

# Simmons Reports First Quarter Net Income of \$22 Million - April 19, 2017

Pine Bluff, AR – Simmons First National Corp. (NASDAQ-GS: SFNC) today announced net income available to common shareholders of \$22.1 million for the first quarter of 2017, a decrease of \$1.4 million compared with the same quarter last year. Diluted earnings per share were \$0.70, a decrease of \$0.07.

Included in first quarter 2017 results were \$412,000 in net after-tax merger-related and branch right-sizing costs. Excluding the impact of these items, core earnings were \$22.5 million for the quarter and diluted core earnings per share were \$0.71.

"We are satisfied with our operating results during the first quarter," said George A. Makris Jr., chairman and CEO. "We continue to experience excellent loan growth throughout our market. While our core expense control remains relatively stable, our non-interest income experienced some usual seasonal declines along with a softer mortgage market during the first quarter. As we prepare for the \$10 billion asset threshold, we have managed to offset most of our increases in audit and regulatory affairs expenses with economies gained because of our size and scale.

"We are excited about our previously announced mergers. As we have indicated, Simmons Bank will enter new and very attractive markets as a result of the Bank SNB and Southwest Bank mergers and will be able to expand in our current markets with the First South Bank merger. We look forward to closing these mergers and integrating these new markets."

## Loans

Total loans, including those acquired, were \$5.8 billion at March 31, 2017, an increase of \$847 million, or 17.2 percent, compared with the same period in 2016. Legacy loans (all loans excluding acquired loans) grew \$1.2 billion, or 33.4 percent. On a linked quarter basis, total loan growth was \$144 million, including a seasonal reduction in credit card and agricultural production loans of \$22.5 million.

## Deposits

At March 31, 2017, total deposits were \$6.8 billion, an increase of \$709 million, or 11.7 percent, compared with the same period in 2016. Total non-time deposits were \$5.5 billion, an increase of \$743 million, or 15.5 percent, and comprised 82 percent of total deposits.

## Net Interest Income

The company's net interest income for the first quarter of 2017 was \$72.4 million, an increase of \$2.1 million, or 3.1 percent, from the same period of 2016. The net interest income was negatively impacted by a \$3.7 million decline in yield accretion on acquired loans. Included in interest income was the yield accretion recognized on acquired loans of \$4.4 million and \$8.1 million for the first quarter of 2017 and 2016, respectively. Net interest margin was 4.04 percent for the quarter ended March 31, 2017, a 37 basis-point decline from the same quarter of 2016. The company's core net interest margin, excluding the accretion, was 3.80 percent for the first quarter of 2017, a 12 basis-point decline from the same quarter of 2016.

## Provision for Loan Losses

Provision for loan losses for the first quarter of 2017 was \$4.3 million, an increase of \$1.5 million compared with the first quarter of 2016. The provision increase was necessary in order to maintain an appropriate allowance for loan losses for the company's growing legacy loan portfolio.

## Non-Interest Income

Non-interest income for the first quarter was \$30.1 million, an increase of \$557,000 compared with the first quarter of 2016. The increase in non-interest income was due to additional trust income, service charge income, debit and credit card income resulting from internal growth and as a result of our most recent acquisition.

## Non-Interest Expense

Non-interest expense for the first quarter of 2017 was \$66.3 million, an increase of \$4.5 million compared with

the first quarter of 2016. Included in the quarter were \$678,000 of merger-related expenses and branch rightsizing costs. Increases in occupancy expenses and other operating expenses are related to our most recent acquisition. The increases in professional services are related to the continued preparations for crossing the \$10 billion asset threshold as a result of closing our three pending acquisitions.

#### 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 March 31, 2017, the allowance for loan losses for legacy loans was \$37.9 million. The company's allowance for loan losses on legacy loans at March 31, 2017 was 0.82 percent of total loans and 71 percent of non-performing loans. In the legacy portfolio, non-performing loans as a percent of total loans were 1.15 percent.

The allowance for loan losses for acquired loans was \$435,000 and the acquired loan discount credit mark was \$28.9 million. The allowances for loan losses and credit marks provide a total of \$67.2 million of coverage, which equates to a total coverage ratio of 1.2 percent of gross loans. The ratio of credit mark and related allowance to acquired loans was 2.5 percent.

The 2017 annualized net charge-off ratio was 18 basis points. Excluding credit cards, the net charge-off ratio was 11 basis points.

"In February, we executed a sale of 11 substandard loans, which were primarily acquired loans, with a net principal balance of \$11 million," Makris said. "We recognized a loss of \$676,000 on this sale. We continually explore options to manage the problem assets remaining from the acquired FDIC and Metropolitan portfolios as well as options to further reduce problem loans and expect to execute additional sales of assets."

#### Capital

At March 31, 2017, common stockholders' equity was \$1.2 billion, book value per share was \$37.30 and tangible book value per share was \$24.51. The company's ratio of stockholders' equity to total assets was 13.6 percent and its ratio of tangible common equity to tangible assets was 9.4 percent.

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#### Simmons First National Corporation

Simmons First National Corp. is a financial holding company, headquartered in Pine Bluff, Ark., with total assets of \$8.6 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

Management will conduct a live conference call to review this information beginning at 11 a.m. CDT on Thursday, Apr. 20, 2017. 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 Corp. conference call, conference ID 2974437. In addition, the call will be available live or in recorded version on the company's website at [www.simmonsbank.com](http://www.simmonsbank.com).

#### 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 non-core 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 Corp.'s financial results is included in its Form 10-K filing with the Securities and Exchange Commission.

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