

# Simmons Reports Fourth Quarter Net Income of \$27 Million - January 18, 2017

Pine Bluff, AR – Simmons First National Corp. (NASDAQ-GS: SFNC) today announced net income available to common shareholders of \$27.0 million for the fourth quarter of 2016, an increase of \$3.2 million, or 13.4 percent, compared with the same quarter last year. Diluted earnings per share were \$0.85, an increase of \$0.07, or 9.0 percent.

Included in fourth quarter 2016 results were \$1.8 million in net after-tax merger-related and branch right-sizing costs. Excluding the impact of these items, core earnings were \$28.8 million for the fourth quarter of 2016 and diluted core earnings per share were \$0.91.

Year-to-date net income was \$96.8 million, an increase of \$22.7 million, or 30.6 percent, compared with the same period of 2015. Year-to-date diluted earnings per share were \$3.13, an increase of \$0.50, or 19.0 percent. Year-to-date core earnings were \$101.4 million, or \$3.28 diluted core earnings per share.

"We are very pleased with our results during the fourth quarter. Our associates are beginning to leverage our size and integrate more of our services in markets previously unserved," said George A. Makris Jr., chairman and CEO. "We are excited about our future related to our previously announced mergers. Simmons Bank will enter new and very attractive markets as a result of the Bank SNB merger and will be able to expand in our current markets with the First South Bank merger. We look forward to significant growth from these mergers."

## Loans

Total loans, including those acquired, were \$5.6 billion at Dec. 31, 2016, an increase of \$714 million, or 14.5 percent, compared with the same period in 2016. Legacy loans (all loans excluding acquired loans) grew \$1.1 billion, or 33.3 percent. On a linked quarter basis, total loan growth was \$232 million, including a reduction in agricultural production loans of \$53 million.

## Deposits

At Dec. 31, 2016, total deposits were \$6.7 billion, an increase of \$649 million, or 10.7 percent, compared with the same period in 2015. Total non-time deposits were \$5.4 billion, an increase of \$682 million, or 14.3 percent, and comprised 81 percent of total deposits.

## Net Interest Income

The company's net interest income for the fourth quarter of 2016 was \$74.3 million, an increase of \$577,000, or 0.8 percent, from the same period of 2015. The net interest income was impacted by a \$4.5 million decline in yield accretion on acquired loans. Included in interest income was the yield accretion recognized on acquired loans of \$6.6 million and \$11.1 million for the fourth quarter of 2016 and 2015, respectively. Net interest margin was 4.12 percent for the quarter ended Dec. 31, 2016, a 41 basis-point decline from the same quarter of 2015. The company's core net interest margin, excluding the accretion, was 3.76 percent for the fourth quarter of 2016, an 11 basis-point decline from the same quarter of 2015.

## Provision for Loan Losses

Provision for loan losses for the fourth quarter of 2016 was \$4.3 million, an increase of \$1.1 million compared with the fourth quarter of 2015. 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 fourth quarter was \$36.1 million, an increase of \$7.5 million compared with the fourth quarter of 2015. The increase in non-interest income was due to additional mortgage lending, trust income, debit and credit card income.

## Non-Interest Expense

Non-interest expense for the fourth quarter of 2016 was \$66.7 million, a decrease of \$1.1 million compared with the fourth quarter of 2015. Included in the quarter were \$2.8 million of merger-related expenses. Salaries and benefits decreased by \$5.7 million, or 14.5 percent, compared with the same quarter of 2015. This decrease was partially offset by increases in occupancy expenses and other operating expenses related to our recent acquisition and the restructuring of our compliance and risk areas in preparation for growth.

## 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 Dec. 31, 2016, the allowance for loan losses for legacy loans was \$36.3 million. The company's allowance for loan losses on legacy loans at Dec. 31, 2016 was 0.84 percent of total loans and 92 percent of non-performing loans. In the legacy portfolio, non-performing loans as a percent of total loans were 0.91 percent.

The allowance for loan losses for acquired loans was \$1.0 million and the acquired loan discount credit mark was \$35.5 million. The allowances for loan losses and credit marks provide a total of \$72.7 million of coverage, which equates to a total coverage ratio of 1.3 percent of gross loans. The ratio of credit mark and related allowance to acquired loans was 2.7 percent.

The 2016 year-to-date net charge-off ratio, excluding credit cards, was 35 basis points, and the year-to-date credit card charge-off ratio was 1.28 percent.

## Capital

At Dec. 31, 2016, common stockholders' equity was \$1.2 billion, book value per share was \$36.80 and tangible book value per share was \$23.97. The company's ratio of stockholders' equity to total assets was 13.7 percent and its ratio of tangible common equity to tangible assets was 9.4 percent.

[View Full Press Release2](#)

## Simmons First National Corporation

Simmons First National Corp. is a financial holding company, headquartered in Pine Bluff, Ark., with total assets of \$8.4 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. CST on Thursday, Jan. 19, 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 46453886. 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.

####

FOR MORE INFORMATION CONTACT:

J. BURTON HICKS

SVP and Investor Relations Officer

Simmons First National Corporation

(870) 541-1000

---

<https://newsroom.simmonsbank.com/Simmons-Reports-Fourth-Quarter-Net-Income-of-27-Million-January-18,-2017>