358,918
Mortgage-backed securities	1,142,352	—	1,142,352	238	(126,553)	1,016,037
State and political subdivisions	1,857,894	(2,252)	1,855,642	86	(410,749)	1,444,979
Other securities	256,421	(962)	255,459	—	(26,111)	229,348
Total HTM	$ 3,710,472	$ (3,214)	$ 3,707,258	$ 324	$ (658,300)	$ 3,049,282
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

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 March 31, 2024, HTM MBS consists of $ 140.6 million and $ 1.00 billion of commercial MBS and residential MBS, respectively. As of December 31, 2023, HTM MBS consists of $ 141.6 million and $ 1.02 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					
March 31, 2024					
U.S. Treasury	$ 1,990	$ —	$ —	$ (26)	$ 1,964
U.S. Government agencies	71,768	—	28	(1,995)	69,801
Mortgage-backed securities	2,048,895	—	3	(203,534)	1,845,364
State and political subdivisions	1,013,190	—	142	(138,483)	874,849
Other securities	259,128	—	59	(23,607)	235,580
Total AFS	$ 3,394,971	$ —	$ 232	$ (367,645)	$ 3,027,558
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

As of March 31, 2024, AFS MBS consists of $ 665.1 million and $ 1.18 billion of commercial MBS and residential MBS, respectively. As of December 31, 2023, AFS MBS consists of $ 710.1 million and $ 1.23 billion of commercial MBS and residential MBS, respectively.

Accrued interest receivable on HTM and AFS securities at March 31, 2024 was $ 25.6 million and $ 17.4 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 March 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
(In thousands)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Available-for-sale						
U.S. Treasury	$ 1,964	$ (26)	$ —	$ —	$ 1,964	$ (26)
U.S. Government agencies	15,965	(181)	49,809	(1,814)	65,774	(1,995)
Mortgage-backed securities	10,842	(293)	1,833,560	(203,241)	1,844,402	(203,534)
State and political subdivisions	14,262	(79)	845,801	(138,404)	860,063	(138,483)
Other securities	—	—	201,410	(23,607)	201,410	(23,607)
Total AFS	$ 43,033	$ (579)	$ 2,930,580	$ (367,066)	$ 2,973,613	$ (367,645)

As of March 31, 2024, the Company's investment portfolio included $ 3.03 billion of AFS securities, of which $ 2.97 billion, or 98.2 %, were in an unrealized loss position that were not deemed to have credit losses. A portion of the unrealized losses were related to the Company's MBS, which are issued and guaranteed by U.S. government-sponsored entities and agencies, and the Company's state and political subdivision securities, specifically investments in insured fixed rate municipal bonds for which the issuers continue to make timely principal and interest payments under the contractual terms of the securities.

Furthermore, the decline in fair value for each of the above AFS securities is attributable to the rates for those investments yielding less than current market rates. Management does not believe any of the securities are impaired due to reasons of credit quality. Management believes the declines in fair value for the securities are temporary. Management does not have the 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, 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 three months ended March 31, 2024 on the Company's HTM securities portfolio.

(In thousands)	State and Political Subdivisions	Other Securities	Total
Three Months Ended March 31, 2024			
Held-to-maturity			
Beginning balance, January 1, 2024	$ 2,006	$ 1,208	$ 3,214
Provision for credit loss expense	—	—	—
Net increase (decrease) in allowance on previously impaired securities	246	(246)	—
Ending balance, March 31, 2024	$ 2,252	$ 962	$ 3,214

Activity in the allowance for credit losses by investment security type for the three months ended March 31, 2023 on the Company's HTM and AFS securities portfolio was as follows:

(In thousands)	State and Political Subdivisions	Other Securities	Total
Three Months Ended March 31, 2023			
Held-to-maturity			
Beginning balance, January 1, 2023	$ 110	$ 1,278	$ 1,388
Provision for credit loss expense	252	248	500
Ending balance, March 31, 2023	$ 362	$ 1,526	$ 1,888
Available-for-sale			
Beginning balance, January 1, 2023	$ —	$ —	$ —
Provision for credit loss expense	—	12,800	12,800
Securities charged-off	—	(7,000)	(7,000)
Ending balance, March 31, 2023	$ —	$ 5,800	$ 5,800

Based upon the Company's analysis of the underlying risk characteristics of its HTM and AFS portfolios, including credit ratings and other qualitative factors, as previously discussed, there was no provision for credit losses related to the Company's securities portfolios recorded for the three months ended March 31, 2024. During the three months ended March 31, 2023, the provision for credit losses related to AFS securities was $ 12.8 million. Additionally, during the three months ended March 31, 2023, the Company charged-off $ 7.0 million directly related to one corporate bond which was deemed uncollectible in the period.

The following table summarizes bond ratings for the Company's HTM portfolio, based upon amortized cost, issued by state and political subdivisions and other securities as of March 31, 2024:

(In thousands)	State and Political Subdivisions: Not Guaranteed or Pre-Refunded	State and Political Subdivisions: Other Credit Enhancement or Insurance	State and Political Subdivisions: Pre-Refunded	State and Political Subdivisions: Total	Other Securities
Aaa/AAA	$ 179,307	$ 299,940	$ —	$ 479,247	$ —
Aa/AA	634,641	524,661	—	1,159,302	—
A	37,050	161,368	—	198,418	102,604
Baa/BBB	—	4,379	—	4,379	153,817
Not Rated	16,548	—	—	16,548	—
Total	$ 867,546	$ 990,348	$ —	$ 1,857,894	$ 256,421

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

Income earned on securities for the three months ended March 31, 2024 and 2023, is as follows:

(In thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Taxable:		
Held-to-maturity	$ 11,003	$ 11,013
Available-for-sale	31,195	21,791
Non-taxable:		
Held-to-maturity	10,100	10,126
Available-for-sale	5,703	5,844
Total	$ 58,001	$ 48,774

The amortized cost and estimated fair value by maturity of securities as of March 31, 2024 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. Accordingly, actual maturities may differ from contractual maturities.

(In thousands)	Held-to-Maturity: Amortized Cost	Held-to-Maturity: Fair Value	Available-for-Sale: Amortized Cost	Available-for-Sale: Fair Value
One year or less	$ 1,570	$ 1,516	$ 10,034	$ 9,778
After one through five years	13,708	13,065	116,012	115,248
After five through ten years	394,392	347,677	213,380	188,442
After ten years	2,158,450	1,670,987	1,006,399	868,475
Securities not due on a single maturity date	1,142,352	1,016,037	2,048,895	1,845,364
Other securities (no maturity)	—	—	251	251
Total	$ 3,710,472	$ 3,049,282	$ 3,394,971	$ 3,027,558

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $ 2.91 billion at March 31, 2024 and $ 3.32 billion at December 31, 2023.

There were no gross realized gains and no gross realized losses from the call or sale of securities during the three months ended March 31, 2024 and 2023, as they were recognized at book value of the security. The income tax expense/benefit related to security gains/losses was 26.135 % of the gross amounts in 2024 and 2023.

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 22, 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: LOANS AND ALLOWANCE FOR CREDIT LOSSES

At March 31, 2024, the Company's loan portfolio was $ 17.00 billion, compared to $ 16.85 billion at December 31, 2023. The various categories of loans are summarized as follows:

(In thousands)	March 31, 2024	December 31, 2023
Consumer:		
Credit cards	$ 182,742	$ 191,204
Other consumer	124,531	127,462
Total consumer	307,273	318,666
Real Estate:		
Construction and development	3,331,739	3,144,220
Single family residential	2,624,738	2,641,556
Other commercial	7,508,049	7,552,410
Total real estate	13,464,526	13,338,186
Commercial:		
Commercial	2,499,311	2,490,176
Agricultural	226,642	232,710
Total commercial	2,725,953	2,722,886
Other	504,008	465,932
Total loans	$ 17,001,760	$ 16,845,670

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 $ 3.9 million and $ 6.7 million at March 31, 2024 and December 31, 2023, respectively.

Accrued interest on loans, which is excluded from the amortized cost of loans held for investment, totaled $ 79.8 million and $ 77.1 million at March 31, 2024 and December 31, 2023, 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 duration. The Company monitors these loans closely.

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

Paycheck Protection Program Loans – The Company originated loans pursuant to multiple PPP appropriations of the 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 March 31, 2024 and December 31, 2023, the total outstanding balance of PPP loans was $ 4.2 million and $ 4.8 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 category of loans are as follows:

(In thousands)	March 31, 2024	December 31, 2023
Consumer:		
Credit cards	$ 522	$ 487
Other consumer	466	589
Total consumer	988	1,076
Real estate:		
Construction and development	2,764	2,457
Single family residential	30,237	27,209
Other commercial	20,967	11,960
Total real estate	53,968	41,626
Commercial:		
Commercial	50,168	39,886
Agricultural	661	734
Total commercial	50,829	40,620
Other	3	3
Total	$ 105,788	$ 83,325

As of March 31, 2024 and December 31, 2023, nonaccrual loans for which there was no related allowance for credit losses had an amortized cost of $ 4.8 million and $ 3.2 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
March 31, 2024						
Consumer:						
Credit cards	$ 1,697	$ 666	$ 2,363	$ 180,379	$ 182,742	$ 558
Other consumer	983	172	1,155	123,376	124,531	4
Total consumer	2,680	838	3,518	303,755	307,273	562
Real estate:						
Construction and development	5,409	1,584	6,993	3,324,746	3,331,739	—
Single family residential	24,818	13,440	38,258	2,586,480	2,624,738	716
Other commercial	3,049	4,402	7,451	7,500,598	7,508,049	—
Total real estate	33,276	19,426	52,702	13,411,824	13,464,526	716
Commercial:						
Commercial	12,418	25,611	38,029	2,461,282	2,499,311	249
Agricultural	65	597	662	225,980	226,642	—
Total commercial	12,483	26,208	38,691	2,687,262	2,725,953	249
Other	281	3	284	503,724	504,008	—
Total	$ 48,720	$ 46,475	$ 95,195	$ 16,906,565	$ 17,001,760	$ 1,527

(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

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.

There were no loan modifications granted to borrowers experiencing financial difficulty during the three month periods ended March 31, 2024 and 2023.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty. There was one commercial loan to a borrower experiencing financial difficulty with a period-end amortized cost basis of $ 23,000 that was modified during the previous twelve months and which subsequently defaulted during the three months ended March 31, 2024. There were no loans to borrowers experiencing financial difficulty that had a payment default during the three months ended March 31, 2023 and were modified in the 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 March 31, 2024 and December 31, 2023, the Company had $ 3.3 million and $ 2.5 million, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At March 31, 2024 and December 31, 2023, the Company had $ 230,000 and $ 506,000 , respectively, of Other Real Estate Owned ("OREO") secured by residential real estate properties.

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

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

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

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

- *Current* - Loans in this category are either current in payments or are under 30 days past due. These loans are considered to have a normal level of risk.
- *30-89 Days Past Due* - Loans in this category are between 30 and 89 days past due and are subject to the Company’s loss mitigation process. These loans are considered to have a moderate level of risk.
- *90+ Days Past Due* - Loans in this category are 90 days or more past due and are placed on nonaccrual status. These loans have been subject to the Company’s loss mitigation process and foreclosure and/or charge-off proceedings have commenced.

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

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

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

The following table presents a summary of loans by credit quality indicator, as of March 31, 2024, segregated by class of loans.

(In thousands)	Term Loans Amortized Cost Basis by Origination Year 2024 (YTD)	2023	2022	2021	2020	2019 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Consumer - credit cards									
Delinquency:									
Current	$ —	$ —	$ —	$ —	$ —	$ —	$ 180,379	$ —	$ 180,379
30-89 days past due	—	—	—	—	—	—	1,697	—	1,697
90+ days past due	—	—	—	—	—	—	666	—	666
Total consumer - credit cards	—	—	—	—	—	—	182,742	—	182,742
Current-period consumer - credit cards gross charge-offs	—	—	—	—	—	—	1,646	—	1,646
Consumer - other									
Delinquency:									
Current	31,333	31,588	31,036	9,688	2,872	1,967	14,892	—	123,376
30-89 days past due	15	230	576	69	18	43	32	—	983
90+ days past due	—	26	125	15	—	5	1	—	172
Total consumer - other	31,348	31,844	31,737	9,772	2,890	2,015	14,925	—	124,531
Current-period consumer - other gross charge-offs	—	327	108	24	—	1	74	—	534
Real estate - C&D									
Risk rating:									
Pass	26,238	95,941	141,929	44,891	42,816	30,014	2,913,901	—	3,295,730
Special mention	—	—	3,599	7,295	—	391	16,654	—	27,939
Substandard	—	125	65	3,943	—	165	3,772	—	8,070
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - C&D	26,238	96,066	145,593	56,129	42,816	30,570	2,934,327	—	3,331,739
Current-period real estate - C&D gross charge-offs	—	—	—	—	—	—	52	—	52
Real estate - SF residential									
Delinquency:									
Current	35,875	342,821	604,406	341,357	209,198	651,331	401,492	—	2,586,480
30-89 days past due	—	1,321	5,371	4,261	2,332	9,255	2,278	—	24,818
90+ days past due	—	428	2,825	1,647	973	5,521	2,046	—	13,440
Total real estate - SF residential	35,875	344,570	612,602	347,265	212,503	666,107	405,816	—	2,624,738
Current-period real estate - SF residential gross charge-offs	—	—	109	—	1	2	9	—	121
Real estate - other commercial									
Risk rating:									
Pass	82,399	540,854	1,606,704	1,232,595	492,911	815,082	2,324,178	—	7,094,723
Special mention	—	27,408	10,761	12,049	5,805	30,300	100,201	—	186,524
Substandard	3,601	5,024	19,991	7,586	9,249	42,097	139,254	—	226,802
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total real estate - other commercial	86,000	573,286	1,637,456	1,252,230	507,965	887,479	2,563,633	—	7,508,049
Current-period real estate - other commercial gross charge-offs	—	2,516	—	—	—	—	168	—	2,684

(In thousands)	Term Loans Amortized Cost Basis by Origination Year 2024 (YTD)	2023	2022	2021	2020	2019 and Prior	Lines of Credit ("LOC") Amortized Cost Basis	LOC Converted to Term Loans Amortized Cost Basis	Total
Commercial									
Risk rating:									
Pass	50,412	381,038	334,283	193,308	49,834	92,665	1,320,314	—	2,421,854
Special mention	—	141	7,399	277	228	1,079	10,110	—	19,234
Substandard	350	1,278	10,584	6,254	3,482	8,745	27,530	—	58,223
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial	50,762	382,457	352,266	199,839	53,544	102,489	1,357,954	—	2,499,311
Current-period commercial - gross charge-offs	—	105	830	738	282	883	1,747	—	4,585
Commercial - agriculture									
Risk rating:									
Pass	13,011	30,436	29,231	12,565	4,929	2,449	128,943	—	221,564
Special mention	—	270	211	1,068	—	—	2,868	—	4,417
Substandard	—	—	494	62	87	14	4	—	661
Doubtful and loss	—	—	—	—	—	—	—	—	—
Total commercial - agriculture	13,011	30,706	29,936	13,695	5,016	2,463	131,815	—	226,642
Current-period commercial - agriculture gross charge-offs	—	—	—	8	—	—	—	—	8
Other									
Delinquency:									
Current	7,965	44,641	144,163	28,212	2,192	38,390	238,161	—	503,724
30-89 days past due	—	281	—	—	—	—	—	—	281
90+ days past due	—	—	—	—	—	3	—	—	3
Total other	7,965	44,922	144,163	28,212	2,192	38,393	238,161	—	504,008
Current-period other - gross charge-offs	—	—	—	—	—	—	198	—	198
Total	$ 251,199	$1,503,851	$2,953,753	$1,907,142	$826,926	$1,729,516	$ 7,829,373	$ —	$ 17,001,760

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

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 March 31, 2024, the Company utilized a probability-weighted, multiple-scenario approach consisting of Baseline, Upside (S1), and Downside (S3) scenarios published by Moody's Analytics in March 2024 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 $ 148.0 million and $ 144.6 million as of March 31, 2024 and December 31, 2023, 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
March 31, 2024			
Construction and development	$ 13,579	$ —	$ 13,579
Single family residential	—	—	—
Other commercial real estate	108,438	—	108,438
Commercial	—	25,944	25,944
Total	$ 122,017	$ 25,944	$ 147,961
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

The following table details activity in the allowance for credit losses by portfolio segment for the three months ended March 31, 2024. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Allowance for credit losses:					
Three Months Ended March 31, 2024					
Beginning balance, January 1, 2024	$ 36,470	$ 177,177	$ 5,868	$ 5,716	$ 225,231
Provision for credit loss expense	2,872	5,359	1,298	677	10,206
Charge-offs	(4,593)	(2,857)	(1,646)	(732)	(9,828)
Recoveries	442	735	248	333	1,758
Net charge-offs	(4,151)	(2,122)	(1,398)	(399)	(8,070)
Ending balance, March 31, 2024	$ 35,191	$ 180,414	$ 5,768	$ 5,994	$ 227,367

Activity in the allowance for credit losses for the three months ended March 31, 2023 was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Three Months Ended March 31, 2023					
Beginning balance, January 1, 2023	$ 34,406	$ 150,795	$ 5,140	$ 6,614	$ 196,955
Provision for credit loss expense	(4,804)	14,021	2,148	(449)	10,916
Charge-offs	(413)	(1,204)	(1,076)	(456)	(3,149)
Recoveries	1,067	294	234	240	1,835
Net (charge-offs) recoveries	654	(910)	(842)	(216)	(1,314)
Ending balance, March 31, 2023	$ 30,256	$ 163,906	$ 6,446	$ 5,949	$ 206,557

As of March 31, 2024, the Company's allowance for credit losses was considered sufficient based upon expected losses that were supported by scenario-weighted economic forecasts. The provision expense for the three months ended March 31, 2024 was primarily due to the loan growth experienced during the periods, as well as the impact of updated economic assumptions.

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 $ 25.6 million as of March 31, 2024 and December 31, 2023, 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. No adjustment was made to the reserve for unfunded commitments during the three month periods ended March 31, 2024, and 2023, as it was considered sufficient to cover any loss expectations.

Provision for Credit Losses

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

The components of the provision for credit losses for the three month periods ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
(In thousands)	2024	2023
Provision for credit losses related to:		
Loans	$ 10,206	$ 10,916
Securities - HTM	—	500
Securities - AFS	—	12,800
Total	$ 10,206	$ 24,216

Purchased Credit Deteriorated (“PCD”) Loans

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

The following table provides a summary of loans purchased 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

NOTE 5: RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES

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

The Company’s leases are classified as operating leases with a term, including expected renewal or termination options, greater than one year, and are related to certain office facilities and office equipment. The following table presents information as of March 31, 2024 and December 31, 2023 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)	March 31, 2024	December 31, 2023
Right-of-use lease assets	$ 70,888	$ 67,267
Lease liabilities	72,629	68,788
Weighted average remaining lease term	7.71 years	8.81 years
Weighted average discount rate	3.57 %	3.52 %

Operating lease cost for the three month period ended March 31, 2024 was $ 4.0 million as compared to $ 3.9 million for the same period in 2023.

NOTE 6: PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Total premises and equipment, net at March 31, 2024 and December 31, 2023 were as follows:

(In thousands)		March 31, 2024		December 31, 2023
Right-of-use lease assets	$	70,888	$	67,267
Premises and equipment:				
Land		122,272		122,093
Buildings and improvements		389,608		388,675
Furniture, fixtures and equipment		115,766		112,133
Software		62,260		61,242
Construction in progress		17,399		14,142
Accumulated depreciation and amortization		(201,727)		(194,874)
Total premises and equipment, net	$	576,466	$	570,678

NOTE 7: GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is tested annually, or more often than annually, if circumstances warrant, for impairment. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated, and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. Goodwill totaled $ 1.32 billion at March 31, 2024 and December 31, 2023. Goodwill impairment was neither indicated no r recorded during the three months ended March 31, 2024 or the year ended December 31, 2023.

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 March 31, 2024 and December 31, 2023 were as follows:

(In thousands)		March 31, 2024		December 31, 2023
Core deposit premiums:				
Balance, beginning of year	$	101,344	$	116,016
Amortization		(3,442)		(14,672)
Balance, end of period		97,902		101,344
Books of business and other intangibles:				
Balance, beginning of year		11,301		12,935
Amortization		(408)		(1,634)
Balance, end of period		10,893		11,301
Total other intangible assets, net	$	108,795	$	112,645

The carrying basis and accumulated amortization of the Company's other intangible assets at March 31, 2024 and December 31, 2023 were as follows:

(In thousands)	March 31, 2024	December 31, 2023
Core deposit premiums:		
Gross carrying amount	$ 177,624	$ 187,467
Accumulated amortization	(79,722)	(86,123)
Core deposit premiums, net	97,902	101,344
Books of business and other intangibles:		
Gross carrying amount	22,068	22,068
Accumulated amortization	(11,175)	(10,767)
Books of business and other intangibles, net	10,893	11,301
Total other intangible assets, net	$ 108,795	$ 112,645

The Company's estimated remaining amortization expense on other intangible assets as of March 31, 2024 is as follows:

(In thousands)	Year	Amortization Expense
	Remainder of 2024	$ 11,553
	2025	12,819
	2026	12,346
	2027	12,218
	2028	11,312
	Thereafter	48,547
	Total	$ 108,795

NOTE 8: TIME DEPOSITS

Time deposits included approximately $ 1.76 billion and $ 1.73 billion of certificates of deposit over $250,000 at March 31, 2024 and December 31, 2023, respectively. Brokered time deposits were $ 3.02 billion and $ 2.90 billion at March 31, 2024 and December 31, 2023, respectively.

NOTE 9: INCOME TAXES

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

	Three Months Ended March 31,	
(In thousands)	2024	2023
Income taxes currently payable	$ 5,755	$ 10,816
Deferred income taxes	379	(179)
Provision for income taxes	$ 6,134	$ 10,637

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

(In thousands)	March 31, 2024	December 31, 2023
Deferred tax assets:		
Loans acquired	$ 3,378	$ 3,644
Allowance for credit losses	54,042	53,445
Valuation of foreclosed assets	480	480
Tax NOLs from acquisition	9,899	9,643
Deferred compensation payable	3,385	3,355
Accrued equity and other compensation	6,040	8,048
Acquired securities	7,570	7,569
Right-of-use lease liability	17,422	16,501
Unrealized loss on AFS securities	147,642	143,624
Allowance for unfunded commitments	6,148	6,148
Other	8,185	7,627
Gross deferred tax assets	264,191	260,084
Deferred tax liabilities:		
Goodwill and other intangible amortization	(40,538)	(41,174)
Accumulated depreciation	(24,748)	(24,632)
Right-of-use lease asset	(17,004)	(16,136)
Unrealized gain on swaps	(29,017)	(25,371)
Other	(11,116)	(10,995)
Gross deferred tax liabilities	(122,423)	(118,308)
Net deferred tax asset	$ 141,768	$ 141,776

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

(In thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Computed at the statutory rate (21%)	$ 9,451	$ 11,808
Increase (decrease) in taxes resulting from:		
State income taxes, net of federal tax benefit	(425)	243
Stock-based compensation	454	312
Tax exempt interest income	(3,867)	(3,804)
Tax exempt earnings on BOLI	(840)	(561)
Federal tax credits	(560)	(439)
Other differences, net	1,921	3,078
Actual tax provision	$ 6,134	$ 10,637

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 three tax-free reorganization transactions in which acquired net operating losses are limited pursuant to Section 382. In total, approximately $ 37.9 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 10: SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

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

The gross amount of recognized liabilities for repurchase agreements was $ 58.4 million and $ 67.6 million at March 31, 2024 and December 31, 2023, respectively. The remaining contractual maturity of the securities sold under agreements to repurchase in the consolidated balance sheets as of March 31, 2024 and December 31, 2023 is presented in the following tables.

	Remaining Contractual Maturity of the Agreements				
(In thousands)	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
March 31, 2024					
Repurchase agreements:					
U.S. Government agencies	$ 58,360	$ —	$ —	$ —	$ 58,360
December 31, 2023					
Repurchase agreements:					
U.S. Government agencies	$ 67,569	$ —	$ —	$ —	$ 67,569

NOTE 11: OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Debt at March 31, 2024 and December 31, 2023 consisted of the following components:

(In thousands)	March 31, 2024	December 31, 2023
Other Borrowings		
FHLB advances, net of discount, due 2024 to 2033, 4.56 % to 5.60 % secured by real estate loans	$ 853,154	$ 953,222
Other long-term debt	18,720	19,144
Total other borrowings	871,874	972,366
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)	37,142	37,171
Unamortized debt issuance costs	(963)	(1,030)
Total subordinated notes and debentures	366,179	366,141
Total other borrowings and subordinated debt	$ 1,238,053	$ 1,338,507

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(1) The Company transitioned from the three month LIBOR rate to the three month Secured Overnight Financing Rate ("SOFR"), plus a comparable spread adjustment of 26.161 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 26.161 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 $ 853.2 million and $ 953.2 million at March 31, 2024 and December 31, 2023, 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 March 31, 2024, the FHLB advances outstanding were secured by mortgage loans and investment securities totaling approximately $ 7.02 billion and the Company had approximately $ 5.33 billion of additional advances available from the FHLB.

The Company’s long-term debt primarily includes subordinated debt and other notes payable. Aggregate annual maturities of long-term debt at March 31, 2024, are as follows:

Year	(In thousands)
Remainder of 2024	$ 1,367
2025	1,822
2026	1,824
2027	1,919
2028	332,798
Thereafter	48,323
Total	$ 388,053

NOTE 12: 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 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 amendments 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 March 31, 2024, there were no shares of preferred stock issued or outstanding.

In January 2022, the Company’s Board of Directors authorized a stock repurchase program (“2022 Program”) under which the Company could 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. The 2024 Program will be executed in accordance with Rule 10b-18 under the Exchange Act and will terminate on January 31, 2026 (unless terminated sooner).

No shares were repurchased during the three month periods ended March 31, 2024 and 2023. Market conditions and the Company’s capital needs, among other things, will drive decisions regarding additional, future stock repurchases.

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: UNDIVIDED PROFITS

Simmons Bank, the Company's subsidiary bank, is subject to legal limitations on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. The approval of the Commissioner of the Arkansas State Bank Department is required if the total of all dividends declared by an Arkansas state bank in any calendar year exceeds seventy-five percent (75 %) of the total of its net profits, as defined, for that year combined with seventy-five percent (75 %) of its retained net profits of the preceding year. At March 31, 2024, Simmons Bank had approximately $ 16.6 million available for payment of dividends to the Company, without prior regulatory approval.

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

The Company and Simmons Bank must hold a capital conservation buffer of 2.5 % composed of CET1 capital above its minimum risk-based capital requirements. Failure to meet this capital conservation buffer would result in additional limits on dividends, other distributions and discretionary bonuses. As of March 31, 2024, the Company and Simmons Bank met all capital adequacy requirements, including the capital conservation buffer, under the Basel III Capital Rules. The Company's CET1 ratio was 11.95 % at March 31, 2024.

NOTE 15: STOCK-BASED COMPENSATION

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

The table below summarizes the transactions under the Company's active stock-based compensation plans for the three months ended March 31, 2024:

	Stock Options Outstanding		Non-vested Stock Awards Outstanding		Non-vested Stock Units Outstanding	
(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
Beginning balance, January 1, 2024	447	$ 22.56	—	$ —	1,273	$ 24.23
Granted	—	—	—	—	753	19.00
Stock options exercised	—	—	—	—	—	—
Stock awards/units vested (earned)	—	—	—	—	(268)	25.42
Forfeited/expired	(37)	22.52	—	—	(129)	26.36
Balance, March 31, 2024	410	$ 22.57	—	$ —	1,629	$ 21.45
Exercisable, March 31, 2024	410	$ 22.57				

The following table summarizes information about stock options under the plans outstanding at March 31, 2024:

	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	42	0.75	$ 20.29	42	$ 20.29
22.20 — 22.20	51	0.98	22.20	51	22.20
22.75 — 22.75	249	1.36	22.75	249	22.75
23.51 — 23.51	61	1.81	23.51	61	23.51
24.07 — 24.07	7	1.46	24.07	7	24.07
$ 20.29 — $ 24.07	410	1.32	$ 22.57	410	$ 22.57

The table below summarizes the Company’s performance stock unit activity for the three months ended March 31, 2024:

(In thousands)	Performance Stock Units
Non-vested, January 1, 2024	492
Granted	188
Vested (earned)	(42)
Forfeited	(104)
Non-vested, March 31, 2024	534

Stock-based compensation expense was $ 4.4 million and $ 4.9 million during the three month periods ended March 31, 2024 and 2023, respectively. Stock-based compensation expense is recognized ratably over the requisite service period for all stock-based awards. There was no unrecognized stock-based compensation expense related to stock options at March 31, 2024. Unrecognized stock-based compensation expense related to non-vested stock awards and stock units was $ 21.7 million at March 31, 2024. At such date, the weighted-average period over which this unrecognized expense is expected to be recognized was 2.0 years.

There was no intrinsic value of stock options outstanding and stock options exercisable at March 31, 2024. Aggregate intrinsic value represents the difference between the Company’s closing stock price on the last trading day of the period, which was $ 19.46 as of March 31, 2024, and the exercise price multiplied by the number of options outstanding. There was no intrinsic value of stock options exercised during the three months ended March 31, 2024 and there was $ 6,000 of intrinsic value of stock options exercised during the same period of 2023.

The fair value of the Company’s employee stock options granted is estimated on the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. There were no stock options granted during the three months ended March 31, 2024 and 2023.

NOTE 16: EARNINGS PER SHARE (“EPS”)

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

The computation of earnings per share is as follows:

	Three Months Ended March 31,	
(In thousands, except per share data)	2024	2023
Net income available to common stockholders	$ 38,871	$ 45,589
Average common shares outstanding	125,340	127,186
Average potential dilutive common shares	322	330
Average diluted common shares	125,662	127,516
Basic earnings per share	$ 0.31	$ 0.36
Diluted earnings per share	$ 0.31	$ 0.36

There were 410,490 stock options excluded from the three months ended March 31, 2024 earnings per share calculation due to the related stock option exercise price exceeding the average market price of the Company’s stock during the period. There were 422,180 stock options excluded from the earnings per share calculation for the three months ended March 31, 2023 due to the related stock option exercise price exceeding the average market price of the Company’s stock during the period.

NOTE 17: ADDITIONAL CASH FLOW INFORMATION

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

	Three Months Ended March 31,	
(In thousands)	2024	2023
Interest paid	$ 167,127	$ 95,048
Income taxes paid	422	207
Transfers of loans to foreclosed assets held for sale	661	131

NOTE 18: OTHER INCOME AND OTHER OPERATING EXPENSES

Other income for the three months ended March 31, 2024 and 2023 was $ 7.2 million and $ 11.3 million, respectively. Included in other income during the first quarter of 2023 was a $ 4.0 million legal reserve recapture associated with previously disclosed legal matters.

Other operating expenses consisted of the following:

	Three Months Ended March 31,	
(In thousands)	2024	2023
Professional services	$ 4,067	$ 4,409
Postage	2,037	2,324
Telephone	1,720	1,731
Credit card expense	3,328	3,189
Marketing	6,648	6,210
Software and technology	10,743	10,356
Operating supplies	639	605
Amortization of intangibles	3,850	4,096
Branch right sizing expense	236	979
Other expense	9,245	9,187
Total other operating expenses	$ 42,513	$ 43,086

NOTE 19: CERTAIN TRANSACTIONS

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

NOTE 20: 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 March 31, 2024, the Company had outstanding commitments to extend credit aggregating approximately $ 751.7 million and $ 4.14 billion for credit card commitments and other loan commitments, respectively. 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.

As of March 31, 2024, the Company had outstanding commitments to originate fixed-rate mortgage loans of approximately $ 30.2 million. At December 31, 2023, the Company had outstanding commitments to originate fixed-rate mortgage loans of approximately $ 16.6 million. 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 $ 55.7 million and $ 54.2 million at March 31, 2024, and December 31, 2023, respectively, with terms ranging from 9 months to 15 years. At March 31, 2024 and December 31, 2023, 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 $ 837.6 million and $ 580.8 million at March 31, 2024 and December 31, 2023, respectively, and they expire in less than one year from issuance.

NOTE 21: FAIR VALUE MEASUREMENTS

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

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also establishes a fair value hierarchy that requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. 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 March 31, 2024 and December 31, 2023, 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 March 31, 2024 and December 31, 2023.

		Fair Value Measurements Using		
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2024				
Available-for-sale securities				
U.S. Treasury	$ 1,964	$ 1,964	$ —	$ —
U.S. Government agencies	69,801	—	69,801	—
Mortgage-backed securities	1,845,364	—	1,845,364	—
State and political subdivisions	874,849	—	874,849	—
Other securities	235,580	—	235,580	—
Mortgage loans held for sale	11,899	—	—	11,899
Derivative asset	146,766	—	146,766	—
Derivative liability	(27,621)	—	(27,621)	—
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	—
States 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)	—

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 March 31, 2024 and December 31, 2023.

		Fair Value Measurements Using		
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2024				
Individually assessed loans [(1)] [(2)] (collateral-dependent)	$ 147,961	$ —	$ —	$ 147,961
Foreclosed assets and other real estate owned [(1)]	2,285	—	—	2,285
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

(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 $ 21.8 million and $ 18.7 million were related to collateral-dependent loans for which fair value re-measurements took place during the periods ended March 31, 2024 and December 31, 2023, 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:

	Carrying	Fair Value Measurements			
(In thousands)	Amount	Level 1	Level 2	Level 3	Total
March 31, 2024					
Financial assets:					
Cash and cash equivalents	$ 603,303	$ 603,303	$ —	$ —	$ 603,303
Interest bearing balances due from banks - time	100	—	100	—	100
Held-to-maturity securities, net	3,707,258	—	3,049,282	—	3,049,282
Interest receivable	122,781	—	122,781	—	122,781
Loans, net	16,774,393	—	—	15,786,397	15,786,397
Financial liabilities:					
Noninterest bearing transaction accounts	4,697,539	—	4,697,539	—	4,697,539
Interest bearing transaction accounts and savings deposits	11,071,762	—	11,071,762	—	11,071,762
Time deposits	6,583,703	—	—	6,549,191	6,549,191
Federal funds purchased and securities sold under agreements to repurchase	58,760	—	58,760	—	58,760
Other borrowings	871,874	—	869,691	—	869,691
Subordinated notes and debentures	366,179	—	355,921	—	355,921
Interest payable	39,234	—	39,234	—	39,234
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

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 22: 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 25 % 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 three month period ended March 31, 2024, the net amount included in interest income on investment securities in the consolidated statements of income related to fair value hedges was $ 12.4 million.

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

				March 31, 2024		December 31, 2023	
(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	$ 119,078	$ 1,001,715	$ 102,644

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)	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Investment securities - Available-for-sale	$ 923,257	$ 940,010	$ 119,411	$ 104,408

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.

	March 31, 2024		December 31, 2023	
(In thousands)	Notional	Fair Value	Notional	Fair Value
Derivative assets	$ 598,443	$ 27,688	$ 551,314	$ 27,627
Derivative liabilities	599,396	27,621	552,274	27,584

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 $ 19.4 million as of March 31, 2024.

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 March 31, 2024. Currently, the Company generally does not intend to offer hedging services to any remaining energy related customers.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Statements

We have reviewed the consolidated balance sheet of Simmons First National Corporation and subsidiaries ("the Company") as of March 31, 2024, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and the related notes (collectively referred to as the "interim financial information or statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Company and subsidiaries as of December 31, 2023, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the year then ended (not presented herein), and in our report dated February 27, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ FORVIS, LLP

Little Rock, Arkansas
May 7, 2024

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

As permitted by SEC rules, management presents a sequential quarterly analysis of the Company’s performance as we believe that comparing current quarter results to those of the immediately preceding fiscal quarter is more useful in identifying current business trends and provides a more relevant analysis of our business results. Accordingly, we have compared our results of operations for the three months ended March 31, 2024 to our results of operations for the three months ended December 31, 2023 and March 31, 2023, as applicable, throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

During the first three months of 2024, we delivered solid results in the quarter that clearly reflect our driving principles centered on a strong risk management culture, profitability and organic growth. 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 stable during the quarter, 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 March 31, 2024 were $22.35 billion, compared to $22.24 billion as of December 31, 2023. Uninsured deposits (excluding collateralized deposits and intercompany deposits) as of March 31, 2024 were approximately $4.64 billion, or 21% of total deposits.

- Capital levels were steady during the quarter, with all regulatory capital ratios remaining significantly above “well-capitalized” guidelines as of March 31, 2024 (see Table 11 in the *Risk-Based Capital* section below). As of March 31, 2024, our ratio of common equity to total assets was 12.56%, the ratio of tangible common equity to tangible assets was 7.75% and our Tier 1 leverage ratio was 9.44%.

- Key credit quality metrics as of March 31, 2024 also remained solid, with our nonperforming loan coverage ratio at 212% 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 March 31, 2024 and December 31, 2023. Additional liquidity sources available to us as of March 31, 2024 totaled $11.46 billion and our uninsured, non-collateralized deposit coverage ratio was 2.5x.

Net income for the three months ended March 31, 2024 was $38.9 million, or $0.31 diluted earnings per share, compared to net income of $23.9 million, or $0.19 diluted earnings per share, and $45.6 million, or $0.36 diluted earnings per share, for the three months ended December 31, 2023 and March 31, 2023, respectively. Included in the results for the three months ended March 31, 2024 were certain items related to a FDIC special assessment and early retirement program costs; results for the three months ended December 31, 2023 included certain items related to a FDIC special assessment, early retirement program costs and loss on sale of securities; and results for the three months ended March 31, 2023 included certain items related to acquisition costs. Also included in each comparative period end results were certain items related to branch right sizing initiatives. Excluding these certain items and the tax effect, adjusted earnings for the three months ended March 31, 2024 were $40.4 million, or $0.32 adjusted diluted earnings per share, compared to $50.2 million, or $0.40 adjusted diluted earnings per share, and $47.3 million, or $0.37 adjusted diluted earnings per share, for the three months ended December 31, 2023 and March 31, 2023, respectively.

Credit trends throughout the industry are beginning to normalize after an extended period at historically low levels. 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 March 31, 2024, December 31, 2023, and March 31, 2023 were $107.3 million, $84.5 million, and $63.7 million, respectively. Non-performing assets as a percent of total assets were 0.41% at March 31, 2024, compared to 0.33% at December 31, 2023 and 0.26% at March 31, 2023.

Stockholders’ equity as of March 31, 2024 was $3.44 billion, book value per share was $27.42 and tangible book value per share was $16.02.

Total loans were $17.00 billion at March 31, 2024, compared to $16.85 billion at December 31, 2023, reflecting our focus on maintaining disciplined pricing strategies and prudent underwriting standards given in light of uncertainty related to near-term economic activity and conditions in our markets. Our unfunded commitments were $4.14 billion and $4.17 billion as of March 31, 2024 and December 31, 2023, respectively. Our commercial loan pipeline experienced growth for the third consecutive quarter and totaled $1.01 billion as of March 31, 2024, compared to $948.2 million at December 31, 2023.

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

Simmons First National Corporation is a Mid-South based financial holding company that, as of March 31, 2024, has approximately $27.4 billion in consolidated assets and, through its subsidiaries, conducts financial operations in Arkansas, Kansas, Missouri, Oklahoma, Tennessee and Texas.

CRITICAL ACCOUNTING ESTIMATES

Overview

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

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

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

Allowance for Credit Losses

The allowance for credit losses is a reserve established through a provision for credit losses charged to expense, which represents management’s best estimate of lifetime expected losses based on reasonable and supportable forecasts, 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 ASC Topic 326-20, *Financial Instruments - Credit Losses*. For further information see the section *Allowance for Credit Losses* below.

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

Acquisition Accounting, Loans

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

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Other intangible assets represent purchased assets that also lack physical substance but can be separately distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset or liability. We perform an annual goodwill impairment test, and more than annually if circumstances warrant, in accordance with ASC Topic 350, *Intangibles – Goodwill and Other*, as amended by ASU 2011-08 – 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; no impairment was indicated as of March 31, 2024. 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 or performance stock units granted to directors, officers and other key employees.

In accordance with ASC Topic 718, *Compensation – Stock Compensation*, the fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses various assumptions. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. For additional information, see Note 15, Stock-Based Compensation, in the accompanying Condensed Notes to Consolidated Financial Statements included elsewhere in this report.

Income Taxes

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

NET INTEREST INCOME

Overview

Net interest income, our principal source of earnings, is the difference between the interest income generated by earning assets and the total interest cost of the deposits and borrowings obtained to fund those assets. Factors that determine the level of net interest income include the volume of earning assets and interest bearing liabilities, yields earned and rates paid, the level of non-performing loans and the amount of 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%.

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. As of March 31, 2024, our interest rate sensitivity shows that approximately 44% of our loans and 94% of our time deposits will reprice in the next year.

Net Interest Income - Sequential Quarter Analysis

For the three month period ended March 31, 2024, net interest income on a fully taxable equivalent basis was $158.3 million, a decrease of $3.8 million, or 2.4%, compared to the three months ended December 31, 2023. The decrease in net interest income was primarily the result of a $1.0 million decrease in fully tax equivalent interest income, coupled by a $2.9 million increase in interest expense.

The decrease in interest income primarily resulted from a $61,000 increase in interest income on loans, more than offset by a decrease of $919,000 in interest income on investment securities. The marginal increase in interest income provided by loans reflects an increase in loan volume of $1.7 million, offset by a $1.6 million decrease in interest income related to loan yield. While the loan yield for the first quarter of 2024 was 6.24% compared to 6.20% from the preceding sequential quarter, representing a 4 basis point increase, the lower number of days during the three month period ended March 31, 2024 led to the decrease in interest income related to loan yield. The decrease in interest income on investment securities was primarily due to a $2.5 million decrease in volume related to our taxable investment portfolio, 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 of our investment securities portfolio 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. The decrease in interest income on taxable investment securities due to volume decreases was mitigated by a $1.8 million increase in interest income on taxable investment securities due to yield increases of 22 basis points.

The $2.9 million increase in interest expense is mostly due to the increase in deposit account rates and change in deposit mix as consumers migrate toward higher rate deposits in the current higher rate environment. Interest expense increased $6.0 million due to the increase in rate of 17 basis points on interest-bearing deposit accounts as pricing measures were implemented to defend the core deposit base. Interest expense also increased $2.0 million due to the increase in deposit volume over the period. The increases due to deposit volume and yields were partially offset by the reduced reliance on other wholesale borrowings sources, which led to a $5.0 million decrease in interest expense.

Net Interest Income - Year-over-Year Analysis

Net interest income on a fully taxable equivalent basis for the three month period ended March 31, 2024 decreased $25.8 million, or 14.0%, over the same period in 2023. The decrease in net interest income on a fully taxable equivalent basis was the result of a $43.6 million increase in fully tax equivalent interest income, more than offset by a $69.4 million increase in interest expense.

The increase in interest income during the three month period ended March 31, 2024 resulted from increases in interest income on loans and investments, primarily as a result of rising market interest rates. The increase in interest income on loans of $34.2 million reflects an increase in loan volume of $8.2 million coupled with a 57 basis point rise in loan yield that resulted in a $26.0 million increase. The increase in our loan volume was due to solid organic loan growth over the comparative period. The increase of $9.2 million in interest income on investment securities is primarily related to an increase of $15.1 million in interest income on taxable investment securities due to yield increases over the period of 138 basis points. The increase in interest income on taxable investment securities due to yield increases was mitigated by a $5.7 million decrease due to the decline in our taxable investment portfolio average balances which decreased by $768.5 million or 15.6%, as our portfolio experienced pay downs, maturities and a strategic sale as discussed above.

The $69.4 million increase in interest expense is mainly due to the increase in our deposit account rates over the period, combined with the 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 $55.4 million due to the increase in rate of 138 basis points on interest-bearing deposit accounts and increased $9.0 million due to the increase in deposit volume over the period. Further, an increase of $2.8 million to interest expense was related to an increase in other borrowings during the same period. We continually monitor and look for opportunities to fairly reprice our deposits while remaining competitive in this current challenging rate environment.

Net Interest Margin

Our net interest margin on a fully tax equivalent basis was 2.66% for the three month period ended March 31, 2024, as compared to 2.68% and 3.09% for the three months ended December 31, 2023 and March 31, 2023, respectively. While net interest margin was relatively flat compared to the preceding sequential quarter with a decrease of 2 basis points, net interest margin decreased 43 basis points during the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The decrease when compared to the same period in the prior year was primarily due to the rising deposit rate pressure from increased market competition and consumer migration toward higher rate deposits.

Net Interest Income Tables

Tables 1 and 2 reflect an analysis of net interest income on a fully taxable equivalent basis for the three months ended March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

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

	Three Months Ended		
(In thousands)	March 31, 2024	December 31, 2023	March 31, 2023
Interest income	$ 322,649	$ 323,518	$ 279,137
FTE adjustment	6,422	6,511	6,311
Interest income – FTE	329,071	330,029	285,448
Interest expense	170,743	167,890	101,302
Net interest income – FTE	$ 158,328	$ 162,139	$ 184,146
Yield on earning assets – FTE	5.53 %	5.46 %	4.78 %
Cost of interest bearing liabilities	3.64 %	3.53 %	2.26 %
Net interest spread – FTE	1.89 %	1.93 %	2.52 %
Net interest margin – FTE	2.66 %	2.68 %	3.09 %

Table 2: Changes in Fully Taxable Equivalent Net Interest Margin

	Three Months Ended	
(In thousands)	March 31, 2024 compared to December 31, 2023	March 31, 2024 compared to March 31, 2023
Increase (decrease) due to change in earning assets	$ (382)	$ 1,491
Increase (decrease) due to change in earning asset yields	(576)	42,132
Increase (decrease) due to change in interest bearing liabilities	2,530	(9,781)
Decrease due to change in interest rates paid on interest bearing liabilities	(5,383)	(59,660)
Decrease in net interest income	$ (3,811)	$ (25,818)

Table 3 shows, for each major category of earning assets and interest bearing liabilities, the average (computed on a daily basis) amount outstanding, the interest earned or expensed on such amount and the average rate earned or expensed for the three months ended March 31, 2024, December 31, 2023 and March 31, 2023, respectively. The table also shows the average rate earned on all earning assets, the average rate expensed on all interest bearing liabilities, the net interest spread and the net interest margin for the same periods. The analysis is presented on a fully taxable equivalent basis. Nonaccrual loans were included in average loans for the purpose of calculating the rate earned on total loans.

Table 3: Average Balance Sheets and Net Interest Income Analysis

(FTE = Fully Taxable Equivalent using an effective tax rate of 26.135%)

	Three Months Ended								
	March 31, 2024			December 31, 2023			March 31, 2023		
(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	$ 211,121	$ 3,010	5.73	$ 230,464	$ 3,115	5.36	$ 315,307	$ 2,783	3.58
Investment securities - taxable	4,162,455	42,198	4.08	4,410,681	42,895	3.86	4,930,945	32,804	2.70
Investment securities - non-taxable	2,635,368	21,301	3.25	2,555,125	21,523	3.34	2,624,642	21,522	3.33
Mortgage loans held for sale	9,048	148	6.58	7,644	143	7.42	5,470	82	6.08
Loans - including fees	16,900,496	262,414	6.24	16,793,211	262,353	6.20	16,329,761	228,257	5.67
Total interest earning assets	23,918,488	329,071	5.53	23,997,125	330,029	5.46	24,206,125	285,448	4.78
Non-earning assets	3,340,911			3,373,686			3,282,607		
Total assets	$ 27,259,399			$ 27,370,811			$ 27,488,732		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Liabilities:									
Interest bearing liabilities:									
Interest bearing transaction and savings deposits	$ 11,132,396	$ 78,692	2.84	$ 10,730,701	$ 71,412	2.64	$ 11,722,591	$ 47,990	1.66
Time deposits	6,448,014	73,241	4.57	6,509,663	72,458	4.42	5,155,055	39,538	3.11
Total interest bearing deposits	17,580,410	151,933	3.48	17,240,364	143,870	3.31	16,877,646	87,528	2.10
Federal funds purchased and securities sold under agreements to repurchase	54,160	189	1.40	65,871	232	1.40	148,673	323	0.88
Other borrowings	873,278	11,649	5.37	1,212,501	16,607	5.43	787,783	8,848	4.56
Subordinated debt and debentures	366,160	6,972	7.66	366,123	7,181	7.78	366,009	4,603	5.10
Total interest bearing liabilities	18,874,008	170,743	3.64	18,884,859	167,890	3.53	18,180,111	101,302	2.26
Noninterest bearing liabilities:									
Noninterest bearing deposits	4,654,179			4,864,274			5,642,779		
Other liabilities	284,191			285,431			295,191		
Total liabilities	23,812,378			24,034,564			24,118,081		
Stockholders' equity	3,447,021			3,336,247			3,370,651		
Total liabilities and stockholders' equity	$ 27,259,399			$ 27,370,811			$ 27,488,732		
Net interest spread – FTE			1.89			1.93			2.52
Net interest margin – FTE		$ 158,328	2.66		$ 162,139	2.68		$ 184,146	3.09

Table 4 shows changes in interest income and interest expense resulting from changes in both volume and interest rates for the three months ended March 31, 2024 as compared to the three months ended December 31, 2023 and March 31, 2023, respectively. The changes in interest rate and volume have been allocated to changes in average volume and changes in average rates in proportion to the relationship of absolute dollar amounts of the changes in rates and volume.

Table 4: Volume/Rate Analysis

	Three Months Ended					
	March 31, 2024 compared to December 31, 2023			March 31, 2024 compared to March 31, 2023		
(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	$ (269)	$ 164	$ (105)	$ (1,118)	$ 1,345	$ 227
Investment securities - taxable	(2,472)	1,775	(697)	(5,727)	15,121	9,394
Investment securities - non-taxable	664	(886)	(222)	88	(309)	(221)
Mortgage loans held for sale	24	(19)	5	58	8	66
Loans - including fees	1,671	(1,610)	61	8,190	25,967	34,157
Total	(382)	(576)	(958)	1,491	42,132	43,623
Interest expense:						
Interest bearing transaction and savings accounts	2,735	4,545	7,280	(2,530)	33,232	30,702
Time deposits	(690)	1,473	783	11,552	22,151	33,703
Federal funds purchased and securities sold under agreements to repurchase	(41)	(2)	(43)	(269)	135	(134)
Other borrowings	(4,535)	(423)	(4,958)	1,026	1,775	2,801
Subordinated notes and debentures	1	(210)	(209)	2	2,367	2,369
Total	(2,530)	5,383	2,853	9,781	59,660	69,441
Increase (decrease) in net interest income	$ 2,148	$ (5,959)	$ (3,811)	$ (8,290)	$ (17,528)	$ (25,818)

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.

For the three months ended March 31, 2024, our provision for credit losses was $10.2 million as compared to $24.2 million for the same period ended March 31, 2023. Provision expense for the three months ended March 31, 2024 was related to loans and reflected loan growth in the quarter, as well as the impact of updated economic assumptions. Provision expense for the same period ended March 31, 2023 consisted of a $10.9 million expense related to loans and was primarily due to the impacts described above, combined with a $13.3 million expense related to securities and was due to decreases in the value of corporate bonds in the investment securities portfolio.

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.

For the three month period ended March 31, 2024, total noninterest income was $43.2 million, an increase of approximately $21.2 million or 96.5%, compared to the three month period ended December 31, 2023. The sequential increase was primarily driven by a certain item related to the loss on sale of securities of $20.2 million during the three months ended December 31, 2023, which was due 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. Adjusting for this certain item, adjusted noninterest income for the three months ended March 31, 2024, increased $992,000, or 2.4%, as compared to the three months ended December 31, 2023.

Noninterest income for the three months ended March 31, 2024 decreased by approximately $2.7 million or 5.8% as compared to the three months ended March 31, 2023. The decrease as compared to the same period in 2023 was primarily due to a $4.0 million legal reserve recapture associated with litigation recorded during the three months ended March 31, 2023, which was partially offset by a modest increase of $750,000 in mortgage lending income, coupled with an increase of $841,000 in bank owned life insurance income related to a higher earnings credit rate as compared to the prior period.

Table 5 shows noninterest income for the three month periods ended March 31, 2024, December 31, 2023 and March 31, 2023, respectively, as well as changes between periods.

Table 5: Noninterest Income

	Three Months Ended						
(Dollars in thousands)	March 31, 2024	December 31, 2023	March 31, 2023	Change from Quarter - Sequential		Change from Quarter - Year-over-Year	
Service charges on deposit accounts	$ 11,955	$ 12,782	$ 12,437	$ (827)	(6.5)%	$ (482)	(3.9)%
Debit and credit card fees	8,246	7,822	7,952	424	5.4	294	3.7
Wealth management fees	7,478	7,679	7,365	(201)	(2.6)	113	1.5
Mortgage lending income	2,320	1,603	1,570	717	44.7	750	47.8
Bank owned life insurance income	3,814	3,094	2,973	720	23.3	841	28.3
Other service charges and fees	2,199	2,346	2,282	(147)	(6.3)	(83)	(3.6)
Loss on sale of securities, net	—	(20,218)	—	20,218	(100.0)	—	—
Other income	7,172	6,866	11,256	306	4.5	(4,084)	(36.3)
Total noninterest income	$ 43,184	$ 21,974	$ 45,835	$ 21,210	96.5%	$ (2,651)	(5.8)%

Recurring fee income (total service charges, wealth management fees, debit and credit card fees) was $29.9 million, $30.6 million, and $30.0 million for the three month periods ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

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 was $139.9 million for the three month period ended March 31, 2024, as compared to noninterest expense of $148.1 million for the three month period ended December 31, 2023, representing a decrease of $8.3 million, or 5.6%, as compared to the preceding quarter. Adjusted noninterest expense, which excludes branch right sizing, FDIC special assessment and early retirement program costs, for the three months ended March 31, 2024, increased $5.1 million, or 3.9%, as compared to the three months ended December 31, 2023.

Noninterest expense for the three months ended March 31, 2024 decreased by approximately $3.3 million or 2.3% as compared to the three months ended March 31, 2023. Adjusted noninterest expense, which excludes branch right sizing, merger related costs (for the three months ended March 31, 2023), FDIC special assessment (for the three months ended March 31, 2024) and early retirement program costs (for the three months ended March 31, 2024), decreased $3.0 million, or 2.1%, as compared to the three months ended March 31, 2023.

Salaries and employee benefits expense increased $5.7 million during the three month period ended March 31, 2024 as compared to the preceding sequential quarter and decreased $4.4 million when compared to the same period in the prior year. Adjusted salaries and employee benefits expense, which excludes early retirement program costs, for the three months ended March 31, 2024, increased $6.5 million, or 9.8%, as compared to the preceding sequential quarter and decreased $4.6 million, or 6.0%, when compared to the same period in the prior year. The increase as compared to the preceding sequential quarter is primarily due to higher payroll taxes typically incurred during the first quarter, while the decrease as compared to the same period in the prior year is primarily due to the successful execution of programs as part of our Better Bank Initiative.

Deposit insurance expense for the three months ended March 31, 2024 as compared to the three months ended December 31, 2023 and three months ended March 31, 2023 decreased by $8.1 million and increased by $2.2 million, respectively. The variances in deposit insurance expense are significantly attributable to the FDIC special assessments of $1.5 million during the three months ended March 31, 2024 and $10.5 million during the three months ended December 31, 2023, which were levied to support the Deposit Insurance Fund following the failure of certain banks in 2023. Otherwise, increases in the base assessment rate related to changes in the mix of deposits contributed approximately $887,000 and $693,000 to the deposit insurance expense increases when comparing the three months ended March 31, 2024 to the three months ended December 31, 2023 and March 31, 2023, respectively.

Table 6 below shows noninterest expense for the three month periods ended March 31, 2024, December 31, 2023 and March 31, 2023, respectively, as well as changes between periods.

Table 6: Noninterest Expense

	Three Months Ended						
(Dollars in thousands)	March 31, 2024	December 31, 2023	March 31, 2023	Change from Quarter - Sequential		Change from Quarter - Year-over-Year	
Salaries and employee benefits	$ 72,434	$ 65,950	$ 77,038	$ 6,484	9.8 %	$ (4,604)	(6.0)%
Early retirement program	219	1,032	—	(813)	(78.8)	219	—
Occupancy expense, net	12,258	11,733	11,578	525	4.5	680	5.9
Furniture and equipment expense	5,141	5,445	5,051	(304)	(5.6)	90	1.8
Other real estate and foreclosure expense	179	189	186	(10)	(5.3)	(7)	(3.8)
Deposit insurance	7,135	15,220	4,893	(8,085)	(53.1)	2,242	45.8
Merger related costs	—	—	1,396	—	—	(1,396)	(100.0)
Other operating expenses:							
Professional services	4,067	5,169	4,409	(1,102)	(21.3)	(342)	(7.8)
Postage	2,037	2,485	2,324	(448)	(18.0)	(287)	(12.4)
Telephone	1,720	1,783	1,731	(63)	(3.5)	(11)	(0.6)
Debit and credit card	3,328	3,254	3,189	74	2.3	139	4.4
Marketing	6,648	5,967	6,210	681	11.4	438	7.1
Software and technology	10,743	11,231	10,356	(488)	(4.4)	387	3.7
Operating supplies	639	829	605	(190)	(22.9)	34	5.6
Amortization of intangibles	3,850	4,015	4,096	(165)	(4.1)	(246)	(6.0)
Branch right sizing	236	3,846	979	(3,610)	(93.9)	(743)	(75.9)
Other	9,245	9,991	9,187	(746)	(7.5)	58	0.6
Total noninterest expense	$ 139,879	$ 148,139	$ 143,228	$ (8,260)	(5.6)%	$ (3,349)	(2.3)%

INVESTMENTS AND SECURITIES

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

HTM and AFS investment securities were $3.71 billion and $3.03 billion, respectively, at March 31, 2024, compared to the HTM amount of $3.73 billion and AFS amount of $3.15 billion at December 31, 2023. We will continue to look for opportunities to maximize the value of the investment portfolio.

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. The related remaining combined net unrealized losses of $121.9 million in accumulated other comprehensive income (loss) as of March 31, 2024 will be amortized over the remaining life of the securities. No gains or losses on these securities were recognized at the time of transfer.

Management has the ability and intent to hold the securities classified as HTM until they mature, at which time we expect to receive full value for the securities. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. 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 March 31, 2024, we 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 may continue to evaluate targeted sales of AFS securities based on prevailing market conditions and our funding and liquidity positions. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Accordingly, as of March 31, 2024, we believe the declines in fair value are temporary and we do not believe any of the securities are impaired due to reasons of credit quality.

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 late third quarter of 2023. Securities within these swap agreements have maturity dates varying between 2028 and 2029. For the three months ended March 31, 2024, the net amount included in interest income on investment securities in the consolidated statements of income related to these swap agreements was $12.4 million.

LOAN PORTFOLIO

Our loan portfolio averaged $16.90 billion and $16.33 billion during the first three months of 2024 and 2023, respectively. As of March 31, 2024, total loans were $17.00 billion, an increase of $156.1 million from December 31, 2023. The increase in the average loan balance during the first three months of 2024 when compared to the same period in 2023 is primarily due to the continued widespread organic loan growth throughout our geographic markets over the comparative period. The most significant components of the loan portfolio were loans to businesses (commercial loans, commercial real estate loans and agricultural loans) and individuals (consumer loans, credit card loans and single-family residential real estate loans).

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

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

Table 7: Loan Portfolio

(In thousands)	March 31, 2024	December 31, 2023
Consumer:		
Credit cards	$ 182,742	$ 191,204
Other consumer	124,531	127,462
Total consumer	307,273	318,666
Real estate:		
Construction and development	3,331,739	3,144,220
Single family residential	2,624,738	2,641,556
Other commercial	7,508,049	7,552,410
Total real estate	13,464,526	13,338,186
Commercial:		
Commercial	2,499,311	2,490,176
Agricultural	226,642	232,710
Total commercial	2,725,953	2,722,886
Other	504,008	465,932
Total loans before allowance for credit losses	$ 17,001,760	$ 16,845,670

Consumer loans consist of credit card loans and other consumer loans. Consumer loans were $307.3 million at March 31, 2024, or 1.8% of total loans, compared to $318.7 million, or 1.9% of total loans at December 31, 2023. The decrease in consumer loans from December 31, 2023, to March 31, 2024, was primarily due to loan payoffs and pay downs within the credit card portfolio during the period.

Real estate loans consist of construction and development loans (“C&D”) loans, single-family residential loans and commercial real estate (“CRE”) loans. Real estate loans were $13.46 billion at March 31, 2024, or 79.2% of total loans, compared to $13.34 billion, or 79.2%, of total loans at December 31, 2023, an increase of $126.3 million, or 0.9%. Our C&D loans increased by $187.5 million, or 6.0%, single family residential loans decreased by $16.8 million, or 0.6%, and CRE loans decreased by $44.4 million, or 0.6%. The incremental changes among our real estate portfolio reflected our focus on maintaining conservative underwriting standards and structure guidelines while emphasizing prudent pricing discipline during the first three months of 2024. 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 $2.73 billion at March 31, 2024, or 16.0% of total loans, compared to $2.72 billion, or 16.2% of total loans at December 31, 2023, an increase of $3.1 million, or 0.1%. The modest increase in non-real estate loans related to business of $9.1 million, or 0.4%, was partially offset by the decrease in agricultural loans of $6.1 million, or 2.6%, primarily due to seasonality of the portfolio, which normally peaks in the third quarter.

Other loans mainly consist of mortgage warehouse lending and municipal loans. Mortgage volume experienced an increase in demand during the first three months of 2024 as compared to December 31, 2023, and was coupled with continued organic growth in our municipal loans during the quarter, leading to an increase of $38.1 million in other loans.

While loan growth was widespread throughout our geographic markets and was generally broad-based by loan type during the first three months of 2024, loan growth during the first quarter of 2024 reflected moderating demand and increased payoff activity, as we focus on maintaining disciplined pricing and conservative underwriting standards given the current economic environment. Our commercial loan pipeline consisting of all commercial loan opportunities was $1.01 billion at March 31, 2024 compared to $948.2 million at December 31, 2023. Loans approved and ready to close at the end of the quarter totaled $380.9 million.

ASSET QUALITY

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

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

Total non-performing assets increased $22.0 million from December 31, 2023 to March 31, 2024. Nonaccrual loans increased by $22.5 million from December 31, 2023 and foreclosed assets held for sale and other real estate owned decreased $562,000 as compared to December 31, 2023. The increase in nonaccrual assets was primarily due to two large loans being placed in nonaccrual status during the period. One is an $11.0 million asset based lending loan and the other is a $6.6 million non-owner occupied real estate loan to a business that was negatively impacted by the COVID-19 pandemic.

Non-performing assets, including modifications to borrowers experiencing financial difficulty (“FDMs”) and acquired foreclosed assets, as a percent of total assets were 0.53% at March 31, 2024, compared to 0.45% at December 31, 2023. From time to time, certain borrowers experience declines in income and cash flow. As a result, these borrowers seek to reduce contractual cash outlays, the most prominent being debt payments. In an effort to preserve our net interest margin and earning assets, we are open to working with existing customers in order to maximize the collectability of the debt.

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.

There were no loan modifications granted to borrowers experiencing financial difficulty during the three month periods ended March 31, 2024 and 2023.

We continue to maintain good asset quality compared to the industry and strong asset quality remains a primary focus of our strategy. The allowance for credit losses as a percent of total loans was 1.34% as of March 31, 2024. Non-performing loans equaled 0.63% of total loans. Non-performing assets were 0.41% of total assets, an 8 basis point increase from December 31, 2023. The allowance for credit losses was 212% of non-performing loans. Our annualized net charge-offs to average total loans ratio for the first three months of 2024 was 0.19%. Annualized net credit card charge-offs to average total credit card loans were 2.88% for the first three months of 2024, compared to 2.20% during the full year 2023, and 119 basis points better than the most recently published industry average charge-off ratio as reported by the Federal Reserve for all banks.

Table 8 presents information concerning non-performing assets, including nonaccrual loans at amortized cost and foreclosed assets held for sale.

Table 8: Non-performing Assets

(Dollars in thousands)	March 31, 2024	December 31, 2023	March 31, 2023
Nonaccrual loans [1]	$ 105,788	$ 83,325	$ 63,218
Loans past due 90 days or more (principal or interest payments)	1,527	1,147	437
Total non-performing loans	107,315	84,472	63,655
Other non-performing assets:			
Foreclosed assets held for sale and other real estate owned	3,511	4,073	2,721
Other non-performing assets	1,491	1,726	5,012
Total other non-performing assets	5,002	5,799	7,733
Total non-performing assets	$ 112,317	$ 90,271	$ 71,388
Performing FDMs	$ 33,576	$ 33,577	$ 2,183
Allowance for credit losses to non-performing loans	212 %	267 %	324 %
Non-performing loans to total loans	0.63 %	0.50 %	0.38 %
Non-performing assets (including performing FDMs) to total assets	0.53 %	0.45 %	0.27 %
Non-performing assets to total assets	0.41 %	0.33 %	0.26 %

(1) Includes nonaccrual FDMs of approximately $282,000 at December 31, 2023.

The interest income on nonaccrual loans is not considered material for the three month periods ended March 31, 2024 and 2023.

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.

An analysis of the allowance for credit losses on loans is shown in Table 9.

Table 9: Allowance for Credit Losses

(In thousands)	2024	2023
Balance, beginning of year	$ 225,231	$ 196,955
Loans charged off:		
Credit card	1,646	1,076
Other consumer	732	456
Real estate	2,857	1,204
Commercial	4,593	413
Total loans charged off	9,828	3,149
Recoveries of loans previously charged off:		
Credit card	248	234
Other consumer	333	240
Real estate	735	294
Commercial	442	1,067
Total recoveries	1,758	1,835
Net loans charged off	8,070	1,314
Provision for credit losses	10,206	10,916
Balance, March 31,	$ 227,367	$ 206,557
Loans charged off:		
Credit card		4,227
Other consumer		2,066
Real estate		11,181
Commercial		5,549
Total loans charged off		23,023
Recoveries of loans previously charged off:		
Credit card		774
Other consumer		1,298
Real estate		2,092
Commercial		1,025
Total recoveries		5,189
Net loans charged off		17,834
Provision for credit losses		36,508
Balance, end of year		$ 225,231

Provision for Credit Losses

The amount of provision added to or released from the allowance during the three months ended March 31, 2024 and 2023, and for the year ended December 31, 2023, was based on management's judgment, with consideration given to the composition and asset quality of the portfolio, historical loan loss experience, and assessment of current and expected economic forecasts and conditions. It is management's practice to review the allowance on a monthly basis, and after considering the factors previously noted, to determine the level of provision made to the allowance.

Allowance for Credit Losses Allocation

As of March 31, 2024, the allowance for credit losses reflected an increase of approximately $2.1 million from December 31, 2023, while total loans increased by $156.1 million over the same three month period. The allocation in each category within the allowance generally reflects the overall changes in the loan portfolio mix.

The increase in the allowance for credit losses during the first three months of 2024 was primarily due to the loan growth experienced during the first quarter of the year, as well as refreshed economic forecasts. Our allowance for credit losses at March 31, 2024 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 10: Allocation of Allowance for Credit Losses

	March 31, 2024		December 31, 2023	
(Dollars in thousands)	Allowance Amount	% of loans (1)	Allowance Amount	% of loans (1)
Credit cards	$ 5,768	1.1 %	$ 5,868	1.1 %
Other consumer	5,994	3.7 %	5,716	3.5 %
Real estate	180,414	79.2 %	177,177	79.2 %
Commercial	35,191	16.0 %	36,470	16.2 %
Total	$ 227,367	100.0 %	$ 225,231	100.0 %
Allowance for credit losses to period-end loans	1.34 %		1.34 %	

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

DEPOSITS

Deposits are our primary source of funding for earning assets and are primarily developed through our network of 233 financial centers as of March 31, 2024. 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 March 31, 2024, core deposits comprised 78.6% 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 March 31, 2024, were $22.35 billion, compared to $22.24 billion as of December 31, 2023. Noninterest bearing transaction accounts, interest bearing transaction accounts and savings accounts totaled $15.77 billion at March 31, 2024, compared to $15.80 billion at December 31, 2023, a slight decrease of $29.0 million. Total time deposits increased $137.0 million to $6.58 billion at March 31, 2024, from $6.45 billion at December 31, 2023. We had $3.02 billion and $2.90 billion of brokered deposits at March 31, 2024, and December 31, 2023, respectively. The change in the mix of deposits at March 31, 2024 as compared to December 31, 2023 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.

OTHER BORROWINGS AND SUBORDINATED NOTES AND DEBENTURES

Our total debt was $1.24 billion and $1.34 billion at March 31, 2024 and December 31, 2023, respectively. The outstanding balance for March 31, 2024 includes $853.2 million in FHLB advances; $366.2 million in subordinated notes and unamortized debt issuance costs; and $18.7 million of other long-term debt. FHLB advances outstanding at March 31, 2024 are primarily fixed rate, fixed term advances, which are due less than one year from origination and therefore are classified as short-term advances.

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 ("SOFR"), 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.

CAPITAL

Overview

At March 31, 2024, total capital was $3.44 billion. Capital represents shareholder ownership in the Company – the book value of assets in excess of liabilities. At March 31, 2024, our common equity to asset ratio was 12.56% compared to 12.53% at year-end 2023.

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 amendments 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 March 31, 2024 and December 31, 2023, there were no shares of preferred stock issued or outstanding.

Stock Repurchase Program

In January 2022, our Board of Directors authorized a stock repurchase program (the "2022 Program") under which we could 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. The 2024 Program will be executed in accordance with Rule 10b-18 under the Exchange Act and will terminate on January 31, 2026 (unless terminated sooner).

No shares were repurchased during the three month periods ended March 31, 2024 and 2023.

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 this 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 $0.21 per share for the first three months of 2024 compared to $0.20 per share for the first three months of 2023, an increase of $0.01, 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 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. For additional information regarding the parent company's liquidity, see "*Liquidity*" and "*Market Risk Management*" in Item 3 – Quantitative and Qualitative Disclosures About Market Risk of this Quarterly Report on Form 10-Q. We continually assess our capital and liquidity needs and the best way to meet them, including, without limitation, through capital raising in the market via stock or debt offerings.

Risk Based Capital

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

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of March 31, 2024, we meet all capital adequacy requirements to which we are subject. As of the most recent notification from regulatory agencies, Simmons Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and Simmons Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's categories.

The Company's risk-based capital ratios at March 31, 2024 and December 31, 2023 are presented in Table 11 below:

Table 11: Risk-Based Capital

(Dollars in thousands)	March 31, 2024	December 31, 2023
Tier 1 capital:		
Stockholders' equity	$ 3,439,126	$ 3,426,488
CECL transition provision	30,873	61,746
Goodwill and other intangible assets	(1,394,672)	(1,398,810)
Unrealized loss on available-for-sale securities, net of income taxes	408,016	404,375
Total Tier 1 capital	2,483,343	2,493,799
Tier 2 capital:		
Subordinated notes and debentures	366,179	366,141
Subordinated debt phase out	(66,000)	(66,000)
Qualifying allowance for credit losses and reserve for unfunded commitments	214,660	170,977
Total Tier 2 capital	514,839	471,118
Total risk-based capital	$ 2,998,182	$ 2,964,917
Risk weighted assets	$ 20,782,094	$ 20,599,238
Assets for leverage ratio	$ 26,312,873	$ 26,552,988
Ratios at end of period:		
Common equity Tier 1 ratio (CET1)	11.95 %	12.11 %
Tier 1 leverage ratio	9.44 %	9.39 %
Tier 1 risk-based capital ratio	11.95 %	12.11 %
Total risk-based capital ratio	14.43 %	14.39 %
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 and in response to the COVID-19 pandemic, the agencies issued a new regulatory capital rule revising the CECL Transition Provision to delay the estimated impact on regulatory capital stemming from the implementation of ASU 2016-13. The rule provides banking organizations that implement CECL before the end of 2020 the option to delay for two years an estimate of CECL's effect on regulatory capital, followed by a three-year transition period (the "2020 CECL Transition Provision"). The Company elected to apply the 2020 CECL Transition Provision.

The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. The rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios 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. Qualifying subordinated debt of $300.2 million is included as Tier 2 and total capital as of March 31, 2024 and December 31, 2023.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report may not be based on historical facts and should be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology, such as "anticipate," "believe," "budget," "contemplate," "continue," "estimate," "expect," "foresee," "intend," "indicate," "target," "plan," positions," "prospects," "project," "predict," or "potential," by future conditional verbs such as "could," "may," "might," "should," "will," or "would," or by variations of such words or by similar expressions. These forward-looking statements include, without limitation, those relating to the Company's future growth, completed acquisitions, revenue, expenses, assets, asset quality, profitability, earnings, accretion, dividends, customer service, lending capacity and lending activity, investment in digital channels, critical accounting policies and estimates, net interest margin, noninterest revenue, noninterest expense, market conditions related to and the impact of the Company's stock repurchase program, consumer behavior and liquidity, the adequacy of the allowance for credit losses, income tax deductions, credit quality, the level of credit losses from lending commitments, net interest revenue, interest rate sensitivity, repricing of loans and time deposits, loan loss experience, liquidity, the Company's expectations regarding actions by the FHLB and other agencies, capital resources, market risk, plans for future and current investments in securities and investment portfolio strategies, effect of pending and future litigation, including the results of the overdraft fee litigation against the Company that is described in this quarterly report, staffing initiatives, estimated cost savings associated with the Company's early retirement program and Better Bank Initiative, acquisition strategy and activity, 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 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 failures or concerns involving liquidity; changes in real estate values; changes in interest rates and related governmental policies; changes in liquidity; inflation; changes in the level and composition of deposits, loan demand, deposit flows, credit quality 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; developments in information technology affecting the financial industry; changes in customer behaviors, including consumer spending, borrowing and saving habits; cyber threats, attacks or events, including at third-parties with which we rely on for key services; 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; market disruptions, including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises, war and other military conflicts (including the ongoing military conflict between Russia and Ukraine and between Israel and Hamas) or other major events, or the prospect of these events; changes in customer behavior, including consumer spending, borrowing and saving habits; the soundness of other financial institutions and indirect exposure related to the closings of other financial institutions and their impact on the broader market through other customers, suppliers and partners (or that the conditions which resulted in the liquidity concerns that led to the large regional bank failures during 2023 may also adversely impact, directly or indirectly, other financial institutions and market participants with which the Company has commercial or deposit relationships); the loss of key employees; increased unemployment; labor shortages; changes in accounting principles relating to loan loss recognition (current expected credit losses); the Company's ability to manage and successfully integrate its mergers and acquisitions and to fully realize cost savings and other benefits associated with those transactions; the effects of government legislation; 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, cell phone/tablet, telephone, computer and the Internet; the failure of assumptions underlying the establishment of reserves for possible credit losses, fair value for loans, OREO, and other cautionary statements set forth elsewhere in this report. Additional information on factors that might cause the Company's results to differ materially from those disclosed in the forward-looking statements is included in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this quarterly report, the Company's annual report on Form 10-K for the year ended December 31, 2023, and related disclosures in other filings with the SEC, which are available on the SEC's website at www.sec.gov. Many of these factors are beyond our ability to predict or control, and actual results could differ materially from those in the forward-looking statements due to these factors and others. In addition, as a result of these and other factors, our past financial performance should not be relied upon as an indication of future performance.

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

GAAP RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The tables below present computations of adjusted earnings (net income excluding certain items {net branch right sizing costs, merger related costs, FDIC special assessment, loss (gain) on sale of securities and early retirement program costs}) (non-GAAP), and adjusted diluted earnings per share (non-GAAP) as well as a computation of tangible book value per share (non-GAAP), tangible common equity to tangible assets (non-GAAP), adjusted 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 $1.430 billion and $1.433 billion total goodwill and other intangible assets for the periods ended March 31, 2024 and December 31, 2023, respectively. Because our acquisition strategy has resulted in a high level of intangible assets, management believes useful calculations include tangible book value per share (non-GAAP) and tangible common equity to tangible assets (non-GAAP).

We believe that presenting these non-GAAP financial measures will permit investors and analysts to assess the performance of the Company on the same basis as that is applied by management and the Board of Directors.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. To mitigate these limitations, we have procedures in place to identify and approve each item that qualifies as adjusted to ensure that the Company's "adjusted" results are properly reflected for period-to-period comparisons. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analyses of results as reported under GAAP. In particular, a measure of earnings that excludes certain items does not represent the amount that effectively accrues directly to stockholders (i.e., certain items are included in earnings and stockholders' equity). Additionally, similarly titled non-GAAP financial measures used by other companies may not be computed in the same or similar fashion.

See Table 12 below for the reconciliation of non-GAAP financial measures, which exclude certain items for the periods presented.

Table 12: Reconciliation of Adjusted Earnings (non-GAAP)

	Three Months Ended		
(In thousands, except per share data)	March 31, 2024	December 31, 2023	March 31, 2023
Net income available to common stockholders	$ 38,871	$ 23,907	$ 45,589
Certain items:			
FDIC Special Assessment	1,549	10,521	—
Merger related costs	—	—	1,396
Early retirement program	219	1,032	—
Loss on sale of securities	—	20,218	—
Branch right sizing (net)	236	3,846	979
Tax effect [1]	(524)	(9,309)	(621)
Certain items, net of tax	1,480	26,308	1,754
Adjusted earnings (non-GAAP)	$ 40,351	$ 50,215	$ 47,343
Diluted earnings per share[2]	$ 0.31	$ 0.19	$ 0.36
Certain items:			
FDIC Special Assessment	0.01	0.08	—
Merger related costs	—	—	0.01
Early retirement program	—	0.01	—
Loss on sale of securities	—	0.16	—
Branch right sizing (net)	—	0.03	0.01
Tax effect [1]	—	(0.07)	(0.01)
Certain items, net of tax	0.01	0.21	0.01
Adjusted diluted earnings per share (non-GAAP)	$ 0.32	$ 0.40	$ 0.37

(1) Effective tax rate of 26.135%.
(2) See Note 16, Earnings Per Share ("EPS"), for number of shares used to determine EPS.

See Table 13 below for the reconciliation of adjusted noninterest income, adjusted noninterest expense and adjusted salaries and employee benefits expense for the periods presented.

Table 13: Reconciliation of Adjusted Noninterest Income (non-GAAP), Adjusted Noninterest Expense (non-GAAP) and Adjusted Salaries and Employee Benefits Expense (non-GAAP)

	Three Months Ended		
(In thousands)	March 31, 2024	December 31, 2023	March 31, 2023
Noninterest income	$ 43,184	$ 21,974	$ 45,835
Certain items:			
Loss on sale of securities	—	20,218	—
Total certain items	—	20,218	—
Adjusted noninterest income (non-GAAP)	$ 43,184	$ 42,192	$ 45,835
Noninterest expense	$ 139,879	$ 148,139	$ 143,228
Certain items:			
Merger related costs	—	—	(1,396)
Early retirement program	(219)	(1,032)	—
FDIC Special Assessment	(1,549)	(10,521)	—
Branch right sizing	(236)	(3,846)	(979)
Total certain items	(2,004)	(15,399)	(2,375)
Adjusted noninterest expense (non-GAAP)	$ 137,875	$ 132,740	$ 140,853
Salaries and employee benefits expense	$ 72,653	$ 66,982	$ 77,038
Early retirement program	(219)	(1,032)	—
Other	—	2	—
Adjusted salaries and employee benefits expense (non-GAAP)	$ 72,434	$ 65,952	$ 77,038

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

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

(In thousands, except per share data)	March 31, 2024	December 31, 2023
Total common stockholders’ equity	$ 3,439,126	$ 3,426,488
Intangible assets:		
Goodwill	(1,320,799)	(1,320,799)
Other intangible assets	(108,795)	(112,645)
Total intangibles	(1,429,594)	(1,433,444)
Tangible common stockholders’ equity	$ 2,009,532	$ 1,993,044
Shares of common stock outstanding	125,419,618	125,184,119
Book value per common share	$ 27.42	$ 27.37
Tangible book value per common share (non-GAAP)	$ 16.02	$ 15.92

See Table 15 below for the calculation of tangible common equity and the reconciliation of tangible common equity to tangible assets.

Table 15: Reconciliation of Tangible Common Equity and the Ratio of Tangible Common Equity to Tangible Assets (non-GAAP)

(Dollars in thousands)	March 31, 2024	December 31, 2023
Total common stockholders' equity	$ 3,439,126	$ 3,426,488
Intangible assets:		
Goodwill	(1,320,799)	(1,320,799)
Other intangible assets	(108,795)	(112,645)
Total intangibles	(1,429,594)	(1,433,444)
Tangible common stockholders' equity	$ 2,009,532	$ 1,993,044
Total assets	$ 27,372,175	$ 27,345,674
Intangible assets:		
Goodwill	(1,320,799)	(1,320,799)
Other intangible assets	(108,795)	(112,645)
Total intangibles	(1,429,594)	(1,433,444)
Tangible assets	$ 25,942,581	$ 25,912,230
Ratio of common equity to assets	12.56 %	12.53 %
Ratio of tangible common equity to tangible assets (non-GAAP)	7.75 %	7.69 %

See Table 16 below for the calculation of uninsured, non-collateralized deposit coverage ratio.

Table 16: Calculation of Uninsured, Non-Collateralized Deposit Coverage Ratio (non-GAAP)

(In thousands)	March 31, 2024	December 31, 2023
Uninsured deposits at Simmons Bank	$ 8,413,514	$ 8,328,444
Less: Collateralized deposits (excluding portion that is FDIC insured)	2,995,241	2,846,716
Less: Intercompany eliminations	775,461	728,480
Total uninsured, non-collateralized deposits	$ 4,642,812	$ 4,753,248
FHLB borrowing availability	$ 5,326,000	$ 5,401,000
Unpledged securities	4,122,000	3,817,000
Fed funds lines, Fed discount window and Bank Term Funding Program [(1)]	2,009,000	1,998,000
Additional liquidity sources	$ 11,457,000	$ 11,216,000
Uninsured, non-collateralized deposit coverage ratio	2.5x	2.4x

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(1) The Bank Term Funding Program closed for new loans on March 11, 2024. At no time did the Company borrow funds under this program.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company has leveraged its investment in its subsidiary bank and depends upon the dividends paid to it, as the sole shareholder of the subsidiary bank, as a principal source of funds for dividends to shareholders, stock repurchases and debt service requirements. At March 31, 2024, undivided profits of Simmons Bank were approximately $515.4 million, of which approximately $16.6 million was available for the payment of dividends to the Company without regulatory approval. In addition to dividends, other sources of liquidity for the Company are the sale of equity securities and the borrowing of funds.

Subsidiary Bank

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

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

Liquidity Management

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

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

The first source of liquidity available to the Company is federal funds. Federal funds are available on a daily basis and are used to meet the normal fluctuations of a dynamic balance sheet. As of March 31, 2024, the Bank had approximately $435.0 million in federal funds lines of credit from upstream correspondent banks that can be accessed, if and 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 $5.33 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 45.0% 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 and manage investment maturities during future security purchases, or enter into derivative contracts such as interest rate swaps.

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

As of March 31, 2024, the model simulations projected that 100 and 200 basis point increases in interest rates would result in a negative variance in net interest income of 3.72% and 7.64%, 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 2.31% and 5.63%, 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 period-end will remain constant over the relevant twelve month measurement period and that changes in market interest rates are instantaneous and sustained across the yield curve regardless of duration of pricing characteristics of specific assets or liabilities. Also, this analysis does not contemplate any actions that we might undertake in response to changes in market interest rates. We believe these estimates are not necessarily indicative of what actually could occur in the event of immediate interest rate increases or decreases of this magnitude. As interest-bearing assets and liabilities reprice in different time frames and proportions to market interest rate movements, various assumptions must be made based on historical relationships of these variables in reaching any conclusion. Since these correlations are based on competitive and market conditions, we anticipate that our future results will likely be different from the foregoing estimates, and such differences could be material.

The table below presents our sensitivity to net interest income at March 31, 2024:

Table 17: Net Interest Income Sensitivity

Interest Rate Scenario	% Change from Base
Up 200 basis points	(7.64)%
Up 100 basis points	(3.72)%
Down 100 basis points	2.31%
Down 200 basis points	5.63%

Item 4. Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the quarter ended March 31, 2024, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: Other Information

Item 1. Legal Proceedings

The information contained in Note 12, Contingent Liabilities, of the Condensed Notes to Consolidated Financial Statements in Part I, Item 1 of this report is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes in the risk factors faced by the Company from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Form 10-K").

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

In January 2022, our Board of Directors authorized a stock repurchase program (the "2022 Program") under which we could 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. The 2024 Program will be executed in accordance with Rule 10b-18 under the Exchange Act, and will terminate on January 31, 2026 (unless terminated sooner). 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.

Information concerning our purchases of common stock during the quarter ended March 31, 2024 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
January 1, 2024 - January 31, 2024	—	$ —	—	$ 175,000,000
February 1, 2024 - February 29, 2024	—	—	—	$ 175,000,000
March 1, 2024 - March 31, 2024	—	—	—	$ 175,000,000
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.

Item 5. Other Information

During the three months ended March 31, 2024, 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 6. Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of November 18, 2021, by and among Simmons First National Corporation and Spirit of Texas Bancshares, Inc. (incorporated by reference to Annex A to the Registration Statement on Form S-4 filed under the Securities Act of 1933 by Simmons First National Corporation on January 18, 2022 (File No. 333-261842)).
3.1	Amended and Restated Articles of Incorporation of Simmons First National Corporation, as amended on July 14, 2021 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-4 filed under the Securities Act of 1933 by Simmons First National Corporation on July 21, 2021 (File No. 333-258059)).
3.2	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 February 18, 2022 (File No. 000-06253)).
4.1	Instruments defining the rights of security holders, including indentures. Simmons First National Corporation hereby agrees to furnish copies of instruments defining the rights of holders of long-term debt of the Corporation and its consolidated subsidiaries to the U.S. Securities and Exchange Commission upon request. No issuance of debt exceeds ten percent of the total assets of the Corporation and its subsidiaries on a consolidated basis.
10.1	Form of Associate Restricted Stock Unit Award Agreement (2023 Plan - 2024 Form).*
10.2	Form of Performance Cash Award Agreement (2023 Plan - 2024 Form).*
10.3	Form of Performance Share Unit Award Agreement (2023 Plan - 2024 Form).*
10.4	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)).
10.5	Executive Change in Control Severance 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)).
10.6	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	Amended and Restated 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)).

Exhibit No.	Description
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)).
15.1	Awareness Letter 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.*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.*
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIMMONS FIRST NATIONAL CORPORATION
(Registrant)

Date: May 7, 2024	/s/ Robert A. Fehlman
	Robert A. Fehlman
	Chief Executive Officer
	(Principal Executive Officer)
Date: May 7, 2024	/s/ C. Daniel Hobbs
	C. Daniel Hobbs
	Executive Vice President and Chief Financial Officer
	(Principal Financial Officer)
Date: May 7, 2024	/s/ David W. Garner
	David W. Garner
	Executive Vice President and Chief Accounting Officer
	(Principal Accounting Officer)

Exhibit 10.1

FORM OF
SIMMONS FIRST NATIONAL CORPORATION
2023 STOCK AND INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
ASSOCIATE

Grant Details

Participant Name:	[•]
Award Type:	Restricted Stock Units
Award Date:	[•]
Total Number of Restricted Stock Units Awarded:	[•]

Period of Restriction:

Vesting Date	Vest Quantity
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]

SIMMONS FIRST NATIONAL CORPORATION
2023 STOCK AND INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
ASSOCIATE

This Restricted Stock Unit Agreement (this " Agreement"), dated as of the award date indicated (the "Award Date") on the Grant Details page (as defined below), is made between Simmons First National Corporation, an Arkansas corporation (the "Company), and the individual whose name is indicated on the Grant Details page (the "Participant").

WHEREAS, the Simmons First National Corporation 2023 Stock and Incentive Plan (the " Plan") permits the grant of Restricted Stock Units in accordance with the terms and provisions of the Plan; and

WHEREAS, in consideration of the services to be rendered by the Participant to the Company and/or its Affiliates, the Company desires to grant Restricted Stock Units (the "RSUs") to the Participant, and the Participant desires to accept such RSUs, on the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises set forth below, the parties hereto agree as follows:

1. **Grant of RSUs**. The Company hereby grants to the Participant the number of RSUs set forth on the Grant Details page, subject to the terms and conditions of this Agreement. Upon the completion of the applicable Period of Restriction provided in the Grant Details page (each a "Vesting Date"), each vested RSU shall entitle the Participant to receive one Share. The RSUs are granted pursuant to the Plan and are subject to the provisions of the Plan, which is hereby incorporated herein and made a part hereof, as well as the provisions of this Agreement. The Participant agrees to be bound by all of the terms and conditions of the Plan and this Agreement. To the extent the terms of the Plan and this Agreement are in conflict, the terms of the Plan shall govern. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided in this Agreement. All references to specified sections pertain to sections of this Agreement unless otherwise specifically provided.

   For purposes of this Agreement, "Grant Details page" shall mean the Grant Details page attached to the front of this Agreement that indicates, among other things, the Award Date, the name of the Participant, and the aggregate number of RSUs awarded, all of which information is hereby incorporated herein by reference and made a part of this Agreement.

2. **No Transfer of RSUs**. Before the RSUs become vested, the Participant shall have no rights to or with respect to the RSUs or the Shares underlying such RSUs except as specifically set forth in this Agreement. Such RSUs shall not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, other than as provided under the Plan. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the Participant.

3. **Risk of Forfeiture**. Subject to Section 4, should the Participant's employment with the Company and its Affiliates terminate, the Participant shall forfeit any RSUs that are unvested as of the effective time of such termination.

4. **Vesting in the RSUs**.

a. Vesting. Subject to earlier vesting or forfeiture as provided herein, and subject to the Participant remaining in continuous employment with the Company and/or its Affiliates (as applicable) through the applicable Vesting Date, the RSUs subject hereto will vest on the applicable Vesting Date, as provided in the Grant Details page. If necessary to avoid the vesting of a fractional RSU, total RSUs that vest on a Vesting Date shall be rounded down to the nearest whole number of RSUs, except for vesting on the final Vesting Date, which vesting shall be for the remainder of the unvested RSUs. The Company shall issue and deliver electronically the Shares underlying the RSUs on the applicable Vesting Date.

b. Violation of Restrictive Covenants. All vesting of the RSUs shall cease immediately upon the Participant's breach, in the Committee's determination, of any confidentiality, non-disclosure, non-competition, or non-solicitation obligation, commitment or agreement with the Company or its Affiliates and all unvested RSUs shall be cancelled immediately and shall not be payable.

c. Involuntary Termination without Cause, Voluntary Termination, or Termination for Cause. If the Participant is involuntarily terminated without Cause (as defined below), quits, is terminated for Cause, or otherwise experiences a termination of employment prior to the applicable Vesting Date, and under circumstances not described in Subsections (d), (e) and (f) below, all unvested RSUs shall be cancelled immediately and shall not be payable, except to the extent the Committee decides otherwise prior to the date of such termination. To the extent the Committee decides to vest any RSUs that would otherwise be cancelled, the Company shall issue and deliver electronically the Shares underlying the RSUs within sixty (60) days after the date of the Participant's employment termination.

d. Retirement. If the Participant Retires (as defined below) prior to the applicable Vesting Date, then all unvested RSUs (if any) shall fully vest on the date of the Participant's Retirement, and the Company shall issue and deliver electronically the Shares underlying the RSUs within sixty (60) days after the date of the Participant's Retirement.

e. Termination by Reason of Death or Disability. Upon the occurrence of the Participant's death or termination of employment due to disability prior to the applicable Vesting Date, then all unvested RSUs (if any) shall fully vest on the date of the Participant's death or termination of employment due to disability, and the Company shall issue and deliver electronically the Shares underlying the RSUs within sixty (60) days after the date of the Participant's death or termination of employment due to disability. For the avoidance of doubt, the Committee's determination in good faith regarding whether a disability has occurred shall be conclusive and determinative.

f. Change in Control. If a Change in Control occurs prior to the applicable Vesting Date and the Participant is involuntarily terminated without Cause in connection with (or within the one-year period immediately following) the Change in Control, all unvested RSUs (if any) shall fully vest on the date of the Participant's termination of employment. The Company shall issue and deliver electronically the Shares underlying the RSUs within sixty (60) days after the date of the Participant's termination.

g. Definitions. For purposes of this Agreement:

i. "Cause" shall have the meaning assigned such term in the employment, severance or similar agreement, if any, between such Participant and the Company or an Affiliate; provided, however, that if there is no such employment, severance or similar agreement in which such term is defined, "Cause" shall mean any of the following acts by the Participant, as determined by the Committee: gross neglect of duty, prolonged absence from duty without the consent of the Company or its Affiliates, material breach by the Participant of any published Company code of conduct or code of ethics; or willful misconduct, misfeasance or malfeasance of duty which is reasonably determined to be detrimental to the Company or its Affiliates. The determination of the Committee as to the existence of "Cause" shall be conclusive on the Participant and the Company.

ii. "Retire" or "Retirement" means a voluntary termination of employment on or after the earlier of (i) age 65 or (ii) age 62 and 10 years of service. Years of service shall include service with a predecessor employer acquired by the Company or its Affiliates unless otherwise determined by the Committee.

5. **Issuance and Delivery of Shares; Ownership Rights; Dividend Equivalents**.

a. Issuance and Delivery of Shares. With respect to Shares issuable on the applicable dates set forth in Section 4, the Shares will be issued on such dates in the name of and delivered to the Participant via electronic delivery to the Participant's account with the Company's stock plan administrator and will be freely transferable by the Participant. The Committee may change the above procedure for issuance and delivery of Shares at any time, provided that such procedure complies with Section 409A (as defined in Section 12 below) to the extent applicable. Notwithstanding any other provision of this Agreement, the issuance and delivery of the Shares under this Section 5 shall be subject to the requirements of Section 8, including restrictions on transfer as provided therein to the extent applicable. Notwithstanding anything contained herein to the contrary, if Section 409A applies to the RSUs, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable pursuant to this Agreement during the six (6) month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six (6) months following the Participant's separation from service (or, if earlier, Participant's date of death).

b. Ownership Rights. The Participant is not entitled to any voting and ownership rights applicable to the Shares underlying the RSUs prior to the issuance of the Shares. Following the issuance and delivery of the Shares, the Participant shall have all voting and ownership rights as provided to other holders of Shares.

c. Limits on Obligations. No interest shall accrue or otherwise be due in the event the Company delays the payment of the RSUs beyond the applicable payment date for administrative reasons. Any delay shall be in accordance with the requirements of Section 12. However, the Company shall not be liable to the Participant or any successor in interest for damages relating to any delays in issuing and delivering the Shares to the Employee or any successor in interest, or any mistakes or errors in the issuance or delivery of the Shares or in payment or delivery of Shares or cash amounts payable under this Agreement.

d. Dividend Equivalents. The Participant will receive a cash payment (the "dividend equivalents") equal to the value of the cash dividends that would have been paid by the Company to shareholders of record during the applicable Period of Restriction (and, for purposes of this sentence, as if the Participant became a shareholder of record on the Award Date) on the number of Shares that vested on the applicable Vesting Date under Section 4(a) or, if earlier, the applicable accelerated date of vesting under Section 4(c) through 4(f). Such dividend equivalents shall be paid at the same time as the Shares underlying the applicable RSUs as provided in Section 4 and shall be subject to the same requirements and provisions under this Agreement as are applicable to the RSUs and the underlying Shares, except that such dividend equivalents shall always be paid in cash. No other dividend equivalents or actual dividends will be paid in connection with the grant of RSUs under this Agreement other than, for the avoidance of doubt, any actual dividends paid on Shares following the issuance and delivery of the Shares as provided in Section 5(b).

6. **Reorganization of Company and Subsidiaries**. The existence of this Agreement shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the RSUs or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7. **Withholding of Taxes**. The Participant may owe federal, state, and local taxes in connection with the Award (the " Taxes"). Subject to Section 12, the Company shall withhold at the statutory minimum rates unless the Participant has elected prior to the payment date to have a higher amount (up to the maximum allowed by law) withheld. Unless the Participant elects (within the Company's system of record) prior to the payment date to satisfy the withholding requirement for any such Taxes to be withheld by the Company by check or direct debit (including, for the avoidance of doubt, cash transfer), the withholding of Taxes shall be mandatorily satisfied by withholding from the payment of the RSUs a number of Shares having a Fair Market Value equal to the amount required to be withheld for the Taxes. The Participant's acceptance of the Award constitutes the Participant's acknowledgment that the Company will (unless otherwise properly elected by the Participant pursuant to the terms of this Section 7) withhold on the Participant's behalf a number of Shares sufficient to satisfy the Taxes. The obligations of the Company under this Agreement will be conditional on such payment of the Taxes by the Participant. Notwithstanding anything to the contrary contained in this Section 7, Section 12, or otherwise, the Company (i) makes no representations or undertakings regarding the treatment of Taxes in connection with any aspect of this Award, and (ii) does not commit to structure the terms of the Award to reduce or eliminate the Participant's liability for Taxes.

8. **Certain Restrictions**. By accepting the RSUs, the Participant agrees that if, at the time of delivery of the Shares underlying the RSUs issued hereunder, any sale of such Shares is not covered by an effective registration statement filed under the Securities Act of 1933, as amended (the "Act"), the Participant will acquire such Shares for the Participant's own account and without a view to resale or distribution in violation of the Act or any other securities law, and upon any such acquisition the Participant will enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with the Act or any other securities law or with this Agreement.

9. **<u>Non-Solicitation; Non-Interference</u>**. **[*For Associates Not in Oklahoma* :** In exchange for the RSUs provided hereunder, the Participant agrees that he or she will not, upon separation of employment, for whatever reason, directly or indirectly through others, solicit or accept business from Established Customers (as defined below) for one year after separation of employment from the Company and/or its Affiliates (as applicable). For the same period, the Participant agrees that he or she will not interfere with, or attempt to interfere with, the Company's and its Affiliate's relationships with any of their Established Customers. The acceptance of traditional teller line business by the Participant operating in a retail branch is excluded from the non-solicitation and non-interference obligations set forth in this Section 9.][***For Associates in Oklahoma*** : In exchange for the RSUs provided hereunder, the Participant agrees that he or she will not, upon separation of employment, for whatever reason, directly solicit existing Company business (or that of its Affiliates) from Established Customers (as defined below) for one year after separation of employment from the Company and/or its Affiliates (as applicable). For the same period, the Participant agrees that he or she will not interfere with, or attempt to interfere with, the Company's and its Affiliates' relationships with any of their Established Customers.]

   For purposes of this Agreement, "Established Customers" shall be defined to mean any customer for whom the Participant provided services, held Confidential Information (as defined below), or had contact as a representative of the Company and/or its Affiliates (as applicable) while employed by the Company and/or its Affiliates (as applicable).

   The Participant also agrees not to use or disclose Confidential Information. "Confidential Information" shall include any information as to the Company's or its Affiliates' strategy, business plans, methods or policies, systems, documentation, research or development projects, acquisitions, trade secrets, names and addresses of customers or employees, customer or employee lists, or any other data relating to past, present or prospective customers, or any other information relating to the business operations of Company, its Affiliates or their customers.

   The Participant also agrees for one year after separation of employment from the Company and/or its Affiliates (as applicable) not to solicit, directly or indirectly through others, any Company or Affiliate associates for employment or to otherwise terminate employment with Company and/or its Affiliates (as applicable). The Participant agrees these provisions are reasonable and necessary to protect the Company's legitimate business interests.

   Notwithstanding anything in this Agreement to the contrary, this Section 9 shall survive and remain in effect following the Participant's separation of employment regardless of the status of the RSUs at such time.

10. **<u>Clawback</u>**. The RSUs and all Shares delivered and other compensation paid pursuant to the Award (whether before or after the RSUs have been converted to Shares) shall be subject to clawback by the Company as may be required by applicable law, government regulations, or stock exchange listing requirement, clawback provision set forth in the Plan and/or any other clawback procedure of the Company (including, without limitation and for the avoidance of doubt, any Company clawback policy), as amended from time to time, and whether approved before or after the Award Date, and on such basis as the Committee determines.

11. **<u>No Guarantee of Continued Employment</u>**. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which are hereby expressly reserved, to terminate the employment of the Participant at any time and for any reason whatsoever, with or without Cause, subject to the applicable provisions of, if any, the Participant's employment agreement with the Company or any Subsidiary that employs the Participant or agreement provided by the Company or any Subsidiary to the Participant that employs the Participant.

12. **No Guarantee of Tax Consequences**. If the Participant is eligible to Retire on the Award Date or will become eligible to Retire at any time prior to any applicable Vesting Date, the RSUs are subject to Section 409A of the Code and the applicable regulations and guidance issued thereunder ("Section 409A") as of the Award Date, except in certain limited circumstances. To the extent the RSUs are exempt from Section 409A, nothing in this Section 12 shall require the RSUs to meet the requirements of Section 409A. To the extent the RSUs are subject to Section 409A, the Plan and this Agreement are intended to avoid the adverse tax consequences of Section 409A and shall be interpreted and administered accordingly. The provisions of Article XXII of the Plan, including the definitions provided thereunder and the six-month delay, are hereby incorporated by reference into this Agreement. For purposes of the timing of any payments under this Agreement which are subject to Section 409A, all references to "termination of employment," "Retire," "Retirement" or similar terms shall mean "separation from service" under Section 409A. A separation from service shall occur at the time required under Section 409A. Each payment hereunder shall be treated as a separate payment under Section 409A. When, if ever, a payment specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company or, if within the control of the Participant and payable over two calendar years, shall always be paid in the later calendar year. To the extent any provision of the Plan or Agreement is subject to and does not comply with Section 409A, such provision shall be interpreted and/or amended to comply with Section 409A, to the extent allowed under Section 409A. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under Section 409A.

13. **Banking Regulatory Provision**. The RSUs and this Agreement shall be subject to any condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any Subsidiary thereof is subject.

14. **Entire Agreement**. This Agreement, together with the Grant Details page and the Plan, constitutes and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written agreements; provided however, that nothing in Section 9 is intended to supersede any other non-competition, non-solicitation, non-interference, confidentiality or similar obligations that the Participant may already have to the Company or its Affiliates. Rather, Section 9 shall be read in conjunction with and considered supplemental to such other obligations and shall at all times only enhance but never limit such other obligations.

15. **Severability**. In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

16. **Governing Law**. This Agreement shall be construed in accordance with the laws of the State of Arkansas to the extent federal law does not supersede and preempt Arkansas law.

17. **Electronic Delivery and Signatures**. The Participant hereby consents and agrees to electronic delivery of Share(s), Plan documents (including, without limitation and for the avoidance of doubt, this Agreement), proxy materials, annual reports and other related documents and hereby further consents and agrees to participate in the Plan through the current stock plan administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future. If the Company has established or at any time establishes procedures for an electronic signature system for delivery and acceptance of Plan documents (including, without limitation and for the avoidance of doubt, this Agreement), the Participant hereby consents to such procedures and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be effected by, among other things, a third party engaged by the Company to provide administrative services related to the Plan, including any program adopted under the Plan. For the avoidance of doubt, the Participant's indication via the current stock plan administrator's on-line system that the Participant has accepted this Award is considered the Participant's electronic signature and the Participant's express consent and agreement to this Agreement, the Grant Details page and the Plan.

18. **Plan and Prospectus**. A copy of the Plan, as well as a prospectus for the Plan, has been provided to the Participant, and the Participant acknowledges receipt thereof.

[*Signature Page Follows.*]

To evidence its grant of the Award, the Company has signed this Agreement as of the Award Date. This Agreement and the Award shall become legally binding, effective as of the Award Date, if the Participant indicates his or her acceptance of this Award on the on-line system of Etrade, the Company's current stock plan administrator, within sixty (60) days of the Award Date. If the Participant fails to timely accept the Award, the Award shall be cancelled and forfeited ab initio.

By accepting this Award, the Participant acknowledges that he or she: (a) has read this Agreement, the Grant Details page and the Plan; (b) has had the opportunity to be represented by legal counsel in connection with his or her acceptance of this Award; (c) understands and agrees to the terms, conditions, and consequences set forth in this Agreement, the Grant Details page and the Plan; and (d) is fully aware of the legal and binding effect of this Agreement, the Grant Details page and the Plan.

SIMMONS FIRST NATIONAL CORPORATION

By: C. Daniel Hobbs, Chief Financial Officer

Exhibit 10.2

FORM OF
SIMMONS FIRST NATIONAL CORPORATION
2023 STOCK AND INCENTIVE PLAN
PERFORMANCE CASH AWARD AGREEMENT

Grant Details

Participant Name:	[•]
Award Type:	Performance Cash Award
Award Date:	[•]
Target Award:	[•]
Maximum Award:	[•]
Performance Period:	[*performance period*]
Performance Goals:	[*Metric Category A*] ([•]% Weighting) [*Metric Category B*] ([•]% Aggregate Weighting – see below for additional information regarding [*Metric Category B*])

[Metric Category B]		
	[Metric 1] ([•]% Weighting)	[Metric 2] ([•]% Weighting)
Threshold	[•]	[•]%
Target	[•]	[•]%
Maximum	[•]	[•]%

SIMMONS FIRST NATIONAL CORPORATION
2023 STOCK AND INCENTIVE PLAN
PERFORMANCE CASH AWARD AGREEMENT

This Performance Cash Award Agreement (this "Agreement"), dated as of the award date indicated (the "Award Date") on the Grant Details page (as defined below), is made between Simmons First National Corporation, an Arkansas corporation (the "Company"), and the individual whose name is indicated on the Grant Details page (the "Participant").

WHEREAS, the Simmons First National Corporation 2023 Stock and Incentive Plan (the "Plan") permits the grant of a Performance Cash Award in accordance with the terms and provisions of the Plan; and

WHEREAS, in consideration of the services to be rendered by the Participant to the Company and/or its Affiliates, the Company desires to grant a Performance Cash Award (the "Cash Award") to the Participant, and the Participant desires to accept such Cash Award, on the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises set forth below, the parties hereto agree as follows:

1. **Grant of Cash Award**. The Company hereby grants to the Participant the target Cash Award set forth on the Grant Details page (the "Target Award"), subject to the terms and conditions of this Agreement. At the end of the Performance Period set forth on the Grant Details page, and subject to the achievement of the Performance Goals set forth on the Grant Details page and in Section 4 (the "Performance Goals"), the Participant can earn up to the maximum Cash Award set forth on the Grant Details page (the "Maximum Award"), depending upon actual performance compared to the Performance Goals. The Cash Award is granted pursuant to the Plan and is subject to the provisions of the Plan, which is hereby incorporated herein and made a part hereof, as well as the provisions of this Agreement. The Participant agrees to be bound by all of the terms and conditions of the Plan and this Agreement. To the extent the terms of the Plan and this Agreement are in conflict, the terms of the Plan shall govern. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided in this Agreement. All references to specified sections pertain to sections of this Agreement unless otherwise specifically provided.

   For purposes of this Agreement, "Grant Details page" shall mean the Grant Details page attached to the front of this Agreement that indicates, among other things, the Award Date, the name of the Participant, and the Target Award, all of which information is hereby incorporated herein by reference and made a part of this Agreement.

2. **No Transfer of Cash Award**. Before the Cash Award becomes vested, the Participant shall have no rights to or with respect to the Cash Award except as specifically set forth in this Agreement. Such Cash Award shall not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, other than as provided under this Agreement or the Plan. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the Participant.

3. **Risk of Forfeiture**. The Cash Award is not earned and is subject to forfeiture until it vests. Subject to Section 5, the Participant must remain in continuous employment with the Company and/or its Affiliates (as applicable) through the end of the Performance Period (the "Determination Date") to earn and vest in any Final Cash Award. In the event the Participant ceases to be employed by the Company and/or its Affiliates (as applicable) for any or no reason before the Participant vests in the Cash Award on the Determination Date, the Cash Award will be immediately forfeited and cancelled and the Participant's rights under this Agreement will not be earned and will immediately terminate. For purposes of this Agreement, the "Period of Restriction" means the first day of the Performance Period through the Determination Date.

4. **Determination of Final Cash Award**.

a. Determination of Final Cash Award. Subject to earlier vesting or forfeiture as provided in this Agreement, and subject to the Participant remaining in continuous employment with the Company and/or its Affiliates (as applicable) through the Determination Date, the Participant shall be entitled to receive a cash payment in the amount of the Target Award multiplied by the Final Attainment (as defined below) (the "Final Cash Award"). The Final Cash Award shall be computed following the Determination Date, with the timing of such Final Cash Award subject to the provisions of Section 6.

b. For purposes of the computation of the "Final Attainment":

i. The performance achieved with respect to each Performance Goal shall be determined by the Committee. Achievement above the Maximum level will be deemed achievement at the Maximum level. Achievement below the Threshold level will result in no achievement.

ii. "[*Metric 1*]" (which is also referred to in this Agreement as "[•]") shall be the [*description of metric*] as reflected in the Company's public financial disclosures (subject, for the avoidance of doubt, to adjustment pursuant to Section 4). [*Metric 1*] attainment within the "Under Attainment Range," Landing Zone," and "Over Attainment Range," all as indicated in the table below, shall be calculated using a sliding scale based on a straight line interpolation between the two indicated amounts for the particular range and shall be expressed as a percentage.

Attainment	Level	Payout (expressed as a percentage)
[•] - [•]	Under Attainment Range	[•]% - [•]%
[•] - [•]	Landing Zone	[•]% - [•]%
[•] - [•]	Over Attainment Range	[•]% - [•]%

iii. "[*Metric 2*]" (which is also referred to in this Agreement as "[•]") shall be the [*description of metric*] as reflected in the Company's public financial disclosures (subject, for the avoidance of doubt, to adjustment pursuant to Section 4). [*Metric 2*] attainment within the "Under Attainment Range," "Landing Zone," and "Over Attainment Range," all as indicated in the table below, shall be calculated using a sliding scale based on a straight line interpolation between the two indicated amounts for the particular range and shall be expressed as a percentage.

Attainment (from highest to lowest)	Level	Payout (from lowest to highest, expressed as a percentage of Target)
[•] - [•]	Under Attainment Range	[•]% - [•]%
[•] - [•]	Landing Zone	[•]% - [•]%
[•] - [•]	Over Attainment Range	[•]% - [•]%

iv. "[*Metric Category A*]" shall be expressed as a percentage (from 0% to [•]%) and shall be based on the consideration of Company performance other than the [*Metric Category B*] outlined herein. Such considerations include, but are not limited to [*description of metric*] and such other factors as may be relevant to the assessment of Company performance during the Performance Period.

v. The attainment of each of [*Metric 1*] and [*Metric 2*] (expressed as a percentage) shall be multiplied by the weighting for that Performance Goal indicated in the Performance Goals section of the Grant Details page. Both such products shall then be added together (the resulting amount shall be deemed the "[*Metric Category B*] Metrics Attainment").

vi. The [*Metric Category B*] Metrics Attainment shall then be added to the product of the attainment of [*Metric Category A*] multiplied by the weighting for [*Metric Category A*] indicated in the Performance Goals section of the Grant Details page, with the resulting amount (subject to such further adjustment as provided in the other provisions of this Agreement) deemed the Final Attainment.

c. Extraordinary Events. Notwithstanding anything to the contrary in this Section 4, in determining the achievement of the Performance Goals, and for other appropriate purposes under this Agreement or the Plan, the Committee will have the discretion to take into consideration any or all of the following: (a) the effects of business combinations; (b) the effects of discontinued operations; (c) changes in accounting principles; (d) extraordinary items; (e) restructuring charges; (f) changes in tax law; (g) changes in capital structure; and (h) any other items as determined by the Committee. Items (a) through (g) will be as defined and as disclosed in the Company's public financial disclosures.

d. Maximum Award. Notwithstanding anything herein to the contrary, in no event shall the Final Cash Award exceed the Maximum Award.

5. **Vesting in the Cash Award**. Except as noted below in this Section 5 and subject in all events to the provisions in Sections 3, 4 and 6, the Participant shall vest in the Final Cash Award (if any) on the Determination Date if the Participant remains continuously employed through the end of the Period of Restriction and the performance and other requirements in this Agreement are met.

a. Violation of Restrictive Covenants. All vesting of the Cash Award shall cease immediately upon the Participant's breach, in the Committee's determination, of any confidentiality, non-disclosure, non-competition, or non-solicitation obligation, commitment or agreement with the Company or its Affiliates prior to the end of the Period of Restriction, and the Cash Award shall not be earned and shall be cancelled immediately and shall not be payable.

b. Involuntary Termination without Cause, Voluntary Termination, or Termination for Cause. If the Participant is involuntarily terminated without Cause (as defined below), quits, is terminated for Cause, or otherwise experiences a termination of employment prior to the end of the Period of Restriction, and under circumstances not described in Subsections 5(c), 5(d) and 5(e) below, the Cash Award shall not be earned and shall be cancelled immediately and shall not be payable, except to the extent the Committee decides otherwise prior to the date of such termination. To the extent the Committee decides to vest any portion of the Cash Award that would otherwise be cancelled, the Committee shall determine the Final Cash Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4. The Final Cash Award (if any) shall be payable to the Participant during the Payment Period in accordance with Section 6. Payment of the Final Cash Award (if any) will not be accelerated.

c. Retirement. If the Participant Retires (as defined below) at or prior to the end of the Period of Restriction, the Participant shall vest in the Cash Award for the Performance Period as if the Participant had remained employed during the entire Period of Restriction, subject to proration as provided in this Subsection 5(c). The Committee shall determine the Final Cash Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4; provided, however, that, except to the extent the Committee decides otherwise prior to the date of such Retirement, such Final Cash Award shall be prorated and the remaining portion shall be cancelled immediately and shall not be payable. The prorated portion of the Final Cash Award shall be determined by multiplying (i) the Final Cash Award had the Participant remained in service with the Company for the entire Performance Period, by (ii) a fraction, the numerator of which is the number of days the Participant was employed during the Performance Period prior to Retirement, and the denominator of which is the total number of days in the Performance Period.

Notwithstanding the foregoing, if the Participant Retires after the end of the Performance Period but prior to payment, the Committee shall determine the Final Cash Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4, but such Final Cash Award will not be subject to proration. In either event, the Final Cash Award (if any) shall be payable to the Participant during the Payment Period in accordance with Section 6. Payment of the Final Cash Award (if any) will not be accelerated.

d. Termination by Reason of Death or Disability . Upon the occurrence of the Participant's death or termination of employment due to disability at or prior to the end of the Period of Restriction, the Participant shall vest in the Cash Award for the Performance Period as if the Participant had remained employed during the entire Period of Restriction. The Committee shall determine the Final Cash Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4. For the avoidance of doubt, if the Participant dies or becomes disabled after the Performance Period but prior to payment, the Committee shall determine the Final Cash Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4. In either event, the Final Cash Award (if any) shall be payable to the Participant or the Participant's personal representative, if applicable, or in the case of death, to the Participant's Beneficiary (or as otherwise provided in Article XVII of the Plan in the event there is no Beneficiary) during the Payment Period in accordance with Section 6. Payment of the Final Cash Award (if any) will not be accelerated. For the avoidance of doubt, the Committee's determination in good faith regarding whether a disability has occurred shall be conclusive and determinative.

e. Change in Control. If there is a Change in Control at or prior to the end of the Period of Restriction and the Participant is employed at the time of the Change in Control, the Participant shall vest in the Target Award for the Performance Period and such vesting shall occur as of the Change in Control Date; provided, however, such Final Cash Award shall be prorated and the remaining portion shall be cancelled immediately and shall not be payable. The prorated portion of the Final Cash Award shall be determined by multiplying (i) the Final Cash Award had the Participant remained in service with the Company for the entire Performance Period based upon an assumed achievement of the Performance Goals at their "Target" levels (or, in the case of the [*Metric Category A*] Performance Goal, performance at 100%), by (ii) a fraction, the numerator of which is the number of days in the Performance Period elapsed as of the Change in Control Date, and the denominator of which is the total number of days in the Performance Period. In addition, if a Change in Control occurs after the Performance Period but prior to payment and the Participant is employed at the time of the Change in Control, the Committee shall determine the Final Cash Award based upon an assumed achievement of the Performance Goals at their "Target" levels (or, in the case of the [*Metric Category A*] Performance Goal, performance at 100%) and such Final Cash Award (if any) will not be subject to proration. In either event, the Final Cash Award (if any) shall be paid within thirty (30) days after the Change in Control Date.

f. Definitions. For purposes of this Agreement:

    i. "Cause" shall have the meaning assigned such term in the employment, severance or similar agreement, if any, between such Participant and the Company or an Affiliate; provided, however, that if there is no such employment, severance or similar agreement in which such term is defined, "Cause" shall mean any of the following acts by the Participant, as determined by the Committee: gross neglect of duty, prolonged absence from duty without the consent of the Company or its Affiliates; material breach by the Participant of any published Company code of conduct or code of ethics; or willful misconduct, misfeasance or malfeasance of duty which is reasonably determined to be detrimental to the Company or its Affiliates. The determination of the Committee as to the existence of "Cause" shall be conclusive on the Participant and the Company.

    ii. "Change in Control Date" shall mean the date that a Change in Control is consummated.

iii. "Retire" or "Retirement" means a voluntary termination of employment on or after the earlier of (i) age 65 or (ii) age 62 and 10 years of service. Years of service shall include service with a predecessor employer acquired by the Company or its Affiliates unless otherwise determined by the Committee.

6. **Payment of Final Cash Award**.

a. Payment of Final Cash Award. As soon as reasonably practicable after the completion of the Performance Period (and in no event later than March 15 of the year immediately following the last day of the Performance Period), the Committee shall determine the level of attainment of each Performance Goal, which determines the Final Cash Award as provided in Section 4. Payment of the Final Cash Award (if any) shall be made in cash. Such cash amount shall be paid to the Participant or the Participant's personal representative, if applicable, or in the case of death, to the Participant's Beneficiary (or as otherwise provided in Article XVII of the Plan in the event there is no Beneficiary) after the Determination Date, but in all events except in the case of a delay allowed under Section 12, between January 1 and March 15 of the year following the end of the Performance Period (the "Payment Period"), except as otherwise provided in Section 5(e).

b. Limits on Obligations. No interest shall accrue or otherwise be due in the event the Company delays the payment of the Final Cash Award beyond the applicable payment date for administrative reasons. Any delay shall be in accordance with the requirements of Section 12. However, the Company shall not be liable to the Participant or any successor in interest for damages relating to any delays in paying the cash to the Participant or any successor in interest, or any mistakes or errors in the delivery or payment of cash amounts payable under this Agreement.

7. **Reorganization of Company and Subsidiaries**. The existence of this Agreement shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Cash Award or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

8. **Withholding of Taxes**. The Participant may owe federal, state, and local taxes in connection with the Award (the " Taxes"). Subject to Section 12, the Company shall withhold at the statutory minimum rates unless the Participant has elected prior to the payment date to have a higher amount (up to the maximum allowed by law) withheld. The withholding of Taxes shall be mandatorily satisfied by withholding from the payment of the Final Cash Award an amount equal to the amount required to be withheld for the Taxes. The Participant's acceptance of the Award constitutes the Participant's acknowledgment that the Company will (unless otherwise properly elected by the Participant pursuant to the terms of this Section 8) withhold on the Participant's behalf an amount from the Final Cash Award sufficient to satisfy the Taxes. The obligations of the Company under this Agreement will be conditional on such payment of the Taxes by the Participant. Notwithstanding anything to the contrary contained in this Section 8, Section 12, or otherwise, the Company (i) makes no representations or undertakings regarding the treatment of Taxes in connection with any aspect of this Award, and (ii) does not commit to structure the terms of the Award to reduce or eliminate the Participant's liability for Taxes.

9. **Reservation of Rights; Agreement and Cash Award are Revocable**. Notwithstanding anything herein to the contrary, **this Agreement and the Cash Award may be revoked or cancelled at any time prior to the end of the Performance Period in the Company's sole discretion.** For the avoidance of doubt, the Company, in its sole discretion, may revoke or cancel this Agreement and the Cash Award at any time prior to the end of the Performance Period (except in anticipation of a Change in Control), and the Participant has no right or claim for payment hereunder until the end of the Performance Period unless otherwise specified by law.

10. **Clawback**. The Cash Award and the compensation paid pursuant to the Award shall be subject to clawback by the Company as may be required by applicable law, government regulations, or stock exchange listing requirement, clawback provision set forth in the Plan and/or any other clawback procedure of the Company (including, without limitation and for the avoidance of doubt, any Company clawback policy), as amended from time to time, and whether approved before or after the Award Date, and on such basis as the Committee determines.

11. **No Guarantee of Continued Employment**. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which are hereby expressly reserved, to terminate the employment of the Participant at any time and for any reason whatsoever, with or without Cause, subject to the applicable provisions of, if any, the Participant's employment agreement with the Company or any Subsidiary that employs the Participant or agreement provided by the Company or any Subsidiary to the Participant that employs the Participant.

12. **No Guarantee of Tax Consequences**. The intent of the parties is that the Cash Award under this Agreement comply with Section 409A of the Code, and the applicable regulations and guidance issued thereunder ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement and the Plan shall be interpreted and administered to be in compliance therewith. To the extent the Cash Award is exempt from Section 409A, nothing in this Section 12 shall require the Cash Award to meet the requirements of Section 409A. To the extent the Cash Award is subject to Section 409A, the Plan and this Agreement are intended to avoid the adverse tax consequences of Section 409A and shall be interpreted and administered accordingly. The provisions of Article XXII of the Plan, including the definitions provided thereunder and the six-month delay, are hereby incorporated by reference into this Agreement. For purposes of the timing of any payments under this Agreement which are subject to Section 409A, all references to "termination of employment," "Retire," "Retirement" or similar terms shall mean "separation from service" under Section 409A. A separation from service shall occur at the time required under Section 409A. Each payment hereunder shall be treated as a separate payment under Section 409A. When, if ever, a payment specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company or, if within the control of the Participant and payable over two calendar years, shall always be paid in the later calendar year. To the extent any provision of the Plan or Agreement is subject to and does not comply with Section 409A, such provision shall be interpreted and/or amended to comply with Section 409A, to the extent allowed under Section 409A. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under Section 409A.

13. **Banking Regulatory Provision**. The Cash Award and this Agreement shall be subject to any condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any Subsidiary thereof is subject.

14. **Entire Agreement**. This Agreement, together with the Grant Details page and the Plan, constitutes and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written agreements.

15. **Severability**. In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

16. **Governing Law**. This Agreement shall be construed in accordance with the laws of the State of Arkansas to the extent federal law does not supersede and preempt Arkansas law.

[*Signature Page Follows.*]

To evidence its grant of the Award, the Company has signed this Agreement as of the Award Date. The Participant shall be deemed to have accepted and agreed to this Agreement on the Award Date unless written notice is provided of the rejection of this Agreement to the Company's HR administrator [•] no later than five (5) business days following the Award Date. If timely rejected, then this Agreement shall be cancelled ab initio.

SIMMONS FIRST NATIONAL CORPORATION

____

By: C. Daniel Hobbs

Title: Chief Financial Officer

Exhibit 10.3

FORM OF
SIMMONS FIRST NATIONAL CORPORATION
2023 STOCK AND INCENTIVE PLAN
PERFORMANCE SHARE UNIT AGREEMENT

Grant Details

Participant Name:	[•]
Award Type:	Performance Share Units
Award Date:	[•]
Target Number of Performance Share Units Awarded:	[•]
Performance Period:	[*performance period*]
Performance Goals:	• [*Metric 1*] • [*Metric 2*]

Performance Goal Table				
		Payout Percentage		
Performance Goal	**Weighting**	**Threshold ([•]%)**	**Target ([•]%)**	**Maximum ([•]%)**
[*Metric 1*]	[•]%	[•] Percentile	[•] Percentile	[•] Percentile
[*Metric 2*]	[•]%	[•] Percentile	[•]Percentile	[•] Percentile

SIMMONS FIRST NATIONAL CORPORATION
2023 STOCK AND INCENTIVE PLAN
PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (this " Agreement"), dated as of the award date indicated (the "Award Date") on the Grant Details page (as defined below), is made between Simmons First National Corporation, an Arkansas corporation (the "Company"), and the individual whose name is indicated on the Grant Details page (the "Participant").

WHEREAS, the Simmons First National Corporation 2023 Stock and Incentive Plan (the " Plan") permits the grant of Performance Share Units in accordance with the terms and provisions of the Plan; and

WHEREAS, in consideration of the services to be rendered by the Participant to the Company and/or its Affiliates, the Company desires to grant Performance Share Units (the "PSUs") to the Participant, and the Participant desires to accept such PSUs, on the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises set forth below, the parties hereto agree as follows:

1. **Grant of PSUs**. The Company hereby grants to the Participant the target number of PSUs set forth on the Grant Details page (the " Target PSUs"), subject to the terms and conditions of this Agreement. Each PSU represents the right to receive a Share on the date it vests. At the end of the Performance Period set forth on the Grant Details page, and subject to the service requirements set forth in Section 3 and achievement of the Performance Goals set forth on the Grant Details page and in Section 4 (the "Performance Goals"), the Participant can earn and vest in up to [•]% of the Target PSUs or as little as no PSUs, depending upon actual performance compared to the Performance Goals. The PSUs are granted pursuant to the Plan and are subject to the provisions of the Plan, which is hereby incorporated herein and made a part hereof, as well as the provisions of this Agreement. The Participant agrees to be bound by all of the terms and conditions of the Plan and this Agreement. To the extent the terms of the Plan and this Agreement are in conflict, the terms of the Plan shall govern. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided in this Agreement. All references to specified sections pertain to sections of this Agreement unless otherwise specifically provided.

   For purposes of this Agreement, "Grant Details page" shall mean the Grant Details page attached to the front of this Agreement that indicates, among other things, the Award Date, the name of the Participant, and the target number of PSUs awarded, all of which information is hereby incorporated herein by reference and made a part of this Agreement.

2. **No Transfer of PSUs**. Before the PSUs become vested, the Participant shall have no rights to or with respect to the PSUs or the Shares underlying such PSUs except as specifically set forth in this Agreement. Such PSUs shall not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, other than as provided under this Agreement or the Plan. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the Participant.

3. **Risk of Forfeiture**. The PSUs are not earned and are subject to forfeiture until they vest. Subject to Section 5, the Participant must remain in continuous employment with the Company and/or its Affiliates (as applicable) through the date the Participant's Final Award (as defined below) is certified by the Committee at the first regularly scheduled meeting following the date final financial results are available (the "Certification Date") to earn and vest in the Final Award (if any). In all events, the Certification Date shall occur between January 1 and March 15 of the year immediately following the last day of the Performance Period. Subject to Section 5, in the event the Participant ceases to be employed by the Company and/or its Affiliates (as applicable) for any or no reason before the Participant vests in the PSUs on the Certification Date, such unvested PSUs will not be earned and will be immediately forfeited and cancelled, and the Participant's right to acquire any Shares under this Agreement will immediately terminate. For purposes of this Agreement, the "Period of Restriction" means the first day of the Performance Period through the Certification Date.

4. **Determination of Final Award**.

a. Determination of Final Award. Subject to earlier vesting or forfeiture as provided in this Agreement, and subject to the Participant remaining in continuous employment with the Company and/or its Affiliates (as applicable) through the Certification Date, the Participant shall be issued Shares equal to the Target PSUs multiplied by the Final Payout Percentage (as defined below) (the "Final Award"). If necessary to avoid vesting of a fractional Share, the Final Award shall be rounded up to the nearest whole Share such that no fractional Shares are issued.

i. Final Payout Percentage. The final payout percentage shall be calculated by multiplying the [*Metric 1*] Payout Percentage (as defined below) by [•] and the [*Metric 2*] Payout Percentage (as defined below) by [•] and then adding together the resulting numbers represented as a percentage (the "Final Payout Percentage"). Notwithstanding anything to the contrary in this Agreement, in no event shall the Final Award earned exceed [•]% of the Participant's Target PSUs. With respect to any Performance Goal listed in the Performance Goal Table set forth on the Grant Details page (the "Performance Goal Table"), for attainment in between "Threshold" and "Target," and "Target" and "Maximum," the payout percentage for that Performance Goal is a sliding scale based on a straight line interpolation. Achievement above the Maximum level on any Performance Goal listed in the Performance Goal Table will be deemed achievement at the Maximum level for that Performance Goal. Achievement below Threshold on any Performance Goal listed in the Performance Goal Table shall result in a zero payout percentage for that Performance Goal.

ii. [*Metric 1*] Payout Percentage. For purposes of determining the payout percentage under the [*Metric 1*] portion of the Performance Goal Table ("[*Metric 1*] Payout Percentage"), attainment calculations shall be performed according to the following:

1. The [*Metric 1*] percentile rank shall be based on [*description of metric*]. This percentile rank shall then be analyzed against the Performance Goal Table to determine the [*Metric 1*] Payout Percentage.

2. [*Metric 1*] for the Company [and each member of the Peer Group] shall be calculated in the same manner as used for calculating [*Metric 1*] in the Company's published financial disclosures.

3. [In the event necessary financial information of a Peer Group member is not available at the end of the Performance Period, that member of the Peer Group shall be excluded from the calculation altogether.]

iii. [*Metric 2*] Payout Percentage. For purposes of determining the payout percentage under the [*Metric 2*] portion of the Performance Goal Table (the "[*Metric 2*] Payout Percentage"), attainment calculations shall be performed according to the following:

1. The [*Metric 2*] percentile rank attained shall be based on [*description of metric*]. This percentile rank shall then be analyzed against the Performance Goal Table to determine the [*Metric 2*] Payout Percentage.

2. The [*Metric 2*] calculation shall be based on [*description of metric*].

3. If the Company's [*Metric 2*] for the Performance Period is negative (i.e., the [*Metric 2*] declined during the Performance Period), the [*Metric 2*] Payout Percentage shall not exceed the "Target" level of [•]% [regardless of performance compared to the Index Banks].

4. With respect to any Performance Goal that uses the [*Index*], if such index is not readily available (or if the relevant information concerning it is not readily available), the Committee shall select a substitute index, which shall be, to the extent practicable, reasonably comparable to the [*Index*].

b. Discretion to Reduce or Increase Award . Notwithstanding anything to the contrary in this Section 4, the Committee reserves the right to adjust the amount payable under this Agreement prior to the time it has been earned, in accordance with any standard or on any other basis as the Committee may determine, including individual performance or the Committee's discretion.

c. Extraordinary Events. Notwithstanding anything to the contrary in this Section 4, in determining the achievement of the Performance Goals, and for other appropriate purposes under this Agreement or the Plan, the Committee will have the discretion to take into consideration any or all of the following: (a) the effects of business combinations; (b) the effects of discontinued operations; (c) changes in accounting principles; (d) extraordinary items; (e) restructuring charges; (f) changes in tax law; (g) changes in capital structure and (h) any other items as determined by the Committee. Items (a) through (g) will be as defined and as disclosed in the Company's financial disclosures.

5. **Vesting in the PSUs** . Except as noted below in this Section 5 and subject in all events to the provisions in Sections 3, 4 and 6, the Participant shall vest in the PSUs on the Certification Date if the Participant remains continuously employed through the end of the Period of Restriction and the performance and other requirements in this Agreement are met.

a. Violation of Restrictive Covenants . All vesting of the PSUs shall cease immediately upon the Participant's breach, in the Committee's determination, of any confidentiality, non-disclosure, non-competition, or non-solicitation obligation, commitment or agreement with the Company or its Affiliates prior to the end of the Period of Restriction, and the PSUs shall be cancelled immediately and shall not be payable.

b. Involuntary Termination without Cause, Voluntary Termination, or Termination for Cause . If the Participant is involuntarily terminated without Cause (as defined below), quits, is terminated for Cause, or otherwise experiences a termination of employment prior to the end of the Period of Restriction, and under circumstances not described in Subsections 5(c), 5(d) and 5(e) below, the PSUs shall be cancelled immediately and shall not be payable, except to the extent the Committee decides otherwise prior to the date of such termination. To the extent the Committee decides to vest any PSUs that would otherwise be cancelled, the Committee shall determine the Final Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4. In such event, the Final Award (if any) shall be payable to the Participant at the time the PSUs would have been payable had the Participant been employed on the Certification Date in accordance with Section 6. Payment of the Final Award (if any) will not be accelerated.

c. Retirement. If the Participant Retires (as defined below) prior to the end of the Period of Restriction, the Participant shall vest in the PSUs for the Performance Period as if the Participant had remained employed during the entire Period of Restriction, subject to proration as provided in this Subsection 5(c). If the Participant Retires at or prior to the end of the Performance Period, the Committee shall determine the Final Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4; provided, however, that, except to the extent the Committee decides otherwise prior to the date of such Retirement, such Final Award shall be prorated and the remaining portion shall be cancelled immediately and shall not be payable. The prorated portion of the Final Award shall be determined by multiplying (i) the Final Award had the Participant remained in service with the Company for the entire Performance Period, by (ii) a fraction, the numerator of which is the number of days the Participant was employed during the Performance Period prior to Retirement, and the denominator of which is the total number of days in the Performance Period. Notwithstanding the foregoing, if the Participant Retires after the end of the Performance Period but prior to the Certification Date, the Committee shall determine the Final Award based upon the achievement of the Performance Goals during the

Performance Period in accordance with Section 4, but such Final Award will not be subject to proration. In either event, the Final Award (if any) shall be payable to the Participant at the time the PSUs would have been payable had the Participant been employed on the Certification Date in accordance with Section 6. Payment of the Final Award (if any) will not be accelerated.

d. Termination by Reason of Death or Disability. Upon the occurrence of the Participant's death or termination of employment due to disability prior to the end of the Period of Restriction, the Participant shall vest in the PSUs for the Performance Period as if the Participant had remained employed during the entire Period of Restriction. Whether such termination occurs at or before the end of the Performance Period or after the end of the Performance Period but prior to the Certification Date, the Committee shall determine the Final Award based upon the achievement of the Performance Goals during the Performance Period in accordance with Section 4. In either event, the Final Award (if any) shall be payable to the Participant or the Participant's personal representative, if applicable, or in the case of death, to the Participant's Beneficiary (or as otherwise provided in Article XVII of the Plan in the event there is no Beneficiary) at the time the PSUs would have been payable had the Participant been employed on the Certification Date in accordance with Section 6. Payment of the Final Award (if any) will not be accelerated. For the avoidance of doubt, the Committee's determination in good faith regarding whether a disability has occurred shall be conclusive and determinative.

e. Change in Control. If there is a Change in Control before the end of the Period of Restriction and the Participant is employed at the time of the Change in Control, the PSUs shall be subject to the following:

i. If the Change in Control occurs at any time during the nine (9) month period beginning on the first day of the Performance Period, the PSUs will not be earned and will be immediately forfeited and cancelled, except to the extent the Committee decides otherwise.

ii. If the Change in Control occurs at any time after the nine (9) month period beginning on the first day of the Performance Period has concluded, the Participant shall vest in the PSUs for the Performance Period as if the Participant had remained employed during the entire Period of Restriction, and such vesting shall occur as of the Change in Control Date. The Committee shall determine the Final Award based upon an assumed achievement of the Performance Goals at their "Target" levels. The Final Award shall be paid within thirty (30) days after the Change in Control Date.

f. Definitions. For purposes of this Agreement:

i. "Cause" shall have the meaning assigned such term in the employment, severance or similar agreement, if any, between such Participant and the Company or an Affiliate; provided, however, that if there is no such employment, severance or similar agreement in which such term is defined, "Cause" shall mean any of the following acts by the Participant, as determined by the Committee: gross neglect of duty, prolonged absence from duty without the consent of the Company or its Affiliates; material breach by the Participant of any published Company code of conduct or code of ethics; or willful misconduct, misfeasance or malfeasance of duty which is reasonably determined to be detrimental to the Company or its Affiliates. The determination of the Committee as to the existence of "Cause" shall be conclusive on the Participant and the Company.

ii. "Change in Control Date" shall mean the date that a Change in Control is consummated.

iii. "Retire" or "Retirement" means a voluntary termination of employment on or after the earlier of (i) age 65 or (ii) age 62 and 10 years of service. Years of service shall include service with a predecessor employer acquired by the Company or its Affiliates unless otherwise determined by the Committee.

6. **Payment of Final Award; Ownership Rights**.

a. Payment of Final Award. As soon as reasonably practicable after the completion of the Performance Period, the Committee shall determine the level of attainment of each Performance Goal, which determines the Final Award as provided in Section 4. Payment of the Final Award (if any) shall be made in Shares, except for any dividend equivalent payments under Section 7, which shall be paid in cash. Such Shares and cash shall be paid to the Participant or the Participant's personal representative, if applicable, or in the case of death, to the Participant's Beneficiary (or as otherwise provided in Article XVII of the Plan in the event there is no Beneficiary) after the Certification Date, but in all events except in the case of a delay allowed under Section 13, between January 1 and March 15 of the year following the end of the Performance Period (the "Payment Period"), except as otherwise provided in Section 5(e)(ii). Notwithstanding any other provision of this Agreement, the issuance and delivery of the Shares under this Section 6 shall be subject to the requirements of Section 10, including restrictions on transfer as provided therein to the extent applicable.

b. Issuance and Delivery of Shares. Any Shares paid to the Participant in accordance with Section 6(a) will be issued in the name of and delivered to the Participant via electronic delivery to the Participant's account with the Company's stock plan administrator and will be freely transferable by the Participant. The Board may change the above procedure for issuance and delivery of Shares at any time, provided that such procedure complies with Section 409A (as defined in Section 13 below), to the extent applicable. Notwithstanding any other provision of this Agreement, the issuance and delivery of the Shares under this Section 6(b) shall be subject to the requirements of Section 10, including restrictions on transfer as provided therein to the extent applicable.

c. Ownership Rights. The Participant is not entitled to any voting and ownership rights applicable to the Shares underlying the PSUs prior to the issuance of the Shares. Following the issuance and delivery of the Shares, the Participant shall have all voting and ownership rights as provided to other holders of Shares.

d. Limits on Obligations. No interest shall accrue or otherwise be due in the event the Company delays the payment of the PSUs beyond the applicable payment date for administrative reasons. Any delay shall be in accordance with the requirements of Section 13. However, the Company shall not be liable to the Participant or any successor in interest for damages relating to any delays in issuing and delivering the Shares to the Participant or any successor in interest, or any mistakes or errors in the issuance or delivery of the Shares or in payment or delivery of Shares or cash amounts payable under this Agreement.

7. **Dividend Equivalents**. During the Payment Period, the Participant will receive a cash payment equal to the value of the cash dividends that would have been paid by the Company to shareholders of record during the Performance Period (and, for purposes of this sentence, as if the Participant became a shareholder of record on the first day of the Performance Period) on the number of Shares issued to the Participant with respect to the Final Award. No other dividends will be paid in connection with the grant of PSUs under this Agreement.

8. **Reorganization of Company and Subsidiaries**. The existence of this Agreement shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the PSUs or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

9. **Withholding of Taxes**. The Participant may owe federal, state, and local taxes in connection with the Award (the "Taxes"). Subject to Section 13, the Company shall withhold at the statutory minimum rates unless the Participant has elected prior to the payment date to have a higher amount (up to the maximum allowed by law) withheld. Unless the Participant elects (within the Company's system of record) prior to the payment date to satisfy the withholding requirement for any such Taxes to be withheld by the Company by check or direct debit (including, for the avoidance of doubt, cash transfer), the withholding of Taxes shall be mandatorily satisfied by withholding from the payment of the Final Award a number of Shares having a Fair Market Value equal to the amount required to be withheld for the Taxes. The Participant's acceptance of the Award constitutes the Participant's acknowledgment that the Company will (unless otherwise properly elected by the Participant pursuant to the terms of this Section 9) withhold on the Participant's behalf a number of Shares sufficient to satisfy the Taxes. The obligations of the Company under this Agreement will be conditional on such payment of the Taxes by the Participant. Notwithstanding anything to the contrary contained in this Section 9, Section 13, or otherwise, the Company (i) makes no representations or undertakings regarding the treatment of Taxes in connection with any aspect of this Award, and (ii) does not commit to structure the terms of the Award to reduce or eliminate the Participant's liability for Taxes.

10. **Certain Restrictions**. By accepting the PSUs, the Participant agrees that if, at the time of delivery of the Shares underlying the PSUs issued hereunder, any sale of such Shares is not covered by an effective registration statement filed under the Securities Act of 1933, as amended (the "Act"), the Participant will acquire such Shares for the Participant's own account and without a view to resale or distribution in violation of the Act or any other securities law, and upon any such acquisition the Participant will enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with the Act or any other securities law or with this Agreement.

11. **Clawback**. The PSUs and all Shares delivered and other compensation paid pursuant to the Award (whether before or after the PSUs have been converted to Shares) shall be subject to clawback by the Company as may be required by applicable law, government regulations, or stock exchange listing requirement, clawback provision set forth in the Plan and/or any other clawback procedure of the Company (including, without limitation and for the avoidance of doubt, any Company clawback policy), as amended from time to time, and whether approved before or after the Award Date and on such basis as the Committee determines.

12. **No Guarantee of Continued Employment**. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which are hereby expressly reserved, to terminate the employment of the Participant at any time and for any reason whatsoever, with or without Cause, subject to the applicable provisions of, if any, the Participant's employment agreement with the Company or any Subsidiary that employs the Participant or agreement provided by the Company or any Subsidiary to the Participant that employs the Participant.

13. **No Guarantee of Tax Consequences**. If the Participant is eligible to Retire on the Award Date or will become eligible to Retire at any time prior to the end of the Period of Restriction, the PSUs are subject to Section 409A of the Code and the applicable regulations and guidance issued thereunder ("Section 409A") as of the Award Date, except in certain limited circumstances. To the extent the PSUs are exempt from Section 409A, nothing in this Section 13 shall require the PSUs to meet the requirements of Section 409A. To the extent the PSUs are subject to Section 409A, the Plan and this Agreement are intended to avoid the adverse tax consequences of Section 409A and shall be interpreted and administered accordingly. The provisions of Article XXII of the Plan, including the definitions provided thereunder and the six-month delay, are hereby incorporated by reference into this Agreement. For purposes of the timing of any payments under this Agreement which are subject to Section 409A, all references to "termination of employment," "Retire," "Retirement" or similar terms shall mean "separation from service" under Section 409A. A separation from service shall occur at the time required under Section 409A. Each payment hereunder shall be treated as a separate payment under Section 409A. When, if ever, a payment specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company or, if within the control of the Participant and payable over two calendar years, shall always be paid in the later calendar year. To the extent any provision of the Plan or Agreement

is subject to and does not comply with Section 409A, such provision shall be interpreted and/or amended to comply with Section 409A, to the extent allowed under Section 409A. The Company makes no representation or warranty regarding, and shall not be responsible for, any excise tax imposed under Section 409A.

14. **Banking Regulatory Provision**. The PSUs and this Agreement shall be subject to any condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company or any Subsidiary thereof is subject.

15. **Entire Agreement**. This Agreement, together with the Grant Details page and the Plan, constitutes and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written agreements.

16. **Severability**. In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

17. **Governing Law**. This Agreement shall be construed in accordance with the laws of the State of Arkansas to the extent federal law does not supersede and preempt Arkansas law.

18. **Electronic Delivery and Signatures**. The Participant hereby consents and agrees to electronic delivery of Share(s), Plan documents (including, without limitation and for the avoidance of doubt, this Agreement), proxy materials, annual reports and other related documents and hereby further consents and agrees to participate in the Plan through the current stock plan administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future. If the Company has established or at any time establishes procedures for an electronic signature system for delivery and acceptance of Plan documents (including, without limitation and for the avoidance of doubt, this Agreement), the Participant hereby consents to such procedures and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be effected by, among other things, a third party engaged by the Company to provide administrative services related to the Plan, including any program adopted under the Plan. For the avoidance of doubt, the Participant's indication via the current stock plan administrator's on-line system that the Participant has accepted this Award is considered the Participant's electronic signature and the Participant's express consent and agreement to this Agreement, the Grant Details page and the Plan.

19. **Plan and Prospectus**. A copy of the Plan, as well as a prospectus for the Plan, has been provided to the Participant, and the Participant acknowledges receipt thereof.

[*Signature Page Follows.*]

To evidence its grant of the Award, the Company has signed this Agreement as of the Award Date. This Agreement and the Award shall become legally binding, effective as of the Award Date, if the Participant indicates his or her acceptance of this Award on the on-line system of Etrade, the Company's current stock plan administrator, within sixty (60) days of the Award Date. If the Participant fails to timely accept the Award, the Award shall be cancelled and forfeited ab initio.

By accepting this Award, the Participant acknowledges that he or she: (a) has read this Agreement, the Grant Details page and the Plan; (b) has had the opportunity to be represented by legal counsel in connection with his or her acceptance of this Award; (c) understands and agrees to the terms, conditions, and consequences set forth in this Agreement, the Grant Details page and the Plan; and (d) is fully aware of the legal and binding effect of this Agreement, the Grant Details page and the Plan.

SIMMONS FIRST NATIONAL CORPORATION

By: C. Daniel Hobbs

Title: Chief Financial Officer

Exhibit 15.1

**Awareness of Independent Registered
Public Accounting Firm**

We acknowledge the incorporation by reference in the Registration Statement on Form S-8 (Registration Nos. 333-134240, 333-134241, 333-134276, 333-134301, 333-134356, 333-138629, 333-186253, 333-186254, 333-197708, 333-206160, 333-234166, 333-239309 and 333-271417) of Simmons First National Corporation (the “Company”) of our report dated May 7, 2024, included with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024. Pursuant to Rule 436(c) under the S*ecurities Act of 1933*, this report should not be considered part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of the Act.

FORVIS, LLP

/s/ FORVIS, LLP

Little Rock, Arkansas
May 7, 2024

Exhibit 31.1

CERTIFICATION

I, Robert A. Fehlman, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2024

/s/ Robert A. Fehlman

Robert A. Fehlman
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, C. Daniel Hobbs, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2024

/s/ C. Daniel Hobbs

C. Daniel Hobbs
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.3

CERTIFICATION

I, David W. Garner, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2024

/s/ David W. Garner

David W. Garner
Executive Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Simmons First National Corporation (the “Company”), on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert A. Fehlman, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: May 7, 2024

/s/ Robert A. Fehlman

Robert A. Fehlman
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Simmons First National Corporation (the “Company”), on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, C. Daniel Hobbs, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: May 7, 2024

/s/ C. Daniel Hobbs

C. Daniel Hobbs
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.3

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

In connection with the Quarterly Report of Simmons First National Corporation (the “Company”), on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David W. Garner, Executive Vice President and Chief Accounting Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: May 7, 2024

/s/ David W. Garner

David W. Garner
Executive Vice President and Chief Accounting Officer
(Principal Accounting Officer)