

# SIMMONS REPORTS THIRD QUARTER NET INCOME OF \$23.4 MILLION

Management will conduct a conference call to review this information beginning at 3 p.m. CDT on Thursday, October 20, 2016. Interested persons can listen to this call by dialing toll-free 1-866-298-7926 (United States and Canada only) and asking for the Simmons First National Corporation conference call, conference ID 87389332. In addition, the call will be available live or in recorded version on the company's website at [ir.simmonsbank.com](http://ir.simmonsbank.com).

For Immediate Release:

October 19, 2016

Pine Bluff, AR – Simmons First National Corporation (NASDAQ-GS: SFNC) today announced net income available to common shareholders of \$23.4 million for the third quarter of 2016, an increase of \$1.8 million, or 8.5 percent, compared with the same quarter last year. Diluted earnings per share were \$0.76, an increase of \$0.04, or 5.6 percent.

Included in third quarter 2016 results were \$953,000 of after-tax expenses related to noncore items. Excluding the impact of these items, core earnings were \$24.4 million for the third quarter of 2016 and diluted core earnings per share were \$0.79.

Year-to-date net income was \$69.8 million, an increase of \$19.5 million, or 38.7 percent, compared with the same period of 2015. Year-to-date diluted earnings per share were \$2.28, an increase of \$0.45, or 24.6 percent. Year-to-date core earnings were \$72.7 million, or \$2.37 diluted core earnings per share.

On September 9, 2016, Simmons First National Corporation completed the acquisition of Citizens National Bank ("Citizens"), headquartered in Athens, Tenn. The systems conversion will take place on October 21, 2016, at which time nine Citizens branches will be merged into Simmons Bank.

We welcome our newest associates from Citizens National Bank into the Simmons family. We look forward to continued growth in our east Tennessee markets", said George A. Makris, Jr., chairman and CEO, "Our operating performance continues to produce good results. Our efficiency ratio for the third quarter was 53.8 percent, our return on assets was 1.21 percent, our return on equity was 8.4 percent, and our return on tangible common equity was 13.3 percent. I'm very proud of the accomplishments of our associates."

## Loans

Total loans, including those acquired, were \$5.4 billion at September 30, 2016, an increase of \$548 million, or 11.3 percent, compared with the same period in 2015. Legacy loans (all loans excluding acquired loans) grew \$1.1 billion, or 38.9 percent. On a linked quarter basis, total loan growth was \$387 million.

## Deposits

At September 30, 2016, total deposits were \$6.6 billion, an increase of \$528 million, or 8.7 percent, compared with the same period in 2015. Total non-time deposits were \$5.3 billion, an increase of \$555 million, or 11.7 percent, and comprised 80 percent of total deposits.

## Net Interest Income

The company's net interest income for the third quarter of 2016 was \$68.1 million, a decrease of \$10.6 million, or 13.5 percent, from the same period of 2015. This decrease was primarily driven by a \$10.0 million decline in yield accretion on acquired loans. Included in interest income was the yield accretion recognized on acquired loans of \$4.9 million and \$14.9 million for the third quarter of 2016 and 2015, respectively. Net interest margin was 4.09 percent for the quarter ended September 30, 2016, a 73 basis-point decline from the same quarter of 2015. The company's core net interest margin, excluding the accretion, was 3.81 percent for the third quarter of 2016, a 12 basis-point decline from the same quarter of 2015.

## Provision for Loan Losses

Provision for loan losses for the third quarter of 2016 was \$8.3 million, an increase of \$6.7 million compared with the third quarter of 2015. During the quarter, a single charge-off of \$5.4 million was recorded in relation to a nonaccrual loan acquired from Metropolitan National Bank. The loan was charged down to the appraised liquidation value of the collateral and the charged-off amount was added back to the allowance for loan losses during the quarter, resulting in the increase in provision. Management will discuss this loan during the company's earnings conference call tomorrow.

#### Non-Interest Income

Non-interest income for the third quarter was \$36.9 million, an increase of \$13.8 million compared with the third quarter of 2015. The elimination of indemnification asset amortization due to the company's 2015 termination of loss-sharing agreements with the FDIC resulted in a decrease of \$9.1 million in losses on FDIC-covered assets in the third quarter compared to the same period in 2015.

The remaining increase in non-interest income was due to additional mortgage lending, trust income, debit and credit card income and investment banking revenue.

#### Non-Interest Expense

Non-interest expense for the third quarter of 2016 was \$62.4 million, a decrease of \$5.1 million compared with the third quarter of 2015. Included in the quarter were \$1.5 million of merger-related expenses. Salaries and benefits decreased by \$5.2 million, or 14.1 percent, compared with the same quarter of 2015.

#### Asset Quality

All acquired loans are recorded at their discounted net present value; therefore, they are excluded from the computations of the asset quality ratios for the legacy loan portfolio, except for their inclusion in total assets.

At September 30, 2016, the allowance for loan losses for legacy loans was \$34.1 million. The company's allowance for loan losses on legacy loans at September 30, 2016 was 0.86 percent of total loans and 91 percent of non-performing loans. In the legacy portfolio, non-performing loans as a percent of total loans were 0.95 percent.

The allowance for loan losses for acquired loans was \$1.0 million and the acquired loan discount credit mark was \$42.9 million. The allowances for loan losses and credit marks provide a total of \$77.9 million of coverage, which equates to a total coverage ratio of 1.4 percent of gross loans. The ratio of credit mark and related allowance to acquired loans was 2.9 percent.

The 2016 year-to-date net charge-off ratio, excluding credit cards, was 44 basis points, and the year-to-date credit card charge-off ratio was 1.22 percent.

#### Capital

At September 30, 2016, common stockholders' equity was \$1.1 billion, book value per share was \$36.69 and tangible book value per share was \$23.80. The company's ratio of stockholders' equity to total assets was 13.94 percent and its ratio of tangible common equity to tangible assets was 9.5 percent.

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#### Simmons First National Corporation

Simmons First National Corporation is a financial holding company, headquartered in Pine Bluff, Ark., with total assets of \$8.2 billion conducting financial operations throughout Arkansas, Kansas, Missouri and Tennessee. The company through its subsidiaries offers comprehensive financial solutions delivered with a client-centric approach. The company's common stock trades on the NASDAQ Global Select Market under the symbol "SFNC."

#### Conference Call

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#### Non-GAAP Financial Measures

This press release contains financial information determined by methods other than in accordance with generally accepted accounting principles (GAAP). The company's management uses these non-GAAP financial measures in their analysis of the company's performance. These measures typically adjust GAAP performance measures to include the tax benefit associated with revenue items that are tax-exempt, as well as adjust income available to common shareholders for certain significant activities or nonrecurring transactions. Since the presentation of these GAAP performance measures and their impact differ between companies, management believes presentations of these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the company's core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in the tables of this release.

#### Forward-Looking Statements

Statements in this news release that are not historical facts should be considered forward-looking statements within the meaning

of the Private Securities Litigation Reform Act of 1995. Any forward-looking statement speaks only as of the date of this news release, and we undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this news release. By nature, forward-looking statements involve inherent risk and uncertainties. Various factors, including, but not limited to, economic conditions, credit quality, interest rates, loan demand and changes in the assumptions used in making the forward-looking statements, could cause actual results to differ materially from those contemplated by the forward-looking statements. Additional information on factors that might affect Simmons First National Corporation's financial results is included in its Form 10-K filing with the Securities and Exchange Commission.

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FOR MORE INFORMATION CONTACT:

I. BURTON HICKS

SVP and Investor Relations Officer

Simmons First National Corporation

870) 541-1000

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