SIMMONS FIRST NATIONAL CORP
Form 10-Q
August 10, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 2015 Commission File Number 000-06253

SIMMONS FIRST NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

870-541-1000

(Registrant's telephone number, including area code)

Not Applicable

Former name, former address and former fiscal year, if changed since last report

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. S Yes £ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

S Yes £ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer £ Accelerated filer S Non-accelerated filer £ Smaller reporting company £

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

The number of shares outstanding of the Registrant’s Common Stock as of July 27, 2015, was 29,932,198.

Simmons First National Corporation

Quarterly Report on Form 10-Q

June 30, 2015

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Part I: Financial Information

Item 1. Financial Statements (Unaudited)

Simmons First National Corporation

Consolidated Balance Sheets

June 30, 2015 and December 31, 2014

(In thousands, except share data)	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Cash and non-interest bearing balances due from banks	$69,770	$54,347
Interest bearing balances due from banks	173,130	281,562
Federal funds sold	49,570	-
Cash and cash equivalents	292,470	335,909
Interest bearing balances due from banks - time	24,189	-
Investment securities:		
Held-to-maturity	861,596	777,587
Available-for-sale	747,701	305,283
Total investments	1,609,297	1,082,870
Mortgage loans held for sale	48,094	21,265
Assets held in trading accounts	6,481	6,987
Loans:		
Legacy loans	2,611,229	2,053,721
Allowance for loan losses	(30,567)	(29,028)
Loans acquired, not covered by FDIC loss share (net of discount)	2,108,306	575,980
Loans acquired, covered by FDIC loss share (net of discount and allowance)	93,121	106,933
Net loans	4,782,089	2,707,606
FDIC indemnification asset	13,020	22,663
Premises and equipment	191,335	122,246
Premises held for sale	6,587	6,846
Foreclosed assets not covered by FDIC loss share	42,666	44,856
Foreclosed assets covered by FDIC loss share	12,833	11,793
Interest receivable	24,129	16,774
Bank owned life insurance	118,073	77,592
Goodwill	314,282	108,095
Other intangible assets	46,605	22,526
Other assets	82,208	55,326
Total assets	$7,614,358	$4,643,354
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		

Non-interest bearing transaction accounts	$1,141,285	$889,260
Interest bearing transaction accounts and savings deposits	3,581,049	2,006,271
Time deposits	1,447,688	965,187
Total deposits	6,170,022	3,860,718
Federal funds purchased and securities sold under agreements to repurchase	111,792	110,586
Other borrowings	171,321	114,682
Subordinated debentures	61,794	20,620
Accrued interest and other liabilities	74,324	42,429
Total liabilities	6,589,253	4,149,035
Stockholders' equity:		
Preferred stock, 40,040,000 shares authorized; Series A, $0.01 par value, $1,000 liquidation value per share; 30,852 shares issued and outstanding at June 30, 2015	30,852	-
Common stock, Class A, $0.01 par value; 60,000,000 shares authorized; 29,894,903 and 18,052,488 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	299	181
Surplus	640,895	156,568
Undivided profits	354,459	338,906
Accumulated other comprehensive loss	(1,400)	(1,336)
Total stockholders' equity	1,025,105	494,319
Total liabilities and stockholders' equity	$7,614,358	$4,643,354

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation

Consolidated Statements of Income

Three and Six Months Ended June 30, 2015 and 2014

(In thousands, except per share data)	Three Months Ended June 30, 2015 (Unaudited)	2014	Six Months Ended June 30, 2015 (Unaudited)	2014
INTEREST INCOME				
Loans	$70,438	$38,622	$121,424	$78,753
Federal funds sold	73	2	102	3
Investment securities	8,050	4,766	13,929	9,315
Mortgage loans held for sale	375	168	522	237
Assets held in trading accounts	4	5	8	10
Interest bearing balances due from banks	229	279	439	558
TOTAL INTEREST INCOME	79,169	43,842	136,424	88,876
INTEREST EXPENSE				
Deposits	4,195	2,235	7,139	4,505
Federal funds purchased and securities sold under agreements to repurchase	57	31	121	84
Other borrowings	1,151	988	2,203	1,998
Subordinated debentures	559	160	793	317
TOTAL INTEREST EXPENSE	5,962	3,414	10,256	6,904
NET INTEREST INCOME	73,207	40,428	126,168	81,972
Provision for loan losses	3,006	1,602	4,177	2,510
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	70,201	38,826	121,991	79,462
NON-INTEREST INCOME				
Trust income	2,070	1,553	4,321	3,091
Service charges on deposit accounts	8,031	6,792	14,394	12,860
Other service charges and fees	3,130	859	4,955	1,684
Mortgage lending income	3,449	1,262	5,710	2,074
Investment banking income	593	154	1,487	336
Debit and credit card fees	6,486	5,801	12,134	11,444
Bank owned life insurance income	746	377	1,318	705
Gain (loss) on sale of securities	-	38	(38)	38
Net (loss) on assets covered by FDIC loss share agreements	(3,056)	(6,268)	(5,727)	(13,639)
Other income	3,863	4,820	5,253	5,984
TOTAL NON-INTEREST INCOME	25,312	15,388	43,807	24,577
NON-INTEREST EXPENSE				

Salaries and employee benefits	35,475	20,982	62,246	43,447
Occupancy expense, net	5,051	3,285	8,627	7,155
Furniture and equipment expense	3,241	2,215	6,420	4,229
Other real estate and foreclosure expense	1,017	375	1,398	1,248
Deposit insurance	1,096	1,085	1,966	1,753
Merger related costs	1,247	1,354	11,666	2,627
Other operating expenses	18,041	10,546	30,213	23,923
TOTAL NON-INTEREST EXPENSE	65,168	39,842	122,536	84,382
INCOME BEFORE INCOME TAXES	30,345	14,372	43,262	19,657
Provision for income taxes	10,250	4,464	14,432	5,396
NET INCOME	20,095	9,908	28,830	14,261
Preferred stock dividends	77	-	103	-
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$20,018	$9,908	$28,727	$14,261
BASIC EARNINGS PER SHARE	$0.67	$0.61	$1.10	$0.88
DILUTED EARNINGS PER SHARE	$0.67	$0.60	$1.10	$0.87

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation

Consolidated Statements of Comprehensive Income

Three and Six Months Ended June 30, 2015 and 2014

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
NET INCOME	$20,095	$9,908	$28,830	$14,261
OTHER COMPREHENSIVE INCOME				
Unrealized holding (losses) gains arising during the period on available-for-sale securities	(5,356)	1,206	(143)	2,659
Less: Reclassification adjustment for realized gains (losses) included in net income	-	38	(38)	38
Other comprehensive (loss) gain, before tax effect	(5,356)	1,168	(105)	2,621
Less: Tax effect of other comprehensive (loss) gain	(2,101)	458	(41)	1,028
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(3,255)	710	(64)	1,593
COMPREHENSIVE INCOME	$16,840	$10,618	$28,766	$15,854

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation

Consolidated Statements of Cash Flows

Six Months Ended June 30, 2015 and 2014

(In thousands)	June 30, 2015 (Unaudited)	June 30, 2014
OPERATING ACTIVITIES		
Net income	$28,830	$14,261
Items not requiring (providing) cash:		
Depreciation and amortization	6,945	3,808
Provision for loan losses	4,177	2,510
Net (accretion) of investment securities and assets not covered by FDIC loss share	(9,829)	(1,994)
Net amortization on borrowings	150	-
Stock-based compensation expense	1,077	655
Net accretion on assets covered by FDIC loss share	(119)	(350)
Deferred income taxes	(1,772)	(3,143)
Loss (gain) on sale of available-for-sale securities	38	(38)
Gain on sale of premises and equipment	-	(2,296)
Loss on premises and equipment of closed branches	1,958	-
Bank owned life insurance income	(1,318)	(705)
Changes in:		
Interest receivable	2,377	1,400
Mortgage loans held for sale	(26,829)	(10,915)
Assets held in trading accounts	506	2,097
Other assets	(3,178)	(5,982)
Accrued interest and other liabilities	8,276	4,113
Income taxes payable	6,846	(2,892)
Net cash provided by operating activities	18,135	529
INVESTING ACTIVITIES		
Net originations of loans not covered by FDIC loss share	(176,400)	(34,126)
Net collections of loans covered by FDIC loss share	16,888	34,830
Proceeds from sale of student loans	-	22,136
Purchases (proceeds) from sale of premises and equipment, net	(7,784)	10,760
Proceeds from sale of foreclosed assets held for sale	15,131	13,575
Proceeds from sale of foreclosed assets held for sale, covered by FDIC loss share	1,859	7,677
Proceeds from sale of available-for-sale securities	1,662	2,552
Proceeds from maturities of available-for-sale securities	291,688	59,920
Purchases of available-for-sale securities	(210,344)	(118,954)
Proceeds from maturities of held-to-maturity securities	116,439	130,682
Purchases of held-to-maturity securities	(54,668)	(184,965)
Purchase of bank owned life insurance	(25)	(25)
Cash received on FDIC loss share	3,980	11,886
Cash received in business combinations, net of cash paid	201,029	-

Net cash provided by (used in) investing activities	199,455	(44,052)
FINANCING ACTIVITIES		
Net change in deposits	(101,472)	(55,842)
Dividends paid on preferred stock	(103)	-
Dividends paid on common stock	(13,174)	(7,467)
Net change in other borrowed funds	(134,106)	(1,488)
Net change in federal funds purchased and securities sold under agreements to repurchase	(15,024)	(9,661)
Net shares issued under stock compensation plans	2,850	1,261
Net cash used in financing activities	(261,029)	(73,197)
DECREASE IN CASH AND CASH EQUIVALENTS	(43,439)	(116,720)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	335,909	539,380
CASH AND CASH EQUIVALENTS, END OF PERIOD	$292,470	$422,660

See Condensed Notes to Consolidated Financial Statements.

Simmons First National Corporation

Consolidated Statements of Stockholders' Equity

Six Months Ended June 30, 2015 and 2014

(In thousands, except share data)	Preferred Stock	Common Stock	Surplus	Accumulated Other Comprehensive Income (Loss)	Undivided Profits	Total
Balance, December 31, 2013	$-	$162	$88,095	$(3,002)	$318,577	$403,832
Comprehensive income:						
Net income	-	-	-	-	14,261	14,261
Change in unrealized depreciation on available-for-sale securities, net of income taxes of $1,028	-	-	-	1,593	-	1,593
Comprehensive income						15,854
Stock issued as bonus shares – 71,840 shares	-	1	441	-	-	442
Vesting bonus shares, net of forfeitures – (1,560 shares)	-	-	655	-	-	655
Stock issued for employee stock purchase plan – 4,897 shares	-	-	118	-	-	118
Exercise of stock options – 33,360 shares	-	-	843	-	-	843
Securities exchanged under stock option plan – (3,452 shares)	-	-	(142)	-	-	(142)
Cash dividends – $0.44 per share	-	-	-	-	(7,467)	(7,467)
Balance, June 30, 2014 (Unaudited)	-	163	90,010	(1,409)	325,371	414,135
Comprehensive income:						
Net income	-	-	-	-	21,427	21,427
Change in unrealized depreciation on available-for-sale securities, net of income taxes of $47	-	-	-	73	-	73
Comprehensive income	-	-	-	-	-	21,500
Stock issued as bonus shares – 62,040 shares	-	-	-	-	-	-
Vesting bonus shares, net of forfeitures – (1,560 shares)	-	-	768	-	-	768
Exercise of stock options – 31,360 shares	-	2	831	-	-	833
Securities exchanged under stock option plan – (1,768 shares)	-	-	(71)	-	-	(71)
Stock issued for Delta Trust & Bank acquisition – 1,629,515 shares	-	16	65,030	-	-	65,046
Cash dividends – $0.44 per share	-	-	-	-	(7,892)	(7,892)
Balance, December 31, 2014	-	181	156,568	(1,336)	338,906	494,319
Comprehensive income:						
Net income	-	-	-	-	28,830	28,830
Change in unrealized depreciation on available-for-sale securities, net of income taxes of ($41)	-	-	-	(64)	-	(64)
Comprehensive income						28,766
Stock issued as bonus shares – 56,600 shares	-	1	1,564	-	-	1,565
Vesting bonus shares, net of forfeitures – (9,500 shares)	-	-	803	-	-	803

Stock issued for employee stock purchase plan – 6,528 shares	-	-	226	-	-	226
Exercise of stock options – 52,929 shares	-	-	1,201	-	-	1,201
Stock granted under stock-based compensation plans	-	-	274	-	-	274
Securities exchanged under stock option plan – (3,290 shares)	-	-	(142)	-	-	(142)
Stock issued for Community First acquisition – 30,852 preferred shares; 6,552,916 common shares	30,852	65	268,277	-	-	299,194
Stock issued for Liberty Bank acquisition – 5,181,337 shares	-	52	212,124	-	-	212,176
Dividends on preferred stock	-	-	-	-	(103)	(103)
Dividends on common stock – $0.46 per share	-	-	-	-	(13,174)	(13,174)
Balance, June 30, 2015 (Unaudited)	$30,852	$299	$640,895	$(1,400)	$354,459	$1,025,105

See Condensed Notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Simmons First National Corporation (the "Company") and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

All adjustments made to the unaudited financial statements were of a normal recurring nature. In the opinion of management, all adjustments necessary for a fair presentation of the results of interim periods have been made. Certain prior year amounts are reclassified to conform to current year classification. The consolidated balance sheet of the Company as of December 31, 2014, has been derived from the audited consolidated balance sheet of the Company as of that date. The results of operations for the period are not necessarily indicative of the results to be expected for the full year.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K Annual Report for 2014 filed with the U.S. Securities and Exchange Commission (the "SEC").

Recently Issued Accounting Pronouncements

ASU 2015-08 – *Business Combinations: Pushdown Accounting – Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115* ("ASU 2015-08"). ASU 2015-08 removes references to the SEC's Staff Accounting Bulletin (SAB) Topic 5.J on pushdown accounting from ASC 805-50, thereby conforming the FASB's guidance on pushdown accounting with the SEC's guidance on this topic. ASU 2015-08 became effective upon issuance. The adoption of this standard has not had a material effect on the Company's operating results or financial condition.

ASU 2014-17 – *Business Combinations: Pushdown Accounting* ("ASU 2014-17"). ASU 2014-17 amends existing guidance related to the accounting by an acquired entity upon a change-in-control event. The standard provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, an acquired entity will have the option to elect to apply pushdown accounting in a subsequent reporting period to the acquired entity's most recent change-in-control event. ASU 2014-17 was effective on November 18, 2014. The adoption of this standard has not had a material effect on the Company's operating results or financial condition.

ASU 2014-14 – *Receivables – Troubled Debt Restructurings by Creditors: Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure* ("ASU 2014-14"). ASU 2014-14 amends existing guidance related to the classification of certain government-guaranteed mortgage loans, including those guaranteed by the FHA and the VA, upon foreclosure. It requires that a mortgage loan be derecognized and a separate other receivable be recognized upon foreclosure if three conditions are met. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. ASU 2014-14 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014, and early adoption is permitted. It can be applied using a prospective transition method or a modified retrospective transition using a cumulative-effect adjustment. The adoption of this standard has not had a material effect on the Company's results of operations, financial position or disclosures.

ASU 2014-12 – *Compensation – Stock Compensation – Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period* ("ASU 2014-12"). ASU 2014-12 amends existing guidance related to the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The standard requires that a performance target that affects vesting and that could be achieved after the requisite service period should be treated as a performance condition. ASU 2014-12 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, and early adoption is permitted. It can be applied either prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of this standard is not expected to have a material effect on the Company's operating results or financial condition.

ASU 2014-11 – *Transfers and Servicing – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* ("ASU 2014-11"). ASU 2014-11 aligns the accounting for repurchase-to-maturity transactions and repurchase agreements executed as a repurchase financing with the accounting for other typical repurchase agreements. ASU 2014-11 requires that these transactions all be accounted for as secured borrowings. The standard requires a new disclosure for transactions economically similar to repurchase agreements in which the transferor retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction and requires expanded disclosures about the nature of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. ASU 2014-11 is effective for the first interim or annual period beginning after December 15, 2014. An entity is required to present changes in accounting for transactions outstanding on the effective date as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. Earlier application for a public business entity is prohibited. The adoption of this standard did not have a material effect on the Company's results of operations, financial position or disclosures.

ASU 2014-09 – *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective prospectively, for annual and interim periods, beginning after December 15, 2016. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position or disclosures.

ASU 2014-04 – *Receivables – Troubled Debt Restructurings by Creditors* ("ASU 2014-04"). ASU 2014-04 clarifies when a creditor should reclassify mortgage loans collateralized by residential real estate from loans to other real estate owned. It defines when an in-substance repossession or foreclosure has occurred and when a creditor is considered to have received physical possession of residential real estate collateralizing a mortgage loan. ASU 2014-04 is effective for fiscal years beginning after December 31, 2014, and early adoption is permitted. It can be applied either prospectively or using a modified retrospective transition method. The adoption of this standard has not had a material effect on the Company's results of operations, financial position or disclosures.

There have been no other significant changes to the Company's accounting policies from the 2014 Form 10-K. Presently, the Company is not aware of any other changes to the Accounting Standards Codification that will have a material impact on the Company's present or future financial position or results of operations.

Acquisition Accounting, Acquired Loans

The Company accounts for its acquisitions under ASC Topic 805, *Business Combinations*, which requires the use of the purchase method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. No allowance for loan losses related to the acquired loans is recorded on the acquisition date as the fair value of the loans acquired incorporates assumptions regarding credit risk. Loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, exclusive of the shared-loss agreements with the FDIC. The

fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

The Company evaluates loans acquired in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount on these loans is accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. The Company evaluates purchased impaired loans in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

The Company evaluates all of the loans purchased in conjunction with its FDIC-assisted transactions in accordance with the provisions of ASC Topic 310-30. All loans acquired in the FDIC transactions, both covered and not covered, were deemed to be impaired loans. All loans acquired, whether or not covered by FDIC loss share agreements, are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

For impaired loans accounted for under ASC Topic 310-30, we continue to estimate cash flows expected to be collected on pools of loans sharing common risk characteristics, which are treated in the aggregate when applying various valuation techniques. We evaluate at each balance sheet date whether the present value of our pools of loans determined using the effective interest rates has decreased significantly and if so, recognize a provision for loan loss in our consolidated statement of income. For any significant increases in cash flows expected to be collected, we adjust the amount of accretable yield recognized on a prospective basis over the pool’s remaining life.

Covered Loans and Related Indemnification Asset

Because the FDIC will reimburse us for certain losses incurred on certain acquired loans, an indemnification asset is recorded at fair value at the acquisition date. The indemnification asset is recognized at the same time as the indemnified loans, and measured on the same basis, subject to collectability or contractual limitations. The shared-loss agreements on the acquisition date reflect the reimbursements expected to be received from the FDIC, using an appropriate discount rate, which reflects counterparty credit risk and other uncertainties.

The shared-loss agreements continue to be measured on the same basis as the related indemnified loans, as prescribed by ASC Topic 805. Deterioration in the credit quality of the loans (immediately recorded as an adjustment to the allowance for loan losses) would immediately increase the basis of the shared-loss agreements, with the offset recorded through the consolidated statement of income. Increases in the credit quality or cash flows of loans (reflected as an adjustment to yield and accreted into income over the remaining life of the loans) decrease the basis of the shared-loss agreements, with such decrease being accreted into income over 1) the same period or 2) the life of the shared-loss agreements, whichever is shorter. Loss assumptions used in the basis of the indemnified loans are consistent with the loss assumptions used to measure the indemnification asset. Fair value accounting incorporates into the fair value of the indemnification asset an element of the time value of money, which is accreted back into income over the life of the shared-loss agreements.

Upon the determination of an incurred loss the indemnification asset will be reduced by the amount owed by the FDIC. A corresponding, claim receivable is recorded until cash is received from the FDIC. For further discussion of the Company’s acquisition and loan accounting, see Note 5, Loans Acquired.

Earnings Per Common Share (“EPS”)

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

Following is the computation of earnings per common share for the three and six months ended June 30, 2015 and 2014:

	Three Months Ended	Six Months Ended June 30,

(In thousands, except per share data)	June 30, 2015	2014	2015	2014
Net income available to common shareholders	$20,018	$9,908	$28,727	$14,261
Average common shares outstanding	29,867	16,318	26,084	16,294
Average potential dilutive common shares	120	43	120	43
Average diluted common shares	29,987	16,361	26,204	16,337
Basic earnings per share	$0.67	$0.61	$1.10	$0.88
Diluted earnings per share [1]	$0.67	$0.60	$1.10	$0.87

(1) EPS are computed independently for each quarter and therefore the sum of each quarterly EPS may not equal the year-to-date EPS. As a result of the large stock issuances during 2015 as part of the Company's acquisitions, the computed independent quarterly average common shares outstanding and the computed year-to-date average common shares differ significantly. For purposes of calculating a roll-forward amount for year-to-date EPS, diluted EPS for the second quarter would require a computed amount of $0.71, producing a difference of $.04 from actual second quarter diluted EPS of $0.67. This difference is based on the direct result of the varying denominator for each period presented.

NOTE 2: ACQUISITIONS

Liberty Bancshares, Inc.

On February 27, 2015, the Simmons First National Corporation completed the acquisition of Liberty Bancshares, Inc. ("Liberty"), headquartered in Springfield, Missouri, including its wholly-owned bank subsidiary Liberty Bank ("LB"). Simmons issued 5,181,337 shares of its common stock valued at approximately $212.2 million as of February 27, 2015 in exchange for all outstanding shares of Liberty common stock.

Prior to the acquisition, Liberty conducted banking business from 23 branches located in southwest Missouri. Including the effects of the purchase accounting adjustments, the Company acquired approximately $1.1 billion in assets, approximately $780.7 million in loans including loan discounts and approximately $874.7 million in deposits. The Company completed the systems conversion and merged LB into Simmons Bank on April 24, 2015.

Goodwill of $95.6 million was recorded as a result of the transaction. The merger strengthened Simmons' position in the southwest Missouri market and Simmons believes that it will be able to achieve cost savings by integrating the two companies and combining accounting, data processing, and other administrative functions all of 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 Liberty transaction, as of the acquisition date, is as follows:

(In thousands)	Acquired from Liberty	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks, including time deposits	$102,637	$(14)	$102,623
Federal funds sold	7,060	-	7,060
Investment securities	99,123	(335)	98,788
Loans acquired, not covered by FDIC loss share	790,493	(9,835)	780,658
Allowance for loan losses	(10,422)	10,422	-
Premises and equipment	34,239	(3,215)	31,024
Bank owned life insurance	16,972	-	16,972
Core deposit intangible	699	13,857	14,556
Other intangibles	3,063	(3,063)	-
Other assets	17,703	(3,843)	13,860
Total assets acquired	$1,061,567	$3,974	$1,065,541
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$146,618	$-	$146,618
Interest bearing transaction accounts and savings deposits	543,183	-	543,183
Time deposits	184,913	-	184,913
Total deposits	874,714	-	874,714
FHLB borrowings	46,128	223	46,351
Subordinated debentures	20,620	(840)	19,780
Accrued interest and other liabilities	7,828	300	8,128
Total liabilities assumed	949,290	(317)	948,973
Equity	112,277	(112,277)	-
Total equity assumed	112,277	(112,277)	-
Total liabilities and equity assumed	$1,061,567	$(112,594)	$948,973
Net assets acquired			116,568
Purchase price			212,176
Goodwill			$95,608

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

Cash and due from banks, time deposits due from banks and federal funds sold – The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets. Due from banks – time were acquired with an adjustment to fair value based on rates currently available to the Company for deposits in banks with similar maturities.

Investment securities – Investment securities were acquired with an adjustment to fair value based upon quoted market prices.

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.

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, of $95.6 million.

Core deposit intangible – This intangible asset represents the value of the relationships that Liberty had with its 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.

Other assets – The fair value adjustment results from certain assets whose value was estimated to be less than book value, such as certain prepaid assets, receivables and other miscellaneous assets. The deferred tax asset, included in other assets, is based on 39.225% of fair value adjustments related to the acquired assets and assumed liabilities and on a calculation of future tax benefits. The Company also recorded Liberty's remaining deferred tax assets and liabilities as of the acquisition date.

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 Liberty's certificates of deposits compared to the current market rates. Based on the results of the analysis, the estimated fair value adjustment was immaterial.

FHLB borrowings – The fair value of Federal Home Loan Bank 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 adjustment establishes a liability for unfunded commitments equal to the fair value of that liability at the date of acquisition.

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the acquisition and due to the number of assets acquired and liabilities assumed. Management will continue to review the estimated fair values of loans, property and equipment, intangible assets, subordinated debentures, and other assets and liabilities, and to evaluate the assumed tax positions. The Company expects to finalize its analysis of the acquired loans and subordinated debentures along with the other acquired assets and assumed liabilities in this transaction over the next few months, within one year of the acquisition. Therefore, adjustments to the estimated amounts and carrying values may occur.

The Company's operating results for 2015 include the operating results of the acquired assets and assumed liabilities of Liberty subsequent to the acquisition date.

Community First Bancshares, Inc.

On February 27, 2015, the Simmons First National Corporation completed the acquisition of Community First Bancshares, Inc. ("Community First"), headquartered in Union City, Tennessee, including its wholly-owned bank subsidiary First State Bank ("FSB"). Simmons issued 6,552,915 shares of its common stock valued at approximately $268.3 million as of February 27, 2015, plus $9,974 in cash in exchange for all outstanding shares of Community First common stock. Simmons also issued $30.9 million of preferred stock in exchange for all outstanding shares of Community First preferred stock.

Prior to the acquisition, Community First conducted banking business from 33 branches located across Tennessee. Including the effects of the purchase accounting adjustments, the Company acquired approximately $1.9 billion in assets, approximately $1.1 billion in loans including loan discounts and approximately $1.5 billion in deposits. The Company expects to complete the systems conversion and merge FSB into Simmons Bank by September 4, 2015.

Goodwill of $111.3 million was recorded as a result of the transaction. The merger allowed Simmons' entrance into the Tennessee market and will serve as a launching platform for possible expansion into adjacent areas. Simmons believes that it will be able to achieve cost savings by integrating the two companies and combining accounting, data processing, and other administrative functions. Further Simmons believes it can benefit from the addition of Community First's small-business lending platform while cross-selling its trust products in Community First's market. This combination of factors 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 Community First transaction, as of the acquisition date, is as follows:

(In thousands)	Acquired from Community First	Fair Value Adjustments	Fair Value
Assets Acquired			
Cash and due from banks	$39,848	$-	$39,848
Federal funds sold	76,508	-	76,508
Investment securities	570,199	(3,381)	566,818
Loans acquired, not covered by FDIC loss share	1,163,398	(26,855)	1,136,543
Allowance for loan losses	(14,635)	14,635	-
Foreclosed assets not covered by FDIC loss share	747	-	747
Premises and equipment	44,837	(2,794)	42,043
Bank owned life insurance	22,149	-	22,149
Goodwill	100	(100)	-
Core deposit intangible	-	11,273	11,273
Other intangibles	-	420	420
Deferred tax asset	3,700	3,667	7,367
Other assets	11,474	-	11,474
Total assets acquired	$1,918,325	$(3,135)	$1,915,190
Liabilities Assumed			
Deposits:			
Non-interest bearing transaction accounts	$103,825	$-	$103,825
Interest bearing transaction accounts and savings deposits	995,207	-	995,207
Time deposits	436,181	849	437,030
Total deposits	1,535,213	849	1,536,062
Federal funds purchased and securities sold under agreement to repurchase	16,230	-	16,230
FHLB borrowings	143,047	1,347	144,394

Subordinated debentures	21,754	(510)	21,244
Accrued interest and other liabilities	8,769	601	9,370
Total liabilities assumed	1,725,013	2,287	1,727,300
Equity	193,312	(193,312)	-
Total equity assumed	193,312	(193,312)	-
Total liabilities and equity assumed	$1,918,325	$(191,025)	$1,727,300
Net assets acquired			187,890
Purchase price			299,204
Goodwill			$111,314

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

Cash and due from banks and federal funds sold – 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.

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.

Foreclosed assets held for sale – These assets are presented at the estimated present values that management expects to receive when the properties are sold, net of related costs of disposal.

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, of $111.3 million. Goodwill established prior to the acquisition was written off.

Core deposit intangible – This intangible asset represents the value of the relationships that Community First had with its 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.

Other intangibles – This intangible asset represents the value of the relationships that Community First's insurance subsidiary had with their customers. The fair value of this intangible asset was estimated based on a combination of discounted cash flow methodology and a market valuation approach.

Deferred tax asset – The deferred tax asset is based on 39.225% of fair value adjustments related to the acquired assets and assumed liabilities and on a calculation of future tax benefits. The Company also recorded Community First's remaining deferred tax assets and liabilities as of the acquisition date.

Other assets – 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 Community First's certificates of deposits compared to the current market rates and recorded a fair value adjustment for the difference.

Federal funds purchased and securities sold under agreement to repurchase – The carrying amount of federal funds purchased and securities sold under agreement to repurchase is a reasonable estimate of fair value based on the short-term nature of these liabilities.

FHLB borrowings – The fair value of Federal Home Loan Bank borrowings is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

Subordinated debentures – The fair value 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 adjustment establishes a liability for unfunded commitments equal to the fair value of that liability at the date of acquisition.

The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the acquisition and due to the number of assets acquired and liabilities assumed. Management will continue to review the estimated fair values of loans, foreclosed assets, property and equipment, intangible assets, subordinated debentures, and other assets and liabilities, and to evaluate the assumed tax positions. The Company expects to finalize its analysis of the acquired loans and subordinated debentures along with the other acquired assets and assumed liabilities in this transaction over the next few months, within one year of the acquisition. Therefore, adjustments to the estimated amounts and carrying values may occur.

The Company's operating results for 2015 include the operating results of the acquired assets and assumed liabilities of Community First subsequent to the acquisition date.

Summary of Unaudited Pro forma Information

The unaudited pro forma information below for the three and six months ended June 30, 2015 and 2014 gives effect to the Liberty and Community First acquisitions as if the acquisitions had occurred on January 1, 2014. Pro forma earnings for the three months ended June 30, 2015 were adjusted to exclude $7.4 million of acquisition-related costs, net of tax, incurred by Simmons during 2015. Supplemental pro-forma earnings for the six months ended June 30, 2014 were also adjusted to include these charges. The pro forma financial information is not necessarily indicative of the results of operations if the acquisitions had been effective as of this date.

(In thousands)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
Revenue [1]	$96,942	$95,504
Net income	$30,043	$9,934
Earnings per share	$1.00	$0.35

(In thousands)	Six Months Ended	Six Months Ended

	June 30, 2015	June 30, 2014
Revenue [1]	$194,203	$185,977
Net income	$42,090	$26,191
Earnings per share	$1.40	$0.93

(1) Net interest income plus noninterest income.

Consolidated year-to-date 2015 results included approximately $18.8 million of revenue and $8.3 million of net income attributable to the Liberty acquisition and $32.5 million of revenue and $8.4 million of net income attributable to the Community First acquisition.

Ozark Trust & Investment Corporation (Pending Acquisition)

On April 28, 2015, the Company entered into a definitive agreement and plan of merger (the “Agreement”) with Ozark Trust & Investment Corporation (“OTIC”), including its wholly-owned non-deposit trust company, Trust Company of the Ozarks (“TCO”). TCO is headquartered in Springfield, Missouri and has over $1 billion in assets under management. Under the terms of the Agreement, each outstanding share of common stock of OTIC held by banks or bank holding companies will be converted into the right to receive $701.9268 in cash and each share of common stock or common stock equivalents held by any other type of shareholder will be converted into the right to receive 16.7205 shares of the Company’s common stock, all subject to certain conditions and potential adjustments. The Company owns 1,000 shares of OTIC’s common stock, which it acquired through its acquisition of Liberty Bancshares, Inc. in February 2015. The transaction is valued at $20.7 million (based on the Company’s April 27, 2015 closing price). The purchase price will be allocated among the net assets of OTIC acquired as appropriate, with the remaining balance being reported as goodwill. The transaction is subject to the routine regulatory review by the Missouri Department of Finance and other customary closing conditions. The transaction is expected to close during the third quarter of 2015. Upon closing, OTIC will merge into the Company.

NOTE 3: INVESTMENT SECURITIES

The amortized cost and fair value of investment securities that are classified as held-to-maturity and available-for-sale are as follows:

	June 30, 2015				December 31, 2014			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-Maturity								
U.S. Government agencies	$361,744	$ 1,234	$ (1,463)	$361,515	$418,914	$ 929	$ (4,055)	$415,788
Mortgage-backed securities	27,146	130	(240)	27,036	29,743	56	(411)	29,388
State and political subdivisions	471,631	5,151	(3,059)	473,723	328,310	7,000	(573)	334,737
Other securities	1,075	-	-	1,075	620	-	-	620
Total HTM	$861,596	$ 6,515	$ (4,762)	$863,349	$777,587	$ 7,985	$ (5,039)	$780,533
Available-for-Sale								
U.S. Treasury	$4,000	$ 5	$ -	$4,005	$4,000	$ 1	$ (9)	$3,992
U.S. Government agencies	236,700	138	(835)	236,003	275,381	15	(2,580)	272,816
Mortgage-backed securities	466,060	889	(2,092)	464,857	1,579	-	(7)	1,572
State and political subdivisions	10,961	29	(19)	10,971	6,536	7	(3)	6,540
Other securities	32,284	422	(841)	31,865	19,985	386	(8)	20,363
Total AFS	$750,005	$ 1,483	$ (3,787)	$747,701	$307,481	$ 409	$ (2,607)	$305,283

Securities with limited marketability, such as stock in the Federal Reserve Bank and the Federal Home Loan Bank, are carried at cost and are reported as other available-for-sale securities in the table above.

Certain investment securities are valued at less than their historical cost. Total fair value of these investments at June 30, 2015, was $983.1 million, which is approximately 61.1% of the Company’s combined available-for-sale and held-to-maturity investment portfolios.

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2015:

(In thousands)	Less Than 12 Months Estimated Fair Value	Gross Unrealized Losses	12 Months or More Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Gross Unrealized Losses
Held-to-Maturity						
U.S. Government agencies	$177,586	$ (850)	$63,880	$ (613)	$241,466	$ (1,463)
Mortgage-backed securities	8,581	(46)	8,882	(194)	17,463	(240)
State and political subdivisions	191,420	(2,995)	3,805	(64)	195,225	(3,059)
Total HTM	$377,587	$ (3,891)	$76,567	$ (871)	$454,154	$ (4,762)
Available-for-Sale						
U.S. Government agencies	$138,848	$ (405)	$42,673	$ (430)	$181,521	$ (835)
Mortgage-backed securities	342,210	(2,092)	-	-	342,210	(2,092)
State and political subdivisions	3,473	(19)	-	-	3,473	(19)
Equity Securities	764	(5)	-	-	764	(5)
Other	1,000	(836)	-	-	1,000	(836)
Total AFS	$486,295	$ (3,357)	$42,673	$ (430)	$528,968	$ (3,787)

These declines primarily resulted from the rate for these investments yielding less than current market rates. Based on evaluation of available evidence, management believes the declines in fair value for these securities are temporary. Management does not have the intent to sell these securities and management believes it is more likely than not the Company will not have to sell these securities before recovery of their amortized cost basis less any current period credit losses.

Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers, among other things, (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Management has the ability and intent to hold the securities classified as held to maturity until they mature, at which time the Company expects to receive full value for the securities. Furthermore, as of June 30, 2015, management also had the ability and intent to hold the securities classified as available-for-sale for a period of time sufficient for a recovery of cost. 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. Management does not believe any of

the securities are impaired due to reasons of credit quality. Accordingly, as of June 30, 2015, management believes the impairments detailed in the table above are temporary. Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

The book value of securities sold under agreements to repurchase equaled $105.7 million and $100.8 million for June 30, 2015 and December 31, 2014, respectively.

Income earned on securities for the three and six months ended June 30, 2015 and 2014, is as follows:

(In thousands, except per share data)	Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Taxable:				
Held-to-maturity	$1,307	$1,378	$2,696	$2,727
Available-for-sale	3,172	729	4,755	1,279
Non-taxable:				
Held-to-maturity	2,732	2,633	5,334	5,252
Available-for-sale	839	26	1,144	57
Total	$8,050	$4,766	$13,929	$9,315

Maturities of investment securities at June 30, 2015, are as follows:

(In thousands, except per share data)	Held-to-Maturity Amortized Cost	Fair Value	Available-for-Sale Amortized Cost	Fair Value
One year or less	$52,552	$52,603	$21,853	$21,833
After one through five years	379,913	379,511	183,376	182,746
After five through ten years	177,863	179,113	116,360	116,088
After ten years	251,268	252,122	396,901	395,933
Other securities (no maturity)	-	-	31,515	31,101
Total	$861,596	$863,349	$750,005	$747,701

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $819.6 million at June 30, 2015 and $520.4 million at December 31, 2014.

There were no realized gains and no realized losses for the three months ended June 30, 2015 and there were $2,000 of gross realized gains and $40,000 of realized losses from the sale of available for sale securities during the six months ended June 30, 2015. There were $38,000 of realized gains and no realized losses on investment securities for the three and six months ended June 30, 2014.

The state and political subdivision debt obligations are primarily non-rated bonds representing small, Arkansas, Texas, Missouri and Tennessee issues, which are evaluated on an ongoing basis.

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NOTE 4: LOANS AND ALLOWANCE FOR LOAN LOSSES

At June 30, 2015, the Company's loan portfolio was $4.81 billion, compared to $2.74 billion at December 31, 2014. The various categories of loans are summarized as follows:

(In thousands)	June 30, 2015	December 31, 2014
Consumer:		
Credit cards	$174,074	$185,380
Other consumer	160,828	103,402
Total consumer	334,902	288,782
Real Estate:		
Construction	199,707	181,968
Single family residential	662,954	455,563
Other commercial	878,109	714,797
Total real estate	1,740,770	1,352,328
Commercial:		
Commercial	388,869	291,820
Agricultural	141,502	115,658
Total commercial	530,371	407,478
Other	5,186	5,133
Legacy loans	2,611,229	2,053,721
Loans acquired, not covered by FDIC loss share (net of discount) (1)	2,108,306	575,980
Loans acquired, covered by FDIC loss share (net of discount and allowance) (1)	93,121	106,933
Total loans	$4,812,656	$2,736,634

(1) See Note 5, Loans Acquired, for segregation of loans acquired by loan class.

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; providing an adequate allowance for loans 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. Furthermore, factors that influenced the Company's judgment regarding the allowance for loan losses consists of a five-year historical loss average segregated by each primary loan sector. On an annual basis, historical loss rates are calculated for each sector.

Consumer – The consumer loan portfolio consists of credit card loans and other consumer loans. The Company no longer originates or services student 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 be impacted by economic downturns resulting in increasing unemployment. Other consumer loans include direct and indirect installment loans and 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 loans, single family residential loans and commercial loans. Construction and development loans ("C&D") and commercial real estate loans ("CRE") can be particularly sensitive to valuation of real estate. Commercial real estate 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 commercial real estate – such as office, industrial, apartment, retail and hotel – also experience different cycles, providing an opportunity to lower the overall risk through diversification across types of CRE loans. Management realizes that local demand and supply conditions will also mean that different geographic areas will experience cycles of different amplitude and length. The Company monitors these loans closely and has no significant concentrations in its real estate loan portfolio.

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 purchase or other expansion projects. 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 a one or three year balloon, and the Company has recently instituted a pricing mechanism for commercial loans. It is standard practice to require personal guaranties on all commercial loans, particularly as they relate to closely-held or limited liability entities.

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.

Nonaccrual loans, excluding loans acquired, segregated by class of loans, are as follows:

(In thousands)	June 30, 2015	December 31, 2014
Consumer:		
Credit cards	$321	$ 197
Other consumer	308	405
Total consumer	629	602
Real estate:		
Construction	5,058	4,863
Single family residential	4,672	4,010
Other commercial	3,266	1,522
Total real estate	12,996	10,395
Commercial:		
Commercial	1,844	585
Agricultural	96	456
Total commercial	1,940	1,041
Total	$15,565	$ 12,038

An age analysis of past due loans, excluding loans acquired, 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
June 30, 2015						
Consumer:						
Credit cards	$539	$479	$1,018	$173,056	$174,074	$ 158
Other consumer	1,650	352	2,002	158,826	160,828	194
Total consumer	2,189	831	3,020	331,882	334,902	352
Real estate:						
Construction	475	2,544	3,019	196,688	199,707	357
Single family residential	3,963	3,487	7,450	655,504	662,954	273
Other commercial	1,903	2,193	4,096	874,013	878,109	96
Total real estate	6,341	8,224	14,565	1,726,205	1,740,770	726
Commercial:						
Commercial	994	425	1,419	387,450	388,869	203
Agricultural	187	163	350	141,152	141,502	94
Total commercial	1,181	588	1,769	528,602	530,371	297
Other	-	-	-	5,186	5,186	-
Total	$9,711	$9,643	$19,354	$2,591,875	$2,611,229	$ 1,375
December 31, 2014						
Consumer:						
Credit cards	$687	$457	$1,144	$184,236	$185,380	$ -
Other consumer	1,349	447	1,796	101,606	103,402	223
Total consumer	2,036	904	2,940	285,842	288,782	223
Real estate:						
Construction	760	570	1,330	180,638	181,968	177
Single family residential	4,913	2,213	7,126	448,437	455,563	248
Other commercial	1,987	847	2,834	711,963	714,797	-
Total real estate	7,660	3,630	11,290	1,341,038	1,352,328	425
Commercial:						
Commercial	381	354	735	291,085	291,820	-
Agricultural	119	109	228	115,430	115,658	40
Total commercial	500	463	963	406,515	407,478	40
Other	-	-	-	5,133	5,133	-
Total	$10,196	$4,997	$15,193	$2,038,528	$2,053,721	$ 688

Impaired Loans – A loan is considered impaired when it is probable that the Company will not receive all amounts due according to the contractual terms of the loans, including scheduled principal and interest payments. This includes loans that are delinquent 90 days or more, nonaccrual loans and certain other loans identified by management. Certain other loans identified by management consist of performing loans with specific allocations of the allowance for loan losses. Impaired loans are carried at the present value of estimated future cash flows using the loan's existing rate, or

the fair value of the collateral if the loan is collateral dependent.

Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. Impaired loans, or portions thereof, are charged-off when deemed uncollectible.

Impaired loans, net of government guarantees and excluding loans acquired, segregated by class of loans, are as follows:

(In thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Investment in Impaired Loans Three Months Ended June 30, 2015	Interest Income Recognized	Average Investment in Impaired Loans Six Months Ended June 30, 2015	Interest Income Recognized
June 30, 2015									
Consumer:									
Credit cards	$ 479	$ 479	$ -	$ 479	$ 14	$ 459	$ 7	$ 372	$ 12
Other consumer	519	502	21	523	89	538	11	565	19
Total consumer	998	981	21	1,002	103	997	18	937	31
Real estate:									
Construction	6,104	2,650	-	2,650	-	5,066	107	5,717	197
Single family residential	5,744	5,237	639	5,876	920	5,251	93	4,942	170
Other commercial	4,240	3,362	127	3,489	593	3,104	48	2,563	88
Total real estate	16,088	11,249	766	12,015	1,513	13,421	248	13,222	455
Commercial:									
Commercial	1,824	2,048	1,102	3,150	363	2,054	29	1,558	54
Agricultural	195	190	-	190	33	166	5	264	9
Total commercial	2,019	2,238	1,102	3,3407	396	2,220	34	1,822	63
Total	$ 19,105	$ 14,468	$ 1,889	$ 16,357	$ 2,012	$ 16,638	$ 300	$ 15,981	$ 549

December 31, 2014						Three Months Ended June 30, 2014		Six Months Ended June 30, 2014	
Consumer:									
Credit cards	$197	$197	$-	$197	$6	$446	$4	$470	$9
Other consumer	604	610	9	619	118	778	7	823	16
Total consumer	801	807	9	816	124	1,224	11	1,293	25
Real estate:									
Construction	7,400	7,020	-	7,020	599	2,840	24	2,962	58
Single family residential	4,442	3,948	377	4,325	899	4,254	36	4,153	81
Other commercial	1,955	1,446	36	1,482	268	9,562	80	9,437	185
Total real estate	13,797	12,414	413	12,827	1,766	16,656	140	16,552	324
Commercial:									
Commercial	1,227	566	-	566	102	765	6	664	13
Agricultural	501	460	-	466	83	98	1	92	2

Total commercial	1,728	1,026	-	1,026	185	863	7	756	15
Total	$16,326	$14,247	$422	$14,669	$2,075	$18,743	$158	$18,601	$364

At June 30, 2015, and December 31, 2014, impaired loans, net of government guarantees and excluding loans acquired, totaled $16.4 million and $14.7 million, respectively. Allocations of the allowance for loan losses relative to impaired loans were $2.0 million at June 30, 2015 and $2.1 million at December 31, 2014. Approximately $300,000 and $549,000 of interest income was recognized on average impaired loans of $16.6 million and $16.0 million for the three and six months ended June 30, 2015. Interest income recognized on impaired loans on a cash basis during the three and six months ended June 30, 2015 and 2014 was not material.

Included in certain impaired loan categories are troubled debt restructurings (“TDRs”). When the Company restructures a loan to a borrower that is experiencing financial difficulty and grants a concession that it would not otherwise consider, a “troubled debt restructuring” results and the Company classifies the loan as a TDR. The Company grants various types of concessions, primarily interest rate reduction and/or payment modifications or extensions, with an occasional forgiveness of principal.

Under ASC Topic 310-10-35 – *Subsequent Measurement*, a TDR is considered to be impaired, and an impairment analysis must be performed. The Company assesses the exposure for each modification, either by collateral discounting or by calculation of the present value of future cash flows, and determines if a specific allocation to the allowance for loan losses is needed.

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

The following table presents a summary of troubled debt restructurings, excluding loans acquired, segregated by class of loans.

	Accruing TDR Loans		Nonaccrual TDR Loans		Total TDR Loans	
(Dollars in thousands)	Number	Balance	Number	Balance	Number	Balance
June 30, 2015						
Real estate:						
Construction	-	$-	1	$263	1	$263
Single-family residential	2	137	6	953	8	1,090
Other commercial	3	1,822	2	622	5	2,444
Total real estate	5	1,959	9	1,838	14	3,797
Total	5	$1,959	9	$1,838	14	$3,797
December 31, 2014						
Real estate:						
Construction	-	$-	1	$391	1	$391
Single-family residential	2	393	1	3	3	396
Other commercial	3	1,840	1	614	4	2,454
Total real estate	5	2,233	3	1,008	8	3,241
Total	5	$2,233	3	$1,008	8	$3,241

The following table presents loans that were restructured as TDRs during the three and six months ended June 30, 2015 and 2014, excluding loans acquired, segregated by class of loans.

(Dollars in thousands)	Number of Loans	Balance Prior to TDR	Balance at June 30	Modification Type Change in Maturity Date	Change in Rate	Financial Impact on Date of Restructure
Three Months Ended June 30, 2015						
Real Estate:						
Single-family residential	4	$361	$361	$361	$ -	$ -
Other commercial	1	19	19	19		
Total real estate	5	380	380	380	-	-
Total	5	$380	$380	$380	$ -	$ -
Three Months Ended June 30, 2014						
Commercial:						
Commercial	1	$599	$599	$599	$ -	$ -
Total commercial	1	599	599	599	-	-
Total	1	$599	$599	$599	$ -	$ -
Six Months Ended June 30, 2015						
Real estate:						
Single-family residential	6	$709	$701	$701	$ -	$ -
Other commercial	1	19	19	19		
Total real estate	7	728	720	720	-	-
Total	7	$728	$720	$720	$ -	$ -
Six Months Ended June 30, 2014						
Real estate:						
Single-family residential	1	$1,031	$1,031	$1,031	$ -	$ -
Total real estate	1	1,031	1,031	1,031	-	-
Commercial:						
Commercial	1	599	599	599	-	-
Total commercial	1	599	599	599	-	-
Total	2	$1,630	$1,630	$1,630	$ -	$ -

During the three months ended June 30, 2015, the Company modified five loans with a recorded investment of $380,000 prior to modification which were deemed troubled debt restructuring. The restructured loans were modified various terms, including changing the maturity date, deferring amortized principal payments and requiring interest only payments for a period of 12 months. Based on the fair value of the collateral, no specific reserve was determined necessary for these loans. Also, there was no immediate financial impact from the restructuring of these loans, as it was not considered necessary to charge-off interest or principal on the date of restructure.

During the six months ended June 30, 2015, the Company modified seven loans with a total recorded investment of $728,000 prior to modification which were deemed troubled debt restructuring. The restructured loans were modified by various terms, including changing the maturity date and deferring amortized principal payments. Based on the fair value of the collateral, no specific reserve was determined necessary for these loans. Also, there was no immediate financial impact from the restructuring of these loans, as it was not considered necessary to charge-off interest or principal on the date of restructure.

During the three months ended June 30, 2014, the Company modified one loan with a recorded investment of $599,000 and during the six months ended June 30, 2014, the Company modified two loans with a total recorded investment of $1,630,000 prior to modification which were deemed troubled debt restructuring. The restructured loans were modified by changing various terms, including changing the maturity date and deferring amortized principal payments. Based on the fair value of the collateral, no specific reserve was determined necessary for these loans. Also, there was no immediate financial impact from the restructuring of these loans, as it was not considered necessary to charge-off interest or principal on the date of restructure.

There were no loans for which a payment default occurred during the six months ended June 30, 2015 and 2014, and that had been modified as a TDR within 12 months or less of the payment default, excluding loans acquired. We define a payment default as a payment received more than 90 days after its due date.

In addition to the TDRs that occurred during the period provided in the preceding tables, the Company had TDRs with pre-modification loan balances of $4,756,500 and $9,268,321 at June 30, 2015 and 2014, respectively, for which other real estate owned ("OREO") was received in full or partial satisfaction of the loans. The majority of such TDRs were in commercial real estate and residential real estate. At June 30, 2015, the Company had $1,537,000 of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At June 30, 2015, the Company had $4,599,000 of 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 in the States of Arkansas, Kansas, Missouri and Tennessee.

The Company utilizes a risk rating matrix to assign a risk rate to each of its commercial and real estate loans. Loans are rated on a scale of 1 to 8. A description of the general characteristics of the 8 risk ratings is as follows:

- *Risk Rate 1 – 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.

- *Risk Rate 2 – 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").

- *Risk Rate 3 – 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.

- *Risk Rate 4 – 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 harsher 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.

Risk Rate 5 – 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.

Risk Rate 6 – 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.

Risk Rate 7 – 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.

- *Risk Rate 8 – 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.

Loans acquired, including loans covered by FDIC loss share agreements, are evaluated using this internal grading system. Loans acquired through FDIC-assisted transactions are accounted for in pools. All of the non-covered loan pools accounted for under ASC Topic 310-30 were considered satisfactory (Risk Ratings 1 – 4) at June 30, 2015 and December 31, 2014, respectively. Loans acquired in the Liberty, Community First, Metropolitan and Delta Trust acquisitions are evaluated individually and include purchased credit impaired loans of $32.9 million and $22.3 million that are accounted for under ASC Topic 310-30 and are classified as substandard (Risk Rating 6) as of June 30, 2015 and December 31, 2014, respectively. Of the remaining loans acquired in the Liberty, Community First, Metropolitan and Delta Trust transactions and accounted for under ASC Topic 310-20, $29.8 million and $16.6 million were classified (Risk Ratings 6, 7 and 8 – see classified loans discussion below) at June 30, 2015 and December 31, 2014, respectively. Loans acquired, covered by loss share agreements, have additional protection provided by the FDIC. During the 2014 quarterly impairment testing on the estimated cash flows of the credit impaired loans, the Company established that some of the pools covered by loss share from our FDIC-assisted transactions had experienced material projected credit deterioration. As a result, the Company established a $1.0 million allowance for loan losses on covered loans by recording a provision for loan losses of $0.4 million (net of FDIC-loss share adjustments) during the period ended December 31, 2014. There was no further projected credit deterioration and no addition to the allowance for covered loans during the period ended June 30, 2015. See Note 5, Loans Acquired, for further discussion of the acquired loans, loan pools and loss sharing agreements.

Purchased credit impaired loans are loans that showed evidence of deterioration of credit quality since origination and for which it is probable, at acquisition, that the Company will be unable to collect all amounts contractually owed. Their fair value was initially based on the estimate of cash flows, both principal and interest, expected to be collected or estimated collateral values if cash flows are not estimable, discounted at prevailing market rates of interest. The difference between the undiscounted cash flows expected at acquisition and the fair value at acquisition is recognized as interest income on a level-yield method over the life of the loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition are not recognized as a yield adjustment. Increases in expected cash flows subsequent to the initial investment are recognized prospectively through adjustment of the yield on the loan over its remaining life. Decreases in expected cash flows are recognized as impairment.

Classified loans for the Company include loans in Risk Ratings 6, 7 and 8. Loans may be classified, but not considered impaired, due to one of the following reasons: (1) The Company has established minimum dollar amount thresholds for loan impairment testing. Loans rated 6 – 8 that fall under the threshold amount are not tested for impairment and therefore are not included in impaired loans. (2) Of the loans that are above the threshold amount and tested for impairment, after testing, some are considered to not be impaired and are not included in impaired loans. Total classified loans, excluding covered and non-covered loans acquired in FDIC-assisted transactions, were $102.1 million and $82.1 million, as of June 30, 2015 and December 31, 2014, respectively.

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The following table presents a summary of loans by credit risk rating as of June 30, 2015 and December 31, 2014, segregated by class of loans.

(In thousands)	Risk Rate 1-4	Risk Rate 5	Risk Rate 6	Risk Rate 7	Risk Rate 8	Total
June 30, 2015						
Consumer:						
Credit cards	$173,595	$-	$479	$-	$-	$174,074
Other consumer	160,243	-	577	8	-	160,828
Total consumer	333,838	-	1,056	8	-	334,902
Real estate:						
Construction	192,697	514	6,496	-	-	199,707
Single family residential	651,355	1,616	9,808	175	-	662,954
Other commercial	846,907	5,206	25,996	-	-	878,109
Total real estate	1,690,959	7,336	42,300	175	-	1,740,770
Commercial:						
Commercial	377,144	1,374	10,313	38	-	388,869
Agricultural	140,631	700	171	-	-	141,502
Total commercial	517,775	2,074	10,484	38	-	530,371
Other	5,148	-	38	-	-	5,186
Loans acquired, not covered by FDIC loss share	2,046,360	13,901	46,151	1,855	39	2,108,306
Loans acquired, covered by FDIC loss share	93,121	-	-	-	-	93,121
Total	$4,687,201	$23,311	$100,029	$2,076	$39	$4,812,656

(In thousands)	Risk Rate 1-4	Risk Rate 5	Risk Rate 6	Risk Rate 7	Risk Rate 8	Total
December 31, 2014						
Consumer:						
Credit cards	$184,923	$-	$457	$-	$ -	$185,380
Other consumer	102,515	5	839	43	-	103,402
Total consumer	287,438	5	1,296	43	-	288,782
Real estate:						
Construction	176,825	84	5,059	-	-	181,968
Single family residential	446,040	1,776	7,665	82	-	455,563
Other commercial	698,329	7,074	9,394	-	-	714,797
Total real estate	1,321,194	8,934	22,118	82	-	1,352,328
Commercial:						
Commercial	271,017	1,544	19,248	11	-	291,820
Agricultural	115,106	20	532	-	-	115,658
Total commercial	386,123	1,564	19,780	11	-	407,478
Other	5,133	-	-	-	-	5,133
Loans acquired, not covered by FDIC loss share	535,728	1,435	36,958	1,854	5	575,980

Loans acquired, covered by FDIC loss share	106,933	-	-	-	-	106,933
Total	$2,642,549	$11,938	$80,152	$1,990	$ 5	$2,736,634

Net (charge-offs)/recoveries for the three and six months ended June 30, 2015 and 2014, excluding loans acquired, segregated by class of loans, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2015	2014	2015	2014
Consumer:				
Credit cards	$(561)	$(510)	$(1,133)	$(1,055)
Student loans	-	(20)	-	(29)
Other consumer	(179)	(273)	(266)	(291)
Total consumer	(740)	(803)	(1,399)	(1,375)
Real estate:				
Construction	(29)	(24)	(29)	(444)
Single-family residential	(74)	(47)	(325)	(358)
Other commercial	(184)	(11)	(214)	(7)
Total real estate	(287)	(82)	(568)	(809)
Commercial:				
Commercial	-	(170)	(76)	(220)
Agriculture	9	-	9	(18)
Total commercial	9	(170)	(67)	(238)
Total	$(1,018)	$(1,055)	$(2,034)	$(2,422)

Allowance for Loan Losses

Allowance for Loan Losses – The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's allowance for loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310-10, *Receivables*, and allowance allocations calculated in accordance with ASC Topic 450-20, *Loss Contingencies*. Accordingly, the methodology is based on the Company's internal grading system, specific impairment analysis, qualitative and quantitative factors.

As mentioned above, allocations to the allowance for loan losses are categorized as either specific allocations or general allocations.

A loan is considered impaired when it is probable that the Company will not receive all amounts due according to the contractual terms of the loan, including scheduled principal and interest payments. For a collateral dependent loan, the Company's evaluation process includes a valuation by appraisal or other collateral analysis. 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 loan losses as a specific allocation. If the loan is not collateral dependent, the measurement of loss is based on the difference between the expected and contractual future cash flows of the loan.

The general allocation is calculated monthly based on management's assessment of several factors such as (1) historical loss experience based on volumes and types, (2) volume and trends in delinquencies and nonaccruals, (3) lending policies and procedures including those for loan losses, collections and recoveries, (4) national, state and local economic trends and conditions, (5) concentrations of credit within the loan portfolio, (6) the experience, ability and depth of lending management and staff and (7) other factors and trends that will affect specific loans and categories of loans. The Company establishes general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as credit cards, one-to-four family owner occupied residential real estate loans and other consumer loans.

The following table details activity in the allowance for loan losses, excluding loans acquired, by portfolio segment for the three and six months ended June 30, 2015. 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
Three Months Ended June 30, 2015					
Balance, beginning of period [2]	$ 6,870	$15,553	$5,527	$ 1,233	$29,183
Provision for loan losses [1]	(1,569)	3,311	352	308	2,402
Charge-offs	-	(333)	(802)	(366)	(1,501)
Recoveries	9	46	241	187	483
Net recoveries (charge-offs)	9	(287)	(561)	(179)	(1,018)
Balance, June 30, 2015 [2]	$ 5,310	$18,577	$5,318	$ 1,362	$30,567
Six Months Ended June 30, 2015					
Balance, beginning of period [2]	$ 6,962	$15,161	$5,445	$ 1,460	$29,028
Provision for loan losses [1]	(1,585)	3,984	1,006	168	3,573
Charge-offs	(245)	(626)	(1,587)	(586)	(3,044)
Recoveries	178	58	454	320	1,010
Net charge-offs	(67)	(568)	(1,133)	(266)	(2,034)
Balance, June 30, 2015 [2]	$ 5,310	$18,577	$5,318	$ 1,362	$30,567
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ 396	$1,513	$14	$ 89	$2,012
Loans collectively evaluated for impairment	4,914	17,064	5,304	1,273	28,555
Balance, June 30, 2015 [2]	$ 5,310	$18,577	$5,318	$ 1,362	$30,567

(1) Provision for loan losses of $604,000 attributable to loans acquired, not covered by loss share, was excluded from this table for the three and six months ended June 30, 2015 (total provision for loan losses for the three and six months ended June 30, 2015 was $3,006,000 and $4,177,000). The $604,000 was subsequently charged-off, resulting in no ending balance in the allowance related to loans acquired, not covered by loss share.

(2) Allowance for loan losses at March 31, 2015, June 30, 2015 and December 31, 2014 includes $954,000 allowance for loans acquired, covered by loss share. The total allowance for loan losses at March 31, 2015, June 30, 2015 and December 31, 2014 was $30,137,000, $31,521,000 and $29,982,000, respectively.

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Activity in the allowance for loan losses, excluding loans acquired, for the three and six months ended June 30, 2014 was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total
Three Months Ended June 30, 2014					
Balance, beginning of period	$ 3,508	$16,393	$5,444	$ 1,638	$26,983
Provision for loan losses	613	(142)	576	555	1,602
Charge-offs	(186)	(1,144)	(725)	(426)	(2,481)
Recoveries	16	1,062	215	133	1,426
Net charge-offs	(170)	(82)	(510)	(293)	(1,055)
Balance, June 30, 2014	$ 3,951	$16,169	$5,510	$ 1,900	$27,530
Six Months Ended June 30, 2014					
Balance, beginning of period	$ 3,205	$16,885	$5,430	$ 1,922	$27,442
Provision for loan losses	984	93	1,135	298	2,510
Charge-offs	(268)	(2,179)	(1,541)	(574)	(4,562)
Recoveries	30	1,370	486	254	2,140
Net charge-offs	(238)	(809)	(1,055)	(320)	(2,422)
Balance, June 30, 2014	$ 3,951	$16,169	$5,510	$ 1,900	$27,530
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ 136	$1,697	$13	$ 166	$2,012
Loans collectively evaluated for impairment	3,815	14,472	5,497	1,734	25,518
Balance, June 30, 2014	$ 3,951	$16,169	$5,510	$ 1,900	$27,530
Period-end amount allocated to:					
Loans individually evaluated for impairment	$ 185	$1,756	$6	$ 118	$2,065
Loans collectively evaluated for impairment	6,777	13,405	5,439	1,342	26,963
Balance, December 31, 2014 [1]	$ 6,962	$15,161	$5,445	$ 1,460	$29,028

(1) Allowance for loan losses at December 31, 2014 includes $954,000 allowance for loans acquired, covered by loss share. The total allowance for loan losses at December 31, 2014 was $29,982,000.

The Company’s recorded investment in loans, excluding loans acquired, related to each balance in the allowance for loan losses by portfolio segment on the basis of the Company’s impairment methodology was as follows:

(In thousands)	Commercial	Real Estate	Credit Card	Other Consumer and Other	Total

June 30, 2015					
Loans individually evaluated for impairment	$ 3,340	$ 12,015	$ 479	$ 523	$ 16,357
Loans collectively evaluated for impairment	527,031	1,728,755	173,595	165,491	2,594,872
Balance, end of period	$ 530,371	$ 1,740,770	$ 174,074	$ 166,014	$ 2,611,229
December 31, 2014					
Loans individually evaluated for impairment	$ 1,026	$ 12,827	$ 197	$ 619	$ 14,669
Loans collectively evaluated for impairment	406,452	1,339,501	185,183	107,916	2,039,052
Balance, end of period	$ 407,478	$ 1,352,328	$ 185,380	$ 108,535	$ 2,053,721

NOTE 5: LOANS ACQUIRED

During the first quarter of 2015, the Company evaluated $769.9 million of net loans ($774.8 million gross loans less $4.9 million discount) purchased in conjunction with the acquisition of Liberty, described in Note 2, Acquisitions, in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. The Company evaluated the remaining $10.7 million of net loans ($15.7 million gross loans less $5.0 million discount) purchased in conjunction with the acquisition of Liberty for impairment in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

Also during the first quarter of 2015, the Company evaluated $1.13 billion of net loans ($1.15 billion gross loans less $23.7 million discount) purchased in conjunction with the acquisition of Community First, described in Note 2, Acquisitions, in accordance with the provisions of ASC Topic 310-20. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. The Company evaluated the remaining $7.0 million of net loans ($10.1 million gross loans less $3.1 million discount) purchased in conjunction with the acquisition of Community First for impairment in accordance with the provisions of ASC Topic 310-30.

The Company evaluated all of the loans acquired during 2013 – 2014 using the same methodologies as in the 2015 acquisitions.

The Company evaluated all of the loans purchased in conjunction with its previous FDIC-assisted transactions in accordance with the provisions of ASC Topic 310-30. All loans acquired in the FDIC transactions, both covered and not covered, were deemed to be impaired loans. All loans acquired, whether or not covered by FDIC loss share agreements, are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected. See Note 2, Acquisitions, for further discussion of loans acquired.

The following table reflects the carrying value of all acquired loans as of June 30, 2015 and December 31, 2014:

(in thousands)	Loans Acquired	
	June 30, 2015	December 31, 2014
Consumer:		

Other consumer	$107,149	$ 8,514
Total consumer	107,149	8,514
Real estate:		
Construction	119,530	46,911
Single family residential	629,113	175,970
Other commercial	1,057,280	390,877
Total real estate	1,805,923	613,758
Commercial:		
Commercial	239,355	56,134
Agricultural	15,797	4,507
Total commercial	155,152	60,641
Other	33,203	-
Total loans acquired [(1)]	$2,201,427	$ 682,913

(1) Loans acquired include $93.1 million and $106.9 million (each net of $1.0 million allowance) of loans covered by FDIC loss share agreements at June 30, 2015 and December 31, 2014, respectively.

Nonaccrual acquired loans, excluding loans covered by loss share accounted for under ASC Topic 310-30, segregated by class of loans, are as follows (see Note 4, Loans an Allowance for Loan Losses, for discussion of nonaccrual loans):

(In thousands)	June 30, 2015	December 31, 2014
Consumer:		
Other consumer	$ 83	$ 29
Total consumer	83	29
Real estate:		
Construction	151	105
Single family residential	4,796	2,018
Other commercial	2,905	271
Total real estate	7,852	2,394
Commercial:		
Commercial	884	291
Agricultural	18	3
Total commercial	902	294
Other	46	-
Total	$ 8,883	$ 2,717

An age analysis of past due acquired loans, excluding loans covered by loss share, segregated by class of loans, is as follows (see Note 4, Loans an Allowance for Loan Losses, for discussion of past due loans):

(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
June 30, 2015						
Consumer:						
Other consumer	$434	$73	$507	$106,639	$107,146	$ 33
Total consumer	434	73	507	106,639	107,146	33
Real estate:						
Construction	2,298	105	2,403	111,532	113,935	-
Single family residential	12,492	5,926	18,418	583,432	601,850	2,377
Other commercial	6,406	5,748	12,154	990,074	1,002,228	333
Total real estate	21,196	11,779	32,975	1,685,038	1,718,013	2,710
Commercial:						
Commercial	3,668	3,776	7,444	226,737	234,181	51
Agricultural	99	6	105	15,658	15,763	6
Total commercial	3,767	3,782	7,549	242,395	249,944	57
Other	-	-	-	33,203	33,203	-
Total	$25,397	$15,634	$41,031	$2,067,275	$2,108,306	$ 2,800
December 31, 2014						
Consumer:						
Other consumer	$70	$34	$104	$8,407	$8,511	$ 5
Total consumer	70	34	104	8,407	8,511	5
Real estate:						
Construction	292	105	397	36,450	36,847	-
Single family residential	3,804	2,906	6,710	138,383	145,093	594
Other commercial	1,415	5,994	7,409	326,759	334,168	-
Total real estate	5,511	9,005	14,516	501,592	516,108	594
Commercial:						
Commercial	110	421	531	46,730	47,261	-
Agricultural	-	-	-	4,100	4,100	-
Total commercial	110	421	531	50,830	51,361	-
Total	$5,691	$9,460	$15,151	$560,829	$575,980	$ 599

The following table presents a summary of acquired loans, excluding loans covered by loss share, by credit risk rating, segregated by class of loans (see Note 4, Loans an Allowance for Loan Losses, for discussion of loan risk rating).

(In thousands)	Risk Rate 1-4	Risk Rate 5	Risk Rate 6	Risk Rate 7	Risk Rate 8	Total
June 30, 2015						
Consumer:						
Other consumer	$106,784	$-	$362	$-	$-	$107,146
Total consumer	106,784	-	362	-	-	107,146
Real estate:						
Construction	108,222	120	5,594	-	-	113,936
Single family residential	586,785	2,133	11,072	1,833	26	601,849
Other commercial	972,522	9,047	20,661	-	-	1,002,230
Total real estate	1,667,529	11,300	37,327	1,833	26	1,718,015
Commercial:						
Commercial	223,674	2,601	7,882	22	-	234,179
Agricultural	15,216	-	534	-	13	15,763
Total commercial	238,890	2,601	8,416	22	13	249,942
Other	33,157	-	46	-	-	33,203
Total	$2,046,360	$13,901	$46,151	$1,855	$39	$2,108,306
December 31, 2014						
Consumer:						
Other consumer	$8,479	$-	$32	$-	$-	$8,511
Total consumer	8,479	-	32	-	-	8,511
Real estate:						
Construction	27,430	78	9,339	-	-	36,847
Single family residential	135,240	683	7,311	1,854	5	145,093
Other commercial	317,965	605	15,598	-	-	334,168
Total real estate	480,635	1,366	32,248	1,854	5	516,108
Commercial:						
Commercial	43,585	69	3,607	-	-	47,261
Agricultural	3,030	-	1,070	-	-	4,100
Total commercial	46,615	69	4,677	-	-	51,361
Total	$535,729	$1,435	$36,957	$1,854	$5	$575,980

Loans acquired as a part of the Liberty, Community First, Metropolitan and Delta Trust transactions were individually evaluated and recorded at estimated fair value, including estimated credit losses, at the time of acquisition. The loans acquired in FDIC assisted transactions were grouped into pools based on common risk characteristics and the pools were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition date. These loans and loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed

those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to the Company's legacy loan portfolio, with most focus being placed on those loans which include the larger loan relationships and those loans which exhibit higher risk characteristics.

The following is a summary of the non-covered loans acquired in the Liberty acquisition on February 27, 2015, as of the date of acquisition.

(in thousands)	Not Impaired	Impaired
Contractually required principal and interest at acquisition	$774,777	$15,716
Non-accretable difference (expected losses and foregone interest)	-	(4,978)
Cash flows expected to be collected at acquisition	774,777	10,738
Accretable yield	(4,869)	12
Basis in acquired loans at acquisition	$769,908	$10,750

The following is a summary of the non-covered loans acquired in the Community First acquisition on February 27, 2015, as of the date of acquisition.

(in thousands)	Not Impaired	Impaired
Contractually required principal and interest at acquisition	$1,153,255	$10,143
Non-accretable difference (expected losses and foregone interest)	-	(3,247)
Cash flows expected to be collected at acquisition	1,153,255	6,896
Accretable yield	(23,712)	104
Basis in acquired loans at acquisition	$1,129,543	$7,000

The amount of the estimated cash flows expected to be received from the acquired loan pools and purchased credit impaired loans in excess of the fair values recorded for the loan pools and the purchased credit impaired loans is referred to as the accretable yield. The accretable yield is recognized as interest income over the estimated lives of the loans. Each quarter, the Company estimates the cash flows expected to be collected from the acquired loan pools and purchased credit impaired loans, and adjustments may or may not be required. This has resulted in increased interest income that is spread on a level-yield basis over the remaining expected lives of the loans or loan pools. For those loan pools covered by FDIC loss share, the increases in expected cash flows also reduce the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. The estimated adjustments to the indemnification assets are amortized on a level-yield basis over the remainder of the loss sharing agreements or the remaining expected lives of the loan pools, whichever is shorter.

The impact of the adjustments on the Company’s financial results for the three and six months ended June 30, 2015 and 2014 is shown below:

(In thousands)	Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Impact on net interest income	$3,223	$5,856	$9,325	$13,247
Non-interest income	(2,941)	(6,410)	(5,686)	(13,850)
Net impact to pre-tax income	282	(554)	3,639	(603)
Net impact, net of taxes	$171	$(337)	$2,212	$(366)

These adjustments will be recognized over the remaining lives of the loans for purchased credit impaired loans. For FDIC acquisition loans, the adjustments will be recognized over the remaining lives of the loan pools and, for covered loans, over the remainder of the loss sharing agreements, respectively. The current estimate of the remaining accretable yield adjustment that will positively impact interest income is $15.3 million and the remaining adjustment to the indemnification assets that will reduce non-interest income is $6.6 million. Of the remaining adjustments, the Company expects to recognize $5.8 million of interest income and a $5.4 million reduction of non-interest income, for a net increase to pre-tax income of approximately $0.4 million during the remainder of 2015. The accretable yield adjustments recorded in future periods will change as the Company continues to evaluate expected cash flows from the acquired loan pools and purchased credit impaired loans.

Changes in the carrying amount of the accretable yield for all purchased impaired loans were as follows for the three and six months ended June 30, 2015 and 2014.

	Three Months Ended June 30, 2015		Six Months Ended June 30, 2015	
(In thousands)	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans
Beginning balance	$17,226	$177,691	$20,635	$169,098
Additions	-	-	(116)	17,750
Accretable yield adjustments	2,369	-	5,443	-
Accretion	(4,547)	4,547	(10,914)	10,914
Payments and other reductions, net	-	(22,144)	-	(37,668)
Balance, ending	$15,048	$160,094	$15,048	$160,094

	Three Months Ended June 30, 2014		Six Months Ended June 30, 2014	
(In thousands)	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans
Beginning balance	$33,542	$218,532	$41,385	$234,785
Additions	-	-	-	-
Accretable yield adjustments	3,928	-	5,411	-
Accretion	(6,180)	6,180	(15,506)	15,506
Payments and other reductions, net	-	(32,619)	-	(58,198)
Balance, ending	$31,290	$192,093	$31,290	$192,093

Purchased impaired loans on the FDIC-assisted transactions are evaluated in pools with similar characteristics. Because some pools evaluated by the Company, covered by loss share agreements, were determined to have experienced impairment in the estimated credit quality or cash flows during 2014, the Company recorded a provision to establish a $1.0 million allowance for loan losses for covered purchased impaired loans. For Liberty, Community First, Metropolitan and Delta Trust, purchased impaired loans are evaluated on an individual borrower basis. No loans, not covered by loss share, evaluated by the Company were determined to have experienced further impairment. Therefore, there were no allowances for loan losses related to the non-covered purchased impaired loans at June 30, 2015 or December 31, 2014.

The purchase and assumption agreements for the FDIC-assisted acquisitions allow for the FDIC to recover a portion of the funds previously paid out under the indemnification agreement in the event losses fail to reach the expected loss

level under a claw back provision (“true-up provision”). The amount of the true-up provision for each acquisition is measured and recorded at Day 1 fair values. It is calculated as the difference between management’s estimated losses on covered loans and covered foreclosed assets and the loss threshold contained in each loss share agreement, multiplied by the applicable clawback provisions contained in each loss share agreement. This true-up amount, which is payable to the FDIC upon termination of the applicable loss share agreement, is then discounted back to net present value. To the extent that actual losses on covered loans and covered foreclosed assets are less than estimated losses, the applicable true-up provision payable to the FDIC upon termination of the loss share agreements will increase. To the extent that actual losses on covered loans and covered foreclosed assets are more than estimated losses, the applicable true-up provision payable to the FDIC upon termination of the loss share agreements will decrease.

The following table presents a summary of the changes in the FDIC true-up provision for the three and six months ended June 30, 2015 and 2014.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2015	2014	2015	2014
Beginning balance	$8,602	$7,253	$8,308	$6,768
Amortization expense	40	41	80	84
Adjustments related to changes in expected losses	279	474	533	916
Balance, ending	$8,921	$7,768	$8,921	$7,768

NOTE 6: 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 $314.2 million at June 30, 2015 and $108.1 million at December 31, 2014. The Company recorded $111.3 million and $95.6 of goodwill during the six months ended June 30, 2015 as a result of its acquisitions of Community First and Liberty, respectively. Goodwill impairment was neither indicated nor recorded during the six months ended June 30, 2015 or the year ended December 31, 2014.

Core deposit premiums are amortized over a ten year period and are periodically evaluated, at least annually, as to the recoverability of their carrying value. Core deposit premiums of $11.3 million and $14.6 million were recorded during the first quarter of 2015 as part of the Community First and Liberty acquisitions, respectively.

The Delta Trust acquisition on August 31, 2014 included some significant lines of business related to investments, trust and insurance, for which the Company recorded $5.1 million of intangible assets. The Company also recorded $0.4 million of intangible assets during the six months ended June 30, 2015 related to a line of insurance business as part of the Community First acquisition. These intangible assets are being amortized over various periods ranging from 10 to 15 years.

On September 30, 2013, the Company acquired a credit card portfolio and recorded Purchased Credit Card Relationships (“PCCR’s”) of $2.1 million. This intangible asset is being amortized over a five year period.

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The Company's goodwill and other intangibles (carrying basis and accumulated amortization) at June 30, 2015 and December 31, 2014, were as follows:

(In thousands)	June 30, 2015	December 31, 2014
Goodwill	$314,282	$ 108,095
Core deposit premiums:		
Gross carrying amount	44,030	18,318
Accumulated amortization	(4,040)	(2,386)
Core deposit premiums, net	39,990	15,932
Purchased credit card relationships:		
Gross carrying amount	2,068	2,068
Accumulated amortization	(724)	(517)
Purchased credit card relationships, net	1,344	1,551
Books of business intangible:		
Gross carrying amount	5,560	5,140
Accumulated amortization	(289)	(97)
Books of business intangible, net	5,271	5,043
Other intangible assets, net	46,605	22,526
Total goodwill and other intangible assets	$360,887	$ 130,621

The Company's estimated future amortization expense for intangible assets remaining as of June 30, 2015 is as follows:

(In thousands) Year	Amortization Expense
Remainder of 2015	$ 2,633
2016	5,240
2017	5,240
2018	5,137
2019	4,826
Thereafter	23,529
Total	$ 46,605

NOTE 7: TIME DEPOSITS

Time deposits include approximately $439,793,000 and $434,297,000 of certificates of deposit of $100,000 or more at June 30, 2015, and December 31, 2014, respectively. Of this total approximately $188,273,000 and $106,603,000 of

certificates of deposit were over $250,000 at June 30, 2015, and December 31, 2014, respectively.

NOTE 8: INCOME TAXES

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

(In thousands)	June 30, 2015	June 30, 2014
Income taxes currently payable	$16,204	$8,539
Deferred income taxes	(1,772)	(3,143)
Provision for income taxes	$14,432	$5,396

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

(In thousands)	June 30, 2015	December 31, 2014
Deferred tax assets:		
Loans acquired	$30,715	$ 16,925
FDIC true-up liability	2,802	2,792
Allowance for loan losses	11,602	11,749
Valuation of foreclosed assets	15,249	14,167
Tax NOLs from acquisition	11,819	11,819
Deferred compensation payable	2,609	1,536
Vacation compensation	1,597	1,456
Accumulated depreciation	-	1,937
Loan interest	2,197	1,693
Accrued pension and profit sharing	1,793	1,793
Accrued equity and other compensation	4,821	3,356
Acquired securities	2,083	2,568
Accrued merger related costs	2,464	2,464
Basis difference in partnership investments	840	617
Unrealized loss on available-for-sale securities	904	862
Other	3,310	1,666
Gross deferred tax assets	94,805	77,400
Deferred tax liabilities:		
Goodwill and other intangible amortization	(25,817)	(16,953)
FDIC acquired assets	(601)	(4,377)
Deferred loan fee income and expenses, net	(1,979)	(1,515)
FHLB stock dividends	(2,227)	(1,160)
Limitations under IRC Sec 382	(10,510)	(11,169)
Prepayment liabilities	(1,979)	(1,141)
Accumulated depreciation	(661)	-
Other	(563)	(337)
Gross deferred tax liabilities	(44,337)	(36,652)
Net deferred tax asset, included in other assets	$50,468	$ 40,748

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

(In thousands)	June 30, 2015	June 30, 2014

Computed at the statutory rate (35%)	$15,142	$6,880
Increase (decrease) in taxes resulting from:		
State income taxes, net of federal tax benefit	1,432	460
Tax exempt interest income	(2,284)	(1,868)
Tax exempt earnings on BOLI	(364)	(247)
Merger related expenses	569	-
Federal tax credits	(276)	-
Other differences, net	213	171
Actual tax provision	$14,432	$5,396

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 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.

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 2011 tax year and forward. The Company's various state income tax returns are generally open from the 2008 and later tax return years based on individual state statute of limitations.

NOTE 9: SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

We utilize securities sold under agreements to repurchase to facilitate the needs of our 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. We monitor collateral levels on a continuous basis. We 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 our safekeeping agents.

The gross amount of recognized liabilities for repurchase agreements was $105.7 million and $100.8 million at June 30, 2015 and December 31, 2014, respectively. The remaining contractual maturity of the securities sold under agreements to repurchase in the consolidated balance sheets as of June 30, 2015 and December 31, 2014 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
June 30, 2015					
Repurchase agreements:					
U.S. Government agencies	$98,361	$ -	$ -	$7,321	$105,682
December 31, 2014					
Repurchase agreements:					
U.S. Government agencies	$93,454	$ -	$ -	$7,317	$100,771

NOTE 10: OTHER BORROWINGS AND SUBORDINATED DEBENTURES

Debt at June 30, 2015 and December 31, 2014 consisted of the following components:

(In thousands)	June 30, 2015	December 31, 2014
Other Borrowings		
FHLB advances, net of discount, due 2015 to 2033, 0.35% to 7.38% secured by residential real estate loans	$129,749	$ 71,582
Notes payable, due 7/31/2015 to 12/31/2016, 3.25%, floating rate, unsecured	41,572	43,100
	171,321	114,682
Subordinated Debentures		
Trust preferred securities, due 12/30/2033, floating rate of 2.80% above the three month LIBOR rate, reset quarterly, callable without penalty	20,620	20,620
Trust preferred securities, net of discount, due 6/30/2035, floating rate of 1.75% above the three month LIBOR rate, reset quarterly, callable without penalty	11,110	-
Trust preferred securities, net of discount, due 9/15/2037, floating rate of 1.37% above the three month LIBOR rate, reset quarterly	9,898	-
Trust preferred securities, net of discount, due 12/3/2033, floating rate of 2.88% above the three month LIBOR rate, reset quarterly, callable without penalty	5,169	-
Trust preferred securities, net of discount, due 12/13/2034, floating rate of 2.00% above the three month LIBOR rate, reset quarterly, callable without penalty	5,041	-
Trust preferred securities, net of discount, due 6/6/2037, floating rate of 1.57% above the three month LIBOR rate, reset quarterly, callable without penalty	9,956	-
	61,794	20,620
Total other borrowings and subordinated debentures	$233,115	$ 135,302

During the fourth quarter of 2013, the Company borrowed $46.0 million from correspondent banks to partially fund the acquisition of Metropolitan. This debt is unsecured and is scheduled to be repaid in three years or less, by December 31, 2016.

At June 30, 2015, the Company had $31.3 million of Federal Home Loan Bank (“FHLB”) advances with original maturities of one year or less.

The Company had total FHLB advances of $129.7 million at June 30, 2015, with approximately $796.7 million of additional advances available from the FHLB. The FHLB advances are secured by mortgage loans and investment securities totaling approximately $931.1 million at June 30, 2015.

The trust preferred securities are tax-advantaged issues that qualify for Tier 1 capital treatment. Distributions on these securities are included in interest expense on long-term debt. Each of the trusts is a statutory business trust organized for the sole purpose of issuing trust securities and investing the proceeds thereof in junior subordinated debentures of the Company, the sole asset of each trust. The preferred securities of each trust represent preferred beneficial interests in the assets of the respective trusts and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of each trust are wholly-owned by the Company. Each trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated debentures. The Company's obligations under the junior subordinated securities and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Company of each respective trust's obligations under the trust securities issued by each respective trust.

Aggregate annual maturities of debt at June 30, 2015, are:

(In thousands) Year	Annual Maturities
2015	$40,545
2016	33,157
2017	75,417
2018	6,555
2019	2,742
Thereafter	74,699
Total	$233,115

NOTE 11: CONTINGENT LIABILITIES

The Company and/or its subsidiaries have various unrelated legal proceedings, most of which involve loan foreclosure activity pending, which, in the aggregate, are not expected to have a material adverse effect on the financial position of the Company and its subsidiaries.

NOTE 12: COMMON STOCK

During 2012, the Company announced the adoption by the Board of Directors of a new stock repurchase program. The program authorizes the repurchase of up to 850,000 additional shares of Class A common stock, or approximately 5% of the shares outstanding at that time. The shares are to be purchased from time to time at prevailing market prices, through open market or unsolicited negotiated transactions, depending upon market conditions. Under the repurchase program, there is no time limit for the stock repurchases, nor is there a minimum number of shares that the Company intends to repurchase. The Company intends to use the repurchased shares to satisfy stock option exercises, payment of future stock awards and dividends and general corporate purposes. The Company suspended its stock repurchases in August of 2013, with 154,136 shares remaining available for repurchase under the program.

On March 4, 2014 the Company filed a shelf registration statement with the Securities and Exchange Commission (“SEC”). Subsequently, on June 18, 2014 the Company filed Amendment No. 1 to the shelf registration statement. After becoming effective, the shelf registration statement allows the Company to raise capital from time to time, up to an aggregate of $300 million, through the sale of common stock, preferred stock, stock warrants, stock rights or a combination thereof, subject to market conditions. Specific terms and prices are determined at the time of any offering under a separate prospectus supplement that the Company is required to file with the SEC at the time of the specific offering.

NOTE 13: UNDIVIDED PROFITS

The Company’s subsidiaries are subject to a legal limitation on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. The approval of the Comptroller of the Currency is required, if the total of all dividends declared by a national bank in any calendar year exceeds the total of its net profits, as defined, for that year combined with its retained net profits of the preceding two years. At June 30, 2015, the Company’s subsidiary banks had approximately $22.8 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 Office of the Comptroller of the Currency include the definitions for (1) a well-capitalized institution, (2) an adequately-capitalized institution, and (3) an undercapitalized institution. Under the newly adopted Basel III Rules, 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 6.50% “common equity Tier 1 (“CETI”) ratio. As of June 30, 2015, The Company’s subsidiary banks met the capital standards for a well-capitalized institution. The Company's CET1 ratio was 13.63% at June 30, 2015.

NOTE 14: STOCK BASED COMPENSATION

The Company’s Board of Directors has adopted various stock compensation plans. The plans provide for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, and bonus stock awards. Pursuant to the plans, shares are reserved for future issuance by the Company upon the exercise of stock options or awarding of bonus shares granted to directors, officers and other key employees.

The table below summarizes the transactions under the Company's active stock compensation plans for the six months ended June 30, 2015:

	Stock Options Outstanding		Non-Vested Stock Awards Outstanding	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Grant-Date Fair-Value
Balance, January 1, 2015	119,690	$ 27.72	226,932	$ 31.88
Granted	113,695	42.76	62,225	41.19
Stock Options Exercised	(52,929)	22.69	-	-
Stock Options from Acquisitions	65,850	20.43	-	-
Stock Awards Vested	-	-	(79,607)	34.37
Forfeited/Expired	-	-	(10,730)	39.56
Balance, June 30, 2015	246,306	$ 33.64	198,820	$ 33.38
Exercisable, June 30, 2015	117,661	$ 26.25		

The following table summarizes information about stock options under the plans outstanding at June 30, 2015:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
$15.55 - $21.29	37,741	4.86	$ 19.52	24,291	$ 19.01
21.51 - 26.19	31,200	1.28	25.70	31,200	25.70
28.42 - 28.42	31,500	1.92	28.42	31,500	28.42
30.31 - 30.31	30,670	2.91	30.31	30,670	30.31
40.57 - 40.57	48,690	9.50	40.57	-	-
40.72 - 40.72	1,500	9.38	40.72	-	-
44.40 - 44.40	65,005	9.73	44.40	-	-
$15.55 - $44.40	246,306	6.02	$ 33.64	117,661	$ 26.25

Total stock-based compensation expense was $1,077,000 and $655,000 during the six months ended June 30, 2015 and 2014, respectively. Stock-based compensation expense is recognized ratably over the requisite service period for all stock-based awards. There was $728,000 of unrecognized stock-based compensation expense related to stock options at June 30, 2015. There was no unrecognized stock-based compensation expense related to stock options at June 30, 2014.

The intrinsic value of stock options outstanding and stock options exercisable at June 30, 2015 was $3,212,000 and $2,404,000. Intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was $46.68 as of June 30, 2015, and the exercise price multiplied by the number of options outstanding and exercisable at a price below that closing price. The total intrinsic value of stock options exercised during the six months ended June 30, 2015 and June 30, 2014 was $1,270,000 and $471,000, respectively.

NOTE 15: ADDITIONAL CASH FLOW INFORMATION

The following is a summary of the Company's additional cash flow information during the six months ended:

	Six Months Ended June 30,	
(In thousands)	2015	2014
Interest paid	$9,413	$6,952
Income taxes paid	13,981	11,674
Transfers of loans not covered by FDIC loss share to foreclosed assets held for sale	7,426	2,097
Transfers of loans acquired, covered by FDIC loss share, to foreclosed assets covered by FDIC loss share	2,288	4,043
Transfers of premises held for sale to foreclosed assets held for sale	6,126	-

NOTE 16: OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2015	2014	2015	2014
Professional services	$2,261	$1,868	$4,135	$3,246
Postage	1,085	813	2,017	1,730
Telephone	1,321	703	2,175	1,403
Credit card expense	2,280	2,123	4,271	4,322
Operating supplies	612	418	1,092	934
Amortization of intangibles	996	452	2,287	954
Branch right sizing expense	2,745	300	2,780	4,178
Other expense	6,741	3,869	11,456	7,156
Total other operating expenses	$18,041	$10,546	$30,213	$23,923

NOTE 17: CERTAIN TRANSACTIONS

From time to time the Company and its subsidiaries have made loans and other extensions of credit to directors, officers, their associates and members of their immediate families. From time to time directors, officers and their associates and members of their immediate families have placed deposits with the Company's subsidiaries, Simmons Bank and First State Bank. Such loans, other extensions of credit and deposits 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 other persons not related to the lender and did not involve more than normal risk of collectability or present other unfavorable features.

NOTE 18: COMMITMENTS AND CREDIT RISK

The Company grants agri-business, commercial and residential loans to customers throughout Arkansas, Kansas, Missouri and Tennessee, 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 June 30, 2015, the Company had outstanding commitments to extend credit aggregating approximately $495,558,000 and $783,710,000 for credit card commitments and other loan commitments. At December 31, 2014, the Company had outstanding commitments to extend credit aggregating approximately $480,653,000 and $439,053,000 for credit card commitments and other loan commitments.

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 $26,711,000 and $16,217,000 at June 30, 2015, and December 31, 2014, respectively, with terms ranging from 9 months to 15 years. At June 30, 2015, the Company had no deferred revenue under standby letter of credit agreements and approximately $13,000 at December 31, 2014.

NOTE 19: PREFERRED STOCK

On February 27, 2015, as part of the acquisition of Community First, the Company issued 30,852 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series A ("Simmons Series A Preferred Stock") in exchange for the outstanding shares of Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C ("Community First Series C Preferred Stock"). The preferred stock is held by the United States Department of the Treasury ("Treasury") as the Community First Series C Preferred Stock was issued when Community First entered into a Small Business Lending Fund Securities Purchase Agreement with the Treasury. The Simmons Series A Preferred Stock qualifies as Tier 1 capital, has a $1,000 liquidation value per share and will pay quarterly dividends. The rate will remain fixed at 1% through February 18, 2016, at which time it will convert to a fixed rate of 9%. The Company plans to redeem the Simmons Series A Preferred Stock in the first quarter of 2016.

NOTE 20: 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. 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. There have been no significant changes in valuation techniques during the periods ended June 30, 2015 and 2014.

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 exchange traded equities. 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, we periodically check 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 (SSAE 16), which is made available to us for our review. 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 a government money market mutual fund (the "AIM Fund") 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.

Assets held in trading accounts – The Company's trading account investment in the AIM Fund is reported at fair value utilizing Level 1 inputs. The remainder of the Company's assets held in trading accounts are reported at fair value utilizing Level 2 inputs.

The following table sets forth the Company's financial assets and liabilities by level within the fair value hierarchy that were measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014.

(In thousands)	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2015				
ASSETS				
Available-for-sale securities				
U.S. Treasury	$4,005	$-	$ 4,005	$ -
U.S. Government agencies	236,003	-	236,003	-
Mortgage-backed securities	464,857	-	464,857	-
State and political subdivisions	10,971	-	10,971	-
Other securities	31,865	-	31,865	-
Assets held in trading accounts	6,481	2,709	3,772	-

December 31, 2014				
ASSETS				
Available-for-sale securities				
U.S. Treasury	$3,992	$-	$ 3,992	$ -
U.S. Government agencies	272,816	-	272,816	-
Mortgage-backed securities	1,572	-	1,572	-
State and political subdivisions	6,540	-	6,540	-
Other securities	20,363	-	20,363	-
Assets held in trading accounts	6,987	3,320	3,667	-

Certain financial 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 (for example, when there is evidence of impairment). Financial assets and liabilities measured at fair value on a nonrecurring basis include the following:

Impaired loans (collateral dependent) – Loan impairment is reported when full payment under the loan terms is not expected. Allowable methods for determining the amount of impairment include estimating fair value using the fair value of the collateral for collateral-dependent loans. If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to require an increase, such increase is reported as a component of the provision for loan losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan is confirmed. Impaired loans that are collateral dependent are classified within Level 3 of the fair value hierarchy when impairment is determined using the fair value method.

Appraisals are updated at renewal, if not more frequently, for all collateral dependent loans that are deemed impaired by way of impairment testing. Impairment testing for selected loans rated Special Mention or worse begins at $500,000, with testing on all loans over $1.5 million rated Special Mention or worse. All collateral dependent impaired loans meeting these thresholds have had updated appraisals or internally prepared evaluations within the last one to two years and these updated valuations are considered in the quarterly review and discussion of the corporate Special Asset Committee. On targeted CRE loans, appraisals/internally prepared valuations may be updated before the typical 1-3 year balloon/maturity period. If an updated valuation results in decreased value, a specific (ASC 310) impairment is placed against the loan, or a partial charge-down is initiated, depending on the circumstances and anticipation of the loan’s ability to remain a going concern, possibility of foreclosure, certain market factors, etc.

Foreclosed assets held for sale – Foreclosed assets held for sale 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 loan 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 held for sale is estimated using Level 3 inputs based on observable market data. As of June 30, 2015 and December 31, 2014, the fair value of foreclosed assets held for sale, excluding those covered by FDIC loss share agreements, less estimated costs to sell was $42.7 million and $44.9 million, respectively.

The significant unobservable inputs (Level 3) used in the fair value measurement of collateral for collateral-dependent impaired 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. During the reported periods, collateral discounts ranged from 10% to 40% for commercial and residential real estate collateral.

Mortgage loans held for sale – Mortgage loans held for sale are reported at fair value if, on an aggregate basis, the fair value of the loans is less than cost. In determining whether the fair value of loans held for sale is less than cost when quoted market prices are not available, 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 June 30, 2015 and December 31, 2014, the aggregate fair value of mortgage loans held for sale exceeded their cost. Accordingly, no mortgage loans held for sale were marked down and reported at fair value.

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 nonrecurring basis as of June 30, 2015 and December 31, 2014.

(In thousands)	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2015				
ASSETS				
Impaired loans [1] [2] (collateral dependent)	$ 15,958	$ -	$ -	$ 15,958
Foreclosed assets held for sale [1]	6,681	-	-	6,681
December 31, 2014				
ASSETS				
Impaired loans [1] [2] (collateral dependent)	$ 12,276	$ -	$ -	$ 12,276
Foreclosed assets held for sale [1]	3,417	-	-	3,417

(1) These amounts represent the resulting carrying amounts on the Consolidated Balance Sheets for impaired collateral dependent loans and foreclosed assets held for sale for which fair value re-measurements took place during the period.

(2) Specific allocations of $953,000 and $733,000 were related to the impaired collateral dependent loans for which fair value re-measurements took place during the periods ended June 30, 2015 and December 31, 2014, 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 classes of financial instruments.

Cash and cash equivalents and interest bearing balances due from banks – time – The carrying amount for cash and cash equivalents approximates fair value (Level 1).). 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, excluding loans acquired, 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. Loans with similar characteristics were aggregated for purposes of the calculations (Level 3).

Loans acquired – Fair values of loans acquired are based on a discounted cash flow methodology that considers factors including 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 (Level 3).

FDIC indemnification asset – Fair value of the FDIC indemnification asset is based on the net present value of future cash proceeds expected to be received from the FDIC under the provisions of the loss share agreements using a discount rate that is based on current market rates (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 – 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.

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

(In thousands)	Carrying Amount	Fair Value Measurements Level 1	Level 2	Level 3	Total
June 30, 2015					
Financial assets:					
Cash and cash equivalents	$292,470	$292,470	$-	$-	$292,470
Interest bearing balances due from banks - time	24,189	-	24,180	-	24,180
Held-to-maturity securities	861,596	-	863,349	-	863,349
Mortgage loans held for sale	48,094	-	-	48,094	48,094
Interest receivable	24,129	-	24,129	-	24,129
Legacy loans, net	2,580,662	-	-	2,585,022	2,585,022
Loans acquired, not covered by FDIC loss share	2,108,306	-	-	2,111,868	2,111,868
Loans acquired, covered by FDIC loss share, net	93,121	-	-	93,278	93,278
FDIC indemnification asset	13,020	-	-	13,020	13,020
Financial liabilities:					
Non-interest bearing transaction accounts	1,141,285	-	1,141,285	-	1,141,285
Interest bearing transaction accounts and savings deposits	3,581,049	-	3,581,049	-	3,581,049
Time deposits	1,447,688	-	-	1,443,811	1,443,811
Federal funds purchased and securities sold under agreements to repurchase	111,792	-	111,792	-	111,792
Other borrowings	171,321	-	176,279	-	176,279
Subordinated debentures	61,794	-	56,876	-	56,876
Interest payable	2,234	-	2,234	-	2,234
December 31, 2014					
Financial assets:					
Cash and cash equivalents	$335,909	$335,909	$-	$-	$335,909
Held-to-maturity securities	777,587	-	780,533	-	780,533
Mortgage loans held for sale	21,265	-	-	21,265	21,265
Interest receivable	16,774	-	16,774	-	16,774
Legacy loans, net	2,024,693	-	-	2,022,889	2,022,889
Loans acquired, not covered by FDIC loss share	575,980	-	-	560,651	560,651
Loans acquired, covered by FDIC loss share, net	106,933	-	-	105,789	105,789
FDIC indemnification asset	22,663	-	-	22,663	22,663
Financial liabilities:					
Non-interest bearing transaction accounts	889,260	-	889,260	-	889,260
Interest bearing transaction accounts and savings deposits	2,006,271	-	2,006,271	-	2,006,271
Time deposits	965,187	-	-	967,900	967,900
Federal funds purchased and securities sold under agreements to repurchase	110,586	-	110,586	-	110,586
Other borrowings	114,682	-	114,698	-	114,698

Subordinated debentures	20,620	-	16,115	-	16,115
Interest payable	1,147	-	1,147	-	1,147

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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee, Board of Directors and Stockholders

Simmons First National Corporation

Pine Bluff, Arkansas

We have reviewed the accompanying condensed consolidated balance sheet of **SIMMONS FIRST NATIONAL CORPORATION** as of June 30, 2015, and the related condensed consolidated statements of income and comprehensive income for the three and six month periods ended June 30, 2015 and 2014 and the related consolidated statements of stockholders' equity and cash flows for the six month periods ended June 30, 2015 and 2014. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data 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 Public Company Accounting Oversight Board, 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.

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), the consolidated balance sheet as of December 31, 2014, 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 March 16, 2015, 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, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

BKD, LLP

/s/ BKD, LLP

Little Rock, Arkansas

August 10, 2015

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

OVERVIEW

Our net income for the three months ended June 30, 2015 was $20.0 million and diluted earnings per share were $0.71, compared to net income of $9.9 million and $0.60 diluted earnings per share for the same period of 2014. Net income for the six months ended June 30, 2015, was $28.7 million and diluted earnings per share were $1.10, compared to net income of $14.3 million and $0.87 diluted earnings per share for the same period in 2014.

Net income for the first and second quarters in both 2015 and 2014 included significant nonrecurring items that impacted net income, primarily related to our acquisitions and branch right sizing initiatives. Excluding all nonrecurring items, core earnings for the three months ended June 30, 2015 were $22.4 million, or $0.75 diluted core earnings per share, compared to $9.2 million, or $0.56 diluted core earnings per share for the same period in 2014. Diluted core earnings per share increased by $0.19, or 33.9%. Year-to-date core earnings were $38.1 million, an increase of $21.5 million, or 129%, compared with the same period of 2014. Year-to-date diluted core earnings per share were $1.46, an increase of $0.44, or 43.1%. See Reconciliation of Non-GAAP Measures and Table 13 – Reconciliation of Core Earnings (non-GAAP) for additional discussion of non-GAAP measures.

During the second quarter of 2014 we entered into a definitive agreement and plan of merger with Community First Bancshares, Inc. ("Community First"), headquartered in Union City, Tennessee, including its wholly-owned bank subsidiary First State Bank ("First State"). During the second quarter of 2014 we also entered into a definitive agreement and plan of merger with Liberty Bancshares, Inc. ("Liberty"), headquartered in Springfield, Missouri, including its wholly-owned bank subsidiary Liberty Bank. On February 27, 2015, we closed the transactions to acquire Community First and Liberty and at March 31, 2015 Liberty Bank and First State operated as independently chartered banks. Liberty Bank was subsequently merged into our lead bank, Simmons First National Bank, on April 24, 2015 with a simultaneous systems conversion. We expect to merge First State into Simmons First National Bank during the third quarter of 2015. As a result of these acquisitions, we have recognized $7.7 million in after tax merger related expenses during the year.

During the second quarter we entered into a definitive agreement and plan of merger with Ozark Trust & Investment Corporation ("OTIC"), including its wholly-owned non-deposit trust company, Trust Company of the Ozarks ("TCO"). TCO is headquartered in Springfield, Missouri and has over $1 billion in assets under management. We plan to complete the transaction during the third quarter of 2015.

We are pleased with the growth in core earnings for the first half of 2015. We reported record core earnings and record core earnings per share in each quarter. As a result of acquisitions and efficiency initiatives in recent reporting periods, we have and will continue to recognize one-time revenue and expense items which may skew our short-term

core business results but provide long-term performance benefits. Our focus continues to be improvement in core operating income.

We are also pleased with the positive trends in our balance sheet, as reflected in our organic loan growth as well as in our growth from acquisitions, which enabled us to produce a net interest margin of 4.47% for the quarter.

Common stockholders' equity as of June 30, 2015 was $1.03 billion, book value per share was $33.26 and tangible book value per share was $21.19. Our ratio of stockholders' equity to total assets was 13.5% and the tangible common equity to tangible assets ratio (TCE) was 8.7% at June 30, 2015. The Company's Tier I leverage ratio of 10.0%, as well as our other regulatory capital ratios, remain significantly above the "well capitalized" levels (see Table 12 in the Capital section of this Item).

Total assets were $7.61 billion at June 30, 2015, compared to $4.64 billion at December 31, 2014 and $4.32 billion at June 30, 2014. Total loans, including loans acquired, were $4.81 billion at June 30, 2015, compared to $2.74 billion at December 31, 2014 and $2.39 billion at June 30, 2014. We continue to have good asset quality.

Simmons First National Corporation is a $7.61 billion Arkansas based financial holding company conducting financial operations throughout Arkansas, Kansas, Missouri and Tennessee.

CRITICAL ACCOUNTING POLICIES

Overview

We follow accounting and reporting policies that conform, in all material respects, to generally accepted accounting principles and to general practices within the financial services industry. The preparation of financial statements in conformity with generally accepted accounting principles 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 loan losses, (b) acquisition accounting and valuation of covered loans and related indemnification asset, (c) the valuation of goodwill and the useful lives applied to intangible assets, (d) the valuation of employee benefit plans and (e) income taxes.

Allowance for Loan Losses on Loans Not Acquired

The allowance for loan losses is management’s estimate of probable losses in the loan portfolio. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is calculated monthly based on management’s assessment of several factors such as (1) historical loss experience based on volumes and types, (2) volume and trends in delinquencies and nonaccruals, (3) lending policies and procedures including those for loan losses, collections and recoveries, (4) national, state and local economic trends and conditions, (5) concentrations of credit within the loan portfolio, (6) the experience, ability and depth of lending management and staff and (7) other factors and trends that will affect specific loans and categories of loans. We establish general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as credit cards, one-to-four family owner occupied residential real estate loans and other consumer loans. General reserves have been established, based upon the aforementioned factors and

allocated to the individual loan categories. Allowances are accrued for probable losses on specific loans evaluated for impairment for which the basis of each loan, including accrued interest, exceeds the discounted amount of expected future collections of interest and principal or, alternatively, the fair value of loan collateral.

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

Acquisition Accounting, Acquired Loans

We account for our acquisitions under ASC Topic 805, *Business Combinations*, which requires the use of the purchase method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. No allowance for loan losses related to the acquired loans is recorded on the acquisition date as the fair value of the loans acquired incorporates assumptions regarding credit risk. Loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, exclusive of the shared-loss agreements with the FDIC. The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

We evaluate loans acquired in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount on these loans is accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. We evaluate purchased impaired loans accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

We evaluate all of the loans acquired in conjunction with its FDIC-assisted transactions in accordance with the provisions of ASC Topic 310-30. All loans acquired in the FDIC transactions, both covered and not covered, were deemed to be impaired loans. All loans acquired, whether or not covered by FDIC loss share agreements, are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected.

For impaired loans accounted for under ASC Topic 310-30, we continue to estimate cash flows expected to be collected on pools of loans sharing common risk characteristics, which are treated in the aggregate when applying various valuation techniques, and on purchased credit impaired loans. We evaluate at each balance sheet date whether the present value of our pools of loans and purchased credit impaired loans determined using the effective interest rates has decreased significantly and if so, recognize a provision for loan loss in our consolidated statement of income. For any significant increases in cash flows expected to be collected, we adjust the amount of accretable yield recognized on a prospective basis over the pool's remaining life or over the remaining life of the purchased credit impaired loans.

Covered Loans and Related Indemnification Asset

Because the FDIC will reimburse us for losses incurred on certain acquired loans, an indemnification asset is recorded at fair value at the acquisition date. The indemnification asset is recognized at the same time as the indemnified loans, and measured on the same basis, subject to collectability or contractual limitations. The shared-loss agreements on the acquisition date reflect the reimbursements expected to be received from the FDIC, using an appropriate discount rate, which reflects counterparty credit risk and other uncertainties.

The shared-loss agreements continue to be measured on the same basis as the related indemnified loans, as prescribed by ASC Topic 805. Deterioration in the credit quality of the loans (immediately recorded as an adjustment to the allowance for loan losses) would immediately increase the basis of the shared-loss agreements, with the offset recorded through the consolidated statement of income. Increases in the credit quality or cash flows of loans (reflected as an adjustment to yield and accreted into income over the remaining life of the loans) decrease the basis of the shared-loss agreements, with such decrease being accreted into income over (1) the same period or (2) the life of the shared-loss agreements, whichever is shorter. Loss assumptions used in the basis of the indemnified loans are consistent with the loss assumptions used to measure the indemnification asset. Fair value accounting incorporates into the fair value of the indemnification asset an element of the time value of money, which is accreted back into income over the life of the shared-loss agreements.

Upon the determination of an incurred loss the indemnification asset will be reduced by the amount owed by the FDIC. A corresponding, claim receivable is recorded until cash is received from the FDIC. For further discussion of our acquisition and loan accounting, see Note 5, Loans Acquired, in the accompanying Condensed Notes to Consolidated Financial Statements included elsewhere in this report.

We are currently in discussion with the FDIC regarding the termination of one or more of its loss share agreements. Should an agreement or agreements be reached regarding such termination, loans and foreclosed assets covered by such loss share agreement(s) would be reclassified, respectively, to “purchased non-covered loans” and “foreclosed assets not covered by FDIC loss share agreements.” Any gain or loss on such termination would be determined by comparison of the net cash proceeds to be received or paid by the Company to the related amount of FDIC loss share receivable and FDIC clawback payable at the time of such transaction.

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 – *Testing Goodwill for Impairment*. ASC Topic 350 requires that goodwill and intangible assets that have indefinite lives be reviewed for impairment annually, or more frequently if certain conditions occur. Impairment losses, if any, will be recorded as operating expenses.

Employee Benefit 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 and bonus stock awards. Pursuant to the plans, shares are reserved for future issuance by the Company upon exercise of stock options or awarding of bonus shares granted to directors, officers and other key employees.

In accordance with ASC Topic 718, *Compensation – Stock Compensation*, the fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses various assumptions. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. For additional information, see Note 13, 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 non-interest 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 39.225%.

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. Historically, approximately 70% of our loan portfolio and approximately 80% of our time deposits have repriced in one year or less. These historical percentages are consistent with our current interest rate sensitivity.

Net Interest Income Quarter-to-Date Analysis

For the three month period ended June 30, 2015, net interest income on a fully taxable equivalent basis was $75.5 million, an increase of $33.4 million, or 79.3%, over the same period in 2014. The increase in net interest income was the result of a $35.9 million increase in interest income and a $2.5 million increase in interest expense.

The increase in interest income primarily resulted from a $31.8 million increase in interest income on loans, consisting of legacy loans and acquired loans. The increase in loan volume during 2015 generated $35.2 million of additional interest income, while a 52 basis point decline in yield resulted in a $3.3 million decrease in interest income. The interest income increase from loan volume was primarily due to our Liberty, Community First and Delta Trust acquisitions; however, a significant portion of the increase in loan interest income can be attributed to our legacy loan growth of $743 million, or 39.7%, from the same period last year.

Included in interest income is the additional yield accretion recognized as a result of updated estimates of the cash flows of our acquired loans, as discussed in Note 5, Loans Acquired, in the accompanying Notes to Consolidated Financial Statements included elsewhere in this report. Each quarter, we estimate the cash flows expected to be collected from the acquired loans, and adjustments may or may not be required. The cash flows estimate has increased based on payment histories and reduced loss expectations of the loans. This resulted in increased interest income that is spread on a level-yield basis over the remaining expected lives of the loans. For loans covered by FDIC loss sharing agreements, the increases in expected cash flows also reduce the amount of expected reimbursements under the loss sharing agreements, which are recorded as indemnification assets. The estimated adjustments to the indemnification assets are amortized on a level-yield basis over the remainder of the loss sharing agreements or the remaining expected life of the loan pools, whichever is shorter, and are recorded in non-interest expense.

For the three months ended June 30, 2015, the adjustments decreased interest income by $2.6 million and increased non-interest income by $3.5 million compared to the same period in 2014. The net increase to 2015 second quarter pre-tax income was $836,000 from 2014. Because these adjustments will be recognized over the estimated remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The current estimate of the remaining accretable yield adjustment that will positively impact interest income is $15.3 million and the remaining adjustment to the indemnification assets that will reduce non-interest income is $6.6 million. Of the remaining adjustments, we expect to recognize $5.8 million of interest income and a $5.4 million reduction of non-interest income for a net increase to pre-tax income of approximately $400,000 during the remainder of 2015. The accretable yield adjustments recorded in future periods will change as we continue to evaluate expected cash flows from the acquired loan pools.

The $2.5 million increase in interest expense is primarily from the growth in deposit accounts and other debt, primarily from Liberty, Community First and Delta Trust acquisitions.

Net Interest Income Year-to-Date Analysis

For the six month period ended June 30, 2015, net interest income on a fully taxable equivalent basis was $130.3 million, an increase of $44.9 million, or 52.7%, over the same period in 2014. The increase in net interest income was the result of a $48.3 million increase in interest income and a $3.4 million increase in interest expense.

The increase in interest income primarily resulted from a $42.7 million increase in interest income on loans and a $5.4 million increase in interest income on investment securities. The increase in interest income on investment securities was primarily due to volume increases resulting from the Liberty and Community First acquisitions. The increase in loan volume during 2015 generated $51.0 million of additional interest income, while a 64 basis point decline in yield resulted in a $8.3 million decrease in interest income. The interest income increase from loan volume was primarily due to our Liberty, Community First and Delta Trust acquisitions.

For the six months ended June 30, 2015, the acquired loan cash flow adjustments resulted in a decrease to interest income by $3.9 million and a decrease to non-interest income by $8.2 million compared to the same period in 2014. The net increase to year-to-date 2015 pre-tax income was $4.2 million compared with 2014.

The $3.4 million increase in interest expense is primarily from the growth in deposit accounts and other debt, primarily from Liberty, Community First and Delta Trust acquisitions.

Net Interest Margin

Our net interest margin increased 13 basis points to 4.47% for the three month period ended June 30, 2015, when compared to 4.34% for the same period in 2014. For the six month period ended June 30, 2015, net interest margin decreased 2 basis points to 4.42% when compared to 4.44% for the same period in 2014. The most significant factor in the increasing margin during the three month period ended June 30, 2015 is the impact of the decrease in accretable yield adjustments discussed above offset by the impact of the loans acquired in the Liberty and Community First acquisitions. Normalized for all accretion on acquired loans, our net interest margin at June 30, 2015 and 2014 was 3.74% and 3.49%, respectively.

Net Interest Income Tables

Tables 1 and 2 reflect an analysis of net interest income on a fully taxable equivalent basis for the three and six month periods ended June 30, 2015 and 2014, respectively, as well as changes in fully taxable equivalent net interest margin for the three and six month periods ended June 30, 2015, versus June 30, 2014.

Table 1: Analysis of Net Interest Margin

(FTE =Fully Taxable Equivalent)

(In thousands)	Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Interest income	$79,169	$43,842	$136,424	$88,876
FTE adjustment	2,303	1,695	4,160	3,387
Interest income – FTE	81,472	45,537	140,584	92,263
Interest expense	5,962	3,414	10,256	6,904
Net interest income – FTE	$75,510	$42,123	$130,328	$85,359
Yield on earning assets – FTE	4.82 %	4.69 %	4.77 %	4.80 %
Cost of interest bearing liabilities	0.44 %	0.44 %	0.43 %	0.44 %
Net interest spread – FTE	4.38 %	4.25 %	4.34 %	4.36 %
Net interest margin – FTE	4.47 %	4.34 %	4.42 %	4.44 %

Table 2: Changes in Fully Taxable Equivalent Net Interest Margin

(In thousands)	Three Months Ended June 30, 2015 vs. 2014	Six Months Ended June 30, 2015 vs. 2014
Increase due to change in earning assets	$ 36,089	$ 54,843
Decrease due to change in earning asset yields	(154)	(6,522)
Decrease due to change in interest bearing liabilities	(2,387)	(3,313)
Decrease due to change in interest rates paid on interest bearing liabilities	(161)	(39)
Increase in net interest income	$ 33,387	$ 44,969

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 June 30, 2015 and 2014. 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

	Three Months Ended June 30,					
	2015			2014		
($ in thousands)	Average Balance	Income/ Expense	Yield/ Rate(%)	Average Balance	Income/ Expense	Yield/ Rate(%)
ASSETS						
Earning assets:						
Interest bearing balances due from banks	$308,756	$229	0.30	$456,931	$279	0.24
Federal funds sold	75,922	73	0.39	985	2	0.81
Investment securities - taxable	1,295,466	4,479	1.39	730,156	(543)	(0.30)
Investment securities - non-taxable	360,360	5,849	6.51	317,938	6,996	8.83
Mortgage loans held for sale	37,656	375	3.99	15,299	168	4.40
Assets held in trading accounts	6,592	4	0.24	6,850	5	0.29
Loans	4,689,941	70,463	6.03	2,364,043	38,630	6.55
Total interest earning assets	6,774,693	81,472	4.82	3,892,202	45,537	4.69
Non-earning assets	920,999			478,476		
Total assets	$7,695,692			$4,370,678		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities:						
Interest bearing liabilities						
Interest bearing transaction and savings accounts	$3,621,060	$2,131	0.24	$1,810,436	$720	0.16
Time deposits	1,488,208	2,064	0.56	1,049,865	1,515	0.58
Total interest bearing deposits	5,109,268	4,195	0.33	2,860,301	2,235	0.31
Federal funds purchased and securities sold under agreement to repurchase	116,258	57	0.20	101,537	31	0.12
Other borrowings	179,080	1,151	2.58	116,082	988	3.41
Subordinated debentures	62,981	559	3.56	20,620	160	3.11
Total interest bearing liabilities	5,467,587	5,962	0.44	3,098,540	3,414	0.44
Non-interest bearing liabilities:						
Non-interest bearing deposits	1,088,474			823,552		
Other liabilities	70,312			34,637		
Total liabilities	6,626,373			3,956,729		
Stockholders' equity	1,069,319			413,949		
Total liabilities and stockholders' equity	$7,695,692			$4,370,678		
Net interest spread			4.38			4.25

Net interest margin	$75,510	4.47	$42,123	4.34

	Six Months Ended June 30,					
	2015			2014		
($ in thousands)	Average Balance	Income/ Expense	Yield/ Rate(%)	Average Balance	Income/ Expense	Yield/ Rate(%)
ASSETS						
Earning assets:						
Interest bearing balances due from banks	$339,976	$439	0.26	$482,433	$558	0.23
Federal funds sold	66,384	102	0.31	685	3	0.88
Investment securities - taxable	1,124,923	7,451	1.34	694,781	4,006	1.16
Investment securities - non-taxable	345,743	10,602	6.18	315,431	8,678	5.55
Mortgage loans held for sale	26,155	522	4.02	10,984	237	4.35
Assets held in trading accounts	6,687	8	0.24	7,031	10	0.29
Loans	4,038,397	121,460	6.07	2,365,573	78,771	6.71
Total interest earning assets	5,948,265	140,584	4.77	3,876,918	92,263	4.80
Non-earning assets	786,715			502,057		
Total assets	$6,734,980			$4,378,975		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities:						
Interest bearing liabilities						
Interest bearing transaction and savings accounts	$3,111,053	$3,478	0.23	$1,832,472	$1,414	0.16
Time deposits	1,321,350	3,661	0.56	1,073,242	3,091	0.58
Total interest bearing deposits	4,432,403	7,139	0.32	2,905,714	4,505	0.31
Federal funds purchased and securities sold under agreement to repurchase	118,913	121	0.21	108,277	84	0.16
Other borrowings	181,517	2,203	2.45	116,835	1,998	3.45
Subordinated debentures	49,334	793	3.24	20,620	317	3.10
Total interest bearing liabilities	4,782,167	10,256	0.43	3,151,446	6,904	0.44
Non-interest bearing liabilities:						
Non-interest bearing deposits	1,019,388			779,323		
Other liabilities	57,173			36,525		
Total liabilities	5,858,728			3,967,294		
Stockholders' equity	876,252			411,681		
Total liabilities and stockholders' equity	$6,734,980			$4,378,975		
Net interest spread			4.34			4.36
Net interest margin		$130,328	4.42		$85,359	4.44

Table 4 shows changes in interest income and interest expense resulting from changes in volume and changes in interest rates for the three and six month periods ended June 30, 2015, as compared to the same period of the prior year. 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

(In thousands, on a fully taxable equivalent basis)	Three Months Ended June 30, 2015 over 2014 Volume	Yield/ Rate	Total	Six Months Ended June 30, 2015 over 2014 Volume	Yield/ Rate	Total
Increase (decrease) in:						
Interest income:						
Interest bearing balances due from banks	$(101)	$51	$(50)	$(179)	$60	$(119)
Federal funds sold	73	(2)	71	102	(3)	99
Investment securities - taxable	(134)	5,156	5,022	2,778	667	3,445
Investment securities - non-taxable	850	(1,997)	(1,147)	878	1,046	1,924
Mortgage loans held for sale	224	(17)	207	303	(18)	285
Assets held in trading accounts	-	(1)	(1)	-	(2)	(2)
Loans	35,177	(3,344)	31,833	50,961	(8,272)	42,689
Total	36,089	(154)	35,935	54,843	(6,522)	48,321
Interest expense:						
Interest bearing transaction and savings accounts	953	458	1,411	1,257	807	2,064
Time deposits	610	(61)	549	692	(122)	570
Federal funds purchased and securities sold under agreements to repurchase	5	21	26	9	28	37
Other borrowings	446	(283)	163	895	(690)	205
Subordinated debentures	373	26	399	460	16	476
Total	2,387	161	2,548	3,313	39	3,352
Increase (decrease) in net interest income	$33,702	$(315)	$33,387	$51,530	$(6,561)	$44,969

PROVISION FOR LOAN LOSSES

The provision for loan 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 loan losses at a level considered appropriate in relation to the estimated 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, historical loan loss experience, assessment of current economic conditions, past due and non-performing loans and net loan 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.

The provision for loan losses for the three month period ended June 30, 2015, was $3.0 million, compared to $1.6 million for the three month period ended June 30, 2014, an increase of $1.4 million. The provision for loan losses for the six month period ended June 30, 2015, was $4.2 million, compared to $2.5 million for the six month period ended June 30, 2014, an increase of $1.7 million. See Allowance for Loan Losses section for additional information.

The provision increase resulted from several reasons. Our increased organic legacy loan growth rate required additional allowance. Significant loan growth in our new Missouri and Tennessee markets, both from new loans and from acquired loans migrating to legacy, required an allowance to be established through a provision. Finally, a $604,000 provision was recorded on acquired loans during the second quarter of 2015 as a result of a shortage in our credit mark on certain purchased credit impaired loans.

NON-INTEREST INCOME

Total non-interest income was $25.3 million for the three month period ended June 30, 2015, an increase of $9.9 million, or 64.5%, compared to $15.4 million for the same period in 2014. Total non-interest income was $43.8 million for the six month period ended June 30, 2015, an increase of $19.2 million, or 78.2%, compared to $24.6 million for the same period in 2014.

As previously discussed in the Net Interest Income section, there was a $3.2 million increase in non-interest income from the three month period ended June 30, 2015 to the same period of 2014 due to reductions in the amortization of the indemnification asset expected to be collected from the FDIC covered loan portfolios. Excluding the indemnification asset amortization adjustments, non-interest income increased $6.7 million, or 31.0%, due primarily to the addition of Delta Trust, Liberty and First State.

Non-interest income is principally derived from recurring fee income, which includes service charges, trust fees and credit card fees. Non-interest income also includes income on the sale of mortgage loans, investment banking income, income from the increase in cash surrender values of bank owned life insurance, gains (losses) from sales of securities and gains (losses) related to FDIC-assisted transactions and covered assets.

Table 5 shows non-interest income for the three and six month periods ended June 30, 2015 and 2014, respectively, as well as changes in 2015 from 2014.

Table 5: Non-Interest Income

	Three Months Ended June 30		2015 Change from		Six Months Ended June 30		2015 Change from	
(In thousands)	2015	2014	2014		2015	2014	2014	
Trust income	$2,070	$1,553	$517	33.29 %	$4,321	$3,091	$1,230	39.79 %
Service charges on deposit accounts	8,031	6,792	1,239	18.24	14,394	12,860	1,534	11.93
Other service charges and fees	3,130	859	2,271	264.38	4,955	1,684	3,271	194.24
Mortgage lending income	3,449	1,262	2,187	173.30	5,710	2,074	3,636	175.31
Investment banking income	593	154	439	285.06	1,487	336	1,151	342.56
Debit and credit card fees	6,486	5,801	685	11.81	12,134	11,444	690	6.03
Bank owned life insurance income	746	377	369	97.88	1,318	705	613	86.95
Gain (loss) on sale of securities	-	38	(38)	-100.00	(38)	38	(76)	-200.00
Net (loss) on assets covered by FDIC loss share agreements	(3,056)	(6,268)	3,212	-51.24	(5,727)	(13,639)	7,912	-58.01
	-	2,311	(2,311)	-100.00	-	2,311	(2,311)	-100.00

Net gain on sale of premises held for sale										
Other income	3,863	2,509	1,354	53.97		5,253	3,673	1,580	43.02	
Total non-interest income	$25,312	$15,388	$9,924	64.49	%	$43,807	$24,577	$19,230	78.24	%

Recurring fee income (service charges, trust fees and credit card fees) for the three month period ended June 30, 2015, was $19.7 million, an increase of $4.7 million from the three month period ended June 30, 2014. Service charges on deposit accounts increased by $1.2 million or 18.24% and other service charges and fees increased by $2.3 million, or 264.38%. The majority of the increase was due to the additions of accounts from the Delta Trust, Community First and Liberty acquisitions.

Mortgage lending income increased by $2.2 million for the three months ended June 30, 2015 compared to last year, due primarily to additional lenders and customers as a result of the Delta Trust, Community First and Liberty acquisitions. Investment banking income increased by $439,000, due primarily to the addition of the retail investment banking operation of Delta Trust.

Net loss on assets covered by FDIC loss share agreements decreased by $3.2 million. As previously described, due to the increase in cash flows expected to be collected from the FDIC-covered loan portfolios, amortization of the indemnification assets, a reduction of non-interest income, declined $3.2 million during the second quarter of 2015 as compared to 2014, related to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets.

NON-INTEREST EXPENSE

Non-interest expense consists of salaries and employee benefits, occupancy, equipment, foreclosure losses and other expenses necessary for the operation of the Company. Management remains committed to controlling the level of non-interest expense, through the continued use of expense control measures that have been installed. 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 on a monthly basis. 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.

Non-interest expense for the three months ended June 30, 2015 was $65.2 million, an increase of $25.3 million, or 63.6%, from the same period in 2014. We closed twelve underperforming branches in the second quarter of 2015 as part of our branch right sizing initiative, resulting in $2.7 million in nonrecurring expenses, compared with $300,000 in branch right sizing expenses in the same period of 2014. We also incurred merger related costs of $1.2 million in 2015, compared with $1.4 million in 2014. Normalizing for the nonrecurring merger related costs and branch right sizing expenses, non-interest expense for the three months ended June 30, 2015 increased $23.0 million, or 60.2 %, from the same period in 2014, primarily due to the incremental operating expenses of the acquired Community First, Liberty and Delta Trust franchises.

Non-interest expense for the six months ended June 30, 2015 was $122.5 million, an increase of $38.2 million, or 45.2%, from the same period in 2014. The most significant impact to non-interest expense were the following nonrecurring items.

First, we saw a $9.0 million increase in merger related costs from last year. Included in the six months ended June 30, 2015 were $11.7 million in merger related costs, primarily from our February acquisitions of Liberty and Community First. In the same period of 2014 we recorded $2.6 million of merger related costs associated with our Metropolitan and Delta Trust acquisitions.

Second, branch right sizing expense for the six months ended June 30, 2015 decreased by $1.4 million from the same period in 2014. We had $2.8 million of branch right sizing expense in 2015 from our twelve branch closings. For the same period in 2014, we had expenses of $4.2 million associated with the closure and maintenance of eleven legacy Simmons branches as part of our initial branch right sizing strategy related to the November 2013 acquisition of Metropolitan.

Normalizing for the nonrecurring merger related costs and branch right sizing, non-interest expense for the six months ended June 30, 2015 increased $30.5 million, or 39.3%, from the same period in 2014, primarily due to the incremental operating expenses of the acquired franchises.

Salaries and employee benefits increased by $14.5 million and $18.8 million for the three and six months ended June 30, 2015. Occupancy expense increased by $1.8 million and $1.5 million for the same periods, while furniture and equipment expense increased by $1.0 million and $2.2 million from the same periods in 2014. These increases, along with the increases in several other operating expense categories, were a result of the Delta Trust, Liberty and Community First acquisitions.

Table 6 below shows non-interest expense for the three and six month periods ended June 30, 2015 and 2014, respectively, as well as changes in 2015 from 2014.

Table 6: Non-Interest Expense

	Three Months Ended June 30		2015 Change from		Six Months Ended June 30		2015 Change from	
(In thousands)	2015	2014	2014		2015	2014	2014	
Salaries and employee benefits	$35,475	$20,982	$14,493	69.07 %	$62,246	$43,447	$18,799	43.27 %
Occupancy expense, net	5,051	3,285	1,766	53.76	8,627	7,155	1,472	20.57
Furniture and equipment expense	3,241	2,215	1,026	46.32	6,420	4,229	2,191	51.81
Other real estate and foreclosure expense	1,017	375	642	171.20	1,398	1,248	150	12.02
Deposit insurance	1,096	1,085	11	1.01	1,966	1,753	213	12.15
Merger related costs	1,247	1,354	(107)	-7.90	11,666	2,627	9,039	344.08
Other operating expenses:								
Professional services	2,261	1,868	393	21.04	4,135	3,246	889	27.39
Postage	1,085	813	272	33.46	2,017	1,730	287	16.59
Telephone	1,321	703	618	87.91	2,175	1,403	772	55.02
Credit card expenses	2,280	2,123	157	7.40	4,271	4,322	(51)	-1.18
Operating supplies	612	418	194	46.41	1,092	934	158	16.92
Amortization of intangibles	996	452	544	120.35	2,287	954	1,333	139.73
Branch right sizing expense	2,745	300	2,445	815.00	2,780	4,178	(1,398)	-33.46
Other expense	6,741	3,869	2,872	74.23	11,456	7,156	4,300	60.09
Total non-interest expense	$65,168	$39,842	$25,326	63.57 %	$122,536	$84,382	$38,154	45.22 %

LOAN PORTFOLIO

Our legacy loan portfolio, excluding loans acquired, averaged $2.22 billion and $1.769 billion during the first six months of 2015 and 2014, respectively. As of June 30, 2015, total loans, excluding loans acquired, were $2.61 billion, an increase of $557.5 million from December 31, 2014. 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).

When we make a credit decision on an acquired loan not covered by FDIC loss share as a result of the loan maturing or renewing, the outstanding balance of that loan migrates from loans acquired to legacy loans. Our legacy loan growth from December 31, 2014 to June 30, 2015 included approximately $160 million in balances that migrated from acquired loans during the period. These migrated loan balances are included in the legacy loan balances as of June 30, 2015.

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 adequate allowance for loan losses and regularly reviewing loans through the internal loan review process. The loan portfolio is diversified by borrower, purpose and industry and, in the case of credit card loans, which are unsecured, by 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 loan 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, excluding loans acquired, at the indicated dates are reflected in Table 7, according to type of loan.

Table 7: Loan Portfolio

(In thousands)	June 30, 2015	December 31, 2014
Consumer:		
Credit cards	$ 174,074	$ 185,380
Other consumer	160,828	103,402
Total consumer	334,902	288,782
Real estate:		
Construction	199,707	181,968
Single family residential	662,954	455,563
Other commercial	878,109	714,797
Total real estate	1,740,770	1,352,328
Commercial:		
Commercial	388,869	291,820
Agricultural	141,502	115,658
Total commercial	530,371	407,478
Other	5,186	5,133
Total loans, excluding loans acquired, before allowance for loan losses	$ 2,611,229	$ 2,053,721

Consumer loans consist of credit card loans and other consumer loans. Consumer loans were $334.9 million at June 30, 2015, or 12.8% of total loans, compared to $288.8 million, or 14.1% of total loans at December 31, 2014. The increase in consumer loans from December 31, 2014, to June 30, 2015, was due to growth in direct and indirect consumer loans which was partially offset by the seasonal decline in our credit card portfolio, as expected.

Real estate loans consist of construction loans, single-family residential loans and commercial real estate loans. Real estate loans were $1.740 billion at June 30, 2015, or 66.7% of total loans, compared to the $1.352 billion, or 65.9%, of total loans at December 31, 2014, an increase of $388.4 million.

Commercial loans consist of non-agricultural commercial loans and agricultural loans. Commercial loans were $530.4 million at June 30, 2015, or 20.3% of total loans, compared to $407.5 million, or 19.8% of total loans at December 31, 2014, an increase of $122.9 million. Non-agricultural commercial loans increased to $388.9 million, a $97.0 million, or 33.2%, growth from December 31, 2014. Agricultural loans increased to $141.5 million, a $25.8 million, or 22.3%, growth primarily due to seasonality of the portfolio, which normally peaks in the third quarter and is at its lowest point at the end of the first quarter.

LOANS ACQUIRED

On February 27, 2015, we completed the acquisition of Liberty and issued 5,181,337 shares of the Company's common stock valued at approximately $212.2 million as of February 27, 2015 in exchange for all outstanding shares of Liberty common stock. Included in the acquisition were loans with a fair value of $780.7 million.

On February 27, 2015, we also completed the acquisition of Community First and issued 6,552,915 shares of the Company's common stock valued at approximately $268.3 million as of February 27, 2015, plus $9,974 in cash in exchange for all outstanding shares of Community First common stock. We also issued $30.9 million of preferred stock in exchange for all outstanding shares of Community First preferred stock. Included in the acquisition were loans with a fair value of $1.1 billion.

On August 31, 2014, we completed the acquisition of Delta Trust, and issued 1,629,424 shares of the Company's common stock valued at approximately $65.0 million as of August 29, 2014, plus $2.4 million in cash in exchange for all outstanding shares of Delta Trust common stock. Included in the acquisition were loans with a fair value of $311.7 million.

On November 25, 2013, we completed the acquisition of Metropolitan, in which the Company purchased all the stock of Metropolitan for $53.6 million in cash. The acquisition was conducted in accordance with the provisions of Section 363 of the United States Bankruptcy Code. Included in the acquisition were loans with a fair value of $457.4 million and foreclosed assets with a fair value of $42.9 million.

On September 30, 2013 we acquired a $9.8 million credit card portfolio for a premium of $1.3 million.

On October 19, 2012, we acquired certain assets and assumed certain deposits and other liabilities of Excel Bank of Sedalia, Missouri, in an FDIC-assisted transaction. On September 14, 2012, the Company acquired certain assets and assumed substantially all of the deposits and certain other liabilities of Truman Bank of St. Louis, Missouri, in an FDIC-assisted transaction. In 2010, we acquired substantially all of the assets and assumed substantially all of the deposits and certain other liabilities of two other failed banks in FDIC-assisted transactions. Loans comprise the majority of the assets acquired in the FDIC-assisted transactions. The majority of the loans acquired, along with the majority of the foreclosed assets acquired, are subject to loss share agreements with the FDIC whereby SFNB is indemnified against 80% of losses. These loans and foreclosed assets, as well as the related indemnification asset from the FDIC, are presented as covered assets in the accompanying consolidated financial statements.

A summary of the covered assets, along with the acquired loans and foreclosed assets held for sale that are not covered under FDIC loss share agreements, are reflected in Table 8 below as of June 30, 2014 and December 31, 2013.

Table 8: Assets Acquired

(In thousands)	June 30, 2015	December 31, 2014
Loans acquired, covered by FDIC loss share (net of discount and allowance)	$93,121	$ 106,933
Foreclosed assets covered by FDIC loss share	12,833	11,793
FDIC indemnification asset	13,020	22,663
Total covered assets	$118,974	$ 141,389
Loans acquired, not covered by FDIC loss share (net of discount)	$2,108,306	$ 575,980
Foreclosed assets acquired, not covered by FDIC loss share	29,644	33,053
Total assets acquired, not covered by FDIC loss share	$2,137,950	$ 609,033

Approximately $2.0 billion of the loans acquired in the Liberty, Community First, Metropolitan and Delta Trust acquisitions were evaluated and are being accounted for in accordance with ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount is being accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. We evaluated the remaining loans purchased in conjunction with the acquisitions of Liberty, Community First, Metropolitan and Delta Trust for impairment in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected. During the quarter ended June 30, 2015, some purchased impaired loans were determined to have experienced additional impairment upon disposition or foreclosure. We recorded a $604,000 provision for these loans, with a subsequent charge-off, resulting

in no increase to the allowance for loan losses for purchased impaired loans at June 30, 2015.

We evaluated all of the loans purchased in conjunction with the acquisition of Truman, Excel and our previous FDIC-assisted transactions in accordance with the provisions of ASC Topic 310-30. All loans acquired in the FDIC transactions, both covered and not covered, were deemed to be impaired loans. Because some pools evaluated by the Company, covered by loss share agreements, were determined to have experienced impairment in the estimated credit quality or cash flows during 2014, the Company recorded a provision to establish a $1.0 million allowance for loan losses for covered purchased impaired loans. See Note 2 and Note 5 of the Notes to Consolidated Financial Statements for further discussion of loans acquired.

ASSET QUALITY

A loan is considered impaired when it is probable that we will not receive all amounts due according to the contractual terms of the loans. Impaired loans include non-performing loans (loans past due 90 days or more and nonaccrual loans) and certain other loans identified by management that are still performing.

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 loan losses.

Credit card loans are classified as impaired when payment of interest or principal is 90 days past due. Litigation accounts are placed on nonaccrual until such time as deemed uncollectible. Credit card loans are generally charged off when payment of interest or principal exceeds 180 days past due, but are turned over to the credit card recovery department, to be pursued until such time as they are determined, on a case-by-case basis, to be uncollectible.

Total non-performing assets, excluding all loans acquired and foreclosed assets covered by FDIC loss share agreements, increased by $1.9 million from December 31, 2014 to June 30, 2015. Foreclosed assets held for sale (legacy and acquired, not covered) decreased by $2.2 million, even with the addition of $6.1 million of previously closed branch buildings and land reclassified to OREO from premises held for sale. There was no deterioration or further write-down of these properties. Under ASC Topic 360, there is a one year maximum holding period to classify premises as held for sale. Nonaccrual loans increased by $3.5 million during the period, primarily CRE loans. Non-performing assets, including troubled debt restructurings ("TDRs") and acquired non-covered foreclosed assets, as a percent of total assets were 0.81% at June 30, 2015, compared to 1.30% at December 31, 2014.

From time to time, certain borrowers of all types are experiencing declines in income and cash flow. As a result, many borrowers are seeking 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.

When we restructure a loan to a borrower that is experiencing financial difficulty and grant a concession that we would not otherwise consider, a "troubled debt restructuring" results and the Company classifies the loan as a TDR. The Company grants various types of concessions, primarily interest rate reduction and/or payment modifications or extensions, with an occasional forgiveness of principal.

Under ASC Topic 310-10-35 – *Subsequent Measurement*, a TDR is considered to be impaired, and an impairment analysis must be performed. We assess the exposure for each modification, either by collateral discounting or by calculation of the present value of future cash flows, and determine if a specific allocation to the allowance for loan losses is needed.

Once an obligation has been restructured because of such credit problems, it continues to be considered a TDR until paid in full; or, if an obligation yields a market interest rate and no longer has any concession regarding payment amount or amortization, then it is not considered a TDR at the beginning of the calendar year after the year in which the improvement takes place. Our TDR balance was $2.0 million at June 30, 2015, a decline of $.02 million from December 31, 2014. The majority of our TDRs remain in the CRE portfolio.

We return TDRs to accrual status only if (1) all contractual amounts due can reasonably be expected to be repaid within a prudent period, and (2) repayment has been in accordance with the contract for a sustained period, typically at

least six months.

We continue to maintain good asset quality, compared to the industry. The allowance for loan losses as a percent of total loans was 1.17% as of June 30, 2015. Non-performing loans equaled 0.65% of total loans. Non-performing assets were 0.79% of total assets, a 46 basis point improvement from December 31, 2014. The allowance for loan losses was 180% of non-performing loans. Our annualized net charge-offs to total loans for the first six months of 2015 was 0.17%. Excluding credit cards, the annualized net charge-offs to total loans for the same period was 0.08%. Annualized net credit card charge-offs to total credit card loans were 1.32%, compared to 1.27% during the full year 2014, and more than 150 basis points better than the most recently published industry average charge-off ratio as reported by the Federal Reserve for all banks.

Table 9 presents information concerning non-performing assets, including nonaccrual loans and foreclosed assets held for sale (excluding all loans acquired and excluding foreclosed assets covered by FDIC loss share).

Table 9: Non-performing Assets

($ in thousands)	June 30, 2015	December 31, 2014
Nonaccrual loans [1]	$15,565	$ 12,038
Loans past due 90 days or more (principal or interest payments)	1,375	961
Total non-performing loans	16,940	12,999
Other non-performing assets:		
Foreclosed assets held for sale	13,022	11,803
Acquired foreclosed assets held for sale, not covered by loss share	29,644	33,053
Other non-performing assets	242	97
Total other non-performing assets	42,908	44,953
Total non-performing assets	$59,848	$ 57,952
Performing TDRs	$1,959	$ 2,233
Allowance for loan losses to non-performing loans	180 %	223 %
Non-performing loans to total loans	0.65 %	0.63 %
Non-performing assets to total assets [2]	0.79 %	1.25 %

(1) Includes nonaccrual TDRs of approximately $1.8 million at June 30, 2015 and $1.0 million at December 31, 2014.

(2) Excludes all loans acquired and excludes foreclosed assets acquired, covered by FDIC loss share agreements, except for their inclusion in total assets.

There was no interest income on nonaccrual loans recorded for the three and six month periods ended June 30, 2015 and 2014.

At June 30, 2015, impaired loans, net of government guarantees and loans acquired, were $16.4 million compared to $14.7 million at December 31, 2014. On an ongoing basis, management evaluates the underlying collateral on all impaired loans and allocates specific reserves, where appropriate, in order to absorb potential losses if the collateral were ultimately foreclosed.

ALLOWANCE FOR LOAN LOSSES

Overview

The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's allowance for loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310-10, *Receivables*, and allowance allocations calculated in accordance with ASC Topic 450-20, *Loss Contingencies*. Accordingly, the methodology is based on our internal grading system, specific impairment analysis, qualitative and quantitative factors.

As mentioned above, allocations to the allowance for loan losses are categorized as either specific allocations or general allocations.

Specific Allocations

A loan is considered impaired when it is probable that we will not receive all amounts due according to the contractual terms of the loan, including scheduled principal and interest payments. For a collateral dependent loan, our evaluation process includes a valuation by appraisal or other collateral analysis. 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 loan losses as a specific allocation. If the loan is not collateral dependent, the measurement of loss is based on the difference between the expected and contractual future cash flows of the loan.

General Allocations

The general allocation is calculated monthly based on management's assessment of several factors such as (1) historical loss experience based on volumes and types, (2) volume and trends in delinquencies and nonaccruals, (3) lending policies and procedures including those for loan losses, collections and recoveries, (4) national, state and local economic trends and conditions, (5) concentrations of credit within the loan portfolio, (6) the experience, ability and depth of lending management and staff and (7) other factors and trends that will affect specific loans and categories of loans. We established general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as credit cards, one-to-four family owner occupied residential real estate loans and other consumer loans.

Reserve for Unfunded Commitments

In addition to the allowance for loan losses, we have established a reserve for unfunded commitments, classified in other liabilities. This reserve is maintained at a level sufficient to absorb losses arising from unfunded loan commitments. The adequacy of the reserve for unfunded commitments is determined monthly based on methodology similar to our methodology for determining the allowance for loan losses. Net adjustments to the reserve for unfunded commitments are included in other non-interest expense

An analysis of the allowance for loan losses is shown in Table 10.

Table 10: Allowance for Loan Losses

(In thousands)	2015	2014
Balance, beginning of year	$29,028	$27,442
Loans charged off:		
Credit card	1,587	1,541
Other consumer	586	574
Real estate	626	2,179
Commercial	245	268
Total loans charged off	3,044	4,562
Recoveries of loans previously charged off:		
Credit card	454	486
Other consumer	320	254
Real estate	58	1,370
Commercial	178	30
Total recoveries	1,010	2,140
Net loans charged off	2,034	2,422
Provision for loan losses [1]	3,573	2,510
Balance, June 30 [2]	$30,567	27,530
Loans charged off:		
Credit card		1,647
Other consumer		1,429
Real estate		734
Commercial		784
Total loans charged off		4,594
Recoveries of loans previously charged off:		
Credit card		410
Other consumer		216
Real estate		435
Commercial		296
Total recoveries		1,357
Net loans charged off		3,237
Provision for loan losses		4,735
Balance, end of year [2]		$29,028

(1) Provision for loan losses of $604,000 attributable to loans acquired, not covered by loss share, was excluded from this table for 2015 (total year-to-date provision for loan losses for the six months ended June 30, 2015 is $4,177,000). The $604,000 was subsequently charged-off, resulting in no ending balance in the allowance related to loans acquired, not covered by loss share.

(2) Allowance for loan losses at June 30, 2015 and December 31, 2014 includes $954,000 allowance for loans acquired, covered by loss share. The total allowance for loan losses at June 30, 2015 and December 31, 2014 was $31,521,000 and $29,982,000, respectively.

Provision for Loan Losses

The amount of provision to the allowance during the three and six months ended June 30, 2015 and 2014, and for the year ended December 31, 2014, was based on management's judgment, with consideration given to the composition of the portfolio, historical loan loss experience, assessment of current economic conditions, past due and non-performing loans and net 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.

Allowance for Loan Losses Allocation

As of June 30, 2015, the allowance for loan losses reflects an increase of approximately $1,539,000 from December 31, 2014, while total loans, excluding loans acquired, increased by $557.5 million over the same six month period. The allocation in each category within the allowance generally reflects the overall changes in the loan portfolio mix.

The following table sets forth the sum of the amounts of the allowance for loan losses attributable to individual loans within each category, or loan categories in general, excluding loans acquired. The table also reflects the percentage of loans in each category to the total loan portfolio, excluding loans acquired, for each of the periods indicated. These allowance amounts have been computed using the Company's internal grading system, specific impairment analysis, qualitative and quantitative factor allocations. The amounts shown are not necessarily indicative of the actual future losses that may occur within individual categories. We had no allocation of our allowance to loans acquired for any of the periods presented.

Table 11: Allocation of Allowance for Loan Losses

	June 30, 2015		December 31, 2014	
($ in thousands)	Allowance Amount	% of loans [1]	Allowance Amount	% of loans [1]
Credit cards	$5,318	6.7 %	$5,445	9.1 %
Other consumer	1,136	6.2 %	1,427	5.0 %
Real estate	18,577	66.6 %	15,161	65.9 %
Commercial	5,310	20.3 %	6,962	19.8 %
Other	226	0.2 %	33	0.2 %
Total	$30,567	100.0%	$29,028	100.0%

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

DEPOSITS

Deposits are our primary source of funding for earning assets and are primarily developed through our network of over 100 financial centers. 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 $100,000 or

more and brokered deposits. As of June 30, 2015, core deposits comprised 92.9% 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 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 and do not anticipate a significant change in total deposits. 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.

Our total deposits as of June 30, 2015, were $6.170 billion, an increase of $2.309 billion from December 31, 2014. We have continued our strategy to move more volatile time deposits to less expensive, revenue enhancing transaction accounts. Non-interest bearing transaction accounts, interest bearing transaction accounts and savings accounts totaled $4.722 billion at June 30, 2015, compared to $2.896 billion at December 31, 2014, a $1.827 billion increase. Total time deposits increased $483 million to $1.448 billion at June 30, 2015, from $965 million at December 31, 2014. In an attempt to utilize some of our excess liquidity, we have priced deposits in a manner to encourage a reduction in non-relationship time deposits. We had $16.6 million and $7.4 million of brokered deposits at June 30, 2015, and December 31, 2014, respectively.

OTHER BORROWINGS AND SUBORDINATED DEBENTURES

Our total debt was $233.1 million and $135.3 million at June 30, 2015 and December 31, 2014, respectively. The outstanding balance for June 30, 2015 includes $31.2 million in FHLB short-term advances, $98.5 million in FHLB long-term advances, $41.6 million in notes payable and $61.8 million of trust preferred securities. The outstanding balance for December 31, 2014 included $71.6 million in FHLB long-term advances, $43.1 million in notes payable and $20.6 million of trust preferred securities.

The $41.6 million notes payable is unsecured debt from correspondent banks used as partial funding for our Metropolitan acquisition in 2013. These notes carry a 3.25% floating rate to be repaid by December 31, 2016. During the six months ended June 30, 2015, we increased total debt by $97.8 million from December 31, 2014 primarily due to adding $190.7 million in FHLB borrowings and $41.0 million in subordinated debentures as part of the Liberty and Community First acquisitions. Of this debt, $113.1 million was subsequently repaid during the period.

CAPITAL

Overview

At June 30, 2015, total capital was $1.025 billion. Capital represents shareholder ownership in the Company – the book value of assets in excess of liabilities. At June 30, 2015, our common equity to assets ratio was 13.6%, up 241 basis points from year-end 2014.

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. The aggregate liquidation preference of all shares of preferred stock cannot exceed $80,000,000.

On February 27, 2015, as part of the acquisition of Community First, the Company issued 30,852 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series A (“Simmons Series A Preferred Stock”) in exchange for the outstanding shares of Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C (“Community First Series C Preferred Stock”). The preferred stock is held by the United States Department of the Treasury (“Treasury”) as the Community First Series C Preferred Stock was issued when Community First entered into a Small Business

Lending Fund Securities Purchase Agreement with the Treasury. The Simmons Series A Preferred Stock qualifies as Tier 1 capital and will pay quarterly dividends. The rate will remain fixed at 1% through February 18, 2016, at which time it will convert to a fixed rate of 9%. We plan to redeem the Simmons Series A Preferred Stock in the first quarter of 2016.

Stock Repurchase

During 2012, we announced the adoption by the Board of Directors of a new stock repurchase program. The program authorizes the repurchase of up to 850,000 additional shares of Class A common stock, or approximately 5% of the shares outstanding at that time. The shares are to be purchased from time to time at prevailing market prices, through open market or unsolicited negotiated transactions, depending upon market conditions. Under the repurchase program, there is no time limit for the stock repurchases, nor is there a minimum number of shares that the Company intends to repurchase. We intend to use the repurchased shares to satisfy stock option exercises, payment of future stock awards and dividends and general corporate purposes. We suspended our stock repurchases in August of 2013, with 154,136 shares remaining available for repurchase under the program.

On March 4, 2014 the Company filed a shelf registration statement with the Securities and Exchange Commission (“SEC”). Subsequently, on June 18, 2014 the Company filed Amendment No. 1 to the shelf registration statement. After becoming effective, the shelf registration statement allows us to raise capital from time to time, up to an aggregate of $300 million, through the sale of common stock, preferred stock, stock warrants, stock rights or a combination thereof, subject to market conditions. Specific terms and prices are determined at the time of any offering under a separate prospectus supplement that we are required to file with the SEC at the time of the specific offering.

Cash Dividends

We declared cash dividends on our common stock of $0.46 per share for the first six months of 2015 compared to $0.44 per share for the first six months of 2014, an increase of $0.02, or 4.6%. 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 the share repurchase plan. 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 and First State Bank. Payment of dividends by the subsidiary bank is subject to various regulatory limitations. See the Liquidity and Market Risk Management discussions of Item 3 – Quantitative and Qualitative Disclosure About Market Risk for additional information regarding the parent company’s liquidity.

Risk Based Capital

Our subsidiaries are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Our capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the table below) of total and 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 June 30, 2015, we meet all capital adequacy requirements to which we are subject.

As of the most recent notification from regulatory agencies, the subsidiaries were well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and subsidiaries must maintain minimum total risk-based, 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 institutions' categories.

Our risk-based capital ratios at June 30, 2015 and December 31, 2014 are presented in Table 12 below:

Table 12: Risk-Based Capital

($ in thousands)	June 30, 2015	December 31, 2014
Tier 1 capital:		
Stockholders' equity	$1,025,105	$494,319
Trust preferred securities	61,794	20,000
Goodwill and core deposit premiums	(342,590)	(112,545)
Unrealized gain on available-for-sale securities, net of income taxes	1,400	1,336
Other	(10,297)	-
Total Tier 1 capital	735,412	403,110
Tier 2 capital:		
Qualifying unrealized gain on available-for-sale equity securities	-	2
Qualifying allowance for loan losses	34,284	32,073
Total Tier 2 capital	34,284	32,075
Total risk-based capital	$769,696	$435,185
Risk weighted assets	$4,714,852	$3,002,270
Assets for leverage ratio	$7,350,900	$4,593,924
Ratios at end of period:		
Common equity Tier 1 ratio (CET1)	13.63 %	N/A
Tier 1 leverage ratio	10.00 %	8.77 %
Tier 1 risk-based capital ratio	15.60 %	13.43 %
Total risk-based capital ratio	16.32 %	14.50 %
Minimum guidelines:		
Common equity Tier 1 ratio	4.50 %	N/A
Tier 1 leverage ratio	4.00 %	4.00 %
Tier 1 risk-based capital ratio	6.00 %	4.00 %
Total risk-based capital ratio	8.00 %	8.00 %
Well capitalized guidelines:		
Common equity Tier 1 ratio	6.50 %	N/A
Tier 1 leverage ratio	5.00 %	5.00 %
Tier 1 risk-based capital ratio	8.00 %	6.00 %
Total risk-based capital ratio	10.00 %	10.00 %

Regulatory Capital Changes

In July 2013, the Company's primary federal regulator, the Federal Reserve, published final rules (the "Basel III Capital Rules") establishing a new comprehensive capital framework for U.S. banks. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards. The Basel III Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions compared to the current U.S. risk-based capital rules.

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 and replace the existing risk-weighting approach with a more risk-sensitive approach.

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

The final rules include 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 raise the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0% and require a minimum leverage ratio of 4.0%. The Basel III Capital Rules are effective for the Company, Simmons Bank and First State Bank on January 1, 2015, with full compliance with all of the final rule's requirements phased in over a multi-year schedule. As of June 30, 2015, the Company and its subsidiary banks would meet all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis if such requirements were currently effective.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See the section titled *Recently Issued Accounting Pronouncements* in Note 1, Basis of Presentation, 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.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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," "estimate," "expect," "foresee," "believe," "may," "might," "will," "would," "could" or "intend," future or conditional verb tenses, and variations or negatives of such terms. These forward-looking statements include, without limitation, those relating to the Company's future growth, revenue, assets, asset quality, profitability and customer service, critical accounting policies, net interest margin, non-interest revenue, market conditions related to the Company's stock repurchase program, allowance for loan losses, the effect of certain new accounting standards on the Company's financial statements, income tax deductions, credit quality, the level of credit losses from lending commitments, net interest revenue, interest rate sensitivity, loan loss experience, liquidity, capital resources, market risk, earnings, effect of pending litigation, acquisition strategy, efficiency initiatives, legal and regulatory limitations and compliance and competition.

These forward-looking statements involve risks and uncertainties, and may not be realized due to a variety of factors, including, without limitation: the effects of future economic conditions, governmental monetary and fiscal policies, as well as legislative and regulatory changes; the risks of changes in interest rates and their effects on the level and composition of deposits, loan demand and the values of loan collateral, securities and interest sensitive assets and liabilities; the costs of evaluating possible acquisitions and the risks inherent in integrating acquisitions; the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer

and the Internet; the failure of assumptions underlying the establishment of reserves for possible loan losses; and those factors set forth under Item 1A. Risk-Factors of this report and other cautionary statements set forth elsewhere in this report. Many of these factors are beyond our ability to predict or control. 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 expectations 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 and you should not place undue reliance on these forward-looking statements. 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.

RECONCILIATION OF NON-GAAP MEASURES

The table below presents computations of core earnings (net income excluding nonrecurring items {gains on sale of merchant services, merger related costs, charter consolidation costs and branch right sizing expenses}) and diluted core earnings per share (non-GAAP). Nonrecurring items are included in financial results presented in accordance with generally accepted accounting principles ("GAAP").

The Company believes the exclusion of these nonrecurring items in expressing earnings and certain other financial measures, including "core earnings", provides a meaningful base for period-to-period and company-to-company comparisons, which management believes will assist investors and analysts in analyzing the core financial measures of the Company and predicting future performance. This non-GAAP financial measure is also used by management to assess the performance of the Company's business, because management does not consider these nonrecurring items to be relevant to ongoing financial performance. Management and the Board of Directors utilize "core 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

The Company believes the presentation of "core earnings" on a diluted per share basis, "diluted core earnings per share" (non-GAAP), provides a meaningful base for period-to-period and company-to-company comparisons, which management believes will assist investors and analysts in analyzing the core financial measures of the Company and predicting future performance. This non-GAAP financial measure is also used by management to assess the performance of the Company's business, because management does not consider these nonrecurring items to be relevant to ongoing financial performance on a per share basis. Management and the Board of Directors utilize "diluted core 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

The Company believes 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 applied by management and the Board of Directors.

“Core earnings” and “diluted core earnings per share” (non-GAAP) have inherent limitations, are not required to be uniformly applied and are not audited. To mitigate these limitations, the Company has procedures in place to identify and approve each item that qualifies as nonrecurring to ensure that the Company’s “core” 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 nonrecurring items does not represent the amount that effectively accrues directly to stockholders (i.e., nonrecurring items are included in earnings and stockholders’ equity).

See Table 13 below for the reconciliation of non-GAAP financial measures, which exclude nonrecurring items for the periods presented.

Table 13: Reconciliation of Core Earnings (non-GAAP)

	Three Months Ended		Six Months Ended	
($ in thousands)	June 30, 2015	2014	June 30, 2015	2014
Net Income	$20,018	$9,908	$28,727	$14,261
Nonrecurring items:				
Gain on sale of merchant services	-	(1,000)	-	(1,000)
Merger related costs	1,247	1,354	11,666	2,627
Branch right sizing [1]	2,745	(2,011)	2,780	1,867
Charter consolidation costs	-	414	-	414
Tax effect [2]	(1,566)	488	(5,029)	(1,532)
Net nonrecurring items	2,426	(755)	9,417	2,375
Core earnings (non-GAAP)	$22,444	$9,153	$38,144	$16,635
Diluted earnings per share	$0.67	$0.60	$1.10	$0.87
Nonrecurring items:				
Gain on sale of merchant services	-	(0.06)	-	(0.06)
Merger related costs[1]	0.04	0.08	0.45	(0.16)
Branch right sizing	0.09	(0.12)	0.11	0.12
Charter consolidation costs	-	0.03	-	0.03
Tax effect [2]	(0.05)	0.03	(0.20)	(0.10)
Net nonrecurring items	0.08	(0.04)	0.36	0.15
Diluted core earnings per share (non-GAAP)	$0.75	$0.56	$1.46	$1.02

(1) 2014 branch right sizing includes $2,311 gain on sale of previously closed branches.

(2) Effective tax rate of 39.225%, adjusted for non-deductible merger related costs.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Parent Company

The Company has leveraged its investment in subsidiary banks and depends upon the dividends paid to it, as the sole shareholder of the subsidiary banks, as a principal source of funds for dividends to shareholders, stock repurchase and debt service requirements. At June 30, 2015, undivided profits of the Company's subsidiary banks were approximately $182.0 million, of which approximately $22.8 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 Banks

Generally speaking, our subsidiary banks rely 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 banks’ primary investing activities include loan originations and purchases of investment securities, offset by loan payoffs and investment 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 banks monitor these same indicators and make 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 five 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, primarily from downstream correspondent banks, are available on a daily basis and are used to meet the normal fluctuations of a dynamic balance sheet. In addition, the Company and our subsidiary banks have approximately $196 million in Federal funds lines of credit from upstream correspondent banks that can be accessed, when needed. 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.

A second source of liquidity is the retail deposits available through our subsidiary banks throughout Arkansas, Kansas, Missouri and Tennessee. Although this method can be a more expensive alternative to supplying liquidity, this source can be used to meet intermediate term liquidity needs.

Third, our subsidiary banks have lines of credits 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 $920.7 million of these lines of credit are currently available, if needed.

Fourth, 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 46.5% of the investment portfolio is classified as available-for-sale. We also use securities held in the securities portfolio to pledge when obtaining public funds.

Finally, we have the ability to access large deposits from both the public and private sector to fund short-term liquidity needs.

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.

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 June 30, 2015, 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 -0.95% and -1.04%, respectively, relative to the base case over the next 12 months, while decreases in interest rates of 100 basis points would result in a positive variance in net interest income of 0.70% relative to the base case over the next 12 months. The likelihood of a decrease in interest rates in excess of 50 basis points as of June 30, 2015 is considered remote given current interest rate levels. These are good faith estimates and assume that the composition of our interest sensitive assets and liabilities existing at each year-end will remain constant over the relevant twelve month measurement period and that changes in market interest rates are instantaneous and sustained across the yield curve regardless of duration of pricing characteristics of specific assets or liabilities. Also, this analysis does not contemplate any actions that we might undertake in response to changes in market interest rates. We believe these estimates are not necessarily indicative of what actually could occur in the event of immediate interest rate increases or decreases of this magnitude. As interest-bearing assets and liabilities reprice in different time frames and proportions to market interest rate movements, various assumptions must be made based on historical relationships of these variables in reaching any conclusion. Since these correlations are based on competitive and market conditions, we anticipate that our future results will likely be different from the foregoing estimates, and such differences could be material.

The table below presents our sensitivity to net interest income at June 30, 2015:

Table 14: Net Interest Income Sensitivity

Interest Rate Scenario	% Change from Base
Up 200 basis points	-1.04%
Up 100 basis points	-0.95%
Down 100 basis points	0.70%

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have 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 Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures were effective for the period.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2015, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: Other Information

Item 1A. Risk Factors

Management is not aware of any material changes to the risk factors discussed in Part 1, Item 1A of our Form 10-K for the year ended December 31, 2014. In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A of our Form 10-K, which could materially and adversely affect the Company's business, ongoing financial condition and results of operations. The risks described are not the only risks facing the Company. Additional risks and uncertainties not presently known to management or that management currently believes to be immaterial may also adversely affect our business, ongoing financial condition or results of operations.

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

(c) Issuer Purchases of Equity Securities. The Company made no purchases of its common stock during the three months ended June 30, 2015.

Item 6. Exhibits

Exhibit No.	Description
2.1	Purchase and Assumption Agreement, dated as of May 14, 2010, among Federal Insurance Deposit Corporation, Receiver of Southwest Community Bank, Springfield, Missouri, Federal Deposit Insurance Corporation and Simmons First National Bank (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation's Current Report on Form 8-K, as amended, for May 19, 2010 (File No. 000-06253)).
2.2	Purchase and Assumption Agreement, dated as of October 15, 2010, among Federal Insurance Deposit Corporation, Receiver of Security Savings Bank F.S.B., Olathe, Kansas, Federal Deposit Insurance Corporation and Simmons First National Bank (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation's Current Report on Form 8-K, as amended, for October 21, 2010 (File No. 000-06253)).
2.3	Purchase and Assumption Agreement Whole Bank All Deposits, among Federal Insurance Deposit Corporation, Receiver of Truman Bank, St. Louis, Missouri, Federal Deposit Insurance Corporation, and Simmons First National Bank, Pine Bluff, Arkansas, dated as of September 14, 2012 (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation's Current Report on Form 8-K, as amended, for September 20, 2012 (File No. 000-06253)).
2.4	Loan Sale Agreement, by and between Federal Deposit Insurance Corporation, as Receiver for Truman Bank, St. Louis, Missouri, and Simmons First National Bank, Pine Bluff, Arkansas, dated as of September 14, 2012 (incorporated by reference to Exhibit 2.2 to Simmons First National Corporation's Current Report on Form 8-K, as amended, for September 20, 2012 (File No. 000-06253)).
2.5	Purchase and Assumption Agreement Whole Bank All Deposits, among Federal Insurance Deposit Corporation, Receiver of Excel Bank, Sedalia, Missouri, Federal Deposit Insurance Corporation, and Simmons First National Bank, Pine Bluff, Arkansas, dated as of October 19, 2012 (incorporated by reference to Exhibit 2.1 to Simmons First National Corporation's Current Report on Form 8-K, as amended, for October 25, 2012 (File No. 000-06253)).
2.6	

	Stock Purchase Agreement by and between Simmons First National Corporation and Rogers Bancshares, Inc., dated as of September 10, 23013 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K for September 12, 2013 (File No. 000-06253)).
2.7	Agreement and Plan of Merger, dated as of March 24, 2014, by and between Simmons First National Corporation and Delta Trust & Banking Corporation(incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on July 23, 2014 (File No. 000-06253)).
2.8	Agreement and Plan of Merger, dated as of May 6, 2014, by and between Simmons First National Corporation and Community First Bancshares, Inc., as amended on September 11, 2014 (incorporated by reference to Annex A to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on October 8, 2014 (File No. 000-06253)).
2.9	Agreement and Plan of Merger, dated as of May 27, 2014, by and between Simmons First National Corporation and Liberty Bancshares, Inc., as amended on September 11, 2014 (incorporated by reference to Annex B to the Joint Proxy Statement/Prospectus filed by Simmons First National Corporation on October 8, 2014 (File No. 000-06253)).
3.1	Restated Articles of Incorporation of Simmons First National Corporation (incorporated by reference to Exhibit 3.1 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2009 (File No. 000-06253)).

3.2	Amended By-Laws of Simmons First National Corporation (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, 2013 (File No. 000-06253)).
3.3	Certificate of Designation of Senior Non-Cumulative Perpetual Preferred Stock, Series A of Simmons First National Corporation, dated February 27, 2015 (incorporated by reference to Exhibit 3.1to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.1	Amended and Restated Trust Agreement, dated as of December 16, 2003, among the Company, Deutsche Bank Trust Company Americas, Deutsche Bank Trust Company Delaware and each of J. Thomas May, Barry L. Crow and Bob Fehlman as administrative trustees, with respect to Simmons First Capital Trust II (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.2	Guarantee Agreement, dated as of December 16, 2003, between the Company and Deutsche Bank Trust Company Americas, as guarantee trustee, with respect to Simmons First Capital Trust II (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.3	Junior Subordinated Indenture, dated as of December 16, 2003, among the Company and Deutsche Bank Trust Company Americas, as trustee, with respect to the junior subordinated note held by Simmons First Capital Trust II (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.4	Amended and Restated Trust Agreement, dated as of December 16, 2003, among the Company, Deutsche Bank Trust Company Americas, Deutsche Bank Trust Company Delaware and each of J. Thomas May, Barry L. Crow and Bob Fehlman as administrative trustees, with respect to Simmons First Capital Trust III (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.5	Guarantee Agreement, dated as of December 16, 2003, between the Company and Deutsche Bank Trust Company Americas, as guarantee trustee, with respect to Simmons First Capital Trust III (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.6	Junior Subordinated Indenture, dated as of December 16, 2003, among the Company and Deutsche Bank Trust Company Americas, as trustee, with respect to the junior subordinated note held by Simmons First Capital Trust III (incorporated by reference to Exhibit 10.6 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.7	

	Amended and Restated Trust Agreement, dated as of December 16, 2003, among the Company, Deutsche Bank Trust Company Americas, Deutsche Bank Trust Company Delaware and each of J. Thomas May, Barry L. Crow and Bob Fehlman as administrative trustees, with respect to Simmons First Capital Trust IV (incorporated by reference to Exhibit 10.7 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.8	Guarantee Agreement, dated as of December 16, 2003, between the Company and Deutsche Bank Trust Company Americas, as guarantee trustee, with respect to Simmons First Capital Trust IV (incorporated by reference to Exhibit 10.8 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.9	Junior Subordinated Indenture, dated as of December 16, 2003, among the Company and Deutsche Bank Trust Company Americas, as trustee, with respect to the junior subordinated note held by Simmons First Capital Trust IV (incorporated by reference to Exhibit 10.9 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).
4.10	Indenture, dated as of June 23, 2005, between Community First Bancshares, Inc., and Deutsche Bank Trust Company Americas, as trustee, relating to subordinated debentures due June 30, 2035 (incorporated by reference to Exhibit 4.1to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).

4.11	First Supplemental Indenture, dated as of February 27, 2015, to Indenture, dated as of June 23, 2005, between Simmons First National Corporation and Deutsche Bank Trust Company Americas , as trustee (incorporated by reference to Exhibit 4.2to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.12	Indenture, dated as of September 10, 2007, between Community First Bancshares, Inc., and Wilmington Trust Company, as trustee, relating to subordinated debentures due September 15, 2037 (incorporated by reference to Exhibit 4.3to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.13	First Supplemental Indenture, dated as of February 27, 2015, to Indenture, dated as of September 10, 2007, between Simmons First National Corporation and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 4.4to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.14	Indenture, dated as of December 5, 2003, between Liberty Bancshares, Inc., and U. S. Bank National Association, as trustee, relating to subordinated debentures due December 5, 2033 (incorporated by reference to Exhibit 4.5to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.15	First Supplemental Indenture, dated as of February 27, 2015, to Indenture, dated as of December 5, 2003, between Simmons First National Corporation and U. S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.6to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.16	Indenture, dated as of October 13, 2004, between Liberty Bancshares, Inc., and Wilmington Trust Company, as trustee, relating to subordinated debentures due October 18, 2034 (incorporated by reference to Exhibit 4.7to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.17	First Supplemental Indenture, dated as of February 27, 2015, to Indenture, dated as of October 13, 2004, between Simmons First National Corporation and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 4.8to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.18	Indenture, dated as of March 23, 2007, between Liberty Bancshares, Inc., and Wilmington Trust Company, as trustee, relating to subordinated debentures due June 6, 2037 (incorporated by reference to Exhibit 4.9to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
4.19	First Supplemental Indenture, dated as of February 27, 2015, to Indenture, dated as of March 23, 2007, between Simmons First National Corporation and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 4.10 to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).

10.1	Notice of discretionary bonuses to J. Thomas May, David L. Bartlett, Robert A. Fehlman, Marty D. Casteel and Robert C. Dill (incorporated by reference to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).
10.2	Deferred Compensation Agreements, adopted January 25, 2010, between Simmons First National Corporation and Robert A. Fehlman and Marty D. Casteel (incorporated by reference to Exhibits 10.2 and 10.3 to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).
10.3	Simmons First National Corporation Executive Retention Program, adopted January 25, 2010, and notice of retention bonuses to David Bartlett, Robert A. Fehlman and Marty D. Casteel (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).

10.4	Simmons First National Corporation Executive Stock Incentive Plan – 2010, adopted January 25, 2010 (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).
10.5	Deferred Compensation Agreement for Marty D. Casteel (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).
10.6	Simmons First National Corporation Executive Retention Program (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).
10.7	Simmons First National Corporation Executive Stock Incentive Plan - 2010 (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Current Report on Form 8-K for January 25, 2010 (File No. 000-06253)).
10.8	Change in Control Agreement for J. Thomas May (incorporated by reference to Exhibit 10(a) to Simmons First National Corporation's Quarterly Report on Form 10-Q filed August 9, 2001 (File No. 000-06253)).
10.9	Change in Control Agreement for Robert A. Fehlman (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Current Report on Form 8-K filed January 29, 2010 (File No. 000-06253)).
10.10	Change in Control Agreement for David Bartlett (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed March 2, 2006 (File No. 000-06253)).
10.11	Change in Control Agreement for Marty D. Casteel (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Current Report on Form 8-K filed January 29, 2010 (File No. 000-06253)).
10.12	Change in Control Agreement for Robert Dill (incorporated by reference to Exhibit 10.21 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).
10.13	Amendment to Change in Control Agreement for Robert C. Dill (incorporated by reference to Exhibit 10.22 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).
10.14	Amended and Restated Deferred Compensation Agreement for J. Thomas May (incorporated by reference to Exhibit 10.23 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).

10.15 First Amendment to the Amended and Restated Deferred Compensation Agreement for J. Thomas May (incorporated by reference to Exhibit 10.24 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).

10.16 Second Amendment to the Amended and Restated Deferred Compensation Agreement for J. Thomas May (incorporated by reference to Exhibit 10.25 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).

10.17 Executive Salary Continuation Agreement for David L. Bartlett (incorporated by reference to Exhibit 10.26 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).

10.18 409A Amendment to the Simmons First Bank of Hot Springs Executive Salary Continuation Agreement for David Bartlett (incorporated by reference to Exhibit 10.27 to Simmons First National Corporation's Amendment to the Annual Report on Form 10-K/A for the Year ended December 31, 2009 (File No. 000-06253)).

10.19 Simmons First National Corporation Incentive and Non-Qualified Stock Option Plan (incorporated by reference to Exhibit 4.1 to Simmons First National Corporation's Registration Statement on Form S-8 filed May 19, 2006 (File No. 333-134276)).

10.20 Simmons First National Corporation Executive Stock Incentive Plan (incorporated by reference to Exhibit 4.1 to Simmons First National Corporation's Registration Statement on Form S-8 filed May 19, 2006 (File No. 333-134301)).

10.21 Simmons First National Corporation Executive Stock Incentive Plan – 2001 (incorporated by reference to Definitive Additional Materials to Simmons First National Corporation's Definitive Proxy Materials on Schedule 14A filed April 2, 2001 (File No. 000-06253)).

10.22 Simmons First National Corporation Executive Stock Incentive Plan – 2006 (incorporated by reference to Exhibit 1.2 to Simmons First National Corporation's Definitive Proxy Materials on Schedule 14A filed March 10, 2006 (File No. 000-06253)).

10.23 First Amendment to Simmons First National Corporation Executive Stock Incentive Plan – 2006 (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed June 4, 2007 (File No. 000-06253)).

10.24 Simmons First National Corporation Outside Director's Stock Incentive Plan - 2006 (incorporated by reference to Exhibit 1.3 to Simmons First National Corporation's Definitive Proxy Materials on Schedule 14A filed March 10, 2006 (File No. 000-06253)).

10.25 Amended and Restated Simmons First National Corporation Outside Director's Stock Incentive Plan - 2006 (incorporated by reference to Exhibit 1.1 to Simmons First National Corporation's Definitive Proxy Materials on Schedule 14A filed March 10, 2008 (File No. 000-06253)).

10.26 Simmons First National Corporation Dividend Reinvestment Plan (incorporated by reference to Exhibit 4.1 to Simmons First National Corporation's Registration Statement on Form S-3D filed May 20, 1998 (File No. 333-53119)).

10.27 Simmons First National Corporation Amended and Restated Dividend Reinvestment Plan (incorporated by reference to Exhibit 4.1 to Simmons First National Corporation's Registration Statement on Form S-3D filed July 14, 2004 (File No. 333-117350)).

10.28 Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed November 12, 2009 (File No. 000-06253)).

10.29	Simmons First National Corporation Executive Stock Incentive Plan - 2010 (incorporated by reference to Exhibit 99.1 to Simmons First National Corporation's Registration Statement on Form S-8 filed January 28, 2013 (File No. 333-186254)).
10.30	Simmons First National Corporation Chief Executive Officer Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed February 28, 2014 (File No. 000-6253)).
10.31	Simmons First National Corporation Outside Director Stock Incentive Plan - 2014 (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Current Report on Form 8-K filed February 28, 2014 (File No. 000-6253)).
10.32	Small Business Lending Fund Securities Purchase Agreement, dated as of August 18, 2011, between the United States Department of the Treasury and Community First Bancshares, Inc. (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).
10.33	Assignment and Assumption of Liabilities Agreement, dated February 27, 2015 between Simmons First National Corporation and Community First Bancshares, Inc. (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Current Report on Form 8-K on October 8, 2014 (File No. 000-06253)).

10.34 Simmons First National Corporation 2015 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed December 19, 2014 (File No. 000-06253)).

10.35 Simmons First National Corporation 2015 Incentive Plan (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Current Report on Form 8-K filed April 28, 2015 (File No. 000-06253)).

12.1 Computation of Ratios of Earnings to Combined Fixed Charges and Preferred Dividend.*

14 Code of Ethics, dated December 2003, for CEO, CFO, controller and other accounting officers (incorporated by reference to Exhibit 14 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 000-06253)).

15.1 Awareness Letter of BKD, LLP.*

31.1 Rule 13a-15(e) and 15d-15(e) Certification – George A. Makris, Jr., Chairman and Chief Executive Officer.*

31.2 Rule 13a-15(e) and 15d-15(e) Certification – Robert A. Fehlman, Senior Executive Vice President, Chief Financial Officer and Treasurer.*

31.3 Rule 13a-15(e) and 15d-15(e) Certification – David W. Garner, Executive Vice President, Controller 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 – George A. Makris, Jr., Chairman and 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 – Robert A. Fehlman, Senior Executive Vice President, Chief Financial Officer and Treasurer.*

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, Controller and Chief Accounting Officer.*

101.INS XBRL Instance Document.**

101.SCH XBRL Taxonomy Extension Schema.**

101.CAL XBRL Taxonomy Extension Calculation Linkbase.**

101.DEF XBRL Taxonomy Extension Definition Linkbase.**

101.LAB XBRL Taxonomy Extension Labels Linkbase.**

101.PRE XBRL Taxonomy Extension Presentation Linkbase.**

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* Filed herewith

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

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: August 10, 2015 /s/ George A. Makris, Jr.
George A. Makris, Jr.
Chairman and Chief Executive Officer

Date: August 10, 2015 /s/ Robert A. Fehlman
Robert A. Fehlman
Senior Executive Vice President,
Chief Financial Officer and Treasurer

Date: August 10, 2015 /s/ David W. Garner
David W. Garner
Executive Vice President, Controller
and Chief Accounting Officer