

SIMMONS FIRST NATIONAL CORP

Form S-4

July 29, 2014

Table of Contents

As filed with the Securities and Exchange Commission on July 29, 2014.

Registration No. 333-

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

FORM S-4  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

SIMMONS FIRST NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Arkansas  
(State or other jurisdiction of  
incorporation or organization)

6022  
(Primary Standard Industrial  
Classification Code Number)

71-0407808  
(I.R.S. Employer  
Identification Number)

**501 Main Street**

**Pine Bluff, Arkansas 71601**

**(870) 541-1000**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**George A. Makris, Jr.**

**Chairman and Chief Executive Officer**

**Simmons First National Corporation**

**501 Main Street**

**Pine Bluff, Arkansas 71601**

**(870) 541-1000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*With copies to:*

**Frank M. Conner III**

**Michael P. Reed**

**Covington & Burling LLP**

**1201 Pennsylvania Avenue, N.W.**

**Washington, D.C. 20004**

**(202) 662-6000**

**John C. Clark**

**Steven J. Eisen**

**President and CEO**

**Baker, Donelson, Bearman,**

**Community First Bancshares, Inc.**

**Caldwell & Berkowitz, PC**

**Patrick A. Burrow**

**Quattlebaum, Grooms, Tull &**

**Burrow, PLLC**

**111 Center Street, Suite 1900**

**Little Rock, Arkansas 72201**

**(501) 379-1700**

**Gary E. Metzger**

**J. Kyle McCurry**

**Chairman and CEO**

**T.J. Lynn**

**Liberty Bancshares, Inc.**

**Stinson Leonard Street LLP**

115 West Washington Avenue    211 Commerce Street, Suite 800    4625 South National Avenue    1201 Walnut, Suite 2900  
 Union City, Tennessee 38261    Nashville, Tennessee 37201    Springfield, Missouri 65810    Kansas City, Missouri 64106  
 (731) 886-8800    (615) 726-5718    (417) 888-3000    (816) 691-3285

**Approximate date of commencement of the proposed sale of the securities to the public:** As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the 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     x  
 Non-accelerated filer     (Do not check if a smaller reporting company)    Smaller accelerated filer   

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)   

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)   

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be	Proposed Maximum	Proposed Maximum	Amount of Registration Fee <sup>(5)</sup>
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	Registered	Offering Price	Aggregate	
		per Share	Offering Price	
Class A Common Stock, \$0.01 par value per share	11,871,187 <sup>(1)</sup>	N/A	\$244,249,470 <sup>(3)</sup>	\$31,459.34
Senior Non-Cumulative Perpetual Preferred Stock, Series A, \$0.01 par value per share	30,852 <sup>(2)</sup>	N/A	\$30,852,000 <sup>(4)</sup>	\$3,973.74
Total				\$35,433.08

- (1) Represents the maximum number of shares of common stock of Simmons First National Corporation ( Simmons ) that may be issued as consideration of the mergers described herein between (1) Simmons First National Corporation and Community First Bancshares, Inc. ( Community First ) and (2) Simmons First National Corporation and Liberty Bancshares, Inc. ( Liberty ). This number is based on 370,108.017 shares of common stock of Community First that were outstanding on April 24, 2014 (including shares of Community First common stock that were outstanding and reserved for issuance under various plans as of such date) multiplied by the exchange ratio of 17.8975 shares of Simmons common stock per share of Community First common stock, and 5,247,187 shares of common stock of Liberty that were outstanding on May 16, 2014 (including shares of Liberty common stock that were outstanding and reserved for issuance under various plans as of such date) multiplied by the exchange ratio of 1.0 share of Simmons common stock per share of Liberty common stock.
- (2) Represents the maximum number of shares of Simmons Senior Non-Cumulative Perpetual Preferred Stock, Series A, that is issuable in exchange for shares of Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C.
- (3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(2) under the Securities Act. The maximum aggregate offering price is the sum of (1) the product of \$380.22 (the book value per share of Community First common stock on March 31, 2014) and 370,108.017 (the number of shares of Community First common stock that may be exchanged for the merger consideration, including unvested restricted shares) and (2) the product of \$19.73 (the book value per share of Liberty common stock on March 31, 2014) and 5,247,187 (the number of shares of Liberty common stock that may be exchanged for the merger consideration, including shares underlying stock options).
- (4) Calculated based on the \$1,000.00 liquidation preference per share of the Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C to be received by Simmons in the Community First merger.
- (5) Determined in accordance with Section 6(b) of the Securities Act and Rule 457(f)(2) thereunder at a rate equal to \$128.80 per \$1.0 million of the proposed aggregate offering price, or 0.0001288 multiplied by the proposed maximum aggregate offering price.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

**Table of Contents**

**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED JULY 29, 2014**

**Joint Proxy Statement**

**Prospectus**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On \_\_\_\_\_, 2014, we will hold a special meeting of the shareholders of Simmons First National Corporation, or Simmons, to consider and vote upon two separate proposals to merge with Community First Bancshares, Inc., or Community First, and Liberty Bancshares, Inc., or Liberty. Simmons will be the surviving corporation in the merger with Community First, which we refer to as the Community First merger, and in the merger with Liberty, which we refer to as the Liberty merger.

Community First is headquartered in Union City, Tennessee, currently operates 31 branches or financial centers, of which 21 are located in western Tennessee, 8 in middle Tennessee and two in eastern Tennessee, and has assets of approximately \$1.9 billion. The completion of the Community First merger will constitute Simmons' initial entry into the Tennessee banking markets. In addition to providing traditional community banking services to its customers, the Community First merger will strengthen Simmons' specialty product offerings in the areas of consumer finance, insurance and Small Business Administration, or SBA, lending.

Liberty is headquartered in Springfield, Missouri, currently operates 24 financial centers in southwest Missouri, including six in Springfield, Missouri, and has assets of approximately \$1.1 billion. The completion of the Liberty merger will significantly increase Simmons' market position in the Springfield and southwest Missouri banking markets. In addition to providing traditional community banking services to its customers, the pending Liberty merger will strengthen Simmons' specialty product offerings in the area of SBA lending.

Under the terms of the agreement and plan of merger with Community First, which we refer to as the Community First merger agreement, each share of Community First common stock (except for shares of Community First common stock held by Community First or Simmons and any dissenting shares) will be converted into the right to receive 17.8975 shares of Simmons common stock, subject to possible adjustment. Simmons expects to issue 6,624,000 shares of common stock to Community First shareholders in the aggregate upon completion of the Community First merger. In addition, each share of Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C, which we refer to as Community First Series C preferred stock, will be exchanged for one share of Simmons Senior Non-Cumulative Perpetual Preferred Stock, Series A, which we refer to as Simmons Series A

preferred stock. Simmons expects to issue 30,852 shares of Simmons Series A preferred stock.

Under the terms of the agreement and plan of merger with Liberty, which we refer to as the Liberty merger agreement, each share of Liberty common stock (except for shares of Liberty common stock held by Liberty or Simmons and any dissenting shares) will be converted into the right to receive 1.0 share of Simmons common stock, subject to possible adjustment. Simmons expects to issue 5,247,187 shares of common stock to Liberty shareholders in the aggregate upon completion of the Liberty merger.

Simmons, Community First and Liberty will each hold a special meeting of their respective shareholders in connection with the Community First merger and the Liberty merger. At such special meetings, Simmons, Community First and Liberty shareholders will be asked to vote to approve the Community First merger agreement and the Liberty merger agreement, as applicable, and related matters as described in the attached joint proxy statement/prospectus. Approval of the Community First merger agreement and the Liberty merger agreement by Simmons shareholders requires the affirmative vote of the holders of a majority of votes entitled to be cast. In addition, the written consent of the holder of the Community First Series C preferred stock is required to approve the Community First merger.

In addition to considering and voting upon the Community First merger and the Liberty merger, Simmons shareholders will also be asked to consider and vote upon a proposal to designate the number of members comprising the board of directors of Simmons as 12, increasing by three the number of Simmons directors, as more fully described in the attached joint proxy statement/prospectus, which we refer to as the Simmons director proposal.

The increase in the number of Simmons directors is being effected to implement agreements in the Community First merger and the Liberty merger to provide for representation of such parties on the Simmons board of directors. Approval of the Simmons director proposal by Simmons shareholders requires the affirmative vote of the holders of a majority of the votes cast on the Simmons director proposal at the Simmons special meeting.

The board of directors of Simmons believes the mergers with Community First and Liberty, together with the merger with Metropolitan National Bank that was completed on November 25, 2013 and the pending merger with Delta Trust & Banking Corporation, which is expected to close in the third quarter of 2014, are transformative events for Simmons, allowing Simmons to diversify its market area, achieve scale, and attract seasoned management, thereby increasing shareholder value for Simmons by providing a broader array of products and services and lending capacity to meet the needs of its customers as they grow.

The special meeting of Simmons shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_, at \_\_\_\_\_ local time.

**Simmons board of directors unanimously recommends that Simmons shareholders vote FOR the approval of the Community First merger agreement, FOR the approval of the Liberty merger agreement, FOR the approval of the Simmons director proposal, and FOR the approval of any other matters to be considered at the Simmons special meeting.**

**Table of Contents**

This joint proxy statement/prospectus describes the special meeting of Simmons, the special meeting of Community First, the special meeting of Liberty, the Community First merger, the Liberty merger, the documents related to the mergers and other related matters. **Please carefully read this entire joint proxy statement/prospectus, including Risk Factors, beginning on page 48, for a discussion of the risks relating to the proposed Community First merger and the proposed Liberty merger.** You also can obtain information about Simmons from documents that it has filed with the Securities and Exchange Commission.

George A. Makris, Jr.

*Chairman and Chief Executive Officer*

Simmons First National Corporation

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Community First merger, the Liberty merger, the issuance of the Simmons common stock to be issued in the Community First merger or the Liberty merger, or the other transactions described in this document or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the mergers are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of Simmons, Community First, or Liberty, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other governmental agency.**

The date of this joint proxy statement/prospectus is \_\_\_\_\_, and it is first being mailed or otherwise delivered to the shareholders of Simmons, Community First and Liberty on or about \_\_\_\_\_.

Table of Contents

**Joint Proxy Statement**

**Prospectus**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On \_\_\_\_\_, 2014, we will hold a special meeting of the shareholders of Community First Bancshares, Inc. or Community First, to vote on a proposal to merge with Simmons First National Corporation, or Simmons. On May 6, 2014, Simmons and Community First entered into an agreement and plan of merger, which we refer to as the Community First merger agreement, that provides for the combination of Community First with Simmons. Under the Community First merger agreement, Community First will merge with and into Simmons, with Simmons as the surviving corporation, which we refer to as the Community First merger.

In the Community First merger, each share of Community First common stock (except for shares of Community First common stock held by Community First or Simmons and any dissenting shares) will be converted into the right to receive 17.8975 shares of Simmons common stock, subject to possible adjustment, which we refer to as the Community First merger consideration, or 6,624,000 shares of Simmons common stock in the aggregate, and each share of Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C, which we refer to as Community First Series C preferred stock, will be exchanged for one share of Simmons Senior Non-Cumulative Perpetual Preferred Stock, Series A, which we refer to as Simmons Series A preferred stock, or 30,852 shares of Simmons Series A preferred stock in the aggregate. Although the number of shares of Simmons common stock that Community First shareholders will receive is fixed, the market value of the Community First merger consideration will fluctuate with the market price of Simmons common stock and will not be known at the time Community First shareholders vote on the Community First merger. Based on the closing price of Simmons common stock on the NASDAQ Global Select Market on \_\_\_\_\_, 2014, the last practicable date before the date of this document, the value of the per share Community First merger consideration payable to holders of Community First common stock was approximately \$ \_\_\_\_\_. **We urge you to obtain current market quotations for Simmons common stock (trading symbol SFNC ).**

In addition to the merger with Community First, Simmons and Liberty Bancshares, Inc., or Liberty, have also entered into an agreement and plan of merger, which we refer to as the Liberty merger agreement, that provides for the combination of Liberty with Simmons, with Simmons as the surviving corporation, which we refer to as the Liberty merger. Liberty is headquartered in Springfield, Missouri, operates 24 financial centers, and has assets of approximately \$1.1 billion. The shareholders of Liberty will receive 1.0 share of Simmons common stock for each of their shares of Liberty common stock, or 5,247,187 shares of Simmons common stock in the aggregate.

While the shareholders of Simmons will need to approve the Liberty merger for it to be consummated, the shareholders of Community First will not. Information included in this joint proxy statement/prospectus with respect to Liberty and the Liberty merger is provided as information for Community First shareholders to consider when voting upon the Community First merger and for ease of reference for Simmons shareholders as they are required to consider and vote upon both the Community First merger and the Liberty merger.

**Neither the closing of the Community First merger nor the closing of the Liberty merger is conditioned upon closing of the other merger.**

Simmons and Community First will each hold a special meeting of their respective shareholders in connection with the Community First merger. At such special meetings, Simmons and Community First shareholders will be asked to



vote to approve the Community First merger agreement and related matters as described in the attached joint proxy statement/prospectus. Approval of the Community First merger agreement by Simmons shareholders requires the affirmative vote of the holders of a majority of votes entitled to be cast, and approval of the Community First merger agreement by Community First shareholders requires the affirmative vote of the holders of a majority of the votes entitled to be cast. The holder of the Community First Series C preferred stock is also required to consent to the Community First merger.

At the Simmons special meeting, the Simmons shareholders will also be asked to vote to approve the Liberty merger agreement and related matters as described in the attached joint proxy statement/prospectus. Liberty will also hold a special meeting of its shareholders in connection with the Liberty merger. At such special meeting, Liberty shareholders will be asked to vote to approve the Liberty merger agreement and related matters as described in the attached joint proxy statement/prospectus.

The special meeting of Community First shareholders will be held on \_\_\_\_\_, 2014, at 100 East Reelfoot Avenue, Union City, Tennessee 38261, at \_\_\_\_\_ local time. The special meeting of Simmons shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_, at \_\_\_\_\_ local time.

**Community First's board of directors unanimously recommends that Community First shareholders vote FOR the approval of the Community First merger agreement and FOR the approval of any other matters to be considered at the Community First special meeting.**

**Table of Contents**

This joint proxy statement/prospectus describes the special meeting of Simmons, the special meeting of Community First, the special meeting of Liberty, the Community First merger, the Liberty merger, the documents related to the mergers and other related matters. **Please carefully read this entire joint proxy statement/prospectus, including Risk Factors, beginning on page 48, for a discussion of the risks relating to the proposed Community First merger.** You also can obtain information about Simmons from documents that it has filed with the Securities and Exchange Commission.

George A. Makris, Jr.

John C. Clark

*Chairman and Chief Executive Officer*

*President and Chief Executive Officer*

Simmons First National Corporation

Community First Bancshares, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Community First merger, the Liberty merger, the issuance of the Simmons common stock to be issued in the Community First merger or the Liberty merger, or the other transactions described in this document or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the mergers are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of Simmons, Community First, or Liberty, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other governmental agency.**

The date of this joint proxy statement/prospectus is \_\_\_\_\_, and it is first being mailed or otherwise delivered to the shareholders of Simmons, Community First and Liberty on or about \_\_\_\_\_.

Table of Contents

**Joint Proxy Statement**

**Prospectus**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On \_\_\_\_\_, 2014, we will hold a special meeting of the shareholders of Liberty Bancshares, Inc., or Liberty, to vote on a proposal to merge with Simmons First National Corporation, or Simmons. On May 27, 2014, Simmons and Liberty entered into an agreement and plan of merger, which we refer to as the Liberty merger agreement, that provides for the combination of Liberty with Simmons. Under the Liberty merger agreement, Liberty will merge with and into Simmons, with Simmons as the surviving corporation, which we refer to as the Liberty merger.

In the Liberty merger, each share of Liberty common stock (except for shares of Liberty common stock held by Liberty or Simmons and any dissenting shares) will be converted into the right to receive 1.0 share of Simmons common stock, subject to possible adjustment, which we refer to as the Liberty merger consideration, or 5,247,187 shares of Simmons common stock in the aggregate. Although the number of shares of Simmons common stock that Liberty shareholders will receive is generally fixed, the market value of the Liberty merger consideration will fluctuate with the market price of Simmons common stock and will not be known at the time Liberty shareholders vote on the Liberty merger. Based on the closing price of Simmons common stock on the NASDAQ Global Select Market on \_\_\_\_\_, 2014, the last practicable date before the date of this document, the value of the per share Liberty merger consideration payable to holders of Liberty common stock was approximately \$ \_\_\_\_\_. **We urge you to obtain current market quotations for Simmons common stock (trading symbol SFNC).**

In addition to the merger with Liberty, Simmons and Community First Bancshares, Inc., or Community First, have also entered into an agreement and plan of merger, which we refer to as the Community First merger agreement, that provides for the combination of Community First with Simmons, with Simmons as the surviving corporation, which we refer to as the Community First merger. Community First is headquartered in Union City, Tennessee, operates 31 branches or financial centers, and has assets of approximately \$1.9 billion. The holders of Community First common stock will receive 17.8975 shares of Simmons common stock for each of their shares of Community First common stock, or 6,624,000 shares of Simmons common stock in the aggregate, and the holder of Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C, which we refer to as Community First Series C preferred stock, will receive one share of Simmons Senior Non-Cumulative Perpetual Preferred Stock, Series A, which we refer to as Simmons Series A preferred stock, for each share of Community First Series C preferred stock, or 30,852 shares of Simmons Series A preferred stock in the aggregate.

While the shareholders of Simmons will need to approve the Community First merger for it to be consummated, the shareholders of Liberty will not. Information included in this joint proxy statement/prospectus with respect to Community First and the Community First merger is provided as information for Liberty shareholders to consider when voting upon the Liberty merger and for ease of reference for Simmons shareholders as they are required to consider and vote upon both the Liberty merger and the Community First merger.

**Neither the closing of the Liberty merger nor the closing of the Community First merger is conditioned upon closing of the other merger.**

Simmons and Liberty will each hold a special meeting of their respective shareholders in connection with the Liberty merger. At such special meetings, Simmons and Liberty shareholders will be asked to vote to approve the Liberty merger agreement and related matters as described in the attached joint proxy statement/prospectus. Approval of the Liberty merger agreement by Simmons shareholders requires the affirmative vote of the holders of a majority of votes entitled to be cast, and approval of the Liberty merger agreement by Liberty shareholders requires the affirmative vote of the holders of two-thirds of the outstanding shares of Liberty common stock entitled to vote at such meeting.

At the Simmons special meeting, the Simmons shareholders will also be asked to vote to approve the Community First merger agreement and related matters as described in the attached joint proxy statement/prospectus. Community First will also hold a special meeting of its shareholders in connection with the Community First merger. At such special meeting, Community First shareholders will be asked to vote to approve the Community First merger agreement and related matters as described in the attached joint proxy statement/prospectus. The holder of the Community First Series C preferred stock is also required to consent to the Community First merger.

The special meeting of Liberty shareholders will be held on \_\_\_\_\_, 2014, at 5400 Highland Springs Boulevard, Springfield, Missouri, 65809, at \_\_\_\_\_ local time. The special meeting of Simmons shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_, at \_\_\_\_\_ local time.

**Liberty's board of directors unanimously recommends that Liberty shareholders vote FOR the approval of the Liberty merger agreement and FOR the approval of any other matters to be considered at the Liberty special meeting.**

**Table of Contents**

This joint proxy statement/prospectus describes the special meeting of Simmons, the special meeting of Liberty, the special meeting of Community First, the Liberty merger, the Community First merger, the documents related to the mergers and other related matters. **Please carefully read this entire joint proxy statement/prospectus, including Risk Factors, beginning on page 48, for a discussion of the risks relating to the proposed Liberty merger.** You also can obtain information about Simmons from documents that it has filed with the Securities and Exchange Commission.

George A. Makris, Jr.

Gary E. Metzger

*Chairman and Chief Executive Officer*

*Chairman and Chief Executive Officer*

Simmons First National Corporation

Liberty Bancshares, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Liberty merger, the Community First merger, the issuance of the Simmons common stock to be issued in the Liberty merger or the Community First merger, or the other transactions described in this document or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the mergers are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of Simmons, Liberty, or Community First, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other governmental agency.**

The date of this joint proxy statement/prospectus is \_\_\_\_\_, and it is first being mailed or otherwise delivered to the shareholders of Simmons, Liberty and Community First on or about \_\_\_\_\_.

Table of Contents

**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Simmons from documents filed with the U.S. Securities and Exchange Commission, or the SEC, that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Simmons at no cost from the SEC's website at [www.sec.gov](http://www.sec.gov). You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting Simmons at the following address:

**Simmons First National Corporation**

501 Main Street

P.O. Box 7009

Pine Bluff, Arkansas 71611

Attention: Susan F. Smith

Telephone: (501) 377-7629

**You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of your meeting. This means that Simmons shareholders requesting documents must do so by \_\_\_\_\_, 2014 in order to receive them before the Simmons special meeting, Community First shareholders requesting documents must do so by \_\_\_\_\_, 2014 in order to receive them before the Community First special meeting, and Liberty shareholders requesting documents must do so by \_\_\_\_\_, 2014 in order to receive them before the Liberty special meeting.**

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated \_\_\_\_\_, 2014, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document. Neither the mailing of this document to Simmons shareholders, Community First shareholders, or Liberty shareholders nor the issuance by Simmons of shares of Simmons common stock in connection with the mergers will create any implication to the contrary. See [Where You Can Find More Information](#) for more details.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Simmons has been provided by Simmons, information contained in this document regarding Community First has been provided by Community First, and information contained in this document regarding Liberty has been provided by Liberty.**

Table of Contents

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2014**

To the Shareholders of Simmons First National Corporation:

Simmons First National Corporation will hold a special meeting of shareholders at \_\_\_\_\_ local time, on \_\_\_\_\_, 2014, at \_\_\_\_\_, to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of May 6, 2014, by and between Simmons First National Corporation and Community First Bancshares, Inc., pursuant to which Community First will merge with and into Simmons, as more fully described in the attached joint proxy statement/prospectus, which we refer to as the Community First merger proposal;

a proposal to approve the Agreement and Plan of Merger, dated as of May 27, 2014, by and between Simmons First National Corporation and Liberty Bancshares, Inc., pursuant to which Liberty will merge with and into Simmons, as more fully described in the attached joint proxy statement/prospectus, which we refer to as the Liberty merger proposal;

a proposal to designate the number of members comprising the board of directors of Simmons as 12, increasing by three the number of Simmons directors, as more fully described in the attached joint proxy statement/prospectus, which we refer to as the Simmons director proposal;

a proposal to adjourn the Simmons special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Community First merger proposal, which we refer to as the Simmons/Community First adjournment proposal; and

a proposal to adjourn the Simmons special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Liberty merger proposal, which we refer to as the Simmons/Liberty adjournment proposal.

We have fixed the close of business on \_\_\_\_\_, 2014 as the record date for the Simmons special meeting. Only Simmons common shareholders of record at that time are entitled to notice of, and to vote at, the Simmons special meeting, or any adjournment or postponement of the Simmons special meeting. Approval of each of the Community First merger proposal and the Liberty merger proposal requires the affirmative vote of holders of a majority of the votes entitled to be cast on each proposal. Approval of the Simmons director proposal requires the affirmative vote of holders of a majority of the votes cast on the proposal. Approval of each of the Simmons/Community First adjournment proposal and the Simmons/Liberty adjournment proposal requires the affirmative vote of holders of a majority of shares cast on each proposal.

**Simmons board of directors has unanimously adopted the Community First merger agreement and the Liberty merger agreement, has determined that the agreements and the transactions contemplated thereby, including the mergers, are in the best interests of Simmons and its shareholders, and unanimously recommends that Simmons shareholders vote FOR the Community First merger proposal, FOR the Liberty merger proposal,**

**FOR the Simmons director proposal, and FOR the Simmons/Community First adjournment proposal, if necessary or appropriate, and FOR the Simmons/Liberty adjournment proposal, if necessary or appropriate.**

**Your vote is very important.** We cannot complete the mergers unless Simmons common shareholders approve the Community First merger proposal and the Liberty merger proposal.

**Regardless of whether you plan to attend the Simmons special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Simmons, please vote as promptly as possible by (1) accessing the internet site listed on your proxy card, (2) calling the toll-free number listed on your proxy card, or (3) completing, signing, dating and returning your proxy card in the enclosed postage-paid return envelope. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

Under Arkansas law, Simmons shareholders who do not vote in favor of the Community First merger proposal or the Liberty merger proposal and follow certain procedural steps will be entitled to dissenters rights. See Questions and Answers Are Simmons shareholders entitled to dissenters rights?



**Table of Contents**

The enclosed joint proxy statement/prospectus provides a detailed description of the special meetings, the mergers, the documents related to the mergers and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

**BY ORDER OF THE BOARD OF DIRECTORS,**

George A. Makris, Jr.

Chairman and Chief Executive Officer

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Table of Contents

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2014**

To the Shareholders of Community First Bancshares, Inc.:

Community First Bancshares, Inc. will hold a special meeting of shareholders at \_\_\_\_\_ local time, on \_\_\_\_\_, 2014, at 100 East Reelfoot Avenue, Union City, Tennessee 38261, to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of May 6, 2014, by and between Simmons First National Corporation and Community First Bancshares, Inc., pursuant to which Community First will merge with and into Simmons, as more fully described in the attached joint proxy statement/prospectus, which we refer to as the Community First merger proposal; and

a proposal to adjourn the Community First special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Community First merger proposal, which we refer to as the Community First adjournment proposal.

We have fixed the close of business on \_\_\_\_\_, 2014, as the record date for the Community First special meeting. Only Community First common shareholders of record at that time are entitled to notice of, and to vote at, the Community First special meeting, or any adjournment or postponement of the Community First special meeting. Approval of the Community First merger proposal requires the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal. Approval of the Community First adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the special meeting.

**Community First's board of directors has unanimously adopted the Community First merger agreement, has determined that the Community First merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Community First and its shareholders, and unanimously recommends that Community First shareholders vote FOR the Community First merger proposal and FOR the Community First adjournment proposal, if necessary or appropriate.**

**Your vote is very important.** We cannot complete the merger unless Community First's common shareholders approve the Community First merger proposal.

**Regardless of whether you plan to attend the Community First special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Community First, please vote as promptly as possible by completing, signing, dating and returning your proxy card in the enclosed postage-paid return envelope. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

Under Tennessee law, Community First shareholders who do not vote in favor of the Community First merger proposal and follow certain procedural steps will be entitled to dissenters' rights. See Questions and Answers Are Community First shareholders entitled to dissenters' rights?

The enclosed joint proxy statement/prospectus provides a detailed description of the special meetings, the mergers, the documents related to the mergers and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

**BY ORDER OF THE BOARD OF DIRECTORS,**

R. Newell Graham

Chairman of the Board

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Table of Contents

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2014**

To the Shareholders of Liberty Bancshares, Inc.:

Liberty Bancshares, Inc. will hold a special meeting of shareholders at \_\_\_\_\_ local time, on \_\_\_\_\_, 2014, at 5400 Highland Springs Boulevard, Springfield, Missouri 65809, to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of May 27, 2014, by and between Simmons First National Corporation and Liberty Bancshares, Inc., pursuant to which Liberty will merge with and into Simmons, as more fully described in the attached joint proxy statement/prospectus, which we refer to as the Liberty merger proposal; and

a proposal to adjourn the Liberty special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Liberty merger proposal, which we refer to as the Liberty adjournment proposal.

We have fixed the close of business on \_\_\_\_\_, 2014 as the record date for the Liberty special meeting. Only Liberty common shareholders of record at that time are entitled to notice of, and to vote at, the Liberty special meeting, or any adjournment or postponement of the Liberty special meeting. Approval of the Liberty merger proposal requires the affirmative vote of holders of two-thirds of the outstanding shares of Liberty common stock entitled to vote at such meeting. Approval of the Liberty adjournment proposal requires the affirmative vote of holders of a majority of shares of common stock represented at the special meeting.

**Liberty's board of directors has adopted the Liberty merger agreement, has determined that the Liberty merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Liberty and its shareholders, and unanimously recommends that Liberty shareholders vote FOR the Liberty merger proposal and FOR the Liberty adjournment proposal, if necessary or appropriate.**

**Your vote is very important.** We cannot complete the Liberty merger unless Liberty's common shareholders approve the Liberty merger proposal.

**Regardless of whether you plan to attend the Liberty special meeting, please vote as soon as possible by completing, signing, dating and returning your proxy card in the enclosed postage-paid return envelope. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

Under Missouri law, Liberty shareholders who do not vote in favor of the merger proposal and follow certain procedural steps will be entitled to dissenters' rights. See [Questions and Answers](#) Are Liberty shareholders entitled to dissenters' rights?

The enclosed joint proxy statement/prospectus provides a detailed description of the special meetings, the mergers, the documents related to the mergers and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

**BY ORDER OF THE BOARD OF DIRECTORS,**

Gary E. Metzger

Chairman and Chief Executive Officer

Table of Contents

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS</u>	1
<u>SUMMARY</u>	12
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SIMMONS</u>	26
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF COMMUNITY FIRST</u>	29
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LIBERTY</u>	31
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	33
<u>COMPARATIVE PER SHARE DATA</u>	47
<u>RISK FACTORS</u>	48
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	56
<u>THE SIMMONS SPECIAL MEETING</u>	58
<u>THE COMMUNITY FIRST SPECIAL MEETING</u>	62
<u>THE LIBERTY SPECIAL MEETING</u>	66
<u>INFORMATION ABOUT SIMMONS</u>	70
<u>INFORMATION ABOUT COMMUNITY FIRST</u>	73
<u>INFORMATION ABOUT LIBERTY</u>	74
<u>THE COMMUNITY FIRST MERGER</u>	75
<u>THE LIBERTY MERGER</u>	112
<u>THE MERGERS</u>	143
<u>THE MERGER AGREEMENTS</u>	150
<u>ACCOUNTING TREATMENT</u>	163
<u>UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS</u>	164
<u>DESIGNATION OF NUMBER OF MEMBERS OF SIMMONS BOARD OF DIRECTORS</u>	167
<u>DESCRIPTION OF CAPITAL STOCK OF SIMMONS</u>	168
<u>COMPARISON OF SHAREHOLDERS' RIGHTS OF SIMMONS AND COMMUNITY FIRST</u>	173
<u>COMPARISON OF SHAREHOLDERS' RIGHTS OF SIMMONS AND LIBERTY</u>	186
<u>SECURITY OWNERSHIP OF COMMUNITY FIRST DIRECTORS, NAMED EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS OF COMMUNITY FIRST</u>	200
<u>SECURITY OWNERSHIP OF LIBERTY DIRECTORS, NAMED EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS OF LIBERTY</u>	202
<u>LEGAL MATTERS</u>	203
<u>EXPERTS</u>	204
<u>DEADLINES FOR SUBMITTING SHAREHOLDER PROPOSALS</u>	205
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	206

**Table of Contents**

**Annex Index**

<u>Annex A:</u>	Community First Agreement and Plan of Merger
<u>Annex B:</u>	Liberty Agreement and Plan of Merger
<u>Annex C:</u>	Opinion of Sterne, Agee & Leach, Inc. to Simmons Board of Directors for the Community First Merger
<u>Annex D:</u>	Opinion of Sterne, Agee & Leach, Inc. to Simmons Board of Directors for the Liberty Merger
<u>Annex E:</u>	Opinion of Keefe, Bruyette & Woods, Inc. to Community First Board of Directors for the Community First Merger
<u>Annex F:</u>	Opinion of Keefe, Bruyette & Woods, Inc. to Liberty Board of Directors for the Liberty Merger
<u>Annex G:</u>	Arkansas Code Annotated Sections 4-27-1301 to 4-27-1331 Dissenters Rights for Simmons
<u>Annex H:</u>	Chapter 23 of the Tennessee Code Annotated Dissenters Rights for Community First
<u>Annex I:</u>	General and Business Corporation Law of Missouri Section 351.455 Dissenters Rights for Liberty
<u>Annex J:</u>	Consolidated Historical Financial Statements for Community First and Related Management s Discussion and Analysis of Financial Condition and Results of Operations
<u>Annex K:</u>	Consolidated Historical Financial Statements for Liberty and Related Management s Discussion and Analysis of Financial Condition and Results of Operations
<u>Annex L:</u>	Form of Articles of Amendment for Simmons Series A Preferred Stock

**Table of Contents**

**QUESTIONS AND ANSWERS**

The following are some questions that you may have about the Community First merger or the Liberty merger, which we collectively refer to as the mergers, and the Simmons, Community First or Liberty special meetings, and brief answers to those questions. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the mergers and the Simmons, Community First or Liberty special meetings. Additional important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus. See **Where You Can Find More Information**.

Unless the context otherwise requires, references in this joint proxy statement/prospectus to **Simmons** refer to Simmons First National Corporation, an Arkansas corporation, and its subsidiaries, references to **Community First** refer to Community First Bancshares, Inc., a Tennessee corporation, and its subsidiaries, and references to **Liberty** refer to Liberty Bancshares, Inc., a Missouri corporation, and its subsidiaries.

**Q: What are the mergers?**

A: Simmons and Community First have entered into an Agreement and Plan of Merger, dated as of May 6, 2014, which we refer to as the Community First merger agreement, and Simmons and Liberty have entered into an Agreement and Plan of Merger, dated as of May 27, 2014, which we refer to as the Liberty merger agreement, and collectively we refer to the Community First merger agreement and the Liberty merger agreement as the merger agreements. Under the Community First merger agreement, Community First will be merged with and into Simmons, with Simmons continuing as the surviving corporation, and under the Liberty merger agreement, Liberty will be merged with and into Simmons, with Simmons continuing as the surviving corporation. Copies of the Community First merger agreement and the Liberty merger agreement are included in this joint proxy statement/prospectus as Annex A and Annex B, respectively.

The mergers cannot be completed unless, among other things, the Simmons shareholders, Community First shareholders and Liberty shareholders approve their respective proposals to approve the merger agreements.

**Q: Is the consummation of one merger conditioned on the consummation of the other merger?**

A: No. The Community First merger may be consummated regardless of whether the Liberty merger is consummated. Similarly, the Liberty merger may be consummated regardless of whether the Community First merger is consummated.

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: We are delivering this document to you because it is a joint proxy statement being used by the Simmons, Community First and Liberty boards of directors to solicit proxies of their respective shareholders in connection with approval of the mergers and related matters.



In order to approve the mergers and related matters, Simmons, Community First and Liberty have each called a special meeting of their common shareholders, which we refer to as the Simmons special meeting, Community First special meeting and the Liberty special meeting, respectively. This document serves as a proxy statement for the Simmons special meeting, Community First special meeting and the Liberty special meeting and describes the proposals to be presented at the meetings.

This document is also a prospectus that is being delivered to Community First shareholders and Liberty shareholders because Simmons is offering shares of its common stock to both the Community First shareholders and the Liberty shareholders in connection with the mergers.

**Table of Contents**

This joint proxy statement/prospectus contains important information about the mergers and the other proposals being voted on at the meetings. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending your meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

**Q: In addition to the Community First merger proposal and Liberty merger proposal, what else are Simmons shareholders being asked to vote on?**

A: In addition to the two merger proposals, Simmons is soliciting proxies from its shareholders with respect to (1) a proposal to designate the number of members comprising the board of directors of Simmons as 12, increasing by three the number of Simmons directors, which we refer to as the Simmons director proposal, (2) a proposal to adjourn the Simmons special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Community First merger proposal, which we refer to as the Simmons/Community First adjournment proposal, and (3) a proposal to adjourn the Simmons special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Liberty merger proposal, which we refer to as the Simmons/Liberty adjournment proposal. Approval of the Simmons director proposal is necessary for the completion of the Community First merger and the Liberty merger. Completion of the Community First merger and the Liberty merger are not conditioned upon approval of either of the Simmons/Community First adjournment proposal or the Simmons/Liberty adjournment proposal.

**Q: In addition to the Community First merger proposal, what else are Community First shareholders being asked to vote on?**

A: In addition to the Community First merger proposal, Community First is soliciting proxies from its shareholders with respect to a proposal to adjourn the Community First special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Community First merger proposal, which we refer to as the Community First adjournment proposal.

Completion of the Community First merger is not conditioned upon approval of the Community First adjournment proposal.

**Q: In addition to the Liberty merger proposal, what else are Liberty shareholders being asked to vote on?**

A: In addition to the Liberty merger proposal, Liberty is soliciting proxies from its shareholders with respect to a proposal to adjourn the Liberty special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Liberty merger proposal, which we refer to as the Liberty adjournment proposal.

Completion of the Liberty merger is not conditioned upon approval of the Liberty adjournment proposal.

**Q: What will Community First shareholders receive in the merger?**

- A: If the Community First merger is completed, holders of Community First common stock will receive 17.8975 shares of Simmons common stock (subject to possible adjustments), which we refer to as the Community First merger consideration, for each share of Community First common stock held immediately prior to the merger. Simmons will not issue any fractional shares of Simmons common stock in the Community First merger. Community First shareholders who would otherwise be entitled to a fractional share of Simmons common stock upon the completion of the Community First merger will instead receive an amount in cash equal to the product of the average of the last reported sale prices per share of Simmons common stock as reported on the NASDAQ Global Select Market for the 20 consecutive trading days ending immediately prior to the 10th day before the date on which the Community First merger is completed, times the fraction of a share of Simmons common stock to which the Community First shareholder otherwise would be entitled.

## **Table of Contents**

If the number of shares of Community First common stock outstanding (including shares of Community First restricted common stock) increases or decreases prior to the effective time of the Community First merger, then the number of shares of Simmons common stock to be issued for each share of Community First common stock shall be adjusted from 17.8975 shares of Simmons common stock to a number that will result in Simmons issuing no more than 6,624,000 shares of Simmons common stock in the Community First merger. We refer to the number of shares of Simmons common stock to be issued for each share of Community First common stock, as adjusted, as the Community First exchange ratio. In addition, if the Community First board of directors exercises its right to terminate the Community First merger agreement due to the decrease in the average closing price of Simmons common stock relative to an index of banking stocks, Simmons may elect to increase the Community First merger consideration by paying, in addition to shares of Simmons common stock, cash for each share of Community First common stock. See The Merger Agreements Walkaway Counteroffers Community First Merger.

In addition to the Community First common stock being exchanged for Simmons common stock, Community First Senior Non-Cumulative Perpetual Preferred Stock, Series C, or Community First Series C preferred stock, will be exchanged for a new series of Simmons preferred stock designated as Simmons Senior Non-Cumulative Perpetual Preferred Stock, Series A, or Simmons Series A preferred stock, with substantially identical terms, except that Simmons Series A preferred stock will not have any transfer restrictions or be subject to registration rights.

### **Q: Is approval of the Community First merger by the holder of the Community First Series C preferred stock necessary for the completion of the Community First merger?**

A: Yes. The written consent of the holder of the Community First Series C preferred stock is required for completion of the Community First merger.

### **Q: What will Liberty shareholders receive in the merger?**

A: If the Liberty merger is completed, Liberty shareholders will receive 1.0 share of Simmons common stock (subject to possible adjustment), which we refer to as the Liberty merger consideration, for each share of Liberty common stock held immediately prior to the Liberty merger. We refer to the Community First merger consideration and the Liberty merger consideration collectively as the merger consideration. Simmons will not issue any fractional shares of Simmons common stock in the Liberty merger. Liberty shareholders who would otherwise be entitled to a fractional share of Simmons common stock upon the completion of the merger will instead receive an amount in cash equal to the product of the average of the last reported sale prices per share of Simmons common stock as reported on the NASDAQ Global Select Market for the 20 consecutive trading days ending immediately prior to the 10th day before the date on which the Liberty merger is completed, times the fraction of a share of Simmons common stock to which the Liberty shareholder otherwise would be entitled.

If the number of shares of Liberty common stock outstanding (including shares of Liberty common stock subject to Liberty stock options) increases or decreases prior to the effective time of the Liberty merger, then the number of shares of Simmons common stock to be issued for each share of Liberty common stock shall be adjusted from 1.0 share of Simmons common stock to a number that will result in Simmons issuing no more than 5,247,187 shares of Simmons common stock in the Liberty merger. We refer to the number of shares of Simmons common stock to be issued for each of share of Liberty common stock, as adjusted, as the Liberty exchange ratio. In addition, if the Liberty board of directors exercises its right to terminate the Liberty merger agreement due to the decrease in the average

closing price of Simmons common stock relative to an index of banking stocks, Simmons may elect to increase the Liberty merger consideration by paying, in addition to shares of Simmons common stock, cash for each share of Liberty common stock. See The Merger Agreements Walkaway Counteroffers Liberty Merger.

**Table of Contents**

**Q: What will Simmons shareholders receive in the mergers?**

A: If either or both of the mergers are completed, Simmons shareholders will not receive any merger consideration and will continue to hold the shares of Simmons common stock that they currently hold. Following the mergers, shares of Simmons common stock will continue to be traded on the NASDAQ Global Select Market under the symbol SFNC.

**Q: How will the Community First merger affect Community First restricted stock?**

A: Each share of Community First restricted stock, that is not Community First double trigger restricted stock, will vest at the effective time of the Community First merger and will be entitled to be exchanged for the Community First merger consideration in the same manner as unrestricted shares of Community First common stock. Each share of Community First double trigger restricted stock will be exchanged for the Community First merger consideration but the shares of Simmons common stock received as Community First merger consideration shall not vest at the effective time of the Community First merger but instead shall vest or be forfeited pursuant to the terms of the Community First stock plan under which they were granted (taking into account that the consummation of the Community First merger and its related transactions will constitute the first trigger for the Community First double trigger restricted stock). Community First double trigger restricted stock are shares of Community First restricted stock that vest only upon both a change in control of Community First and two years of continued service following the change in control of Community First by the holder of Community First double trigger restricted stock.

**Q: How will the Liberty merger affect Liberty stock options?**

A: Each option to purchase shares of Liberty common stock outstanding immediately prior to the effective time of the Liberty merger will be converted into an option to purchase Simmons common stock on the same terms and conditions as were applicable prior to the Liberty merger, except that (1) the number of shares of Simmons common stock subject to the new option will be equal to the product of the number of shares of Liberty common stock subject to the existing option and the Liberty exchange ratio and (2) the exercise price per share of Simmons common stock under the new option will be equal to the exercise price per share of Liberty common stock of the existing option divided by the Liberty exchange ratio.

**Q: Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the time the mergers are completed?**

A: Because the number of shares of Simmons common stock that both Community First and Liberty shareholders will receive for each share of Community First common stock and Liberty common stock, respectively, is fixed (subject, in each case, to possible adjustment), the value of the merger consideration in each merger will fluctuate between the date of this joint proxy statement/prospectus and the completion of the mergers based upon the market value for Simmons common stock. Any fluctuation in the market price of Simmons common stock after the date of this joint proxy statement/prospectus will change the value of the shares of Simmons common stock

that both Community First and Liberty shareholders will receive, subject to any payment made by Simmons in connection with a walkaway counteroffer.

**Q: How does Simmons board of directors recommend that Simmons shareholders vote at the Simmons special meeting?**

A: Simmons board of directors unanimously recommends that Simmons shareholders vote **FOR** both merger proposals, **FOR** the Simmons director proposal, **FOR** the Simmons/Community First adjournment proposal, if necessary or appropriate, and **FOR** the Simmons/Liberty adjournment proposal, if necessary or appropriate.

**Table of Contents**

**Q: How does Community First's board of directors recommend that Community First shareholders vote at the Community First special meeting?**

A: Community First's board of directors unanimously recommends that Community First shareholders vote **FOR** the Community First merger proposal and **FOR** the Community First adjournment proposal, if necessary or appropriate.

**Q: How does Liberty's board of directors recommend that Liberty shareholders vote at the Liberty special meeting?**

A: Liberty's board of directors unanimously recommends that Liberty shareholders vote **FOR** the Liberty merger proposal and **FOR** the Liberty adjournment proposal, if necessary or appropriate.

**Q: When and where are the meetings?**

A: The Simmons special meeting will be held at \_\_\_\_\_ on \_\_\_\_\_, 2014, at \_\_\_\_\_ local time.

The Community First special meeting will be held at the 100 East Reelfoot Avenue, Union City, Tennessee 38261 on \_\_\_\_\_, 2014, at \_\_\_\_\_ local time.

The Liberty special meeting will be held at 5400 Highland Springs Boulevard, Springfield, Missouri 65809 on \_\_\_\_\_, 2014, at \_\_\_\_\_ local time.

**Q: What do I need to do now?**

A: After you have carefully read this joint proxy statement/prospectus in its entirety and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at your special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Alternatively, if you are a Simmons shareholder, you may vote through the internet or by telephone. Information and applicable deadlines for voting by internet or by telephone are set forth in the enclosed proxy card instructions. If you are a Simmons shareholder, you are encouraged to vote through the internet or by telephone. If you hold your shares in \_\_\_\_\_ street name through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker. \_\_\_\_\_ street name shareholders who wish to vote in person at the special meetings will need to obtain a legal proxy from the institution that holds their shares.

**Q: What constitutes a quorum for the Simmons special meeting?**



A: The presence at the Simmons special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Simmons common stock entitled to vote at the Simmons special meeting will constitute a quorum.

**Q: What constitutes a quorum for the Community First special meeting?**

A: The presence at the Community First special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Community First common stock entitled to vote at the Community First special meeting will constitute a quorum. Community First will seek the written consent of the holder of the Community First Series C preferred stock for the Community First merger. As a result, Community First does not expect the holder of the Community First Series C preferred stock to attend or vote at the Community First special meeting.

**Table of Contents**

**Q: What constitutes a quorum for the Liberty special meeting?**

A: The presence at the Liberty special meeting, in person or by proxy, of holders of a majority of the votes entitled to be cast at the Liberty special meeting will constitute a quorum.

**Q: What is the vote required to approve each proposal at the Simmons special meeting?**

A: *Community First and Liberty merger proposals:*

*Standard:* Approval of both of the Community First and Liberty merger proposals require the affirmative vote of holders of a majority of the votes entitled to be cast on the proposal.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy card, fail to either submit a proxy card or vote by telephone or the internet or in person at the Simmons special meeting or fail to instruct your bank or broker with respect to the merger proposals, it will have the same effect as a vote **AGAINST** the merger proposals.

*Simmons director proposal:*

*Standard:* Approval of the Simmons director proposal requires the affirmative vote of holders of a majority of shares cast on the Simmons director proposal.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy card, fail to instruct your bank or broker how to vote or fail to either submit a proxy card entirely or vote by telephone or the internet or in person at the Simmons special meeting, with respect to the Simmons director proposal, it will have no effect on such proposal.

*Simmons/Community First and Simmons/Liberty adjournment proposals:*

*Standard:* Approval of each of the Simmons/Community First and Simmons/Liberty adjournment proposals requires the affirmative vote of holders of a majority of shares of Simmons common stock cast on such proposal.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy card, fail to instruct your bank or broker how to vote or fail to either submit a proxy card entirely or vote by telephone or the internet or in person at the Simmons special meeting, with respect to the Simmons/Community First or Simmons/Liberty adjournment proposals, it will have no effect on the respective proposals.

**Q: What is the vote required to approve each proposal at the Community First special meeting?**

A: *Community First merger proposal:*

*Standard:* Approval of the Community First merger proposal requires the affirmative vote of holders of a majority of the votes entitled to vote on the proposal.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy card, fail to submit a proxy card or vote in person at the Community First special meeting or fail to instruct your bank or broker how to vote with respect

to the Community First merger proposal, it will have the same effect as a vote AGAINST the proposal.

*Community First adjournment proposal:*

*Standard:* Approval of the Community First adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the Community First special meeting.

*Effect of abstentions and broker non-votes:* If you mark ABSTAIN on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Community First adjournment proposal, it will have the same effect as a vote AGAINST the proposal. If you are a street name holder and fail to submit a proxy card or vote in person at the Community First special meeting, it will have no effect on such proposal.

**Table of Contents**

**Q: What is the vote required to approve each proposal at the Liberty special meeting?**

*A: Liberty merger proposal:*

*Standard:* Approval of the Liberty merger proposal requires the affirmative vote of holders of two-thirds of the outstanding shares of Liberty common stock entitled to vote at such meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy card, fail to either submit a proxy card or vote in person at the Liberty special meeting or fail to instruct your bank or broker how to vote with respect to the Liberty merger proposal, it will have the same effect as a vote **AGAINST** the proposal.

*Liberty adjournment proposal:*

*Standard:* Approval of the Liberty adjournment proposal requires the affirmative vote of holders of a majority of shares represented at the Liberty special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Liberty adjournment proposal, it will have the same effect as a vote **AGAINST** the proposal. If you are a **street name** holder and fail to either submit a proxy card entirely or vote in person at the Liberty special meeting, it will have no effect on such proposal.

**Q: Why is my vote important?**

A: If you do not vote, it will be more difficult for Simmons, Community First or Liberty to obtain the necessary quorum to hold their special meetings. In addition, your failure to submit a proxy or vote in person, failure to vote by telephone or the internet for Simmons shareholders, or failure to instruct your bank or broker how to vote, or abstention will have the same effect as a vote **AGAINST** approval of the merger agreements. The merger agreements must be approved by the affirmative vote of holders of a majority of the votes entitled to be cast by Simmons shareholders on both merger agreements, the affirmative vote of holders of a majority of the votes entitled to vote by Community First shareholders on the Community First merger agreement and the affirmative vote of holders of two-thirds of the outstanding shares of Liberty common stock entitled to vote by Liberty shareholders on the Liberty merger agreement. The Simmons board of directors recommends that you vote **FOR** both merger proposals, and the Community First board of directors and the Liberty board of directors unanimously recommend that you vote **FOR** the Community First merger proposal and **FOR** the Liberty merger proposal, respectively.

**Q: If my shares of common stock are held in **street name** by my bank or broker, will my bank or broker automatically vote my shares for me?**

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

**Q: How do I vote if I own shares through the Simmons First National Corporation Employee Stock Ownership Plan, or Simmons ESOP?**

A: You will be given the opportunity to instruct the trustee of the Simmons ESOP how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, your shares will not be voted.

**Q: Can I attend the meeting and vote my shares in person?**

A: Yes. All shareholders of Simmons, Community First and Liberty, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend their respective meetings. Holders of record of Simmons, Community First and Liberty common stock can vote in person at the Simmons special meeting, Community First special meeting and

## **Table of Contents**

Liberty special meeting, respectively. Holders of record of Simmons common stock can also vote by telephone or the internet. If you are not a shareholder of record, you must obtain a proxy card, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the meetings. If you plan to attend your meeting, you must hold your shares in your own name or bring a copy of a bank or brokerage statement to the special meeting reflecting your stock ownership as of the record date. In addition, you must bring a form of personal photo identification with you in order to be admitted. Simmons, Community First and Liberty reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification.

### **Q: Can I change my vote?**

**A: *Simmons shareholders:*** Yes. If you are a holder of record of Simmons common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Simmons' corporate secretary, (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting, or (4) voting by telephone or the internet at a later time. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Simmons after the vote will not affect the vote. Simmons' corporate secretary's mailing address is: Corporate Secretary, Simmons First National Corporation, 501 Main Street, P.O. Box 7009, Pine Bluff, Arkansas 71611. If you hold your shares in street name through a bank or broker, you should contact your bank or broker to revoke your proxy.

***Community First shareholders:*** Yes. If you are a holder of record of Community First common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Community First's corporate secretary, or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Community First after the vote will not affect the vote. Community First's corporate secretary's mailing address is: Corporate Secretary, Community First Bancshares, Inc., 115 West Washington Avenue, Union City, Tennessee 38261. If you hold your shares in street name through a bank or broker, you should contact your bank or broker to revoke your proxy.

***Liberty shareholders:*** Yes. If you are a holder of record of Liberty common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Liberty's corporate secretary, or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Liberty after the vote will not affect the vote. Liberty's corporate secretary's mailing address is: Corporate Secretary, Liberty Bancshares, Inc., 4625 South National Avenue, Springfield, Missouri 65810. If you hold your shares in street name through a bank or broker, you should contact your bank or broker to revoke your proxy.

### **Q: What are the U.S. federal income tax consequences of the merger to Community First shareholders and Liberty shareholders?**

**A:** The mergers are intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, or the Code, and it is a condition to the respective obligations of Simmons, Community First and

Liberty to complete the mergers that each of Simmons, Community First and Liberty receives a legal opinion to that effect. Accordingly, a Community First shareholder and a Liberty common shareholder generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the Simmons common stock received pursuant to the merger over that holder's adjusted tax basis in its shares of Community First common stock or Liberty common stock, respectively, surrendered) and (2) the amount of cash received pursuant to the applicable merger. Further, a Community First shareholder or a Liberty

**Table of Contents**

common shareholder generally will recognize gain or loss with respect to cash received instead of fractional shares of Simmons common stock that the Community First shareholder or the Liberty common shareholder would otherwise be entitled to receive. For further information, see United States Federal Income Tax Consequences of the Merger.

*The U.S. federal income tax consequences described above may not apply to all holders of Community First common stock or Liberty common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**Q: Are Simmons shareholders entitled to dissenters' rights?**

A: Yes. Simmons shareholders who do not vote in favor of either the Community First merger proposal or the Liberty merger proposal and follow certain procedural steps will be entitled to dissenters' rights under Subchapter 13 of the Arkansas Business Corporation Act, or ABCA, provided they take the steps required to perfect their rights thereunder. For further information, see The Mergers Simmons Shareholders Dissenters' Rights in the Community First Merger and Liberty Merger. In addition, a copy of Subchapter 13 of the ABCA is attached as Annex G to this joint proxy statement/prospectus.

**Q: Are Community First shareholders entitled to dissenters' rights?**

A: Yes. Community First shareholders who do not vote in favor of the Community First merger proposal and follow certain procedural steps will be entitled to dissenters' rights under Chapter 23 of the Tennessee Business Corporation Act, or TBCA, provided they take the steps required to perfect their rights under Sections 48-23-101 to 48-23-302. For further information, see The Community First Merger Dissenters' Rights in the Community First Merger. In addition, a copy of Chapter 23 of the TBCA is attached as Annex H to this joint proxy statement/prospectus.

**Q: Are Liberty shareholders entitled to dissenters' rights?**

A: Yes. Liberty shareholders who do not vote in favor of the Liberty merger proposal and follow certain procedural steps will be entitled to dissenters' rights under Section 351.455 of The General and Business Corporation Law of Missouri, or GBCM, provided they take the steps required to perfect their rights thereunder. For further information, see The Liberty Merger Dissenters' Rights in the Liberty Merger. In addition, a copy of Section 351.455 of the GBCM is attached as Annex I to this joint proxy statement/prospectus.

**Q: If I am a Community First or Liberty shareholder, should I send in my Community First or Liberty stock certificates now?**

A:



No. Community First or Liberty shareholders SHOULD NOT send in any stock certificates now. If either or both of the mergers occur, an exchange agent will send you instructions for exchanging Community First or Liberty stock certificates for the applicable merger consideration under separate cover and the stock certificates should be sent at that time in accordance with those instructions. See The Merger Agreements Conversion of Shares; Exchange of Certificates.

**Q: What should I do if I hold my shares of Community First common stock or Liberty common stock in book-entry form?**

A: If either or both of the mergers occur, you are not required to take any special additional action to receive the merger consideration if your shares of Community First common stock or Liberty common stock are held in book-entry form. After the completion of the applicable merger, shares of Community First common stock or Liberty common stock held in book-entry form automatically will be exchanged for the applicable merger consideration, including shares of Simmons common stock in book-entry form, and any cash to be paid in exchange for fractional shares in the applicable merger.

**Table of Contents**

**Q: Whom may I contact if I cannot locate my Community First stock certificate(s)?**

A: If you are unable to locate your original Community First stock certificate(s), you should contact Community First's corporate secretary, Kathy Barber, at (731) 886-8850.

**Q: Whom may I contact if I cannot locate my Liberty stock certificate(s)?**

A: If you are unable to locate your original Liberty stock certificate(s), you should contact Liberty's corporate secretary, Pat Sechler, at (417) 875-2451.

**Q: What should I do if I receive more than one set of voting materials?**

A: Simmons shareholders, Community First shareholders and Liberty shareholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares of Simmons and/or Community First and/or Liberty common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Simmons common stock, Community First common stock or Liberty common stock and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of Simmons common stock and/or Community First common stock and/or Liberty common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus to ensure that you vote every share of Simmons common stock and/or Community First common stock and/or Liberty common stock that you own.

**Q: When do you expect to complete the mergers?**

A: Each of Simmons, Community First and Liberty expect to complete the applicable merger in the fourth quarter of 2014. However, Simmons, Community First or Liberty cannot assure you of when or if the applicable merger will be completed. Simmons, Community First and Liberty must first obtain the approval of Simmons shareholders, Community First shareholders and Liberty shareholders for the applicable merger, as well as obtain necessary regulatory approvals and satisfy certain other closing conditions.

**Q: What happens if the mergers are not completed?**

A: If the mergers are not completed, holders of Community First common stock or Liberty common stock, as applicable, will not receive any merger consideration for their shares in connection with the applicable merger and the holder of the Community First Series C preferred stock will not receive shares of Simmons Series A

preferred stock. Instead, Community First or Liberty or both will remain an independent company. In addition, if either or both of the merger agreements are terminated in certain circumstances, a termination fee may be required to be paid by either Community First or Liberty. See *The Merger Agreements Termination Fees* for a discussion of the circumstances under which termination fees will be required to be paid.

**Q: Whom should I call with questions?**

A: *Simmons shareholders*: If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Simmons common stock, please contact Investor Relations at (870) 541-1243, or Simmons proxy solicitor, Eagle Rock Proxy Advisors, at the following address or telephone number: 12 Commerce Drive, Cranford, New Jersey 07016 or (888) 859-0692.

**Table of Contents**

*Community First shareholders:* If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Community First common stock, please contact Kathy Barber, Corporate Secretary, at the following address or telephone number: 115 West Washington Avenue, Union City, Tennessee 38261 or (731) 886-8850.

*Liberty shareholders:* If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Liberty common stock, please contact Caroline Butler, Chief Financial Officer at the following address or telephone number: 4625 South National Avenue, Springfield, Missouri 65810 or (417) 875-2451.

**Table of Contents**

**SUMMARY**

**This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire joint proxy statement/prospectus, including the annexes, and the other documents to which we refer in order to fully understand the merger. See **Where You Can Find More Information**. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.**

**The Companies (pages 70, 73 and 74)**

***Simmons***

Simmons is a financial holding company registered under the Bank Holding Company Act of 1956, as amended, or the BHC Act. Simmons is headquartered in Arkansas and as of March 31, 2014, had total assets of \$4.4 billion, loans of \$2.3 billion, deposits of \$3.7 billion and equity capital of \$407 million. Simmons conducts its banking operations through 103 branches or financial centers located in 56 communities in Arkansas, Missouri and Kansas.

Simmons common stock is traded on the NASDAQ Global Select Market under the symbol SFNC. Simmons principal executive offices are located at 501 Main Street, Pine Bluff, Arkansas 71601, and its telephone number is (870) 541-1000. Simmons also has corporate offices in Little Rock, Arkansas.

Additional information about Simmons and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See **Where You Can Find More Information**.

***Community First***

Community First is a bank holding company registered under the BHC Act. Community First is headquartered in Union City, Tennessee and as of March 31, 2014, had total assets of \$1.9 billion, loans of \$1.1 billion, deposits of \$1.6 billion and equity capital of \$169.3 million. Community First conducts its banking operations through 31 branches or financial centers located in 25 communities in Tennessee.

Community First is a community-focused financial institution that offers a full range of financial services to individuals, businesses, municipal entities, and nonprofit organizations in the communities that it serves. These services include consumer and commercial loans, deposit accounts, trust services, safe deposit services, consumer finance, insurance, mortgage lending, and Small Business Administration, or SBA, lending. Community First operates through its wholly owned bank subsidiary, First State Bank, which was founded in 1887, and is the fifth largest bank headquartered in Tennessee based on deposits.

Community First's principal executive offices are located at 115 West Washington Avenue, Union City, Tennessee 38261, and its telephone number is (731) 886-8800.

***Liberty***

Liberty is a bank holding company registered under the BHC Act. Liberty is headquartered in Springfield, Missouri and as of March 31, 2014, had total assets of \$1.1 billion, loans of \$811 million, deposits of \$885 million and equity capital of \$101 million. Liberty conducts its banking operations through 24 financial centers located in 16 communities in Missouri.

Liberty is a community-focused financial institution that offers a full range of financial services to individuals, businesses, municipal entities, and nonprofit organizations in the communities that it serves. These

**Table of Contents**

services include consumer and commercial loans, deposit accounts, trust services, safe deposit services, consumer finance, insurance, mortgage lending, and SBA lending. Liberty operates through its wholly owned bank subsidiary, Liberty Bank, which was founded in 1995.

Liberty's principal executive offices are located at 4625 South National Avenue, Springfield, Missouri 65810, and its telephone number is (417) 888-3000.

**In the Mergers, both Community First Shareholders and Liberty Shareholders Will Receive Shares of Simmons Common Stock and Cash in Lieu of Fractional Shares (page 151)**

Simmons and Community First, and Simmons and Liberty are respectively proposing strategic mergers. If the mergers are completed, Community First shareholders will receive 17.8975 shares of Simmons common stock and Liberty shareholders will receive 1.0 share of Simmons common stock, respectively, for each share of Community First common stock or Liberty common stock they hold immediately prior to the effective time of the applicable merger. Simmons will not issue any fractional shares of Simmons common stock in the mergers. Community First shareholders who would otherwise be entitled to a fraction of a share of Simmons common stock upon the completion of the Community First merger will instead receive, for the fraction of a share, an amount in cash equal to the product of the average of the last reported sale prices per share of Simmons common stock as reported on the NASDAQ Global Select Market for the 20 consecutive trading days ending immediately prior to the 10th day before the date on which the Community First merger is completed, times the fraction of a share of Simmons common stock to which the Community First shareholder otherwise would be entitled. Liberty shareholders who would otherwise be entitled to a fraction of a share of Simmons common stock upon the completion of the Liberty merger will instead receive, for the fraction of a share, an amount in cash equal to the product of the average of the last reported sale prices per share of Simmons common stock as reported on the NASDAQ Global Select Market for the 20 consecutive trading days ending immediately prior to the 10th day before the date on which the Liberty merger is completed, times the fraction of a share of Simmons common stock to which the Liberty shareholder otherwise would be entitled. *For example, if you hold 100 shares of Community First common stock, you will receive 1,789 shares of Simmons common stock and a cash payment instead of the additional 0.75 shares of Simmons common stock that you otherwise would have received (100 shares × 17.8975 = 1,789.75 shares), and if you hold 100 shares of Liberty common stock, you will receive 100 shares of Simmons common stock (100 shares × 1.0 = 100 shares).*

Simmons common stock is listed on the NASDAQ Global Select Market under the symbol SFNC. The following tables show the closing sale prices of Simmons common stock as reported on the NASDAQ Global Select Market on May 5, 2014, the last full trading day before the public announcement of the Community First merger agreement, May 27, 2014, the last full trading day before the public announcement of the Liberty merger agreement, and on \_\_\_\_\_, 2014, the last practicable trading day before the date of this joint proxy statement/prospectus. These tables also show the implied value of the Community First merger consideration payable for each share of Community First common stock and the Liberty merger consideration payable for each share of Liberty common stock, each of which we calculated by multiplying the closing price of Simmons common stock on those dates by the exchange ratios of 17.8975 and 1.0, respectively.

	Simmons Common Stock	Implied Value of Merger Consideration for One Share of Community First Common Stock
May 5, 2014	\$ 36.74	\$ 657.55

, 2014                    \$                    \$



**Table of Contents**

	Simmons Common Stock	Implied Value of Merger Consideration for One Share of Liberty Common Stock
May 27, 2014	\$ 40.62	\$ 40.62
, 2014	\$	\$

In addition to the Community First common stock being exchanged for Simmons common stock, the Community First Series C preferred stock will be exchanged for a new series of Simmons preferred stock designated as Simmons Series A preferred stock, with substantially identical terms, except that Simmons Series A preferred stock will not have any transfer restrictions or be subject to registration rights.

The merger agreements govern the mergers. The Community First merger agreement and the Liberty merger agreement are included in this joint proxy statement/prospectus as Annex A and Annex B, respectively. All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the mergers are qualified by reference to the respective merger agreements. Please read the applicable merger agreement carefully for a more complete understanding of the applicable merger.

**Simmons Board of Directors Unanimously Recommends that Simmons Shareholders Vote FOR the Community First Merger Proposal, the Liberty Merger Proposal, the Simmons Director Proposal and any Other Proposals Presented at Simmons Special Meeting (page 58)**

Simmons board of directors has determined that the mergers, the merger agreements and the transactions contemplated by each of the merger agreements are in the best interests of Simmons and its shareholders and has unanimously approved and adopted the merger agreements. Simmons board of directors unanimously recommends that Simmons shareholders vote **FOR** the Community First merger proposal, **FOR** the Liberty merger proposal, **FOR** the Simmons director proposal, and **FOR** any other proposals presented at the Simmons special meeting. For the factors considered by Simmons board of directors in reaching its decision to approve and adopt the merger agreements, see The Community First Merger Simmons Reasons for the Community First Merger; Recommendation of Simmons Board of Directors and The Liberty Merger Simmons Reasons for the Liberty Merger; Recommendation of Simmons Board of Directors.

**Community First s Board of Directors Unanimously Recommends that Community First Shareholders Vote FOR the Community First Merger Proposal and any Other Proposal Presented at the Community First Special Meeting (page 62)**

Community First s board of directors has determined that the Community First merger, the Community First merger agreement and the transactions contemplated by the Community First merger agreement are in the best interests of Community First and its shareholders and has unanimously approved and adopted the Community First merger agreement. Community First s board of directors unanimously recommends that Community First shareholders vote **FOR** the Community First merger proposal and **FOR** any other proposal presented at the Community First special meeting. For the factors considered by Community First s board of directors in reaching its decision to approve and adopt the Community First merger agreement, see The Community First Merger Community First s Reasons for the Merger; Recommendation of Community First s Board of Directors.

**Liberty s Board of Directors Unanimously Recommends that Liberty Shareholders Vote FOR the Liberty Merger Proposal and any Other Proposal Presented at the Liberty Special Meeting (page 66)**

Liberty's board of directors has determined that the Liberty merger, the Liberty merger agreement and the transactions contemplated by the Liberty merger agreement are in the best interests of Liberty and its shareholders and has approved and adopted the Liberty merger agreement. Liberty's board of directors unanimously recommends that Liberty shareholders vote **FOR** the Liberty merger proposal and **FOR** any

**Table of Contents**

other proposal presented at the Liberty special meeting. For the factors considered by Liberty's board of directors in reaching its decision to approve and adopt the Liberty merger agreement, see [The Liberty Merger](#) Liberty's Reasons for the Merger; Recommendation of Liberty's Board of Directors.

**Opinion of Simmons' Financial Advisor (pages 96 and 130 and Annexes C and D)**

*Community First Merger.* In connection with the Community First merger, Sterne, Agee & Leach, Inc., Simmons' financial advisor, which we refer to as Sterne Agee, delivered to Simmons' board of directors a written opinion, dated May 6, 2014, as to the fairness to Simmons, from a financial point of view and as of the date of the opinion, of the Community First merger consideration provided for in the Community First merger. The full text of the written opinion, dated May 6, 2014, of Sterne Agee, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex C to this joint proxy statement/prospectus. **Sterne Agee's written opinion is addressed to the Simmons board of directors, is directed only to the Community First merger consideration in the Community First merger and does not constitute a recommendation to any Simmons shareholder as to how such shareholder should vote with respect to the Community First merger or any other matter.**

*Liberty Merger.* In connection with the Liberty merger, Sterne Agee, Simmons' financial advisor, delivered to Simmons' board of directors a written opinion, dated May 27, 2014, as to the fairness to Simmons, from a financial point of view and as of the date of the opinion, of the Liberty merger consideration provided for in the Liberty merger. The full text of the written opinion, dated May 27, 2014, of Sterne Agee, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex D to this joint proxy statement/prospectus. **Sterne Agee's written opinion is addressed to the Simmons board of directors, is directed only to the Liberty merger consideration in the Liberty merger and does not constitute a recommendation to any Simmons shareholder as to how such shareholder should vote with respect to the Liberty merger or any other matter.**

For further information, see [The Community First Merger Opinion of Simmons' Financial Advisor](#) and [The Liberty Merger Opinion of Simmons' Financial Advisor](#).

**Opinion of Community First's Financial Advisor (page 81 and Annex E)**

In connection with the Community First merger, Keefe, Bruyette & Woods, Inc., which acted as Community First's financial advisor, delivered to the Community First board of directors a written opinion, dated May 6, 2014, as to the fairness, from a financial point of view, of the Community First exchange ratio. The full text of KBW's written opinion is attached as Annex E to this joint proxy statement/prospectus. You should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by KBW in rendering its opinion. **KBW's written opinion is addressed to the Community First board of directors, is directed only to the Community First exchange ratio in the Community First merger and does not constitute a recommendation to any Community First shareholder as to how such shareholder should vote with respect to the Community First merger or any other matter.**

For further information, see [The Community First Merger Opinion of Community First's Financial Advisor](#).



## **Table of Contents**

### **Opinion of Liberty's Financial Advisor (page 117 and Annex F)**

In connection with the Liberty merger, KBW, which separately acted as Liberty's financial advisor, delivered to the Liberty board of directors a written opinion, dated May 27, 2014, as to the fairness, from a financial point of view, of the Liberty exchange ratio. The full text of KBW's written opinion is attached as Annex F to this joint proxy statement/prospectus. You should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by KBW in rendering its opinion. **KBW's written opinion is addressed to the Liberty board of directors, is directed only to the Liberty exchange ratio in the Liberty merger and does not constitute a recommendation to any Liberty shareholder as to how such shareholder should vote with respect to the Liberty merger or any other matter.**

For further information, see "The Liberty Merger" Opinion of Liberty's Financial Advisor.

### **What the Holder of the Community First Series C Preferred Stock Will Receive (page 169)**

At the effective time of the Community First merger, the holder of the Community First Series C preferred stock will be entitled to receive shares of the Simmons Series A preferred stock.

### **What Holders of Community First Restricted Stock Will Receive (page 151)**

At the effective time of the Community First merger, each share of Community First restricted stock, that is not Community First double trigger restricted stock, issued and outstanding immediately prior to the effective time of the Community First merger will vest at the effective time of the Community First merger and will be entitled to be exchanged for the Community First merger consideration in the same manner as unrestricted shares of Community First common stock. Each share of Community First double trigger restricted stock will be exchanged for the Community First merger consideration but the shares of Simmons common stock received as Community First merger consideration shall not vest at the effective time of the Community First merger but instead shall vest or be forfeited pursuant to the terms of the Community First stock plan under which they were granted (taking into account that the consummation of the Community First merger and its related transactions will constitute the first trigger for the Community First double trigger restricted stock).

### **What Holders of Liberty Stock Options Will Receive (page 152)**

Each option to purchase shares of Liberty common stock outstanding immediately prior to the effective time of the Liberty merger will be converted into an option to purchase Simmons common stock on the same terms and conditions as were applicable prior to the Liberty merger, except that (1) the number of shares of Simmons common stock subject to the new option will be equal to the product of the number of shares of Liberty common stock subject to the existing option and the Liberty exchange ratio and (2) the exercise price per share of Simmons common stock under the new option will be equal to the exercise price per share of Liberty common stock of the existing option divided by the Liberty exchange ratio.

### **Lock-up Agreements (page 160)**

The execution of lock-up agreements by the Christopher R. Kirkland Revocable Trust and Joe Porter, shareholders of Community First, and Burchfield Limited Partnership, Gary E. Metzger and Garry L. or Gay Lynn Robinson, shareholders of Liberty, in substantially the form attached to the Community First merger agreement and Liberty merger agreement, respectively, are conditions to the closing of the Community First merger and Liberty merger, respectively. The Community First form of lock-up agreement requires that each of



**Table of Contents**

the Community First shareholders executing the agreement agree to not sell, transfer or otherwise dispose of 50,000 of the Simmons common stock held by such person for a period of two years from the effective time of the Community First merger, subject to certain exceptions. The Liberty form of lock-up agreement requires that each of the Liberty shareholders executing the agreement agree to not sell, transfer or otherwise dispose of 20,000 of the Simmons common stock held by such person for a period of two years from the effective time of the Liberty merger, subject to certain exceptions.

**Simmons Will Hold its Special Meeting on \_\_\_\_\_, 2014 (page 58)**

The special meeting of Simmons shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_ local time, at \_\_\_\_\_. At the special meeting, Simmons shareholders will be asked to:

approve the Community First merger proposal;

approve the Liberty merger proposal;

approve the Simmons director proposal;

approve the Simmons/Community First adjournment proposal, if necessary or appropriate; and

approve the Simmons/Liberty adjournment proposal, if necessary or appropriate

Only holders of record of Simmons common stock at the close of business on \_\_\_\_\_, 2014, which we refer to as the Simmons record date, will be entitled to vote at the Simmons special meeting. Each share of Simmons common stock is entitled to one vote on each proposal to be considered at the Simmons special meeting. As of the Simmons record date, there were \_\_\_\_\_ Simmons shares of Simmons common stock entitled to vote at the Simmons special meeting. As of the Simmons record date, the directors and executive officers of Simmons and their affiliates beneficially owned and were entitled to vote approximately \_\_\_\_\_ Simmons shares of Simmons common stock representing approximately \_\_\_\_\_ % of the shares of Simmons common stock outstanding on that date.

To approve the Community First merger proposal, a majority of the shares of Simmons common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Liberty merger proposal, a majority of the shares of Simmons common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Simmons director proposal, a majority of the shares of Simmons common stock cast on the Simmons director proposal must be voted in favor of such proposal. To approve each of the Simmons/Community First adjournment proposal and the Simmons/Liberty adjournment proposal, a majority of the shares of Simmons common stock cast on each proposal must be voted in favor of such proposal. If you mark **ABSTAIN** on your proxy card, fail to either submit a proxy or vote by telephone or the internet or in person at the Simmons special meeting or fail to instruct your bank or broker how to vote with respect to the Community First merger proposal, it will have the same effect as a vote **AGAINST** the merger proposals. If you mark **ABSTAIN** on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Simmons director proposal, the Simmons/Community First

adjournment proposal or the Simmons/Liberty adjournment proposal, it will have no effect on such proposals.

**Community First Will Hold its Special Meeting on \_\_\_\_\_, 2014 (page 62)**

The special meeting of Community First shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_ local time, at 100 Reelfoot Avenue, Union City, Tennessee 38261. At the Community First special meeting, Community First shareholders will be asked to:

approve the Community First merger proposal; and

approve the Community First adjournment proposal, if necessary or appropriate.



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**Table of Contents**

Only holders of record of Community First common stock at the close of business on \_\_\_\_\_, 2014 will be entitled to vote at the Community First special meeting. Each share of Community First common stock is entitled to one vote on each proposal to be considered at the Community First special meeting. As of the record date, there were 363,918.017 shares of Community First common stock entitled to vote at the Community First special meeting. As of the Community First record date, the directors and executive officers of Community First and their affiliates beneficially owned and were entitled to vote approximately 130,901.241 shares of Community First common stock representing approximately 35.97% of the shares of Community First common stock outstanding on that date.

To approve the Community First merger proposal, a majority of the shares of Community First common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Community First adjournment proposal, a majority of the shares of Community First common stock represented at the special meeting must be voted in favor of the proposal. If you mark **ABSTAIN** on your proxy card, fail to submit a proxy or vote in person at the Community First special meeting or fail to instruct your bank or broker how to vote with respect to the Community First merger proposal, it will have the same effect as a vote **AGAINST** the proposal. If you mark **ABSTAIN** on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Community First adjournment proposal, it will have the same effect as a vote **AGAINST** the proposal. If, however, you are a street name holder and fail to submit a proxy card entirely or vote in person at the Community First special meeting, it will have no effect on such proposal.

In addition to the approval of the holders of Community First common stock, the United States Department of the Treasury, or the U.S. Treasury, as the sole holder of the Community First Series C preferred stock, must consent to the Community First merger and the exchange of the Community First Series C preferred stock for the Simmons Series A preferred stock.

**Liberty Will Hold its Special Meeting on \_\_\_\_\_, 2014 (page 66)**

The special meeting of Liberty shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_ local time, at 5400 Highland Springs Boulevard, Springfield, Missouri 65809. At the Liberty special meeting, Liberty shareholders will be asked to:

approve the Liberty merger proposal; and

approve the Liberty adjournment proposal, if necessary or appropriate.

Only holders of record of Liberty common stock at the close of business on \_\_\_\_\_, 2014 will be entitled to vote at the Liberty special meeting. Each share of Liberty common stock is entitled to one vote on each proposal to be considered at the Liberty special meeting. As of the record date, there were \_\_\_\_\_ shares of Liberty common stock entitled to vote at the Liberty special meeting. As of the Liberty record date, the directors and executive officers of Liberty and their affiliates beneficially owned and were entitled to vote approximately \_\_\_\_\_ shares of Liberty common stock representing approximately \_\_\_\_\_% of the shares of Liberty common stock outstanding on that date.

To approve the Liberty merger proposal, two-thirds of the outstanding shares of Liberty common stock and entitled to vote thereon must be voted in favor of such proposal. To approve the Liberty adjournment proposal, a majority of the shares of Liberty common stock represented at the special meeting must be voted in favor of the proposal. If you mark **ABSTAIN** on your proxy card, fail to submit a proxy or vote in person at the Liberty special meeting or fail to instruct

your bank or broker how to vote with respect to the Liberty merger proposal, it will have the same effect as a vote AGAINST the proposal. If you mark ABSTAIN on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Liberty adjournment proposal, it will have the same effect as a vote AGAINST the proposal. If, however, you are a street name holder and fail to submit a proxy card entirely or vote in person at the Liberty special meeting, it will have no effect on such proposal.

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**Table of Contents**

**The Mergers Will Be Tax-Free to Holders of Community First Common Stock and the Holders of Liberty Common Stock as to the Shares of Simmons Common Stock They Receive (page 165)**

The mergers are intended to qualify as a reorganization within the meaning of Section 368(a) of the Code and it is a condition to the respective obligations of Simmons and Community First to complete the Community First merger, and it is a condition to the respective obligations of Simmons and Liberty to complete the Liberty merger, that each of Simmons, Community First and Liberty receives a legal opinion to that effect. Accordingly, a Community First or Liberty shareholder generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the Simmons common stock received pursuant to the mergers over that holder's adjusted tax basis in its shares of Community First common stock or Liberty common stock surrendered) and (2) the amount of cash received pursuant to the mergers. Further, a Community First shareholder and a Liberty shareholder generally will recognize gain or loss with respect to cash received instead of fractional shares of Simmons common stock that the Community First shareholder or Liberty shareholder would otherwise be entitled to receive.

**The U.S. federal income tax consequences described above may not apply to all holders of Community First common stock and Liberty common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you. For further information, see United States Federal Income Tax Consequences of the Mergers.**

**Interests of Community First's Directors and Executive Officers in the Community First Merger (page 104)**

Community First shareholders should be aware that some of Community First's directors and executive officers have interests in the Community First merger and have arrangements that are different from, or in addition to, those of Community First shareholders generally. Community First's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to adopt the Community First merger agreement, and in recommending that Community First shareholders vote in favor of approving the Community First merger agreement.

While there are no employment or other agreements being offered to employees or directors of Community First, two directors will be appointed to the Simmons board of directors, most of the officers and other employees of Community First expect to be retained after the Community First merger, and such employees will then participate in the employee benefit plans of Simmons and receive credit for prior service. Also, currently, certain officers of Community First have restricted stock which vests either upon a change in control and/or continued service for two years after a change in control. Upon completion of the Community First merger, 2,555 shares of Community First common stock will vest and another 3,635 (pre-conversion number) shares will vest if the holders continue to serve two years thereafter. Finally, Simmons has agreed to maintain a policy of directors' and officers' liability insurance coverage for the benefit of Community First's directors and officers for six years following completion of the Community First merger as long as the premium to be paid on an annual basis is not more than 200% of the current annual premium paid by Community First for such insurance.

For a more complete description of these interests, see The Community First Merger Interests of Community First's Directors and Executive Officers in the Community First Merger.

**Interests of Liberty's Directors and Executive Officers in the Liberty Merger (page 137)**

Liberty shareholders should be aware that some of Liberty's directors and executive officers have interests in the Liberty merger and have arrangements that are different from, or in addition to, those of Liberty shareholders generally. Liberty's board of directors was aware of these interests and considered these interests,

## **Table of Contents**

among other matters, when making its decision to adopt the Liberty merger agreement, and in recommending that Liberty shareholders vote in favor of approving the Liberty merger agreement.

Pursuant to the existing employment agreements with Gary Metzger, as Chief Executive Officer of Liberty Bank, and Garry Robinson, as President and Chief Operating Officer of Liberty Bank, Mr. Metzger and Mr. Robinson will each be paid a shareholder value bonus 30 days following the Liberty merger if the consideration to be received by Liberty shareholders in the Liberty merger exceeds \$36.33 per share. In addition, the Liberty merger agreement provides that Simmons board of directors will take all steps necessary to add one member to its board of directors selected by the Liberty board of directors. Also, most of the officers and other employees of Liberty expect to be retained after the Liberty merger, and such employees will then participate in the employee benefit plans of Simmons and receive credit for prior service. Finally, Simmons has agreed to maintain a policy of directors and officers liability insurance coverage for the benefit of Liberty's directors and officers for six years following completion of the Liberty merger as long as the premium to be paid on an annualized basis is not more than 300% of the current annual premium paid by Liberty for such insurance.

For a more complete description of these interests, see The Liberty Merger Interests of Liberty's Directors and Executive Officers in the Liberty Merger.

### **Simmons Shareholders Who Do Not Vote in Favor of the Community First Merger Agreement or the Liberty Merger Agreement May Be Entitled To Assert Dissenters' Rights (page 143)**

Simmons shareholders who do not vote in favor of the approval of the Community First merger agreement or the Liberty merger agreement (including by failing to vote or marking ABSTAIN on their proxy card) and follow certain procedural steps will be entitled to dissenters' rights under Subchapter 13 of the ABCA, provided they take the steps required to perfect their rights thereunder. These procedural steps include, among others: (1) delivering to Simmons, before the shareholder vote is taken for the Community First merger or Liberty merger, respectively, at the Simmons special meeting, written notice of intent to demand payment for the shares of Simmons common stock if the Community First merger or Liberty merger are effected, (2) not voting her, his or its shares in favor of the Community First merger or Liberty merger, and (3) timely filing a payment demand after the Community First merger or Liberty merger is effected. For more information, see The Mergers Simmons Shareholders Dissenters' Rights in the Community First Merger and Liberty Merger.

### **Community First Shareholders Who Do Not Vote in Favor of the Community First Merger Agreement May Be Entitled To Assert Dissenters' Rights (page 107)**

Community First shareholders who do not vote in favor of the approval of the Community First merger agreement (including by failing to vote or marking ABSTAIN on their proxy card) and follow certain procedural steps will be entitled to dissenters' rights under Chapter 23 of the TBCA, provided they take the steps required to perfect their rights under Sections 48-23-101 to 48-23-302 of the TBCA. These procedural steps include, among others: (1) delivering to Community First, before the shareholder vote is taken for the Community First merger at the Community First special meeting, written notice of intent to demand payment for the shares of Community First common stock if the Community First merger is effected, (2) not voting her, his or its shares in favor of the Community First merger, and (3) timely filing a demand for payment as required by Chapter 23 of the TBCA after the Community First merger is effected. For more information, see The Community First Merger Dissenters' Rights in the Community First Merger.

### **Liberty Shareholders Who Do Not Vote in Favor of the Liberty Merger Agreement May Be Entitled To Assert Dissenters' Rights (page 140)**

Liberty shareholders who do not vote in favor of the approval of the Liberty merger agreement (including by failing to vote or marking ABSTAIN on their proxy card) and follow certain procedural steps will be entitled

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**Table of Contents**

to dissenters' rights under Section 351.455 of the GBCM, provided they take the steps required to perfect their rights thereunder. These procedural steps include, among others: (1) delivering to Liberty, prior to or at the special meeting of Liberty's shareholders, written objection to the Liberty merger, (2) not voting her, his or its shares in favor of the Liberty merger, and (3) timely filing a payment demand after the Liberty merger is effected. For more information, see *The Liberty Merger Dissenters' Rights in the Liberty Merger*.

**Conditions that Must Be Satisfied or Waived for the Mergers To Occur (page 159)**

*Community First Merger.* Currently, Simmons and Community First expect to complete the Community First merger in the fourth quarter of 2014. As more fully described in this joint proxy statement/prospectus and in the Community First merger agreement, the completion of the Community First merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include (1) approval of the Community First merger proposal by Community First's and Simmons shareholders, (2) authorization for listing on the NASDAQ Global Select Market of the shares of Simmons common stock to be issued in the Community First merger, (3) receipt of required regulatory approvals without materially adverse conditions or requirements, (4) effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, (5) absence of any order, injunction, decree, law, rule, regulation, or other legal restraint preventing the completion of the Community First merger or making the completion of the Community First merger illegal, (6) subject to the materiality standards provided in the Community First merger agreement, the accuracy of the representations and warranties of Simmons and Community First, (7) performance in all material respects by each of Simmons and Community First of its obligations under the Community First merger agreement, (8) receipt by each of Simmons and Community First of an opinion from Simmons' counsel as to certain tax matters, (9) absence of litigation against Simmons or Community First by any governmental agency seeking to prevent consummation of the Community First merger, (10) completion of Phase I environmental audits of real property owned by Community First that reflect no material problems under environmental laws to Simmons' satisfaction, (11) execution of lock-up agreements by the Christopher R. Kirkland Revocable Trust and Joe Porter as shareholders of Community First, (12) receipt of all necessary consents and approvals for Simmons to assume the obligations of Community First for the trust preferred securities issued by certain financing trusts of Community First, (13) receipt of all necessary consents and approvals to allow Simmons to exchange Simmons Series A preferred stock for the outstanding shares of Community First Series C preferred stock, (14) receipt by each of Simmons and Community First of a fairness opinion from their respective financial advisors, and (15) receipt by each of Simmons and Community First of a legal opinion from their respective counterpart's counsel.

Neither Simmons nor Community First can be certain when, or if, the conditions to the Community First merger will be satisfied or waived, or that the Community First merger will be completed.

*Liberty Merger.* Currently, Simmons and Liberty expect to complete the Liberty merger in the fourth quarter of 2014. As more fully described in this joint proxy statement/prospectus and in the Liberty merger agreement, the completion of the Liberty merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include (1) approval of the Liberty merger proposal by Liberty's shareholders and Simmons shareholders, (2) authorization for listing on the NASDAQ Global Select Market of the shares of Simmons common stock to be issued in the Liberty merger, (3) receipt of required regulatory approvals without materially adverse conditions or requirements, (4) effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, (5) absence of any order, injunction, decree, law, rule, regulation, or other legal restraint preventing the completion of the merger or making the completion of the Liberty merger illegal, (6) subject to the materiality standards provided in the Liberty merger agreement, the accuracy of the representations and warranties of Simmons and Liberty, (7) performance in all material respects by each of Simmons and Liberty of its obligations under the Liberty merger agreement, (8) receipt by each of Simmons and Liberty of an opinion from Simmons' counsel as to certain tax matters,

(9) absence of litigation against Simmons or Liberty by any governmental agency seeking to prevent consummation of the Liberty



## **Table of Contents**

merger, (10) determination of any Phase I environmental audits of real property owned by Liberty that reflect no material problems under environmental laws to Simmons' satisfaction, (11) execution of lock-up agreements by Burchfield Limited Partnership, Gary E. Metzger and Garry L. or Gay Lynn Robinson as shareholders of Liberty, (12) receipt of all necessary consents and approvals for Simmons to assume the obligations of Liberty for the trust preferred securities issued by certain financing trusts of Liberty, and (13) receipt by each of Simmons and Liberty of a legal opinion from their respective counterpart's counsel.

Neither Simmons nor Liberty can be certain when, or if, the conditions to the Liberty merger will be satisfied or waived, or that the Liberty merger will be completed.

For more information, see "The Merger Agreements - Conditions to Consummate the Mergers."

### **Termination of the Community First Merger Agreement (page 160)**

The Community First merger agreement can be terminated at any time prior to completion of the Community First merger in the following circumstances:

by mutual consent of Simmons and Community First, if authorized by the board of directors of each company;

by either Simmons or Community First if the Community First merger has not been completed on or before December 31, 2014, which we refer to as the termination date, unless the failure of the Community First merger to be completed by such date is due to the failure of the party seeking to terminate the Community First merger agreement to perform or observe its covenants and agreements under the Community First merger agreement; however, the termination date may be extended to not later than February 28, 2015, by either Simmons or Community First, if the Community First merger has not been consummated due to the failure to obtain required regulatory approvals or that the registration statement for which this joint proxy statement/prospectus is a part is not effective;

by either Simmons or Community First if there is a material breach of any of the agreements or any of the representations or warranties set forth in the Community First merger agreement on the part of the other party and such material breach is not cured or not curable within 60 days following written notice to the party committing such breach;

if any approval of the shareholders of Simmons or Community First required for completion of the Community First merger has not been obtained upon a vote taken at a duly held meeting of shareholders of either party or at any adjournment or postponement thereof;

by Community First if the average closing price of Simmons common stock declines below \$28.30 and underperforms an index of banking companies by more than 20% over a designated measurement period unless Simmons agrees to increase the Community First merger consideration in the form of a cash payment that results in the aggregate Community First merger consideration (including both shares of Simmons

common stock and cash) being equal to the minimum merger consideration (which is an amount equal to the product of \$28.30 multiplied by the Community First exchange ratio);

by Community First if, prior to approval of the Community First merger proposal by the Community First shareholders, Community First's board of directors determines in good faith, after taking into account the advice of its counsel, that in light of a competing proposal or other circumstances, termination of the Community First merger agreement is required for Community First's board of directors to comply with their fiduciary duties to Community First shareholders, provided that in advance of, or concurrently with, such termination, Community First pays to Simmons a termination fee of \$10 million; and

**Table of Contents**

by either Simmons or Community First, if counsel to Simmons notifies the parties that it will not be able to deliver to them the tax opinion that is required as a condition to consummation of the Community First merger.

For more information, see The Merger Agreements Termination of the Merger Agreements.

**Termination of the Liberty Merger Agreement (page 160)**

The Liberty merger agreement can be terminated at any time prior to completion of the Liberty merger in the following circumstances:

by mutual consent of Simmons and Liberty, if authorized by the board of directors of each company;

by either Simmons or Liberty if the Liberty merger has not been completed on or before December 31, 2014, which we refer to as the termination date, unless the failure of the Liberty merger to be completed by such date is due to the failure of the party seeking to terminate the Liberty merger agreement to perform or observe its covenants and agreements under the Liberty merger agreement; however, the termination date may be extended to not later than April 30, 2015, by either Simmons or Liberty, if the Liberty merger has not been consummated due to the failure to obtain required regulatory approvals or that the registration statement for which this joint proxy statement/prospectus is a part is not effective;

by either Simmons or Liberty if there is a material breach of any of the agreements or any of the representations or warranties set forth in the Liberty merger agreement on the part of the other party and such material breach is not cured or not curable within 45 days following written notice to the party committing such breach;

if any approval of the shareholders of Simmons or Liberty required for completion of the Liberty merger has not been obtained upon a vote taken at a duly held meeting of shareholders of either party or at any adjournment or postponement thereof;

by Liberty if the average closing price of Simmons common stock declines below \$29.80 and underperforms an index of banking companies by more than 20% over a designated measurement period unless Simmons agrees to increase the Liberty merger consideration in the form of a cash payment that results in the aggregate Liberty merger consideration (including both shares of Simmons common stock and cash) being equal to the minimum merger consideration (which is an amount equal to the product of \$29.80 multiplied by the Liberty exchange ratio);

by Liberty if, prior to approval of the Liberty merger proposal by the Liberty shareholders, Liberty's board of directors determines in good faith, after taking into account the advice of its counsel, that in light of a competing proposal or other circumstances, termination of the Liberty merger agreement is required for Liberty's board of directors to comply with their fiduciary duties to Liberty shareholders, provided that in advance of or concurrently with such termination, Liberty pays to Simmons a termination fee of \$8 million;

and

by either Simmons or Liberty, if counsel to Simmons notifies the parties that it will not be able to deliver to them the tax opinion that is required as a condition to consummation of the Liberty merger. For more information, see The Merger Agreements Termination of the Merger Agreements.

## **Table of Contents**

### **Termination Fee for the Community First Merger (page 162)**

If the Community First merger agreement is terminated under certain circumstances, Community First may be required to pay to Simmons a termination fee equal to \$10 million. This termination fee could discourage other companies from seeking to acquire or merge with Community First.

### **Termination Fee for the Liberty Merger (page 162)**

If the Liberty merger agreement is terminated under certain circumstances, Liberty may be required to pay to Simmons a termination fee equal to \$8 million. This termination fee could discourage other companies from seeking to acquire or merge with Liberty.

### **Walkaway Counteroffers (page 161)**

Pursuant to each merger agreement, the boards of directors of Community First and Liberty will have the right to terminate their respective merger agreements if the average closing price of Simmons common stock for a trading period ending prior to the effective date of the applicable merger decreases below a certain price and decreases more than the average of closing prices for an index of banking stocks for the same trading period. If the board of directors of Community First or Liberty elects to terminate its respective merger agreement, then Simmons will have the right, which we refer to as the walkaway counteroffer, to increase the merger consideration to be paid to the Community First shareholders or Liberty shareholders, as applicable, by paying an amount of cash that will result in the Community First or Liberty shareholders receiving the minimum merger consideration under the applicable merger agreement.

*Community First Merger.* For the Community First merger, the Community First board of directors will have the right to terminate the Community First merger agreement if (1) the average closing price of Simmons common stock is less than \$28.30 and (2) the percentage change between \$35.37 (the average closing price of Simmons common stock for the 20 consecutive trading days ending on March 12, 2014) and the average closing price of Simmons common stock is not equal to at least 80% of the difference between the percentage change between \$38.43 (the average closing price of the PowerShares KBW Regional Banking Portfolio, or KBWR, for the 20 consecutive trading days ending on March 12, 2014) and the average closing price of KBWR. If the Community First board of directors elects to terminate the Community First merger agreement on this basis, then Simmons may elect to make its walkaway counteroffer and pay as part of the Community First merger consideration, an aggregate cash payment that results in the aggregate Community First merger consideration (including both shares of Simmons common stock and cash) being equal to the product (which we refer to as the Community First minimum merger consideration) of (x) \$28.30 and (y) the Community First exchange ratio. Such aggregate amount of cash will be paid pro rata for each share of Community First common stock.

*Liberty Merger.* For the Liberty merger, the Liberty board of directors will have the right to terminate the Liberty merger agreement if (1) the average closing price of Simmons common stock is less than \$29.80 and (2) the difference between the percentage change of (A) \$40.06 (the KBWR for the 20 consecutive trading days ending on March 31, 2014) and the average closing price of KBWR and (B) the percentage change of \$37.24 (the average closing price of Simmons common stock for the 20 consecutive trading days ending on March 31, 2014) and the average closing price of Simmons common stock, is greater than 20%. If the Liberty board of directors elects to terminate the Liberty merger agreement on this basis, then Simmons may elect to make its walkaway counteroffer and pay as part of the Liberty merger consideration, an aggregate cash payment that results in the aggregate Liberty merger consideration (including both shares of Simmons common stock and cash) being equal to the product (which we refer to as the Liberty minimum merger consideration) of (x) \$29.80 and (y) the Liberty exchange ratio. Such aggregate amount of

cash will be paid pro rata for each share of Liberty common stock.

## **Table of Contents**

The average closing price of Simmons common stock will be equal to the average of the closing price per share of Simmons common stock on the NASDAQ Global Select Market for the 20 consecutive trading days ending on and including the 10th trading day before the effective date of the applicable merger. The average closing price of KBWR will be equal to the average closing price of the KBWR for the 20 consecutive trading days ending on and including the 10th trading day before the effective date of the applicable merger.

### **Regulatory Approvals Required for the Community First Merger (page 147)**

Subject to the terms of the Community First merger agreement, both Simmons and Community First have agreed to use their reasonable best efforts to obtain all Community First regulatory approvals necessary or advisable to complete the transactions contemplated by the Community First merger agreement. These approvals include approvals from, among others, the Board of Governors of the Federal Reserve System, or the Federal Reserve Board, and the Tennessee Department of Financial Institutions, or the TDFI. Simmons and Community First have filed applications and notifications to obtain the required regulatory approvals.

Although neither Simmons nor Community First knows of any reason why these regulatory approvals cannot be obtained in a timely manner, Simmons and Community First cannot be certain when or if they will be obtained.

### **Regulatory Approvals Required for the Liberty Merger (page 147)**

Subject to the terms of the Liberty merger agreement, both Simmons and Liberty have agreed to use their reasonable best efforts to obtain all regulatory approvals necessary or advisable to complete the transactions contemplated by the Liberty merger agreement. These approvals include approvals from, among others, the Federal Reserve Board and the Missouri Division of Finance, or the MDF. Simmons and Liberty have filed applications and notifications to obtain the required regulatory approvals.

Although neither Simmons nor Liberty knows of any reason why these regulatory approvals cannot be obtained in a timely manner, Simmons and Liberty cannot be certain when or if they will be obtained.

### **The Rights of Community First and Liberty Shareholders Will Change as a Result of the Mergers (pages 173 and 186)**

The rights of Community First and Liberty shareholders will change as a result of the mergers due to differences in the governing documents and states of incorporation for Simmons, Community First and Liberty. The rights of Community First shareholders are governed by Tennessee law and by Community First's articles of incorporation and bylaws, each as amended to date, and the rights of Liberty shareholders are governed by Missouri law and by Liberty's articles of incorporation and bylaws, each as amended to date. Upon the completion of the mergers, Community First and Liberty shareholders will become shareholders of Simmons, as the continuing legal entity in the mergers, and the rights of Community First and Liberty shareholders will therefore be governed by Arkansas law and Simmons' articles of incorporation and bylaws.

See Comparison of Shareholders' Rights of Simmons and Community First and Comparison of Shareholders' Rights of Simmons and Liberty for a description of the material differences in shareholders' rights between Simmons and Community First and Simmons and Liberty.

### **Risk Factors (page 48)**

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in the joint proxy statement/prospectus. In particular, you should consider the factors described under Risk Factors.



**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SIMMONS**

The following table sets forth highlights from Simmons' consolidated financial data as of and for the three months ended March 31, 2014 and 2013 and as of and for each of the five years ended December 31, 2013. Results from past periods are not necessarily indicative of results that may be expected for any future period. The results of operations for the three months ended March 31, 2014 and 2013 are not necessarily indicative of the results of operations for the full year or any other interim period. Simmons' management prepared the unaudited information on the same basis as it prepared Simmons' audited consolidated financial statements. In the opinion of Simmons' management, this information reflects all adjustments necessary for a fair presentation of this data for those dates. You should read this information in conjunction with Simmons' consolidated financial statements and related notes included in Simmons' Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, each of which is incorporated by reference in this joint proxy statement/prospectus and from which this information is derived. See [Where You Can Find More Information](#).

	As of or for the Three Months Ended March 31,		Years Ended December 31,				
	2014 (Unaudited)	2013	2013	2012	2011	2010	2009
<b>Dollars and shares in thousands, except</b>							
<b>per share data)</b>							
<b>Income statement data:</b>							
Net interest income	\$ 41,545	\$ 30,075	\$ 130,850	\$ 113,517	\$ 108,660	\$ 101,949	\$ 97,720
Provision for loan losses	908	919	4,118	4,140	11,676	14,129	10,310
Net interest income after provision for loan losses	40,637	29,156	126,732	109,377	96,984	87,820	87,410
Non-interest income	9,198	11,313	40,616	48,371	53,465	77,874	52,710
Non-interest expense	44,551	31,912	134,812	117,733	114,650	111,263	104,720
Income before taxes	5,284	8,557	32,536	40,015	35,799	54,431	35,400
Provision for income taxes	932	2,620	9,305	12,331	10,425	17,314	10,190
Net income	\$ 4,352	\$ 5,937	\$ 23,231	\$ 27,684	\$ 25,374	\$ 37,117	\$ 25,210
<b>per share data:</b>							
Basic earnings	\$ 0.27	\$ 0.36	\$ 1.42	\$ 1.64	\$ 1.47	\$ 2.16	\$ 1.70
Diluted earnings	0.27	0.36	1.42	1.64	1.47	2.15	1.70
Diluted core earnings (non-GAAP) <sup>(1)</sup>	0.46	0.37	1.69	1.59	1.45	1.51	1.70
Book value	24.93	24.62	24.89	24.55	23.70	23.01	21.70
Intangible book value (non-GAAP) <sup>(2)</sup>	19.23	20.73	19.10	20.66	20.09	19.36	18.00
Dividends	0.22	0.21	0.84	0.80	0.76	0.76	0.70
Basic average common shares outstanding	16,270	16,516	16,339	16,909	17,309	17,204	14,370
Diluted average common shares outstanding	16,310	16,520	16,352	16,911	17,318	17,265	14,460

**Balance sheet data at period end:**

Assets	\$ 4,396,647	\$ 3,543,561	\$ 4,383,100	\$ 3,527,489	\$ 3,320,129	\$ 3,316,432	\$ 3,093,322
Investment securities	1,041,589	680,678	957,965	687,483	697,656	613,662	646,911
Total loans	2,367,777	1,849,359	2,404,935	1,922,119	1,737,844	1,915,064	1,874,987
Allowance for loan losses	26,983	27,735	27,442	27,882	30,108	26,416	25,011
Goodwill and other intangible assets	93,048	64,229	93,878	64,365	62,184	63,068	62,371
Non-interest bearing deposits	838,050	592,442	718,438	576,655	532,259	428,750	363,151
Deposits	3,707,048	2,892,664	3,697,567	2,874,163	2,650,397	2,608,769	2,432,171
Long-term debt	116,970	81,646	117,090	89,441	89,898	133,394	128,891
Subordinated debt and trust preferred	20,620	20,620	20,620	20,620	30,930	30,930	30,930
Stockholders' equity	406,672	406,454	403,832	406,062	407,911	397,371	371,241
Intangible stockholders' equity (non-GAAP)	313,624	342,225	309,954	341,697	345,727	334,303	308,871

**Table of Contents**

**As of or for the  
Three Months  
Ended  
March 31,**

**Years Ended December 31,**

**(Dollars and shares in thousands, except**

**per share data)**

**2014      2013      2013      2012      2011      2010      2009**  
**(Unaudited)**

**Capital ratios at period end:**

Stockholders' equity to total assets	9.25%	11.47%	9.21%	11.51%	12.29%	11.98%	12.00%
Tangible common equity to tangible assets (non-GAAP) <sup>(3)</sup>	7.29	9.84	7.23	9.87	10.61	10.28	10.19
Tier 1 leverage ratio	8.21	10.83	9.22	10.81	11.86	11.33	11.64
Tier 1 risk-based ratio	13.36	19.63	13.02	19.08	21.58	20.05	17.91
Total risk-based capital ratio	14.45	20.88	14.10	20.34	22.83	21.30	19.17
Dividend payout	81.48	59.15	59.15	48.78	51.70	35.35	43.68

**Annualized performance ratios:**

Return on average assets	0.40%	0.68%	0.64%	0.83%	0.77%	1.19%	0.85%
Return on average equity	4.31	5.89	5.33	6.77	6.25	9.69	8.26
Return on average tangible equity (non-GAAP) <sup>(2)(4)</sup>	5.87	7.09	6.36	8.05	7.54	11.71	10.61
Net interest margin <sup>(5)</sup>	4.54	4.01	4.21	3.93	3.85	3.78	3.78
Efficiency ratio <sup>(6)</sup>	72.81	73.49	71.28	70.17	67.86	65.28	65.69

**Balance sheet ratios:<sup>(7)</sup>**

Nonperforming assets as a percentage of period-end assets	1.59%	1.20%	1.69%	1.29%	1.18%	1.12%	1.12%
Nonperforming loans as a percentage of period-end loans	0.70	0.74	0.53	0.74	1.02	0.83	1.35
Nonperforming assets as a percentage of period-end loans plus OREO	3.81	2.63	4.10	2.74	2.44	2.18	1.83
Allowance/to nonperforming loans	215.97	236.81	297.89	231.62	186.14	190.17	98.81
Allowance for loan losses as a percentage of period-end loans	1.52	1.75	1.57	1.71	1.91	1.57	1.33
Net charge-offs (recoveries) as a percentage of average loans	0.32	0.27	0.27	0.40	0.49	0.71	0.58

- (1) Diluted core earnings per share (net income excluding nonrecurring items divided by average diluted common shares outstanding) is a non-GAAP measure. Please refer to the reconciliations of this measure contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and our Annual Report on Form 10-K for the year ended December 31, 2013 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" Table 13: Reconciliation of Core Earnings (non-GAAP) and Table 21: Reconciliation of Core Earnings (non-GAAP), respectively, which are incorporated herein by reference.
- (2) Because of Simmons' significant level of intangible assets, total goodwill and core deposit premiums, management of Simmons believes a useful calculation for investors in their analysis of Simmons is tangible book value per share (non-GAAP). This non-GAAP calculation eliminates the effect of goodwill and acquisition related intangible assets and is calculated by subtracting goodwill and intangible assets from total stockholders' equity, and dividing

the resulting number by the common stock outstanding at period end. The following table reflects the reconciliation of this non-GAAP measure to the GAAP presentation of book value for the periods presented above:

<b>(Dollars and shares in thousands, except per share data)</b>	<b>As of or for the Three Months Ended March 31,</b>		<b>Years Ended December 31,</b>				
	<b>2014 (Unaudited)</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Stockholders equity	\$ 406,672	\$ 406,454	\$ 403,832	\$ 406,062	\$ 407,911	\$ 397,371	\$ 371,247
Less: Intangible assets							
Goodwill	78,529	60,605	78,906	60,605	60,605	60,605	60,605
Other intangibles	14,519	3,624	14,972	3,760	1,579	2,463	1,769
Tangible stockholders equity (non-GAAP)	\$ 313,624	\$ 342,225	\$ 309,954	\$ 341,697	\$ 345,727	\$ 334,303	\$ 308,873
Book value per share	\$ 24.93	\$ 24.62	\$ 24.89	\$ 24.55	\$ 23.70	\$ 23.01	\$ 21.72
Tangible book value per share (non-GAAP)	19.23	20.73	19.10	20.66	20.09	19.36	18.07
Shares outstanding	16,311	16,510	16,226	16,543	17,212	17,272	17,094

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**Table of Contents**

- (3) Tangible common equity to tangible assets ratio is tangible stockholders' equity (non-GAAP) divided by total assets less goodwill and other intangible assets as and for the periods ended presented above.
- (4) Return on average tangible equity is a non-GAAP measure that removes the effect of goodwill and intangible assets, as well as the amortization of intangibles, from the return on average equity. This non-GAAP measure is calculated as net income, adjusted for the tax-effected effect of intangibles, divided by average tangible equity.
- (5) Fully taxable equivalent (assuming an income tax rate of 39.225%).
- (6) The efficiency ratio is total non-interest expense less foreclosure expense and amortization of intangibles, divided by the sum of net interest income on a fully taxable equivalent basis plus total non-interest income less security gains, net of tax. For the three months ended March 31, 2014, this calculation excludes merger related costs of \$1.3 million and branch right sizing expense of \$3.9 million from total non-interest expense. For the three months ended March 31, 2013, this calculation excludes merger related costs of \$0.2 million from total non-interest expense. For the year ended December 31, 2013, this calculation excludes merger related costs of \$6.4 million from non-interest expense. For the year ended December 31, 2012, this calculation excludes the gain on FDIC-assisted transactions of \$3.4 million from total non-interest income and excludes merger related costs of \$1.9 million from non-interest expense. For the year ended December 31, 2011, this calculation excludes the \$1.1 million gain on sale of MasterCard stock. For the year ended December 31, 2010, this calculation excludes the gain on FDIC-assisted transactions of \$21.3 million from total non-interest income and excludes merger related costs of \$2.6 million from non-interest expense. For the year ended December 31, 2009, this calculation excludes the FDIC special assessment of \$1.4 million from total non-interest expense.
- (7) Excludes all loans acquired and excludes foreclosed assets acquired, covered by FDIC loss share agreements, except for their inclusion in total assets.

Simmons consolidated ratios of earnings to fixed charges for the three months ended March 31, 2014 and 2013 and for each of the five years ended December 31, 2013 is attached as an exhibit to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, which is incorporated by reference into this joint proxy statement/prospectus. Simmons had no outstanding shares of preferred stock with required dividend payments for the periods so presented. Accordingly, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF COMMUNITY FIRST**

The following table sets forth highlights from Community First's consolidated financial data as of and for the three months ended March 31, 2014 and 2013 and as of and for each of the five years ended December 31, 2013. Results from past periods are not necessarily indicative of results that may be expected for any future period. Community First management prepared the unaudited information on the same basis as it prepared Community First's audited consolidated financial statements. In the opinion of Community First management, this information reflects all adjustments necessary for a fair presentation of this data for those dates. You should read this information in conjunction with Community First's consolidated financial statements and related notes, from which this information is derived. See Annex J to this joint proxy statement/prospectus.

Dollars in thousands, except shares and share data)	As of or for the Three Months Ended March 31,		Years Ended December 31,				
	2014 (Unaudited)	2013	2013	2012	2011	2010	2009
<b>Income statement data:</b>							
Interest income	\$ 16,363	\$ 13,882	\$ 60,668	\$ 55,063	\$ 54,220	\$ 50,546	\$ 47,600
Provision for loan losses	166	247	977	1,545	7,073	9,081	30,140
Interest income after provision for loan losses	16,197	13,635	59,691	53,518	47,147	41,465	17,500
Non-interest income	5,882	5,640	22,281	21,194	16,982	14,414	14,700
Non-interest expense	12,829	13,350	54,921	51,905	46,099	45,601	48,300
Income (loss) before income taxes	9,250	5,925	27,051	22,807	18,030	10,278	(16,100)
Income tax expense (benefit)	3,141	1,890	8,639	4,979	5,129	2,367	(6,700)
Income (loss)	6,109	4,035	18,412	17,828	12,901	7,911	(9,300)
Preferred stock dividend	77	386	1,542	1,534	1,943	1,275	980
Income (loss) available to common shareholders	\$ 6,032	\$ 3,649	\$ 16,870	\$ 16,294	\$ 10,958	\$ 6,636	\$ (10,300)
<b>Share data:</b>							
Basic earnings (loss)	\$ 16.58	\$ 10.04	\$ 46.41	\$ 44.79	\$ 30.01	\$ 18.13	\$ (42.00)
Diluted earnings (loss)	16.51	10.00	46.23	44.65	29.90	18.04	(41.90)
Book value per common share	380.22	371.17	352.14	367.87	324.15	277.54	263.90
Dividends per common share			6.00	6.00	3.00		
Preferred shares outstanding	30,852	30,852	30,852	30,852	30,852	20,000	20,000
Basic average common shares outstanding	363,766	363,530	363,528	363,788	365,114	366,041	244,700
Diluted average common shares outstanding	365,320	364,807	364,943	364,950	366,510	367,910	245,500
<b>Balance sheet data at period end</b>							

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ets	\$ 1,937,830	\$ 1,770,639	\$ 1,923,591	\$ 1,748,753	\$ 1,654,460	\$ 1,482,509	\$ 1,410,100
vestment securities	670,184	670,911	671,851	632,734	539,420	379,669	277,800
al loans	1,121,124	962,784	1,101,318	971,431	927,015	973,029	991,800
owance for loan losses	16,011	15,738	16,064	15,760	18,954	18,026	21,500
n-interest bearing deposits	192,012	143,727	174,862	154,121	121,968	75,866	66,800
al deposits	1,589,878	1,493,243	1,552,588	1,452,152	1,390,570	1,272,706	1,181,500
LB advances and other debt	102,075	49,047	147,779	73,104	66,506	41,376	55,300
ordinated debt	27,100	27,100	27,100	27,100	27,100	27,100	27,100
ferred stock	30,852	30,852	30,852	30,852	30,852	20,322	20,100
ckholders equity	169,250	165,781	158,866	164,525	148,714	122,014	116,400

**Table of Contents**

(Dollars in thousands, except shares and per share data)	As of or for the Three Months Ended March 31,		Years Ended December 31,				
	2014 (Unaudited)	2013	2013	2012	2011	2010	2009
<b>Capital ratios at period end:</b>							
Stockholders' equity to total assets	8.73%	9.36%	8.26%	9.41%	8.99%	8.23%	8.26%
Tier 1 leverage ratio	10.38	10.39	10.21	10.23	10.11	9.60	9.39
Tier 1 risk-based ratio	16.61	17.16	16.19	16.68	16.34	13.77	13.00
Total risk-based capital ratio	17.86	18.42	17.44	17.94	17.60	15.03	14.27
Dividend payout			12.92	13.39	9.96		
<b>Annualized performance ratios:</b>							
Return on average assets <sup>(1)</sup>	1.28%	0.84%	0.93%	0.95%	0.70%	0.45%	-0.71%
Return on average equity <sup>(1)</sup>	15.13	9.10	11.62	11.67	9.01	5.98	-9.92
Net interest margin <sup>(2)</sup>	3.79	3.62	3.68	3.55	3.80	3.83	3.83
<b>Balance sheet ratios:</b>							
Nonperforming assets as a percentage of period-end assets	0.55%	1.13%	0.65%	0.89%	1.08%	1.70%	2.37%
Nonperforming loans as a percentage of period-end loans	0.58	1.31	0.59	0.82	0.52	1.23	2.59
Nonperforming assets as a percentage of period-end loans and OREO	0.95	2.06	1.14	1.60	1.91	2.56	3.35
Allowance to nonperforming loans	245.87	124.41	249.05	197.54	396.44	150.96	84.03
Allowance for loan losses as a percentage of period-end loans	1.43	1.63	1.46	1.62	2.04	1.85	2.18
Net charge-offs as a percentage of average loans	0.08	0.12	0.07	0.51	0.64	1.29	2.27

(1) Return on average assets and return on average equity is calculated using net income available to common shareholders.

(2) Fully taxable equivalent (assuming an income tax rate of 39%).



**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LIBERTY**

The following table sets forth highlights from Liberty's consolidated financial data as of and for the three months ended March 31, 2014 and 2013 and as of and for each of the five years ended December 31, 2013. Results from past periods are not necessarily indicative of results that may be expected for any future period. Liberty management prepared the unaudited information on the same basis as it prepared Liberty's audited consolidated financial statements. In the opinion of Liberty management, this information reflects all adjustments necessary for a fair presentation of this data for those dates. You should read this information in conjunction with Liberty's consolidated financial statements and related notes for the year ended December 31, 2013 and its interim consolidated financial statements and related notes, from which this information is derived. See Annex K to this joint proxy statement/prospectus.

Dollars and shares in thousands, except shares and per share data)	As of or for the Three Months Ended March 31,		Years Ended December 31,				
	2014 (Unaudited)	2013	2013	2012	2011	2010	2009
<b>Income statement data:</b>							
Net interest income	\$ 10,793	\$ 11,250	\$ 44,253	\$ 45,087	\$ 43,749	\$ 37,565	\$ 29,056
Provision for loan losses	2	650	2,196	7,766	7,190	6,030	5,299
Net interest income after provision for loan losses	10,791	10,600	42,057	37,321	36,559	31,535	23,757
Non-interest income	3,452	3,919	14,107	13,742	12,498	14,005	11,147
Non-interest expense	8,151	8,749	32,944	29,636	28,193	26,363	23,528
Income before taxes	6,092	5,770	23,220	21,427	20,864	19,177	11,376
Provision for income taxes	1,777	1,989	8,019	7,320	7,068	6,703	3,747
Net income	4,315	3,781	15,201	14,107	13,796	12,474	7,629
Preferred stock dividends and discount accretion				1,140	1,858	1,413	1,249
Net income available to common shareholders	\$ 4,315	\$ 3,781	\$ 15,201	\$ 12,967	\$ 11,938	\$ 11,061	\$ 6,380
<b>Per share data:</b>							
Basic earnings	\$ 0.84	\$ 0.74	\$ 2.98	\$ 2.76	\$ 2.57	\$ 2.40	\$ 1.39
Diluted earnings	0.84	0.74	2.97	2.75	2.55	2.37	1.39
Book value per common share	19.73	17.78	18.98	17.03	15.02	12.97	11.13
Dividends	0.18	0.00	0.81	0.81	0.60	0.60	0.60
Basic average common shares outstanding	5,134	5,078	5,100	4,707	4,637	4,612	4,586
Diluted average common shares outstanding	5,163	5,097	5,114	4,708	4,681	4,662	4,605

**Balance sheet data at period end:**

Assets	\$ 1,062,256	\$ 1,075,115	\$ 1,072,696	\$ 1,064,618	\$ 1,093,894	\$ 974,049	\$ 950,723
Investment securities	91,330	54,686	97,021	49,295	8,938	505	2,916
Total loans	810,847	834,843	803,794	862,186	889,472	850,653	838,533
Allowance for loan losses	11,300	11,836	11,677	11,914	11,954	11,209	10,298
Goodwill and other intangible assets	3,946	4,147	3,996	4,198	3,921	3,172	2,863
Non-interest bearing deposits	132,531	127,152	127,436	138,685	106,055	91,383	88,774
Deposits	885,097	909,182	902,639	920,761	919,032	796,132	754,633
Other borrowed funds	46,237	46,355	46,266	31,384	57,503	70,438	97,500
Subordinated debt	20,620	20,620	20,620	20,620	20,620	20,620	20,620
Stockholders equity	101,484	90,302	97,313	86,486	92,678	82,344	73,197

**Table of Contents****Selected Consolidated Historical Financial Data of Liberty Continued**

(Dollars and shares in thousands, except shares and per share data)	As of or for the Three Months Ended March 31,		Years Ended December 31,				
	2014 (Unaudited)	2013	2013	2012	2011	2010	2009
<b>Capital ratios at period end:</b>							
Stockholders' equity to total assets	9.55%	8.40%	9.07%	8.12%	8.47%	8.45%	7.70%
Tier 1 leverage ratio	11.24	10.06	10.74	9.88	9.89	10.36	9.59
Tier 1 risk-based ratio	16.80	14.85	16.35	13.90	14.23	13.53	12.20
Total risk-based capital ratio	18.06	16.11	17.61	15.16	15.48	14.78	13.45
Dividend payout	21.43	0.00	27.18	29.35	23.35	25.00	43.17
<b>Annualized performance ratios:</b>							
Return on average assets	1.64%	1.43%	1.43%	1.34%	1.31%	1.30%	0.82%
Return on average equity	17.40	17.10	16.57	14.62	15.75	16.11	11.28
Net interest margin <sup>(1)</sup>	4.49	4.64	4.56	4.66	4.53	4.31	3.46
<b>Balance sheet ratios:</b>							
Nonperforming assets as a percentage of period-end assets	0.79%	0.85%	0.71%	0.84%	1.36%	0.76%	0.51%
Nonperforming loans as a percentage of period-end loans	0.82	0.74	0.75	0.81	0.78	0.46	0.22
Nonperforming assets as a percentage of period-end loans and OREO	1.03	1.09	0.95	1.01	1.64	0.74	0.57
Allowance to nonperforming loans	169.54	190.66	192.85	170.83	173.22	285.73	549.81
Allowance for loan losses as a percentage of period-end loans	1.39	1.42	1.45	1.38	1.34	1.32	1.23
Net charge-offs (recoveries) as a percentage of average loans	0.19	0.34	0.30	0.90	0.73	0.61	0.62

(1) Fully taxable equivalent (assuming an income tax rate of 35%).

**Table of Contents**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined financial information and explanatory notes show the impact on the historical financial positions and results of operations of Simmons, Community First and Liberty and have been prepared to illustrate the effects of the Community First merger and Liberty merger under the acquisition method of accounting with Simmons treated as the acquirer. The following unaudited pro forma combined condensed consolidated financial information has been prepared using the acquisition method of accounting, giving effect to our announced acquisitions of Delta Trust & Banking Corporation, or Delta Trust, Community First and Liberty and our acquisition of Metropolitan National Bank, or Metropolitan, which closed on November 25, 2013. The unaudited pro forma combined condensed consolidated balance sheets combine the historical financial information of Simmons and Delta Trust, Community First and Liberty as of March 31, 2014, and assume that the acquisitions were completed on that date. This balance sheet includes Metropolitan in our historical information, as the Metropolitan acquisition closed on November 25, 2013. The unaudited pro forma combined condensed consolidated statements of income for the three-month period ended March 31, 2014 and the 12-month period ended December 31, 2013 give effect to the acquisitions as if the transactions had been completed on January 1, 2013. As the Metropolitan acquisition was completed on November 25, 2013, the full results of its operations are included in Simmons' results for the three months ended March 31, 2014. For the full-year ended December 31, 2013, the historical results of Metropolitan's operations for the approximately 11-month period ended November 25, 2013 have been shown separately, while the results subsequent to acquisition are included in Simmons' historical results.

The unaudited pro forma combined condensed consolidated financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined on the dates described above, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined entities. The unaudited pro forma combined condensed consolidated financial information also does not consider any potential impacts of current market conditions on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors.

**Table of Contents****Unaudited Pro Forma Combined Condensed****Consolidated Balance Sheets****As of March 31, 2014**

<b>(in thousands, except share and per share data)</b>	Acquisition			Pro Forma Simmons and Delta Trust Combined
	Simmons Historical	Delta Trust Historical	Delta Trust Pro Forma Acquisition Adjustments	
<b>ASSETS</b>				
Cash and non-interest bearing balances due from banks	\$ 48,018	\$ 9,685	\$ (14,131) <sup>(A),(B)</sup>	\$ 43,572
Interest-bearing balances due from banks	474,118	25,321		499,439
Cash and cash equivalents	522,136	35,006	(14,131)	543,011
Investment securities held-to-maturity	776,615	15,966		792,581
Investment securities available-for-sale	264,974	50,790		315,764
Mortgage loans held for sale	16,717			16,717
Assets held in trading accounts	6,865			6,865
Loans:				
Loans	2,367,777	328,258	(13,800) <sup>(C)</sup>	2,682,235
Allowance for loan losses	(26,983)	(6,028)	6,028 <sup>(D)</sup>	(26,983)
Net loans	2,340,794	322,230	(7,772)	2,655,252
FDIC indemnification asset	39,239			39,239
Premises and equipment (\$23,779 held for sale)	135,667	4,433	(500) <sup>(E)</sup>	139,600
Foreclosed assets	75,647	3,273	(760) <sup>(F)</sup>	78,160
Interest receivable	15,102	1,465		16,567
Bank owned life insurance	60,714	7,438		68,152
Goodwill	78,529	822	26,686 <sup>(G)</sup>	106,037
Other intangible assets	14,519	152	4,826 <sup>(H)</sup>	19,497
Other assets	49,129	2,487	2,299 <sup>(B),(I)</sup>	53,915
<b>Total assets</b>	<b>\$ 4,396,647</b>	<b>\$ 444,062</b>	<b>\$ 10,648</b>	<b>\$ 4,851,357</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
Deposits:				
Non-interest bearing transaction accounts	\$ 838,050	\$ 123,229	\$	\$ 961,279
Interest bearing transaction accounts and savings deposits	1,793,330	153,723		1,947,053
Time deposits	1,075,668	110,923		1,186,591

Total deposits	3,707,048	387,875		4,094,923
Federal funds purchased and securities sold under agreements to repurchase	104,643			104,643
Other borrowings	116,970	11,128	200 <sup>(J)</sup>	128,298
Subordinated debentures	20,620			20,620
Accrued interest and other liabilities	40,694	2,354		43,048
Total liabilities	3,989,975	401,357	200	4,391,532
Stockholders' equity	406,672	42,705	10,448 <sup>(K)</sup>	459,825
Total liabilities and stockholders' equity	\$ 4,396,647	\$ 444,062	\$ 10,648	\$ 4,851,357
Common shares outstanding	16,311,263			17,727,930
Common equity per common share	\$ 24.93			\$ 25.94

The accompanying notes are an integral part of these pro forma financial statements.

**Table of Contents****Unaudited Pro Forma Combined Condensed****Consolidated Balance Sheets****As of March 31, 2014**

<b>(in thousands, except share and per share data)</b>	Pro Forma Simmons and Delta Trust Combined	Community First Historical	Acquisitions Liberty Historical	Pro Forma Acquisition Adjustments	Pro Forma Combined
<b>ASSETS</b>					
Cash and non-interest bearing balances due from banks	\$ 43,572	\$ 21,453	\$ 19,555	\$ (10,308) <sup>(1)</sup>	\$ 74,272
Interest-bearing balances due from banks	499,439	28,215	80,058		607,712
Cash and cash equivalents	543,011	49,668	99,613	(10,308)	681,984
Investment securities held-to-maturity	792,581	200			792,781
Investment securities available-for-sale	315,764	677,474	94,456		1,087,694
Mortgage loans held for sale	16,717	7,857	1,688		26,262
Assets held in trading accounts	6,865				6,865
<b>Loans:</b>					
Loans	2,682,235	1,121,124	809,159	(43,980) <sup>(2)</sup>	4,568,538
Allowance for loan losses	(26,983)	(16,011)	(11,300)	27,311 <sup>(3)</sup>	(26,983)
Net loans	2,655,252	1,105,113	797,859	(16,669)	4,541,555
FDIC indemnification asset	39,239				39,239
Premises and equipment (\$23,779 held for sale)	139,600	44,317	35,172	(3,250) <sup>(4)</sup>	215,839
Foreclosed assets	78,160	4,145	1,762	(250) <sup>(5)</sup>	83,817
Interest receivable	16,567	6,412	3,935		26,914
Bank owned life insurance	68,152	21,614	16,510		106,276
Goodwill	106,037	2,293	3,063	215,321 <sup>(6)</sup>	326,714
Other intangible assets	19,497	874	883	31,648 <sup>(7)</sup>	52,902
Other assets	53,915	17,863	7,315	1,404 <sup>(1),(8)</sup>	80,497
<b>Total assets</b>	<b>\$ 4,851,357</b>	<b>\$ 1,937,830</b>	<b>\$ 1,062,256</b>	<b>\$ 217,896</b>	<b>\$ 8,069,339</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>					
<b>Deposits:</b>					
Non-interest bearing transaction accounts	\$ 961,279	\$ 192,012	\$ 132,531	\$	\$ 1,285,822

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Interest bearing transaction accounts and savings deposits	1,947,053	887,507	540,224		3,374,784
Time deposits	1,186,591	510,359	212,341	1,634 <sup>(9)</sup>	1,910,925
<b>Total deposits</b>	<b>4,094,923</b>	<b>1,589,878</b>	<b>885,096</b>	<b>1,634</b>	<b>6,571,531</b>
Federal funds purchased and securities sold under agreements to repurchase	104,643	33,967			138,610
Other borrowings	128,298	102,075	46,237	1,100 <sup>(10)</sup>	277,710
Subordinated debentures	20,620	27,100	20,620		68,340
Accrued interest and other liabilities	43,048	15,560	8,819	1,200 <sup>(11)</sup>	68,627
<b>Total liabilities</b>	<b>4,391,532</b>	<b>1,768,580</b>	<b>960,772</b>	<b>3,934</b>	<b>7,124,818</b>
Preferred stock		30,852			30,852
Common equity	459,825	138,398	101,484	213,962	913,669
<b>Total stockholders equity</b>	<b>459,825</b>	<b>169,250</b>	<b>101,484</b>	<b>213,962<sup>(12)</sup></b>	<b>944,521</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 4,851,357</b>	<b>\$ 1,937,830</b>	<b>\$ 1,062,256</b>	<b>\$ 217,896</b>	<b>\$ 8,069,339</b>
Common shares outstanding	17,727,930				29,599,117
Common equity per common share	\$ 25.94				\$ 30.87

The accompanying notes are an integral part of these pro forma financial statements.



**Table of Contents****Unaudited Pro Forma Combined Condensed****Consolidated Statements of Income****For the Three Months Ended March 31, 2014**

<b>(in thousands, except share and per share data)</b>	<b>Simmons Historical</b>	<b>Delta Trust Historical</b>	<b>Acquisition Delta Trust Pro Forma Acquisition Adjustments</b>	<b>Pro Forma Simmons and Delta Trust Combined</b>
<b>INTEREST INCOME</b>				
Loans, including fees	\$ 40,200	\$ 3,721	\$ 421 <sup>(L)</sup>	\$ 44,342
Investment securities and other	4,834	276	<sup>(M)</sup>	5,110
<b>TOTAL INTEREST INCOME</b>	<b>45,034</b>	<b>3,997</b>	<b>421</b>	<b>49,452</b>
<b>INTEREST EXPENSE</b>				
Deposits	2,269	454		2,723
Federal funds purchased and securities sold under agreements to repurchase	53			53
Other borrowings	1,167	45	<sup>(N)</sup>	1,212
<b>TOTAL INTEREST EXPENSE</b>	<b>3,489</b>	<b>499</b>		<b>3,988</b>
<b>NET INTEREST INCOME</b>	<b>41,545</b>	<b>3,498</b>	<b>421</b>	<b>45,464</b>
Provision for loan losses	908	262	<sup>(O)</sup>	1,170
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>40,637</b>	<b>3,236</b>	<b>421</b>	<b>44,294</b>
<b>NON-INTEREST INCOME</b>				
Trust income	1,537	584		2,121
Service charges on deposit accounts	6,068	120		6,188
Other service charges and fees	1,866	1,111		2,977
SBA and Mortgage banking income	810			810
Credit card fees	4,600			4,600
Investment banking income	181			181
Bank owned life insurance income	330	56		386
Gain (loss) on sale of securities, net		1		1
Net gain (loss) on assets covered by FDIC loss share agreements	(7,370)			(7,370)
Other income	1,176	482		1,658
<b>TOTAL NON-INTEREST INCOME</b>	<b>9,198</b>	<b>2,354</b>		<b>11,552</b>

<b>NON-INTEREST EXPENSE</b>				
Salaries and employee benefits	22,464	2,699		25,163
Occupancy expense, net	3,890	281		4,171
Furniture and equipment expense	2,014	175		2,189
Other real estate and foreclosure expense	873	4		877
Deposit insurance	668	81		749
Merger related costs	1,272		(P)	1,272
Other operating expenses	13,370	736	124 <sup>(Q)</sup>	14,230
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>44,551</b>	<b>3,976</b>	<b>124</b>	<b>48,651</b>
<b>NET INCOME BEFORE INCOME TAXES</b>				
	5,284	1,614	297	7,195
Provision for income taxes	932	561	116 <sup>(R)</sup>	1,609
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>				
	\$ 4,352	\$ 1,053	\$ 181	\$ 5,586
<b>BASIC EARNINGS PER COMMON SHARE</b>				
	\$ 0.27			\$ 0.32
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
	\$ 0.27			\$ 0.32
Weighted average common shares outstanding basic				
	16,270,149		(S)	17,686,816
Weighted average common shares outstanding diluted				
	16,309,868		(S)	17,726,535
The accompanying notes are an integral part of these pro forma financial statements.				

**Table of Contents****Unaudited Pro Forma Combined Condensed****Consolidated Statements of Income****For the Three Months Ended March 31, 2014**

<b>(in thousands, except share and per share data)</b>	Acquisitions			Community First and Liberty Pro Forma Acquisition Adjustments	Pro Forma Combined
	Pro Forma Simmons and Delta Trust Combined	Community First Historical	Liberty Historical		
<b>INTEREST INCOME</b>					
Loans, including fees	\$ 44,342	\$ 14,636	\$ 11,209	\$ 2,136 <sup>(13)</sup>	\$ 72,323
Investment securities and other	5,110	4,589	524		10,223
<b>TOTAL INTEREST INCOME</b>	<b>49,452</b>	<b>19,225</b>	<b>11,733</b>	<b>2,136</b>	<b>82,546</b>
<b>INTEREST EXPENSE</b>					
Deposits	2,723	2,281	758	(14)	5,762
Federal funds purchased and securities sold under agreements to repurchase	53	17			70
Other borrowings	1,212	564	181	(63) <sup>(15)</sup>	1,894
<b>TOTAL INTEREST EXPENSE</b>	<b>3,988</b>	<b>2,862</b>	<b>939</b>	<b>(63)</b>	<b>7,726</b>
<b>NET INTEREST INCOME</b>	<b>45,464</b>	<b>16,363</b>	<b>10,794</b>	<b>2,199</b>	<b>74,820</b>
Provision for loan losses	1,170	166	2	(16)	1,338
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>44,294</b>	<b>16,197</b>	<b>10,792</b>	<b>2,199</b>	<b>73,482</b>
<b>NON-INTEREST INCOME</b>					
Trust income	2,121	4			2,125
Service charges on deposit accounts	6,188	1,389	1,118		8,695
Other service charges and fees	2,977	2,240	1,238		6,455
SBA and Mortgage banking income	810	948	845		2,603
Credit card fees	4,600				4,600
Investment banking income	181	60			241
Bank owned life insurance income	386	135	122		643
Gain (loss) on sale of securities, net	1	723	(20)		704
Net gain (loss) on assets covered by FDIC loss share agreements	(7,370)				(7,370)
Other income	1,658	256	147		2,061

<b>TOTAL NON-INTEREST INCOME</b>	11,552	5,755	3,450		20,757
<b>NON-INTEREST EXPENSE</b>					
Salaries and employee benefits	25,163	8,238	4,139		37,540
Occupancy expense, net	4,171	1,548	544		6,263
Furniture and equipment expense	2,189	453	730		3,372
Other real estate and foreclosure expense (income)	877	(1,010)	660		527
Deposit insurance	749	250	104		1,103
Merger related costs	1,272			(17)	1,272
Other operating expenses	14,230	3,223	1,973	833 <sup>(18)</sup>	20,259
<b>TOTAL NON-INTEREST EXPENSE</b>	48,651	12,702	8,150	833	70,336
<b>NET INCOME BEFORE INCOME TAXES</b>					
Provision for income taxes	7,195	9,250	6,092	1,366	23,903
	1,609	3,141	1,777	533 <sup>(19)</sup>	7,060
<b>NET INCOME</b>	\$ 5,586	\$ 6,109	\$ 4,315	\$ 833	\$ 16,843
Dividends on preferred stock		(77)			(77)
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	\$ 5,586	\$ 6,032	\$ 4,315	\$ 833	\$ 16,766
<b>BASIC EARNINGS PER COMMON SHARE</b>	\$ 0.32				\$ 0.57
<b>DILUTED EARNINGS PER COMMON SHARE</b>	\$ 0.32				\$ 0.57
Weighted average common shares outstanding basic	17,686,816			(20)	29,558,003
Weighted average common shares outstanding diluted	17,726,535			(20)	29,597,722

The accompanying notes are an integral part of these pro forma financial statements.

Table of Contents**Unaudited Pro Forma Combined Condensed****Consolidated Statements of Income****For the Year Ended December 31, 2013**

<b>(in thousands, except share and per share data)</b>	Acquisitions				Simmons Pro Forma Combined with Delta Trust and Metropolitan
	Simmons Historical	Metropolitan Historical	Delta Trust Historical	Pro Forma Acquisition Adjustments	
<b>INTEREST INCOME</b>					
Loans, including fees	\$ 128,638	\$ 26,441	\$ 17,192	\$ 5,261 <sup>(L)</sup>	\$ 177,532
Investment securities and other	14,475	5,366	1,216	345 <sup>(M)</sup>	21,402
<b>TOTAL INTEREST INCOME</b>	<b>143,113</b>	<b>31,807</b>	<b>18,408</b>	<b>5,606</b>	<b>198,934</b>
<b>INTEREST EXPENSE</b>					
Deposits	8,399	2,871	2,059		13,329
Federal funds purchased and securities sold under agreements to repurchase	219	29			248
Other borrowings	3,645	129	185	1,270 <sup>(N)</sup>	5,229
<b>TOTAL INTEREST EXPENSE</b>	<b>12,263</b>	<b>3,029</b>	<b>2,244</b>	<b>1,270</b>	<b>18,806</b>
<b>NET INTEREST INCOME</b>	<b>130,850</b>	<b>28,778</b>	<b>16,164</b>	<b>4,336</b>	<b>180,128</b>
Provision for loan losses	4,118	500	951	<sup>(O)</sup>	5,569
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>126,732</b>	<b>28,278</b>	<b>15,213</b>	<b>4,336</b>	<b>174,559</b>
<b>NON-INTEREST INCOME</b>					
Trust income	5,842	343	1,849		8,034
Service charges on deposit accounts	18,815	8,549	568		27,932
Other service charges and fees	3,458	5,825	928		10,211
SBA and Mortgage banking income	4,592				4,592
Credit card fees	17,372				17,372
Investment banking income	1,811		3,421		5,232
Bank owned life insurance income	1,319		211		1,530
Gain (loss) on sale of securities, net	(151)	101	13		(37)
Net gain (loss) on assets covered by FDIC loss share agreements	(16,188)				(16,188)

Other income	3,746	2,772	255		6,773
<b>TOTAL NON-INTEREST INCOME</b>	<b>40,616</b>	<b>17,590</b>	<b>7,245</b>		<b>65,451</b>
<b>NON-INTEREST EXPENSE</b>					
Salaries and employee benefits	74,078	19,661	10,087		103,826
Occupancy expense, net	10,034	4,955	969		15,958
Furniture and equipment expense	7,623	2,523	749		10,895
Other real estate and foreclosure expense (income)	1,337	744	572		2,653
Deposit insurance	2,482	2,015	318		4,815
Merger related costs	6,376			(P)	6,376
Other operating expenses	32,882	11,759	3,366	1,400 <sup>(Q)</sup>	49,407
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>134,812</b>	<b>41,657</b>	<b>16,061</b>	<b>1,400</b>	<b>193,930</b>
<b>NET INCOME BEFORE INCOME TAXES</b>					
Provision for income taxes	32,536	4,211	6,397	2,936	46,080
	9,305		2,133	1,145 <sup>(R)</sup>	12,583
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>					
	\$ 23,231	\$ 4,211	\$ 4,264	\$ 1,791	\$ 33,497
<b>BASIC EARNINGS PER COMMON SHARE</b>					
	\$ 1.42				\$ 1.89
<b>DILUTED EARNINGS PER COMMON SHARE</b>					
	\$ 1.42				\$ 1.89
Weighted average common shares outstanding basic	16,339,335			(S)	17,756,002
Weighted average common shares outstanding diluted	16,352,167			(S)	17,768,834
The accompanying notes are an integral part of these pro forma financial statements.					

Table of Contents**Unaudited Pro Forma Combined Condensed****Consolidated Statements of Income****For the Year Ended December 31, 2013**

(in thousands, except share and per share data)	Acquisitions				Pro Forma Combined
	Simmons Combined with Metropolitan and Delta Trust	Community First Historical	Liberty Historical	Pro Forma Acquisition Adjustments	
<b>INTEREST INCOME</b>					
Loans, including fees	\$ 177,532	\$ 57,999	\$ 47,392	\$ 8,543 <sup>(13)</sup>	\$ 291,466
Investment securities and other	21,402	15,805	1,567		38,774
<b>TOTAL INTEREST INCOME</b>	<b>198,934</b>	<b>73,804</b>	<b>48,959</b>	<b>8,543</b>	<b>330,240</b>
<b>INTEREST EXPENSE</b>					
Deposits	13,329	10,877	3,966	(1,634) <sup>(14)</sup>	26,538
Federal funds purchased and securities sold under agreements to repurchase	248	74	1		323
Other borrowings	5,229	2,185	739	(300) <sup>(15)</sup>	7,853
<b>TOTAL INTEREST EXPENSE</b>	<b>18,806</b>	<b>13,136</b>	<b>4,706</b>	<b>(1,934)</b>	<b>34,714</b>
<b>NET INTEREST INCOME</b>	<b>180,128</b>	<b>60,668</b>	<b>44,253</b>	<b>10,477</b>	<b>295,526</b>
Provision for loan losses	5,569	977	2,196	<sup>(16)</sup>	8,742
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>174,559</b>	<b>59,691</b>	<b>42,057</b>	<b>10,477</b>	<b>286,784</b>
<b>NON-INTEREST INCOME</b>					
Trust income	8,034	40			8,074
Service charges on deposit accounts	27,932	6,339	4,656		38,927
Other service charges and fees	10,211	8,178	4,909		23,298
SBA and Mortgage banking income	4,592	5,946	4,210		14,748
Credit card fees	17,372				17,372
Investment banking income	5,232	156			5,388
Bank owned life insurance income	1,530	600	414		2,544
Gain (loss) on sale of securities, net	(37)	572	(1)		534
Net gain (loss) on assets covered by FDIC loss share agreements	(16,188)				(16,188)

Other income (loss)	6,773	1,186	(80)		7,879
<b>TOTAL NON-INTEREST INCOME</b>	<b>65,451</b>	<b>23,017</b>	<b>14,108</b>		<b>102,576</b>
<b>NON-INTEREST EXPENSE</b>					
Salaries and employee benefits	103,826	32,791	18,252		154,869
Occupancy expense, net	15,958	5,910	2,091		23,959
Furniture and equipment expense	10,895	1,725	2,848		15,468
Other real estate and foreclosure expense	2,653	669	729		4,051
Deposit insurance	4,815	1,025	509		6,349
Merger related costs	6,376			(17)	6,376
Other operating expenses	49,407	13,537	8,516	3,330 <sup>(18)</sup>	74,790
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>193,930</b>	<b>55,657</b>	<b>32,945</b>	<b>3,330</b>	<b>285,862</b>
<b>NET INCOME BEFORE INCOME TAXES</b>					
Provision for income taxes	46,080	27,051	23,220	7,147	103,498
	12,583	8,639	8,019	2,787 <sup>(19)</sup>	32,028
<b>NET INCOME</b>	<b>\$ 33,497</b>	<b>\$ 18,412</b>	<b>\$ 15,201</b>	<b>\$ 4,360</b>	<b>\$ 71,470</b>
Dividends on preferred stock		(1,542)			(1,542)
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	<b>\$ 33,497</b>	<b>\$ 16,870</b>	<b>\$ 15,201</b>	<b>\$ 4,360</b>	<b>\$ 69,928</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>	<b>\$ 1.89</b>				<b>\$ 2.36</b>
<b>DILUTED EARNINGS PER COMMON SHARE</b>	<b>\$ 1.89</b>				<b>\$ 2.36</b>
Weighted average common shares outstanding basic	17,756,002			(20)	29,627,189
Weighted average common shares outstanding diluted	17,768,834			(20)	29,640,021

The accompanying notes are an integral part of these pro forma financial statements.



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**Table of Contents****Notes to Pro Forma Combined Condensed Consolidated Financial Statements****Note 1. Basis of Presentation**

The unaudited pro forma combined condensed consolidated financial statements and explanatory notes show the impact on the historical financial condition and results of operations of Simmons resulting from the Metropolitan, Delta Trust, Community First and Liberty acquisitions under the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Metropolitan, Delta Trust, Community First and Liberty are recorded by Simmons at their respective fair values as of the date the transaction is completed. The unaudited pro forma combined condensed consolidated balance sheets combine the historical financial information of Simmons (which includes Metropolitan) and Delta Trust, Community First and Liberty as of March 31, 2014, and assume that the Delta Trust, Community First and Liberty acquisitions were completed on that date. The unaudited pro forma combined condensed consolidated statements of income for the three-month period ended March 31, 2014, and for the year ended December 31, 2013, give effect to the Metropolitan, Delta Trust, Community First and Liberty acquisitions as if the transactions had been completed on January 1, 2013.

Since the transactions are recorded using the acquisition method of accounting, all loans are recorded at fair value, including adjustments for credit quality, and no allowance for credit losses is carried over to Simmons' balance sheet. In addition, certain anticipated nonrecurring costs associated with the Metropolitan, Delta Trust, Community First and Liberty acquisitions such as potential severance, professional fees, legal fees and conversion-related expenditures are not reflected in the pro forma statements of income and will be expensed as incurred.

While the recording of the acquired loans at their fair value will impact the prospective determination of the provision for credit losses and the allowance for credit losses, for purposes of the unaudited pro forma combined condensed consolidated statement of income for the three-month period ended March 31, 2014 and for the year ended December 31, 2013, Simmons assumed no adjustments to the historical amount of Metropolitan's, Delta Trust's, Community First's, and Liberty's provision for credit losses. If such adjustments were estimated, there could be a significant change to the historical amounts of provision for credit losses presented.

The pro forma information is presented in two stages. The first stage presents the results of Metropolitan (for the statement of income for the full-year ended December 31, 2013) and Delta Trust as combined with the historical results of Simmons and reflecting pro forma adjustments. The Delta Trust transaction does not require approval by the Simmons shareholders and is not a significant acquisition under SEC definitions and, while not required to be presented, is provided for information purposes only. The Metropolitan acquisition was completed on November 25, 2013 and is presented for the approximately 11-month period ended November 25, 2013 in order to reflect the pro forma effect of the acquisition on our full-year ended December 31, 2013 results. The second stage presents the combined results of Simmons with Metropolitan and Delta Trust, with the historical results and pro forma adjustments for Community First and Liberty. These transactions combined are significant and are subject to shareholder approval.

**Note 2. Merger and Acquisition Integration Costs**

The retail branch operations, commercial lending activities, mortgage banking operations, trust and investment services, along with all other operations of Delta Trust, Community First and Liberty will be integrated into Simmons First National Bank. The operation integration and the system conversion for Delta Trust are scheduled for October 2014. The operation integration and the system conversion for Liberty are scheduled for the second quarter of 2015. The operation integration and the system conversion for Community First are scheduled for the third quarter of 2015.

The specific details of the plan to integrate the operations of Delta Trust, Community First and Liberty will continue to be refined over the next several months, and will include assessing personnel, benefit plans, premises, equipment and service contracts to determine where we may take advantage of redundancies. Certain decisions

## **Table of Contents**

arising from these assessments may involve involuntary termination of employees, vacating leased premises, changing information systems, canceling contracts with certain service providers, and selling or otherwise disposing of certain premises, furniture and equipment. Simmons also expects to incur merger-related costs including professional fees, legal fees, system conversion costs and costs related to communications with customers and others. To the extent there are costs associated with these actions, the costs will be recorded based on the nature of the cost and the timing of these integration actions.

### **Note 3. Estimated Annual Cost Savings**

Simmons expects to realize cost savings and to generate revenue enhancements from the Metropolitan, Delta Trust, Community First and Liberty acquisitions. Revenue enhancements are expected from an expansion of trust services, SBA lending activities, consumer finance products and credit card services to the larger footprint of Simmons. Cost savings for Delta Trust and Metropolitan are projected at 35% of non-interest expense; cost savings for Liberty are projected at 30% of non-interest expense; and cost savings for Community First are projected at 20% of non-interest expense. These cost savings and revenue enhancements are not reflected in the pro forma financial information and there can be no assurance they will be achieved in the amount or manner currently contemplated.

### **Note 4. Pro Forma Adjustments**

The following pro forma adjustments have been reflected in the unaudited pro forma combined condensed consolidated financial information presented for Delta Trust and Metropolitan. All adjustments are based on current assumptions and valuations, which are subject to change. Unless otherwise noted, all adjustments are based on assumptions and valuations as of the merger agreement dates for the respective pending acquisitions and are subject to change.

- (A) The consideration to be paid for Delta Trust is projected to be a mix of cash and common stock, at the election of each Delta Trust shareholder, with the cash portion of the merger consideration paid to Delta Trust shareholders limited to approximately \$10 million. The pro forma adjustment assumes that the maximum amount of cash consideration will be paid to Delta Trust shareholders and that the stock consideration will approximate \$53.2 million (based on Simmons closing common stock price of \$37.52 on March 20, 2014 and a fixed exchange ratio of 15.1428 shares of Simmons common stock for each share of Delta Trust's common stock, per the Agreement and Plan of Merger, dated as of March 24, 2014 between Simmons and Delta Trust, or the Delta Trust merger agreement, subject to potential adjustments.

An additional \$2 million of cash consideration is expected to be paid by Delta Trust, prior to closing, to cash out Delta Trust stock options outstanding.

- (B) Represents seller-incurred merger expenses, which are expected to be paid immediately prior to the merger closing date, and the related tax benefit. Seller-incurred merger expenses are \$2.1 million for Delta Trust and the related tax benefit is \$831,000.

Estimated Simmons -incurred merger expenses primarily including severance, professional, legal and conversion related expenditures, are not reflected in the combined balance sheet as these integration costs will be expensed by Simmons as required by U.S. generally accepted accounting principles, or GAAP.

- (C) Adjustments made to reflect the estimated fair value of the acquired loan portfolios as of March 31, 2014. The total adjustment of (\$13.8) million is comprised of approximately \$7.1 million of non-accretable credit adjustments and approximately \$6.7 million of accretable yield adjustments.

Once the acquisition has closed, Simmons will finalize its determination of the fair value of acquired loans which could significantly change both the amount and the composition of these estimated purchase accounting adjustments.

**Table of Contents**

- (D) Purchase accounting reversal of Delta Trust's allowance for loan losses, which cannot be carried over in accordance with GAAP.
- (E) Adjustment made to reflect the estimated fair value of acquired premises and equipment, including all branches.
- (F) Adjustment made to reflect the estimated fair value of acquired OREO properties.
- (G) Adjustment represents the excess of the consideration paid over the fair value of net assets acquired, net of the reversal of Delta Trust's previously recorded goodwill of \$822,000. The reconciliation of the purchase price to goodwill recorded can be summarized as follows (in thousands):

	<b>Delta Trust</b>
Fair value of common shares issued	\$ 53,153
Cash Consideration	10,052
<b>Total pro forma purchase price</b>	<b>\$ 63,205</b>
Fair value of assets acquired:	
Cash and cash equivalents	\$ 30,927
Investment securities	66,756
Net loans	314,458
Bank premise and equipment	3,933
OREO, net of valuation allowance	2,513
Core deposit intangible	4,978
Other assets	13,689
<b>Total assets</b>	<b>437,254</b>
Fair value of liabilities assumed:	
Deposits	387,875
Other borrowings	11,328
Other liabilities	2,354
<b>Total liabilities</b>	<b>401,557</b>
<b>Net assets acquired</b>	<b>\$ 35,697</b>
<b>Preliminary pro forma goodwill</b>	<b>\$ 27,508</b>

- (H) Preliminary purchase accounting adjustment to establish a core deposit intangible in recognition of the fair value of core deposits acquired, which is approximately 1.9% of core deposit liabilities. This intangible asset represents the value of the relationships that Delta Trust had with their deposit customers as of the date of the Delta Trust merger agreement. The preliminary fair value was estimated based on a discounted cash flow

methodology that gave consideration to expected customer attrition rates, cost of the deposit base and the net maintenance cost attributable to customer deposits.

The adjustment includes a credit of \$152,000 to reverse the intangibles recorded by Delta Trust prior to its pending acquisition by Simmons.

- (I) Includes a net deferred tax asset adjustment based on 39% of fair value adjustments related to the acquired assets and assumed liabilities and on a calculation of future tax benefits.

This adjustment also includes a write-off of \$250,000 of miscellaneous assets with no fair value.

- (J) Adjustment made to reflect the estimated fair value of FHLB advances.

- (K) To reflect the stock consideration expected to be paid, net of the purchase accounting reversal of previously existing equity accounts. As discussed in item (1), the consideration for Delta Trust is expected to be a mix of stock and cash. Assuming the maximum amount of cash allowable under the Delta Trust merger agreement is paid to the shareholders of Delta Trust, the stock consideration expected to be paid is \$53.2 million based on the assumptions set forth in item (A).

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**Table of Contents**

- (L) Simmons has evaluated the acquired loan portfolio to estimate the necessary credit and interest rate fair value adjustments. Subsequently, the accretable portion of the fair value adjustment will be accreted into earnings using the level yield method over the remaining maturity of the underlying loans. For purposes of the pro forma impact on the three months ended March 31, 2014 and the year ended December 31, 2013, the net discount accretion was calculated by summing monthly estimates of accretion/amortization on each loan pool, which was calculated based on the remaining maturity of each loan pool. The overall weighted average maturity of the loan portfolio is approximately 3.01 years. The 2013 pro forma accretion income projected for Delta Trust and Metropolitan is \$1.7 million and \$3.6 million, respectively. The estimated non-accretable yield portion of the net discount of approximately \$7.1 million for Delta Trust will not be accreted into earnings.
- (M) Simmons has made an adjustment to reflect the estimated fair value of acquired held-to-maturity investment securities acquired with Metropolitan; no adjustment was necessary for Delta Trust as the fair value of their held-to-maturity investment securities approximated carrying value. Subsequently, the fair value adjustment will be accreted into earnings using the level yield method over the remaining maturity of the underlying securities, which is approximately six years. This adjustment represents Simmons' best estimate of the expected accretion on 2013.
- (N) Simmons has made an adjustment to reflect the estimated fair value of FHLB advances based on current interest rates for comparable borrowings. The fair value adjustment will be accreted into earnings, using the level yield method, as a reduction of the cost of such borrowings over an estimated life of one year. The 2013 pro forma accretion impact projected for Delta Trust is \$100,000 and for Metropolitan is \$1.2 million.
- (O) Provision for loan losses does not reflect any potential impact of the fair value adjustments related to loans which includes an estimate of credit losses.
- (P) Historical merger related costs for Simmons are primarily related to the acquisition of Metropolitan, which was completed on November 25, 2013. Estimated merger related expenses of \$2.1 million for Delta Trust, primarily severance, professional, legal and conversion related expenditures, are not reflected in the combined income statements as they are nonrecurring expenses. These integration costs will be expensed by Simmons as required by GAAP.
- (Q) The core deposit intangible will be amortized over ten years on a straight-line basis. The annual pro forma amortization expense projected for Delta Trust and Metropolitan is \$498,000 and \$902,000, respectively. The first quarter 2014 pro forma amortization income impact for Delta Trust is \$124,000. The pro forma amortization income impact for Metropolitan of \$225,000 for the quarter is included in Simmons' historical amounts.
- (R) Reflects the tax impact of the pro forma acquisition adjustments at Simmons' marginal income tax rate of 39%.

- (S) Pro forma weighted average shares outstanding assumes the maximum cash election in the Delta Trust acquisition.

The following pro forma adjustments have been reflected in the unaudited pro forma combined condensed consolidated financial information presented for Community First and Liberty. All adjustments are based on current assumptions and valuations, which are subject to change. Unless otherwise noted, all adjustments are based on assumptions and valuations as of the merger agreement dates for the respective pending acquisitions and are subject to change.

- (1) Represents seller-incurred merger expenses which are expected to be paid immediately prior to the merger closing date, net of the related tax benefit. Community First's merger expenses are estimated to be \$6.6 million with a related tax benefit of \$2.6 million. Liberty's merger expenses are estimated to be \$5.6 million, with a related tax benefit of \$2.2 million.



**Table of Contents**

Simmons -incurred estimated merger related expenses primarily for severance, professional, legal and conversion related expenditures, are not reflected in the combined balance sheet as these integration costs will be expensed by Simmons as required by GAAP.

Also includes \$1.8 million in cash proceeds expected to be received for the exercise of stock options prior to the merger.

- (2) Adjustments made to reflect the estimated fair value of the acquired loan portfolios, allocated to each target as described below.

*Community First:* The total adjustment of (\$25.9) million is comprised of approximately \$4.6 million of non-accretable credit adjustments and approximately \$21.3 million of accretable yield adjustments.

*Liberty:* The total adjustment of (\$18.1) million is comprised of approximately \$5.2 million of non-accretable credit adjustments and approximately \$12.9 million of accretable yield adjustments.

Once each acquisition has closed, Simmons will finalize its determination of the fair value of acquired loans which could significantly change both the amount and the composition of these estimated purchase accounting adjustments.

- (3) Purchase accounting reversal of each target's allowance for loan losses, which cannot be carried over in accordance with GAAP.
- (4) Adjustment made to reflect the estimated fair value of acquired premises and equipment, including all branches. Adjustment is (\$750,000) for Community First and (\$2.5) million for Liberty.
- (5) Adjustment made to reflect the estimated fair value of acquired OREO properties. Adjustment is for OREO properties held by Community First; no adjustment is expected for OREO properties held by Liberty.
- (6) Adjustment represents the excess of the consideration paid over the fair value of net assets acquired, net of the reversal of Community First's and Liberty's previously recorded goodwill of \$2.3 million and \$3.1 million, respectively. The reconciliation of the purchase price to goodwill recorded can be summarized as follows (in thousands):

	<b>Community First</b>	<b>Liberty</b>
Fair value of common shares issued	\$ 245,088	\$ 208,756
Cash Consideration	30,852	
<b>Total pro forma purchase price</b>	<b>\$ 275,940</b>	<b>\$ 208,756</b>
Fair value of assets acquired:		
Cash and cash equivalents	\$ 43,070	\$ 95,903

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Investment securities	677,674	94,456
Loans held for sale	7,857	1,688
Net loans	1,095,275	791,028
Bank premise and equipment	43,567	32,672
OREO, net of valuation allowance	3,895	1,762
Core deposit intangible	20,613	12,792
Other assets	45,852	29,201
<b>Total assets</b>	<b>1,937,803</b>	<b>1,059,502</b>
Fair value of liabilities assumed:		
<b>Deposits</b>	<b>1,591,512</b>	<b>885,096</b>
Fed funds purchased and securities sold under agreements to repurchase	33,967	
Other borrowings	103,075	46,337
Subordinated debentures	27,100	20,620
Other liabilities	16,160	9,419
<b>Total liabilities</b>	<b>1,771,814</b>	<b>961,472</b>
<b>Net assets acquired</b>	<b>\$ 165,989</b>	<b>\$ 98,030</b>
<b>Preliminary pro forma goodwill</b>	<b>\$ 109,951</b>	<b>\$ 110,726</b>

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**Table of Contents**

- (7) Preliminary purchase accounting adjustment to establish a core deposit intangible in recognition of the fair value of core deposits acquired, which is approximately 1.9% of core deposit liabilities for Community First and Liberty. This intangible asset represents the value of the relationships that Community First and Liberty had with their deposit customers as of the date of acquisition. The preliminary fair value was estimated based on a discounted cash flow methodology that gave consideration to expected customer attrition rates, cost of the deposit base and the net maintenance cost attributable to customer deposits. A core deposit intangible asset of \$20.6 million for Community First and \$12.8 million for Liberty.

The adjustment includes a credit of \$1.8 million to reverse the intangibles recorded by Community First and Liberty prior to their pending acquisition by Simmons.

- (8) Includes a net deferred tax asset adjustment of \$1.8 million based on 39% of fair value adjustments related to the acquired assets and assumed liabilities and on a calculation of future tax benefits. Community First is estimated to have a net deferred tax asset adjustment of \$400,000. Liberty is estimated to have a net deferred tax asset adjustment of \$1.4 million.

This adjustment also includes write-off of \$400,000 of miscellaneous assets with no fair value at Community First.

- (9) Adjustment made to reflect the estimated fair value premium of Community First's time deposits. The fair value was estimated using a discounted cash flow methodology based on current market rates for similar remaining maturities. No adjustment was necessary for Liberty as the rates and terms of their time deposits approximated current market terms.

- (10) Adjustment made to reflect the estimated fair value of FHLB advances, of which \$1 million is attributable to Community First and \$100,000 is attributable to Liberty.

- (11) Adjustment made to reflect the estimated fair value of miscellaneous liabilities not previously recorded by Community First (\$600,000) and Liberty (\$600,000).

- (12) To reflect the common stock consideration expected to be paid for each acquisition, net of the purchase accounting reversal of their previously existing equity accounts. Community First and Liberty are both 100% stock transactions. The common stock consideration expected to be paid for Community First is \$245.1 million (based on Simmons' closing common stock price of \$37.00 per share on May 2, 2014 and the fixed exchange ratio of 17.8975 shares of Simmons common stock for each share of Community First common stock, pursuant to the Community First merger agreement, subject to potential adjustments; Community First, Series C preferred stock will be converted into Simmons Series A preferred stock. The stock consideration expected to be paid for Liberty is \$208.8 million (based on the Simmons' closing common stock price of \$39.79 per share on May 23, 2014 and the fixed exchange ratio of 1.0 shares of Simmons common stock for each share of Liberty common stock pursuant to the Liberty merger agreement), subject to potential adjustments.

- (13)

Simmons has evaluated the acquired loan portfolio to estimate the necessary credit and interest rate fair value adjustments. Subsequently, the accretable portion of the fair value adjustment will be accreted into earnings using the level yield method over the remaining maturity of the underlying loans. For purposes of the pro forma impact on the three months ended March 31, 2014 and the year ended December 31, 2013, the net discount accretion was calculated by summing monthly estimates of accretion/amortization on each loan pool, which was calculated based on the remaining maturity of each loan pool. The overall weighted average maturity of the loan portfolio is approximately 5.62 years for Community First and 5.83 years for Liberty. The estimated non-accretible yield portion of the net discount of approximately \$9.8 million for Community First and Liberty combined will not be accreted into earnings.

**Table of Contents**

- (14) Simmons has made an adjustment to reflect the estimated fair value of time deposits based on current interest rates for comparable deposits. The fair value adjustment will be accreted into earnings as a reduction of the cost of such time deposits over an estimated life of one year using the level yield method.
- (15) Simmons has made an adjustment to reflect the estimated fair value of FHLB advances based on current interest rates for comparable borrowings. The fair value adjustment will be accreted into earnings, using the level yield method, as a reduction of the cost of such borrowings over an estimated life of one year for Liberty and two years for Community First.
- (16) Provision for loan losses does not reflect any potential impact of the fair value adjustments related to loans which includes an estimate of credit losses.
- (17) Historical merger related costs for Simmons are primarily related to the acquisition of Metropolitan, which was completed on November 25, 2013. Estimated merger related expenses of \$6.6 million for Community First and \$5.6 million for Liberty, primarily severance, professional, legal and conversion related expenditures are not reflected in the combined income statements as they are nonrecurring expenses. These integration costs will be expensed by Simmons as required by GAAP.
- (18) The core deposit intangible will be amortized over ten years on a straight-line basis. The annual amortization expense will be approximately \$2.0 million and \$1.3 million for Community First and Liberty, respectively.
- (19) Reflects the tax impact of the pro forma acquisition adjustments at Simmons marginal income tax rate of 39%.
- (20) Pro forma weighted average common shares outstanding assumes 6,624,000 common shares issued for Community First and 5,247,187 common shares issued for Liberty.

**Table of Contents****COMPARATIVE PER SHARE DATA****(Unaudited)**

Presented below are unaudited per share basic and diluted earnings, cash dividends and book value for (1) Simmons, Community First, and Liberty on a historical basis, (2) Simmons, Community First and Liberty on a pro forma combined basis and (3) Simmons and Community First, and Simmons and Liberty on a pro forma equivalent basis, in each case for the fiscal year ended December 31, 2013 and as of and for the three months ended March 31, 2014. The information presented below should be read together with the historical consolidated financial statements of Simmons, Community First, and Liberty, including the related notes incorporated by reference into, or included in, this joint proxy statement/prospectus. See [Where You Can Find More Information](#).

The unaudited pro forma adjustments are based upon available information and certain assumptions that Simmons, Community First and Liberty management believe are reasonable. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the mergers or the Delta Trust acquisition or consider any potential impacts of current market conditions or the mergers or the Delta Trust acquisition on revenues, expense efficiencies, asset dispositions, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results. Upon completion of the mergers, the operating results of both Community First and Liberty will be reflected in the consolidated financial statements of Simmons on a prospective basis.

	<b>Pro Forma Simmons, Delta Trust and Community</b>		<b>Community First Liberty</b>		<b>Community First Pro Forma Per Equivalent Community Share</b>		<b>Liberty Pro Forma Per Equivalent Liberty Share</b>	
	<b>Simmons Historical</b>	<b>Metropolitan Combined <sup>(1)</sup></b>	<b>First Historical</b>	<b>Liberty Historical</b>	<b>Simmons Pro Forma Combined <sup>(1)</sup></b>	<b>Per Community Share <sup>(2)</sup></b>	<b>Per Liberty Share <sup>(3)</sup></b>	
<b>Basic Earnings</b>								
Three months ended								
March 31, 2014	\$ 0.27	\$ 0.32	\$ 16.58	\$ 0.84	\$ 0.57	\$ 10.20	\$ 0.57	
Year ended December								
31, 2013	\$ 1.42	\$ 1.89	\$ 46.41	\$ 2.98	\$ 2.36	\$ 42.24	\$ 2.36	
<b>Diluted Earnings</b>								
Three months ended								
March 31, 2014	\$ 0.27	\$ 0.32	\$ 16.51	\$ 0.84	\$ 0.57	\$ 10.20	\$ 0.57	
Years ended								
December 31, 2013	\$ 1.42	\$ 1.89	\$ 46.23	\$ 2.97	\$ 2.36	\$ 42.24	\$ 2.36	
<b>Cash Dividends Paid<sup>(4)</sup></b>								
Three months ended								
March 31, 2014	\$ 0.22	\$ 0.22	\$	\$ 0.18	\$ 0.22	\$ 3.94	\$ 0.22	
Year ended								
December 31, 2013	\$ 0.84	\$ 0.84	\$ 6.00	\$ 0.81	\$ 0.84	\$ 15.03	\$ 0.84	

**Book Value**

March 31, 2014	\$ 24.93	\$ 25.94	\$ 380.22	\$ 19.72	\$ 30.87	\$ 552.50	\$ 30.87
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- (1) The unaudited pro forma and pro forma per equivalent information for Simmons, Delta Trust and Metropolitan gives effect to the acquisition of Delta Trust as if the acquisition of Delta Trust had been effective on March 31, 2014 in the case of book value data, and as if the acquisitions of Delta Trust and Metropolitan had been effective as of January 1, 2013 in the case of the earnings per share and cash dividends data. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what would have occurred had these acquisitions taken place on January 1, 2013.
- (2) Computed by multiplying the Simmons pro forma combined amounts by the Community First exchange ratio of 17.8975.
- (3) Computed by multiplying the Simmons pro forma combined amounts by the Liberty exchange ratio of 1.0.
- (4) Pro forma combined cash dividends are based only upon Simmons historical amounts.

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**Table of Contents**

**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the section **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risk factors in deciding how to vote on the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See **Where You Can Find More Information**.*

**Risks Relating to the Mergers**

***Because the market price of Simmons common stock will fluctuate, the value of the merger consideration to be received by Community First and Liberty shareholders is uncertain.***

Upon completion of the mergers, each share of Community First common stock (except for shares of Community First common stock held by Community First or any direct or indirect wholly owned subsidiary of Community First and any dissenting shares) will be converted into the right to receive 17.8975 shares of Simmons common stock (subject to possible adjustment), and each share of Liberty common stock (except for shares of Liberty common stock held by Liberty or any direct or indirect wholly owned subsidiary of Liberty and any dissenting shares) will be converted into the right to receive 1.0 share of Simmons common stock (subject to possible adjustment). In each case, cash will be paid in lieu of any remaining fractional shares. The market value of the shares of Simmons common stock to be received as part of the merger consideration will vary from the closing price of Simmons common stock on the date the mergers were announced, on the date that this joint proxy statement/prospectus is mailed to Simmons, Community First and Liberty shareholders, on the date of the special meetings of the Community First and Liberty shareholders, and on the date each merger is completed and thereafter. Any change in the market price of Simmons common stock prior to the completion of each merger will affect the market value of the merger consideration that Community First and Liberty shareholders will receive upon completion of the applicable merger. Stock price changes may result from a variety of factors that are beyond the control of Simmons, Community First and Liberty, including, but not limited to, general market and economic conditions, changes in our respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the Community First and Liberty special meetings you will not know the precise market value of the consideration Community First and Liberty shareholders will receive at the effective time of the merger. You should obtain current market quotations for shares of Simmons common stock.

***The mergers and related transactions are subject to approval by Simmons, Community First and Liberty shareholders.***

The Community First merger cannot be completed unless (1) the Community First shareholders approve the Community First merger by the affirmative vote of the holders of a majority of the outstanding shares of Community First common stock entitled to vote on the Community First merger and (2) the Simmons shareholders approve the Community First merger by the affirmative vote of the holders of a majority of the outstanding shares of Simmons common stock entitled to vote on the Community First merger, assuming a quorum is present. The Community First merger is also subject to the consent of the U.S. Treasury, as holder of the Community First Series C preferred stock.

The Liberty merger cannot be completed unless (1) the Liberty shareholders approve the Liberty merger by the affirmative vote of the holders of two-thirds of the outstanding shares of Liberty common stock entitled to vote on the Liberty merger and (2) the Simmons shareholders approve the Liberty merger by the affirmative vote of the holders of a majority of the outstanding shares of Simmons common stock entitled to vote on the Liberty merger, assuming a



quorum is present.

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**Table of Contents**

***Each merger is subject to a number of closing conditions which, if not satisfied or waived in a timely manner, would delay such merger or adversely impact the companies' ability to complete the transactions.***

The completion of each merger is subject to certain conditions, including, among others, the (1) receipt of the requisite shareholder approvals, (2) termination or expiration of all statutory waiting periods and receipt of all required regulatory approvals for such merger, without the imposition of any material on-going conditions or restrictions, and (3) other customary closing conditions set forth in the applicable merger agreements. See *The Merger Agreements Conditions to Consummate the Mergers*. While it is currently anticipated that the mergers will be completed during the fourth quarter of 2014, there can be no assurance that such conditions will be satisfied in a timely manner or at all, or that an effect, event, development or change will not transpire that could delay or prevent these conditions from being satisfied. Accordingly, there can be no guarantee with respect to the timing of the closing of either merger or whether either merger will be completed at all.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the mergers.***

Before either merger may be completed, various approvals and consents must be obtained from the Federal Reserve Board, the TDFI in the case of Community First, the MDF in the case of Liberty, and various other securities, antitrust and other regulatory authorities. In determining whether to grant these approvals the regulators consider a variety of factors, including the regulatory standing of each party and the factors described under *The Mergers Regulatory Approvals Required for the Mergers*. An adverse development in any party's regulatory standing or these factors could result in an inability to obtain approval or delay its receipt. These regulators may impose conditions on the completion of either merger or require changes to the terms of either merger. Such conditions or changes could have the effect of delaying or preventing completion of either merger or imposing additional costs on or limiting the revenues of the combined company following either merger, any of which might have an adverse effect on the combined company following either merger. See *The Mergers Regulatory Approvals Required for the Mergers*.

***The opinions delivered by the respective financial advisers to Simmons, Community First and Liberty will not reflect changes in circumstances between the respective dates of the signing of the opinions and the completion of the mergers to which the opinions relate.***

The board of directors of Simmons has obtained fairness opinions dated May 6, 2014 and May 27, 2014 for the transactions with Community First and Liberty, respectively, from Sterne Agee. KBW's fairness opinion to the Community First board of directors was dated May 6, 2014, from KBW, and KBW's fairness opinion to the Liberty board of directors was dated May 27, 2014. Such opinions have not been updated as of the date of this document and will not be updated at, or prior to, the time of the completion of the mergers. Changes in the operations and prospects of Simmons, Community First or Liberty, general market and economic conditions and other factors that may be beyond the control of Simmons, Community First and Liberty may alter the value of Simmons, Community First or Liberty or the prices of shares of Simmons common stock, Community First common stock or Liberty common stock by the time the mergers are completed. The opinions do not speak as of the time the mergers are completed or as of any other date than the date of the opinions. Further, the Sterne Agee and KBW opinions regarding the Community First merger do not take the Liberty merger into consideration. The opinions that the Simmons, Community First and Liberty boards of directors received from their respective financial advisers are attached as Annex C, Annex D, Annex E and Annex F to this joint proxy statement/prospectus. For a description of the opinions, see *The Community First Merger Opinion of Community First's Financial Advisor*, *The Community First Merger Opinion of Simmons' Financial Advisor*, *The Liberty Merger Opinion of Liberty's Financial Advisor*, and *The Liberty Merger Opinion of Simmons' Financial Advisor*. For a description of the other factors considered by Simmons' board of directors in determining to approve the mergers, see *The Community First Merger Simmons' Reasons for the Community First Merger*;



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**Table of Contents**

Liberty Merger; Recommendation of Simmons' Board of Directors. For a description of the other factors considered by Community First's board of directors in determining to approve the Community First merger, see The Community First Merger Community First's Reasons for the Merger; Recommendation of Community First's Board of Directors. For a description of the other factors considered by Liberty's board of directors in determining to approve the Liberty merger, see The Liberty Merger Liberty's Reasons for the Merger; Recommendation of Liberty's Board of Directors.

***Holders of Simmons, Community First and Liberty common stock will have a reduced ownership and voting interest after the mergers and will exercise less influence over management.***

Holders of Simmons, Community First and Liberty common stock currently have the right to vote in the election of the board of directors and on other matters affecting Simmons, Community First and Liberty, respectively. Upon the completion of the mergers, each Community First and Liberty shareholder who receives shares of Simmons common stock will become a shareholder of Simmons with a percentage ownership of Simmons that is smaller than such shareholder's percentage ownership of Community First or Liberty, as applicable. Following completion of the mergers and the Delta Trust merger, and based on the amount of Simmons common stock outstanding on March 31, 2014, and assuming the maximum number of shares are issued in the Delta Trust merger, Community First shareholders will own approximately 22.4% of the combined company, Liberty shareholders will own approximately 17.7% of the combined company, Delta Trust shareholders will own approximately 4.8% of the combined company and current Simmons shareholders will own approximately 55.1% of the combined company. Additionally, former Community First directors will hold two out of 12 seats on Simmons' board of directors and former Liberty directors will hold one out of 12 seats on Simmons' board of directors, assuming both mergers are completed. Because of this, Community First and Liberty shareholders will have less influence on the management and policies of Simmons than they now have on the management and policies of Community First and Liberty, respectively, and current Simmons shareholders may have less influence than they now have on the management and policies of Simmons.

***The merger agreements limit Community First's and Liberty's ability to pursue alternative transactions by requiring Community First and Liberty to pay termination fees under certain circumstances relating to alternative acquisition proposals.***

Under the merger agreements, if the board of directors of Community First or Liberty at any time prior to obtaining shareholder approval for the applicable merger determines in good faith that, in light of a competing acquisition proposal or other circumstances, termination of the merger agreement is required in order for the applicable board of directors to comply with its fiduciary duties, then, as applicable, Community First must pay a termination fee of \$10 million or Liberty must pay a termination fee of \$8 million to Simmons. See The Merger Agreements Termination Fees. These provisions could discourage a potential competing acquirer that might have an interest in acquiring Community First or Liberty from considering or making a competing acquisition proposal, even if the potential competing acquirer was prepared to pay consideration with a higher per share cash value than that market value proposed to be received or realized in the applicable merger with Simmons, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances under the applicable merger agreement.

***If either or both of the mergers are not completed, Simmons, Community First and Liberty will have incurred substantial expenses without realizing the expected benefits of the mergers.***

Each of Simmons, Community First and Liberty has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreements, as well as the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC and other regulatory agencies in connection with the merger. If either or both of the mergers are not completed,

Simmons, Community First and Liberty will have to recognize these expenses without realizing the expected benefits of the mergers.

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**Table of Contents*****Simmons, Community First and Liberty will be subject to business uncertainties and Community First and Liberty will be subject to contractual restrictions on their respective operations while the mergers are pending.***

Simmons, Community First and Liberty will be subject to business uncertainties and Community First and Liberty will be subject to contractual restrictions on their respective operations while the mergers are pending. For instance, uncertainty about the effect of the mergers on employees and customers may have an adverse effect on Simmons, Community First or Liberty. These uncertainties may impair Simmons', Community First's or Liberty's ability to attract, retain and motivate key personnel until the mergers are completed, and could cause customers and others that deal with Simmons, Community First or Liberty to seek to change existing business relationships with Simmons, Community First or Liberty. Retention of certain employees by Simmons, Community First or Liberty may be challenging while the mergers are pending, as certain employees may experience uncertainty about their future roles with the combined company. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, Simmons' business, Community First's business or Liberty's business could be harmed. In addition, subject to certain exceptions, each of Community First and Liberty has agreed to operate its business in the ordinary course, and to comply with certain other operational restrictions, prior to closing of their respective mergers. See The Merger Agreements' Covenants and Agreements for a description of the restrictive covenants applicable to Simmons, Community First and Liberty.

***Termination of either of the merger agreements could negatively impact Simmons, Community First or Liberty.***

If either or both of the merger agreements are terminated, there may be various consequences. For example, Simmons', Community First's or Liberty's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the mergers, without realizing any of the anticipated benefits of completing the mergers. Additionally, if either or both of the merger agreements are terminated, the market price of Simmons common stock could decline to the extent that the current market price reflects a market assumption that the mergers will be completed.

***Certain of Community First's and Liberty's directors and executive officers have interests in the mergers that may differ from the interests of Community First's and Liberty's shareholders.***

Community First and Liberty shareholders should be aware that some of Community First's and Liberty's directors and executive officers have interests in the applicable merger and have arrangements that are different from, or in addition to, those of Community First and Liberty shareholders generally. These interests and arrangements may create potential conflicts of interest. Community First's board of directors and Liberty's board of directors were aware of these interests and considered these interests, among other matters, when making its decision to approve their respective merger agreements, and in recommending that Community First and Liberty shareholders vote in favor of approving their applicable mergers agreements.

Also, Simmons has agreed to add two Community First directors and one Liberty director to the Simmons board of directors upon consummation of each of the mergers. These agreements may create potential conflicts of interest by creating vested interests in those persons in the completion of the mergers. In addition, Simmons agreed in each of the merger agreements to indemnify the Community First and Liberty directors and officers for any claims or actions related to their respective mergers or merger agreements and to provide liability insurance to Community First and Liberty officers and directors. Certain directors and officers of Community First are recipients of restricted stock, the ownership of which vests partially or totally upon consummation of the Community First merger. These and certain other additional interests of Community First and Liberty directors and officers may cause some of these persons to view the proposed transaction differently than you view it, although Community First and Liberty officers and directors currently have comparable indemnification rights and director and officer (and errors and omission)

insurance coverages. For a more complete description of these interests, see The Community First Merger Interests of Community First's Directors and Executive Officers in the Community First Merger and The Liberty Merger Interests of Liberty's Directors and Executive Officers in the Liberty Merger.

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**Table of Contents****Risks Related to the Combined Company Following the Mergers**

*Combining Community First and Liberty with Simmons may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the mergers may not be realized.*

Simmons, Community First and Liberty have operated and, until the completion of the mergers, will continue to operate, independently. The success of the mergers, including anticipated benefits and cost savings, will depend, in part, on Simmons' ability to successfully combine and integrate the businesses of Community First and Liberty with Simmons in a manner that permits growth opportunities and does not materially disrupt existing customer relations nor result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of the companies' ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the mergers. The loss of key employees could adversely affect Simmons' ability to successfully conduct its business, which could have an adverse effect on Simmons' financial results and the value of Simmons common stock. If Simmons experiences difficulties with the integration process, the anticipated benefits of the mergers may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause Simmons, Community First and/or Liberty to lose customers or cause customers to remove their accounts from Simmons, Community First and/or Liberty and move their business to competing financial institutions. In addition, Integration efforts will divert management attention and resources. These integration matters could have an adverse effect on the combined company during this transition period and for an undetermined period after completion of the mergers on the combined company. In addition, the actual cost savings of the mergers could be less than anticipated.

*The mergers will result in changes to the board of directors of the combined company that may affect the strategy of the combined company as compared to that of Simmons, Community First and Liberty independently.*

Upon completion of the mergers, the number of directors on the Simmons board of directors will be 12, two of whom will be designated by Community First's board of directors and one of whom will be designated by Liberty's board of directors. The new composition of the Simmons board of directors may affect the business strategy and operating decisions of the combined company upon the completion of the mergers.

**Risks Related to an Investment in Simmons Common Stock**

*The market price of Simmons common stock after the merger may be affected by factors different from those affecting its shares currently.*

Upon completion of the mergers, holders of Community First and Liberty common stock will become holders of Simmons common stock. Simmons' business differs in important respects from that of Community First and Liberty, and, accordingly, the results of operations of the combined company and the market price of Simmons common stock after the completion of the mergers may be affected by factors different from those currently affecting the independent results of operations of each of Simmons, Community First and Liberty. For a discussion of the businesses of Simmons, Community First and Liberty and of some important factors to consider in connection with those businesses, see Information About Simmons, Information About Community First, Information About Liberty and Where You Can Find More Information.

*The market price of Simmons common stock may decline as a result of the mergers.*



The market price of Simmons common stock may decline as a result of the mergers if Simmons does not achieve the perceived benefits of the mergers or the effect of the mergers on Simmons' financial results is not consistent with the expectations of financial or industry analysts. In addition, upon completion of the mergers,

## **Table of Contents**

Simmons, Community First and Liberty shareholders will own interests in a combined company operating an expanded business with a different mix of assets, risks and liabilities. Current Simmons, Community First and Liberty shareholders may not wish to continue to invest in the combined company, or for other reasons may wish to dispose of some or all of their shares of the combined company.

***The unaudited pro forma condensed combined financial statements included in this document are preliminary and the actual financial condition and results of operations after the mergers may differ materially.***

The unaudited pro forma condensed combined financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what Simmons' actual financial condition or results of operations would have been had the mergers been completed on the dates indicated. The unaudited pro forma condensed combined financial statements reflect adjustments, which are based upon assumptions and preliminary estimates, to record the Metropolitan, Delta Trust, Community First and Liberty identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document with respect to Delta Trust, Community First and Liberty is preliminary, and final allocation of the purchase price for each transaction will be based upon the actual purchase price and the fair value of the assets and liabilities of Delta Trust, Community First and Liberty as of the date of the completion of the applicable merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, see Unaudited Pro Forma Condensed Combined Financial Statements.

***The shares of Simmons common stock to be received by Community First and Liberty shareholders as a result of the mergers will have different rights from the shares of Community First common stock and Liberty common stock.***

Upon completion of the mergers, Community First and Liberty shareholders will become Simmons shareholders and their rights as shareholders will be governed by Simmons' articles of incorporation and bylaws and Arkansas law. The rights associated with Community First and Liberty common stock are different from the rights associated with Simmons common stock. For example, under the ABCA, members of Simmons' board of directors may be removed with or without cause by a vote of the holders of a majority of the shares entitled to vote at an election of directors. However, members of Community First's board of directors may be removed only for cause, at any time, by the majority vote of the entire board of directors, and shareholders do not have the right to remove directors without cause. Additionally, under Missouri law, Liberty's shareholders may take action without a meeting only by a unanimous written consent signed by all shareholders entitled to vote, whereas, under Arkansas law, Simmons shareholders may take action without a meeting if shareholder consent is signed by at least the minimum number of shareholders that would be necessary to authorize such action at a meeting at which all shares entitled to vote are present and voted. See Comparison of Shareholders' Rights of Simmons and Community First and Comparison of Shareholders' Rights of Simmons and Liberty for a further discussion of the different rights associated with Simmons common stock.

***Simmons' management will have broad discretion as to the use of assets acquired from these mergers, and Simmons may not use these assets effectively.***

Simmons' management will have broad discretion in the application of the assets from these mergers and could utilize the assets in ways that do not improve Simmons' results of operations or enhance the value of its common stock. Community First and Liberty shareholders will not have the opportunity, as part of their investment decision, to assess whether these acquired assets are being used appropriately. Simmons' failure to utilize these assets effectively could have a material adverse effect on the combined company, delay the development of products and cause the price of Simmons common stock to decline.



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**Table of Contents**

***The holders of Simmons subordinated debentures have rights that are senior to those of Simmons shareholders. If Simmons defers payments of interest on Simmons outstanding subordinated debentures or if certain defaults relating to those debentures occur, Simmons will be prohibited from declaring or paying dividends or distributions on, and from making liquidation payments with respect to, Simmons common stock.***

Simmons has \$20.6 million of subordinated debentures issued in connection with trust preferred securities, and Simmons will assume approximately \$27.1 million of subordinated debentures if Simmons completes the Community First merger and approximately \$20.6 million of subordinated debentures if Simmons completes the Liberty merger. Payments of the principal and interest on the trust preferred securities are unconditionally guaranteed by Simmons. The subordinated debentures are senior to Simmons common stock. As a result, Simmons must make payments on the subordinated debentures (and the related trust preferred securities) before any dividends can be paid on Simmons common stock and, in the event of Simmons bankruptcy, dissolution or liquidation, the holders of the debentures must be satisfied before any distributions can be made to the holders of Simmons common stock. Simmons has the right to defer distributions on the subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid to holders of Simmons capital stock. If Simmons elects to defer its obligations to make payments on these subordinated debentures, or defaults with respect to these obligations, it likely would have a material adverse effect on the market value of Simmons common stock. Moreover, without notice to or consent from the holders of Simmons common stock, Simmons may issue additional series of subordinated debt securities in the future with terms similar to those of Simmons existing subordinated debt securities or enter into other financing agreements that limit Simmons ability to purchase or to pay dividends or distributions on Simmons capital stock.

***The holders of Simmons Series A preferred stock will have rights that are senior to holders of Simmons common stock. If Simmons does not make a dividend payment on Simmons Series A preferred stock, then Simmons will be prohibited from declaring or paying dividends on, or making repurchases of, Simmons common stock.***

If the Community First merger is completed, Simmons will issue shares of Simmons Series A preferred stock in exchange for Community First Series C preferred stock. Simmons Series A preferred stock has certain rights, preferences and privileges that make Simmons Series A preferred stock senior to the Simmons common stock. If the Simmons board of directors decides not to declare and pay (or set aside for payment) dividends on Simmons Series A preferred stock, then the Simmons board of directors will be prohibited from declaring or paying dividends on, or making repurchases of, Simmons common stock, which may have an adverse effect on the market price of the Simmons common stock.

***The holders of Simmons Series A preferred stock may elect two directors to the Simmons board of directors if Simmons fails to declare and pay dividends for six or more dividend periods.***

If the Community First merger is completed, Simmons will issue shares of Simmons Series A preferred stock in exchange for Community First Series C preferred stock. Simmons Series A preferred stock has certain rights, preferences and privileges that make Simmons Series A preferred stock senior to the Simmons common stock. If the Simmons board of directors decides not to declare and pay (or set aside for payment) dividends on Simmons Series A preferred stock for six or more dividend periods, then the holders of Simmons Series A preferred stock may elect two directors to the Simmons board of directors which may cause the holders of Simmons common stock to have less influence over the management of Simmons.

***Simmons may be unable to, or choose not to, pay dividends on Simmons common stock.***

Simmons cannot assure you of its ability to continue to pay dividends. Simmons' ability to pay dividends depends on the following factors, among others:

Simmons may not have sufficient earnings as its primary source of income, the payment of dividends to Simmons by its subsidiary banks, is subject to federal and state laws that limit the ability of those banks to pay dividends;

## **Table of Contents**

Federal Reserve Board policy requires bank holding companies to pay cash dividends on common stock only out of net income available over the past year and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition; and

Simmons' board of directors may determine that, even though funds are available for dividend payments, retaining the funds for internal uses, such as expansion of Simmons' operations, is a better strategy. If Simmons fails to pay dividends, capital appreciation, if any, of Simmons common stock may be the sole opportunity for gains on an investment in Simmons common stock. In addition, in the event Simmons' subsidiary banks become unable to pay dividends to Simmons, Simmons may not be able to service Simmons' debt or pay Simmons' other obligations or pay dividends on Simmons common stock. Accordingly, Simmons' inability to receive dividends from Simmons' subsidiary banks could also have a material adverse effect on Simmons' business, financial condition and results of operations and the value of your investment in Simmons common stock.

***There may be future sales of additional common stock or preferred stock or other dilution of Simmons equity, which may adversely affect the value of Simmons common stock.***

Simmons is not restricted from issuing additional common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The value of Simmons common stock could decline as a result of sales by Simmons of a large number of shares of common stock or preferred stock or similar securities in the market or the perception that such sales could occur.

***Anti-takeover provisions could negatively impact Simmons shareholders.***

Provisions of Simmons' articles of incorporation and by-laws and federal banking laws, including regulatory approval requirements, could make it more difficult for a third party to acquire Simmons, even if doing so would be perceived to be beneficial to Simmons shareholders. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of Simmons common stock. These provisions could also discourage proxy contests and make it more difficult for holders of Simmons common stock to elect directors other than the candidates nominated by Simmons' board of directors.

***Simmons' rights and the rights of Simmons shareholders to take action against Simmons' directors and officers are limited.***

Simmons' articles of incorporation eliminate Simmons' directors' liability to Simmons and its shareholders for money damages for breach of fiduciary duties as a director to the fullest extent permitted by Arkansas law. Arkansas law provides that an officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in Simmons' best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

Simmons' articles of incorporation and bylaws also require Simmons to indemnify Simmons' directors and officers for liability resulting from actions taken by them in those capacities to the maximum extent permitted by Arkansas law. As a result, Simmons shareholders and Simmons may have more limited rights against Simmons' directors and officers than might otherwise exist under common law. In addition, Simmons may be obligated to fund the defense costs incurred by Simmons' directors and officers.

***An investment in Simmons common stock is not an insured deposit.***

An investment in Simmons common stock is not a bank deposit and is not insured or guaranteed by the FDIC, the Deposit Insurance Fund, or any other government agency. Accordingly, you should be capable of affording the loss of any investment in Simmons common stock.

**Table of Contents**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements contained or incorporated by reference in this joint proxy statement/prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 giving Simmons expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as believe, budget, expect, anticipate, intend, indicate, target, estimate, plan, project, continue, contemplate, positions, prospects, predict, or potential, by future conditions such as will, would, should, could or may, or by variations of such words or by similar expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the business combination transactions involving Simmons, Community First and Liberty, including future financial and operating results, the combined company's plans, objectives, expectations, strategies and intentions and other statements that are not historical facts. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. In addition to factors previously disclosed in Simmons reports filed with the SEC, the following factors, among others, could cause actual results to differ materially from forward-looking statements:

ability to obtain regulatory approvals and meet other closing conditions to the mergers, including approval by Simmons, Community First and Liberty shareholders, on the expected terms and schedule;

delay in closing the mergers;

difficulties and delays in integrating the business of Community First and Liberty with Simmons, or fully realizing expected cost savings and other benefits;

business disruption following the proposed transactions;

diversion of management time on issues relating to the mergers;

changes in asset quality and credit risk;

the inability to sustain revenue and earnings growth;

changes in interest rates and capital markets;

inflation;

customer borrowing, repayment, investment and deposit practices;



customer disintermediation;

the introduction, withdrawal, success and timing of business initiatives;

competitive conditions;

economic conditions;

changes in Simmons common stock price before closing, including as a result of the financial performance of Simmons, Community First or Liberty prior to closing;

the reaction to the transactions of the companies customers, employees and counterparties;

the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board, the Office of the Comptroller of the Currency, or the OCC, the U.S. Department of Treasury, the Arkansas State Bank Department, the TDFI, the MDF and legislative and regulatory actions and reforms; and

failure to consummate or delay in consummating the mergers for any other reason.

For any forward-looking statements made in this joint proxy statement/prospectus or in any documents incorporated by reference into this joint proxy statement/prospectus, Simmons claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are

**Table of Contents**

cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus or the date of the applicable document incorporated by reference in this joint proxy statement/prospectus. Simmons, Community First and Liberty do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the mergers or other matters addressed in this joint proxy statement/prospectus and attributable to Simmons, Community First, Liberty or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this joint proxy statement/prospectus.

**Table of Contents**

**THE SIMMONS SPECIAL MEETING**

This section contains information for Simmons shareholders about the special meeting that Simmons has called to allow its shareholders to consider and vote on the merger agreements and other related matters. Simmons is mailing this joint proxy statement/prospectus to Simmons shareholders, on or about . This joint proxy statement/prospectus is accompanied by a notice of the special meeting of Simmons shareholders and a form of proxy card that Simmons board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting. Reference to you and your in this section are to Simmons shareholders.

**Date, Time and Place of Meeting**

The special meeting of Simmons shareholders will be held on [ ], 2014 at , at local time.

**Matters to Be Considered**

At the special meeting of shareholders, you will be asked to consider and vote upon the following matters:

the Community First merger proposal;

the Liberty merger proposal;

the Simmons director proposal;

the Simmons/Community First adjournment proposal, if necessary or appropriate; and

the Simmons/Liberty adjournment proposal, if necessary or appropriate.

**Recommendation of Simmons Board of Directors**

Simmons board of directors has determined that the merger agreements and the transactions contemplated thereby, including the mergers, are in the best interests of Simmons and its shareholders, has unanimously approved and adopted the merger agreements and unanimously recommends that you vote **FOR** the Community First merger proposal, **FOR** the Liberty merger proposal, **FOR** the Simmons director proposal, **FOR** the Simmons/Community First adjournment proposal, if necessary or appropriate, and **FOR** the Simmons/Liberty adjournment proposal, if necessary or appropriate. See The Community First Merger Simmons Reasons for the Community First Merger; Recommendation of Simmons Board of Directors ; The Liberty Merger Simmons Reasons for the Liberty Merger; Recommendation of Simmons Board of Directors ; and Designation of Number of Members of Simmons Board of Directors for a more detailed discussion of Simmons board of directors recommendations.

**Record Date and Quorum**

The Simmons board of directors has fixed the close of business on , as the record date for determining the holders of Simmons common stock entitled to receive notice of and to vote at the Simmons special meeting, which we

refer to as the Simmons record date.

As of the Simmons record date, there were \_\_\_\_\_ shares of Simmons common stock outstanding and entitled to vote at the Simmons special meeting held by approximately \_\_\_\_\_ holders of record. Each share of Simmons common stock entitles the holder to one vote at the Simmons special meeting on each proposal to be considered at the Simmons special meeting.

The representation (in person or by proxy) of a majority of the shares of Simmons common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. All shares of Simmons common stock present in person or represented by proxy, including abstentions, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Simmons special meeting.

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**Table of Contents**

**Required Vote; Treatment of Abstentions and Failure to Vote**

To approve the Community First merger proposal and Liberty merger proposal, a majority of the shares of Simmons common stock outstanding and entitled to vote thereon must be voted in favor of each proposal. To approve the Simmons director proposal, a majority of the shares of Simmons common stock cast on the Simmons director proposal must be voted in favor of the proposal. To approve each of the Simmons/Community First adjournment proposal and the Simmons/Liberty adjournment proposal, a majority of the shares of Simmons common stock cast on each such proposal must be voted in favor of the proposal. If you mark **ABSTAIN** on your proxy card, fail to either submit a proxy or vote by telephone or the internet or in person at the Simmons special meeting or fail to instruct your bank or broker how to vote with respect to the merger proposals, it will have the same effect as a vote **AGAINST** the merger proposals. If you mark **ABSTAIN** on your proxy card, fail to submit a proxy or vote by telephone or the internet or in person at the Simmons special meeting or fail to instruct your bank or broker how to vote, with respect to the Simmons director proposal or the Simmons/Community First adjournment proposal or the Simmons/Liberty adjournment proposal, it will have no effect on the Simmons director proposal, the Simmons/Community First adjournment proposal or the Simmons/Liberty adjournment proposal.

**Shares Held by Officers and Directors**

As of the record date, there were \_\_\_\_\_ shares of Simmons common stock entitled to vote at the special meeting. Also as of the record date, the directors and executive officers of Simmons and their affiliates beneficially owned and were entitled to vote approximately \_\_\_\_\_ shares of Simmons common stock representing approximately \_\_\_\_\_ % of the shares of Simmons common stock outstanding on that date. Simmons currently expects that Simmons \_\_\_\_\_ directors and executive officers will vote their shares in favor of each of the proposals to be considered and voted upon at the Simmons special meeting, although none of them has entered into any agreements obligating them to do so.

**Voting on Proxies; Incomplete Proxies**

A Simmons shareholder may vote by proxy or in person at the Simmons special meeting. If you hold your shares of Simmons common stock in your name as a shareholder of record, to submit a proxy, you, as a Simmons shareholder, may use one of the following methods:

Through the internet: by visiting the website indicated on their proxy card and following the instructions. You are encouraged to vote through the internet.

By telephone: by calling the toll-free number indicated on the proxy card and following the recorded instructions.

By mail: by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Simmons requests that Simmons shareholders vote through the internet, by telephone or by completing and signing the accompanying proxy card and returning it to Simmons as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of Simmons common stock represented by it will be voted at the Simmons special meeting in accordance with the instructions contained on the proxy card. If

any proxy card is returned without indication as to how to vote, the shares of Simmons common stock represented by the proxy card will be voted as recommended by the Simmons board of directors.

If a Simmons shareholder's shares are held in street name by a broker, bank or other nominee, the shareholder should check the voting form used by that firm to determine how to vote, including whether it may vote by the internet or telephone.

## **Table of Contents**

Every Simmons shareholder's vote is important. Accordingly, each Simmons shareholder should sign, date and return the enclosed proxy card, or vote via the internet or by telephone, whether or not the Simmons shareholder plans to attend the Simmons special meeting in person. Sending in your proxy card or voting by the internet or telephone will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.

### **Shares Held in Street Name ; Broker Non-Votes**

Under stock exchange rules, banks, brokers and other nominees who hold shares of Simmons common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Simmons expects that all proposals to be voted on at the Simmons special meeting will be non-routine matters. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Simmons special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of Simmons common stock in street name, your broker, bank or other nominee will vote your shares of Simmons common stock only if you provide instructions on how to vote by complying with the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

### **Revocability of Proxies and Changes to a Simmons Shareholder's Vote**

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Simmons' corporate secretary, (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting, or (4) voting by telephone or the internet at a later time.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Simmons' corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy card should be addressed to:

Simmons First National Corporation

501 Main Street

Pine Bluff, Arkansas 71601

Attention: Corporate Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

### **Participants in the Simmons ESOP**

You will be given the opportunity to instruct the trustee of the Simmons ESOP how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, although the trustee has the power to vote any unvoted shares, the trustee will not vote unvoted shares held in the Simmons ESOP.



## **Table of Contents**

### **Solicitation of Proxies**

Simmons is soliciting your proxy in conjunction with the Community First merger proposal and Liberty merger proposal. Simmons will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Simmons will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Simmons common stock and secure their voting instructions. Simmons will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Simmons may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the Simmons shareholders, either personally or by telephone, facsimile, letter or electronic means. Simmons has also made arrangements with Eagle Rock Proxy Advisors to assist it in soliciting proxies and has agreed to pay Eagle Rock Proxy Advisors approximately \$5,500.00 plus reasonable expenses for these services.

### **Attending the Meeting**

Subject to space availability, all Simmons shareholders as of the record date, or their duly appointed proxies, may attend the Simmons special meeting. Since seating is limited, admission to the Simmons special meeting will be on a first-come, first-served basis. Registration and seating will begin at \_\_\_\_\_, local time.

If you hold your shares of Simmons common stock in your name as a shareholder of record and you wish to attend the Simmons special meeting, please bring your proxy card and evidence of your stock ownership to the Simmons special meeting. You should also bring valid picture identification. We encourage you to register your vote through the internet or by telephone whenever possible. When a shareholder submits a proxy through the internet or by telephone, his or her proxy is recorded immediately. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether through the internet, by telephone or by mail will be superseded by any vote that you cast at the Simmons special meeting.

If your shares of Simmons common stock are held in street name in a stock brokerage account or by a bank or nominee and you wish to attend the Simmons special meeting, you need to bring a letter from the record holder of our shares confirming your ownership and a valid photo identification in order to be admitted to the meeting. Simmons reserves the right to refuse admittance to anyone without proper proof of share ownership and without valid photo identification.

### **Delivery of Proxy Materials**

As permitted by applicable law, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified Simmons of their desire to receive multiple copies of the joint proxy statement/prospectus.

Simmons will promptly deliver, upon oral or written request, a separate copy of the joint proxy statement/prospectus to any shareholder residing at an address to which only one copy of such document was mailed. Requests for additional copies should be directed to Investor Relations at 501 Main Street, P.O. Box 7009, Pine Bluff, Arkansas 71611 or by telephone at (870) 541-1243.

### **Assistance**

If you need assistance in completing your proxy card, have any questions regarding Simmons special meeting, or voting by mail, telephone or the internet or would like additional copies of this joint proxy statement/prospectus, please contact Investor Relations at 501 Main Street, P.O. Box 7009, Pine Bluff, Arkansas 71611 or by telephone at \_\_\_\_\_.

(501) 377-7629, or Simmons proxy solicitor, Eagle Rock Proxy Advisors, at the following address or phone number:  
12 Commerce Drive, Cranford, New Jersey 07016 or (888) 859-0692.

**Table of Contents**

**THE COMMUNITY FIRST SPECIAL MEETING**

This section contains information for Community First shareholders about the special meeting that Community First has called to allow its shareholders to consider and vote on the Community First merger proposal and other related matters. Community First is mailing this joint proxy statement/prospectus to Community First shareholders, on or about . This joint proxy statement/prospectus is accompanied by a notice of the special meeting of Community First shareholders and a form of proxy card that Community First's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting. References to you and your in this section are to Community First shareholders.

**Date, Time and Place of Meeting**

The special meeting of Community First shareholders will be held at 100 East Reelfoot Avenue, Union City, Tennessee 38261, at , local time, on , 2014.

**Matters to Be Considered**

At the Community First special meeting, Community First shareholders will be asked to consider and vote upon the following matters:

the Community First merger proposal; and

the Community First adjournment proposal, if necessary or appropriate, to solicit additional proxies.

**Recommendation of Community First's Board of Directors**

Community First's board of directors has determined that the Community First merger proposal and the transactions contemplated thereby, including the Community First merger, are in the best interests of Community First and its shareholders, has unanimously approved and adopted the Community First merger agreement and unanimously recommends that you vote **FOR** the Community First merger proposal and **FOR** the Community First adjournment proposal, if necessary or appropriate. See The Community First Merger Community First's Reasons for the Merger; Recommendation of Community First's Board of Directors for a more detailed discussion of Community First's board of directors' recommendations.

**Record Date and Quorum**

The Community First board of directors has fixed the close of business on , as the record date for determining the holders of Community First common stock entitled to receive notice of and to vote at the Community First special meeting.

As of the Community First record date, there were 363,918.017 shares of Community First common stock outstanding and entitled to vote at the Community First special meeting held by approximately 392 holders of record. Each share of Community First common stock entitles the holder to one vote at the Community First special meeting on each proposal to be considered at the Community First special meeting.

The representation (in person or by proxy) of at least a majority of the outstanding shares of Community First common stock entitled to vote at the Community First special meeting will constitute a quorum for the transaction of business. All shares of Community First common stock, whether present in person or represented by proxy, including abstentions, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Community First special meeting.

**Required Vote; Treatment of Abstentions and Failure to Vote**

To approve the Community First merger proposal, a majority of the shares of Community First common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. To approve the Community First adjournment proposal, a majority of the shares of Community First common stock represented

## **Table of Contents**

at the special meeting must be voted in favor of the proposal. If you mark **ABSTAIN** on your proxy card, fail to either submit a proxy or vote in person at the Community First special meeting or fail to instruct your bank or broker how to vote with respect to the Community First merger proposal, it will have the same effect as a vote **AGAINST** the proposal. If you mark **ABSTAIN** on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Community First adjournment proposal, it will have the same effect as a vote **AGAINST** the proposal. If you are a **street name** holder and fail to either submit a proxy card entirely or vote in person at the Community First special meeting, it will have no effect on the Community First adjournment proposal.

## **Shares Held by Officers and Directors**

As of the Community First record date, there were 363,918.017 shares of Community First common stock entitled to vote at the special meeting. Also as of the record date, the directors and executive officers of Community First and their affiliates beneficially owned and were entitled to vote approximately 130,901.241 shares of Community First common stock, representing approximately 35.97% of the shares of Community First common stock outstanding on that date. Community First currently expects that Community First's directors and executive officers will vote their shares in favor of the Community First merger proposal and the Community First adjournment proposal, although none of them has entered into any agreements obligating them to do so. As of the record date, Simmons and its directors and executive officers beneficially held no shares of Community First common stock.

## **Voting on Proxies; Incomplete Proxies**

A Community First shareholder may vote by proxy or in person at the Community First special meeting. If you hold your shares of Community First common stock in your name as a shareholder of record, to submit a proxy, you, as a Community First shareholder may complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Community First requests that Community First shareholders vote by completing and signing the accompanying proxy card and returning it to Community First as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of Community First common stock represented by it will be voted at the Community First special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of Community First common stock represented by the proxy card will be voted as recommended by the Community First board of directors.

If a Community First shareholder's shares are held in **street name** by a broker, bank or other nominee, the shareholder should check the voting form used by that firm to determine how to vote.

Every Community First shareholder's vote is important. Accordingly, each Community First shareholder should sign, date and return the enclosed proxy card, whether or not the Community First shareholder plans to attend the Community First special meeting in person. Sending in your proxy card will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.

## **Shares Held in **Street Name** ; Broker Non-Votes**

Under stock exchange rules, banks, brokers and other nominees who hold shares of Community First common stock in **street name** for a beneficial owner of those shares typically have the authority to vote in their discretion on **routine** proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be **non-routine**, without specific instructions from the beneficial owner. Community First expects that all proposals to be

voted on at the Community First special meeting will be non-routine

## **Table of Contents**

matters. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Community First special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of Community First common stock in street name, your broker, bank or other nominee will vote your shares of Community First common stock only if you provide instructions on how to vote by complying with the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

## **Revocability of Proxies and Changes to a Community First Shareholder's Vote**

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Community First's corporate secretary, or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Community First's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy card should be addressed to:

Community First Bancshares, Inc.  
115 West Washington Avenue  
Union City, Tennessee 38261  
Attention: Corporate Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

## **Solicitation of Proxies**

Community First is soliciting your proxy in conjunction with the Community First merger. Community First will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Community First will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Community First common stock and secure their voting instructions. Community First will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Community First may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the Community First shareholders, either personally or by telephone, facsimile, letter or electronic means.

## **Attending the Meeting**

Subject to space availability, all Community First shareholders as of the record date, or their duly appointed proxies, may attend the Community First special meeting. Since seating is limited, admission to the Community First special meeting will be on a first-come, first-served basis. Registration and seating will begin at \_\_\_\_\_, local time.

If you hold your shares of Community First common stock in your name as a shareholder of record and you wish to attend the Community First special meeting, please bring valid picture identification. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted will be superseded by any vote that you cast at the Community First special meeting.



**Table of Contents**

If your shares of Community First common stock are held in street name in a stock brokerage account or by a bank or nominee and you wish to attend the Community First special meeting, you need to bring a letter from the record holder of your shares confirming your ownership and a valid photo identification. Community First reserves the right to refuse admittance to anyone without proper proof of shares ownership and without valid photo identification.

**Delivery of Proxy Materials**

As permitted by applicable law, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified Community First of their desire to receive multiple copies of the joint proxy statement/prospectus.

Community First will promptly deliver, upon oral or written request, a separate copy of the joint proxy statement/prospectus to any shareholder residing at an address to which only one copy of such document was mailed. Requests for additional copies should be directed to the Corporate Secretary, at 115 West Washington Avenue, Union City, Tennessee 38261 or by telephone at (731) 886-8850.

**Assistance**

If you need assistance in completing your proxy card, have questions regarding Community First's special meeting, or would like additional copies of this joint proxy statement/prospectus, please contact Kathy Barber at 115 West Washington Avenue, Union City, Tennessee 38261 or (731) 886-8850.

**Table of Contents**

**THE LIBERTY SPECIAL MEETING**

This section contains information for Liberty shareholders about the special meeting that Liberty has called to allow its shareholders to consider and vote on the Liberty merger proposal and other related matters. Liberty is mailing this joint proxy statement/prospectus to Liberty shareholders, on or about . This joint proxy statement/prospectus is accompanied by a notice of the special meeting of Liberty shareholders and a form of proxy card that Liberty's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting. References to you and your in this section are to Liberty shareholders.

**Date, Time and Place of Meeting**

The special meeting of Liberty shareholders will be held at 5400 Highland Springs Boulevard, Springfield, Missouri 65809, at , local time, on , 2014.

**Matters to Be Considered**

At the Liberty special meeting, Liberty shareholders will be asked to consider and vote upon the following matters:

the Liberty merger proposal; and

the Liberty adjournment proposal, if necessary or appropriate, to solicit additional proxies.

**Recommendation of Liberty's Board of Directors**

Liberty's board of directors has determined that the Liberty merger proposal and the transactions contemplated thereby, including the Liberty merger, are in the best interests of Liberty and its shareholders, has approved and adopted the Liberty merger agreement and unanimously recommends that you vote **FOR** the Liberty merger proposal and **FOR** the Liberty adjournment proposal, if necessary or appropriate. See The Liberty Merger Liberty's Reasons for the Merger; Recommendation of Liberty's Board of Directors for a more detailed discussion of Liberty's board of directors' recommendations.

**Record Date and Quorum**

The Liberty board of directors has fixed the close of business on , as the record date for determining the holders Liberty common stock entitled to receive notice of and to vote at the Liberty special meeting.

As of the Liberty record date, there were shares of Liberty common stock outstanding and entitled to vote at the Liberty special meeting held by approximately holders of record. Each share of Liberty common stock entitles the holder to one vote at the Liberty special meeting on each proposal to be considered at the Liberty special meeting.

The presence (in person or by proxy) of Liberty shareholders entitled to cast a majority of votes at the Liberty special meeting will constitute a quorum for the transaction of business. All shares of Liberty common stock, whether present in person or represented by proxy, including abstentions, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Liberty special meeting.

**Required Vote; Treatment of Abstentions and Failure to Vote**

To approve the Liberty merger proposal, two-thirds of the outstanding shares of Liberty common stock and entitled to vote thereon must be voted in favor of such proposal. To approve the Liberty adjournment proposal, a majority of the shares of Liberty common stock represented at the special meeting must be voted in favor of the proposal. If you mark **ABSTAIN** on your proxy card, fail to either submit a proxy or vote in person at the

## **Table of Contents**

Liberty special meeting or fail to instruct your bank or broker how to vote with respect to the Liberty merger proposal, it will have the same effect as a vote **AGAINST** the proposal. If you mark **ABSTAIN** on your proxy card, or fail to instruct your bank or broker how to vote, with respect to the Liberty adjournment proposal, it will have the same effect as a vote **AGAINST** the proposal. If you are a street name holder and fail to either submit a proxy card entirely or vote in person at the Liberty special meeting, it will have no effect on the Liberty adjournment proposal.

## **Shares Held by Officers and Directors**

As of the record date, there were \_\_\_\_\_ shares of Liberty common stock entitled to vote at the special meeting. Also as of the record date, the directors and executive officers of Liberty and their affiliates beneficially owned and were entitled to vote approximately \_\_\_\_\_ shares of Liberty common stock, representing approximately \_\_\_\_\_ % of the shares of Liberty common stock outstanding on that date. Liberty currently expects that Liberty's directors and executive officers will vote their shares in favor of the Liberty merger proposal and the Liberty adjournment proposal, although none of them has entered into any agreements obligating them to do so. As of the record date, Simmons and its directors and executive officers beneficially held no shares of Liberty common stock.

## **Voting on Proxies; Incomplete Proxies**

A Liberty shareholder may vote by proxy or in person at the Liberty special meeting. If you hold your shares of Liberty common stock in your name as a shareholder of record, to submit a proxy, you, as a Liberty shareholder, may vote by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Liberty requests that Liberty shareholders vote by completing and signing the accompanying proxy card and returning it to Liberty as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of Liberty common stock represented by it will be voted at the Liberty special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of Liberty common stock represented by the proxy card will be voted as recommended by the Liberty board of directors.

If a Liberty shareholder's shares are held in street name by a broker, bank or other nominee, the shareholder should check the voting form used by that firm to determine how to vote.

Every Liberty shareholder's vote is important. Accordingly, each Liberty shareholder should sign, date and return the enclosed proxy card, whether or not the Liberty shareholder plans to attend the Liberty special meeting in person. Sending in your proxy card will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.

## **Shares Held in Street Name ; Broker Non-Votes**

Under stock exchange rules, banks, brokers and other nominees who hold shares of Liberty common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Liberty expects that all proposals to be voted on at the Liberty special meeting will be non-routine matters. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Liberty special meeting, but with respect to which the broker or nominee is not instructed by the

beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of Liberty common stock in street name, your broker, bank or other

## **Table of Contents**

nominee will vote your shares of Liberty common stock only if you provide instructions on how to vote by complying with the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

## **Revocability of Proxies and Changes to a Liberty Shareholder's Vote**

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Liberty's corporate secretary, or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Liberty's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy card should be addressed to:

Liberty Bancshares, Inc.  
4625 South National Avenue  
Springfield, Missouri 65810  
Attention: Corporate Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

## **Solicitation of Proxies**

Liberty is soliciting your proxy in conjunction with the Liberty merger. Liberty will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Liberty will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Liberty common stock and secure their voting instructions. Liberty will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Liberty may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the Liberty shareholders, either personally or by telephone, facsimile, letter or electronic means.

## **Attending the Meeting**

All Liberty shareholders as of the record date, or their duly appointed proxies, may attend the Liberty special meeting. Registration and seating will begin at \_\_\_\_\_, local time.

If you hold your shares of Liberty common stock in your name as a shareholder of record and you wish to attend the Liberty special meeting, please bring your proxy card and evidence of your stock ownership, such as your most recent account statement, to the Liberty special meeting. You should also bring valid picture identification. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted will be superseded by any vote that you cast at the Liberty special meeting.

If your shares of Liberty common stock are held in street name in a stock brokerage account or by a bank or nominee and you wish to attend the Liberty special meeting, you need to bring a letter from the record holder of your shares confirming your ownership and a valid photo identification. Liberty reserves the right to refuse admittance to anyone without proper proof of share ownership and without valid photo identification.

**Table of Contents**

**Delivery of Proxy Materials**

As permitted by applicable law, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified Liberty of their desire to receive multiple copies of the joint proxy statement/prospectus.

Liberty will promptly deliver, upon oral or written request, a separate copy of the joint proxy statement/prospectus to any shareholder residing at an address to which only one copy of such document was mailed. Requests for additional copies should be directed to Liberty's corporate secretary, Pat Sechler, at 4625 South National Avenue, Springfield, Missouri 65810 or by telephone at (417) 875-2451.

**Assistance**

If you need assistance in completing your proxy card, have questions regarding Liberty's special meeting, or voting by mail or would like additional copies of this joint proxy statement/prospectus, please contact Liberty's chief financial officer, Caroline Butler, at 4625 South National Avenue, Springfield, Missouri 65810 or by telephone at (417) 875-2451.



**Table of Contents**

**INFORMATION ABOUT SIMMONS**

**Company Overview**

Simmons is a financial holding company registered under the BHC Act. Simmons is headquartered in Arkansas and as of March 31, 2014, had total assets of \$4.4 billion, loans of \$2.3 billion, deposits of \$3.7 billion and equity capital of \$407 million. Simmons conducts its banking operations through 103 branches or financial centers located in 56 communities in Arkansas, Missouri and Kansas.

Simmons is committed to the community bank model, as it believes it encourages local customer engagement and local decision making, thereby producing a more responsive and satisfactory experience for its customers. Simmons also believes its model empowers its bankers to enhance shareholder value through developing and growing holistic customer relationships. As Simmons focuses on the communities in which it primarily operates, it provides a wide range of consumer and commercial loan and deposit products to individuals and businesses in its core markets. Simmons also has developed through its experience and scale and through acquisitions, including the pending acquisitions that are the subject of this joint proxy statement/prospectus, specialized products and services that are in addition to those offered by the typical community bank and that are provided in many cases to customers beyond its core market area. Those products include credit cards, trust services, investments, agricultural finance lending, equipment lending, insurance, consumer finance and SBA lending.

Simmons seeks to build shareholder value by (1) focusing on strong asset quality, (2) maintaining strong capital and liquidity, (3) opportunistically growing its business, both organically and through acquisitions of financial institutions, and (4) improving its operational efficiency.

Simmons common stock is traded on the NASDAQ Global Select Market under the symbol SFNC. Simmons principal executive offices are located at 501 Main Street, Pine Bluff, Arkansas 71601, and its telephone number is (870) 541-1000. Simmons also has corporate offices in Little Rock, Arkansas.

Additional information about Simmons and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See [Where You Can Find More Information](#).

**Growth Strategies**

Simmons organic growth strategy includes pursuing cross-selling opportunities and expanding opportunistically in markets with attractive fundamental economic characteristics and market demographics. Upon entering a new market, Simmons seeks to identify and build a team of experienced, successful bankers with market-specific knowledge to lead its operations in that market. Generally, members of Simmons senior management team are familiar with these individuals based on prior work experience and reputation, and believe in the ability of such individuals to successfully execute its business model. Simmons also assembles non-voting advisory boards in select markets comprised of advisory directors representing a broad spectrum of business experience and community involvement in those markets.

Simmons actively seeks to expand its operations through acquisitions. In recent years, Simmons has expanded its footprint by acquiring five financial institutions through four FDIC-assisted transactions and one transaction conducted pursuant to Section 363 of the United States Bankruptcy Code. These acquisitions resulted in the addition (on a net basis) of 36 of Simmons current 103 branches, which are located in 26 of the 56 communities in which it presently conducts operations. Simmons views its acquisition activity as an important component of its growth strategy and intends to be opportunistic in pursuing future acquisitions.



**Table of Contents**

The table below sets forth certain information related to the acquisitions that Simmons has completed since 2010.

Year	Recent Acquisitions			Fair Value on Acquisition Date (in thousands)		
	Acquired	Acquired Bank	Markets Served	Assets	Loans	Deposits
2013	Metropolitan National Bank	Central/Northwest Arkansas		\$ 883,664	\$ 457,372	\$ 837,507
2012	Excel Bank of Sedalia, MO	Central Missouri, Kansas City and St. Louis metropolitan areas		180,536	99,299	168,592
2012	Truman Bank of St. Louis, MO	St. Louis, Missouri		253,174	130,536	228,553
2010	Security Savings Bank, FSB	Kansas City metropolitan area, Wichita and Salina, Kansas		457,639	219,158	338,237
2010	Southwest Community Bank	Springfield, Missouri		101,990	40,177	97,340

Simmons recently entered into binding agreements to acquire three financial institutions, Delta Trust, Community First and Liberty, which are referred to collectively as the pending acquisitions. For information as to the pro forma effects of the pending acquisitions on Simmons consolidated financial performance, see Unaudited Pro Forma Condensed Combined Financial Statements. Completion of each of the pending acquisitions is subject to satisfaction of customary closing conditions, including regulatory approvals and approval by the shareholders of the acquired institution and, in the case of the pending acquisitions of Community First and Liberty, Simmons shareholders. Simmons shareholders are not required to vote on the Delta Trust merger. Simmons anticipates closing the pending acquisition of Delta Trust in the third quarter of 2014 and closing the pending acquisitions of Community First and Liberty in the fourth quarter of 2014.

The table below sets forth certain financial information as of March 31, 2014, with respect to the pending acquisitions.

Announcement	Pending Acquisitions			As of March 31, 2014 (in thousands)		
	Date	Institution to be Acquired	Markets Served	Assets	Net Loans	Deposits
	May 27, 2014	Liberty Bancshares, Inc.	Southwest Missouri	\$ 1,062,256	\$ 797,859	\$ 885,097
	May 6, 2014	Community First Bancshares, Inc.	Tennessee	1,937,830	1,105,113	1,589,878
	March 24, 2014	Delta Trust & Banking Corporation	Arkansas	444,062	322,230	387,875

*Delta Trust & Banking Corporation*

In addition to the merger agreements with Community First and Liberty, on March 24, 2014, Simmons entered into the Delta Trust merger agreement. Delta Trust is headquartered in Little Rock, Arkansas and currently operates 10 financial centers, three in Little Rock, Arkansas, one in Conway, Arkansas, two in northwest Arkansas and four in southeast Arkansas.

Under the terms of Simmons' agreement to acquire Delta Trust, each outstanding share of Delta Trust common stock and common stock equivalent will be converted into the right to receive 15.1428 shares of Simmons common stock or the right to receive cash, provided that the aggregate cash consideration paid to Delta Trust shareholders will not exceed \$10,052,331, and the number of shares of Simmons common stock to be issued will not exceed 1,695,898, subject to certain conditions and potential adjustments.

## **Table of Contents**

### *Community First Bancshares, Inc.*

Under the terms of the Community First merger agreement, each outstanding share of Community First common stock and common stock equivalent will be converted into the right to receive 17.8975 shares of Simmons common stock, subject to certain conditions and potential adjustments. Simmons expects to issue approximately 6,624,000 shares of Simmons common stock in connection with the acquisition of Community First. In addition, Simmons will assume approximately \$27.1 million of subordinated debentures that Community First issued in connection with its prior issuance of trust preferred securities, and Simmons will replace 30,852 shares of Community First Series C preferred stock held by the U.S. Treasury by issuing an equal number of shares of Simmons Series A preferred stock.

### *Liberty Bancshares, Inc.*

Under the terms of the Liberty merger agreement, each outstanding share of Liberty common stock and common stock equivalent will be converted into the right to receive 1.0 share of Simmons common stock, subject to certain conditions and potential adjustments. Simmons expects to issue 5,247,187 shares of Simmons common stock in connection with the acquisition of Liberty. Under the terms of the Liberty merger agreement, each outstanding share of Liberty common stock and common stock equivalent will be converted into the right to receive 1.0 share of Simmons common stock, subject to certain conditions and potential adjustments. In addition, Simmons will assume approximately \$20.6 million of subordinated debentures that Liberty issued in connection with its prior issuance of trust preferred securities.

## **Recent Developments**

On July 17, 2014, Simmons announced net income of \$9.9 million for the second quarter of 2014, an increase of \$3.3 million, or 50.7%, compared to the same quarter last year. Diluted earnings per share were \$0.60, an increase of \$0.20, or 50.0%.

Year-to-date net income was \$14.3 million, an increase of \$1.7 million, or 14.0%, compared to the same period of 2013. Year-to-date diluted earnings per share were \$0.87, an increase of \$0.11, or 14.5%.

Total loans, including those acquired, were \$2.4 billion at June 30, 2014, an increase of \$512 million, or 27.3%, compared to the same period in 2013. Acquired loans increased by \$293 million, net of discounts, while legacy loans (all loans excluding acquired loans) grew \$218 million, or 13.2%.

At June 30, 2014, total deposits were \$3.6 billion, an increase of \$829 million, or 29.5%, compared to the same period in 2013. Total non-time deposits totaled \$2.6 billion, or 72% of total deposits.

At June 30, 2014, shareholders' equity was \$414 million and book value per share was \$25.36. Simmons' ratio of shareholders' equity to total assets was 9.6%.

**Table of Contents**

**INFORMATION ABOUT COMMUNITY FIRST**

**Company Overview**

Community First is a bank holding company registered under the BHC Act. Community First is headquartered in Union City, Tennessee and as of March 31, 2014, had total assets of \$1.9 billion, loans of \$1.1 billion, deposits of \$1.6 billion and equity capital of \$169.3 million. Community First conducts its banking operations through 31 branches or financial centers located in 25 communities in Tennessee.

Community First is a community-focused financial institution that offers a full range of financial services to individuals, businesses, municipal entities, and nonprofit organizations in the communities that it serves. These services include consumer and commercial loans, deposit accounts, trust services, safe deposit services, consumer finance, insurance, mortgage lending, and SBA lending. Community First operates through its wholly owned bank subsidiary, First State Bank, which was founded in 1887, and is the fifth largest bank headquartered in Tennessee based on deposits.

Community First and its subsidiaries are subject to comprehensive regulation, examination and supervision by federal and state banking regulators, and are subject to numerous laws and regulations relating to their operations, including, among other things, permissible activities, capital adequacy, reserve requirements, standards for safety and soundness, internal controls, consumer protection, anti-money laundering, and privacy and data security.

The main offices of Community First are presently located in an office building located at 115 West Washington Avenue, Union City, Tennessee 38261, which is owned by First State Properties, Inc., a subsidiary of First State Bank. The branch locations and other offices of affiliates are either owned by First State Properties, Inc. or leased. Community First has 17 directors, 484 full-time employees and 21 part-time employees.

Community First's principal executive offices are located at 115 West Washington Avenue, Union City, Tennessee 38261, and its telephone number is (731) 886-8800.

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

Consolidated historical financial statements for Community First as of December 31, 2013 and 2012 and for the three years ended December 31, 2013, and as of March 31, 2014 and 2013, and for the three months then ended, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations are included as Annex J to this joint proxy statement/prospectus.

**Table of Contents**

**INFORMATION ABOUT LIBERTY**

**Company Overview**

Liberty is a bank holding company registered under the BHC Act. Liberty is headquartered in Springfield, Missouri and as of March 31, 2014, had total assets of \$1.1 billion, loans of \$811 million, deposits of \$885 million and equity capital of \$101 million. Liberty conducts its banking operations through 24 branches or financial centers located in 16 communities in Missouri.

Liberty is a community-focused financial institution that offers a full range of financial services to individuals, businesses, municipal entities, and nonprofit organizations in the communities that it serves. These services include consumer and commercial loans, deposit accounts, trust services, safe deposit services, consumer finance, insurance, mortgage lending, and SBA lending. Liberty operates through its wholly owned bank subsidiary, Liberty Bank, which was founded in 1995, and is the 10th largest bank headquartered in Missouri based on deposits.

Liberty and its subsidiaries are subject to comprehensive regulation, examination and supervision by federal and state banking regulators, and are subject to numerous laws and regulations relating to their operations, including, among other things, permissible activities, capital adequacy, reserve requirements, standards for safety and soundness, internal controls, consumer protection, anti-money laundering, and privacy and data security.

Liberty's principal executive offices are located at 4625 South National Avenue, Springfield, Missouri 65810, and its telephone number is (417) 888-3000.

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

Consolidated historical financial statements for Liberty as of December 31, 2012 and 2013 and for the three years ended December 31, 2013, and as of March 31, 2013 and 2014, and for the three months then ended, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations are included as Annex K to this joint proxy statement/prospectus.

**Table of Contents**

**THE COMMUNITY FIRST MERGER**

*The following discussion contains material information about the Community First merger. This discussion is subject, and qualified in its entirety by reference, to the Community First merger agreement attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. We urge you to read carefully this entire joint proxy statement/prospectus, including the Community First merger agreement attached as Annex A, for a more complete understanding of the Community First merger.*

*This proposal will be considered and voted upon by the Simmons common shareholders at the Simmons special meeting and by the Community First shareholders at the Community First special meeting.*

**Terms of the Community First Merger**

Each of Simmons and Community First's respective boards of directors has unanimously approved and adopted the Community First merger agreement. The Community First merger agreement provides for the merger of Community First with and into Simmons, with Simmons continuing as the surviving corporation. Following completion of the Community First merger, Community First's wholly owned bank subsidiary, First State Bank, will merge with and into Simmons' wholly owned bank subsidiary, Simmons First National Bank. Simmons expects the merger of First State Bank and Simmons First National Bank to occur in August 2015. Simmons First National Bank will be the surviving bank in this merger.

In the Community First merger, each share of Community First common stock, \$10.00 par value per share, issued and outstanding immediately prior to the effective time of the Community First merger, except for shares of any Community First common stock held by Community First or Simmons and any dissenting shares, will be converted into the right to receive 17.8975 shares of Simmons common stock, \$0.01 par value per share. No fractional shares of Simmons common stock will be issued in connection with the Community First merger, and holders of Community First common stock that would otherwise receive a fractional share will be entitled to receive cash in lieu thereof. Community First shareholders and Simmons shareholders are being asked to approve the Community First merger agreement. See [The Merger Agreements](#) for additional and more detailed information regarding the legal documents that govern the Community First merger, including information about the conditions to the completion of the Community First merger agreement and the provisions for terminating or amending the Community First merger agreement.

In addition to the Community First common stock being exchanged for Simmons common stock, the Community First Series C preferred stock will be exchanged for a new series of Simmons preferred stock designated as Simmons Series A preferred stock, with substantially identical terms, except that Simmons Series A preferred stock will not contain transfer restrictions or be subject to registration rights.

**Background of the Community First Merger**

Community First and its subsidiaries have been providing financial products and services to its customers since 1887. The organization is a combination of various Tennessee community banks resulting in a \$1.9 billion organization in 2014. This growth has accelerated in the last ten years, even during the recent financial crisis, from \$622 million at the end of 2003.

As Community First has grown, it has funded its growth through its retained earnings, the issuance of approximately \$27.1 million in trust preferred securities, the acquisition of \$30.852 million in government funds, first through \$20 million from the Troubled Asset Relief Program, or the TARP, and then later replaced by \$30.852 million from the



SBLF, a \$9.9 million common stock private offering in 2007, and a \$25.9 million common stock private offering in 2009. Over the years, the board of directors and management of Community First have focused on continuing the growth of the organization and discussed often at regular board meetings and strategic planning sessions the various alternatives to fund this growth with additional equity. In addition, the

**Table of Contents**

board of directors and management of Community First believe that federal bank supervisory policy is strongly encouraging financial institutions to increase the required minimum capital ratios of all financial institutions, thereby creating the need for additional equity even without future growth.

The Simmons board of directors has from time to time engaged with senior management of Simmons in strategic reviews, and has considered ways to enhance its performance and prospects in light of competitive and other relevant developments. These strategic reviews by the Simmons board of directors has focused on, among other things, the business environment facing financial institutions generally, the business environments in the markets that Simmons serves and markets within a 350-mile radius of Central Arkansas, as well as conditions and ongoing consolidation in the financial services industry. As part of its growth strategy, the management and board of directors of Simmons have, from time to time, explored acquisition opportunities with banks that have a similar conservative, community banking philosophy to that of Simmons and that are headquartered within a 350-mile radius of Central Arkansas.

The board of directors and management of Community First have discussed on a periodic basis how the organization can create liquidity for its shareholders. As a privately held, non-traded company with its common stock held by a small number of shareholders, the shares of Community First common stock are rarely traded, and there is no public trading market. In addition, as shares of Community First common stock begin to pass from generation to generation, there is an increasing need for the shareholders to be able to sell their shares or at least establish a market value for estate planning purposes.

In order to address both the need for additional equity and liquidity for its shareholders, the board of directors and management of Community First began in July 2011 investigating and discussing various alternatives to increase equity and create liquidity for its shareholders. One alternative discussed was to conduct an initial public offering which would result in the shares of Community First common stock being registered with the SEC and then market makers being engaged to trade its common stock on an established securities exchange. The board of directors and management of Community First discussed the fact that institutional investors and additional retail customers would need to become interested in Community First common stock in order to create an active trading market. The cost of the initial public offering process and the ongoing cost of being a publicly traded company were major factors considered by the board of directors and management of Community First. Since Community First would still be deemed a fairly small institution among other financial institutions that are publicly traded, the ability of Community First to create an active trading market was considered a challenge by the board of directors and management of Community First.

Another method of providing equity and liquidity was to seek a partner with significant capital and which already had shares publicly traded, thereby minimizing the time and expense of executing on an initial public offering. The board of directors and management of Community First believed that the number of acquisitions in the financial services industry had been increasing over the past year, and if Community First decided to participate in a merger process, there seemed to be an increasing need to act sooner than later.

In order to evaluate and pursue these two objectives, management of Community First began attending investment conferences where they could not only discuss these issues with officers and directors of financial institutions that have similar goals, but also where they could meet the executive management teams of potential partners. One such conference was the KBW Investor Conference held on August 1, 2012, in New York City, where John C. Clark of Community First was introduced to and had a private breakfast meeting with J. Thomas May, the Chief Executive Officer of Simmons at the time. At the same time, Victor Castro, the Chief Financial Officer of Community First, held a private meeting with Robert Fehlman, the Chief Financial Officer of Simmons. After these meetings, both organizations began to review the public records of the other and become more familiar with each other's institutions.

Over the course of the next 12 months, senior management of Simmons would periodically update the Simmons board of directors about potential acquisition opportunities that were in markets that Simmons would

**Table of Contents**

consider operating in, including existing Simmons markets. Prior to KBW's Investor Conference in July 2013, senior management of Simmons provided another such update to the Simmons board of directors and identified Community First as a potential partner and noted for the Simmons board of directors that management of Community First was expected to visit with Simmons in September 2013 for a peer bank meeting.

At KBW's Investor Conference in New York City, on July 30, 2013, representatives of both Community First and Simmons again held private meetings to discuss a possible combination of their organizations. At this same event, representatives of Community First had introductory meetings with other potential acquirors. On August 12 and 13, 2013, six members of the Community First management team traveled to Little Rock, Arkansas, and held peer bank meetings with officers of Simmons. Between August and December 2013 senior management of Simmons updated the Simmons board of directors and its executive committee of its discussions with Community First and other acquisition opportunities. On December 20, 2013, George Makris, CEO-Elect of Simmons, traveled to Union City, Tennessee, and had lunch with some of the officers and directors of Community First. Over the remainder of 2013, phone conversations and communications continued between Community First and Simmons, as well as Community First and some other potential acquirors.

As the discussions by the Community First board of directors continued to include the possibility of a merger, the Community First board of directors on October 15, 2013, decided to formally amend the Community First strategic plan to include an option for selling the institution. To help implement this new provision of the strategic plan, on December 17, 2013, Newell Graham, Chairman of the Community First board of directors, appointed an Ownership Committee consisting of Christopher Kirkland, Joe Porter, Michael Swaim, William Wade, Newell Graham, and John C. Clark, to investigate the equity and liquidity alternatives and then report back to the entire Community First board of directors. During late January and early February of 2014, the Ownership Committee contacted various investment banking firms to discuss their engagement for assisting Community First as its financial advisor in possible merger negotiations. Some interviews were held in Brentwood, Tennessee, during that time period between representatives of investment banking firms, including representatives of KBW based in Richmond, Virginia, and members of the Ownership Committee, including a meeting held on January 13, 2014, at the offices of Crowe Horwath LLP in Brentwood, Tennessee, with representatives of KBW.

From the middle of January through February 2014, the senior management of Simmons kept the Simmons board of directors apprised of acquisition opportunities including with Community First. Senior management of Simmons also discussed the financial considerations of a merger with Community First with its financial advisor Sterne Agee during this period.

On February 11, 2014, the Community First board of directors met and reviewed the activities and recommendations of the Ownership Committee. At this meeting, the Community First board of directors approved (1) engaging KBW as Community First's financial advisor, (2) executing confidentiality agreements with individual directors and executive officers, (3) special restricted stock and salary grants for selected employees, and (4) the Ownership Committee continuing to work through the process, with KBW, of addressing the equity and liquidity alternatives and then reporting back to the Community First board of directors with their recommendations.

During the remainder of February and the first couple of weeks of March, in accordance with a directive from the Community First board of directors, KBW solicited the interest of various parties in acquiring Community First. A number of mutual nondisclosure agreements were executed, including a mutual nondisclosure agreement with Simmons on February 18, 2014, and various levels of due diligence were conducted by the interested parties. John C. Clark conducted management meetings with a number of interested parties. Up to March 13, 2014, Simmons management team conducted preliminary due diligence on Community First and worked with Sterne Agee to draft and submit a non-binding indication of interest to acquire Community First. KBW communicated, on behalf of

Community First, a deadline of March 13, 2014, for any interested parties to present indications of interest. Two indications of interest letters were submitted on March 13, one of which was from Simmons, and one additional indication of intent was received from another party on March 14.

**Table of Contents**

On March 17, 2014, representatives of the Ownership Committee and KBW met to discuss the indications of interest submitted, and the Ownership Committee decided to pursue further negotiations exclusively with Simmons at that time. The prospect of a combination with Simmons included the consideration that some members of Community First's management and its board of directors would continue to play a role in the combined company, thus retaining some measure of local Tennessee influence. Additionally, from a management perspective, the Ownership Committee considered Simmons sharing similar business and banking philosophies.

On March 20, 2014, Messrs. Makris, Bartlett, Fehlman, Casteel, Garner, along with Susan F. Smith, Executive Vice President of Corporate Strategy and Performance of Simmons, held a teleconference with representatives of Sterne Agee and KBW, to discuss the indication of interest submitted by Simmons, the entering into an exclusivity agreement between Simmons and Community First and a timeline and scope of the due diligence process for both Simmons and Community First. On March 21, 2014, Simmons and Community First executed an exclusivity agreement that provided Simmons with the exclusive right to negotiate a transaction with Community First for a period of \_\_\_\_\_ days from the date of the exclusivity agreement. Pursuant to the exclusivity agreement, Community First agreed to cease discussions with any other interested party.

During the remainder of March and the month of April, discussions of specific acquisition terms were held between representatives of Community First and Simmons and their respective financial and legal advisors and Simmons conducted a due diligence investigation of Community First. From April 7 to April 11, 2014, members of the Simmons' management team conducted onsite due diligence of Community First in Brentwood, Tennessee. On April 15, 2014, the Community First board of directors met and was provided an update from the Ownership Committee and a directive to continue conducting the due diligence process on Simmons. On April 21 and 22, 2014, members of the management team of Community First conducted onsite due diligence of Simmons in Pine Bluff and Little Rock, Arkansas. On April 23, 2014, members of the Ownership Committee also conducted onsite due diligence of Simmons in Little Rock, Arkansas.

On April 25, 2014, the first draft of the Community First merger agreement was distributed by Simmons to representatives of Community First. Negotiations of the document were conducted by telephone and e-mail between officers of the banks, between their financial advisors and between their legal counsel. The negotiations were completed late in the evening on May 2, 2014. On April 28, 2014, Mr. Makris provided an update to the executive committee of the Simmons board of directors about the results of its due diligence investigation of Community First and updated the executive committee on the status of the transaction, including an update on the negotiations of the merger agreement. Mr. Makris informed the executive committee that two seats on the Simmons board of directors had been offered to Community First and that certain individuals affiliated with Community First, including their nominees for the Simmons board of directors, would be required to execute lock-up agreements.

On May 5, 2014, the Simmons board of directors held a meeting to consider the terms of the proposed Community First merger. Prior to the meeting, the directors received copies of the draft merger agreement and of the other draft transaction documents, as well as a presentation prepared by its financial advisor, Sterne Agee. At the meeting, members of Simmons' management reported on the status of due diligence and negotiations with Community First. Representatives of Sterne Agee reviewed Sterne Agee's financial analysis of the proposed Community First merger, including discussing the various financial methodologies used in its analysis. Representatives of Sterne Agee then delivered its oral opinion (which was subsequently confirmed in writing by delivery of Sterne Agee's written opinion dated May 5, 2014) that, as of the date of the Simmons board of directors meeting and based upon and subject to the various factors, assumptions and limitations set forth in its written opinion, the Community First exchange ratio to be paid by Simmons in connection with the Community First merger was fair, from a financial point of view, to Simmons. The full text of the written opinion of Sterne Agee dated May 5, 2014, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the

opinion, is attached as Annex C to this joint proxy statement/prospectus. At the meeting, Simmons legal counsel reviewed with the Simmons board of directors its fiduciary duties and reviewed the key terms of the Community First merger agreement and related agreements (including the lock-up agreements), as described elsewhere in this joint proxy statement/prospectus, including a summary of the

## Table of Contents

provisions relating to governance of the combined company and the provisions relating to employee matters.

After considering the proposed terms of the Community First merger agreement and the various presentations of its financial and legal advisors, and taking into consideration the matters discussed during that meeting and prior meetings of the Simmons board of directors, including the factors described under Simmons Reasons for the Community First Merger; Recommendation of Simmons Board of Directors, the Simmons board of directors unanimously determined that the Community First merger was consistent with Simmons business strategies and in the best interests of Simmons and Simmons shareholders and the directors voted unanimously to approve and adopt the Community First merger agreement and the transactions contemplated thereby and recommended that Simmons shareholders approve the Community First merger agreement.

The Community First board of directors met in a special meeting on May 6, 2014, and received a presentation by the Ownership Committee of the terms of the proposed Community First merger and the results of due diligence of Simmons. Community First's counsel provided the Community First board of directors with both a written and oral analysis of the proposed Community First merger agreement from a legal perspective. Also at the meeting, KBW, Community First's financial advisor, reviewed the financial aspects of the proposed merger and rendered an opinion, dated May 6, 2014, to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of Community First common stock. Directors asked questions of management, KBW, and Community First's counsel. After this discussion, and considering various factors, including the factors described under Community First's Reasons for the Community First Merger; Recommendation of Community First's Board of Directors, the Community First board of directors approved unanimously the Community First merger agreement and recommended its approval to the Community First shareholders and the calling of a meeting of the Community First shareholders to consider and vote on the Community First merger agreement upon the effectiveness of the Community First registration statement of which this joint proxy statement/prospectus is a part.

A press release announcing the transaction was released by Simmons on May 6, 2014, and Simmons held an investor conference call that day as well.

### **Community First's Reasons for the Merger; Recommendation of Community First's Board of Directors**

The Community First board of directors has determined that the merger is advisable, fair, and in the best interest of Community First and its shareholders. In adopting the Community First merger agreement, the Community First board of directors consulted with its financial advisor regarding the financial aspects of the merger, and with its legal counsel as to its legal duties and the terms of the Community First merger agreement. In arriving at its determination, the Community First board of directors also considered a number of factors, including the following material factors:

its familiarity with Community First's consolidated business, operations, earnings, and financial conditions;

its review, with the assistance of Community First's legal and financial advisors, of the proposed Community First merger, including a review of the business, operations, earnings, and financial conditions of Simmons, as well as the potential results to Community First shareholders from a sale to Simmons;



its review of possible affiliation partners other than Simmons, the prospects of such other possible affiliation partners, and the likelihood of any such affiliation;

its review of strategic alternatives to such a transaction for Community First and Community First shareholders (including the alternatives of remaining independent and growing internally, remaining independent for a period of time and then selling, remaining independent and growing through future acquisitions and conducting an initial public offering for its common stock);

**Table of Contents**

the recent business combinations involving financial institutions either announced or completed during the past few years in the United States, the State of Tennessee, and contiguous states, and the effect of such combinations on increased competitive conditions in the Community First's market area;

a comparison of the proposal from Simmons to such recent business combinations involving financial institutions;

increasing regulatory and statutory burdens (including increased costs, time commitments, earnings opportunities, among other burdens) on Community First and its subsidiaries as a community banking organization in general and as a result of the particular status of Community First as a \$1.9 billion bank holding company;

its knowledge of the current environment in the financial services industry, including national, regional and local economic conditions and the interest rate environment, continued consolidation, the uncertainties in the regulatory climate for financial institutions, the current environment for community banks, particularly in Tennessee and contiguous states, and current financial market conditions and the likely effects of these factors on the two companies' potential growth, development, productivity and strategic options;

the complementary aspects of Community First's and Simmons' businesses, including customer focus, business orientation and compatibility of the companies' cultures and management and operating styles, and the potential expense-saving and revenue-enhancing opportunities in connection with the Community First merger and the related potential impact on the combined company's earnings;

Simmons' successful track record, including, among other things, with respect to the integration of acquisitions;

its assessment of the likelihood that the Community First merger would be completed in a timely manner and that the management team of the combined company would be able to successfully integrate and operate the businesses of the combined company after the Community First merger;

the financial analyses presented by KBW to the Community First board of directors, and the opinion, dated May 6, 2014, delivered to the Community First board of directors by KBW to the effect that, as of the date of the opinion, and subject to and based on the qualifications and assumptions set forth in the opinion, the Community First exchange ratio was fair, from a financial point of view, to the holders of Community First common stock;

the Community First board of directors' belief that the Community First merger consideration exceeds Community First's likely value in the absence of a merger, including its potential for future growth, which belief was based on a number of factors, including:

the risks and uncertainties associated with maintaining Community First's performance as a standalone company; and

the Community First board of directors' analysis of other strategic alternatives available to Community First;

the greater market capitalization and greater anticipated trading liquidity of Simmons common stock after the transaction in the event Community First shareholders desired to sell the shares of Simmons common stock to be received by them upon completion of the Community First merger;

the fact that Community First shareholders who do not vote to adopt the merger agreement and who follow certain prescribed procedures are entitled to dissenters' rights under applicable law;

management succession alternatives for Community First; and

the opportunity for Community First shareholders to exchange their shares of Community First common stock for shares of Simmons common stock in a tax free exchange and resulting in the

## Table of Contents

ownership of a publicly traded stock currently paying a quarterly dividend, giving former Community First shareholders the opportunity to participate as Simmons shareholders in the benefits of the combination and the future performance of the combined company generally.

The foregoing discussion of the information and factors considered by the Community First board of directors is not exhaustive, but includes all material factors considered by the Community First board of directors. In view of the wide variety of factors considered by the Community First board of directors in connection with its evaluation of the Community First merger and the complexity of such matters, the Community First board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Community First board of directors discussed the factors described above, asked questions of Community First's management and Community First's legal and financial advisors, and reached general consensus that the Community First merger was in the best interests of Community First and Community First shareholders.

In considering the factors described above, individual members of the Community First board of directors may have given different weights to different factors. It should be noted that this explanation of the Community First board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Concerning Forward-Looking Statements."

The Community First board of directors also recommended that the Community First shareholders approve the Community First merger agreement at a meeting of the Community First shareholders to be called for the purpose of considering the Community First merger agreement, and that the President and such other officers of Community First set the specific time and date of the Community First special meeting subject to completion, any necessary regulatory approvals, and delivery of appropriate notices and proxy materials to the Community First shareholders.

The Community First board of directors authorized and empowered the officers of Community First to take all necessary steps which may be required of them or which may be in the best interest of Community First, to complete all transactions necessary or deemed necessary by the officers of Community First with regard, but not limited, to the filing of all necessary regulatory applications, the negotiation of the final terms of the Community First merger agreement or any other necessary agreements, and all other legal, regulatory, and other steps that may become necessary in order to implement the purposes of the resolutions of the Community First board of directors.

**For the reasons set forth above, the Community First board of directors has adopted unanimously the Community First merger agreement and believes that it is in the best interests of Community First and the Community First shareholders and unanimously recommends that the Community First shareholders vote FOR the Community First merger.**

### **Opinion of Community First's Financial Advisor**

Community First engaged KBW to render financial advisory and investment banking services to Community First, including an opinion to the Community First board of directors as to the fairness, from a financial point of view, to the holders of Community First common stock of the Community First exchange ratio in the proposed Community First merger. Community First selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the Community First merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

At the meeting held on May 6, 2014 at which the Community First board of directors evaluated the proposed Community First merger, KBW reviewed the financial aspects of the proposed Community First

**Table of Contents**

merger and rendered an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the Community First exchange ratio in the proposed Community First merger was fair, from a financial point of view, to the holders of Community First common stock. The Community First board approved the Community First merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex C to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

**KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the Community First board of directors (in its capacity as such) in connection with its consideration of the financial terms of the Community First merger. The opinion addressed only the fairness, from a financial point of view, of the Community First exchange ratio in the Community First merger to the holders of Community First common stock. It did not address the underlying business decision of Community First to engage in the Community First merger or enter into the Community First merger agreement. KBW's opinion did not and does not constitute a recommendation to the Community First board of directors in connection with the Community First merger, and it does not constitute a recommendation to any Community First shareholder or any shareholder of any other entity as to how to vote in connection with the Community First merger or any other matter, nor does it constitute a recommendation on whether or not any such shareholder should enter into a voting, shareholders' or affiliates' agreement with respect to the Community First merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.**

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the Community First merger and the financial and operating condition of Community First and Simmons, including, among other things:

a draft, dated May 2, 2014, of the Community First merger agreement (the most recent draft then made available to KBW);

the audited financial statements and Annual Reports for the three years ended December 31, 2013 for Community First;

the audited financial statements and Annual Reports on Form 10-K for the three years ended December 31, 2013 of Simmons;

the preliminary unaudited financial statements for the quarter ended March 31, 2014 of Community First and Simmons;

certain regulatory filings for the three year period ended December 31, 2013 and the three month period ended March 31, 2014 of Community First and its subsidiaries;

certain other interim reports and other communications of Community First and Simmons to their respective shareholders; and

other financial information concerning the businesses and operations of Community First and Simmons furnished to KBW by Community First and Simmons or which KBW was otherwise directed to use for purposes of its analysis.

**Table of Contents**

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of Community First and Simmons;

the assets and liabilities of Community First and Simmons;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial information of Community First and certain financial and stock market information for Simmons with similar information for certain other companies the securities of which are publicly traded;

financial and operating forecasts and projections of Community First which were prepared by Community First management, provided to and discussed with KBW by such management, and used and relied upon by KBW at the direction of such management with the consent of the Community First board;

publicly available consensus street estimates of Simmons for 2014 and 2015 (which estimates reflected the pro forma impact of the pending acquisition by Simmons of Delta Trust that was publicly announced on March 24, 2014), as well as assumed long term growth rates based thereon that were prepared and provided to KBW by management of Simmons, all of which information was discussed with KBW by such management and used and relied upon by KBW at the direction of such management with the consent of the Community First board;

projected balance sheet and capital data of Simmons (giving effect to the Delta Trust acquisition) that were prepared by Simmons management, provided to and discussed with KBW by such management and used and relied upon by KBW at the direction of such management with the consent of the Community First board; and

estimates regarding certain pro forma financial effects of the Community First merger on Simmons (including, without limitation, the cost savings and related expenses expected to result from the Community First merger) that were prepared by Simmons management, provided to and discussed with KBW by such management and used and relied upon by KBW at the direction of such management with the consent of the Community First board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with senior management of Community First and Simmons regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters that KBW



deemed relevant to its inquiry. In addition, KBW considered the results of the efforts undertaken by Community First, with KBW's assistance, to solicit indications of interest from third parties regarding a potential transaction with Community First.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of Community First as to the reasonableness and achievability of the financial and operating forecasts and projections of Community First (and the assumptions and bases therefor) that were prepared by Community First management and provided to and discussed with KBW by such management, and KBW assumed, with the consent of Community First, that such forecasts and projections were reasonably prepared on a basis reflecting the best available estimates and judgments of such management and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such management. KBW further relied, with the consent of Community First, upon

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**Table of Contents**

Simmons management as to the reasonableness and achievability of the publicly available consensus street estimates of Simmons that KBW was directed to use and the assumed long term growth rates based thereon that were prepared by Simmons management and provided to and discussed with KBW by such management, and as to the projected balance sheet and capital data of Simmons (giving effect to the Delta Trust acquisition) that were prepared by Simmons management and estimates regarding certain pro forma financial effects of the Community First merger on Simmons that were prepared by Simmons management and provided to and discussed with KBW by such management (and the assumptions and bases therefor, including but not limited to the potential cost savings and related expenses expected to result from the Community First merger). In rendering its opinion, KBW assumed, with the consent of the Community First board, that all such information was consistent with (in the case of Simmons street estimates ), or was otherwise reasonably prepared on a basis reflecting, the best currently available estimates and judgments of such management and that such forecasts, estimates and projected data reflected in such information would be realized in the amounts and in the time periods estimated. In connection with its opinion, KBW was not provided with access to, and did not hold any discussions with, Delta Trust management regarding the Delta Trust acquisition or the pro forma impact thereof on Simmons. KBW expressed no view or opinion as to the Delta Trust acquisition (or any terms, aspects or implications of such transaction). KBW assumed, with the consent of Community First, that the Delta Trust acquisition and the related bank subsidiary merger would be consummated as described to KBW by Simmons management in the third quarter of 2014.

The forecasts, projections and estimates of Community First and Simmons that were provided to KBW were not prepared with the expectation of public disclosure. All such information was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. KBW assumed, based on discussions with the respective managements of Community First and Simmons, that such forecasts, projections and estimates of Community First and Simmons referred to above, provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW assumed that there were no material, undisclosed changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Community First or Simmons since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with Community First's consent, that the aggregate allowances for loan and lease losses for Community First and Simmons were adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Community First or Simmons, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of Community First or Simmons under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed that, in all respects material to its analyses:

the Community First merger and any related transactions would be completed substantially in accordance with the terms set forth in the Community First merger agreement (the final terms of which KBW assumed would not differ in any respect material to its analyses from the latest draft of the Community First merger agreement that had been reviewed by it) with no adjustments to the Community First exchange ratio or additional forms of consideration;

**Table of Contents**

the representations and warranties of each party in the Community First merger agreement and in all related documents and instruments referred to in the Community First merger agreement were true and correct;

each party to the Community First merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the Community First merger or any related transaction and that all conditions to the completion of the Community First merger would be satisfied without any waivers or modifications to the Community First merger agreement; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Community First merger and related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of Community First, Simmons or the combined entity or the contemplated benefits of the Community First merger, including the cost savings and related expenses expected to result from the Community First merger.

KBW assumed that the Community First merger would be consummated in a manner that complied with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. KBW further assumed that Community First relied upon the advice of its counsel, independent accountants and other advisors (other than KBW) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Community First, Simmons, the Community First merger and any related transaction, and the Community First merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, of the Community First exchange ratio in the Community First merger to the holders of Community First common stock. KBW expressed no view or opinion as to any terms or other aspects of the Community First merger or any related transaction, including without limitation, the form or structure of the Community First merger, any transactions that may be related to the Community First merger, any consequences of the Community First merger to Community First, its shareholders, creditors or otherwise, or any terms, aspects or implications of any voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Community First merger or otherwise. Further, KBW expressed no view or opinion as to the Delta Trust acquisition, including without limitation any direct or indirect consequence or impact of either the consummation of such acquisition (further to its publicly announced terms (including anticipated timing) or otherwise) or, alternatively, the failure to consummate such acquisition, on Simmons, Community First, the holders of Simmons common stock or Community First common stock, the Community First merger (including any term or aspect thereof) or any related transaction, or the prices, trading range or volume of Simmons common stock. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of Community First to engage in the Community First merger or enter into the Community First merger agreement;

the relative merits of the Community First merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Community First or the Community First board;

the fairness of the amount or nature of any compensation to any of Community First's officers, directors or employees, or any class of such persons, relative to any compensation to the holders of Community First common stock;

**Table of Contents**

the effect of the Community First merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of Community First other than the Community First common stock (solely with respect to the Community First exchange ratio in the proposed Community First merger and not relative to the consideration to be received by any other class of securities) or any class of securities of Simmons or any other party to any transaction contemplated by the Community First merger agreement;

the actual value of the Simmons common stock to be issued in the Community First merger;

the prices, trading range or volume at which Simmons common stock would trade following the public announcement of the Community First merger or the consummation of the Community First merger;

whether Simmons has sufficient cash, available lines of credit or other sources of funds to enable it to pay any cash consideration in the Community First merger (as provided in the Community First merger agreement);

any advice or opinions provided by any other advisor to any of the parties to the Community First merger or any other transaction contemplated by the Community First merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to Community First, Simmons, their respective shareholders, or relating to or arising out of or as a consequence of the Community First merger or any related transaction, including whether or not the Community First merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Community First and Simmons. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses.

Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Community First board of directors in making its determination to approve the Community First merger agreement and the Community First merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Community First board of directors with respect to the fairness of the Community First exchange ratio. The type and amount of consideration payable in the Community First merger were determined through negotiation between Community First and Simmons and the decision to enter into the Community First merger agreement was solely that of the Community First board.

The following is a summary of the material financial analyses performed by KBW in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the Community First board, but summarizes the material analyses performed in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In

arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses. For purposes of the financial analyses described below, KBW utilized an implied

**Table of Contents**

transaction value for the proposed Community First merger of \$657.55 per share of Community First common stock based on the Community First exchange ratio in the Community First merger and the closing price of Simmons common stock on May 5, 2014. In addition to the financial analyses described below, KBW reviewed with the Community First board of directors for informational purposes, among other things, an implied transaction price-to-2015 EPS multiple of 11.4x for the proposed Community First merger using the 2015 EPS estimate for Community First provided to KBW by Simmons management, and an implied transaction price to book value multiple for the proposed Community First merger of 175.8% using the book value per share for Community First as of March 31, 2014, in both cases based on the implied transaction value for the proposed Community First merger of \$657.55 per share of Community First common stock.

*Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance and financial condition of Community First to 17 selected banks headquartered in the Southeast (defined as Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia) that were traded on the New York Stock Exchange, New York Stock Exchange Market Equities or NASDAQ with total assets between \$1.5 billion and \$3.0 billion. KBW also reviewed the market performance of the selected companies.

The selected companies included in Community First's peer group were:

1st United Bancorp, Inc.	Bank of Kentucky Financial Corporation
Capital City Bank Group, Inc.	CommunityOne Bancorp
Farmers Capital Bank Corporation	Fidelity Southern Corporation
First Community Bancshares, Inc.	Hampton Roads Bankshares, Inc.
HomeTrust Bancshares, Inc.	MidSouth Bancorp, Inc.
NewBridge Bancorp	Park Sterling Corporation
Seacoast Banking Corporation of Florida	Square 1 Financial, Inc.
State Bank Financial Corporation	Stock Yards Bancorp, Inc.
Yadkin Financial Corporation	

To perform this analysis, KBW used last-twelve-months, or LTM, and other financial information as of or for the period ended March 31, 2014 and market price information as of May 5, 2014. KBW also used 2014 and 2015 earnings estimates for the selected companies taken from consensus street estimates. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in Community First's historical financial statements, or the data presented under *The Community First Merger Opinion of Simmons Financial Advisor*, *The Liberty Merger Opinion of Simmons Financial Advisor* and *The Liberty Merger Opinion of Liberty's Financial Advisor*, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of Community First and the selected companies in its peer group:

	Peer Group				
	Community First	Mean	Median	25th Percentile	75th Percentile
LTM Core Return on Average Assets <sup>(1)</sup>	1.06%	0.77%	0.74%	0.54%	1.06%



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LTM Core Return on Average Equity <sup>(1)</sup>	12.29%	7.23%	6.63%	4.12%	10.43%
LTM Net Interest Margin	3.48%	4.10%	3.79%	3.45%	4.08%
LTM Efficiency Ratio	63%	72%	72%	77%	65%

(1) Excludes gain/loss on sale of securities, extraordinary items, and non-recurring items.

**Table of Contents**

KBW's analysis also showed the following ratios concerning the financial condition of Community First and the selected companies in its peer group:

	Community First	Peer Group			
		Mean	Median	25th Percentile	75th Percentile
Tangible Common Equity / Tangible Assets	6.99%	9.85%	9.34%	8.05%	10.03%
Leverage Ratio	10.38%	10.87%	10.60%	10.00%	11.73%
Total Capital Ratio	17.86%	16.72%	15.58%	14.26%	18.22%
Gross Loans / Deposits	71.0%	78.3%	79.7%	69.8%	87.7%
Loan Loss Reserves / Gross Loans	1.42%	1.59%	1.57%	1.29%	1.90%
Non-Performing Assets <sup>(1)</sup> / Gross Loans + Other Real Estate Owned	1.15%	3.65%	2.58%	6.10%	1.39%
LTM Net Charge Offs / Average Loans	0.02%	0.37%	0.28%	0.47%	0.18%

(1) Non-Performing Assets include nonaccrual loans, troubled debt restructurings, or TDRs, and other real estate owned. Covered assets were excluded to the extent discernible.

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of the selected companies in Community First's peer group (excluding the impact of certain selected company LTM earnings per share, or EPS, multiples considered to be not meaningful because they were negative or greater than 30.0x):

	Mean	Median	Peer Group	
			25th Percentile	75th Percentile
One-Year Stock Price Change	19.2%	16.3%	10.7%	27.5%
One-Year Total Return	20.3%	17.1%	12.0%	30.5%
Stock Price / Book Value Per Share	132.6%	123.5%	106.9%	154.1%
Stock Price / Tangible Book Value Per Share	149.9%	143.8%	120.4%	168.1%
Stock Price / LTM EPS	16.0x	14.5x	12.3x	18.4%
Stock Price / 2014 EPS	18.6x	19.7x	13.0x	22.3x
Stock Price / 2015 EPS	14.3x	12.8x	12.0x	14.9%
Stated Dividend Yield	1.0%	0.6%	0.0%	1.8%
LTM Dividend Payment Ratio	15.1%	15.4%	0.0%	26.2%

Using publicly available information, KBW compared the financial performance, financial condition and market performance of Simmons to 19 selected banks traded on the New York Stock Exchange, NYSE MKT Equities or NASDAQ headquartered in the Southeast with total assets between \$3.0 billion and \$10.0 billion.

The selected companies included in Simmons' peer group were:

Ameris Bancorp

Bank of the Ozarks, Inc.

BNC Bancorp  
Cardinal Financial Corporation  
City Holding Company  
First Bancorp  
First NBC Bank Holding Company  
Pinnacle Financial Partners, Inc.  
Republic Bancorp, Inc.  
Union Bankshares Corporation  
WesBanco, Inc.

Capital Bank Financial Corp.  
CenterState Banks, Inc.  
Community Trust Bancorp, Inc.  
First Financial Holdings, Inc.  
Home BancShares, Inc.  
Renasant Corporation  
TowneBank  
United Community Banks, Inc.

**Table of Contents**

To perform this analysis, KBW used LTM and other financial information as of or for the period ended March 31, 2014 (except as noted in the case of Simmons) and market price information as of May 5, 2014. KBW also used 2014 and 2015 earnings estimates for Simmons and the selected companies taken from consensus street estimates. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in Simmons' historical financial statements, or the data presented under the section The Community First Merger Opinion of Simmons' Financial Advisor, The Liberty Merger Opinion of Simmons' Financial Advisor or The Liberty Merger Opinion of Liberty's Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of Simmons and the selected companies in its peer group:

	Simmons	Mean	Median	Peer Group	
				25th Percentile	75th Percentile
LTM Core Return on Average Assets <sup>(1)</sup>	0.78%	1.01%	0.90%	0.74%	1.15%
LTM Core Return on Average Equity <sup>(1)</sup>	7.23%	8.50%	8.46%	6.76%	9.95%
LTM Net Interest Margin	4.38%	4.18%	4.18%	3.57%	4.69%
LTM Efficiency Ratio	71%	62%	66%	68%	59%

(1) Excludes gain/loss on sale of securities, extraordinary items, and non-recurring items.

KBW's analysis also showed the following ratios concerning the financial condition of Simmons and the selected companies in its peer group:

	Simmons <sup>(1)</sup>	Mean	Median	Peer Group	
				25th Percentile	75th Percentile
Tangible Common Equity / Tangible Assets	7.28%	9.47%	9.25%	7.64%	9.99%
Leverage Ratio	8.10%	10.88%	10.67%	9.42%	11.51%
Total Risk-Based Capital / Risk-Weighted Assets	12.68%	15.27%	13.97%	13.11%	16.94%
Gross Loans / Deposits	66.8%	87.4%	87.5%	82.8%	92.0%
Loan Loss Reserves / Gross Loans	1.13%	1.19%	1.17%	1.00%	1.31%
Non-Performing Assets <sup>(2)</sup> / Gross Loans + Other Real Estate Owned	3.31%	2.21%	2.04%	3.08%	1.26%
LTM Net Charge-Offs / Average Loans	0.23%	0.34%	0.22%	0.36%	0.19%

(1) Based on estimated capital and balance sheet data of Simmons as of June 30, 2014 pro forma for Simmons pending acquisition of Delta Trust, provided to KBW by Simmons' management.

(2) Non-Performing Assets include nonaccrual loans, TDRs and other real estate owned. Covered assets were excluded to the extent discernible.



**Table of Contents**

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of Simmons and the selected companies in its peer group (excluding the impact of certain selected company LTM EPS multiples considered to be not meaningful because they were negative or greater than 30.0x):

	Simmons <sup>(1)</sup>	Mean	Median	Peer Group	
				25th Percentile	75th Percentile
One-Year Stock Price Change	54.0%	31.8%	33.8%	16.4%	44.7%
One-Year Total Return	58.4%	33.8%	34.3%	19.2%	46.2%
Stock Price / Book Value Per Share <sup>(1)</sup>	139.2%	150.2%	139.5%	114.2%	160.6%
Stock Price / Tangible Book Value Per Share <sup>(1)</sup>	190.0%	194.3%	180.2%	150.1%	219.8%
Stock Price / LTM EPS	27.6x	19.7x	20.7x	13.9x	23.1x
Stock Price / 2014 EPS	16.1x	15.8x	15.3x	13.4x	17.3x
Stock Price / 2015 EPS	12.8x	13.5x	12.9x	12.0x	14.7x
Stated Dividend Yield	2.4%	1.6%	1.5%	0.7%	2.5%
LTM Dividend Payout Ratio	63.9%	28.9%	32.7%	16.3%	43.7%

(1) Based on estimated book value per share and tangible book value per share of Simmons common stock as of June 30, 2014 pro forma for Simmons pending acquisition of Delta Trust, provided to KBW by Simmons management.

No company used as a comparison in the above selected companies analyses is identical to Community First or Simmons. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Select Transactions Analysis.* KBW reviewed publicly available information related to 18 selected bank and thrift transactions in the Southeast announced after January 1, 2013 with acquirors traded on the New York Stock Exchange, NYSE MKT Equities or NASDAQ and disclosed transaction values greater than \$50 million. Terminated transactions, mergers of equals and transactions with non-U.S. domiciled buyers were excluded from the selected transactions. The selected transactions included in the group were:

**Acquiror:**

Seacoast Banking Corporation of Florida  
 Simmons First National Corporation  
 Bank of the Ozarks, Inc.  
 CenterState Banks, Inc.  
 Yadkin Financial Corporation  
 HomeTrust Bancshares, Inc.  
 IBERIABANK Corporation  
 BancorpSouth, Inc.  
 NewBridge Bancorp  
 Cardinal Financial Corporation  
 CenterState Banks, Inc.

**Acquired Company:**

BANKshares, Inc.  
 Delta Trust & Banking Corporation  
 Summit Bancorp, Inc.  
 First Southern Bancorp, Inc.  
 VantageSouth Bancshares, Inc.  
 Jefferson Bancshares, Inc.  
 Teche Holding Company  
 Ouachita Bancshares, Inc.  
 CapStone Bank  
 United Financial Banking Companies, Inc.  
 Gulfstream Bancshares, Inc.

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First Federal Bancshares of Arkansas, Inc.  
Home BancShares, Inc.  
Union First Market Bankshares  
SCBT Financial Corporation  
Renasant Corporation  
United Bankshares, Inc.  
Bank of the Ozarks, Inc.

First National Security Company  
Liberty Bancshares, Inc.  
StellarOne Corporation  
First Financial Holdings, Inc.  
First M&F Corporation  
Virginia Commerce Bancorp, Inc.  
First National Bank of Shelby

**Table of Contents**

For each selected transaction, KBW derived the ratio of the transaction consideration value per common share paid for the acquired company to the following, in each case based on the latest publicly available financial statements of the acquired company available prior to the announcement of the acquisition:

Tangible book value per share of the acquired company;

Core deposit premium, which refers to a transaction's value less the target's tangible common equity as a percentage of its core deposits (total deposits less time deposits greater than \$100,000); and

LTM EPS of the acquired company.

The above transaction multiples for the selected transactions were compared with the corresponding transaction multiples for the proposed Community First merger based on the implied transaction value for the proposed Community First merger of \$657.55 per share of Community First common stock and using historical financial information for Community First as of March 31, 2014.

The results of the analysis (excluding the impact of certain selected transaction LTM EPS multiples considered to be not meaningful because they were negative or greater than 30.0x) are set forth in the following table:

	Selected Transactions				
	Simmons/ Community First Merger	Mean	Median	25th Percentile	75th Percentile
Transaction Price / Tangible Book Value per Share	180.0%	148%	146%	134%	165%
Transaction Price / Core Deposit Premium	8.3%	6.3%	6.3%	3.9%	10.6%
Transaction Price / LTM EPS	11.9x	15.0x	15.3x	12.7x	17.0x

KBW also reviewed publicly available information related to 13 selected bank and thrift transactions throughout the United States announced after January 1, 2013 with acquirors traded on the New York Stock Exchange, NYSE MKT Equities or NASDAQ and disclosed transaction values greater than \$100 million. Terminated transactions and mergers of equals were excluded from the selected transactions. The transactions included in the group were:

**Acquiror:**

Bryn Mawr Bank Corporation  
Southside Bancshares, Inc.  
Chemical Financial Corporation  
Eastern Bank Corporation  
Bank of the Ozarks, Inc.  
CenterState Banks, Inc.  
Yadkin Financial Corporation  
BancorpSouth, Inc.

**Acquired Company:**

Continental Bank Holdings, Inc.  
OmniAmerican Bancorp Inc.  
Northwestern Bancorp  
Centrix Bank & Trust  
Summit Bancorp, Inc.  
First Southern Bancorp, Inc.  
VantageSouth Bancshares, Inc.  
Central Community Corporation



Center Bancorp, Inc.  
TriCo Bancshares  
IBERIABANK Corporation  
BancorpSouth, Inc.  
Old National Bancorp

ConnectOne Bancorp, Inc.  
North Valley Bancorp  
Teche Holding Company  
Ouachita Bancshares Corp.  
United Bancorp, Inc.

**Table of Contents**

For each selected transaction, KBW derived the ratio of the transaction consideration value per common share paid for the acquired company to the following, in each case based on the latest publicly available financial statements of the acquired company available prior to the announcement of the acquisition:

Tangible book value per share of the acquired company;

Core deposit premium; and

LTM EPS of the acquired company.

The above transaction multiples for the selected transactions were compared with the corresponding transaction multiples for the proposed Community First merger based on the implied transaction value for the proposed Community First merger of \$657.55 per share of Community First common stock and using historical financial information for Community First as of March 31, 2014.

The results of the analysis (excluding the impact of certain selected transaction LTM EPS multiples considered to be not meaningful because they were negative or greater than 30.0x) are set forth in the following table:

	Simmons/ Community First Merger	Selected Transactions			
		Mean	Median	25th Percentile	75th Percentile
Transaction Price / Tangible Book Value per Share	180.0%	173%	179%	160%	185%
Transaction Price / Core Deposit Premium	8.3%	10.8%	11.9%	7.6%	13.0%
Transaction Price / LTM EPS	11.9x	17.3x	16.6x	15.2x	20.3x

No company or transaction used as a comparison in the above selected transaction analyses is identical to Community First or the proposed Community First merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

**Table of Contents**

*Relative Contribution Analysis.* KBW analyzed the relative standalone contribution of Simmons (giving effect to its pending acquisition of Delta Trust) and Community First to various pro forma balance sheet and income statement items of the combined entity. This analysis did not include purchase accounting adjustments. To perform this analysis, KBW used (i) estimated balance sheet data for Simmons as of June 30, 2014 provided by Simmons' management and balance sheet data for Community First as of March 31, 2014, and (ii) 2015 net income consensus street estimates for Simmons and 2015 net income estimates provided by Simmons' management. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of Simmons and Community First's shareholders in the combined company based on the Community First exchange ratio in the proposed Community First merger:

	<b>Simmons <sup>(1)</sup> as a % of total</b>	<b>Community First as a % of total</b>
<b><u>Balance Sheet:</u></b>		
Assets	71.4%	28.6%
Gross Loans	70.7%	29.3%
Deposits	71.9%	28.1%
Equity	73.4%	26.6%
Tangible Equity	67.4%	32.6%
Tangible Common Equity	71.7%	28.3%
<b><u>Income Statement:</u></b>		
LTM Net Income Available to Common	51.4%	48.6%
Estimated 2015 Net Income	71.2%	28.8%
<b><u>Ownership:</u></b>		
At 17.8975 Exchange Ratio	72.8%	27.2%

(1) Balance sheet items pro forma for Simmons pending acquisitions of Delta Trust based on data provided by Simmons' management as of June 30, 2014 and 2015 net income consensus street estimates for Simmons reflected the pro forma impact of Simmons pending acquisition of Delta Trust expected to close in the third quarter of 2014.

*Pro Forma Financial Impact Analysis.* KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Simmons (giving effect to its pending acquisition of Delta Trust) and Community First. Using closing balance sheet estimates as of December 31, 2014 for Simmons and Community First provided by their respective managements, the 2015 consensus street earnings estimate for Simmons and an assumed long term growth rate based thereon provided by Simmons' management, financial forecasts and projections relating to the earnings of Community First provided by Simmons' management and pro forma assumptions (including purchase accounting assumptions, cost savings and related expenses) provided by Simmons' management, KBW analyzed the potential financial impact of the Community First merger on certain projected financial results. This analysis indicated the Community First merger could be accretive to Simmons' 2015 and 2016 estimated EPS and dilutive to Simmons' estimated tangible book value per share as of December 31, 2014. Furthermore, the analysis indicated that, pro forma for the proposed Community First merger, Simmons' Tangible Equity to Tangible Assets, Tier 1 leverage ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of December 31, 2014 could be higher and Simmons' Tangible Common Equity to Tangible Assets ratio could be

lower. For all of the above, the actual results achieved by Simmons following the Community First merger may vary from the projected results, and the variations may be material.

*Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of Community First. In this analysis, KBW used financial forecasts and projections relating to the earnings and assets of Community First prepared, and provided to KBW, by Community First

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**Table of Contents**

management and assumed discount rates ranging from 11.0% to 16.0%. The ranges of values were derived by adding (i) the present value of the estimated free cash flows that Community First could generate over the period from 2014 to 2018 and (ii) the present value of Community First's implied terminal value at the end of such period. KBW assumed that Community First would maintain a tangible common equity to tangible assets ratio of 8.00% and would retain sufficient earnings to maintain that level based on these assumptions. Any free cash flows in excess of what would need to be retained were assumed to represent dividendable cash flows for Community First. The financial forecasts and projections used by KBW reflected the assumption of Community First management that the redemption of SBLF preferred equity would occur in the first quarter of 2016. In calculating the terminal value of Community First, KBW applied a range of 10.0x to 15.0x estimated 2019 earnings. This discounted cash flow analysis resulted in a range of implied values per share of Community First common stock of approximately \$388.62 per share to \$694.37 per share, as compared to the implied transaction value for the proposed Community First merger of \$657.55 per share of Community First common stock.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Community First.

*Miscellaneous.* KBW acted as financial advisor to Community First in connection with the proposed Community First merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may from time to time purchase securities from, and sell securities to, Community First and Simmons. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Community First or Simmons for its own account and for the accounts of its customers. To the extent KBW had any such position as of the date of KBW's opinion, it was disclosed to Community First.

Pursuant to the KBW engagement agreement, Community First agreed to pay KBW a cash fee currently estimated to be equal to approximately 1.02% of the aggregate merger consideration based on the closing stock price of Simmons common stock on July 28, 2014 (the actual calculation of KBW's fee will depend on the aggregate merger consideration based on the average closing price of Simmons common stock over the ten trading days up to and including the closing date of the Community First merger), \$250,000 of which fee became payable to KBW upon the rendering of the opinion, and the balance of which is contingent upon the consummation of the Community First merger. Community First also has agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. In addition to this present engagement, during the two years preceding the date of its opinion, KBW provided investment banking and financial advisory services to Community First, but did not receive compensation for such services. During the two years preceding the date of its opinion, KBW provided investment banking and financial advisory services to Simmons and received compensation for such services. KBW served as financial advisor to Simmons in connection with its purchase and assumption of Truman Bank in August 2012. KBW may in the future provide investment banking and financial advisory services to Community First or Simmons and receive compensation for such services.

**Table of Contents**

**Simmons Reasons for the Community First Merger; Recommendation of Simmons Board of Directors**

In reaching its decision to approve the Community First merger agreement, the Community First merger and the other transactions contemplated by the Community First merger agreement, the Simmons board of directors consulted with Simmons management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

each of Simmons and Community First's business, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, the Simmons board of directors considered its view that Community First's business and operations complement those of Simmons and that the Community First merger would result in a combined company with a diversified revenue stream, a well-balanced portfolio and an attractive funding base;

its understanding of the current and prospective environment in which Simmons and Community First operate, including national and local economic conditions, the competitive environment for financial institutions generally, and the likely effect of these factors on Simmons both with and without the Community First merger;

its existing knowledge of Community First's business and its review and discussions with Simmons management concerning the additional due diligence examination of Community First conducted in connection with the Community First merger;

the complementary nature of the cultures of the two companies, which Simmons management believes should facilitate integration and implementation of the transaction;

Community First's position within the Tennessee banking market;

Community First's traditional community banking services and its specialty product offerings in the areas of consumer finance, insurance, and SBA lending;

Community First's 127-year history of providing financial services to its customers;

the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics including earnings and tangible book value and regulatory capital levels;

Simmons management's expectation that Simmons will retain its strong capital position upon completion of the transaction;

the financial and other terms of the Community First merger agreement, including the fixed exchange ratio, tax treatment and termination fee provisions, which it reviewed with its outside financial and legal advisors;

the opinion of Sterne Agee, dated May 6, 2014, addressed to the Simmons board of directors as to the fairness, from a financial point of view and as of the date of such opinion, to Simmons of the Community First merger consideration provided for in the Community First merger, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken as more fully described below under **Opinion of Simmons Financial Advisor** ;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating Community First's business, operations and workforce with those of Simmons;

the potential risk of diverting management attention and resources from the operation of Simmons' business and towards the completion of the Community First merger; and

the regulatory and other approvals required in connection with the Community First merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions.

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## Table of Contents

The foregoing discussion of the factors considered by the Simmons board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Simmons board of directors. In reaching its decision to approve the Community First merger agreement, the Community First merger and the other transactions contemplated by the Community First merger agreement, the Simmons board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Simmons board of directors considered all these factors as a whole, including discussions with, and questioning of, Simmons's management and Simmons's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination to approve the Community First merger agreement. It should be noted that this explanation of the Community First board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Concerning Forward-Looking Statements."

### **Opinion of Simmons's Financial Advisor**

On March 21, 2014, Simmons executed an engagement agreement with Sterne Agee. Sterne Agee's engagement encompassed assisting Simmons in analyzing, structuring, negotiating and effecting a transaction between Simmons and Community First. Sterne Agee, a nationally recognized investment banking firm with offices throughout the United States, has substantial experience in transactions similar to the Community First merger. As part of its investment banking business, Sterne Agee is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. As specialists in the securities of banking companies, Sterne Agee has experience in, and knowledge of, the valuation of banking enterprises.

On May 5, 2014 the Simmons board of directors held a meeting to evaluate the proposed merger of Community First and Simmons. At this meeting, Sterne Agee reviewed the financial aspects of the proposed Community First merger with the Simmons board and rendered an oral opinion (subsequently confirmed in writing), to the Simmons board of directors that, as of such date, and based upon and subject to factors and assumptions set forth therein, the Community First exchange ratio was fair from a financial point of view, to Simmons. **The full text of Sterne Agee's opinion is attached as Annex C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sterne Agee in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Simmons common stock are urged to read the entire opinion carefully in connection with their consideration of the Community First merger.**

**Sterne Agee's opinion speaks only as of the date of the opinion, and Sterne Agee has undertaken no obligation to update or revise its opinion. The opinion was directed to the board of directors of Simmons and addresses only the fairness, from a financial point of view, of the consideration to be paid in the Community First merger by Simmons. It does not address the underlying business decision to proceed with the Community First merger. The opinion does not constitute a recommendation to any shareholder of Simmons as to how the shareholder should vote or act with respect to the Community First merger or any related matter. Simmons and Community First determined the Community First exchange ratio through the negotiation process.**

In rendering its opinion, Sterne Agee, among other things:

Reviewed the Community First merger agreement, dated May 6, 2014;



Reviewed certain publicly available financial and business information of Simmons, Community First and their respective affiliates that Sterne Agee deemed to be relevant;

**Table of Contents**

Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities, liquidity and prospects of Simmons and Community First;

Reviewed materials detailing the Community First merger prepared by Simmons, Community First and their respective affiliates and by their legal and accounting advisors, as well as by Community First's financial advisor;

Conducted conversations with members of senior management and representatives of both Simmons and Community First regarding the matters described in the bullet points above, as well as their respective businesses and prospects before and after giving effect to the Community First merger;

Compared certain financial metrics and stock performance of Simmons and Community First to other selected banks and thrifts that Sterne Agee deemed to be relevant;

Analyzed the terms of the Community First merger relative to selected prior mergers and acquisitions involving a depository institution as the selling entity;

Analyzed the Community First exchange ratio offered relative to Community First's book value, tangible book value, and trailing 12-month earnings as of March 31, 2014;

Analyzed the projected pro forma impact of the Community First merger on certain projected balance sheet and capital ratios, earnings per share, and tangible book value per share of Simmons;

Reviewed the overall environment for depository institutions in the United States; and

Conducted such other financial studies, analyses and investigations and took into account such other matters as Sterne Agee deemed appropriate for purposes of this opinion, including our assessment of general economic, market and monetary conditions.

Sterne Agee's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of the opinion and the information made available to Sterne Agee through the date of the opinion. In conducting its review and arriving at its opinion, Sterne Agee relied upon the accuracy and completeness of all of the financial and other information provided to it or otherwise publicly available. Sterne Agee did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. Sterne Agee relied upon management of Simmons and Community First as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and basis therefore) provided to Sterne Agee. Sterne Agee assumed that such forecasts and projections reflected the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. Sterne Agee is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and has assumed, with Simmons' consent, that the aggregate allowance for loan and lease losses for Simmons and Community First was adequate to cover such losses. Sterne Agee

did not make or obtain any evaluation or appraisal of the assets or liabilities of Simmons, Community First or their respective affiliates, nor did it examine any individual credit files. Sterne Agee was not asked to and did not undertake any independent verification of any such information, and Sterne Agee did not assume any responsibility or liability for the accuracy and completeness thereof.

The projections furnished to Sterne Agee and used by it in certain of its analyses were prepared by the senior management teams of Simmons and Community First, respectively. Neither Simmons nor Community First publicly discloses internal management projections of the type provided to Sterne Agee in connection with its review of the Community First merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

**Table of Contents**

For purposes of rendering its opinion, Sterne Agee assumed that, in all respects material to its analyses:

the Community First merger will be completed substantially in accordance with the terms set forth in the Community First merger agreement with no additional payments or adjustments to the Community First exchange ratio;

the representations and warranties of each party in the Community First merger agreement and in all related documents and instruments referred to in the Community First merger agreement are true and correct;

each party to the Community First merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the Community First merger will be satisfied without any waivers;

there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Community First or Simmons since either the date of the last financial statements made available to Sterne Agee and the date of the Community First merger agreement, and that no legal, political, economic, regulatory or other development has occurred that will adversely impact Community First or Simmons;

all required governmental, regulatory, shareholder and third party approvals have or will be received in a timely manner and without any conditions or requirements that could adversely affect the Community First merger; and

the Community First merger will be accounted for as a purchase transaction under generally accepted accounting principles, and that the Community First merger will qualify as a tax-free reorganization for United States federal income tax purposes.

Sterne Agee's opinion is limited to whether the Community First exchange ratio to be paid in the Community First merger by Simmons is fair from a financial point of view to Simmons. Sterne Agee was not asked to, and it did not, offer any opinion as to the terms of the Community First merger agreement or the form of the Community First merger or any aspect of the Community First merger, other than the Community First exchange ratio, to the extent expressly specified in Sterne Agee's opinion. The opinion did not address, and Sterne Agee expressed no view or opinion with respect to the relative merits or effect of the Community First merger as compared to any strategic alternatives or business strategies or combinations that may be or may have been available to or contemplated by Simmons or its board of directors. Moreover, Sterne Agee did not express an opinion as to the fairness of the amount or nature of any compensation payable to or to be received by any officers, directors or employees, or of any of the parties to the Community First merger relative to the Community First exchange ratio. Finally, the opinion was not an expression of an opinion as to the price at which shares of Simmons common stock would trade at the time of issuance to shareholders of Community First under the Community First merger agreement or the prices at which Simmons or Community First common stock may trade at any time.

In performing its analyses, Sterne Agee made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which were beyond the control of Sterne Agee, Simmons and Community First. Any estimates contained in the analyses performed by Sterne Agee were not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities did not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates were inherently subject to substantial uncertainty. In addition, the Sterne Agee opinion was among several factors taken into consideration by the board of directors of Simmons in making its determination to approve the Community First merger agreement and the Community First merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the board of directors of Simmons with respect to the fairness of the Community First exchange ratio.

**Table of Contents**

The following is a summary of the material analyses performed by Sterne Agee and presented by it to the board of directors of Simmons on May 5, 2014 in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the Sterne Agee opinion or the presentation made by Sterne Agee to the board of directors of Simmons, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Sterne Agee did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. Accordingly, Sterne Agee's analyses and the summary of its analyses must be considered as a whole, and selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

*Summary of Proposal.* Under the terms of the Community First merger agreement, each share of Community First common stock that is issued and outstanding immediately before the effective time of the Community First merger, other than certain shares specified in the Community First merger agreement, shall be converted into the right to receive 17.8975 shares of Simmons common stock. For purposes of the financial analyses described below, Sterne Agee utilized an implied value of the Community First exchange ratio of \$657.55 per share of Community First common stock based on the closing price of Simmons common stock on May 5, 2014 of \$36.74. Sterne Agee assumed, per guidance from Simmons and Community First management, that 370,108.017 shares of Community First common stock were outstanding as of April 24, 2014. Simmons' balance sheet and capital were adjusted for the impact of the acquisition of Delta Trust.

*Selected Companies Analysis.* Using publicly available information, Sterne Agee compared the financial condition, asset quality, and financial performance of Simmons to 14 selected banks and bank holding companies trading on the NASDAQ, New York Stock Exchange, or NYSE, and headquartered in the Southeast region of the United States with total assets between \$3.5 billion and \$10.0 billion. Sterne Agee selected these banks and bank holding companies based on its professional judgment and experience. Sterne Agee also reviewed the market performance of the selected companies.

The selected companies included in Simmons' peer group were:

First Financial Holdings, Inc.	Renasant Corporation
United Community Banks, Inc.	Pinnacle Financial Partners, Inc.
Union Bankshares Corporation	TowneBank
Home BancShares, Inc.	CenterState Banks, Inc.
Capital Bank Financial Corp.	Ameris Bancorp
WesBanco, Inc.	BNC Bancorp
Bank of the Ozarks, Inc.	Community Trust Bancorp, Inc.

**Table of Contents**

To perform this analysis, Sterne Agee used financial information as of March 31, 2014 including LTM data which is 12 months prior to March 31, 2014. Where data was not available as of or for the 12 months prior to March 31, 2014, data as of or for the 12 months prior to December 31, 2013 was used. Market price information was as of May 5, 2014. Sterne Agee's analysis showed the following concerning Simmons and its peer group's minimum, median, average and maximum financial performance metrics:

	<b>Peer Group</b>				
	<b>Simmons</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Core Return on Average Assets <sup>(1)</sup>	0.79%	0.36%	0.97%	1.03%	2.12%
Core Return on Average Equity <sup>(1)</sup>	7.36%	3.39%	8.70%	8.65%	16.16%
Net Interest Margin	4.38%	3.26%	4.26%	4.30%	5.55%
Fee Income / Revenue	21.36%	14.94%	21.62%	22.99%	38.19%
Efficiency Ratio	71.20%	43.80%	64.39%	61.45%	74.18%

(1) Core net income is defined as net income after taxes and before extraordinary items, less net income attributable to non-controlling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill, and nonrecurring items. The assumed tax rate on adjustments is 35%.

Sterne Agee's analysis also showed the following concerning the financial condition of Simmons and the selected companies in its peer group:

	<b>Peer Group</b>				
	<b>Simmons</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Tangible Common Equity / Tangible Assets	7.33%	6.68%	8.45%	9.09%	14.82%
Total Capital Ratio	14.45%	11.57%	13.83%	14.76%	21.00%
Loans / Deposits	63.87%	70.03%	84.15%	83.36%	92.91%
Loan Loss Reserve / Gross Loans	1.13%	0.58%	1.20%	1.18%	1.72%
Non-Performing Assets / (Loans + Other Real Estate Owned)	3.31%	0.88%	2.69%	2.63%	4.44%
Net Charge-Offs / Average Loans	0.25%	0.09%	0.29%	0.41%	2.00%

In addition, Sterne Agee's analysis showed the following concerning the market performance of Simmons and the selected companies in its peer group:

	<b>Peer Group</b>				
	<b>Simmons</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
One-Year Total Return	55.7%	8.8%	37.8%	34.8%	59.9%
One-Year Stock Price Change	51.4%	5.3%	36.1%	33.0%	57.5%
YTD Stock Price Change	(1.1%)	(19.1%)	(3.2%)	(4.7%)	5.5%
Stock Price / Tangible Book Value per Share	189.9%	127.6%	189.6%	208.8%	371.0%
Stock Price / 2014 EPS <sup>(1)</sup>	15.9x	13.1x	15.5x	16.3x	23.2x
Stock Price / 2015 EPS <sup>(1)</sup>	12.6x	10.4x	13.1x	13.9x	19.0x

Dividend Yield	2.4%	0.0%	1.3%	1.4%	3.5%
Institutional Ownership	54.8%	17.6%	57.5%	57.7%	83.3%

(1) Consensus earnings estimates per FactSet Research Systems, Inc., as compiled by SNL Financial as of May 5, 2014.

Using publicly available information, Sterne Agee compared the financial condition, asset quality, and financial performance of Community First to 16 selected banks and bank holding companies trading on the NASDAQ or NYSE and headquartered in the Southeast region of the United States with total assets between \$1.0 billion and \$4.0 billion and core return on average assets for the last 12 months that was greater than 0.50%. Sterne Agee selected these banks and bank holding companies based on its professional judgment and experience. Sterne Agee also reviewed the market performance of the selected companies.



**Table of Contents**

The selected companies included in Community First's peer group were:

Ameris Bancorp	1st United Bancorp, Inc.
BNC Bancorp	Heritage Financial Group, Inc.
Community Trust Bancorp, Inc.	American National Bankshares Inc.
Fidelity Southern Corporation	WashingtonFirst Bankshares, Inc.
NewBridge Bancorp	National Bankshares, Inc.
Stock Yards Bancorp, Inc.	Community Bankers Trust Corporation
Park Sterling Corporation	Peoples Bancorp of North Carolina, Inc.
Bank of Kentucky Financial Corporation	Monarch Financial Holdings, Inc.

To perform this analysis, Sterne Agee used financial information as of March 31, 2014, including LTM data, which is 12 months prior to March 31, 2014. Where data was not available as of or for the 12 months prior to March 31, 2014, data as of or for the 12 months prior to December 31, 2013 was used. Market price information was as of May 5, 2014. Sterne Agee's analysis showed the following concerning Community First and its peer group's minimum, median, average and maximum performance metrics:

	Community		Peer Group		
	First	Minimum	Median	Average	Maximum
Core Return on Average Assets <sup>(1)</sup>	1.10%	0.57%	0.97%	0.97%	1.71%
Core Return on Average Equity <sup>(1)</sup>	12.76%	4.10%	9.71%	9.34%	13.08%
Net Interest Margin	3.50%	3.43%	4.08%	4.12%	5.25%
Fee Income / Revenue	25.27%	(14.93%)	20.30%	23.10%	63.08%
Efficiency Ratio	62.87%	43.76%	69.39%	66.96%	83.56%

- (1) Core net income is defined as net income after taxes and before extraordinary items, less net income attributable to non-controlling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill, and nonrecurring items. The assumed tax rate on adjustments is 35%. Core net income for Community First is defined as net income for the 12 months ended March 31, 2014.

Sterne Agee's analysis also showed the following concerning the financial condition of Community First and the selected companies in its peer group:

	Community		Peer Group		
	First	Minimum	Median	Average	Maximum
Tangible Common Equity / Tangible Assets	6.99%	6.68%	9.14%	9.25%	13.04%
Total Capital Ratio	17.86%	11.57%	14.89%	15.42%	23.60%
Loans / Deposits	71.01%	61.10%	80.54%	79.67%	89.00%
Loan Loss Reserve / Gross Loans	1.42%	0.70%	1.31%	1.31%	2.10%
Non-Performing Assets / (Loans + Other Real Estate Owned)	1.15%	0.86%	2.56%	2.55%	4.69%
Net Charge-Offs / Average Loans	0.06%	(0.01%)	0.31%	0.29%	0.54%



**Table of Contents**

In addition, Sterne Agee's analysis showed the following concerning the market performance of the selected companies in its peer group and the implied valuation of Community First:

	<b>Peer Group</b>			
	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
One-Year Total Return	2.8%	26.9%	24.2%	59.9%
One-Year Stock Price Change	(1.2%)	25.1%	22.4%	57.5%
YTD Stock Price Change	(21.9%)	(5.8%)	(4.9%)	21.6%
Stock Price / Tangible Book Value per Share	94.6%	140.4%	143.2%	202.5%
Stock Price / 2014 EPS <sup>(1)</sup>	10.8x	13.3x	14.4x	19.9x
Stock Price / 2015 EPS <sup>(1)</sup>	9.8x	11.6x	12.0x	15.0x
Dividend Yield	0.0%	1.4%	1.8%	4.4%
Institutional Ownership	21.2%	35.7%	44.1%	77.7%

- (1) Consensus earnings estimates per FactSet Research Systems, Inc., as compiled by SNL Financial as of May 5, 2014.

<b>Implied Value Based On:</b>	<b>Implied Valuation</b>			
	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Tangible Book Value per Share	\$ 345.62	\$ 512.91	\$ 523.18	\$ 740.01
2014 EPS <sup>(1)</sup>	\$ 556.46	\$ 687.22	\$ 744.16	\$ 1,027.12
2015 EPS <sup>(1)</sup>	\$ 568.29	\$ 672.04	\$ 692.74	\$ 869.81

- (1) Per SFNC management.

*Comparable Transaction Analysis.* Sterne Agee reviewed publicly available information related to bank and thrift acquisition transactions since January 1, 2013 involving targets headquartered in the United States having disclosed deal values between \$100 million and \$300 million and return on average assets for the 12 months prior to announcement greater than 0.75%. Sterne Agee excluded mergers of equals transactions from the comparable transaction group. The 14 transactions included in this group were:

**Acquiror:**

Eastern Bank Corp.  
Bank of the Ozarks Inc.  
BancorpSouth Inc.  
IBERIABANK Corp.  
Old National Bancorp  
BancorpSouth Inc.  
Independent Bk Group Inc.  
Heritage Financial Corp.  
East West Bancorp Inc.

**Acquired Company:**

Centrix Bank & Trust  
Summit Bancorp Inc.  
Central Community Corp.  
Teche Holding Company  
United Bancorp Inc.  
Ouachita Bancshares Corp.  
BOH Holdings Inc.  
Washington Banking Co.  
MetroCorp Bancshares Inc.

Old National Bancorp  
Cullen/Frost Bankers Inc.  
First Federal Bancshares of AR  
Home BancShares Inc.  
SCBT Financial Corp.

Tower Financial Corp.  
WNB Bancshares Inc.  
First National Security Co.  
Liberty Bancshares, Inc  
First Financial Holdings Inc.

Transaction multiples for the Community First merger were derived from an aggregate transaction value of \$243.4 million. Using the comparable transactions, Sterne Agee derived and compared, among other things, the implied deal value paid for the acquired company to:

tangible book value per share of the acquired company based on the most recent publicly available financial statements prior to announcement;

**Table of Contents**

net income attributable to common shareholders for the 12 months prior to March 31, 2014; and,

the premium paid on tangible common equity divided by the core deposits (total deposits less time deposits greater than \$100,000) of the acquired company based on the most recent publicly available financial statements prior to announcement.

As illustrated in the following table, Sterne Agee compared the proposed transaction ratios to the minimum, median, average and maximum transaction ratios of the selected comparable transactions.

	Simmons / Community First Merger		Selected Transactions		
	Minimum	Median	Average	Maximum	
Transaction Price / Tangible Book Value per Share	180.0%	131.8%	174.0%	189.9%	284.1%
Transaction Price / LTM Earnings	12.6x	12.0x	15.8x	16.5x	25.8x
Core Deposit Premium	8.3%	3.4%	11.6%	10.7%	18.4%

	Implied Valuation			
	Minimum	Median	Average	Maximum
Stock Price / Tangible Book Value per Share	\$ 481.50	\$ 635.83	\$ 693.74	\$ 1,038.13
Stock Price / LTM Earnings	\$ 622.09	\$ 822.09	\$ 860.54	\$ 1,343.54
Core Deposit Premium	\$ 485.37	\$ 771.12	\$ 740.04	\$ 1,011.96

No company or transaction used as a comparison in the above analysis is identical to Community First, Simmons or the proposed transaction. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

*Discounted Cash Flow Analysis.* Sterne Agee performed a discounted cash flow analysis to estimate a range of present values of after-tax cash flows that Community First could contribute to Simmons through 2019 including cost savings. In performing this analysis, Sterne Agee relied on guidance from management to derive projected after-tax cash flows for fiscal years 2015 through 2019. Sterne Agee assumed that Community First would maintain a tangible common equity to tangible asset ratio of 7.0% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for Community First. The analysis assumed discount rates ranging from 13.0% to 15.0% and terminal multiples ranging from 13.0 times to 15.0 times fiscal year 2019 forecasted earnings. This analysis resulted in a range of values of Community First from \$716.03 to \$877.33 per share. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Community First.

*Financial Impact Analysis.* Sterne Agee performed pro forma merger analyses that combined projected income statement and balance sheet information of Simmons and Community First (giving effect to its pending acquisition of Delta Trust). Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the Community First merger would have on certain projected financial results of Simmons. In the course of this analysis, Sterne Agee used earnings estimates for Simmons and Community First for 2015 through 2019 provided by Simmons management. Sterne Agee used pro forma assumptions (including purchase

accounting assumptions, merger related expenses and cost savings) provided by Simmons management. This analysis indicated that the Community First merger is expected to be accretive to Simmons estimated earnings per share in fiscal years 2015 through 2019. The analysis also indicated that the Community First merger is expected to be accretive to tangible book value per share for Simmons in approximately 1.75 years and that the pro forma entity would maintain well capitalized capital ratios. For all of the above analyses, the actual results achieved by Simmons following the Community First merger will vary from the projected results, and the variations may be material.

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**Table of Contents***Miscellaneous*

*Relationships.* In the ordinary course of its business as a broker-dealer, Sterne Agee may, from time to time, purchase securities from, and sell securities to Simmons, Community First or their respective affiliates. Sterne Agee may also from time to time have a long or short position in, and buy or sell, debt or equity securities of Simmons, Community First or its affiliates for its own account and for the accounts of its customers.

Sterne Agee has acted exclusively for the board of directors of Simmons in rendering its opinion in connection with the Community First merger and will receive a fee from Simmons for its services. Sterne Agee was entitled to a fee of \$250,000 upon advising the board of directors of Simmons that it was prepared to render the fairness opinion, regardless of the conclusions set forth in the opinion. Upon the successful announcement of the Community First merger, Sterne Agee was also entitled to a fee of \$1,250,000, reduced by any fee paid to Sterne Agee in connection with the fairness opinion. In addition, Simmons has agreed to reimburse Sterne Agee for reasonable and customary out-of-pocket expenses and disbursements, including fees and reasonable expenses of counsel, and to indemnify against certain liabilities, including liabilities under the federal securities laws. In addition to its engagement in connection with the Community First merger, in the past two years, Sterne Agee has provided investment banking and financial advisory services to Simmons and received compensation for such services. Sterne Agee served as financial advisor in Simmons' November 2013 acquisition of Metropolitan, its pending acquisition of Delta Trust, and its pending acquisition of Liberty. In conjunction with these transactions, Sterne Agee received a total of \$2,950,000. Sterne Agee has not provided investment banking and financial advisory services to Community First in the past two years.

**Interests of Community First's Directors and Executive Officers in the Community First Merger**

Certain members of Community First's executive management team and the members of Community First's board of directors have financial and other interests in the Community First merger that are in addition to, or different from, their interests as Community First shareholders generally. Community First's board of directors was aware of these interests and considered them, among other matters, in approving and adopting the Community First merger agreement.

*Employment Relationships.* It is expected that immediately after completion of the Community First merger, the current executive officers of Community First will be employed by Simmons, but there will not be any new employment agreement, retention bonus agreements, non-competition, non-disclosure, or non-solicitation agreements signed by these persons. The current executive officers of Community First include Chet Alexander, Executive Vice President and Chief Credit Officer for First State Bank; Kathy Barber, Corporate Secretary of Community First and Executive Vice President and the Director of Human Resources for First State Bank; Victor Castro, Chief Financial Officer of both Community First and First State Bank; John C. Clark, President and Chief Executive Officer of both Community First and First State Bank and a director of Community First; Tony D. Gregory, Chief Banking Officer of First State Bank and a director of Community First; and Lynda King, Executive Vice President of Risk Management for First State Bank. Currently, neither Community First nor First State Bank officers have employment agreement except for John C. Clark, who has an agreement providing certain benefits in the event of his disability or death, but they do participate in, and have in the past participated in, Community First's benefit plans.

It is anticipated that many First State Bank employees will continue to be employed by Simmons after the Community First merger. All such employees will be able to participate in all Simmons employee benefit plans, including the Simmons ESOP. Community First will amend its 401(k) plan to conform to the Simmons 401(k) plan and then by December 31, 2014, will terminate its 401(k) plan in conjunction with the Community First merger. To the extent permitted under Simmons' benefit plans, First State Bank employees will receive credit for prior service for purposes

of eligibility, vesting, and benefit accrual, and waiting periods or exclusions of pre-existing conditions will be waived. Any displaced employees of First State Bank will be eligible for transfer or the existing Simmons severance program.



**Table of Contents**

*Community First Restricted Stock Plan.* Community First reserved 17,000 shares of Community First common stock for issuance in restricted stock awards pursuant to the terms of the Community First Bancshares, Inc. 2007 Restricted Stock Plan, which we refer to as the Community First stock plan. Restricted stock awards for 3,135.355 shares of Community First common stock have been awarded and are fully vested in the participants and restricted stock awards for 6,190 shares have been awarded to participants, but have not yet vested. Of this amount, 2,555 shares have single trigger vesting provisions under which vesting will occur upon a change in control and 3,635 shares have double trigger vesting provisions under which vesting will occur upon a change in control and the completion of two years continued service following the change in control.

Each share of unvested Community First restricted stock that is not Community First double-trigger restricted stock, will vest at the effective time of the Community First merger and will be entitled to be exchanged for the Community First merger consideration in the same manner as unrestricted shares of Community First common stock. Each share of Community First double-trigger restricted stock will be exchanged for the Community First merger consideration but the shares of Simmons common stock received as Community First merger consideration will not vest until the completion of two years of continued service following the Community First merger effective date. Under the Community First merger agreement, no additional awards of restricted stock may be granted under the Community First stock plan prior to the completion of the Community First merger or the termination of the Community First merger agreement.

The following table sets forth holdings of Community First restricted stock by our executive officers and our non-executive employees.

<b>Participant</b>	<b>Community First Stock Plan Awards Outstanding Restricted</b>		
	<b>Stock Awards Fully Vested</b>	<b>Restricted Stock Single-Trigger Awards <sup>(1)</sup></b>	<b>Restricted Stock Double-Trigger Awards <sup>(2)</sup></b>
	Chet Alexander	219	275
Kathy Barber	137	180	250
Victor Castro	156	275	500
John C. Clark	860	640	785
Tony Gregory	595	285	600
Lynda King	99	135	250
Non-executive employees	1,069.355	765	750
<b>TOTALS</b>	<b>3,135.355</b>	<b>2,555</b>	<b>3,635</b>

(1) Vests upon the Community First merger effective date.

(2) Vests upon the Community First merger and the completion of two years continued employment after the Community First merger effective date.

*Security Ownership of Community First Directors and Executive Officers.* As of the Community First record date, there were 363,918.017 shares of Community First common stock outstanding and entitled to vote. Approximately 35.97% of those voting shares were owned and entitled to be voted by Community First or First State Bank directors and executive officers and their affiliates. It is expected that all of these shares will be voted in favor of the Community First merger. See Security Ownership of Community First Directors, Named Executive Officers, and

Certain Beneficial Owners of Community First.

*Indemnification; Directors and Officers Insurance.* Simmons has agreed to indemnify and hold harmless each present and former director and officer of Community First and First State Bank following completion of the Community First merger. This indemnification covers liability and expenses arising out of matters existing or occurring at or prior to the completion of the Community First merger to the fullest extent such persons would have been indemnified as directors officers of Community First or First State Bank under existing indemnification agreements and/or applicable law. This indemnification includes advancing expenses as incurred

## Table of Contents

provided the person to whom expenses are advanced provides a satisfactory undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification. Simmons also has agreed that to maintain a policy of directors' and officers' liability insurance coverage for the benefit of Community First's directors and officers for six years following completion of the Community First merger as long as the premium to be paid on an annual basis is not more than 200% of the current annual premium paid by Community First for such insurance. Presently, Community First also has various insurance policies and charter and bylaw provisions providing indemnification comparable to that proposed by Simmons.

*Directors of Community First and Simmons Following the Community First Merger.* At the effective time of the Community First merger, Simmons' board of directors will take all steps necessary to add two members of the current Community First board to its board of directors. These members are expected to be Christopher R. Kirkland and Joe Porter. As a member of the Simmons board of directors, the new directors will be entitled to receive director fees and equity awards available to all directors of Simmons.

If Simmons later decides to merge or combine First State Bank into one of its other bank subsidiaries, a nominating process shall be followed in order to provide former Community First directors appropriate representation on the resulting bank subsidiary's board of directors, including no less than one representative from the former Community First board of directors.

### **Quantification of Potential Payments to Community First's Named Executive Officers in Connection with the Community First Merger**

*Community First Golden Parachute Compensation.* Set forth below is information about compensation that may be payable to certain of Community First's executive officers that is based on or otherwise related to the Community First merger. Under applicable SEC rules, information is provided for Community First's principal executive officer and the two other most highly compensated executive officers who were serving as such at the end of 2013, and who are referred to collectively as the Community First named executive officers. As described herein, the only compensation payable to Community First's named executive officers that is based on or related to the Community First merger is with respect to accelerated vesting of restricted stock awards, as disclosed above.

The following table sets forth the aggregate dollar value of the compensation that each of the Community First named executive officers would receive that is based on or otherwise related to the Community First merger, assuming the following:

that consummation of the Community First merger constitutes a change in control for purposes of the Community First stock plan;

the Community First merger closed on July 18, 2014, the last practicable date prior to the filing of this joint proxy statement/prospectus; and

the value of the vesting acceleration of the Community First named executive officers' equity awards is calculated assuming a price per share of Community First common stock of \$702.83, based on a price per share of Simmons common stock of \$39.27, which was the average closing price of Simmons common stock on NASDAQ Global Select Market over the first five business days following the first public announcement

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of the Community First merger agreement.

106

**Table of Contents**

The amounts reported below are estimates based on these assumptions, which may or may not actually occur. As a result, the compensation, if any, to be received by a Community First named executive officer may materially differ from the amounts set forth below.

Named Executive Officer	Single-Trigger Equity <sup>(1)</sup>	Double-Trigger Equity <sup>(2)</sup>	Total
John C. Clark, President and Chief Executive Officer	\$ 449,811.20	\$ 551,721.55	\$ 1,001,532.75
Tony D. Gregory, Chief Banking Officer of First State Bank	\$ 200,306.55	\$ 421,698.00	\$ 622,004.55
Chet Alexander, Chief Lending Officer of First State Bank	\$ 193,278.25	\$ 351,415.00	\$ 544,693.25

- (1) The amounts in this column reflect the value in respect of unvested restricted stock that vests upon the closing of the Community First merger in accordance with the terms of the Community First merger agreement, calculated assuming a price per share of \$702.83, derived as stated above. This accelerated vesting is considered to be a single-trigger arrangement.
- (2) The amounts in this column reflect the value in respect of unvested restricted stock that vest following two years of completed service after the closing of the Community First merger in accordance with the terms of the Community First merger agreement, calculated assuming a price per share of \$702.83, derived as stated above. This accelerated vesting is considered to be a double-trigger arrangement.

**Dissenters' Rights in the Community First Merger***Introductory Information*

*General.* Dissenters' rights with respect to Community First common stock and Community First Series C preferred stock are governed by the TBCA. Community First shareholders have the right to dissent from the Community First merger and to obtain payment of the fair value of their shares (as specified in the statute) in the event the Community First merger agreement is consummated. **Strict compliance with the dissent procedures is mandatory.** Subject to the terms of the Community First merger agreement, Community First could elect to terminate the Community First merger agreement even if it is approved by Community First's shareholders, thus cancelling dissenters' rights.

The term fair value means the value of a share of Community First's outstanding common or preferred stock immediately before the effective date of the Community First merger, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the Community First merger. Shareholders should note that an investment banking opinion as to the fairness from a financial point of view of the consideration payable in a transaction such as the Community First merger does not address in any way fair value under the TBCA.

Community First urges any Community First shareholder who contemplates exercising her, his or its right to dissent to read carefully the provisions of Chapter 23 of the TBCA, which are attached to this joint proxy statement/prospectus as Annex H. A more detailed discussion of the provisions of the statute is included there. The

discussion describes the steps that each Community First shareholder must take to exercise her, his or its right to dissent. Each Community First shareholder who wishes to dissent should read both the summary and the full text of the law. Community First cannot give any Community First shareholder legal advice. To completely understand this law, each Community First shareholder may want, and Community First encourages any Community First shareholder seeking to dissent, to consult with her, his or its legal advisor. **Any Community First shareholder who wishes to dissent, should not send in a signed proxy unless she, he or it marks her, his or its proxy to vote against the Community First merger or such shareholder will lose the right to dissent.**

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**Table of Contents**

*Address for Notices.* Send or deliver any written notice or demand required concerning any Community First shareholder's exercise of her, his or its dissenters' rights to Community First Bancshares, Inc., 115 West Washington Avenue, Union City, Tennessee 38261, Attention: Kathy Barber.

*Act Carefully.* Community First urges any Community First shareholder who wishes to dissent to act carefully. Community First cannot and does not accept the risk of late or undelivered notices or demands. A dissenting Community First shareholder may call Community First at (731) 886-8850 and ask for Kathy Barber to receive confirmation that her, his or its notice or demand has been received. If her, his or its notices or demands are not timely received by Community First, then such shareholder will not be entitled to exercise her, his or its dissenters' rights. Community First's shareholders bear the risk of non-delivery and of untimely delivery.

**If any Community First shareholder intends to dissent, or thinks that dissenting might be in her, his or its best interests, such shareholder should read Annex H carefully.**

*Summary of Chapter 23 of the TBCA Dissenters' Rights*

The following is a summary of Chapter 23 of the TBCA and the procedures that a shareholder must follow to dissent from the proposed Community First merger agreement and to perfect her, his or its dissenters' rights and receive cash rather than shares of Simmons common stock or Simmons Series A preferred stock, as appropriate, if the Community First merger agreement is approved and the Community First merger is completed. This summary is qualified in its entirety by reference to Chapter 23 of the TBCA, which is reprinted in full as part of this Annex H to this joint proxy statement/prospectus. Annex H should be reviewed carefully by any shareholder who wishes to perfect her, his or its dissenters' rights. Failure to strictly comply with the procedures set forth in Chapter 23 of the TBCA will, by law, result in the loss of dissenters' rights. It may be prudent for a person considering whether to dissent to obtain professional counsel.

If the proposed merger of Community First with and into Simmons is completed, any Community First shareholder who has properly perfected her, his or its statutory dissenters' rights in accordance with Chapter 23 of the TBCA has the right to obtain, in cash, payment of the fair value of such shareholder's shares of Community First common stock and/or Community First Series C preferred stock. By statute, the fair value is determined immediately prior to the completion of the Community First merger and excludes any appreciation or depreciation in anticipation of the Community First merger.

To exercise dissenters' rights under Chapter 23 of the TBCA, a Community First shareholder must:

deliver to Community First, before the shareholder vote is taken at the Community First special meeting, written notice of her, his or its intent to demand payment for her, his or its shares of Community First common and/or Community First Series C preferred stock if the Community First merger is completed; and

not vote her, his or its shares in favor of approving and adopting the Community First merger.

A Community First shareholder of record who fails to satisfy both of these two requirements is not entitled to payment for her, his or its shares of Community First common and/or Community First Series C preferred stock under Chapter 23 of the TBCA. In addition, **any Community First shareholder who returns a signed proxy but fails to provide instructions as to the manner in which such shares are to be voted will be deemed to have voted in favor of approving and adopting the Community First merger and will not be entitled to assert dissenters' rights.**

A Community First shareholder may assert dissenters' rights as to fewer than all the shares registered in her, his or its name only if she, he or it dissents with respect to all shares beneficially owned by any one beneficial shareholder and notifies Community First in writing of the name and address of each person on whose behalf she,



**Table of Contents**

he or it is asserting dissenters' rights. The rights of such a partial dissenter are determined as if the shares as to which she, he or it dissents and her, his or its other shares are registered in the names of different Community First shareholders.

If the Community First merger is approved and adopted at the Community First special meeting, Community First must deliver a written dissenters' notice, or the Community First dissenters' notice, to all Community First shareholders who satisfied the two requirements of Chapter 23 of the TBCA described above. The dissenters' notice must be sent no later than 10 days after the effective time (the date that the Community First merger is completed) and must:

supply a form for demanding payment that includes the first date of any announcement to the shareholders of the principal terms of the proposed merger (May 6, 2014), requires that the Community First shareholder asserting dissenters' rights certify whether or not she, he or it acquired beneficial ownership of such shares prior to said date, and requires that the Community First shareholder asserting dissenters' rights certify that such shareholder did not vote for the proposed merger;

state where the demand for payment must be sent and where and when certificates for certificated shares must be deposited;

set a date by which Community First must receive the demand for payment (which date may not be fewer than 40 nor more than 60 days after the dissenters' notice is delivered) and state that the shareholder shall have waived the right to demand payment with respect to the shares unless the form is received by the corporation by such specified date;

state the corporation's estimate of the fair value of shares;

state that if requested in writing, the corporation will provide to the shareholders so requesting, within 10 days after the date the demand for payment is due the number of shareholders who return the forms by the specified date and the total number of shares owned by them;

state the date by which the notice to withdraw under Section 48-23-204 of the TBCA must be received, which date must be within 20 days after the date the demand payment is due; and

be accompanied by a copy of Chapter 23, if not previously provided to such Community First shareholder (set forth in Annex H to this joint proxy statement/prospectus).

A Community First shareholder of record on the Community First record date who receives the Community First dissenters' notice must demand payment, certify that she, he or it acquired beneficial ownership of such shares prior to the date set forth in the Community First dissenters' notice and deposit her, his or its certificates in accordance with the terms of the Community First dissenters' notice. Community First may elect to withhold payment required by Chapter 23 from the dissenting shareholder unless such shareholder was the beneficial owner of the shares prior to the first announcement of the principal terms of the proposed merger on or about May 6, 2014. A dissenting shareholder will

retain all other rights of a Community First shareholder until those rights are canceled or modified by the completion of the Community First merger. A Community First shareholder of record who does not demand payment or deposit her, his or its share certificates where required, each by the date set in the Community First dissenters' notice, is not entitled to payment for her, his or its shares under Chapter 23 or otherwise as a result of the Community First merger. A demand for payment may not be withdrawn unless consented to by Community First.

Community First may restrict the transfer of any uncertificated shares from the date the demand for their payment is received until the Community First merger is completed. A Community First shareholder for whom dissenters' rights are asserted as to uncertificated shares of Community First common stock and/or Community First Series C preferred stock retains all other rights of a Community First shareholder until these rights are canceled or modified by the completion of the Community First merger.

**Table of Contents**

At the effective time or upon receipt of a demand for payment, whichever is later, Community First must offer to pay each dissenting shareholder who strictly and fully complied with Chapter 23 of the TBCA the amount that Community First estimates to be the fair value of her, his or its shares, plus accrued interest from the effective time. The offer of payment must be accompanied by:

certain recent Community First financial statements;

Community First's estimate of the fair value of the shares and interest due;

an explanation of how the interest was calculated;

a statement of the dissenter's right to demand payment under Section 48-23-209 of the TBCA; and

a copy of Chapter 23 of the TBCA, if not previously provided to such shareholder.

If the Community First merger is not completed within two months after the date set for demanding payment and depositing share certificates, Community First must return the deposited certificates and release the transfer restrictions imposed on the uncertificated shares. If, after such return or release, the Community First merger is completed, Community First must send a new Community First dissenters' notice and repeat the payment procedure described above.

If a dissenting Community First shareholder is dissatisfied with or rejects Community First's calculation of fair value, such dissenting Community First shareholder must notify Community First in writing of her, his or its own estimate of the fair value of those shares and the interest due, and may demand payment of her, his or its estimate, if:

the Community First shareholder believes that the amount offered or paid by Community First is less than the fair value of her, his or its shares or that the interest due has been calculated incorrectly;

Community First fails to make payment within two months after the date set forth for demanding payment; or

Community First, having failed to complete the Community First merger, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within two months after the date set for demanding payment.

A dissenting Community First shareholder waives her, his or its right to dispute Community First's calculation of fair value unless such shareholder notifies Community First of her, his or its demand in writing within one month after Community First made or offered payment for such person's shares.

If a demand for payment by a Community First shareholder remains unsettled, Community First must commence a proceeding in the appropriate court, as specified in Chapter 23 of the TBCA, within two months after receiving the demand for payment, and petition the court to determine the fair value of the shares and accrued interest. If Community First does not commence the proceeding within two months, Community First is required to pay each Community First dissenting shareholder whose demand remains unsettled, the amount demanded. Community First is required to make all dissenting Community First shareholders whose demands remain unsettled parties to the proceeding and to serve a copy of the petition upon each Community First dissenting shareholder. The court may appoint one or more appraisers to receive evidence and to recommend a decision on fair value. Each dissenting shareholder made a party to the proceeding is entitled to judgment for the fair value of such person's shares plus interest to the date of judgment, exceeds the amount paid by the corporation.

In an appraisal proceeding commenced under Chapter 23 of the TBCA, the court must determine the costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court will assess these costs against Community First, except that the court may assess the costs against all or some of the dissenting shareholders to the extent the court finds they acted arbitrarily, vexatiously, or not in good

**Table of Contents**

faith in demanding payment under Chapter 23 of the TBCA. The court also may assess the fees and expenses of attorneys and experts for the respective parties against Community First if the court finds that Community First did not substantially comply with the requirements of Chapter 23 of the TBCA, or against either Community First or a dissenting shareholder if the court finds that such party acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by Chapter 23 of the TBCA.

If the court finds that the services of the attorneys for any Community First dissenting shareholder were of substantial benefit to other Community First dissenting shareholders similarly situated, and that the fees for those services should not be assessed against Community First, the court may award those attorneys reasonable fees out of the amounts awarded the Community First dissenting shareholders who were benefitted.

The foregoing does not purport to be a complete statement of the provisions of the TBCA relating to statutory dissenters' rights and is qualified in its entirety by reference to the dissenters' rights provisions of the TBCA, which are reproduced in full in Annex H to this joint proxy statement/prospectus and which are incorporated herein by reference.

**If any Community First shareholder intends to dissent, or if such shareholder believes that dissenting might be in her, his or its best interests, such shareholder should read Annex H carefully.**

For a description of Simmons shareholders' dissenters' rights, see "The Mergers - Simmons Shareholders' Dissenters' Rights in the Community First Merger and Liberty Merger."

**Table of Contents**

**THE LIBERTY MERGER**

*The following discussion contains certain information about the Liberty merger. This discussion is subject, and qualified in its entirety by reference, to the Liberty merger agreement attached as Annex B to this joint proxy statement/prospectus and incorporated herein by reference. We urge you to read carefully this entire joint proxy statement/prospectus, including the Liberty merger agreement attached as Annex B, for a more complete understanding of the Liberty merger.*

*This proposal will be considered and voted upon by the Simmons common shareholders at the Simmons special meeting and by the Liberty shareholders at the Liberty special meeting.*

**Terms of the Liberty Merger**

Each of Simmons and Liberty's respective boards of directors has approved and adopted the Liberty merger agreement. The Liberty merger agreement provides for the merger of Liberty with and into Simmons, with Simmons continuing as the surviving corporation. Following completion of the merger, Liberty's wholly owned bank subsidiary, Liberty Bank, will merge with and into Simmons' wholly owned bank subsidiary, Simmons First National Bank. Simmons expects the merger of Liberty Bank and Simmons First National Bank to occur in April 2015. Simmons First National Bank will be the surviving bank in this merger.

In the Liberty merger, each share of Liberty common stock, \$0.20 par value per share, issued and outstanding immediately prior to the effective time of the Liberty merger, except for any dissenting shares, will be converted into the right to receive 1.0 share of Simmons common stock, \$0.01 par value per share. No fractional shares of Simmons common stock will be issued in connection with the Liberty merger, and holders of Liberty common stock that would otherwise receive a fractional share will be entitled to receive cash in lieu thereof. Liberty shareholders and Simmons shareholders are being asked to approve the Liberty merger agreement. See *The Merger Agreements* for additional and more detailed information regarding the legal documents that govern the Liberty merger, including information about the conditions to the completion of the Liberty merger and the provisions for terminating or amending the Liberty merger agreement.

**Background of the Liberty Merger**

The management of Liberty has from time to time explored and assessed both internally and with outside advisors, and has discussed with the Liberty board of directors, various strategic options potentially available to Liberty. These strategic discussions have focused on, among other things, available acquisition opportunities, the business and regulatory environment facing banks and financial institutions generally, and Liberty in particular, and the cost of additional capital for growth, as well as conditions and ongoing consolidation in the financial services industry.

The Simmons board of directors has from time to time engaged with senior management of Simmons in strategic reviews, and has considered ways to enhance its performance and prospects in light of competitive and other relevant developments. These strategic reviews by the Simmons board of directors has focused on, among other things, the business environment facing financial institutions generally, the business environments in the markets that Simmons serves and markets with in a 350-mile radius of Central Arkansas, as well as conditions and ongoing consolidation in the financial services industry. As part of its growth strategy, the management and board of directors of Simmons have, from time to time, explored acquisition opportunities with banks that have a similar conservative, community banking philosophy to that of Simmons and that are headquartered within a 350-mile radius of Central Arkansas.

In June 2010, Liberty received an unsolicited offer to purchase Liberty. Liberty entered into a confidentiality agreement with the third party, allowed the third party to perform due diligence and engaged in negotiations with the third party. Liberty also engaged Stifel, Nicolaus & Company, Incorporated (now operating

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**Table of Contents**

as KBW) to advise Liberty with respect to the potential transaction. Ultimately, the parties decided not to further pursue the transaction.

Following the unsolicited offer, the Liberty board of directors continued to have discussions regarding the strategic options of Liberty. In the fall of 2010, the Liberty board of directors determined that it was appropriate to engage an investment banking firm to advise it with respect to strategic options, including any potential sale of Liberty, and the Liberty board of directors authorized engaging KBW to act as Liberty's financial advisor. Following its engagement, representatives of KBW primarily based in St. Louis, Missouri periodically met with and updated Liberty management regarding market conditions.

On October 15, 2013, the board of directors of Liberty met to discuss and review Liberty's strategic alternatives, including organic growth, growth by acquisition, a merger of equals transaction and selling to or merging with another party. Liberty's financial advisor, KBW, was also in attendance. At the October 15 meeting, the Liberty board of directors authorized KBW to contact potential acquisition partners. Following that meeting, in accordance with its directive from the Liberty board of directors, KBW contacted selected potential partners to facilitate management introductions and determine the level of interest in a possible strategic partnership. Liberty's financial advisor contacted 20 parties to determine interest for management meetings. On October 28, 2013, Liberty's financial advisor contacted Messrs. Makris, Bartlett, Fehlman, and Casteel, by telephone to preliminarily discuss an acquisition prospect located in Southwest Missouri. The name of the prospect was not given, but, based upon the information received, Simmons expressed an interest in further discussions with regards to the entity. From November 2013 through January 2014, management of Liberty met with nine of the interested parties. Gary Metzger and representatives of Liberty's financial advisor, KBW, met with Messrs. Makris, Bartlett, Fehlman and Casteel on December 11, 2013 in Little Rock, Arkansas. On January 14, 2014, Mr. Makris had a telephone conversation with a representative of Liberty's financial advisor during which Mr. Makris relayed Simmons' interest in pursuing discussions concerning a merger between Simmons and Liberty.

On January 21, 2014, the Liberty board of directors met to discuss feedback received from the potential partners, review the market environment and determine next steps for a potential process (if any). Liberty's financial advisor, KBW, was also in attendance. At the January 21 meeting, the Liberty board of directors determined it advisable to continue toward a potential sale of Liberty. At the direction of the Liberty board of directors, KBW began contacting interested parties to begin a diligence process with non-binding indications of interest targeted for early March. At a meeting of the Simmons board of directors held on January 27, 2014, Mr. Makris updated the Simmons board of directors on several potential acquisition opportunities being reviewed by senior management of Simmons including the potential acquisition of Liberty. In February 2014, six parties executed confidentiality agreements and conducted preliminary due diligence via a virtual data room. Simmons executed a confidentiality agreement on February 6, 2014. Four parties met with the Liberty board of directors to present an overview of their respective institutions and the potential benefits of a combination between the entities. Senior management of Simmons met with the Liberty board of directors in Springfield, Missouri on February 13, 2014. On February 24, 2014, Mr. Makris gave a status update to the executive committee of the Simmons board of directors on the potential acquisition of Liberty. In late February and early March, Liberty's financial advisor received six non-binding indications of interest for a potential sale transaction, including an initial non-binding indication of interest from Simmons on March 11, 2014.

On March 24, 2014, the Liberty board of directors met to review and consider the non-binding indications of interest. Liberty's financial advisor, KBW, was also in attendance. The indications received ranged from a per share consideration of \$29.75 to \$35.85 (as of March 21, 2014). Some indications of interest proposed transactions in which the consideration would be all cash, some in which the consideration would be all acquiror stock, and some in which the consideration would be a mix of acquiror stock and cash. Some of the indications of interest received were very preliminary in nature and some contained significant contingencies. Simmons' initial indication of interest contained a



fixed exchange ratio of 0.947x shares of Simmons for each share of Liberty, or a valuation of \$35.60 per share as of March 21, 2014. After extensive discussions regarding each of the six indications of interest, the Liberty board of directors instructed KBW to return to Simmons and negotiate an increase in the Liberty exchange ratio.

## **Table of Contents**

On March 24, 2014 and March 25, 2014, representatives of Liberty's financial advisor, KBW, had several discussions with Simmons' financial advisor, Sterne Agee, regarding an increase in the Liberty exchange ratio. On March 25, 2014, Sterne Agee advised KBW that Simmons would agree to a fixed exchange ratio of 1.0x share of Simmons for each share of Liberty and an implied valuation of \$38.05 per share based upon the March 25, 2014 closing price of Simmons common stock. The Liberty board of directors met via teleconference on the afternoon of March 25, 2014 and authorized management of Liberty to enter into a nonbinding indication of interest letter and exclusivity agreement with Simmons. On April 3, 2014, Liberty and Simmons executed (i) a nonbinding indication of interest reflecting a fixed exchange ratio of 1.0x share of Simmons common stock for each share of Liberty common stock, (ii) an exclusivity agreement, pursuant to which Liberty agreed not to engage in discussions with other parties with respect to certain acquisition transactions until May 9, 2014, and if Simmons re-affirmed the terms and intention to complete the deal by such time, until June 16, 2014, and (iii) a mutual confidentiality agreement. On the same date, Messrs. Makris and Metzger discussed by telephone various issues regarding the potential merger as well as matters pertaining to the due diligence investigation process for the two companies.

During the period from April 3, 2014 to May 27, 2014, Simmons continued its due diligence on Liberty and Liberty conducted due diligence on Simmons. Simmons conducted on-site due diligence of Liberty during the week of April 21, 2014. On April 28, 2014, Mr. Makris gave a report on the due diligence investigation to the executive committee of the Simmons board of directors and gave the executive committee on the status of negotiations and timing of executing a definitive agreement with Liberty. Liberty conducted on-site reverse due diligence of Simmons on May 16, 2014.

A draft of the Liberty merger agreement was provided to Liberty and its legal counsel, Stinson Leonard Street LLP, or Stinson, on May 16, 2014. Liberty, Stinson and KBW conducted a thorough review of the draft of the merger agreement and identified certain issues for further discussion and negotiation. Over the course of the next ten days, the parties and their respective legal counsel negotiated certain terms of the definitive merger agreement.

On May 27, 2014, the Simmons board of directors held a meeting to consider the terms of the proposed Liberty merger. Prior to the meeting, the directors received copies of the draft merger agreement and of the other draft transaction documents and a summary of the terms thereof from its counsel, as well as a presentation prepared by its financial advisor, Sterne Agee. At the meeting, members of Simmons' management reported on the status of due diligence and negotiations with Liberty. Representatives of Sterne Agee reviewed Sterne Agee's financial analysis of the proposed Liberty merger, including discussing the various financial methodologies used in its analysis. Representatives of Sterne Agee then delivered its oral opinion (which was subsequently confirmed in writing by delivery of Sterne Agee's written opinion dated May 27, 2014) that, as of the date of the Simmons board of directors meeting and based upon and subject to the various factors, assumptions and limitations set forth in its written opinion, the Liberty merger consideration to be paid by Simmons in connection with the Liberty merger was fair, from a financial point of view, to Simmons. The full text of the written opinion of Sterne Agee dated May 27, 2014, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this joint proxy statement/prospectus. At the meeting, Simmons' legal counsel reviewed with the Simmons board of directors its fiduciary duties and reviewed the key terms of the Community First merger agreement and related agreements (including the lock-up agreements), as described elsewhere in this joint proxy statement/prospectus, based on the discussion materials that had previously been provided to the Simmons board of directors, including a summary of the provisions relating to governance of the combined company and the provisions relating to employee matters.

After considering the proposed terms of the Liberty merger agreement and the various presentations of its financial and legal advisors, and taking into consideration the matters discussed during that meeting and prior



## **Table of Contents**

meetings of the Simmons board of directors, including the factors described under Simmons Reasons for the Liberty Merger; Recommendation of Simmons Board of Directors, the Simmons board of directors unanimously determined that the Liberty merger was consistent with Simmons business strategies and in the best interests of Simmons and Simmons shareholders and the directors voted unanimously to approve and adopt the Liberty merger agreement and the transactions contemplated thereby and recommended that Simmons shareholders approve the Liberty merger agreement.

On May 27, 2014, the Liberty board of directors held a meeting. At the meeting, the board of directors received an update from Liberty's management on the status of negotiations with Simmons. Also at this meeting, KBW, Liberty's financial advisor, reviewed the financial aspects of the proposed merger and rendered an opinion, dated May 27, 2014, to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the exchange ratio in the proposed Liberty merger was fair, from a financial point of view, to the holders of Liberty common stock. Representatives of Stinson discussed with the Liberty board of directors the legal standards applicable to its decisions and actions with respect to the proposed transaction and reviewed the proposed Liberty merger agreement. After taking into consideration various factors, including the factors described under Liberty's Reasons for the Liberty Merger; Recommendation of Liberty's Board of Directors, the Liberty board of directors determined that the Liberty merger agreement and the Liberty merger, are advisable and in the best interests of Liberty and its shareholders, and the directors present voted unanimously to approve the Liberty merger agreement and the Liberty merger and recommended that Liberty's shareholders adopt the Liberty merger agreement.

Following completion of the Liberty board meeting, Simmons and Liberty executed and delivered the Liberty merger agreement and the transaction was announced on the morning of May 28, 2014.

### **Liberty's Reasons for the Liberty Merger; Recommendation of Liberty's Board of Directors**

In reaching its decision to adopt the Liberty merger agreement, and approve the Liberty merger, and to recommend that its shareholders adopt the Liberty merger agreement, the Liberty board of directors evaluated the Liberty merger agreement and the Liberty merger in consultation with Liberty management, as well as Liberty's independent financial and legal advisors, and considered a number of factors, including the following material factors:

each of Liberty's, Simmons and the combined company's business, operations, financial condition, asset quality, earnings and prospects;

a review of the risks and prospects of Liberty remaining independent, including the challenges of the current financial, operating and regulatory climate;

its review, with the assistance of management and Liberty's legal and financial advisors, of the proposal, including a review of the business, operations, earnings, and financial conditions of Simmons, as well as the potential results from a sale to Simmons;

the anticipated pro forma impact of the Liberty merger on the combined company, including the expected impact on financial metrics including earnings and tangible equity per share and on regulatory capital levels;

the thorough process conducted by Liberty, with the assistance of its advisors;

a comparison of the proposal from Simmons to other indications of interest received by Liberty and to recent business combinations involving other financial institutions;

its review of possible strategic partners other than Simmons, the prospects of such other possible strategic partners, and the likelihood of a transaction with such possible strategic partners;

**Table of Contents**

its review of alternatives to such a transaction (including the alternatives of remaining independent and growing internally, remaining independent for a period of time and then selling, and remaining independent and growing through future acquisitions);

the structure of the transaction as a stock-for-stock merger following which Liberty's existing shareholders will own a publicly traded stock and will have the opportunity to participate in the future success of the combined company and reap the benefits of any synergies achieved or any future transactions that might be pursued by the combined company;

the expectation that the historical liquidity of Simmons' stock will offer Liberty's shareholders the opportunity to participate in the growth and opportunities of Simmons by retaining their Simmons stock following the merger, or to exit their investment, should they prefer to do so;

the anticipated future receipt by Liberty shareholders of a dividend after completion of the Liberty merger as Simmons shareholders, based on Simmons' current and forecasted dividend payout ratio;

the anticipated continued participation of Liberty's management in the combined company, which enhances the likelihood that the strategic benefits that Liberty expects to achieve as a result of the Liberty merger will be realized and that the benefits and talents that Liberty brings to the combined company will be appropriately valued and effectively utilized;

its understanding of the current and prospective environment in which Liberty and Simmons operate, including national and local economic conditions, the interest rate environment, increasing operating costs resulting from regulatory initiatives and compliance mandates, the competitive environment for financial institutions generally, and the likely effect of these factors on Liberty both with and without the proposed transaction;

the attractiveness and strategic fit of Simmons as a potential merger partner;

the overall greater scale that will be achieved by the Liberty merger that will better position the combined company for future growth;

the expectation that the transaction will be generally tax-free for United States federal income tax purposes to Liberty's shareholders;

the written opinion of KBW, Liberty's financial advisor, dated May 27, 2014, delivered to the Liberty board of directors to the effect that, as of that date, and subject to and based on the various assumptions, considerations, qualifications and limitations set forth in the opinion, the Liberty exchange ratio was fair, from a financial point of view, to the holders of Liberty common stock; and

its review with its independent legal advisor, Stinson, of the terms of the Liberty merger agreement. The foregoing discussion of the information and factors considered by the Liberty board of directors is not intended to be exhaustive, but includes the material factors considered by the Liberty board of directors. In reaching its decision to approve the Liberty merger agreement and the Liberty merger, the Liberty board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Liberty board of directors considered all these factors as a whole, including discussions with, and questioning of, Liberty's management and Liberty's independent financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

For the reasons set forth above, the Liberty board of directors determined that the Liberty merger agreement and the Liberty merger, are advisable and in the best interests of Liberty and its shareholders, and adopted and approved the Liberty merger agreement and the Liberty merger.

**The Liberty board of directors unanimously recommends that the Liberty shareholders vote FOR the approval of the Liberty merger proposal.**

**Table of Contents**

**Opinion of Liberty's Financial Advisor**

Liberty engaged KBW to render financial advisory and investment banking services to Liberty, including an opinion to the Liberty board of directors as to the fairness, from a financial point of view, to the holders of Liberty common stock of the Liberty exchange ratio in the proposed Liberty merger. Liberty selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the Liberty merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

At the meeting held on May 27, 2014 at which the Liberty board evaluated the proposed Liberty merger, KBW reviewed the financial aspects of the proposed Liberty merger and rendered an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the Liberty exchange ratio in the proposed Liberty merger was fair, from a financial point of view, to the holders of Liberty common stock. The Liberty board approved the Liberty merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex F to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

**KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the Liberty board (in its capacity as such) in connection with its consideration of the financial terms of the Liberty merger. The opinion addressed only the fairness, from a financial point of view, of the Liberty exchange ratio in the Liberty merger to the holders of Liberty common stock. It did not address the underlying business decision of Liberty to engage in the Liberty merger or enter into the Liberty merger agreement. KBW's opinion did not and does not constitute a recommendation to the Liberty board in connection with the Liberty merger, and it does not constitute a recommendation to any Liberty shareholder or any shareholder of any other entity as to how to vote in connection with the Liberty merger or any other matter, nor does it constitute a recommendation on whether or not any such shareholder should enter into a voting, shareholders or affiliates agreement with respect to the Liberty merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.**

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the Liberty merger and the financial and operating condition of Liberty and Simmons, including, among other things:

a draft, dated May 26, 2014, of the Liberty merger agreement (the most recent draft then made available to KBW);

the audited financial statements and Annual Reports for the three years ended December 31, 2013 for Liberty;



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the audited financial statements and Annual Reports on Form 10-K for the three years ended December 31, 2013 of Simmons;

the unaudited financial statements for the quarter ended March 31, 2014 of Liberty;

the unaudited financial statements and quarterly reports on Form 10-Q for the quarter ended March 31, 2014 of Simmons;

certain regulatory filings for the three year period ended December 31, 2013 and the three month period ended March 31, 2014 of Liberty and its subsidiaries;

**Table of Contents**

certain other interim reports and other communications of Liberty and Simmons to their respective shareholders; and

other financial information concerning the businesses and operations of Liberty and Simmons furnished to KBW by Liberty and Simmons or which KBW was otherwise directed to use for purposes of its analysis. KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of Liberty and Simmons;

the assets and liabilities of Liberty and Simmons;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial information of Liberty and certain financial and stock market information for Simmons with similar information for certain other companies the securities of which are publicly traded;

financial and operating forecasts and projections of Liberty which were prepared by Liberty management, provided to and discussed with KBW by such management, and used and relied upon by KBW at the direction of such management with the consent of the Liberty board;

publicly available consensus street estimates of Simmons for 2014 and 2015 (which estimates reflected the pro forma impact of the pending acquisitions by Simmons of each of Community First and Delta Trust that were publicly announced on May 6, 2014 and March 24, 2014, respectively), as well as assumed long term growth rates based thereon that were prepared and provided to KBW by management of Simmons, all of which information was used and relied upon by KBW at the direction of such management with the consent of the Liberty board;

projected balance sheet and capital data of Simmons (giving effect to each of the Community First merger and the Delta Trust merger) that were prepared by Simmons management, and used and relied upon by KBW at the direction of such management with the consent of the Liberty board; and

estimates regarding certain pro forma financial effects of the Liberty merger on Simmons (including, without limitation, the cost savings and related expenses expected to result from the Liberty merger as well as certain accounting adjustments assumed with respect thereto) that were prepared by Simmons management, and used and relied upon by KBW at the direction of such management with the consent of the Liberty board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with senior management of Liberty and Simmons regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters that KBW deemed relevant to its inquiry. In addition, KBW considered the results of the efforts undertaken by Liberty, with KBW's assistance, to solicit indications of interest from third parties regarding a potential transaction with Liberty.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of Liberty as to the reasonableness and achievability of the financial and operating forecasts and projections of Liberty (and the

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**Table of Contents**

assumptions and bases therefor) that were prepared by Liberty management and provided to and discussed with KBW by such management, and KBW assumed, with the consent of Liberty, that such forecasts and projections were reasonably prepared on a basis reflecting the best available estimates and judgments of such management and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such management. KBW further relied, with the consent of Liberty, upon Simmons management as to the reasonableness and achievability of (i) the publicly available consensus street estimates of Simmons that KBW was directed to use and the assumed long term growth rates based thereon that were prepared by Simmons management and provided to KBW, (ii) the projected balance sheet and capital data of Simmons (giving effect to each of the Community First merger and the Delta Trust merger) that were prepared by Simmons management, and (iii) the estimates regarding certain pro forma effects of the Liberty merger on Simmons that were prepared by Simmons management and provided to and discussed with us by such management (and the assumptions and bases therefor, including but not limited to the cost savings and related expenses expected to result from the Liberty merger as well as certain accounting adjustments assumed with respect thereto). In rendering its opinion, KBW assumed, with the consent of the Liberty board, that all such information was consistent with (in the case of Simmons street estimates), or was otherwise reasonably prepared on a basis reflecting, the best currently available estimates and judgments of such management and that such forecasts, estimates and projected data reflected in such information would be realized in the amounts and in the time periods estimated by such management. KBW expressed no view or opinion as to the Community First merger or the Delta Trust merger (or any terms, aspects or implications of either such transaction). KBW assumed, with the consent of Liberty, that the Delta Trust merger and the related bank subsidiary merger would be consummated as described to KBW by Simmons management in the third quarter of 2014, and that the Community First merger would be completed as described to KBW by Simmons management in the fourth quarter of 2014.

The forecasts, projections and estimates of Liberty and Simmons that were provided to KBW were not prepared with the expectation of public disclosure. All such information was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. KBW assumed, based on discussions with the respective managements of Liberty and Simmons, that such forecasts, projections and estimates of Liberty and Simmons referred to above, provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW assumed that there were no material, undisclosed changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Liberty or Simmons since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with Liberty's consent, that the aggregate allowances for loan and lease losses for Liberty and Simmons were adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Liberty or Simmons, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of Liberty or Simmons under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.



**Table of Contents**

KBW assumed that, in all respects material to its analyses:

the merger and any related transactions would be completed substantially in accordance with the terms set forth in the Liberty merger agreement (the final terms of which KBW assumed would not differ in any respect material to its analyses from the latest draft of the Liberty merger agreement that had been reviewed by it) with no adjustments to the Liberty exchange ratio or additional forms of consideration;

the representations and warranties of each party in the Liberty merger agreement and in all related documents and instruments referred to in the Liberty merger agreement were true and correct;

each party to the Liberty merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger or any related transaction (including without limitation any factors related to Simmons pending Community First merger and Delta Trust merger) and that all conditions to the completion of the Liberty merger would be satisfied without any waivers or modifications to the Liberty merger agreement; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Liberty merger and related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of Liberty, Simmons or the combined entity or the contemplated benefits of the Liberty merger, including the cost savings and related expenses expected to result from the Liberty merger, as well as certain accounting adjustments assumed with respect thereto.

KBW assumed that the Liberty merger would be consummated in a manner that complied with the applicable provisions of the Securities Act of 1933, as amended, or the Securities Act, the Securities Exchange Act of 1934, as amended, or the Exchange Act, and all other applicable federal and state statutes, rules and regulations. KBW further assumed that Liberty relied upon the advice of its counsel, independent accountants and other advisors (other than KBW) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Liberty, Simmons, the Liberty merger and any related transaction, and the Liberty merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, of the Liberty exchange ratio in the Liberty merger to the holders of Liberty common stock. KBW expressed no view or opinion as to any terms or other aspects of the Liberty merger or any related transaction, including without limitation, the form or structure of the Liberty merger, any transactions that may be related to the Liberty merger, any consequences of the Liberty merger to Liberty, its shareholders, creditors or otherwise, or any terms, aspects or implications of any voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Liberty merger or otherwise. Further, as part of its opinion to the Liberty board, KBW expressed no view or opinion as to either the Community First merger or the Delta Trust merger, including without limitation any direct or indirect consequence or impact of either the consummation of any one or both

acquisitions (further to either of their publicly announced terms (including anticipated timing) or otherwise) or, alternatively, the failure to consummate any one or both such acquisitions, on Simmons, Liberty, the holders of Simmons common stock or Liberty common stock, the Liberty merger (including any term or aspect thereof) or any related transaction, or the prices, trading range or volume of Simmons common stock. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

**Table of Contents**

the underlying business decision of Liberty to engage in the Liberty merger or enter into the Liberty merger agreement;

the relative merits of the Liberty merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Liberty or the Liberty board;

the fairness of the amount or nature of any compensation to any of Liberty officers, directors or employees, or any class of such persons, relative to any compensation to the holders of Liberty common stock;

the effect of the Liberty merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of Liberty other than the Liberty common stock (solely with respect to the Liberty exchange ratio in the proposed Liberty merger and not relative to the consideration to be received by any other class of securities), or any class of securities of Simmons or any other party to any transaction contemplated by the Liberty merger agreement;

the actual value of the Simmons common stock to be issued in the Liberty merger;

the prices, trading range or volume at which Simmons common stock would trade following the public announcement of the Liberty merger or the consummation of the Liberty merger;

any adjustments (as provided in the Liberty merger agreement) to the Liberty exchange ratio or the form of consideration in the Liberty merger as contemplated by KBW's opinion;

whether Simmons has sufficient cash, available lines of credit or other sources of funds to enable it to pay any cash consideration in the Liberty merger (as provided in the Liberty merger agreement);

any advice or opinions provided by any other advisor to any of the parties to the Liberty merger or any other transaction contemplated by the Liberty merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to Liberty, Simmons, their respective shareholders, or relating to or arising out of or as a consequence of the Liberty merger or any related transaction, including whether or not the Liberty merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Liberty and Simmons. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to



substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Liberty board in making its determination to approve the Liberty merger agreement and the Liberty merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Liberty board with respect to the fairness of the Liberty exchange ratio. The type and amount of consideration payable in the Liberty merger were determined through negotiation between Liberty and Simmons and the decision to enter into the Liberty merger agreement was solely that of the Liberty board.

The following is a summary of the material financial analyses performed by KBW in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the Liberty board, but summarizes the material analyses performed in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or

**Table of Contents**

factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses. For purposes of the financial analyses described below, KBW utilized an implied transaction value for the proposed merger of \$39.79 per share of Liberty common stock based on the Liberty exchange ratio in the Liberty merger and the closing price of Simmons common stock on May 23, 2014. In addition to the financial analyses described below, KBW reviewed with the Liberty board for informational purposes, among other things, implied transaction multiples for the proposed merger of 13.4x using the 2014 EPS estimate for Liberty provided to KBW by Liberty's management and 13.2x using the 2015 EPS estimate for Liberty provided to KBW by Liberty's management, in both cases based on the implied transaction value for the proposed merger of \$39.79 per share of Liberty common stock.

*Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance and financial condition of Liberty to 22 selected banks and thrifts headquartered in the Midwest (defined as Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin) that were traded on NASDAQ or the NYSE with total assets between \$750 million and \$2 billion and nonperforming assets to total assets ratios less than 4.0%, excluding the targets of mergers. KBW selected these banks and thrifts based on its professional judgment and experience. KBW also reviewed the market performance of the selected companies.

The selected companies included in Liberty's peer group were:

Ames National Corporation	HopFed Bancorp, Inc.
Bank of Kentucky Financial Corporation	Horizon Bancorp
BankFinancial Corporation	Landmark Bancorp, Inc.
Baylake Corp.	LCNB Corp.
Community Bank Shares of Indiana, Inc.	LNB Bancorp, Inc.
Farmers National Banc Corp.	MidWestOne Financial Group, Inc.
First Business Financial Services, Inc.	MutualFirst Financial, Inc.
First Citizens Banc Corp	Ohio Valley Banc Corp.
First Internet Bancorp	Southern Missouri Bancorp, Inc.
First Mid-Illinois Bancshares, Inc.	United Community Financial Corp.
HF Financial Corp.	West Bancorporation, Inc.

To perform this analysis, KBW used LTM and other financial information as of or for the period ended March 31, 2014 and market price information as of May 23, 2014. KBW also used 2014 earnings estimates for the selected companies taken from consensus street estimates. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in Liberty's historical financial statements, or the data presented under the sections *The Community First Merger Opinion of Community First's Financial Advisor*, *The Community First Merger Opinion of Simmons Financial Advisor* or *The Liberty Merger Opinion of Simmons Financial Advisor*, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.



**Table of Contents**

KBW's analysis showed the following concerning the financial performance of Liberty and the selected companies in its peer group:

	Peer Group						25th	75th
	Liberty	Minimum	Mean	Median	Maximum	Percentile	Percentile	
LTM Core Return on Average Assets <sup>(1)</sup>	1.48%	0.27%	0.80%	0.80%	1.28%	0.57%	1.08%	
LTM Core Return on Average Equity <sup>(1)</sup>	16.69%	2.25%	8.15%	7.91%	13.56%	6.28%	10.54%	
LTM Net Interest Margin	4.49%	2.62%	3.46%	3.48%	4.49%	3.21%	3.65%	
LTM Efficiency Ratio	56.1%	47.5%	68.6%	68.4%	91.1%	76.4%	60.6%	

(1) Excludes gain/loss on sale of securities, extraordinary items, and non-recurring items

KBW's analysis also showed the following ratios concerning the financial condition of Liberty and the selected companies in its peer group:

	Peer Group						25th	75th
	Liberty	Minimum	Mean	Median	Maximum	Percentile	Percentile	
Tangible Common Equity / Tangible Assets	9.22%	4.74%	8.57%	8.64%	12.07%	7.51%	10.01%	
Total Risk-Based Capital / Risk-Weighted Assets	18.1%	12.2%	15.7%	15.8%	19.7%	13.8%	17.0%	
Gross Loans / Deposits	91.6%	54.2%	79.0%	80.5%	97.5%	73.8%	86.1%	
Non-Performing Assets <sup>(1)</sup> / Gross Loans + Other Real Estate Owned	1.33%	0.61%	2.49%	2.64%	5.00%	3.11%	1.58%	
Non-Performing Assets <sup>(1)</sup> / Assets	1.01%	0.38%	1.60%	1.54%	3.10%	2.12%	1.05%	
Loan Loss Reserves / Gross Loans	1.39%	0.49%	1.38%	1.37%	1.96%	1.20%	1.52%	
Most Recent Quarter Annualized ( MRQ ) Net Charge-Offs / Average Loans	0.19%	(0.06%)	0.16%	0.15%	0.52%	0.26%	0.05%	

(1) Non-Performing Assets include nonaccrual loans, loans 90+ days past due, TDRs and other real estate owned. Covered assets were excluded to the extent discernible.

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of the selected companies in Liberty's peer group (excluding the impact of certain selected company LTM EPS multiples considered to be not meaningful because they were negative or greater than 30.0x):

	Peer Group					
	Minimum	Mean	Median	Maximum	25th Percentile	75th Percentile
One-Year Stock Price Change	(16.5%)	15.8%	17.5%	52.6%	3.9%	23.6%
One-Year Total Return	(13.6%)	18.3%	18.3%	56.0%	5.8%	27.0%
Stock Price / Book Value Per Share	0.80x	1.17x	1.17x	1.76x	0.98x	1.30x
Stock Price / Tangible Book Value Per Share	0.86x	1.29x	1.29x	1.76x	1.10x	1.41x
Stock Price / LTM EPS	10.5x	14.2x	13.4x	27.0x	12.3x	15.6x
Stock Price / 2014 EPS	4.9x	14.5x	13.0x	29.8x	11.3x	15.4x
Stated Dividend Yield	0.00%	2.17%	2.08%	4.15%	1.62%	3.02%
LTM Dividend Payout Ratio	0.0%	28.3%	25.4%	63.4%	21.4%	38.6%

Using publicly available information, KBW compared the financial performance, financial condition and market performance of Simmons to 29 selected banks and thrifts traded on NASDAQ or the NYSE, with total assets between \$3.0 billion and \$10.0 billion, with non-performing assets to total assets ratios less than 4.0% and that are headquartered in any of (1) the Southeast, (2) the states in which Simmons has banking operations, and (3) the states contiguous to states in which Simmons conducts banking operations. States included were: Alabama, Arkansas, Colorado, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

**Table of Contents**

The selected companies included in Simmons peer group were:

Ameris Bancorp	Great Southern Bancorp, Inc.
BancFirst Corporation	Hilltop Holdings Inc.
Bank of the Ozarks, Inc.	Home BancShares, Inc.
BNC Bancorp	National Bank Holdings Corporation
Capital Bank Financial Corp.	Pinnacle Financial Partners, Inc.
City Holding Company	Renasant Corporation
Community Trust Bancorp, Inc.	Republic Bancorp, Inc.
Enterprise Financial Services Corp	ServisFirst Bancshares, Inc.
First Bancorp	Southside Bancshares, Inc.
First Busey Corporation	TowneBank
First Financial Bankshares, Inc.	Union Bankshares Corporation
First Financial Holdings, Inc.	United Community Banks, Inc.
Heartland Financial USA, Inc.	ViewPoint Financial Group, Inc.
First Midwest Bancorp, Inc.	WesBanco, Inc.
First NBC Bank Holding Company	

To perform this analysis, KBW used LTM and other financial information as of or for the period ended March 31, 2014 and market price information as of May 23, 2014. KBW also used 2014 and 2015 earnings estimates for Simmons and the selected companies taken from consensus street estimates. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in Simmons historical financial statements, or the data presented under the sections The Community First Merger Opinion of Community First s Financial Advisor, The Community First Merger Opinion of Simmons Financial Advisor or The Liberty Merger Opinion of Simmons Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW s analysis showed the following concerning the financial performance of Simmons and the selected companies in its peer group:

	Peer Group						
	Simmons	Minimum	Mean	Median	Maximum	Percentile	75th Percentile
LTM Core Return on Average Assets <sup>(1)</sup>	0.72%	0.19%	1.09%	0.99%	2.19%	0.94%	1.25%
LTM Core Return on Average Equity <sup>(1)</sup>	7.74%	1.02%	9.47%	8.82%	16.59%	7.91%	11.66%
LTM Net Interest Margin	4.38%	3.02%	4.08%	4.00%	5.55%	3.64%	4.52%
LTM Efficiency Ratio	71.2%	37.9%	62.0%	63.9%	83.6%	65.7%	57.9%

(1) Excludes gain/loss on sale of securities, extraordinary items, and non-recurring items

**Table of Contents**

KBW's analysis also showed the following ratios concerning the financial condition of Simmons and the selected companies in its peer group:

	Peer Group							
	Simmons	Simmons Pro Forma (1)	Minimum	Mean	Median	Maximum	25th Percentile	75th Percentile
Tangible Common Equity / Tangible Assets	7.33%	6.87%	5.78%	9.57%	9.06%	16.87%	7.62%	9.92%
Total Risk-Based Capital / Risk-Weighted Assets	14.5%	14.1%	11.7%	16.4%	14.5%	37.5%	13.7%	17.8%
Gross Loans / Deposits	64.3%	69.5%	50.7%	83.2%	84.7%	123.5%	76.0%	90.3%
Non-Performing Assets (2) / Gross Loans + Other Real Estate Owned	3.16%		0.55%	2.22%	1.80%	6.75%	2.88%	1.10%
Non-Performing Assets (2) / Assets	1.74%		0.32%	1.51%	1.27%	4.79%	1.91%	0.79%
Loan Loss Reserves / Gross Loans	1.13%		0.58%	1.22%	1.22%	2.12%	0.89%	1.39%
MRQ Net Charge Offs / Average Loans	0.25%		(0.06%)	0.26%	0.14%	1.24%	0.37%	0.08%

(1) Pro forma for Simmons pending acquisitions of Delta Trust and Community First based on data available in public documents.

(2) Non-Performing Assets include nonaccrual loans, loans 90+ days past due, TDRs and other real estate owned. Covered assets were excluded to the extent discernible.

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of Simmons and the selected companies in its peer group (excluding the impact of certain selected company LTM, 2014 and 2015 EPS multiples considered to be not meaningful because they were negative or greater than 30.0x):

	Peer Group							
	Simmons	Simmons Pro Forma (1)	Minimum	Mean	Median	Maximum	25th Percentile	75th Percentile
One-Year Stock Price Change	56.3%		(10.0%)	21.4%	22.2%	53.9%	8.2%	32.7%
One-Year Total Return	60.7%		(8.6%)	23.4%	25.2%	56.0%	11.8%	32.9%
Stock Price / Book Value Per Share	1.60x	1.38x	0.88x	1.56x	1.40x	3.35x	1.18x	1.72x
	2.06x	2.12x	0.89x	1.92x	1.82x	3.64x	1.39x	2.11x

Stock Price / Tangible Book Value Per Share							
Stock Price / LTM EPS	29.9x	3.4x	17.2x	16.1x	28.2x	13.4x	22.0x
Stock Price / 2014 EPS <sup>(2)</sup>	17.2x	11.7x	15.5x	14.9x	23.2x	13.0x	16.9x
Stock Price / 2015 EPS <sup>(2)</sup>	12.9x	10.3x	13.9x	13.0x	23.8x	11.9x	15.2x
Stated Dividend Yield	2.21%	0.00%	1.75%	1.63%	3.74%	0.95%	2.78%
LTM Dividend Payout Ratio	63.9%	0.0%	32.5%	30.4%	153.8%	14.0%	44.5%

(1) Pro forma for Simmons pending acquisitions of Delta Trust and Community First based on data available in public documents.

(2) 2014 and 2015 EPS consensus street estimates for Simmons reflected the pro forma impact of the Simmons pending acquisitions of Delta Trust and Community First expected to close in the third quarter and fourth quarter of 2014, respectively,

No company used as a comparison in the above selected companies analyses is identical to Liberty or Simmons. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Select Transactions Analysis.* KBW reviewed publicly available information related to 19 selected bank and thrift transactions announced since June 30, 2013 with disclosed transaction values between \$100 million and



**Table of Contents**

\$300 million, LTM return on average assets greater than 0.0%, and non-performing assets to total assets ratios less than 4.0%. Terminated transactions and mergers of equals were excluded from the selected transactions. The selected transactions included in the group were:

**Acquiror:**

Simmons First National Corporation  
 Bryn Mawr Bank Corporation  
 Eastern Bank Corporation  
 Bank of the Ozarks, Inc.  
 BancorpSouth, Inc.  
 TriCo Bancshares  
 IBERIABANK Corporation  
 BancorpSouth, Inc.  
 Old National Bancorp  
 Provident Financial Services, Inc.  
 Independent Bank Group, Inc.  
 Cascade Bancorp  
 Heritage Financial Corporation  
 East West Bancorp, Inc.  
 Old National Bancorp  
 Prosperity Bancshares, Inc.  
 Cullen / Frost Bankers, Inc.  
 Wilshire Bancorp, Inc.  
 First Federal Bancshares of Arkansas, Inc.

**Acquired Company:**

Community First Bancshares, Inc.  
 Continental Bank Holdings, Inc.  
 Centrix Bank & Trust  
 Summit Bancorp, Inc.  
 Central Community Corporation  
 North Valley Bancorp  
 Teche Holding Company  
 Ouachita Bancshares Corp.  
 United Bancorp, Inc.  
 Team Capital Bank  
 BOH Holdings, Inc.  
 Home Federal Bancorp, Inc.  
 Washington Banking Company  
 MetroCorp Bancshares, Inc.  
 Tower Financial Corporation  
 F & M Bancorporation Inc.  
 WNB Bancshares, Inc.  
 Saehan Bancorp  
 First National Security Company

For each selected transaction, KBW derived the ratio of the transaction consideration value per common share paid for the acquired company to the following, in each case based on the latest publicly available financial statements of the acquired company available prior to the announcement of the acquisition:

Book value per share of the acquired company;

Tangible book value per share of the acquired company;

LTM EPS of the acquired company; and

Core deposit premium, which refers to a transaction's value less the target's tangible common equity as a percentage of its core deposits (total deposits less time deposits greater than \$100,000).

The above transaction multiples for the selected transactions were compared with the corresponding transaction multiples for the proposed merger based on the implied transaction value for the proposed merger of \$39.79 per share of Liberty common stock and using historical financial information for Liberty as of March 31, 2014.

The results of the analysis (excluding the impact of certain selected transaction LTM EPS multiples considered to be not meaningful because they were negative or greater than 30.0x) are set forth in the following table:

<b>Transaction Price to:</b>	<b>Selected Transactions</b>						
	<b>Simmons / Liberty Merger</b>	<b>Minimum</b>	<b>Mean</b>	<b>Median</b>	<b>Maximum</b>	<b>25th Percentile</b>	<b>75th Percentile</b>
Book Value Per Share	2.02x	0.84x	1.84x	1.76x	2.84x	1.63x	2.00x
Tangible Book Value Per Share	2.10x	1.37x	1.90x	1.80x	2.84x	1.69x	2.10x
LTM EPS	12.9x	11.9x	17.0x	15.9x	25.8x	15.2x	17.6x
Core Deposit Premium	13.12%	5.18%	11.20%	11.86%	18.43%	9.09%	12.81%

**Table of Contents**

No company or transaction used as a comparison in the above selected transaction analysis is identical to Liberty or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Relative Contribution Analysis.* KBW analyzed the relative standalone contribution of Simmons (giving effect to its pending acquisitions of Delta Trust and Community First) and Liberty to various pro forma balance sheet and income statement items of the combined entity. This analysis did not include purchase accounting adjustments. To perform this analysis, KBW used (i) balance sheet data for Simmons and Liberty as of March 31, 2014 and (ii) 2014 and 2015 net income consensus street estimates for Simmons and 2014 and 2015 net income estimates provided by Liberty management. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of Simmons and Liberty shareholders in the combined company based on the Liberty exchange ratio in the proposed merger:

	<b>Simmons <sup>(1)</sup></b>	<b>Liberty</b>
	<b>as a % of total</b>	<b>as a % of total</b>
<b><u>Balance Sheet:</u></b>		
Assets	87%	13%
Gross Loans	82%	18%
Deposits	87%	13%
Tangible Common Equity	82%	18%
<b><u>Income Statement:</u></b>		
2014 Net Income	66%	34%
2015 Net Income	83%	17%
<b><u>Ownership:</u></b>		
At a 1.0000x Exchange Ratio	83%	17%

- (1) Balance sheet items pro forma for Simmons pending acquisitions of Delta Trust and Community First based on data available in public documents. 2014 and 2015 net income consensus street estimates for Simmons reflected the pro forma impact of Simmons pending acquisitions of Delta Trust and Community First expected to close in the third quarter and fourth quarter of 2014, respectively.

*Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of Liberty. In this analysis, KBW used financial forecasts and projections relating to the earnings and assets of Liberty prepared, and provided to KBW, by Liberty management and assumed discount rates ranging from 13.0% to 17.0% as determined by KBW in its professional judgment and experience. The ranges of values were derived by adding (i) the present value of the estimated free cash flows that Liberty could generate over the period from 2015 to 2019 based on cash flows projections provided by Liberty's management and (ii) the present value of Liberty's implied terminal value at the end of such period. KBW assumed that Liberty would maintain a tangible common equity to tangible assets ratio of 8.00% and would retain sufficient earnings to maintain that level based on these assumptions. Any free cash flows in excess of what would need to be retained were assumed to represent dividendable cash flows for Liberty. In calculating the terminal value of Liberty, KBW applied a range of 12.0x to 16.0x estimated 2020 earnings. This discounted cash flow analysis resulted in a range of implied values per share of

Liberty common stock of approximately \$28.83 per share to \$40.81 per share, as compared to the implied transaction value for the proposed Liberty merger of \$39.79 per share of Liberty common stock.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Liberty.

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**Table of Contents**

*Pro Forma Financial Impact Analysis.* KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Simmons (giving effect to its pending acquisitions of Delta Trust and Community First) and Liberty. Using closing balance sheet estimates as of December 31, 2014 for Simmons and Liberty provided by their respective managements, the 2015 consensus street earnings estimate for Simmons and an assumed long term growth rate based thereon provided by Simmons management, financial forecasts and projections relating to the earnings of Liberty provided by Liberty management and pro forma assumptions (including purchase accounting assumptions, cost savings and related expenses) provided by Simmons management, KBW analyzed the potential financial impact of the merger on certain projected financial results. This analysis indicated the Liberty merger could be accretive to Simmons 2015 and 2016 estimated EPS and dilutive to Simmons estimated tangible book value per share as of December 31, 2014. The analysis also indicated that the Liberty Merger is expected to be accretive to tangible book value per share for Simmons in approximately 3.5 years. Furthermore, the analysis indicated that, pro forma for the proposed Liberty merger, each of Simmons tangible common equity to tangible assets ratio, Tier 1 leverage ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of December 31, 2014 could be higher. For all of the above, the actual results achieved by Simmons following the Liberty merger may vary from the projected results, and the variations may be material.

*Miscellaneous.* KBW acted as financial advisor to Liberty in connection with the proposed Liberty merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may from time to time purchase securities from, and sell securities to, Liberty and Simmons. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Liberty or Simmons for its own account and for the accounts of its customers. To the extent KBW had any such position as of the date of KBW's opinion, it was disclosed to Liberty.

Pursuant to the KBW engagement agreement, Liberty agreed to pay KBW a cash fee equal to 1.0% of the aggregate merger consideration, of which \$25,000 became payable to KBW in connection with its engagement, \$100,000 of which became payable to KBW upon the rendering of the opinion, and the balance of which is contingent upon the consummation of the merger. Liberty also has agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. In addition to this present engagement, during the two years preceding the date of its opinion, KBW provided investment banking and financial advisory services to Liberty but did not receive compensation for such services. During the two years preceding the date of its opinion, KBW provided investment banking and financial advisory services to Simmons and received compensation for such services. KBW served as financial advisor to Simmons in connection with its purchase and assumption of Truman Bank in August 2012. KBW also provided investment banking and financial advisory services to Community First in connection with the pending acquisition of Community First by Simmons. KBW may in the future provide investment banking and financial advisory services to Liberty or Simmons and receive compensation for such services.

**Simmons Reasons for the Liberty Merger; Recommendation of Simmons Board of Directors**

In reaching its decision to approve the Liberty merger agreement, the Liberty merger and the other transactions contemplated by the Liberty merger agreement, the Simmons board of directors consulted with Simmons management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

each of Simmons' s and Liberty' s business, operations, financial condition, asset quality, earnings and prospects;

**Table of Contents**

the strategic fit of the businesses of the two companies, including their complementary markets, business lines and loan and deposit profiles which could result in a combined company with a balanced loan portfolio, diversified revenue stream and solid funding base;

Liberty's market position in Springfield and southwest Missouri;

the anticipated pro forma impact of the Liberty merger on the combined company, including the expected impact on financial metrics including earnings and tangible book value and regulatory capital levels;

its understanding of the current and prospective environment in which Simmons and Liberty operate, including national and local economic conditions, the competitive environment for financial institutions generally, and the likely effect of these factors on Simmons both with and without the Liberty merger;

its review and discussions with Simmons management concerning the due diligence investigation of Liberty;

the perceived compatibility of the corporate cultures of the two companies, which Simmons management believes should facilitate integration and implementation of the Liberty merger;

the structure of the Liberty merger as a combination in which the combined company would operate under the Simmons brand and the Simmons board of directors and Simmons management would have substantial participation in the combined company;

the opinion of Sterne, Agee & Leach, Inc., rendered orally on May 27, 2014 (subsequently confirmed in writing), addressed to the Simmons board of directors as to the fairness, from a financial point of view and as of the date of such opinion, to Simmons of the Liberty merger consideration provided for in the Liberty merger, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken as more fully described below under "Opinion of Simmons' Financial Advisor";

the financial and other terms of the Liberty merger agreement, including the fixed exchange ratio, expected tax treatment and termination fee provisions, which it reviewed with its outside financial and legal advisors;

the potential risk of diverting Simmons management's attention and resources from the operation of Simmons business and towards the completion of the Liberty merger;

the nature and amount of payments and other benefits to be received by Liberty management in connection with the Liberty merger pursuant to existing Liberty plans and compensation arrangements and the Liberty merger agreement;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating Liberty's business, operations and workforce with those of Simmons; and

the regulatory and other approvals required in connection with the Liberty merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions.

The foregoing discussion of the factors considered by the Simmons board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Simmons board of directors. In reaching its decision to approve the Liberty merger agreement, the Liberty merger and the other transactions contemplated by the Liberty merger agreement, the Simmons board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Simmons board of directors considered all these factors as a whole, including discussions with, and questioning of, Simmons's management and Simmons's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination to approve the Liberty merger agreement. It should be noted that



## Table of Contents

this explanation of the Liberty board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Concerning Forward-Looking Statements."

### **Opinion of Simmons' Financial Advisor**

On April 9, 2014, Simmons executed an engagement agreement with Sterne Agee. Sterne Agee's engagement encompassed assisting Simmons in analyzing, structuring, negotiating and effecting a transaction between Simmons and Liberty. Sterne Agee, a nationally recognized investment banking firm with offices throughout the United States, has substantial experience in transactions similar to the Liberty merger. As part of its investment banking business, Sterne Agee is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. As specialists in the securities of banking companies, Sterne Agee has experience in, and knowledge of, the valuation of banking enterprises.

On May 27, 2014, the Simmons board of directors held a meeting to evaluate the proposed merger of Liberty and Simmons. At this meeting, Sterne Agee reviewed the financial aspects of the proposed Liberty merger with the Simmons board and rendered an oral opinion (subsequently confirmed in writing), to the Simmons board of directors that, as of such date, and based upon and subject to factors and assumptions set forth therein, the Liberty exchange ratio to be paid in the Liberty merger by Simmons was fair from a financial point of view, to Simmons. The full text of Sterne Agee's opinion is attached as Annex D to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sterne Agee in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Simmons common stock are urged to read the entire opinion carefully in connection with their consideration of the Liberty merger.

**Sterne Agee's opinion speaks only as of the date of the opinion, and Sterne Agee has undertaken no obligation to update or revise its opinion. The opinion was directed to the board of directors of Simmons and addresses only the fairness, from a financial point of view, of the Liberty exchange ratio to be paid in the Liberty merger by Simmons. It does not address the underlying business decision to proceed with the Liberty merger. The opinion does not constitute a recommendation to any shareholder of Simmons as to how the shareholder should vote or act with respect to the Liberty merger or any related matter. Simmons and Liberty determined the Liberty exchange ratio through the negotiation process.**

In rendering its opinion, Sterne Agee, among other things:

Reviewed the Liberty merger agreement, dated May 27, 2014;

Reviewed certain publicly available financial and business information of Simmons, Liberty and their respective affiliates that Sterne Agee deemed to be relevant;

Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities, liquidity and prospects of Simmons and Liberty;

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Reviewed materials detailing the Liberty merger prepared by Simmons, Liberty and their respective affiliates and by their legal and accounting advisors, as well as by Liberty's financial advisor;

Conducted conversations with members of senior management and representatives of both Simmons and Liberty regarding the matters described in the preceding bullet points, as well as their respective businesses and prospects before and after giving effect to the Liberty merger;

Compared certain financial metrics and stock performance of Simmons and Liberty to other selected banks and thrifts that we deemed to be relevant;

**Table of Contents**

Analyzed the terms of the Liberty merger relative to selected prior mergers and acquisitions involving a depository institution as the selling entity;

Analyzed the Liberty exchange ratio offered relative to Liberty's book value, tangible book value, and trailing 12 month earnings as of March 31, 2014;

Analyzed the projected pro forma impact of the Liberty merger on certain projected balance sheet and capital ratios, earnings per share, and tangible book value per share of Simmons;

Reviewed the overall environment for depository institutions in the United States; and

Conducted such other financial studies, analyses and investigations and took into account such other matters as Sterne Agee deemed appropriate for purposes of this opinion, including our assessment of general economic, market and monetary conditions.

Sterne Agee's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of the opinion and the information made available to Sterne Agee through the date of the opinion. In conducting its review and arriving at its opinion, Sterne Agee relied upon the accuracy and completeness of all of the financial and other information provided to it or otherwise publicly available. Sterne Agee did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. Sterne Agee relied upon management of Simmons and Liberty as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and basis therefore) provided to Sterne Agee. Sterne Agee assumed that such forecasts and projections reflected the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. Sterne Agee is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and has assumed, with Simmons' consent, that the aggregate allowance for loan and lease losses for Simmons and Liberty was adequate to cover such losses. Sterne Agee did not make or obtain any evaluation or appraisal of the assets or liabilities of Simmons, Liberty or their respective affiliates, nor did it examine any individual credit files. Sterne Agee was not asked to and did not undertake any independent verification of any such information, and Sterne Agee did not assume any responsibility or liability for the accuracy and completeness thereof.

The projections furnished to Sterne Agee and used by it in certain of its analyses were prepared by the senior management teams of Simmons and Liberty, respectively. Neither Simmons nor Liberty publicly discloses internal management projections of the type provided to Sterne Agee in connection with its review of the Liberty merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

For purposes of rendering its opinion, Sterne Agee assumed that, in all respects material to its analyses:

the Liberty merger will be completed substantially in accordance with the terms set forth in the Liberty merger agreement with no additional payments or adjustments to the Liberty exchange

ratio;

the representations and warranties of each party in the Liberty merger agreement and in all related documents and instruments referred to in the Liberty merger agreement are true and correct;

each party to the Liberty merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the Liberty merger will be satisfied without any waivers;

there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Liberty or Simmons since either the date of the last financial statements made available to Sterne Agee and the date of the Liberty merger agreement, and that no legal, political, economic, regulatory or other development has occurred that will adversely impact Liberty or Simmons;

**Table of Contents**

all required governmental, regulatory, shareholder and third party approvals have or will be received in a timely manner and without any conditions or requirements that could adversely affect the Liberty merger; and

the Liberty merger will be accounted for as a purchase transaction under generally accepted accounting principles, and that the Liberty merger will qualify as a tax-free reorganization for United States federal income tax purposes.

Sterne Agee's opinion is limited to whether the Liberty exchange ratio to be paid in the Liberty merger by Simmons is fair from a financial point of view to Simmons. Sterne Agee was not asked to, and it did not, offer any opinion as to the terms of the Liberty merger agreement or the form of the Liberty merger or any aspect of the Liberty merger, other than the Liberty exchange ratio, to the extent expressly specified in Sterne Agee's opinion. The opinion did not address, and Sterne Agee expressed no view or opinion with respect to the relative merits or effect of the Liberty merger as compared to any strategic alternatives or business strategies or combinations that may be or may have been available to or contemplated by Simmons or its board of directors. Moreover, Sterne Agee did not express an opinion as to the fairness of the amount or nature of any compensation payable to or to be received by any officers, directors or employees, or of any of the parties to the Liberty merger relative to the aggregate consideration. Finally, the opinion was not an expression of an opinion as to the price at which shares of Simmons common stock would trade at the time of issuance to shareholders of Liberty under the Liberty merger agreement or the prices at which Simmons or Liberty's common stock may trade at any time.

In performing its analyses, Sterne Agee made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which were beyond the control of Sterne Agee, Simmons and Liberty. Any estimates contained in the analyses performed by Sterne Agee were not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities did not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates were inherently subject to substantial uncertainty. In addition, the Sterne Agee opinion was among several factors taken into consideration by the board of directors of Simmons in making its determination to approve the Liberty merger agreement and the Liberty merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the board of directors of Simmons with respect to the fairness of the Liberty exchange ratio.

The following is a summary of the material analyses performed by Sterne Agee and presented by it to the board of directors of Simmons on May 27, 2014 in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the Sterne Agee opinion or the presentation made by Sterne Agee to the board of directors of Simmons, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Sterne Agee did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. Accordingly, Sterne Agee's analyses and the summary of its analyses must be considered as a whole, and selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

*Summary of Proposal.* Under the terms of the Liberty merger agreement, each share of Liberty common stock that is issued and outstanding immediately before the effective time of the Liberty merger, other than

**Table of Contents**

certain shares specified in the Liberty merger agreement, shall be converted into the right to receive 1.0 share of Simmons common stock. For purposes of the financial analyses described below, Sterne Agee utilized an implied value of the Liberty merger consideration of \$40.62 per share of Liberty common stock based on the closing price of Simmons common stock on May 27, 2014 of \$40.62. Sterne Agee assumed, per guidance from Simmons and Liberty management, that 5,146,962 shares of Liberty common stock were outstanding. Simmons balance sheet and capital were adjusted for the impact of the acquisitions of Delta Trust and Community First.

*Selected Companies Analysis.* Using publicly available information, Sterne Agee compared the financial condition, asset quality, and financial performance of Simmons to 15 selected banks and bank holding companies trading on the NASDAQ or NYSE and headquartered in the Southeast region of the United States with total assets between \$3.5 billion and \$10.0 billion. Sterne Agee selected these banks and bank holding companies based on its professional judgment and experience. Sterne Agee also reviewed the market performance of the selected companies.

The selected companies included in Simmons peer group were:

First Financial Holdings, Inc.	Pinnacle Financial Partners, Inc.
United Community Banks, Inc.	TowneBank
Union Bankshares Corporation	CenterState Banks, Inc.
Home Bancshares, Inc.	Ameris Bancorp
Capital Bank Financial Corp.	BNC Bancorp
WesBanco, Inc.	Community Trust Bancorp, Inc.
Bank of the Ozarks, Inc.	ServisFirst Bancshares, Inc.
Renasant Corporation	

To perform this analysis, Sterne Agee used financial information as of March 31, 2014 including LTM data which is 12 months prior to March 31, 2014. Where data was not available as of or for the 12 months prior to March 31, 2014, data as of or for the 12 months prior to December 31, 2013 was used. Market price information was as of May 27, 2014. Sterne Agee's analysis showed the following concerning Simmons and its peer group's minimum, median, average and maximum financial performance metrics:

	Simmons	Minimum	Median	Peer Group Average	Maximum
Core Return on Average Assets <sup>(1)</sup>	0.79%	0.36%	0.98%	1.05%	2.12%
Core Return on Average Equity <sup>(1)</sup>	7.36%	3.39%	8.81%	9.13%	16.16%
Net Interest Margin	4.38%	3.26%	4.18%	4.26%	5.55%
Fee Income / Revenue	21.36%	7.63%	21.12%	21.96%	38.19%
Efficiency Ratio	71.21%	37.94%	62.57%	59.60%	74.18%

(1) Core net income is defined as net income after taxes and before extraordinary items, less net income attributable to non-controlling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items. The assumed tax rate on adjustments is 35%.

Sterne Agee's analysis also showed the following concerning the financial condition of Simmons and the selected companies in its peer group:

		<b>Peer Group</b>			
	<b>Simmons</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Tangible Common Equity / Tangible Assets	7.33%	6.68%	8.45%	9.00%	14.82%
Total Capital Ratio	14.45%	11.72%	13.70%	14.37%	20.90%
Loans / Deposits	63.87%	70.03%	84.71%	84.22%	96.92%
Loan Loss Reserve / Gross Loans	1.13%	0.58%	1.17%	1.17%	1.72%
Non-Performing Assets / (Loans + Other Real Estate Owned)	3.31%	0.88%	2.48%	2.42%	4.67%
Net Charge-Offs / Average Loans	0.25%	0.09%	0.28%	0.40%	2.00%



**Table of Contents**

In addition, Sterne Agee's analysis showed the following concerning the market performance of Simmons and the selected companies in its peer group:

	<b>Peer Group</b>				
	<b>Simmons</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
One-Year Total Return	62.9%	9.3%	29.7%	29.7%	59.3%
One-Year Stock Price Change	58.4%	6.5%	28.2%	27.9%	57.2%
YTD Stock Price Change	9.3%	(16.2%)	(0.2%)	(3.1%)	6.7%
Stock Price/ Tangible Book Value per Share	210.0%	129.6%	199.1%	214.0%	375.3%
Stock Price / 2014 EPS <sup>(1)</sup>	17.2x	12.9x	15.3x	16.0x	23.2x
Stock Price / 2015 EPS <sup>(1)</sup>	12.9x	10.3x	12.9x	13.6x	19.0x
Dividend Yield	2.2%	0.0%	1.2%	1.4%	3.4%
Institutional Ownership	53.9%	0.0%	55.6%	55.0%	81.1%

(1) Consensus earnings estimates per FactSet Research Systems, Inc., as compiled by SNL Financial as of May 27, 2014.

Using publicly available information, Sterne Agee compared the financial condition, asset quality, and financial performance of Liberty to 17 selected banks and bank holding companies trading on the NASDAQ or the NYSE and headquartered in the Southeast region of the United States with total assets between \$1.0 billion and \$2.5 billion and core return on average assets for the last 12 months that is greater than 0.50%. Sterne Agee selected these banks and bank holding companies based on its professional judgment and experience. Sterne Agee also reviewed the market performance of the selected companies.

The selected companies included in Liberty's peer group were:

NewBridge Bancorp	WashingtonFirst Bankshares, Inc.
Stock Yards Bancorp, Inc.	Home Bancorp, Inc.
Park Sterling Corporation	Middleburg Financial Corporation
MidSouth Bancorp, Inc.	National Bankshares, Inc.
Bank of Kentucky Financial Corporation	Community Bankers Trust Corporation
Farmers Capital Bank Corporation	Franklin Financial Corporation
Heritage Financial Group, Inc.	Peoples Bancorp of North Carolina, Inc.
C&F Financial Corporation	Monarch Financial Holdings, Inc.
American National Bankshares Inc.	

To perform this analysis, Sterne Agee used financial information as of March 31, 2014 including LTM data which is 12 months prior to March 31, 2014. Where data was not available as of or for the 12 months prior to March 31, 2014, data as of or for the 12 months prior to December 31, 2013 was used. Market price information was as of May 27, 2014. Sterne Agee's analysis showed the following concerning Liberty and its peer group's minimum, median, average and maximum performance metrics:

	<b>Peer Group</b>				
	<b>Liberty</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Core Return on Average Assets <sup>(1)</sup>	1.48%	0.57%	0.82%	0.95%	1.71%
Core Return on Average Equity <sup>(1)</sup>	16.67%	3.56%	8.01%	8.82%	13.07%
Net Interest Margin	4.48%	2.71%	3.98%	4.13%	7.11%
Fee Income / Revenue	22.03%	5.87%	20.38%	23.36%	63.08%
Efficiency Ratio	55.57%	43.76%	68.46%	67.35%	83.47%

- (1) Core net income defined as net income after taxes and before extraordinary items, less net income attributable to non-controlling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items. The assumed tax rate on adjustments is 35%. Core net income for Liberty defined as net income for the 12 months ending March 31, 2014.

**Table of Contents**

Sterne Agee's analysis also showed the following concerning the financial condition of Liberty and the selected companies in its peer group:

	<b>Peer Group</b>				
	<b>Liberty</b>	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Tangible Common Equity / Tangible Assets	9.22%	5.83%	8.87%	10.02%	22.20%
Total Capital Ratio	18.06%	11.62%	15.93%	16.90%	29.74%
Loans / Deposits	91.61%	61.10%	79.56%	78.04%	89.13%
Loan Loss Reserve / Gross Loans	1.39%	0.70%	1.61%	1.55%	4.12%
Non-Performing Assets / (Loans + Other Real Estate Owned)	1.41%	0.86%	2.35%	2.89%	10.41%
Net Charge-Offs / Average Loans	0.26%	(0.01%)	0.27%	0.34%	1.83%

In addition, Sterne Agee's analysis showed the following concerning the market performance of the selected companies in its peer group and the implied valuation of Liberty:

	<b>Peer Group</b>			
	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
One-Year Total Return	(23.8%)	16.6%	15.9%	40.4%
One-Year Stock Price Change	(25.7%)	15.3%	14.3%	39.1%
YTD Stock Price Change	(22.4%)	(5.2%)	(2.3%)	20.0%
Stock Price / Tangible Book Value per Share	97.0%	124.2%	131.0%	197.4%
Stock Price / 2014 EPS <sup>(1)</sup>	10.9x	13.1x	14.1x	19.9x
Stock Price / 2015 EPS <sup>(1)</sup>	9.1x	12.6x	12.2x	17.0x
Dividend Yield	0.0%	1.5%	1.6%	4.2%
Institutional Ownership	21.3%	35.7%	37.8%	78.4%

- (1) Consensus earnings estimates per FactSet Research Systems, Inc., as compiled by SNL Financial as of May 27, 2014.

<b>Implied Value Based On:</b>	<b>Implied Valuation</b>			
	<b>Minimum</b>	<b>Median</b>	<b>Average</b>	<b>Maximum</b>
Tangible Book Value per Share	\$ 18.38	\$ 23.54	\$ 24.83	\$ 37.42
2014 EPS <sup>(1)</sup>	\$ 32.32	\$ 39.08	\$ 41.80	\$ 59.13
2015 EPS <sup>(1)</sup>	\$ 28.32	\$ 39.36	\$ 37.98	\$ 53.22

- (1) Per SFNC Management.

**Table of Contents**

*Comparable Transaction Analysis.* Sterne Agee reviewed publicly available information related to bank acquisition transactions since January 1, 2013 involving targets headquartered in the United States having deal values between \$100 million and \$300 million and return on average assets for the 12 months prior to announcement greater than 0.75%. Sterne Agee excluded mergers of equals from the comparable transaction group. The 14 transactions included in this group were:

**Acquiror:**

Eastern Bank Corp  
Bank of the Ozarks Inc.  
BancorpSouth Inc.  
IBERIABANK Corp.  
Old National Bancorp  
BancorpSouth Inc.  
Independent Bk Group Inc.  
Heritage Financial Corp.  
East West Bancorp Inc.  
Old National Bancorp  
Cullen/Frost Bankers Inc.  
First Federal Bancshares of AR  
Home BancShares Inc.  
SCBT Financial Corp.

**Acquired Company:**

Centrix Bank & Trust  
Summit Bancorp Inc.  
Central Community Corp.  
Teche Holding Company  
United Bancorp Inc.  
Quachita Bancshares Corp.  
BOH Holdings Inc.  
Washington Banking Co.  
MetroCorp Bancshares Inc.  
Tower Financial Corp.  
WNB Bancshares Inc.  
First National Security Co.  
Liberty Bancshares, Inc.  
First Financial Holdings Inc.

Transaction multiples for the Liberty merger were derived from an aggregate transaction value of \$211.3 million. Using the comparable transactions, Sterne Agee derived and compared, among other things, the implied deal value paid for the acquired company to:

tangible book value per share of the acquired company based on the most recent publicly available financial statements prior to announcement;

net income attributable to common shareholders for the 12 months prior to March 31, 2014; and

the premium paid on tangible common equity divided by the core deposits (total deposits less time deposits greater than \$100,000) of the acquired company based on the most recent publicly available financial statements prior to announcement.

As illustrated in the following table, Sterne Agee compared the proposed transaction ratios to the minimum, median, average, and maximum transaction ratios of the selected comparable transactions.

Simmons / Liberty Merger	Selected Transactions			
	Minimum	Median	Average	Maximum
214.3%	131.8%	174.0%	189.9%	284.1%

Transaction Price / Tangible Book Value per Share					
Transaction Price / Last 12 Months					
Earnings	13.3x	12.0x	15.8x	16.5x	25.8x
Core Deposit Premium	13.9%	2.4%	11.6%	10.7%	18.4%

	Implied Valuation			
	Minimum	Median	Average	Maximum
Stock Price / Tangible Book Value per Share	\$ 24.97	\$ 32.98	\$ 35.98	\$ 53.84
Stock Price / Last 12 Months Earnings	\$ 36.56	\$ 48.32	\$ 50.58	\$ 78.97
Core Deposit Premium	\$ 24.38	\$ 37.32	\$ 35.92	\$ 48.23

No company or transaction used as a comparison in the above analysis is identical to Liberty, Simmons or the proposed transaction. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

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**Table of Contents**

*Discounted Cash Flow Analysis.* Sterne Agee performed a discounted cash flow analysis to estimate a range of present values of after-tax cash flows that Liberty could contribute to Simmons through 2019 including cost savings. In performing this analysis, Sterne Agee relied on guidance from management to derive projected after-tax cash flows for fiscal years 2015 through 2019. Sterne Agee assumed that Liberty would maintain a tangible common equity to tangible asset ratio of 7.0% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for Liberty. The analysis assumed discount rates ranging from 12.0% to 14.0% and terminal multiples ranging from 14.0 times to 16.0 times fiscal year 2019 forecasted earnings. This analysis resulted in a range of values of Liberty from \$48.75 to \$58.19 per share. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Liberty.

*Financial Impact Analysis.* Sterne Agee performed pro forma merger analyses that combined projected income statement and balance sheet information of Simmons (giving effect to its pending acquisitions of Delta Trust and Community First) and Liberty. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the Liberty merger would have on certain projected financial results of Simmons. In the course of this analysis, Sterne Agee used earnings estimates for Simmons and Liberty for 2015-2019 provided by Simmons management. Sterne Agee used pro forma assumptions (including purchase accounting assumptions, merger related expenses and cost savings) provided by Simmons management. This analysis indicated that the Liberty merger is expected to be accretive to Simmons's estimated earnings per share in 2015-2019. The analysis also indicated that the Liberty merger is expected to be accretive to tangible book value per share for Simmons in approximately 3.25 years and that the pro forma entity would maintain well capitalized capital ratios. For all of the above analyses, the actual results achieved by Simmons following the Liberty merger will vary from the projected results, and the variations may be material.

***Miscellaneous***

*Relationships.* In the ordinary course of its business as a broker-dealer, Sterne Agee may, from time to time, purchase securities from, and sell securities to Simmons, Liberty or their respective affiliates. Sterne Agee may also from time to time have a long or short position in, and buy or sell, debt or equity securities of Simmons, Liberty or its affiliates for its own account and for the accounts of its customers.

Sterne Agee has acted exclusively for the board of directors of Simmons in rendering this opinion in connection with the Liberty merger and will receive a fee from Simmons for its services. Sterne Agee was entitled to a fee of \$250,000 upon advising the board of directors of Simmons that it was prepared to render the fairness opinion, regardless of the conclusions set forth in the opinion. Upon the successful announcement of the Liberty merger, Sterne Agee was also entitled to a fee of \$1,000,000, reduced by any fee paid to Sterne Agee in connection with the fairness opinion. In addition, Simmons has agreed to reimburse Sterne Agee for reasonable and customary out-of-pocket expenses and disbursements, including fees and reasonable expenses of counsel, and to indemnify against certain liabilities, including liabilities under the federal securities laws. In addition to its engagement in connection with the Liberty merger, in the past two years, Sterne Agee has provided investment banking and financial advisory services to Simmons and received compensation for such services. Sterne Agee served as financial advisor in Simmons November 2013 acquisition of Metropolitan, its pending acquisition of Delta Trust, and its pending acquisition of Community First. In conjunction with these transactions, Sterne Agee received a total of \$2,950,000. Sterne Agee has not provided investment banking and financial advisory services to Liberty in the past two years.

**Interests of Liberty's Directors and Executive Officers in the Liberty Merger**

Liberty shareholders should be aware that some of Liberty's directors and executive officers have interests in the Liberty merger and have arrangements that are different from, or in addition to, those of Liberty shareholders generally. Liberty's board of directors was aware of these interests and considered these interests, among others, when making its decision to adopt the Liberty merger agreement, and in recommending that Liberty shareholders vote in favor of approving the Liberty merger agreement.

**Table of Contents**

*Employment Relationships.* Gary Metzger, as Chief Executive Officer of Liberty Bank, and Garry Robinson, as President and Chief Operating Officer of Liberty Bank, have each entered into separate employment agreements with Liberty. The term of Mr. Metzger's employment agreement ends on January 1, 2018. The term of Mr. Robinson's employment agreement currently ends on January 1, 2019, but is automatically extended annually by an additional 1 year unless written notice is given by either party to cease renewing the term of the agreement at least 30 days prior to January 1. Pursuant to the existing employment agreements, Mr. Metzger and Mr. Robinson will each be paid a shareholder value bonus 30 days following the Liberty merger if the consideration to be received by Liberty shareholders in the Liberty merger exceeds \$36.33 per share. Mr. Metzger will receive a bonus of \$690 for each \$.01 in excess of \$36.33 per share and Mr. Robinson will receive a bonus of \$460 for each \$.01 in excess of \$36.33 per share. The value of the Liberty merger consideration will be determined based on the average closing price for Simmons common stock for the 10 consecutive trading days ending on and including the date of the Liberty merger. As an illustration only, the average closing price of Simmons common stock for the 10 consecutive trading days ending on and including the date of the Liberty merger agreement was \$39.72. Based on this value, Mr. Metzger would receive a bonus of \$233,910 and Mr. Robinson would receive a bonus of \$155,940 under their respective employment agreements. Because the market value of the Liberty merger consideration will fluctuate with the market price of Simmons common stock, the ultimate shareholder value bonus to be paid to Mr. Metzger and Mr. Robinson, if any, will not be known until the closing of the Liberty merger.

It is expected that immediately after completion of the Liberty merger, the current officers and employees of Liberty will be employed by Simmons, but no new employment agreements, retention bonus agreements, non-competition, non-disclosure, or non-solicitation agreements have been entered into by these persons and Liberty or Simmons. However, the employment agreements with Mr. Metzger and Mr. Robinson will be assumed by Simmons in the merger and will continue in effect after the Liberty merger. All Liberty employees will be able to participate in all Simmons employee benefit plans, including the Simmons First National Corporation Employee Stock Ownership Plan. Liberty will amend its 401(k) plan to conform to the Simmons 401(k) plan and then by December 31, 2014, will terminate its 401(k) plan in conjunction with the Liberty merger. To the extent permitted under Simmons' benefit plans, Liberty employees will receive credit for prior service for purposes of eligibility, vesting, and benefit accrual, and waiting periods or exclusions of pre-existing conditions will be waived. Any displaced employees of Liberty Bank will be eligible for transfer to other available positions or the existing Simmons' severance program.

*Security Ownership of Liberty Directors and Executive Officers.* As of the Liberty record date, there were shares of Liberty common stock outstanding and entitled to vote at the special meeting. Of these shares, Liberty or Liberty Bank directors and executive officers and their affiliates owned shares or approximately % of the outstanding shares of Liberty. It is expected that all of these shares will be voted in favor of the Liberty merger. See Security Ownership of Liberty Directors, Named Executive Officers, and Certain Beneficial Owners of Liberty.

In addition, certain of Liberty's executive officers hold Liberty stock options. At the effective time of the Liberty merger, each option to purchase shares of Liberty common stock outstanding immediately prior to the effective time will be converted into an option to purchase Simmons common stock on the same terms and conditions as were applicable prior to the Liberty merger except that (1) the number of shares of Simmons common stock subject to the new option will be equal to the product of the number of shares of Liberty common stock subject to the existing Liberty stock option and the Liberty exchange ratio and (2) the exercise price per share of Simmons common stock under the new option will be equal to the exercise price per share of the existing Liberty stock option divided by the Liberty exchange ratio. All other terms and conditions of Liberty stock options will remain in full force and effect after the effective time of the Liberty merger, including the option vesting schedule and expiration date. Following completion of the Liberty merger, Simmons will provide each holder of a Liberty stock option with a replacement stock option agreement reflecting the change from Liberty common stock to Simmons common stock and the changes,



if any, to the exchange ratio and exercise price, and restating all of the terms and conditions continuing in effect. Of the 100,225 Liberty stock options

**Table of Contents**

outstanding on the date of the Liberty merger agreement, Liberty's executive officers held 16,600 in the aggregate, or approximately 16.563% of the outstanding stock options. The following table sets forth each of the holdings of Liberty stock options by its executive officers.

<b>Holder</b>	<b>Number of Liberty Stock Options</b>
Gary Metzger	10,000
Caroline Butler	2,300
Daxton Chance	2,600
Emily Clayton	1,000
Lawrence C. Clos	700
<b>TOTAL:</b>	<b>16,600</b>

*Indemnification; Directors and Officers Insurance.* Simmons has agreed to indemnify and hold harmless each present and former director and officer of Liberty and Liberty Bank following completion of the Liberty merger. This indemnification covers liability and expenses arising out of matters existing or occurring at or prior to the completion of the Liberty merger and includes advancing expenses as incurred provided the person to whom expenses are advanced provides a satisfactory undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification. Simmons also has agreed that to maintain a policy of directors and officers liability insurance coverage for the benefit of Liberty's directors and officers for six years following completion of the Liberty merger as long as the premium to be paid on an annualized basis is not more than 300% of the current annual premium paid by Liberty for such insurance.

*Directors of Liberty and Simmons Following the Liberty Merger.* At the effective time of the Liberty merger, Simmons' board of directors has agreed to take all steps necessary to add one member to its board of directors and to submit one person selected by the Liberty board of directors to the Simmons' Nominating, Compensation and Corporate Governance Committee, or NCCGC. If approved by the NCCGC, then Simmons will appoint the nominee to Simmons' board of directors, to be effective no later than the consummation of the Liberty merger. This member is expected to be Jay D. Burchfield. As a member of the Simmons board of directors, the new director will be entitled to receive director fees and equity awards available to all directors of Simmons.

**Quantifications of Potential Payments to Liberty's Named Executive Officers in Connection with the Liberty Merger**

*Liberty Golden Parachute Compensation.* Set forth below is information about compensation that may be payable to certain of Liberty's executive officers that is based on or otherwise related to the Liberty merger. Under applicable SEC rules, information is provided for Liberty's principal executive officer and the other most highly compensated executive officer who was serving as such at the end of 2013 who would receive compensation that is based on or otherwise related to the Liberty merger. These two officers are referred to collectively as the Liberty named executive officers.

The following table sets forth the aggregate dollar value of the various elements of compensation that each of the Liberty named executive officers would receive that is based on or otherwise related to the Liberty merger, assuming the following:

That consummation of the merger constitutes a change in control for purposes of the applicable compensation plan or agreement;

The Liberty merger closed on July 18, 2014, the last practicable date prior to the filing of this joint proxy statement/prospectus; and

The value of the vesting acceleration of the Liberty named executive officers' equity awards is calculated assuming a price per share of Liberty common stock of \$40.68 (based on a price per share of

**Table of Contents**

Simmons common stock of \$40.68, which was the average closing price of a share of Simmons common stock on the NASDAQ Global Select Market over the first five business days following the first public announcement of the Liberty merger agreement).

The amounts reported below are estimates based on multiple assumptions that may or may not actually occur, including the assumptions described above, and elsewhere in this joint proxy statement/prospectus. As a result, the compensation, if any, to be received by a Liberty named executive officer may materially differ from the amounts set forth below.

	Cash <sup>(1)</sup>	Total
Gary E. Metzger, Chief Executive Officer of Liberty Bank	\$ 300,150	\$ 300,150
Garry M. Robinson, President and Chief Operating Officer of Liberty Bank	\$ 200,150	\$ 200,150

- (1) The amounts in this column reflect the shareholder value bonus under the existing employment agreements with Mr. Metzger and Mr. Robinson to be paid 30 days following the Liberty merger if the consideration to be received by Liberty shareholders in the Liberty merger exceeds \$36.33 per share. Mr. Metzger will receive a bonus of \$690 for each \$.01 in excess of \$36.33 per share and Mr. Robinson will receive a bonus of \$460 for each \$.01 in excess of \$36.33 per share. The calculation above assumes the applicable closing price of the Simmons common stock for purposes of the employment agreements was \$40.68.

**Dissenters Rights in the Liberty Merger***Introductory Information*

*General.* Dissenters rights with respect to Liberty common stock are governed by Section 351.455 of the GBCM. Liberty shareholders have the right to dissent from the Liberty merger and to obtain payment of the fair value of their shares in the event the Liberty merger agreement is consummated. **Strict compliance with the dissent procedures is mandatory.** Subject to the terms of the Liberty merger agreement, Liberty could elect to terminate the Liberty merger agreement even if it is approved by Liberty s shareholders, thus cancelling dissenters rights.

Liberty urges any Liberty shareholder who contemplates exercising her, his or its right to dissent to read carefully the provisions of Section 351.455 of the GBCM, which is attached to this joint proxy statement/prospectus as Annex I. A more detailed discussion of the provisions of the statute is included below. This discussion describes the steps that each Liberty shareholder must take to exercise her, his or its right to dissent. Each Liberty shareholder who wishes to dissent should read both the summary and the full text of the law. Liberty cannot give any Liberty shareholder legal advice. To completely understand this law, each Liberty shareholder may want, and Liberty encourages any Liberty shareholder seeking to dissent, to consult with her, his or its legal counsel. **Any Liberty shareholder who wishes to dissent should not send in a signed proxy unless she, he or it marks her, his or its proxy to vote against the Liberty merger, or marks her, his or its proxy to abstain with respect to the Liberty merger, or such shareholder will lose the right to dissent.**

*Address for Notices.* If you desire to submit the written objection required by Section 351.455 of the GBCM prior to the Liberty special meeting, send or deliver such objection to Liberty Bancshares, Inc., 4625 South National Avenue, Springfield, Missouri 65810, Attention: Pat Sechler, Corporate Secretary.

*Act Carefully.* Liberty urges any shareholder who wishes to dissent to act carefully. Liberty cannot and does not accept the risk of late or undelivered written objections. A dissenting Liberty shareholder may call Liberty at

(417) 875-2451 and ask for Liberty's corporate secretary, Pat Sechler, to receive confirmation that her, his or its written objection has been received prior to the Liberty special meeting. If a dissenting Liberty shareholder's written objection is not timely received by Liberty prior to or at the Liberty special meeting, then she, he or it will not be entitled to exercise her, his or its dissenters' rights. Liberty's shareholders bear the risk of non-delivery and of untimely delivery.

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**Table of Contents**

**If any Liberty shareholder intends to dissent, or thinks that dissenting might be in her, his or its best interests, such Liberty shareholder should read Annex I carefully.**

*Summary of Section 351.455 of the GBCM Dissenters' Rights*

The following is a summary of Section 351.455 of the GBCM and the procedures that a shareholder must follow to dissent from the proposed Liberty merger agreement and to perfect her, his or its dissenters' rights and receive cash rather than shares of Simmons common stock if the Liberty merger agreement is approved and the Liberty merger is completed. This summary is qualified in its entirety by reference to Section 351.455 of the GBCM, which is reprinted in full as part of this Annex I to this joint proxy statement/prospectus. Annex I should be reviewed carefully by any shareholder who wishes to perfect her, his or its dissenters' rights. Failure to strictly comply with the procedures set forth in Section 351.455 of the GBCM will, by law, result in the loss of dissenters' rights. It may be prudent for a person considering whether to dissent to obtain professional counsel.

If the proposed merger of Liberty with and into Simmons is completed, any Liberty shareholder who has properly perfected her, his or its statutory dissenters' rights in accordance with Section 351.455 of the GBCM has the right to obtain, in cash, payment of the fair value of such shareholder's shares of Liberty common stock.

To exercise dissenters' rights under Section 351.455 of the GBCM and be entitled to appraisal and payment of the fair value of her, his or its shares under the GBCM, a Liberty shareholder must:

own Liberty common stock as of the close of business on \_\_\_\_\_, 2014, the record date for the Liberty special meeting at which the approval of the Liberty merger is submitted to a vote;

file with Liberty, prior to or at the Liberty special meeting, a written objection to the Liberty merger. Such written objection must be made in addition to and separate from any proxy or other vote against the approval of the Liberty merger agreement. **Neither a vote against, a failure to vote for, or an abstention from voting will satisfy the requirement that a written objection be delivered to Liberty before the vote is taken;**

not vote in favor of the Liberty merger at the Liberty special meeting; and

within 20 days after the Liberty merger is effected, make a written demand on Simmons, as the surviving corporation, for payment of the fair value of such shareholder's shares of Liberty common stock as of the day prior to the Liberty special meeting. Any shareholder who fails to make a written demand for payment within the 20-day period after the effective time will be conclusively presumed to have consented to the Liberty merger agreement and will be bound by the terms thereof. **Neither a vote against the adoption of the Liberty merger agreement nor the written objection referred to above will satisfy the written demand requirement referred to in this paragraph.**

A Liberty shareholder of record who fails to satisfy these requirements is not entitled to payment for her, his or its shares of Liberty common stock under Section 351.455 of the GBCM. In addition, any shareholder who returns a signed proxy but fails to provide instructions as to the manner in which such shares are to be voted will be deemed to have voted in favor of approving and adopting the Liberty merger and will not be entitled to assert dissenters' rights.

If, within 30 days after the effective date of the Liberty merger, the value of the dissenting shareholder's shares of Liberty common stock is agreed upon between the dissenting Liberty shareholder and the surviving corporation, then payment for such shares must be made by the surviving corporation within 90 days after the effective date of the Liberty merger, upon the surrender of the dissenting Liberty shareholder's stock certificates representing such shareholder's shares. Upon payment of the agreed value, the dissenting Liberty shareholder ceases to have any interest in the shares or in the surviving corporation.

**Table of Contents**

If, within 30 days after the effective date of the Liberty merger, there is no such agreement as to the fair value of the dissenting shareholder's shares of Liberty common stock between the dissenting Liberty shareholder and the surviving corporation, then the dissenting Liberty shareholder may, within 60 days after the expiration of the 30-day period, file a petition in any court of competent jurisdiction within the county in which the registered office of the surviving corporation is situated, asking for a finding and determination of the fair value of such shareholder's shares. The dissenting Liberty shareholder will be entitled to judgment against the surviving corporation for an amount equal to the fair value of such shareholder's shares measured as of the day prior to the special meeting, together with interest thereon to the date of the judgment.

The judgment will only be payable upon and simultaneously with the surrender to the surviving corporation of the stock certificates representing the shares of Liberty common stock owned by the dissenting Liberty shareholder. Upon payment of the judgment, such shareholder will cease to have any interest in the shares or in the surviving corporation. Further, unless the dissenting shareholder files the petition with the court within the 60-day time limit described above, such shareholder and all persons claiming under such shareholder shall be conclusively presumed to have approved or ratified the Liberty merger and shall be bound by the terms thereof. The right of a dissenting shareholder to be paid the fair value of such shareholder's shares as provided above ceases if and when Liberty abandons the Liberty merger.

The foregoing does not purport to be a complete statement of the provisions of the GBCM relating to statutory dissenters' rights and is qualified in its entirety to the dissenters rights provisions of the GBCM, which are reproduced in full in Annex I to this joint proxy statement/prospectus and which are incorporated herein by reference.

**If any Liberty shareholder intends to dissent, or if such shareholder believes that dissenting might be in her, his or its best interests, such shareholder should read Annex I carefully.**

For a description of Simmons shareholders' dissenters' rights, see "The Mergers - Simmons Shareholders Dissenters Rights in the Community First Merger and Liberty Merger."



**Table of Contents**

**THE MERGERS**

**Board of Directors and Management of Simmons after the Mergers**

At the effective time of the mergers, the number of directors on the board of directors of the combined company will be 12, of which two will be George A. Makris Jr., the current Chairman and Chief Executive Officer of Simmons, and David L. Bartlett, the President and Chief Banking Officer of Simmons, seven will be existing members of Simmons board of directors who will be independent from Simmons under the listing rules of the NASDAQ, two directors will be designated by Community First's board of directors as provided in the Community First merger agreement and one director will be designated by Liberty's board of directors as provided in the Liberty merger agreement.

The mergers will not affect the composition of Simmons' management team. After the effective time of the mergers, Messrs. Makris and Bartlett will continue to serve as Chief Executive Officer and Chief Banking Officer, respectively, Robert A. Fehlman will continue to serve as Senior Executive Vice President and Chief Financial Officer and Marty D. Casteel will continue to serve as Executive Vice President.

**Public Trading Markets**

Simmons common stock is listed for trading on the NASDAQ Global Select Market under the symbol SFNC. Community First common stock and Liberty common stock are not listed for trading on any securities exchange.

Under the merger agreements, Simmons will cause the shares of Simmons common stock to be issued in the mergers to be approved for listing on the NASDAQ Global Select Market, subject to notice of issuance, and the merger agreements provides that Community First and Liberty will not be required to complete the respective mergers if such shares have not been authorized for listing on the NASDAQ Global Select Market.

**Simmons' Dividend Policy**

No assurances can be given that any dividends will be paid by Simmons or that dividends, if paid, will not be reduced in future periods. Dividends from Simmons will depend, in large part, upon receipt of dividends from Simmons First National Bank, and any other banks which Simmons acquires, because Simmons will have limited sources of income other than dividends from Simmons First National Bank and earnings from the investment of proceeds from the sale of shares of common stock retained by Simmons. In addition, the terms of Simmons' outstanding junior subordinated debentures prohibit Simmons from declaring or paying dividends on its common stock if it is aware of any event that would be an event of default under the indenture governing those junior subordinated debentures or at any time that Simmons has deferred payment of interest on those debentures. Furthermore, Simmons Series A preferred stock to be issued in the Community First merger prohibits Simmons from declaring or paying dividends on its common stock if Simmons fails to declare and pay (or set aside for payment) dividends on Simmons Series A preferred stock for any dividend period.

Simmons' board of directors may change its dividend policy at any time, and the payment of dividends by banks and financial holding companies is generally subject to legal and regulatory limitations. For further information on Simmons' dividend history, see Comparative Market Prices and Dividends.

**Simmons Shareholders Dissenters' Rights in the Community First Merger and Liberty Merger**

*Introductory Information*

*General.* Dissenters' rights with respect to Simmons common and preferred stock are governed by the ABCA. Shareholders of Simmons have the right to dissent from the Community First merger, Liberty merger, or Community First merger and Liberty merger, respectively, to obtain payment of the fair value of their shares

## **Table of Contents**

(as specified in the statute) in the event the Community First merger, Liberty merger, or Community First merger and Liberty merger, respectively, is consummated. **Strict compliance with the dissent procedures is mandatory.** Subject to the terms of the Community First merger agreement, Community First could elect to terminate the Community First merger agreement even if it is approved by Community First's shareholders, thus cancelling dissenters' rights. Subject to the terms of the Liberty merger agreement, Liberty could elect to terminate the Liberty merger agreement even if it is approved by Liberty's shareholders, thus cancelling dissenters' rights.

The term "fair value" means the value of a share of Simmons common stock immediately before the effective date of the Community First merger or the Liberty merger, respectively, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the Community First merger or the Liberty merger, respectively, unless exclusion would be inequitable.

Simmons urges any Simmons shareholder who contemplates exercising her, his or its right to dissent to read carefully the provisions of Subchapter 13 of the ABCA, and the summary of those provisions, which are attached to this joint proxy statement/prospectus as Annex G. A more detailed discussion of the provisions of the statute is included there. The discussion describes the steps that each Simmons shareholder must take to exercise her, his or its right to dissent. Each Simmons shareholder who desires to dissent should read both the summary and the full text of the law. Simmons cannot give any Simmons shareholder legal advice. To completely understand this law, each Simmons shareholder may want, and Simmons encourages any Simmons shareholder seeking to dissent, to consult with her, his or its legal advisor. **Any Simmons shareholder who wishes to dissent, should not send in a signed proxy unless she, he or it marks her, his or its proxy to vote against the Community First merger or the Liberty merger, respectively, or such shareholder will lose the right to dissent.**

*Address for Notices.* Send or deliver any written notice or demand required concerning any Simmons shareholders exercise of her, his or its dissenters' rights to Simmons First National Corporation, 501 Main Street, Pine Bluff, Arkansas 71601, Attention: Susan F. Smith.

*Act Carefully.* Simmons urges any shareholder who wishes to dissent to act carefully. Simmons cannot and does not accept the risk of late or undelivered notices or demands. A shareholder who wishes to dissent may call Simmons at (870) 541-1000 and ask for Susan F. Smith, Corporate Secretary, to receive confirmation that her, his or its notice or demand has been received. If a dissenting Simmons shareholder's notices or demands are not timely received by Simmons, then she, he or it will not be entitled to exercise her, his or its dissenters' rights. Simmons shareholders bear the risk of non-delivery and of untimely delivery.

**If any Simmons shareholder intends to dissent, or such shareholder believes that dissenting might be in her, his or its best interests, such Simmons shareholder should read Annex G carefully.**

### *Summary of Subchapter 13 of the ABCA Dissenters' Rights*

The following is a summary of Subchapter 13 of the ABCA and the procedures that a shareholder must follow to dissent from the proposed Community First merger or Liberty merger, respectively, and to perfect her, his or its dissenters' rights and receive cash if the Community First merger agreement or Liberty merger agreement is approved and the Community First merger or Liberty merger is completed. This summary is qualified in its entirety by reference to Subchapter 13, which is reprinted in full as part of this Annex G to this joint proxy statement/prospectus. Annex G should be reviewed carefully by any shareholder who wishes to perfect her, his or its dissenters' rights. Failure to strictly comply with the procedures set forth in Sections Subchapter 13 will, by law, result in the loss of dissenters' rights. It may be prudent for a person considering whether to dissent to obtain professional counsel.

If the proposed merger of Community First or Liberty, respectively, with and into Simmons is completed, any shareholder who has properly perfected her, his or its statutory dissenters' rights in accordance with Subchapter 13 has the right to obtain, in cash, payment of the fair value of such shareholder's shares of Simmons

**Table of Contents**

common stock. By statute, the fair value is determined immediately prior to the completion of the merger or mergers and excludes any appreciation or depreciation in anticipation of the Community First merger or the Liberty merger, respectively, unless exclusion would be inequitable.

To exercise dissenters' rights under Subchapter 13, a Simmons shareholder must:

deliver to Simmons, *before* the vote is taken at the Simmons special meeting, written notice of her, his or its intent to demand payment for her, his or its shares of Simmons common stock if the Community First merger or Liberty merger, respectively, is completed; and

not vote her, his or its shares in favor of approving and adopting the merger.

A shareholder of record who fails to satisfy both of these two requirements is not entitled to payment for her, his or its shares of Simmons common stock under Subchapter 13. **In addition, any shareholder who returns a signed proxy but fails to provide instructions as to the manner in which such shares are to be voted will be voted by the Proxy Committee in favor of approving and adopting the merger and may not be entitled to assert dissenters' rights.**

A shareholder may assert dissenters' rights as to fewer than all the shares registered in her, his or its name only if she, he or it dissents with respect to all shares beneficially owned by any one beneficial shareholder and notifies Simmons in writing of the name and address of each person on whose behalf she, he or it is asserting dissenters' rights. The rights of such a partial dissenter are determined as if the shares as to which she, he or it dissents and her, his or its other shares are registered in the names of different Simmons shareholders.

If the Community First merger or the Liberty merger, respectively, is approved and adopted at the Simmons special meeting, Simmons must deliver a written dissenters' notice, or the Simmons dissenters' notice, to all Simmons shareholders who satisfied the two requirements of Subchapter 13 described above. The Simmons dissenters' notice must be sent no later than 10 days after the effective time (the date that the merger is completed) and must:

state where the demand for payment must be sent and where and when certificates for certificated shares must be deposited;

inform holders of uncertificated shares to what extent transfer of those shares will be restricted after the demand for payment is received;

supply a form for demanding payment that includes the date of the announcement of the proposed merger to the public (May 6, 2014 for the Community First merger and May 28, 2014 for the Liberty merger) and requires that the shareholder asserting dissenters' rights certify whether or not she, he or it acquired beneficial ownership of such shares prior to said date;

set a date by which Simmons must receive the demand for payment, which date may not be fewer than 30 nor more than 60 days after the Simmons dissenters' notice is delivered; and

be accompanied by a copy of Subchapter 13 of the ABCA.

A Simmons shareholder of record on the record date who receives the Simmons dissenters' notice must demand payment, certify that she, he or it acquired beneficial ownership of such shares prior to the date set forth in the Simmons dissenters' notice and deposit her, his or its certificates in accordance with the terms of the Simmons dissenters' notice. Simmons may elect to withhold payment required by Subchapter 13 of the ABCA from the dissenting shareholder unless such shareholder was the beneficial owner of the shares prior to the public announcement of the proposed mergers (May 6, 2014 for Community First and May 28, 2014 for Liberty). A dissenting shareholder will retain all other rights of a Simmons shareholder until those rights are canceled or modified by the completion of the Community First merger or the Liberty merger, respectively. A shareholder of record who does not demand payment or deposit her, his or its share certificates where required, each by the date set in the Simmons dissenters' notice, is not entitled to payment for her, his or its shares under Subchapter 13 of the ABCA or otherwise as a result of the Community First merger or the Liberty merger, respectively.

**Table of Contents**

Simmons may restrict the transfer of any uncertificated shares from the date the demand for their payment is received until the Community First merger or the Liberty merger, respectively, is completed. A Simmons shareholder for whom dissenters' rights are asserted as to uncertificated shares of Simmons common stock retains all other rights of a Community First shareholder until these rights are canceled or modified by the completion of the Community First merger or the Liberty merger, respectively.

At the effective time or upon receipt of a demand for payment, Simmons must offer to pay each dissenting shareholder who strictly and fully complied with Subchapter 13 of the ABCA the amount that Simmons estimates to be the fair value of her, his or its shares, plus accrued interest from the effective time. The offer of payment must be accompanied by:

certain recent Simmons financial statements;

Simmons' estimate of the fair value of the shares;

an explanation of how the interest was calculated;

a statement of the dissenters' right to demand payment under ABCA Section 4-27-1328; and

a copy of this Subchapter 13 of the ABCA.

If the Community First merger or the Liberty merger, respectively, is not completed within 60 days after the date set for demanding payment and depositing share certificates, Simmons must return the deposited certificates and release the transfer restrictions imposed on the uncertificated shares. If, after such return or release, the Community First merger or the Liberty merger, respectively, is completed, Simmons must send a new Simmons dissenters' notice and repeat the payment procedure described above.

If a dissenting Simmons shareholder is dissatisfied with or rejects Simmons' calculation of fair value, such dissenting shareholder must notify Simmons in writing of her, his or its own estimate of the fair value of those shares and the interest due, and may demand payment of her, his or its estimate, if:

such shareholder believes that the amount offered or paid by Simmons is less than the fair value of her, his or its shares or that the interest due has been calculated incorrectly;

Simmons fails to make payment within 60 days after the date set forth for demanding payment; or

Simmons, having failed to complete the Community First merger or Liberty merger, respectively, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment.

A dissenting shareholder waives her, his or its right to dispute Simmons' calculation of fair value unless she, he or it notifies Simmons of her, his or its demand in writing within 30 days after Simmons makes or offers payment for such person's shares.

If a demand for payment by a Simmons shareholder remains unsettled, Simmons must commence a proceeding in the appropriate court, as specified in Subchapter 13 of the ABCA, within 60 days after receiving the demand for payment, and petition the court to determine the fair value of the shares and accrued interest. If Simmons does not commence the proceeding within the 60-day period, Simmons is required to pay each dissenting shareholder whose demand remains unsettled, the amount demanded. Simmons is required to make all dissenting Simmons shareholders whose demands remain unsettled parties to the proceeding and to serve a copy of the petition upon each dissenting shareholder. The court may appoint one or more appraisers to receive evidence and to recommend a decision on fair value. Each dissenting shareholder made a party to the proceeding is entitled to judgment for the fair value of such person's shares plus interest to the date of judgment that exceeds the amount paid by the corporation.

In an appraisal proceeding commenced under Subchapter 13 of the ABCA, the court must determine the costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court will assess these costs against Simmons, except that the court may assess the costs against all or



## **Table of Contents**

some of the dissenting shareholders to the extent the court finds they acted arbitrarily, vexatiously, or not in good faith in demanding payment under Subchapter 13 of the ABCA. The court also may assess the fees and expenses of attorneys and experts for the respective parties against Simmons if the court finds that Simmons did not substantially comply with the requirements of Subchapter 13 of the ABCA, or against either Simmons or a dissenting shareholder if the court finds that such party acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by Subchapter 13 of the ABCA.

If the court finds that the services of the attorneys for any dissenting shareholder were of substantial benefit to other dissenting shareholders similarly situated, and that the fees for those services should not be assessed against Simmons, the court may award those attorneys reasonable fees out of the amounts awarded the dissenting shareholders who were benefitted.

The foregoing does not purport to be a complete statement of the provisions of the ABCA relating to statutory dissenters' rights and is qualified in its entirety by reference to the dissenters' rights provisions, which are reproduced in full in Annex G to this joint proxy statement/prospectus and which are incorporated herein by reference.

**If any Simmons shareholder intends to dissent, or if such shareholder believes that dissenting might be in his, her or its best interests, such shareholder should read Annex G carefully.**

## **Regulatory Approvals Required for the Mergers**

Completion of the mergers is subject to prior receipt of certain approvals and consents required to be obtained from applicable governmental and regulatory authorities, without materially adverse conditions or requirements being imposed by any governmental authority as part of a regulatory approval. Subject to the terms and conditions of the merger agreements, Simmons and Community First, and Simmons and Liberty have agreed to use their reasonable best efforts and cooperate to promptly prepare and file all necessary documentation and to obtain as promptly as practicable all regulatory approvals necessary or advisable to complete the transactions contemplated by each of the merger agreements. These approvals include, among others, approval from the Federal Reserve Board with respect to both mergers and from the TDFI, with respect to the Community First merger, and the MDF, with respect to the Liberty merger.

### *Federal Reserve Board*

The transactions contemplated by the merger agreements are subject to approval by the Federal Reserve Board, pursuant to the BHC Act. Specifically, Simmons has submitted an application pursuant to the BHC Act seeking the prior approval of the Federal Reserve Board for each of Community First and Liberty to merge with and into Simmons.

The Federal Reserve Board takes into consideration a number of factors when acting on such applications. These factors include the financial condition and future prospects of the applicant bank holding company, merging bank holding companies, and subsidiary banks (including current and projected capital levels); their managerial resources (including consideration of the competence, experience, and integrity of the officers, directors, and principal shareholders); and the convenience and needs of the communities to be served, including the subsidiary banks' records of performance under the Community Reinvestment Act, which we refer to as the CRA. As of their most recent CRA examinations, Simmons First National Bank, First State Bank, and Liberty Bank had CRA ratings of satisfactory.

The Federal Reserve Board also is required to consider the effectiveness of the applicant in combatting money laundering, including a review of the anti-money laundering program of the applicant and the anti-money laundering

compliance record of banks to be acquired as part of the transaction. Finally, the Federal Reserve Board takes into consideration the extent to which the transaction would result in greater or more concentrated risks to the stability of the U.S. banking or financial system.

## **Table of Contents**

In evaluating an application pursuant to the BHC Act, the Federal Reserve Board may not approve an application if the transaction would result in a monopoly or further any conspiracy or attempt to monopolize the business of banking in any part of the United States. The Federal Reserve Board also may not approve an application if the effect of the transaction may be substantially to lessen competition in any section of the country or in any other manner be in restraint of trade, unless the Federal Reserve Board concludes that the transaction's anti-competitive effects are clearly outweighed by its probable effect in meeting the convenience and needs of the community. The Federal Reserve Board may not approve an application if the applicant has failed to provide the Federal Reserve Board with adequate assurances that the applicant will make available information on its operations and activities and its affiliates operations and activities necessary to determine compliance with the BHC Act and other applicable federal banking statutes.

Furthermore, Simmons is required to publish notice of its applications under the BHC Act and to provide the opportunity for public comment on these applications. The Federal Reserve Board takes into account the views of third party commenters, particularly on the subject of the convenience and needs of the communities to be served. The Federal Reserve Board may upon request or upon its own initiative hold a public hearing or meeting to clarify facts or issues raised by the application in order to aid in the Federal Reserve Board's decision-making process. Any hearing, meeting or comments provided by third parties could prolong the period during which the applications are under review by the Federal Reserve Board.

Transactions approved under the BHC Act generally may not be completed until 30 days after the approval of the appropriate federal banking agency is received (here, the Federal Reserve Board), during which time the Department of Justice, which we refer to as the DOJ, may initiate legal action to prevent consummation of the transaction if the DOJ determines the transaction may have a significantly adverse effect on competition. With the approval of the applicable federal agency and the concurrence of the DOJ, the 30-day waiting period may be reduced to no less than 15 days. The commencement of an antitrust action would stay the effectiveness of such an approval unless a court specifically ordered otherwise. In reviewing the merger, the DOJ could analyze the merger's effect on competition differently than the Federal Reserve Board, and thus it is possible that the DOJ could reach a different conclusion than the Federal Reserve Board regarding the transaction's effects on competition. A determination by the DOJ not to object to the transaction may not prevent the filing of antitrust actions by private persons or state attorneys general.

### *State of Tennessee*

To complete the Community First merger, Simmons is required to submit an application to, and receive approval from, the TDFI. The TDFI will review the application to determine whether the merger complies with Tennessee law, including deposit concentration limitations. In addition, Simmons is required to provide the TDFI satisfactory evidence that the merger of First State Bank with and into Simmons First National Bank complies with applicable requirements under Tennessee law.

### *State of Missouri*

To complete the Liberty merger, Simmons is required to submit an application to, and receive approval from, the MDF. The MDF will review the application to determine whether the merger satisfies Missouri law, including deposit concentration limitations. The MDF also will determine whether the merger is consistent with the interests of promoting and maintaining a sound banking system, the security of deposits and depositors and other customers, the preservation of the liquid position of banks, and in the interest of preventing injurious credit expansions and contractions.

### *Additional Regulatory Approvals and Notices*

Notifications and/or applications requesting approval may be submitted to various other federal and state regulatory authorities and self-regulatory organizations.

**Table of Contents**

Simmons, Community First and Liberty believe that the mergers do not raise significant regulatory concerns and that we will be able to obtain all requisite regulatory approvals. None of Simmons, Community First or Liberty can assure you that all of the regulatory approvals described above will be obtained and, if obtained, we cannot assure you as to the timing of any such approvals, our ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. In addition, there can be no assurance that such approvals will not impose conditions or requirements that, individually or in the aggregate, would or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets or business of the combined company.

Simmons, Community First and Liberty are not aware of any material governmental approvals or actions that are required for completion of the mergers other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

**Table of Contents**

**THE MERGER AGREEMENTS**

*The following describes certain aspects of the mergers, including certain material provisions of the merger agreements. The following description of the merger agreements is subject to, and qualified in its entirety by reference to, the Community First merger agreement, which is attached to this joint proxy statement/prospectus as Annex A, and the Liberty merger agreement, which is attached to this joint proxy statement/prospectus as Annex B, each of which are incorporated herein by reference. We urge you to read each of the merger agreements carefully and in their entirety, as they govern the respective mergers.*

**Structure of the Mergers**

The boards of directors of Simmons and Community First, and the boards of directors Simmons and Liberty, have adopted the Community First merger agreement and the Liberty merger agreement, respectively. Under the merger agreements, both Community First and Liberty will merge with and into Simmons, with Simmons continuing as the surviving corporation. Following the completion of each merger, both Community First's wholly owned bank subsidiary, First State Bank, and Liberty's wholly owned bank subsidiary, Liberty Bank, will merge with and into Simmons' lead subsidiary bank, Simmons First National Bank, which will be the surviving bank following each bank merger. Simmons expects the merger of Liberty Bank and Simmons First National Bank to occur in April 2015 and the merger of First State Bank and Simmons First National Bank to occur in August 2015.

*Merger Consideration*

Each share of Community First common stock issued and outstanding immediately prior to the effective time of the Community First merger, except for shares of Community First common stock held by Community First or Simmons and any dissenting shares, will be converted into the right to receive 17.8975 shares of Simmons common stock, subject to possible adjustment, or the Community First merger consideration. Each share of Community First Series C preferred stock will be exchanged for one share of Simmons Series A preferred stock.

Each share of Liberty common stock issued and outstanding immediately prior to the effective time of the Liberty merger, except for specified shares of Liberty common stock held by Liberty or Simmons and any dissenting shares, will be converted into the right to receive 1.0 share of Simmons common stock, subject to possible adjustment, or the Liberty merger consideration.

*Potential Adjustment to Exchange Ratios*

If the number of shares of Community First common stock outstanding (including shares of Community First restricted common stock) increases or decreases prior to the effective time of the Community First merger, then the number of shares of Simmons common stock to be issued for each share of Community First common stock shall be adjusted from 17.8975 shares of Simmons common stock to a number that will result in Simmons issuing no more than 6,624,000 shares of Simmons common stock in the Community First merger. We refer to the number of shares of Simmons common stock to be issued for each share of Community First common stock, as adjusted, as the Community First exchange ratio. In addition, if the Community First board of directors exercises its right to terminate the Community First merger agreement due to the decrease in the average closing price of Simmons common stock relative to an index of banking stocks, Simmons may elect to increase the Community First merger consideration by paying, in addition to shares of Simmons common stock, cash for each share of Community First common stock. See Walkaway Counteroffers Community First Merger.

If the sum of the number of shares of Liberty common stock outstanding plus the number of shares of Liberty common stock subject to Liberty stock options increases or decreases prior to the effective time of the Liberty merger, then the number of shares of Simmons common stock to be issued for each share of Liberty common stock shall be adjusted from 1.0 share of Simmons common stock to a number that will result in

## **Table of Contents**

Simmons issuing no more than 5,247,187 shares of Simmons common stock in the Liberty merger. We refer to the number of shares of Simmons common stock to be issued for each of share of Liberty common stock, as adjusted, as the Liberty exchange ratio. In addition, if the Liberty board of directors exercises its right to terminate the Liberty merger agreement due to the decrease in the average closing price of Simmons common stock relative to an index of banking stocks, Simmons may elect to increase the Liberty merger consideration by paying, in addition to shares of Simmons common stock, cash for each share of Liberty common stock. See *Walkaway Counteroffers Liberty Merger*.

### *Fractional Shares*

Simmons will not issue any fractional shares of its common stock in the mergers. Instead, Community First or Liberty shareholders who otherwise would have received a fraction of a share of Simmons common stock will instead receive cash equal to the product of the average of the last reported sale prices per share of Simmons common stock as reported on the NASDAQ Global Select Market for the 20 consecutive trading days ending immediately prior to the 10th day before the date on which the applicable merger is completed, times the fraction of a share of Simmons common stock to which the Community First or Liberty shareholder otherwise would be entitled.

### *Governing Documents; Directors and Officers*

At the effective time of the mergers, the articles of incorporation and bylaws of Simmons, as the surviving corporation in each merger, will be the articles of incorporation and bylaws of Simmons as in effect immediately prior to the effective time of the mergers. The directors and officers of Simmons at the effective time of each merger will be the directors and officers of the surviving corporation, except that as of the effective time of the Community First merger, Simmons shall increase the size of its board of directors by two members and shall appoint two persons, selected by the Community First board of directors, to the Simmons board of directors, and as of the effective time of the Liberty merger, Simmons shall increase the size of its board of directors by one member and shall appoint a person, selected by the Liberty board of directors, to the Simmons board of directors, subject in each case to the review and approval of such persons by the NCCGC of the Simmons board of directors.

## **Community First Preferred Stock**

At the effective time of the Community First merger, each share of Community First Series C preferred stock that is issued and outstanding will be converted into the right to receive one share of Simmons Series A preferred stock. Upon conversion, all shares of Community First Series C preferred stock will automatically be cancelled and retired and each certificate previously evidencing any such shares will thereafter represent the right to receive, and will be exchanged for a certificate evidencing, an equal number of shares of Simmons Series A preferred stock. The terms of Simmons Series A preferred stock will be substantially similar to the terms of Community First Series C preferred stock that is issued and outstanding immediately prior to the effective time of the Community First merger. The terms, rights, limitations and preferences shall be set forth in an articles of amendment, a form of which is attached to this joint proxy statement/prospectus as Annex L and is incorporated herein by reference.

## **Treatment of Equity Awards**

### *Community First Restricted Stock*

At the effective time of the Community First merger, outstanding unvested restricted shares of Community First common stock shall become vested and will be exchanged for shares of Simmons common stock on the same basis as all other shares of Community First common stock (subject to voluntary reductions to pay the tax consequences of the vesting), with the exception of shares of Community First double trigger restricted stock that provides for double



trigger vesting upon a change of control and two years of continued service following a

## **Table of Contents**

change in control of Community First. Community First double-trigger restricted stock will be exchanged for the Community First merger consideration on the same basis as the outstanding common stock of Community First, but will not be fully vested until otherwise vested or forfeited pursuant to the terms of the Community First Bancshares, Inc. 2007 Restricted Stock Plan (taking into account that the consummation of the Community First merger and its related transactions will constitute the first trigger for the Community First double trigger restricted stock). See *The Community First Merger Interests of Community First's Directors and Executive Officers in the Community First Merger*.

### *Liberty Stock Options*

At the effective time of the Liberty merger, each option to purchase shares of Liberty common stock outstanding immediately prior to the effective time will be converted into an option to purchase Simmons common stock on the same terms and conditions as were applicable prior to the Liberty merger except that (1) the number of shares of Simmons common stock subject to the new option will be equal to the product of the number of shares of Liberty common stock subject to the existing Liberty stock option and the Liberty exchange ratio and (2) the exercise price per share of Simmons common stock under the new option will be equal to the exercise price per share of the existing Liberty stock option divided by the Liberty exchange ratio. All other terms and conditions of Liberty stock options will remain in full force and effect after the effective time of the Liberty merger, including the option vesting schedule and expiration date. Following completion of the Liberty merger, Simmons will provide each holder of a Liberty stock option with a replacement stock option agreement reflecting the change from Liberty common stock to Simmons common stock and the changes, if any, to the Liberty exchange ratio and exercise price, and restating all of the terms and conditions continuing in effect. See *The Liberty Merger Interests of Liberty's Directors and Executive Officers in the Liberty Merger*.

### **Closing and Effective Time of the Mergers**

The mergers will be completed only if all of the respective conditions set forth in the Community First merger agreement and the Liberty merger agreement and discussed in this joint proxy statement/prospectus are either satisfied or waived. See *Conditions to Consummate the Mergers*.

The mergers will become effective as set forth in separate articles of merger to be filed with the Secretaries of State of the States of Arkansas and the Secretary of State of the State of Tennessee, with respect to the Community First merger, and the Secretaries of State of the States of Arkansas and Missouri, with respect to the Liberty merger. The closing of the transactions contemplated by each merger agreement will occur at 6:01 p.m., Arkansas time, on the last business day of the month during which the expiration of all applicable waiting periods in connection with government approvals occurs and all conditions to the consummation of the respective merger agreement are satisfied or waived, or on such earlier or later date as may be agreed upon by the parties. It currently is anticipated that the completion of each merger will occur in the fourth quarter of 2014, subject to the receipt of regulatory approvals and other customary closing conditions, but the parties cannot guarantee when or if either of the respective mergers will be completed.

### **Conversion of Shares; Exchange of Certificates**

Promptly after the effective time of each merger, Simmons will instruct the transfer agent to mail to each holder of record a certificate or certificates which immediately prior to the effective time evidenced outstanding shares of Community First or Liberty common stock, and each holder of record of book-entry shares of Community First (in each case excluding dissenting shares), a letter of transmittal and instructions on how to surrender shares of Community First common stock and Liberty common stock, as applicable, in exchange for certificates evidencing a

number of whole shares of Simmons common stock and any cash payable in lieu of fractional shares of Simmons common stock to which the holder otherwise would be entitled under the applicable merger agreement.

Upon surrender of a certificate for cancellation to the exchange agent together with an executed letter of transmittal and such other customary documents as required, the holder will be entitled to receive (1) certificates

## **Table of Contents**

evidencing the number of whole shares of Simmons common stock that the holder has the right to receive in respect of his or her shares of Community First common stock or Liberty common stock, as applicable, (2) cash in lieu of fractional shares of Simmons common stock to which the holder of Community First common stock or Liberty common stock would be entitled, (3) any dividends or other distributions to which the holder of Community First common stock or Liberty common stock is entitled, and (4) any cash payable in connection with a walkaway counteroffer, if any.

If a certificate for Community First common stock or Liberty common stock has been lost, stolen or destroyed, the exchange agent will issue the applicable merger consideration upon (1) receipt of appropriate evidence as to such loss, theft or destruction and to the ownership of Community First common stock or Liberty common stock by such holder and (2) the receipt by Simmons or appropriate or customary indemnification against any claim that may be made against it with respect to such certificate.

After completion of each merger, there will be no further transfers on the stock transfer books of Community First or Liberty of shares of Community First common stock or Liberty common stock, respectively, other than to settle transfers that occurred prior to the completion of the applicable merger.

### *Withholding*

Simmons will be entitled to deduct and withhold from the consideration payable under each merger agreement to any holder of Community First common stock or Liberty common stock, as applicable, such amounts Simmons is required to deduct and withhold under the Code or any provision of state, local or foreign tax law. If any such amounts are withheld and paid over to the appropriate governmental authority, the withheld amounts will be treated for all purposes of each merger agreement as having been paid to the shareholders from whom they were withheld.

### *Dividends and Distributions*

No dividends or other distributions declared or made after the effective time of each merger with respect to Simmons common stock with a record date after the effective time of such merger will be paid to the holder of any unsurrendered certificate of Community First common stock or Liberty common stock, as applicable, until the holder surrenders such certificate. After the surrender of a certificate in accordance with the applicable merger agreement, the record holder thereof will be entitled to receive (1) any such dividends or other distributions, without any interest, with a record date after the effective time and previously paid with respect to the whole shares of Simmons common stock, which the shares of Community First common stock or Liberty common stock represented by such certificate, as applicable, have been converted into the right to receive under the merger agreement (which amounts will be paid at the time the merger consideration is paid) or (2) at the appropriate payment date, any dividends or other distributions which had been declared with a record date after the effective time of the applicable merger agreement but prior to the surrender and a payment date occurring after surrender, payable with respect to whole shares of Simmons common stock.

## **Representations and Warranties**

The representations, warranties and covenants described below and included in the merger agreements were made only for purposes of each merger agreement and as of specific dates, are solely for the benefit of Simmons and Community First, in the case of the Community First merger agreement, and Simmons and Liberty, in the case of the Liberty merger agreement, and may be subject to limitations, qualifications or exceptions agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of, among other things, allocating contractual risk between the parties to each merger agreement rather than establishing matters as facts, and may be

subject to standards of materiality that differ from those standards relevant to investors. You should not rely on the representations, warranties, covenants or any description thereof as characterizations of the actual state of facts or condition of Simmons, Community First, Liberty or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants

**Table of Contents**

may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in public disclosures by Simmons. The representations and warranties, other provisions of the merger agreements or any description of these provisions should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this joint proxy statement/prospectus, the documents incorporated by reference into this joint proxy statement/prospectus and the other reports, statements and filings that Simmons publicly files with the SEC. See [Where You Can Find More Information](#).

The Community First merger agreement contains customary representations and warranties of each of Simmons and Community First relating to their respective businesses, and the Liberty merger agreement contains customary representations and warranties of each of Simmons and Liberty relating to their respective businesses. The representations and warranties in the respective merger agreements do not survive the effective time of the respective mergers.

The Community First merger agreement and Liberty merger agreement contain representations and warranties made by each of Simmons and Community First or Liberty, as applicable, relating to a number of matters, including the following:

corporate matters, including due organization and qualification and subsidiaries;

capitalization;

authority relative to execution and delivery of the applicable merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the applicable merger;

required governmental and other regulatory filings and consents and approvals in connection with the merger and the operation of its business;

reports, registrations and statements filed with regulatory authorities;

financial statements; books and records and absence of undisclosed liabilities;

the absence of certain changes or events;

tax matters;

legal proceedings;

employee benefit matters;

ownership of properties;

labor-management relations;

broker's fees payable in connection with the merger;

the accuracy of information supplied for inclusion in this joint proxy statement/prospectus and other similar documents;

SEC reports;

environmental liabilities;

compliance with applicable laws, rules or regulations; and

loan portfolios.

Certain representations and warranties of the parties to each merger agreement are qualified as to materiality or material adverse effect. For purposes of the merger agreements, a material adverse effect, when used in reference to either party to each merger agreement, means a material adverse effect on the condition, financial or otherwise, properties, results of operations or business of it and its subsidiaries, taken as a whole or on its ability to perform its obligations thereunder, and to consummate the transactions contemplated thereby.

**Table of Contents**

**Covenants and Agreements**

*Covenants of the Parties under the Merger Agreements*

Simmons and Community First and Simmons and Liberty have respectively agreed that they will use their best efforts in good faith to take or cause to be taken all action that is necessary or desirable as promptly as practicable so as to, prior to the effective time of the mergers, permit the consummation of the transactions contemplated by each of the Community First merger agreement and Liberty merger agreement at the earliest reasonable date, and to cooperate fully with the other party thereto to that end.

The merger agreements also obligate the parties to:

notify the other party as promptly as practicable of (1) any material breach of any of its warranties, representations or agreements contained therein and (2) any change in condition (financial or otherwise), properties, business, results of operations or prospects that could be expected to have a material adverse effect;

use their best efforts to promptly prepare and file all documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, approvals and authorizations of all third parties and governmental agencies; and

consult with the other with respect to obtaining all necessary permits, consents, approvals and authorizations of third parties and governmental bodies or agencies necessary or advisable to consummate the transactions contemplated by the merger agreements.

The merger agreements also contain additional covenants, including, among others, covenants relating to the filing of this joint proxy statement/prospectus, the listing of the shares of Simmons common stock to be issued in the mergers, compliance with applicable state securities law requirements, access to information of the other company, information received from regulators in connection with or material to the transactions contemplated by the merger agreements, the assumption by Simmons of Community First's and Liberty's trust preferred securities, the exchange by Simmons of Simmons Series A preferred stock for Community First Series C preferred stock, and public announcements and submissions to governmental bodies or agencies with respect to the transactions contemplated by the merger agreements.

In addition to these mutual requirements, prior to the effective date, and contingent upon the consummation of the applicable merger, Community First and Liberty will, consistent with generally accepted accounting principles, cause their bank subsidiaries to modify and change their loan, litigation and real estate valuation policies and practices, including loan classifications and levels of reserves and other pertinent accounting entries, so as to be applied consistently with those of Simmons; provided that no such action need be taken until Simmons acknowledges that all conditions to its obligation to consummate the respective mergers have been satisfied;

The merger agreements require Simmons to:



permit employees of Community First and Liberty and their subsidiaries that become employees of Simmons following the mergers to participate in its employee benefits plans on the same terms as its employees and, to the extent permitted by such plans, credit the prior service of Community First and Liberty employees for purposes of determining eligibility, vesting and benefit accrual under such plans;

refrain from (1) hiring, soliciting or seeking to hire any employee of Community First or Liberty or their subsidiaries, or any person who was an employee of Community First or its subsidiaries on February 18, 2014 or of Liberty or its subsidiaries on April 3, 2014 and (2) making any loan or extension of credit in order to pay off any First State Bank loan in existence on February 18, 2014 or Liberty Bank loan in existence on April 3, 2014, if either the Community First merger or the Liberty merger is not completed, respectively;

evaluate with management of Community First and Liberty, as applicable, the staffing needs of their bank subsidiaries after the respective effective dates of the merger agreements and, if any positions are

**Table of Contents**

eliminated, give the affected employees an opportunity to transfer to other positions at Simmons or its subsidiaries and make dismissed employees eligible for its existing severance program; and

take all steps necessary to increase the size of its board of directors and to appoint up to two persons selected by Community First and one person selected by Liberty to fill the newly created vacancies, with such appointments to take effect no later than the applicable effective date.

*Conduct of Businesses Prior to the Completion of the Mergers*

In addition to the mutual covenants set forth above, both Community First and Liberty have agreed to certain restrictions on the conduct of their businesses prior to the effective time of their respective mergers with Simmons. These restrictions include agreeing that until the effective time of their respective mergers, unless the prior written consent of Simmons has been obtained and subject to certain specified exceptions, they and each of their respective subsidiaries will:

take all action necessary to amend their respective defined contribution employee benefit plans in order for them to be comparable to the Simmons 401(k) plan at the effective time and for such plans to terminate on December 31, 2014, and to pay any and all termination, early withdrawal penalties or similar fees in connection with termination of the respective plans;

use commercially reasonable efforts to preserve intact their business organization and assets, maintain their rights and franchises and retain the services of their officers and key employees;

use commercially reasonable efforts to maintain and keep their properties in as good repair and condition as at the signing of the respective merger agreements, except for depreciation due to ordinary wear and tear;

use commercially reasonable efforts to keep in full force and effect insurance and bonds comparable in amount and scope of coverage to that maintained at the signing of the respective merger agreements;

perform in all material respects all obligations required to be performed by them under all material contracts, leases and documents relating to or affecting their assets, properties and business; and

provide Simmons with notice of all board meetings of Community First and Liberty and their respective subsidiaries, permit Simmons to have a non-voting representative present in person or telephonically at each such meeting (subject to such representative's exclusion from the meeting upon the advice of counsel when necessary to prevent a breach of fiduciary duties to legal or regulatory requirements) and provide Simmons with written materials provided to directors in connection with such meetings, provided such requirements will not be enforced until the Federal Reserve Board's approval of the Community First merger agreement and Liberty merger agreement, respectively.

Community First and Liberty each have agreed with Simmons that until the earlier of the termination of the respective merger agreements or the effective time of their respective mergers with Simmons, unless the prior written consent of

Simmons has been obtained and subject to certain specified exceptions, that Community First or Liberty and their respective subsidiaries will not:

make, declare or pay any dividend, other than, in the case of Community First, dividends that are (1) consistent with its historic practice, (2) paid in an amount equal to \$4.50 per share if the effective time of the Community First merger is prior to December 15, 2014 or in an amount equal to \$6.00 per share if the effective time of the Community First merger is after such date, and (3) paid on Community First Series C preferred stock in compliance with the terms the Small Business Lending Fund Program, or the SBLF Program, and the governing terms of thereof, and, in the case of Liberty, a dividend of \$0.18 per share to be payable in July 2014 and, if the effective time of the Liberty merger has not occurred as of the record date of the Simmons dividend payable in January 2015 and April 2015, further dividends of \$0.18 per share in January 2015 and April 2015, respectively;

**Table of Contents**

directly or indirectly combine, redeem, reclassify, purchase or otherwise acquire any shares of its capital stock (including any options, warrants, calls or commitments in respect thereof) or authorize the creation or issuance of or sell or permit any subsidiary to sell additional shares of its capital stock or the capital stock of any subsidiary;

hire any additional staff except (1) personnel hired at an hourly rate to fill vacancies, (2) replacements for departed non-executive officers and (3) seasonal part-time staff in accordance with past practices;

enter into or permit any subsidiary to enter into any employment contracts, pay any bonus to or increase the rate of compensation of any of its directors, officers or employees, except in the ordinary course of business consistent with past practice or existing plans;

except as directed by Simmons, enter into or modify or permit any subsidiary to enter into or modify any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of its directors, officers or other employees;

amend their charters or bylaws, or substantially modify the manner in which they or their subsidiaries conduct business, other than to conform loan, litigation and real estate valuation procedures to conform to those of Simmons as permitted by the merger agreements;

except in the ordinary course of business, acquire any assets or business or take any other action, that considered as a whole, is material, other than as disclosed to Simmons;

acquire any investment securities, other than United States Treasury Securities, municipal securities with a minimum rating of A or U.S. Agency securities that are traditional fixed rate debt securities;

sell or purchase any securities in an aggregate amount in excess of \$500,000, except for purchases related to the reinvestment of proceeds of matured securities that are in compliance with their applicable investment policies;

purchase any shares of Simmons common stock, other than in a fiduciary capacity;

change any method of accounting in effect as of December 31, 2013, or change any method of reporting income or deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns for the year ended December 31, 2013, except as may be required by law or accounting principles generally accepted in the United States, or to conform to Simmons procedures as permitted by the merger agreements;

knowingly take any action which would, or is reasonably likely to, (1) adversely affect the ability to obtain necessary approvals of governmental authorities required to complete the transactions contemplated by each merger agreement, (2) adversely affect their ability to perform their respective covenants under the applicable merger agreement or (3) result in any of the conditions to the applicable merger not being satisfied;

make or renew any single loan or series of loans to one borrower or a related group of borrowers in an amount in excess of \$1.5 million, except as permitted by Simmons designated representative in accordance with procedures set forth in the merger agreements;

sell or dispose of any other real estate owned or other properties acquired in foreclosure or otherwise in the ordinary collection of indebtedness having a book value in excess of \$250,000, or pursuant to which Community First or Liberty, or any of their respective subsidiaries, would incur a loss in excess of \$150,000;

sell or dispose of any fixed assets having a book value in excess of \$25,000;

terminate any lease on fixed assets currently in use that would cause Community First or Liberty, or any of their respective subsidiaries, to incur termination expenses or charges in excess of \$25,000; or

## **Table of Contents**

in the case of Community First, amend, revise or modify any policies, procedures or guidelines affecting the underwriting, acquisition, administration or collection of debts or other extensions of credit originated or acquired by First State Finance, Inc., or permit the consumer finance credit portfolio of First State Finance, Inc. to exceed \$60.0 million, net of unearned interest.

### *Indemnification and Insurance for Directors and Officers*

If the Community First merger is consummated, Simmons will indemnify and hold harmless all present and former directors and officers of Community First and its respective subsidiaries, against any cost or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation arising out of or pertaining to the matters related to the Community First merger agreement. If the Liberty merger is consummated, Simmons will indemnify and hold harmless all present and former directors and officers of Liberty and its subsidiaries, against any cost or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation arising out of or pertaining to the matters related to the Liberty merger agreement as well as acts prior to the Liberty merger. Simmons will advance expenses as incurred provided the person to whom expenses were advanced provides a satisfactory undertaking to repay such advance if it is ultimately determined that he or she is not entitled to indemnification.

The merger agreements require Simmons to maintain for a period of six years after the completion of the respective mergers, directors' and officers' liability insurance policy in an amount not less than the existing policies of Community First and Liberty. However, Simmons is not required to make annual premium payments for such insurance in excess of a specified amount, which we refer to as the premium cap, and if premiums for such insurance would at any time exceed the premium cap, then the surviving corporation must maintain policies of insurance which, in its good faith determination, provide the maximum coverage available at an annual premium equal to the premium cap.

### **Shareholder Meetings and Recommendation of Boards of Directors**

Community First and Liberty have each agreed to hold a meeting of their respective shareholders for the purpose of voting upon approval of the Community First merger agreement and the Liberty merger agreement, respectively, as soon as is reasonably practicable after the registration statement on Form S-4 of which this joint proxy statement/prospectus is a part is declared effective. Each of Community First and Liberty has agreed that its board of directors, subject to the exercise of its fiduciary duties, will recommend to shareholders that they approve the Community First merger agreement or Liberty merger agreement, as applicable, and use their best efforts to obtain such approval. In addition, each of Community First and Liberty are required to (1) distribute this joint proxy statement/prospectus to their respective shareholders in compliance with applicable federal and state law and (2) cooperate and consult with Simmons with respect to each of the foregoing matters.

In addition to the requirements applicable to Community First and Liberty under the merger agreements, (1) Simmons is required under the Liberty merger agreement to take all steps necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purposes of approving the Liberty merger, the issuance of Simmons common stock in the amount required to perform its obligations under the Liberty merger agreement and, if necessary, the assumption of Liberty stock options and (2) Simmons' board of directors, subject to the exercise of its fiduciary duties, must recommend that its shareholders approve the Liberty merger, the issuance of Simmons common stock in the amount required to perform its obligations under the Liberty merger agreement and, if necessary, the assumption of Liberty's stock options, and use its best efforts to obtain such approvals.



**Table of Contents**

**Conditions to Consummate the Mergers**

The respective obligations of Simmons and Community First, with respect to the Community First merger agreement, and Simmons and Liberty, with respect to the Liberty merger agreement, to complete the Community First merger and Liberty merger, respectively, are subject to the satisfaction or waiver of the following conditions:

the shareholders of Simmons and Community First, in the case of the Community First merger agreement, and Simmons and Liberty, in the case of the Liberty merger agreement, shall have approved the applicable merger agreement and transactions contemplated thereby;

the receipt of regulatory approvals of the applicable merger agreement and the transactions contemplated thereby from the Federal Reserve Board and the TDFI, with respect to the Community First merger, and the MDF, with respect to the Liberty merger, and the expiration of any statutory waiting periods without adverse action being taken;

procurement of all other regulatory consents and approvals that are necessary to the consummation of the transactions contemplated by the respective merger agreements; provided, that no approval or consent shall be deemed to have been received if it includes any conditions or requirements that would reduce the benefits of the transactions contemplated thereby to such a degree that Simmons, Community First, or Liberty, as applicable, would not have entered into the respective merger agreements had such conditions or requirements been known at the date hereof;

the satisfaction of all other requirements prescribed by law that are necessary to the consummation of the transactions contemplated by each respective merger agreement;

no party will be subject to any order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits the consummation of the applicable merger;

no statute, rule, regulation, order, injunction or decree shall have been enacted, promulgated or enforced by any governmental authority which prohibits, materially restricts or makes illegal consummation of the respective merger;

the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part with respect to the Simmons common stock to be issued upon the consummation of the merger, and the absence of any stop order suspending effectiveness of the registration statement (or proceedings for that purpose initiated or threatened by the SEC and not withdrawn);

subject to the materiality standards provided in the applicable merger agreement, the accuracy of the representations and warranties of Simmons, Community First and Liberty;



performance in all material respects by each of Simmons, Community First and Liberty of its obligations under the applicable merger agreement;

receipt by the parties of an opinion of legal counsel to the effect that on the basis of facts, representations and assumptions set forth or referred to in such opinion, the applicable merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;

absence of litigation against Simmons, Community First or Liberty by any governmental agency seeking to prevent consummation of the applicable merger;

in the case of the Community First merger, completion of Phase I environmental audits of real property owned by Community First that reflect no material problems under environmental laws to Simmons satisfaction;

in the case of the Liberty merger, any Phase I environmental audits of real property owned by Liberty shall reflect no material problems under environmental laws to Simmons satisfaction;

**Table of Contents**

execution of lock-up agreements by the Christopher R. Kirkland Revocable Trust and Joe Porter, shareholders of Community First, and Burchfield Limited Partnership, Gary E. Metzger and Garry L. or Gay Lynn Robinson, shareholders of Liberty;

receipt of all necessary consents and approvals for Simmons to assume the obligations of Community First and Liberty for the trust preferred securities issued by certain financing trusts of Community First and Liberty;

in the case of the Community First merger, receipt of all necessary consents and approvals to allow Simmons to exchange Simmons Series A preferred stock, for the outstanding shares of Community First Series C preferred stock;

receipt by each of Simmons, Community First and Liberty of a legal opinion from their respective counterpart s counsel;

with respect to the Community First merger only, Simmons and Community First will have each received a fairness opinion in the form customarily received in transactions of this type and substantially to the effect that the exchange ratio is fair to their respective shareholders from a financial point of view; and

the authorization for listing on the NASDAQ Global Select Market, subject to official notice of issuance, of the Simmons common stock to be issued upon the consummation of the applicable merger.

Neither Simmons nor Community First or Liberty can provide assurance as to when or if all of the conditions to the respective mergers can or will be satisfied or waived by the appropriate party. As of the date of this joint proxy statement/prospectus, the parties do not have reason to believe that any of these conditions will not be satisfied.

**Termination of the Merger Agreements**

Each merger agreement can be terminated at any time prior to the effective time of the applicable merger:

by mutual consent of Simmons and Community First, in the case of the Community First merger, and Simmons and Liberty, in the case of the Liberty merger, if authorized by the parties' respective boards of directors;

by either Simmons or Community First, in the case of the Community First merger, or Simmons or Liberty, in the case of the Liberty merger, if authorized by the board of directors of any such party in the event of a material breach by the other party thereto of any representation, warranty or agreement contained therein that is not cured or curable within 60 days, in the case of the Community First merger, or 45 days, in the case of the Liberty merger, after written notice of such breach is given to the party committing such breach by the other party thereto;

by Simmons or Community First, in the case of the Community First merger agreement, or Simmons or Liberty, in the case of the Liberty merger agreement, if the board of directors of any such party determines, in the event the applicable merger is not consummated by December 31, 2014, which we refer to as the termination date, unless the failure of the applicable merger to be completed by such date is due to the breach of the applicable merger agreement by the party seeking to terminate the applicable merger agreement; however, the termination date may be extended to not later than February 28, 2015, in the case of the Community First merger agreement, or April 30, 2015, in the case of the Liberty merger agreement, by written notice to the other party if a reason the applicable merger shall not have been consummated is because of failure to obtain a required regulatory approval or because the registration statement is not effective;

if any approval of the shareholders of Simmons, Community First or Liberty required for completion of the applicable merger has not been obtained upon a vote taken at a duly held meeting of shareholders of a party or at any adjournment or postponement thereof;

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**Table of Contents**

by Simmons or Community First, in the case of the Community First merger agreement, or Simmons or Liberty, in the case of the Liberty merger agreement, if counsel to Simmons notifies the parties that it will be unable to give its opinion with respect to the tax effects of the mergers, that each merger will be treated as a reorganization within the meaning of Section 368(a) of the Code;

by the board of directors of Community First or Liberty at any time during the three business day period following the 10th trading day immediately preceding the effective date, if the Average Closing Price of Simmons common stock is less than \$28.30, in the case of the Community First merger agreement, or \$29.80 in the case of the Liberty merger agreement, and the Simmons common stock has underperformed the KBWR by more than 20%, which termination right we refer to as the stock decline termination right. If Community First or Liberty elect to exercise their stock decline termination right under the applicable merger agreement, it will give prompt written notice to Simmons, and Simmons shall have the right to make a walkaway counteroffer within three business days of receipt of the notice of termination; and

by the board of directors of Community First or Liberty before the receipt of shareholder approval with respect to the applicable merger, if such company's board of directors shall have determined in good faith (after taking into account the advice of counsel) that, in light of a competing proposal or other circumstances, that termination of the applicable merger agreement is required in order for the applicable board of directors to comply with its fiduciary duties; provided that in advance of or concurrently with such termination, Community First or Liberty pays to Simmons the applicable termination fee.

**Effect of Termination**

If the Community First merger agreement or Liberty merger agreement is terminated, it will become void and have no effect and neither the parties nor their respective officers and directors will have any liability, except that the parties will remain liable for any liabilities or damages arising out of their willful breach of any covenant or willful misrepresentation contained herein.

**Walkaway Counteroffer**

*Community First Merger.* The Community First board of directors may exercise its stock decline termination right if (1) the average closing price of Simmons common stock is less than \$28.30 and (2) the percentage change between \$35.37 (the average closing price of Simmons common stock for the 20 consecutive trading days ending on March 12, 2014) and the average closing price of Simmons common stock is not equal to at least 80% of the difference between the percentage change between \$38.43 (the average closing price of KBWR, for the 20 consecutive trading days ending on March 12, 2014) and the average closing price of KBWR. If the Community First board of directors exercises its stock decline termination right, then Simmons may elect, within three business days of receipt of such notice of termination from Community First to make a walkaway counteroffer and pay as part of the Community First merger consideration, an aggregate amount of cash sufficient to equal the product, which we refer to as the Community First minimum merger consideration, of (x) \$28.30 and (y) the number of shares of Simmons common stock to be issued in the Community First merger. Such aggregate amount of cash will be paid pro rata for each share of Community First common stock.

*Liberty Merger.* The Liberty board of directors may exercise its stock decline termination right if (1) the average closing price of Simmons common stock is less than \$29.80 and (2) the difference between the percentage change of (A) \$40.06 (the KBWR for the 20 consecutive trading days ending on March 31, 2014) and the average closing price of KBWR and (B) the percentage change of \$37.24 (the average closing price of Simmons common stock for the 20

consecutive trading days ending on March 31, 2014) and the average closing price of Simmons common stock, is greater than 20%. If the Liberty board of directors exercises its stock decline termination right, then Simmons may elect, within three business days of receipt of such notice of termination from Liberty, to make a walkaway counteroffer and pay as part of the Liberty merger consideration, an aggregate

## **Table of Contents**

amount of cash sufficient to equal the product (which we refer to as the Liberty minimum merger consideration) of (x) \$29.80 and (y) the number of shares of Simmons common stock to be issued in the Liberty merger. Such aggregate amount of cash will be paid pro rata for each share of Liberty common stock.

The average closing price of Simmons common stock will be equal to the average of the closing price per share of Simmons common stock on the NASDAQ Global Select Market for the 20 consecutive trading days ending on and including the 10th trading day before the effective date of the applicable merger. The average closing price of KBWR will be equal to the average closing price of the KBWR for the 20 consecutive trading days ending on and including the 10th trading day before the effective date of the applicable merger.

## **Termination Fees**

If the Community First merger agreement or Liberty merger agreement is terminated due to the determination of the board of directors of Community First or Liberty, respectively, that termination is necessary in order to satisfy applicable fiduciary duties, then Community First will pay Simmons a termination fee of \$10 million, or Liberty will pay Simmons a termination fee of \$8 million, in advance of or concurrently with such termination.

## **Expenses and Fees**

All costs and expenses incurred in connection with each merger agreement and the transactions contemplated thereby will be paid by the party incurring such expense, except as otherwise set forth in the applicable merger agreement.

## **Amendment and Waiver of the Merger Agreements**

Prior to the effective date of each merger, any provision of the Community First merger agreement and the Liberty merger agreement may be waived by the party benefited by the provision, or by both parties, or amended or modified at any time, including the structure of the applicable transaction by an agreement in writing between the parties hereto approved by their respective boards of directors, to the extent allowed by law, except that after the vote by the shareholders of Community First or Liberty, as applicable, the provisions of the merger agreements relating to the amount or the form of the consideration to be delivered shall not be amended or revised.

**Table of Contents**

**ACCOUNTING TREATMENT**

In accordance with current accounting guidance, the mergers will be accounted for using the acquisition method. The result of this is that (1) the recorded assets and liabilities of Simmons will be carried forward at their recorded amounts, (2) Simmons historical operating results will be unchanged for the prior periods being reported on, and (3) the assets and liabilities of Community First and Liberty will be adjusted to fair value at the date Simmons assumes control of the combined entities, or the merger date. In addition, all identifiable intangibles will be recorded at fair value and included as part of the net assets acquired. The amount by which the purchase price, consisting of the value of cash and shares of Simmons stock to be issued to former Community First and Liberty shareholders and shares of Simmons stock to be issued to former holders of Community First and Liberty stock options, warrants and restricted stock units, exceeds the fair value of the net assets including identifiable intangibles of Community First and Liberty at the merger date will be reported as goodwill. In accordance with current accounting guidance, goodwill is not amortized and will be evaluated for impairment at least annually. Identified intangibles will be amortized over their estimated lives. Further, the acquisition method of accounting results in the operating results of Community First and Liberty being included in the operating results of Simmons from the merger date going forward.

**Table of Contents**

**UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS**

The following general discussion sets forth the anticipated material United States federal income tax consequences of the mergers to U.S. holders (as defined below) of Community First and Liberty common stock that exchange their shares of Community First and Liberty common stock for shares of Simmons common stock and cash in the merger. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any United States federal laws other than those pertaining to income tax. This discussion is based upon the Code, the regulations promulgated under the Code and court and administrative rulings and decisions, all as in effect on the date of this joint proxy statement/prospectus. These laws may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion.

This discussion addresses only those Community First and Liberty common shareholders that hold their shares of Community First and Liberty common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

a financial institution;

a tax-exempt organization;

an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);

an insurance company;

a mutual fund;

a dealer or broker in stocks and securities, or currencies;

a trader in securities that elects mark-to-market treatment;

a holder of Community First or Liberty common stock that received Community First or Liberty common stock through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;

a person that is not a U.S. holder (as defined below);



a person that has a functional currency other than the U.S. dollar;

a holder of Community First or Liberty common stock that holds Community First or Liberty common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction; or

a United States expatriate.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the mergers, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010. Determining the actual tax consequences of the mergers to you may be complex. They will depend on your specific situation and on factors that are not within the control of Community First, Liberty or Simmons. You should consult with your own tax advisor as to the tax consequences of the mergers in your particular circumstances.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Community First or Liberty common stock that is for United States federal income tax purposes (1) an individual citizen or resident of the United States, (2) a corporation, or entity treated as a corporation, organized in or under the laws of the United States or any state thereof or the District of Columbia, (3) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the

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**Table of Contents**

authority to control all substantial decisions of the trust or (B) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes, or (4) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

The United States federal income tax consequences to a partner in an entity or arrangement that is treated as a partnership for United States federal income tax purposes and that holds Community First or Liberty common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding Community First or Liberty common stock should consult their own tax advisors.

**Tax Consequences of the Mergers Generally**

The parties intend for the mergers to qualify as reorganizations within the meaning of Section 368(a) of the Code. It is a condition to the obligations of Simmons, Community First and Liberty to complete the mergers that each of them receive an opinion from Quattlebaum, Grooms, Tull & Burrow, PLLC, dated the closing date of the mergers, to the effect that the mergers will qualify as reorganizations within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this document is a part, Quattlebaum, Grooms, Tull & Burrow, PLLC has delivered an opinion to Simmons, Community First and Liberty, respectively, to the same effect as the opinion described above. This opinion will be based on representation letters provided by Simmons, Community First and Liberty and on customary factual assumptions. The opinion described above will not be binding on the Internal Revenue Service. Simmons, Community First and Liberty have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the mergers, and as a result, there can be no assurance that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which the opinion described above is based are inconsistent with the actual facts, the United States federal income tax consequences of the mergers could be adversely affected.

Accordingly, and on the basis of the foregoing opinion, as a result of the mergers qualifying as reorganizations within the meaning of Section 368(a) of the Code, upon exchanging Community First or Liberty common stock for Simmons common stock and cash, Community First shareholders and Liberty shareholders generally will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash (excluding any cash received in lieu of a fractional share) and the fair market value of the Simmons common stock received pursuant to the Community First merger or Liberty merger over the adjusted tax basis in the Community First shareholder's or Liberty shareholder's shares of Community First or Liberty common stock surrendered) and (2) the amount of cash received pursuant to the applicable merger (excluding any cash received in lieu of a fractional share). If a Community First or Liberty shareholder acquired different blocks of Community First or Liberty common stock at different times or different prices, the Community First or Liberty shareholder should consult his or her tax advisor regarding the manner in which gain or loss should be determined. Any recognized gain generally will be long-term capital gain if, as of the effective date of the merger, the holding period with respect to the Community First or Liberty common stock surrendered exceeds one year. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of the holder's ratable share of accumulated earnings and profits as calculated for United States federal income tax purposes.

The aggregate tax basis in the shares of Simmons common stock that Community First shareholders and Liberty shareholders receive in the mergers, including any fractional share interests deemed received and sold as described below, will equal the aggregate adjusted tax basis in the Community First or Liberty common stock surrendered, reduced by the amount of cash received (excluding any cash received in lieu of a fractional share) and increased by the amount of gain, if any, recognized (excluding any gain recognized with respect to cash received in lieu of a fractional share) on the exchange. The holding period for the shares of Simmons common stock that Community First

shareholders and Liberty shareholders receive in the mergers (including a fractional share interest deemed received and sold as described below) will include the holding period for the shares of Community First or Liberty common stock that are surrendered in the exchange.

**Table of Contents**

**Cash Instead of a Fractional Share**

If a Community First shareholder or Liberty shareholder receives cash instead of a fractional share of Simmons common stock, he or she will be treated as having received the fractional share of Simmons common stock pursuant to the applicable merger and then as having sold that fractional share of Simmons common stock for cash. As a result, the Community First or Liberty shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the basis allocable to your fractional share of Simmons common stock. This gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the applicable merger, the holding period for the Community First or Liberty common stock surrendered therefor is greater than one year. The deductibility of capital losses is subject to limitations.

**Backup Withholding**

If you are a non-corporate holder of Community First or Liberty common stock you may be subject to information reporting and backup withholding (currently at a rate of 28%) on any cash payments you receive. You generally will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number, certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal you will receive and otherwise comply with all the applicable requirements of the backup withholding rules; or

provide proof that you are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against your United States federal income tax liability, provided you timely furnish the required information to the Internal Revenue Service.

**This summary of material United States federal income tax consequences is for general information only and is not tax advice. You are urged to consult your tax advisor with respect to the application of United States federal income tax laws to your particular situation as well as any tax consequences arising under the United States federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction.**

Table of Contents

**DESIGNATION OF NUMBER OF MEMBERS OF SIMMONS BOARD OF DIRECTORS**

*This proposal will be considered and voted upon by the Simmons common shareholders at the Simmons special meeting.*

In connection with the mergers, Simmons has agreed to appoint to the Simmons board of directors two directors currently serving on the Community First board of directors as designated by the Community First board of directors and one director currently serving on the Liberty board of directors as designated by the Liberty board of directors, each as provided in the respective merger agreements. The Simmons board of directors currently is comprised of nine members. In order to effect these director appointments, Simmons is required to increase the number of directors on the Simmons board of directors from nine to 12. In increasing the number of directors by three, Arkansas law requires that the Simmons common shareholders vote to increase the number of directors designated to serve on the board of directors of Simmons.

Accordingly, at the Simmons special meeting, the Simmons common shareholders will consider and vote upon a proposal to designate the number of members composing the Simmons board of directors as 12.

Simmons board of directors has unanimously approved the increase in the number of designated members of the board of directors of Simmons, has determined that the increase in the board to 12 members is in the best interests of Simmons and its shareholders, and unanimously recommends that Simmons shareholders vote **FOR** the increase in the number of Simmons directors.

**Table of Contents**

**DESCRIPTION OF CAPITAL STOCK OF SIMMONS**

*As a result of the mergers, Community First and Liberty shareholders who receive shares of Simmons common stock in the mergers will become shareholders of Simmons. Your rights as a shareholder of Simmons will be governed by Arkansas law and the articles of incorporation and the bylaws of Simmons. The following briefly summarizes the material terms of Simmons common and preferred stock. We urge you to read the applicable provisions of the ABCA, and Simmons' articles of incorporation and bylaws. Copies of Simmons' governing documents have been filed with the SEC. To find out where copies of these documents can be obtained, see *Where You Can Find More Information*.*

**Authorized Capital Stock**

Simmons' authorized capital stock consists of 60,000,000 shares of Class A common stock, \$0.01 par value per share and 40,040,000 shares of preferred stock, \$0.01 par value per share. As of the record date, there were shares of Simmons common stock outstanding and no shares of Simmons preferred stock outstanding. In connection with the consummation of the Community First merger, Simmons will issue 30,852 shares of Simmons Series A preferred stock to the holders of Community First Series C preferred stock.

**Common Stock**

*Listing*

Simmons common stock is listed on the NASDAQ Global Select Market and traded under the symbol SFNC. Following the mergers, shares of Simmons common stock will continue to be traded on the NASDAQ Global Select Market.

*Dividend Rights*

The ABCA allows an Arkansas business corporation to make a distribution, including payment of dividends, only if, after giving effect to the distribution, in the judgment of the board of directors: (1) the corporation would be able to pay its debts as they become due in the usual course of business; and (2) the corporation's total assets would at least equal the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. The board of directors may base this determination that a distribution is not prohibited under the ABCA either on financial statements prepared on the basis of accounting practices that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

Additionally, payment of dividends is subject to determination and declaration by the Simmons board of directors and depends on a number of factors, including capital requirements, legal and regulatory limitations on the payment of dividends, the results of operations and financial condition, tax considerations and general economic conditions. The holders of Simmons common stock will be entitled to receive and share equally in these dividends as they may be declared by the Simmons board of directors out of funds legally available for such purpose.

*Voting Rights*

Each share of Simmons common stock is entitled to one vote on matters submitted to a vote of shareholders. A majority of the votes entitled to be cast forms a quorum, and an affirmative vote of the votes cast on a matter is sufficient to take action upon routine matters.

In the event of a merger or consolidation of Simmons, a sale of all or substantially all of Simmons' assets, liquidation or dissolution, or reclassification of Simmons' securities, an affirmative vote of the holders of at least

## **Table of Contents**

80% of the outstanding voting shares is required, unless such transaction is approved by 80% of the directors who were in office prior to the proponent of the acquisition acquiring 10% or more of Simmons common stock, or the disinterested directors. Such affirmative vote of the shareholders or disinterested directors is required, notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement or otherwise.

Directors are elected by a plurality of votes cast, and there are no cumulative voting rights for the election of directors.

In general, amendments to Simmons' articles of incorporation must be approved by 80% of the shares entitled to vote on such amendment, repeal, or modification, unless such amendment, repeal or modification shall have been approved by an affirmative vote of 80% of the disinterested directors of Simmons.

### *Preemptive and Other Rights*

Holders of Simmons common stock have no preemptive rights and have no other rights to subscribe for additional securities of Simmons under the ABCA. Preemptive rights are the priority right to buy additional shares if Simmons issues more shares in the future. Therefore, if additional shares are issued by Simmons without the opportunity for existing shareholders to purchase more shares, a shareholder's ownership interest may be subject to dilution.

For more information regarding the rights of holders of Simmons common stock, see *Comparison of Shareholders Rights of Simmons and Community First* and *Comparison of Shareholders Rights of Simmons and Liberty*.

### **Preferred Stock**

Simmons' articles of incorporation, as amended, permits Simmons to issue one or more series of preferred stock and authorizes the Simmons board of directors to designate the preferences, limitations and relative rights of any such series of preferred stock, in each case, without any further action by Simmons shareholders. Each share of a series of preferred stock will have the same relative rights as, and be identical in all respects with, all the other shares of the same series. Preferred stock may have voting rights, subject to applicable law and determination at issuance of the Simmons board of directors. While the terms of preferred stock may vary from series to series, holders of Simmons common stock should assume that all shares of preferred stock will be senior to Simmons common stock in respect of distributions and on liquidation.

Although the creation and authorization of preferred stock does not, in and of itself, have any effect on the rights of the holders of Simmons common stock, the issuance of one or more series of preferred stock may affect the holders of Simmons common stock in a number of respects, including the following: by subordinating Simmons common stock to the preferred stock with respect to dividend rights, liquidation preferences, and other rights, preferences, and privileges; by diluting the voting power of Simmons common stock; by diluting the EPS of Simmons common stock; and by issuing Simmons common stock, upon the conversion of the preferred stock, at a price below the fair market value or original issue price of Simmons common stock that is outstanding prior to such issuance.

If the Community First merger is completed, Simmons expects to issue one share of Simmons Series A preferred stock in exchange for each share of Community First Series C preferred stock for a total of 30,852 shares. The dividend rights, liquidation preferences, and other rights, preferences, and privileges of Simmons Series A Preferred Stock will be substantially the same as the dividend rights, liquidation preferences, and other rights, preferences, and privileges of the Community First Series C preferred stock.





**Table of Contents**

*Simmons Series A Preferred Stock*

*Voting Rights.* Except as required by law, the holders of Simmons Series A preferred stock will not have voting rights other than with respect to certain matters relating to the rights of holders of Simmons Series A preferred stock, on certain corporate transactions and, if applicable, the election of additional directors as described below.

In addition to any other vote or consent required by law or by Simmons articles of incorporation, the written consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Simmons Series A preferred stock, or the holders of a majority of the outstanding shares of Simmons Series A preferred stock, voting as a single class, if the U.S. Treasury does not hold any shares of Simmons Series A preferred stock, will be required to:

amend Simmons articles of incorporation or the Certificate of Designation for Simmons Series A preferred stock to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of stock ranking senior to Simmons Series A preferred stock with respect to the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up by or of us;

amend Simmons articles of incorporation or the articles of amendment for Simmons Series A preferred stock so as to adversely affect the rights, preferences, privileges or voting powers of Simmons Series A preferred stock;

consummate a binding share exchange or reclassification involving the Simmons Series A preferred stock or a merger or consolidation of Simmons with another entity, unless, in each case, (1) the shares of Simmons Series A preferred stock remain outstanding or, in the case of a merger or consolidation in which Simmons is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (2) the shares of Simmons Series A preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions, that are the same as the rights, preferences, privileges and voting powers, and limitations and restrictions of Simmons Series A preferred stock immediately prior to consummation of the transaction, taken as a whole;

sell all, substantially all or any material portion of, Simmons assets, if Simmons Series A preferred stock will not be redeemed in full contemporaneously with the consummation of such sale; or

consummate a Holding Company Transaction (as defined below), unless as a result of the Holding Company Transaction each share of Simmons Series A preferred stock will be converted into or exchanged for one share with an equal liquidation preference of preference securities of Simmons or the acquirer, which we refer to as the Holding Company preferred stock. Any such Holding Company preferred stock must entitle its holders to dividends from the date of issuance of such stock on terms that are equivalent to the terms of Simmons Series A preferred stock, and must have such other rights, preferences, privileges and voting powers, and limitations and restrictions that are the same as the rights, preferences, privileges and voting powers, and limitations and restrictions of Simmons Series A preferred stock immediately prior to such

conversion or exchange, taken as a whole;  
provided, that (1) any increase in the amount of Simmons authorized shares of preferred stock, and (2) the creation and issuance, or an increase in the authorized or issued amount, of any other series of preferred stock, or any securities convertible into or exchangeable or exercisable for any other series of preferred stock, ranking equally with and/or junior to Simmons Series A preferred stock with respect to the payment of dividends, whether such dividends are cumulative or non-cumulative, and the distribution of assets upon liquidation, dissolution or winding up, will not be deemed to adversely affect the rights, preferences, privileges or voting powers of Simmons Series A preferred stock and will not require the vote or consent of the holders of Simmons Series A preferred stock.

**Table of Contents**

A Holding Company Transaction means the occurrence of (a) any transaction that results in a person or group (1) becoming the direct or indirect ultimate beneficial owner of Simmons common equity representing more than 50% of the voting power of the outstanding shares of Simmons common stock or (2) being otherwise required to consolidate Simmons for GAAP purposes, or (b) any consolidation or merger of Simmons or similar transaction or any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of Simmons consolidated assets to any person other than one of Simmons subsidiaries; provided, that, in the case of either clause (a) or (b), Simmons or the acquiror is or becomes a bank holding company or savings and loan holding company.

To the extent holders of Simmons Series A preferred stock are entitled to vote, holders of shares of Simmons Series A preferred stock will be entitled to one vote for each share then held.

The voting provisions described above will not apply if, at or prior to the time when the vote or consent of the holders of Simmons Series A preferred stock would otherwise be required, all outstanding shares of Simmons Series A preferred stock have been redeemed or called for redemption upon proper notice and sufficient funds have been deposited by Simmons in trust for the redemption.

*Dividends.* Simmons Series A preferred stock will be entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1, each of which is a dividend payment date. The dividend rate will be fixed at 1% until February 18, 2016, at which time the dividend rate will increase to 9%.

Dividends on Simmons Series A preferred stock are non-cumulative. If for any reason the Simmons board of directors does not declare a dividend on Simmons Series A preferred stock for a particular dividend period, then the holders of Simmons Series A preferred stock will have no right to receive any dividend for that dividend period, the time between dividend payments dates described above, and Simmons will have no obligation to pay a dividend for that dividend period. Simmons must, however, within five calendar days, deliver to the holders of Simmons Series A preferred stock a written notice executed by Simmons chief executive officer and chief financial officer stating the Simmons board of directors rationale for not declaring a dividend. Simmons failure to pay a dividend on Simmons Series A preferred stock also will restrict Simmons ability to pay dividends on and repurchase other classes and series of its capital stock, including the Simmons common stock.

When dividends have not been declared and paid in full on Simmons Series A preferred stock for an aggregate of four or more dividend periods, and during that time Simmons is not subject to a regulatory determination that prohibits the declaration and payment of dividends, Simmons must, within five calendar days of each missed payment, deliver to the holders of Simmons Series A preferred stock a certificate executed by at least a majority of the members of the Simmons board of directors stating that it used its best efforts to declare and pay such dividends in a manner consistent with safe and sound banking practices and the directors fiduciary obligations. In addition, (i) Simmons failure to pay dividends on Simmons Series A preferred stock for five or more dividend periods, whether consecutive or not, will give the holders of Simmons Series A preferred stock the right to appoint a non-voting observer on the Simmons board of directors and (ii) Simmons failure to pay dividends on Simmons Series A preferred stock for six or more dividend periods, whether consecutive or not, and if the aggregate liquidation preference of the shares of Simmons Series A preferred stock then outstanding is of \$25,000,000 or more, will give the holders of Simmons Series A preferred stock the right to elect two directors to the Simmons board of directors.

*No Sinking Fund.* Simmons Series A preferred stock is not subject to any sinking fund.

*Priority of Dividends.* So long as any share of Simmons Series A preferred stock remains outstanding, Simmons may declare and pay dividends on Simmons common stock only if full dividends on all outstanding shares of Simmons

Series A preferred stock for the most recently completed dividend period have been or are contemporaneously declared and paid. If a dividend is not declared and paid in full on Simmons Series A

## Table of Contents

preferred stock for any dividend period, then from the last day of that dividend period until the last day of the third dividend period immediately following it, no dividend or distribution may be declared or paid on Simmons common stock.

*Restrictions on Repurchases.* So long as any share of Simmons Series A preferred stock remains outstanding, Simmons may repurchase or redeem shares of Simmons common stock, only if dividends on all outstanding shares of Simmons Series A preferred stock for the most recently completed dividend period have been or are contemporaneously declared and paid (or have been declared and a sum sufficient for payment has been set aside for the benefit of the holders of Simmons Series A preferred stock as of the applicable record date). If a dividend is not declared and paid in full on Simmons Series A preferred stock for any dividend period, then from the last day of that dividend period until the last day of the third dividend period immediately following it, no redemptions or repurchases of Simmons common stock may be carried out, except in certain limited cases.

*Liquidation Rights.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of Simmons affairs, holders of Simmons Series A preferred stock will be entitled to receive for each share of Simmons Series A preferred stock, out of Simmons' assets or proceeds available for distribution to Simmons shareholders, subject to any rights of Simmons' creditors, before any distribution of assets or proceeds is made to or set aside for the holders of Simmons common stock payment of an amount equal to the sum of (1) the \$1,000 liquidation preference amount per share and (2) the amount of any accrued and unpaid dividends on Simmons Series A preferred stock.

For purposes of the liquidation rights of Simmons Series A preferred stock, neither a merger nor consolidation of Simmons with another entity nor a sale, lease or exchange of all or substantially all of Simmons' assets will constitute a liquidation, dissolution or winding up of Simmons affairs.

*Redemption and Repurchases.* Simmons Series A preferred stock may be redeemed at any time at Simmons' option, at a redemption price of 100% of the liquidation amount plus accrued but unpaid dividends to the date of redemption for the current period, regardless of whether such dividends have been declared for that period, all subject to the approval of the Federal Reserve Board or any successor federal banking regulator of Simmons.

To exercise the optional redemption right, Simmons must give notice of the redemption to the holders of record of Simmons Series A preferred stock, not less than 30 days and not more than 60 days before the date of redemption. In the case of a partial redemption of Simmons Series A preferred stock, the shares to be redeemed will be selected either pro rata or in such other manner as the Simmons board of directors or a committee of the Simmons board of directors determines to be fair and equitable, provided that shares representing at least 25% of the aggregate liquidation amount of Simmons Series A preferred stock are redeemed.

Shares of Simmons Series A preferred stock that we redeem, repurchase or otherwise acquire will revert to authorized but unissued shares of preferred stock, which Simmons may then reissue as any series of preferred stock other than Simmons Series A preferred stock.

*Conversion.* Holders of Simmons Series A preferred stock have no right to exchange or convert their shares into any other securities.

**Table of Contents**

**COMPARISON OF SHAREHOLDERS' RIGHTS OF  
SIMMONS AND COMMUNITY FIRST**

*If the Community First merger is completed, holders of Community First common stock will receive shares of Simmons common stock in exchange for their shares of Community First common stock, and holders of Community First Series C preferred stock will receive shares of Simmons Series A preferred stock in exchange for their shares of Community First Series C preferred stock. Simmons is organized under the laws of the State of Arkansas and Community First is organized under the laws of the State of Tennessee. The following is a summary of the material differences between (1) the current rights of Community First shareholders under the TBCA and Community First's charter and bylaws and (2) the current rights of Simmons shareholders under the ABCA and Simmons' articles of incorporation and bylaws.*

*Simmons and Community First believe that this summary describes the material differences between the rights of holders of Simmons common stock and Simmons Series A preferred stock as of the date of this joint proxy statement/prospectus and the rights of holders of Community First common stock and Community First Series C preferred stock as of the date of this joint proxy statement/prospectus; however, it does not purport to be a complete description of those differences. Copies of Simmons' governing documents have been filed with the SEC and copies of Community First's governing documents can be found at its principal office. To find out where copies of these documents can be obtained, see *Where You Can Find More Information*.*

**SIMMONS****COMMUNITY FIRST****DESCRIPTION OF CAPITAL STOCK**

Simmons' articles of incorporation authorize it to issue 60,000,000 shares of Class A common stock, par value \$0.01 per share, and 40,040,000 shares of Simmons Series A preferred stock, par value \$0.01 per share.

As of the record date, there are no Simmons Series A preferred stock outstanding, but Simmons intends to issue 30,852 shares of such preferred stock to holders of Community First Series C preferred stock at closing of the Community First merger.

Holders of Simmons Series A preferred stock are entitled to (i) receive non-cumulative dividends, payable quarterly, (ii) liquidation rights, but a merger is not considered a liquidation event, (iii) if Simmons fails to pay dividends for five or more dividend periods, whether consecutive or not, appoint a non-voting observer on the Simmons board of directors, and (iv) if Simmons fails to pay dividends on six

Community First's charter authorizes it to issue 500,000 shares of common stock, par value \$10.00 per share, and 500,000 shares of preferred stock, no par value per share. Community First's charter authorizes the Community First board of directors to issue, without shareholder approval, one or more series of preferred stock and to fix and determine the relative rights and preferences of the shares of any series so established.

To date, Community First has authorized three series of preferred stock: Fixed Rate Cumulative Preferred Stock, Series A, or Community First Series A preferred stock; Fixed Rate Cumulative Preferred, Series B, or Community First Series B preferred stock; and Community First Series C preferred stock.

*Series A.* Community First has designated 20,000 shares of Community First Series A preferred stock.

or more dividend periods, whether consecutive or not, and if the aggregate liquidation preference of the shares of Simmons Series A preferred stock is equal or greater than \$25,000,000, elect two directors to the Simmons board of directors.

The consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Simmons Series A preferred stock, or the majority of the holders of Simmons Series A preferred stock voting as a single class, if U.S. Treasury no longer holds any shares of Simmons Series A preferred stock, is required to (i) approve certain amendments to the articles of incorporation,

Each holder of Community First Series A preferred stock is entitled to (i) receive cumulative dividends, payable quarterly, (ii) liquidation rights, but a merger is not considered a liquidation event, and (iii) if Community First fails to pay dividends for six or more dividend periods, whether consecutive or not, elect two directors to the Community First board of directors.

Two-thirds of the Community First Series A preferred holders voting as a separate class must approve (i) certain amendments to the articles of



**Table of Contents**

**SIMMONS**

(ii) consummate a binding share exchange, reclassification of Simmons Series A preferred stock, or merger, (iii) sell all, or substantially all of Simmons assets, or (iv) consummate a Holding Company Transaction (defined above). For more information, see Voting Rights.

**COMMUNITY FIRST**

incorporation, or (ii) the consummation of a binding share exchange, reclassification of Community First Series A preferred stock, or merger.

*Series B.* Community First has designated 1,001 shares of Community First Series B preferred stock. Each holder of Community First Series B preferred stock is entitled to (i) receive cumulative dividends, payable quarterly, (ii) liquidation rights, but a merger is not considered a liquidation event, and (iii) if Community First fails to pay dividends for six or more dividends periods, whether consecutive or not, elect two directors to the Community First board of directors.

Two-thirds of the Community First Series B preferred holders voting as a separate class must approve (i) certain amendments to the articles of incorporation, or (ii) the consummation of a binding share exchange, reclassification of Community First Series A preferred stock, or merger.

*Series C.* Community First has designated 30,852 shares of Community First Series C preferred stock. Each holder of Community First Series C preferred stock are entitled to (i) receive non-cumulative dividends, payable quarterly, (ii) liquidation rights, but a merger is not considered a liquidation event, (iii) if Community First fails to pay dividends on five dividend periods, whether consecutive or not consecutive, appoint a nonvoting observer to the Community First board of directors, and (iv) if Community First fails to pay dividends on six dividend periods, whether consecutive or not, and the aggregate liquidation preference of Community First Series C preferred stock is equal or greater than \$25,000,000, elect two directors.

The consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Community First Series C preferred stock, or the majority of the holders of Community First Series C preferred stock voting as a single class, if U.S. Treasury no longer holds any shares of Community First Series C preferred stock, is required to (i) approve certain amendments to the articles of incorporation, (ii) consummate a binding share exchange, reclassification of Community First Series C preferred stock, or merger, (iii) sell all, or substantially all of Community First's assets, or (iv) consummate a Holding Company Transaction (defined above). For more information, see Voting Rights.

**Table of Contents**

**SIMMONS**

**COMMUNITY FIRST**

**VOTING RIGHTS**

As of the record date, the entire voting power of Simmons is vested in the Class A common stock. Each share of Simmons common stock carries one vote and has unrestricted voting rights.

Each share of Community First common stock carries one vote and has unrestricted voting rights. Each share of Community First's preferred stock also carries one vote on any matter on which holders of such preferred stock holders are entitled to vote.

As discussed above, upon closing of the Community First merger, Simmons will issue 30,852 shares of Simmons Series A preferred stock to holders of Community First Series C preferred stock. Generally, holders of Simmons Series A preferred stock will not have voting rights with limited exceptions.

Generally, holders of Community First preferred stock will not have voting rights with limited exceptions.

The consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Simmons Series A preferred stock, or the majority of the holders of Simmons Series A preferred stock voting as a single class, if U.S. Treasury no longer holds any shares of Simmons Series A preferred stock, is required to (i) approve certain amendments to the articles of incorporation including (a) authorizing, creating or increasing shares or any class of shares ranking senior to the Simmons Series A preferred stock and (b) any amendment that would adversely affect the rights of Simmons Series A preferred stock; (ii) consummate a binding share exchange, reclassification of Simmons Series A preferred stock, or merger unless (x) the shares of Simmons Series A preferred stock remain outstanding or converted into preference securities of the surviving entity and (y) the shares of Simmons Series A preferred stock or such preference securities have the same rights as the Simmons Series A preferred stock immediately prior to the consummation of the corporate action; (iii) sell all, or substantially all of Simmons' assets; or (iv) consummate a Holding Company Transaction. For more information, see Description of Capital Stock of Simmons Preferred Stock Simmons Series A Preferred Stock.

The consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Community First Series C preferred stock, or the majority of the holders of Community First Series C preferred stock voting as a single class, if U.S. Treasury no longer holds any shares of Community First Series C preferred stock, is required to (i) approve certain amendments to the articles of incorporation including (a) authorizing, creating or increasing shares or any class of shares ranking senior to the Community First Series C preferred stock and (b) any amendment that would adversely affect the rights of Community First Series C preferred stock; (ii) consummate a binding share exchange, reclassification of Community First Series C preferred stock, or merger unless (x) the shares of Community First Series C preferred stock remain outstanding or converted into preference securities of the surviving entity and (y) the shares of Community First Series C preferred stock or such preference securities have the same rights as the Community First Series C preferred stock immediately prior to the consummation of the corporate action; (iii) sell all, or substantially all of Community First's assets; or (iv) consummate a Holding Company Transaction.

**NUMBER OF OUTSTANDING SHARES BEFORE THE COMMUNITY FIRST MERGER**

As of the record date for the Simmons special meeting, there were \_\_\_\_\_ shares of Simmons common stock and no shares of Simmons preferred stock outstanding.

As of the record date for the Community First special meeting, there were 363,918.017 shares of Community First common stock, no shares of Community First Series A preferred stock, no shares of Community First

Series B preferred stock, and 30,852 shares of  
Community First Series C preferred stock.

**NUMBER OF OUTSTANDING SHARES AFTER THE COMMUNITY FIRST MERGER**

Immediately after the Community First merger, Simmons  
will have \_\_\_\_\_ shares of Simmons  
common stock and 30,852 shares of Simmons Series A  
preferred stock outstanding.

Immediately after the Community First merger,  
Community First will have no shares of any class of  
stock issued or outstanding.

**Table of Contents**

**SIMMONS**

**COMMUNITY FIRST**

**ESTIMATED VOTING PERCENTAGE OF SIMMONS AND COMMUNITY FIRST SHAREHOLDERS WITH RESPECT TO SIMMONS COMMON STOCK AFTER THE COMMUNITY FIRST MERGER**

Upon conclusion of the Community First merger, it is expected that current Simmons shareholders will own approximately \_\_\_\_\_ % of Simmons common stock, or approximately \_\_\_\_\_ % of Simmons common stock if the Liberty merger is consummated.

Upon conclusion of the Community First merger, it is expected that current Community First shareholders will own approximately \_\_\_\_\_ % of Simmons common stock, or approximately \_\_\_\_\_ % of Simmons common stock if the Liberty merger is consummated, and the Community First Series C preferred stock holder will own 100% of Simmons Series A preferred stock.

**RIGHT TO RECEIVE DIVIDENDS**

Simmons shareholders are entitled to receive dividends as and when declared by the Simmons board of directors. No dividends can be declared on Simmons common stock unless a like dividend is declared and paid on outstanding shares of Simmons preferred stock.

Community First shareholders are entitled to receive dividends as and when declared by the Community First board of directors. No dividends can be declared on Community First common stock if certain terms and conditions of Community First's preferred stock have not been satisfied. However, dividends may be paid on the three classes of preferred stock without paying a dividend on the Community First common stock. See Description of Capital Stock.

Simmons Series A preferred stock will be entitled to non-cumulative dividends, payable quarterly. See Description of Capital Stock.

Section 48-16-401 of the TBCA mirrors Section 4-27-640 of the ABCA.

Under Section 4-27-640 of the ABCA, the board of directors may issue dividends to its shareholders subject to the restrictions in its articles of incorporation; provided that no distribution shall be made, if after giving it effect: (1) the corporation would not be able to pay its debts as they become due in the usual course of business or (2) the corporation's total assets would be less than the sum of its total liabilities plus (unless otherwise permitted in the articles) the amount that would be needed, if the corporation were to be dissolved at the time of distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

In addition, the Federal Reserve Board further limits the ability to pay dividends if the total of all dividends declared in any calendar year, including the proposed dividend, exceeds the sum of the bank's income during the current

calendar year and the retained net income for the prior two calendar years.

**RIGHTS OF HOLDERS OF STOCK SUBJECT TO FUTURE ISSUANCES OF CAPITAL STOCK**

The rights of holders of Simmons common stock may be affected by the future issuance of Simmons common or preferred stock.

The rights of holders of Community First common stock may be affected by the future issuance of Simmons common or preferred stock.

**Table of Contents**

**SIMMONS**

Neither Class A common stock nor Simmons Series A preferred stock, because of the ownership of stock, grants its holders a pre-emptive right to purchase, subscribe for or take any part of any stock issued, optioned, or sold by Simmons.

Special meetings of shareholders may be called by the chairman of the board of directors, president, or by the majority of the board of directors, and may be called by the chairman of the board of directors or president at the request of the holders of not less than one-tenth (10%) of all the outstanding shares of Simmons entitled to vote at a meeting.

Under Section 4-27-702 of the ABCA, a corporation shall hold a special meeting of shareholders if called by the board of directors, the person authorized to do so by the articles or bylaws, or the holders of at least 10% of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

Under Simmons' bylaws, a majority of the votes entitled to be cast, represented in person or by proxy, constitutes a quorum at a meeting of the shareholders.

Simmons' bylaws provide that written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, must be delivered not less than 10 nor

**COMMUNITY FIRST**

If issued, the holders of two-thirds of Community First Series A preferred stock, two-thirds of Community First Series B preferred stock, and a

majority of Community First Series C preferred stock must consent prior to the issuance of any class or series of stock ranking senior to their respective shares with respect to both the payment of dividends and/or distribution of assets on any liquidation, dissolution or winding up of Community First.

Neither Community First common stock, Community First Series A preferred stock, Community First Series B preferred stock, nor Community First Series C preferred stock grants its holders a pre-emptive right to purchase, subscribe for or take any part of any stock issued, optioned, or sold by Community First.

Community First's bylaws provide that special meetings of Community First's shareholders may be called by the president, chairman of the board of directors, a majority of the board of directors, or by the holders of not less than one-half (50%) of all shares entitled to vote at such meeting.

Under Section 48-17-102 of the TBCA, the board of directors, any person authorized by the charter or bylaws, or (unless the charter provides otherwise) the holders of at least 10% of the votes entitled to be cast may call a special meeting of shareholders.

Under Community First's bylaws, a majority of the shares entitled to vote constitutes a quorum for the transactions of business at a meeting of the shareholders.

Community First's bylaws provide that written notice of a special meeting of shareholders, stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the

**PRE-EMPTIVE RIGHTS**

**SPECIAL MEETING OF SHAREHOLDERS**

**QUORUM**

**NOTICE OF SHAREHOLDER MEETINGS**

more than 60 days before the date of the meeting, unless one of the purposes of the meeting is to increase the authorized capital stock or bond indebtedness of Simmons, in which case the notice must be delivered not less than 60 nor more than 75 days

meeting is called and the person or persons calling the meeting must be delivered either personally or by mail by or at the direction of the president, secretary, officer or person calling the meeting to each shareholder entitled to vote at the



**Table of Contents**

**SIMMONS**

prior to the date of meeting, either personally or by mail, at the direction of the chairman of the board of directors, the president or the secretary or the officer or persons calling the meeting of each shareholder of record entitled to vote at such meeting. If mailed, such notice is deemed to be delivered when deposited in the United States mail, addressed to the shareholder at the address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Simmons does not currently have a shareholder rights plan in effect.

Simmons' articles of incorporation provide that the board of directors shall consist of not less than five nor more than 25 directors, the exact number to be determined by the vote of the majority of directors or by resolution of the shareholders.

The board of directors has the power, in between annual shareholders' meetings, to increase the number of directors by two more than the number of directors last elected by shareholders, where such number was 15 or less, and by four more than the number of directors last elected by the shareholders, where such number was 16 or more, but in no event may the number of directors exceed 25 without any further action of the shareholders in accordance with Simmons' bylaws.

Directors are elected at an annual shareholders' meeting, or if the annual meeting is not held, at a special meeting called for the purpose of the election of directors. Each director holds office until the next annual meeting of the shareholders. Directors are elected by a plurality of the votes cast by the shares entitled to vote thereon. Simmons shareholders are not entitled to cumulative voting in the election of directors.

**COMMUNITY FIRST**

meeting. If mailed, such notice must be delivered not less than 10 nor more than 60 days before the date of the meeting, and is deemed to be delivered when deposited in the United States mail addressed to the shareholder at such shareholder's address as it appears on the stock transfer books of the corporation, with postage thereon prepaid. If delivered personally, such notice must be delivered not less than five nor more than 60 days before the date of the meeting, and is deemed delivered when actually received by the shareholder. The person giving such notice must certify that the notice required has been given.

Community First does not currently have a shareholder rights plan in effect.

Community First's charter provides that the number of directors on the board of Community First shall be fixed from time to time by the shareholders, or by a majority of the entire board of directors, but not less than the number required by the law (one).

The directors are elected at a shareholder meeting, where a majority of the shares entitled to vote are present, and a majority interest of the stock there represented shall elect the directors.

The directors must be shareholders, at least 18 years of age and not over 69 years of age at the time of the shareholders' meeting at which they are elected by the shareholders. In the event that a director attains age 70 during his or her term of office, he or she may serve only until the next annual shareholders' meeting after his or her 70th birthday, at which time his or her successor must be appointed to serve the remainder of his or her term.

Presently, Community First's board of directors consists

of 17 members.

Presently, Simmons' board of directors consists of nine members. Under the Community First merger agreement, at the effective time, Simmons will take all steps necessary to increase the size of its board of directors by two directors and, if approved by the NCCGC, appoint such candidates to the vacancies created on the Simmons board of directors.

**Table of Contents**

**SIMMONS COMMUNITY FIRST  
VACANCIES ON THE BOARD OF DIRECTORS**

Any vacancy on the board of directors, including an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors or, if the directors remaining in office constitute fewer than a quorum of the board of directors, by the affirmative vote of a majority of all of the directors remaining in office. Section 4-27-810 of the ABCA provides that the shareholders or board of directors may fill a vacancy on the board of directors, unless otherwise provided by the articles of incorporation.

Community First's charter and bylaws provide that vacancies on the board of directors, however caused, and newly created directorships are filled by the vote of a majority of the directors then in office, even if less than a quorum exists. Section 48-18-110 of the TBCA provides that vacancies on the board of directors may be filled by the shareholders or directors, unless the charter provides otherwise.

**REMOVAL OF DIRECTORS**

Neither Simmons' articles of incorporation nor bylaws address the removal of directors.

Community First's charter and bylaws provide that any one or more directors may be removed for cause, at any time, by the majority vote of the entire board of directors. Shareholders do not have the right to remove directors without cause as defined in Community First's charter. Community First's charter defines cause as final conviction of a felony, declaration of unsound mind by court order, adjudication of bankruptcy, non-acceptance of office or conduct prejudicial to the interests of the corporation.

Section 4-27-808 of the ABCA provides that one or more directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise stated in the articles that directors may be removed only for cause. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove him or her. A director also may be removed by the shareholders only at a meeting called for the purpose of removing the director and the meeting notice must state that one of the purposes of the meeting is removal of the director.

Section 48-18-108 of the TBCA provides that shareholders may remove directors with or without cause unless the charter provides that directors may be removed only for cause. However, if a director is elected by a particular voting group, that director may only be removed by the requisite vote of that voting group. A director also may be removed by the shareholders only at a meeting called for the purpose of removing the director and the meeting notice must state that one of the purposes of the meeting is removal of the director.

**INDEMNIFICATION OF DIRECTORS AND OFFICERS AND INSURANCE**

Simmons' articles of incorporation and bylaws provide that any director or officer who is made party to an action by reason of the fact that he or she was a director or officer of the corporation shall be indemnified and held harmless to the fullest extent legally permissible under the ABCA for expenses reasonably incurred in connection with the action.

Community First's bylaws provide that Community First has the power to indemnify any person for reasonable expenses incurred in connection with any proceeding in which he or she was made party by reason of being or having been a director, officer, or employee of the corporation. Community First may not indemnify the director, officer, or employee if he or she

Expenses incurred by a director or officer of Simmons in defending a civil or criminal action, suit or proceeding must be paid by Simmons in advance of the final disposition of such action suit or proceeding upon authorization by the board of directors by a majority vote of a quorum consisting of directors who are not parties to the action, suit or proceeding and if such a quorum is

was adjudged guilty or liable for gross negligence, willful misconduct or criminal acts in the performance of duties to the corporation. Additionally, no person may be indemnified in relation to any proceeding which has been made the subject of a settlement agreement, except as provided by a court of

**Table of Contents**

**SIMMONS**

unobtainable, if a quorum of disinterested directors so directs, then by independent legal counsel in a written opinion or by the shareholders.

Under Simmons' articles of incorporation and bylaws, the board of directors may cause Simmons to purchase and maintain insurance on behalf of any director or officer of Simmons against any liability, whether or not Simmons would have the power to indemnify such person. Section 4-27-850 of the ABCA provides that a corporation may indemnify any person who was made a party to a proceeding for the reason he or she is a director, officer or employee of the corporation and amounts paid in settlement actually and reasonably incurred in connection with the proceeding, if he or she acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The corporation must indemnify a director, officer, or employee who has been successful on the merits at a proceeding that he or she was a party because he or she is a director, officer, or employee of the corporation. No indemnification may be made if the person shall have been adjudged liable to the corporation unless otherwise specified by the court.

Simmons' articles of incorporation provides, to the fullest extent permitted by the ABCA, a director shall not be liable to Simmons or its shareholders for monetary damages for a breach of fiduciary duty as a director.

Section 4-27-830 provides that if a director complies with the standard of conduct under the ABCA, the director may not be liable for any action taken as a director, or failure to

**COMMUNITY FIRST**

competent jurisdiction, or the holders of record of a majority of the outstanding shares of the corporation, or the board of directors, acting by vote of directors not parties to the same action.

Section 48-18-502 of the TBCA provides that a corporation may indemnify an individual made party to a proceeding because the individual is or was a director against liability incurred in the proceeding if: (1) individual's conduct was in good faith; (2) the individual reasonably believed: (A) in his or her official capacity, that the conduct was in the corporation's best interest, and (B) in all other cases, individual had no reasonable cause to believe the individual's conduct was unlawful; and (3) in the case of a criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful. Section 48-18-502 of the TBCA provides that a corporation may not indemnify a director for liability (1) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or (2) in connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in the director's official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director. Section 48-18-503 of the TBCA provides that the corporation must indemnify any director who was wholly successful on the merits at a proceeding that he or she was a party because he or she is a director, officer, or employee of the corporation.

**PERSONAL LIABILITY OF DIRECTORS**

Community First's charter provides that directors are not personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 48-18-302 of the TBCA, (iv) for any transaction from which the director derived an

take such action.

improper benefit, or (v) for acts or omissions occurring prior to the effective date of this provision.

**DISSENTERS RIGHTS**

Under Section 4-27-1302 of the ABCA, a shareholder is entitled to dissent from and obtain payment of the fair

Under Section 48-23-102 of the TBCA, Community First's shareholders have dissenters' rights which

**Table of Contents****SIMMONS**

value of the shareholder's shares in the event of extraordinary corporate actions such as a plan of conversion, merger, share exchange, sale of substantially all of the assets, or certain amendments to the articles. Sections 4-27-1320 through 4-27-1331 of the ABCA provide the process of obtaining payment which consists of the shareholder delivering notice of intent to demand payment, shareholder must not vote his or her shares in favor of the proposed action, certify whether he or she acquired ownership of the shares prior to the corporate action, deposit his or her certificates, and if shareholder rejects the corporation's offer, judicial appraisal of the value of the shares. The ABCA also places certain obligations on the corporation such as providing dissenters' notice to all shareholders. A shareholder entitled to dissent and obtain payment for the shareholder's shares may not challenge the corporate action creating the shareholder's entitlement unless such action is unlawful or fraudulent with respect to the shareholder or the corporation.

**VOTES ON EXTRAORDINARY CORPORATE TRANSACTIONS**

Simmons' articles of incorporation provide that any merger, sale of substantially all of the Simmons' assets, liquidation or dissolution, or any reclassification of the corporation's securities shall require the affirmative vote of the holders of at least 80% of the outstanding voting shares, unless such business combination is approved by 80% of the disinterested directors (defined above).

Under Section 4-27-1107 of the ABCA, a plan of merger may be approved if the board of directors recommends the merger to the shareholder (subject to certain exceptions) and shareholders entitled to vote approve the plan.

**COMMUNITY FIRST**

entitle them to dissent from, and obtain payment of the fair value of the shareholders' shares in the event of certain extraordinary corporate transactions including the consummation of a plan of merger if shareholder approval is required for the merger by the TBCA or the charter, or if the corporation is a subsidiary that is merged with its parent. A shareholder entitled to dissent and obtain payment for its shares under the TBCA may not challenge the corporate action creating the shareholder's entitlement unless the action is unlawful or fraudulent. No shareholder may dissent as to any shares of a security which, as of the date of the effectuation of the transaction which would otherwise give rise to dissenters' rights, is listed on an exchanged registered under Section 6 of the Securities Exchange Act, or is on a national market system security. Sections 48-23-201 through 48-23-302 of the TBCA provide the process for obtaining payment which consists of the shareholder delivering notice of intent to demand payment, shareholder must not vote his or her shares in favor of the proposed transaction, certify whether he or she acquired ownership of the shares prior to the corporate action, deposit his or her certificates, and if shareholder rejects the corporation's offer, judicial appraisal of the value of the shares. The TBCA also places certain obligations on the corporation such as providing dissenters' notice to all shareholders.

Neither Community First's bylaws nor charter addresses votes on extraordinary corporate transactions.

Under Section 48-21-104 of the TBCA, a merger of the corporation with and into another corporation, or a share exchange involving one or more classes or series of the corporation's shares or a dissolution of the corporation must be approved by the board of directors (except in certain limited circumstances) plus, with certain exceptions, the affirmative vote of the holders of a majority of all shares of stock entitled to vote thereon.

Under Section 4-27-1201 of the ABCA, a sale of the all or substantially all of the corporation's assets in regular course of business may be approved by the board of

Further, unless the charter or TBCA provides otherwise, the plan of merger must be approved by each voting group entitled to vote separately on the



**Table of Contents**

**SIMMONS**

directors, and unless otherwise provided by the articles of incorporation. The approval of the shareholders is not required.

**COMMUNITY FIRST**

plan by a majority of all votes entitled to be cast on the plan by that voting group.

Under Section 48-22-101 of the TBCA, a sale of all or substantially all of the corporation's assets in the regular course of business may be approved by the board of directors, and unless otherwise provided by the charter, the approval of the shareholders is not required.

**CONSIDERATION OF OTHER CONSTITUENCIES**

Simmons' articles of incorporation provide that after receipt of a tender offer, merger offer, or other acquisitive offer, the board of directors must consider (i) the impact on Simmons, its subsidiaries, shareholders and employees and the communities served by Simmons, (ii) the timeliness of the proposed transaction considering the business climate and strategic plans of Simmons, (iii) the existence of any legal defects or regulatory issues involved in the proposed transaction, (iv) the possibility of non-consummation of the transaction due to lack of financing, regulatory issues or identified issues, (v) current market price of Simmons common stock and its consolidated assets, (vi) book value of Simmons common stock, (vii) the relationship of the offered price for Simmons common stock to the board's opinion of the current value of Simmons in a negotiated transaction, (viii) the relationship of the offered price for Simmons common stock to the board's opinion of the future value of Simmons as an independent entity, and (ix) such other criteria as the board may determine is appropriate.

Community First's bylaws provide that directors shall consider all factors they deem relevant in evaluating any proposed tender offer, exchange offer, merger or sale of substantially all of the corporation's assets. The directors must evaluate whether the proposal is in the best interests of the corporation and shareholders, and other factors the directors determine to be relevant including the social, legal, and economic effects on employees, customers and the communities served by the corporation and its subsidiaries; the consideration being paid to the shareholders in relation to fair market value; and estimated future value of the corporation's shares.

Section 48-103-204 of the TBCA provides that no corporation (nor its officers or directors) registered or traded on a national securities exchange or registered with the SEC shall be held liable for either having failed to approve the acquisition of shares by an interested shareholder on or before such interested shareholder's share acquisition date, or for opposing any proposed merger, exchange, tender offer or significant disposition of the assets of the corporation or any of its subsidiaries because of a good faith belief that such merger, exchange, tender offer or significant disposition of assets would adversely affect the corporation's employees, customers, suppliers, the communities in which such corporation or its subsidiaries operate or are located or any other relevant factor if such factors are permitted to be considered by the board of directors under the charter for such corporation in connection with a merger, exchange,

tender offer or significant disposition of assets.  
Community First is not a corporation registered or  
traded on a national securities exchange or registered  
with the SEC.

**Table of Contents**

**SIMMONS  
COMMUNITY FIRST  
AMENDMENT OF CHARTER/ARTICLES OF INCORPORATION**

Simmons articles of incorporation provides that it may be amended by the approval of 80% of the shares entitled to vote on such amendment, unless such amendment shall have been approved by an affirmative vote of 80% of the directors who were in office prior to the proponent of any business combination acquiring 10% or more of Simmons stock.

Under Section 4-27-1002 of the ABCA, the board of directors may amend the articles of incorporation of a corporation without shareholder approval to extend its duration, change the name of the corporation to include words required by the ABCA, declare a forward stock split in a class of shares if there is only one class outstanding, and for certain other ministerial actions. Any other amendment to the articles of incorporation must first be approved by a majority of the board of directors and thereafter by the affirmative vote of a majority of all shares entitled to vote thereon, by any voting group with respect to which the amendment would create dissenters' rights, pursuant to Section 4-27-1003 of the ABCA.

Notwithstanding the foregoing, under Arkansas law, a majority of a class of stock must approve any amendment that adversely affects their particular class as further described in Section 4-27-1004 of the ABCA.

Simmons bylaws provide that they may be amended, altered, or repealed, at any meeting of the board of directors, by a majority vote.

Section 4-27-1020 of the ABCA provides that a corporation's board of directors may amend or repeal the corporation's bylaws unless otherwise stated in the corporation's articles of incorporation or the amendment deals with a particular provision that is reserved for

Community First's charter provides that it may be amended, altered, or repealed in accordance with the laws of the State of Tennessee.

Section 48-20-102 of the TBCA provides that a board of directors may approve the following amendments to the charter: delete the name and addresses of the initial directors, delete the name and address of the initial registered agent or registered office, designate or change the name of the principal officer, change each issued and unissued authorized share of an outstanding class, change the corporation

abbreviation or deleting or changing geographical attribution for the name and delete initial principal office.

All other amendments generally must be recommended to the shareholders for approval by the board of directors, followed by the affirmative vote of the majority of the shareholders pursuant to Section 48-20-103 of the TBCA.

Notwithstanding the foregoing, under Tennessee law, a majority of a class of stock must approve any amendment that adversely affects their particular class as further described in Section 48-20-104 of the TBCA.

**AMENDMENT OF BYLAWS**

Community First's charter and bylaws provide that the bylaws may be amended by the majority vote of the entire board of directors or affirmative vote of the holders of at least 80% of the stock of the corporation.

Under the TBCA, shareholder action is generally not necessary to amend the bylaws, unless the charter provides otherwise or the shareholders in amending or repealing a particular bylaw provide expressly that the

shareholders approval. A corporation s shareholders may amend or repeal the corporation s bylaws even though the bylaws may also be amended by the board of directors.

board of directors may not amend or repeal that bylaw. The shareholders may amend or repeal Community First s bylaws even though the bylaws may also be amended or repealed by its board of directors.

**Table of Contents**

**SIMMONS**

**COMMUNITY FIRST**

**CONTROL SHARE ACQUISITION**

No control share acquisition, business combination moratorium, fair price or other form of anti-takeover statute or regulation is applicable to Simmons under Arkansas law.

The Tennessee Control Share Acquisition Act generally provides that, control shares will not have any voting rights. Control shares are shares acquired by a person under certain circumstances which, when added to other shares owned, would give such person effective control over one-fifth or more, or a majority of all voting power (to the extent such acquired shares cause such person to exceed one-fifth or one-third of all voting power) in the election of a Tennessee corporation's directors. However, voting rights will be restored to control shares by resolution approved by the affirmative vote of the holders of a majority of the corporation's voting stock, other than shares held by the owner of the control shares or other interested shares. If voting rights are granted to control shares which give the holder a majority of all voting power in the election of the corporation's directors, then the corporation's other shareholders may require the corporation to redeem their shares at fair value. The Tennessee Control Share Acquisition Act is not applicable to Community First because the Community First charter does not contain a specific provision opting in to the Control Share Acquisition Act.

**BUSINESS COMBINATION INVOLVING INTERESTED SHAREHOLDERS**

Simmons' articles of incorporation provide that an interested shareholder (person who owns more than 10% of Simmons common stock) may only acquire additional voting shares through a cash tender offer at a price not less than the highest closing price of Simmons common stock during the most recent 24 months, unless such stockholder is exempt from this restriction by the board of directors prior to becoming an interested stockholder, or the additional voting shares are acquired through a business combination.

Community First's bylaws provide that no contract or other transaction between Community First and any other corporation is affected by the fact that any director of Community First is interested in or is a director or officer of such other corporation. Every person who becomes a director of Community First is relieved from any liability that might otherwise exist from contracting with Community First for the benefit of himself or any firm in which he may be interested.

However, the TBCA generally prohibits a business combination by Community First or a subsidiary with an interested shareholder within five years after the shareholder becomes an interested shareholder, subject to certain exceptions. Community First or a subsidiary can, however, enter into a business combination within that five year period if, before the interested shareholder became such, Community First's board of

directors approved the business combination or the transaction in which the interested shareholder became an interested shareholder. After that five-year moratorium, the

**Table of Contents**

**SIMMONS**

**COMMUNITY FIRST**

business combination with the interested shareholder can be consummated only if it satisfies certain fair price criteria or is approved by two-thirds of the other shareholders.

For purposes of the TBCA, a business combination includes mergers, share exchanges, sales and leases of assets, issuances of securities, and similar transactions. An interested shareholder is generally any person or entity that beneficially owns 10% or more of the voting power of any outstanding class or series of Community First stock.

**SHAREHOLDER RIGHT TO MAKE PROPOSALS AND TO NOMINATE DIRECTORS**

The board of directors has delegated to Simmons NCCGC the responsibility of identifying and evaluating proposed nominees to the Simmons board of directors.

Community First's charter and bylaws do not address whether common stock holders have the right to make proposals and to nominate directors. However, under Tennessee law, shareholders have the right to submit proposals to the board of directors and to submit nominations for directors.

The NCCGC must consider director nominees from shareholders. A shareholder must provide notice of its intention to nominate a director in sufficient time for the consideration and action by the NCCGC. Notice of a shareholder's intention to nominate a director must include specific information about the nominee.

If issued, holders of Community First Series A preferred stock, Community First Series B preferred stock and Community First Series C preferred stock each have the right to appoint two directors if dividends are not paid in six dividend periods. See Description of Capital Stock.

Holders of Simmons Series A preferred stock will have the right to appoint two directors if dividends are not paid in six dividend periods. See Description of Capital Stock.

Under the ABCA, shareholders have the right to submit proposals to the board of directors and to submit nominations for directors.

**SHAREHOLDER ABILITY TO ACT BY WRITTEN CONSENT**

Neither Simmons' articles nor bylaws addresses whether shareholders have the ability to act by written consent.

Community First's bylaws provide that whenever shareholders or directors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the

Generally, under 4-27-704 of the ABCA, any action required to be taken at a shareholder meeting may be taken without a meeting if one or more consents, setting forth the action so taken, are signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize to take such action at a meeting at which all shares entitled to vote are present and voted.

action so taken, signed by all persons or parties entitled to vote thereon.

Section 48-17-104 of the TBCA permits shareholder action without a meeting if (i) all shareholders entitled to vote on the action consent to taking such action without a meeting and (ii) the affirmative vote of the number of shares that would be necessary to authorize or take such action at a meeting is the act of the shareholders. If the action taken is by less than unanimous written consent of the voting shareholders, the corporation must give its non-consenting voting shareholders written notice of the action not more than 10 days after sufficient votes to take such action have been received.



**Table of Contents**

**COMPARISON OF SHAREHOLDERS' RIGHTS OF  
SIMMONS AND LIBERTY**

*If the Liberty merger is completed, holders of Liberty common stock will receive shares of Simmons common stock in exchange for their shares of Liberty common stock. Simmons is organized under the laws of the State of Arkansas and Liberty is organized under the laws of the State of Missouri. The following is a summary of the material differences between (1) the current rights of Liberty shareholders under the GBCM and Liberty's articles of incorporation and bylaws and (2) the current rights of Simmons shareholders under the ABCA and Simmons' articles of incorporation and bylaws.*

*Simmons and Liberty believe that this summary describes the material differences between the rights of holders of Simmons common stock as of the date of this joint proxy statement/prospectus and the rights of holders of Liberty common stock as of the date of this joint proxy statement/prospectus; however, it does not purport to be a complete description of those differences. Copies of Simmons' governing documents have been filed with the SEC and copies of Liberty's governing documents can be found at its principal office. To find out where copies of these documents can be obtained, see *Where You Can Find More Information*.*

**SIMMONS****LIBERTY****DESCRIPTION OF CAPITAL STOCK**

Simmons' articles of incorporation authorize it to issue 60,000,000 shares of Class A common stock, par value \$0.01 per share, and 40,040,000 shares of Simmons Series A preferred stock, par value \$0.01 per share.

Liberty's articles of incorporation authorize it to issue 25,000,000 shares of common stock, par value \$0.20 per share.

As of the record date, there are no Simmons Series A preferred stock outstanding, but Simmons intends to issue 30,852 shares of such preferred stock to holders of Community First Series C preferred stock at closing of the Community First merger.

Liberty's articles of incorporation also authorize the board of directors to issue 1,000,000 shares of preferred stock, par value \$0.01 per share. Liberty has designated 22,995 shares of preferred stock as Senior Non-Cumulative Perpetual Preferred Stock, Series C, but no shares are outstanding at this time.

Holders of Simmons Series A preferred stock are entitled to (i) receive non-cumulative dividends, payable quarterly, (ii) liquidation rights, but a merger is not considered a liquidation event, (iii) if Simmons fails to pay dividends for five or more dividend periods, whether consecutive or not, appoint a non-voting observer on the Simmons board of directors, and (iv) if Simmons fails to pay dividends on six or more dividend periods, whether consecutive or not, and if the aggregate liquidation preference of the shares of Simmons Series A preferred stock is equal or greater than

\$25,000,000, elect two directors to the Simmons board of directors.

The consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Simmons Series A preferred stock, or the majority of the holders of Simmons Series A preferred stock voting as a single class, if U.S. Treasury no longer holds any shares of Simmons Series A preferred stock, is required to (i) approve certain amendments to the articles of incorporation, (ii) consummate a binding share exchange, reclassification of Simmons Series A preferred stock, or merger, (iii) sell all, or substantially all of Simmons assets, or (iv) consummate a Holding Company Transaction (defined above). For more information, see Voting Rights.

**Table of Contents**

**SIMMONS**

**LIBERTY**

**VOTING RIGHTS**

As of the record date, the entire voting power of Simmons is vested in the Class A common stock. Each share of Simmons common stock carries one vote and has unrestricted voting rights.

Each of Liberty's common stock carries one vote and has unrestricted voting rights.

As discussed above, upon closing of the Community First merger, Simmons will issue 30,852 shares of Simmons Series A preferred stock to holders of Community First Series C preferred stock. Generally, holders of Simmons Series A preferred stock will not have voting rights with limited exceptions.

The consent of the U.S. Treasury, if the U.S. Treasury holds any shares of Simmons Series A preferred stock, or the majority of the holders of Simmons Series A preferred stock voting as a single class, if U.S. Treasury no longer holds any shares of Simmons Series A preferred stock, is required to (i) approve certain amendments to the articles of incorporation including (a) authorize, creating or increasing shares or any class of shares ranking senior to the Simmons Series A preferred stock and (b) any amendment that would adversely affect the rights of Simmons Series A preferred stock; (ii) consummate a binding share exchange, reclassification of Simmons Series A preferred stock, or merger unless (x) the shares of Simmons Series A preferred stock remain outstanding or converted into preference securities of the surviving entity and (y) the shares of Simmons Series A preferred stock or such preference securities have the same rights as the Simmons Series A preferred stock immediately prior to the consummation of the corporate action; (iii) sell all, or substantially all of Simmons' assets; or (iv) consummate a Holding Company Transaction. For more information, see Description of Capital Stock of Simmons Preferred Stock Simmons Series A Preferred Stock.

**NUMBER OF OUTSTANDING SHARES BEFORE THE LIBERTY MERGER**

As of the record date for the Simmons special meeting, there were \_\_\_\_\_ shares of Simmons common stock and no shares of Simmons preferred stock outstanding.

As of the record date for the Liberty special meeting, there were \_\_\_\_\_ shares of Liberty common stock and no shares of Liberty preferred stock outstanding.

**NUMBER OF OUTSTANDING SHARES AFTER THE LIBERTY MERGER**

Immediately after the Liberty merger, Simmons will have shares of Simmons common stock and 30,852 shares of Simmons Series A preferred stock outstanding.

Immediately after the Liberty merger, Liberty will have no shares of any class of stock issued or outstanding.

**Table of Contents**

**SIMMONS** **LIBERTY**  
**ESTIMATED VOTING PERCENTAGE OF SIMMONS AND LIBERTY SHAREHOLDERS WITH  
RESPECT TO SIMMONS COMMON STOCK AFTER THE LIBERTY MERGER**

Upon conclusion of the Liberty merger, it is expected that current Simmons shareholders will own approximately \_\_\_\_\_% of Simmons common stock, or approximately \_\_\_\_\_% of Simmons common stock if the Community First merger is consummated.

Upon conclusion of the Liberty merger, it is expected that current Liberty shareholders will own approximately \_\_\_\_\_% of Simmons common stock.

**RIGHT TO RECEIVE DIVIDENDS**

Simmons shareholders are entitled to receive dividends as and when declared by the Simmons board of directors. No dividends can be declared on Simmons common stock unless a like dividend is declared and paid on outstanding shares of Simmons preferred stock.

Liberty shareholders are entitled to receive dividends as and when declared by the Liberty board of directors.

Simmons Series A preferred stock will be entitled to non-cumulative dividends, payable quarterly. See Description of Capital Stock.

Section 351.220 of the GBCM provides that no dividend shall be declared or paid at a time when the net assets of the corporation are less than its stated capital or when the payment thereof would reduce the net assets of the corporation below its stated capital.

Under Section 4-27-640 of the ABCA, the board of directors may issue dividends to its shareholders subject to the restrictions in its articles of incorporation; provided that no distribution shall be made, if after giving it effect: (1) the corporation would not be able to pay its debts as they become due in the usual course of business or (2) the corporation's total assets would be less than the sum of its total liabilities plus (unless otherwise permitted in the articles) the amount that would be needed, if the corporation were to be dissolved at the time of distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

In addition, the Federal Reserve Board further limits the ability to pay dividends if the total of all dividends declared in any calendar year, including the proposed dividend, exceeds the sum of the bank's net income during the current calendar year and the retained net income of the prior two calendar years.

**RIGHTS OF HOLDERS OF STOCK SUBJECT TO FUTURE ISSUANCES OF COMMON STOCK**

The rights of holders of Simmons common stock may be affected by the future issuance of Simmons common or preferred stock.

The rights of holders of Liberty common stock may be affected by the future issuance of Simmons common or preferred stock.

**PRE-EMPTIVE RIGHTS**

Neither Class A common stock nor Simmons Series A preferred stock, because of the ownership of stock, grants its holders a pre-emptive right to purchase, subscribe for or take any part of any stock issued, optioned, or sold by Simmons.

Liberty's articles of incorporation prohibit Liberty from granting preemptive or preferential rights unless determined by the board of directors, which may issue shares of the corporation or obligations convertible into shares without offering such issue either in whole or in part to the shareholders of the corporation.

**Table of Contents**

**SIMMONS**

**LIBERTY**

**SPECIAL MEETING OF SHAREHOLDERS**

Special meetings of shareholders may be called by the chairman of the board of directors, president, or by the majority of the board of directors, and may be called by the chairman of the board of directors or president at the request of the holders of not less than one-tenth (10%) of all the outstanding shares of Simmons entitled to vote at a meeting.

Liberty's bylaws provide that a special meeting of the shareholders may be called by the board of directors, the chairman of the board of directors or the president, and shall be called by the president or the secretary at the written demand of at least 25% of all outstanding shares entitled to vote on the action proposed to be taken at such meeting, which demand must state the purpose or purposes of the proposed meeting.

Under Section 4-27-702 of the ABCA, a corporation shall hold a special meeting of shareholders if called by the board of directors, the person authorized to do so by the articles or bylaws, or the holders of at least 10% of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

Under Section 351.225.1 of the GBCM, special meetings of the shareholders may be called by the board of directors or by such other person or persons as may be authorized by the articles of incorporation or the bylaws.

**QUORUM**

Under Simmons' bylaws, a majority of the votes entitled to be cast, represented in person or by proxy, constitutes a quorum at a meeting of the shareholders.

Under Liberty's bylaws, the shareholders entitled to cast a majority of the votes at a meeting of the shareholders constitute a quorum.

**NOTICE OF SHAREHOLDER MEETINGS**

Simmons' bylaws provide that written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, must be delivered not less than 10 nor more than 60 days before the date of the meeting, unless one of the purposes of the meeting is to increase the authorized capital stock or bond indebtedness of Simmons, in which case the notice must be delivered not less than 60 nor more than 75 days prior to the date of meeting, either personally or by mail, at the direction of the chairman of the board of directors, the president or the secretary or the officer or persons calling the meeting of each shareholder of record entitled to vote at such meeting. If mailed, such notice is deemed to be delivered when deposited in the United States mail, addressed to the shareholder at the address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Liberty's bylaws and Section 351.230 of the GBCM provide that, except as otherwise provided by law, written notice of the time, place and purpose or purposes of every meeting of shareholders must be given not less than 10 nor more than 70 days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. Any notice of a shareholders' meeting sent by mail is deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the shareholder at his address as it appears on the records of the corporation. Attendance of a shareholder at any meeting constitutes a waiver of notice of such meeting except where a shareholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**SHAREHOLDER RIGHTS PLAN**

Simmons does not currently have a shareholder rights plan

Liberty does not currently have a shareholder rights

in effect.

plan in effect.

189



**Table of Contents**

**SIMMONS  
ELECTION, SIZE, AND CLASSIFICATION OF BOARD OF DIRECTORS**

Simmons' articles of incorporation provide that the board of directors shall consist of not less than five nor more than 25 directors, the exact number to be determined by the vote of the majority of directors or by resolution of the shareholders.

The board of directors has the power, in between annual shareholders' meetings, to increase the number of directors by two more than the number of directors last

elected by shareholders, where such number was 15 or less, and by four more than the number of directors last elected by the shareholders, where such number was 16 or more, but in no event may the number of directors exceed 25 without any further action of the shareholders in accordance with Simmons' bylaws.

Directors are elected at an annual shareholders' meeting, or if the annual meeting is not held, at a special meeting called for the purpose of the election of directors. Each director holds office until the next annual meeting of the shareholders. Directors are elected by a plurality of the votes cast by the shares entitled to vote thereon. Simmons shareholders are not entitled to cumulative voting in the election of directors.

Presently, Simmons' board of directors consists of nine members. Under the Liberty merger agreement, at the effective time, Simmons will take all steps necessary to increase the size of its board of directors by one director and, if approved by the NCCGC, appoint such candidates to the vacancy created on the Simmons board of directors.

**VACANCIES ON THE BOARD OF DIRECTORS**

Any vacancy on the board of directors, including an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors or, if the directors remaining in office constitute fewer than a quorum of the board of directors, by the affirmative vote of

**LIBERTY  
ELECTION, SIZE, AND CLASSIFICATION OF BOARD OF DIRECTORS**

Liberty's bylaws provide that the board of directors of Liberty shall consist of not less than three nor more than 25 directors as may from time to time be prescribed by resolution of the board of directors or as otherwise provided in Liberty's articles of incorporation. Any change in the number of directors must be reported to the Missouri Secretary of State within 30 days of such change.

Directors must be at least 21 years of age and need not be United States citizens or residents of Missouri or shareholders of Liberty. Directors are elected to hold office at each annual meeting of shareholders until the next succeeding annual meeting. Directors are elected by a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote for such directors.

Under the GBCM, shareholders may vote cumulatively for the election of directors.

Presently, Liberty's board of directors consists of 14 members.

a majority of all of the directors remaining in office.

Section 4-27-810 of the ABCA provides that the shareholders or board of directors may fill a vacancy on the board of directors, unless otherwise provided by the articles of incorporation.

of the board of directors, or by a sole remaining director. If one or more directors resign from the board of directors effective at a future date, a majority of the directors then in office including those who have so resigned, have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations becomes effective.

Section 351.320 of the GBCM provides that, unless otherwise provided in the articles of incorporation or bylaws, vacancies on the board of directors may be filled by the majority of the directors then in office, though less than a quorum.

**Table of Contents**

**SIMMONS**

**LIBERTY**

**REMOVAL OF DIRECTORS**

Neither Simmons' articles of incorporation nor bylaws address the removal of directors.

Section 4-27-808 of the ABCA provides that one or more directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise stated in the articles that directors may be removed only for cause. If a director is elected by a

voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove him or her. A director also may be removed by the shareholders only at a meeting called for the purpose of removing the director and the meeting notice must state that one of the purposes of the meeting is removal of the director.

Section 351.315 of the GBCM and the bylaws of Liberty provide that a director may be removed with or without cause at a regular or special meeting called for that purpose by an affirmative vote of a majority of the outstanding shares then entitled to vote for the election of directors; provided however that any director elected by a class vote may be removed only by a class vote of the holders of shares entitled to vote for his or her election.

Section 351.317 of the GBCM provides that any director may be removed for cause by action of a majority of the entire board of directors if the director to be removed, at the time of removal, fails to meet the qualifications stated in the articles of incorporation or bylaws for election as a director or is in breach of any agreement between such director and the corporation relating to such director's services as a director or employee of the corporation.

**INDEMNIFICATION OF DIRECTORS AND OFFICERS AND INSURANCE**

Simmons' articles of incorporation and bylaws provide that any director or officer who is made party to an action by reason of the fact that he or she was a director or officer of the corporation shall be indemnified and held harmless to the fullest extent legally permissible under the ABCA for expenses reasonably incurred in connection with the action.

Expenses incurred by a director or officer of Simmons in defending a civil or criminal action, suit or proceeding must be paid by Simmons in advance of the final disposition of such action suit or proceeding upon authorization by the board of directors by a majority vote of a quorum consisting of directors who are not parties to the action, suit or proceeding and if such a quorum is unobtainable, if a quorum of disinterested directors so directs, then by independent legal counsel in a written opinion or by the shareholders.

Neither Liberty's articles of incorporation nor bylaws contain an indemnity provision.

Section 351.355 of the GBCM provides that a corporation may indemnify any person who is a party or threatened to be made a party to a threatened, pending or completed action, suit or proceeding, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her if the individual acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its

Under Simmons' articles of incorporation and bylaws, the board of directors may cause Simmons to purchase and maintain insurance on behalf of any director or officer of Simmons against any liability, whether or not Simmons would have the power to indemnify such person.

equivalent does not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 4-27-850 of the ABCA provides that a corporation may indemnify any person who was made a party to a proceeding for the reason he or she is a director, officer or employee of the corporation and amounts paid in settlement actually and reasonably incurred in connection with the proceeding, if he or she

Indemnification is not available under the GBCM to directors, officers, employees, or agents that were adjudged liable for negligence or misconduct in the

**Table of Contents**

**SIMMONS**

acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The corporation must indemnify a director, officer, or employee who has been successful on the merits at a proceeding that he or she was a party because he or she is a director, officer, or employee of the corporation. No indemnification may be made if the person shall have been adjudged liable to the corporation unless otherwise specified by the court.

Simmons articles of incorporation provides, to the fullest extent permitted by the ABCA, a director shall not be liable to Simmons or its shareholders for monetary damages for a breach of fiduciary duty as a director.

Section 4-27-830 provides that if a director complies with the standard of conduct under the ABCA, the director may not be liable for any action taken as a director, or failure to take such action.

Under Section 4-27-1302 of the ABCA, a shareholder is entitled to dissent from and obtain payment of the fair value of the shareholder's shares in the event of extraordinary corporate actions such as a plan of conversion, merger, share exchange, sale of substantially all of the assets, or certain amendments to the articles.

Sections 4-27-1320 through 4-27-1331 of the ABCA provides the process of obtaining payment which consists of the shareholder delivering notice of intent to demand payment, shareholder must not vote his or her shares in favor of the proposed action, certify whether he or she acquired ownership of the shares prior to the corporate action, deposit his or her certificates, and if shareholder rejects the corporation's offer, judicial appraisal of the value of the shares. The ABCA also places certain obligations on the corporation such as providing dissenters' notice to all shareholders.

**LIBERTY**

performance of his or her duty to the corporation unless the court determines otherwise.

The corporation must indemnify directors, officers, employees, or agents that were successful on the merits in the defense of the action.

Section 351.345 of the GBCM provides that directors of a corporation who knowingly declare and pay any dividend except as permitted by and in accordance with the GBCM will be liable for all the debts of the corporation then existing and for all that is thereafter contracted as long as they respectively continue in office; provided, that the amount for which they should be liable shall not exceed the amount of such dividend, and that if any director is absent at the time of making the dividend or properly objects to the making of the dividend, he or she is exempt from liability.

Section 351.455 of the GBCM provides that a shareholder shall be deemed a dissenting shareholder and entitled to appraisal if such shareholder (1) owns stock of Liberty as of the record date of the meeting of shareholders at which the plan of merger is submitted to a vote, (2) files a written objection to the merger before or at such meeting, (3) does not vote in favor of the merger, and (4) makes a written demand on the surviving corporation within 20 days after the merger is effected. The surviving corporation must pay to each dissenting shareholder who complies with Section 351.455 of the GBCM the fair value of her, his or its shares.

**PERSONAL LIABILITY OF DIRECTORS**

**DISSENTERS' RIGHTS**

A shareholder entitled to dissent and obtain payment for the shareholder's shares may not challenge the corporate action creating the shareholder's entitlement unless such action is unlawful or fraudulent with respect to the shareholder or the corporation.

**Table of Contents**

**SIMMONS LIBERTY  
VOTES ON EXTRAORDINARY CORPORATE TRANSACTIONS**

Simmons articles of incorporation provide that any merger, sale of substantially all of the Simmons assets, liquidation or dissolution, or any reclassification of the corporation's securities shall require the affirmative vote of the holders of at least 80% of the outstanding voting shares, unless such business combination is approved by 80% of the disinterested directors (defined above).

Under Section 4-27-1107 of the ABCA, a plan of merger may be approved if the board of directors recommends the merger to the shareholder (subject to certain exceptions) and shareholders entitled to vote approve the plan.

Under Section 4-27-1201 of the ABCA, a sale of the all or substantially all of the corporation's assets in regular course of business may be approved by the board of directors, and unless otherwise provided by the articles of incorporation. The approval of the shareholders is not required.

Section 351.420 of the GBCM provides that, in the case of a merger or consolidation, the plan of merger or plan of consolidation must be submitted to a vote at a meeting of the shareholders. Written notice stating that the purpose or one of the purposes of the meeting is to consider the plan of merger or consolidation, together with a copy of such plan or summary thereof, must be given to each shareholder of record entitled to vote at the meeting. Section 351.425 of the GBCM provides that at such a meeting, the plan of merger or consolidation is approved upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote at such a meeting.

After the board of directors has adopted a resolution recommending a sale, lease, exchange or other disposition of all, or substantially all, the property and assets of Liberty and has submitted the disposition to a shareholder vote at either a special or annual meeting, section 351.400 of the GBCM requires the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote at such meeting to authorize the transaction, except that such a proposed sale, lease or exchange need not be adopted by the board of directors and may be directly submitted to any annual or special meeting of the shareholders.

**CONSIDERATION OF OTHER CONSTITUENCIES**

Simmons articles of incorporation provide that after receipt of a tender offer, merger offer, or other acquisitive offer, the board of directors must consider (i) the impact on Simmons, its subsidiaries, shareholders and employees and the communities served by Simmons, (ii) the timeliness of the proposed transaction considering the business climate and strategic plans of Simmons, (iii) the existence of any legal defects or regulatory issues involved in the proposed transaction, (iv) the possibility of non-consummation of the transaction due to lack of financing, regulatory issues or identified issues, (v) current market price of Simmons common stock and its consolidated assets, (vi) book value of Simmons common stock, (vii) the relationship of the offered price for Simmons common stock to the board's

GBCM Section 351.347 provides that in exercising its business judgment concerning any acquisition proposal, the board of directors may consider social, legal and economic effects on employees, suppliers, customers and others having similar relationships with the corporation and the communities in which the corporation conducts its business.

opinion of the current value of Simmons in a negotiated transaction, (viii) the relationship of the offered price for Simmons common stock to the board's opinion of the future value of Simmons as an independent entity, and (ix) such other criteria as the board may determine is appropriate.



**Table of Contents**

**SIMMONS**

**AMENDMENT OF ARTICLES OF INCORPORATION**

Simmons articles of incorporation provides that it may be amended by the approval of 80% of the shares entitled to vote on such amendment, unless such amendment shall have been approved by an affirmative vote of 80% of the directors who were in office prior to the proponent of any business combination acquiring 10% or more of Simmons stock.

Under Section 4-27-1002 of the ABCA, the board of directors may amend the articles of incorporation of a corporation without shareholder approval to extend its duration, change the name of the corporation to include words required by the ABCA, declare a forward stock split in a class of shares if there is only one class outstanding, and for certain other ministerial actions. Any other amendment to the articles of incorporation must first be approved by a majority of the board of directors and thereafter by the affirmative vote of a majority of all shares entitled to vote thereon, by any voting group with respect to which the amendment would create dissenters' rights, pursuant to Section 4-27-1003 of the ABCA.

Notwithstanding the foregoing, under Arkansas law, a majority of a class of stock must approve any amendment that adversely affects their particular class as further described in Section 4-27-1004 of the ABCA.

**AMENDMENT OF BYLAWS**

Simmons bylaws provide that they may be amended, altered, or repealed, at any meeting of the board of directors, by a majority vote.

Section 4-27-1020 of the ABCA provides that a corporation's board of directors may amend or repeal the corporation's bylaws unless otherwise stated in the corporation's articles of incorporation or the amendment deals with a particular provision that is reserved for shareholders' approval. A corporation's shareholders may amend or repeal the corporation's bylaws even though the

**LIBERTY**

Section 351.085 of the GBCM provides that Liberty may amend its articles of incorporation at any time to add or change a provision that is required or permitted in the amended articles of incorporation or to delete a provision not required in the amended articles of incorporation, provided that the name of the incorporator shall not be changed.

Section 351.090 of the GBCM provides that the board of directors may adopt a resolution to amend the articles of incorporation and submit the proposed amendment to a shareholder vote, except that the proposed amendment need not be adopted by the board of directors and may be directly submitted by the board of directors to any annual or special meeting of the shareholders.

Unless otherwise specified by the GBCM, the amendment will be adopted if approved by the affirmative vote of the majority of the outstanding shares entitled to vote thereon.

Under Section 351.290.1 of the GBCM, the power to make, alter, amend or repeal the bylaws of a Corporation is vested in the shareholders. The board of directors may adopt emergency bylaws which are operative during certain emergencies described in Section 351.290.2 of the GBCM.

bylaws may also be amended by the board of directors.

### **CONTROL SHARE ACQUISITION**

No control share acquisition, business combination moratorium, fair price or other form of anti-takeover statute or regulation is applicable to Simmons under Arkansas law. No control share acquisition, business combination moratorium, fair price or other form of anti-takeover statute or regulation is applicable to Liberty under the GBCM.

**Table of Contents**

<b>SIMMONS</b>	<b>LIBERTY</b>
<b>BUSINESS COMBINATION INVOLVING INTERESTED SHAREHOLDERS</b>	

Simmons' articles of incorporation provide that an interested shareholder (person who owns more than 10% of Simmons common stock) may only acquire additional voting shares through a cash tender offer at a price not less than the highest closing price of Simmons common stock during the most recent 24 months, unless such stockholder is exempt from this restriction by the board of directors prior to becoming an interested stockholder, or the additional voting shares are acquired through a business combination.

Section 351.459 defines business combination as: (i) a merger or consolidation, which is, or after such merger or consolidation would be, an affiliate or associate of an interested shareholder; (ii) sale or other disposition of 10% or more of Liberty's assets to an interested shareholder; (iii) the issuance or transfer of stock to an interested shareholder with a market value of five percent or more of all outstanding shares; (iv) the adoption of a plan for liquidation or dissolution proposed by or pursuant to an agreement with an interested shareholder; (v) a reclassification of securities proposed or pursuant to an agreement with an interested shareholder; or (vi) receipt by an interested shareholder of benefits such as any loans or other financial assistance or any tax credits or advantages, except proportionately as a shareholder. An interested shareholder is a beneficial owner of 20% or more of the outstanding shares of Liberty common stock.

Section 351.459.2 of the GBCM provides that a corporation may not engage in any business combination with any interested shareholder for a period of five years following such shareholder becoming an interested shareholder unless such business combination was approved by the board of directors on or prior to the date of the shareholder becoming an interested shareholder. If a good faith proposal is made in writing to the board of directors regarding a business combination, the board of directors must accept or revoke the approval in writing. If the board of directors does not accept the offer within 60 days, they will be deemed to have rejected the business combination.

Under Section 351.459.3(1) of the GBCM, an interested shareholder of Liberty may engage in a business combination with Liberty if the business combination is approved by the board of directors prior to the shareholder becoming an interested shareholder. An interested shareholder may also engage in a business combination with Liberty if such business

combination was approved by the affirmative vote of a majority of the shareholders of Liberty at a meeting called for such purpose no earlier than five years after the person became an interested shareholder.

An interested shareholder of Liberty may engage in a business combination with Liberty without regard to the date it became an interested shareholder provided that it meets certain conditions to pertaining (i) the cash consideration to be paid to shareholders, (ii) the

**Table of Contents**

**SIMMONS**

**LIBERTY**

amount of cash consideration to be paid to shareholders compared to what the interested shareholder paid to acquire his stock, (iii) the obligation of the interested shareholder to buy-out all of the beneficial owners of Liberty's stock for cash, and (iv) after becoming an interested shareholder and prior to the consummation of the business combination, the interested shareholder had not become the beneficial owner of any additional shares of Liberty.

**SHAREHOLDER RIGHT TO MAKE PROPOSALS AND TO NOMINATE DIRECTORS**

The board of directors has delegated to Simmons' NCCGC the responsibility of identifying and evaluating proposed nominees to the Simmons board of directors.

Liberty's bylaws and articles do not address whether shareholders have the right to make proposals and to nominate directors.

The NCCGC must consider director nominees from shareholders. A shareholder must provide notice of its intention to nominate a director in sufficient time for the consideration and action by the NCCGC. Notice of a shareholder's intention to nominate a director must include specific information about the nominee.

Under the GBCM, shareholders have the right to submit proposals to the board of directors and to submit nominations for directors.

Holders of Simmons Series A preferred stock will have the right to appoint two directors if dividends are not paid in six dividend periods. See Description of Capital Stock.

Under the ABCA, shareholders have the right to submit proposals to the board of directors and to submit nominations for directors.

**SHAREHOLDER ABILITY TO ACT BY WRITTEN CONSENT**

Neither Simmons' articles nor bylaws addresses whether shareholders have the ability to act by written consent.

Neither Liberty's articles of incorporation nor bylaws address whether shareholders have the ability to act by written consent.

Generally, under 4-27-704 of the ABCA, any action required to be taken at a shareholder meeting may be taken without a meeting if one or more consents, setting forth the action so taken, are signed by the holders of outstanding

Under Section 351.273 of the GBCM, any action required to be taken at a shareholder meeting may be taken without a meeting if consents in writing, setting

shares having not less than the minimum number of votes that would be necessary to authorize to take such action at a meeting at which all shares entitled to vote are present and voted.

forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof. Such consents have the same force and effect as a unanimous vote of the shareholders at a meeting duly held.

Table of Contents**COMPARATIVE MARKET PRICES AND DIVIDENDS*****Simmons and Community First***

Simmons common stock is listed on the NASDAQ Global Select Market under the symbol SFNC, and Community First common stock is not listed on a public exchange. The following table sets forth the high and low reported closing sale prices per share of Simmons common stock, and the cash dividends declared per share of Simmons common stock for the periods indicated. In 2012 and 2013, Community First paid annual cash dividends of \$6.00 per share of Community First common stock.

	<b>Simmons Common Stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividend</b>
<b><u>2012</u></b>			
First Quarter	\$ 28.54	\$ 24.45	\$ 0.20
Second Quarter	26.53	22.55	0.20
Third Quarter	25.64	22.68	0.20
Fourth Quarter	25.71	22.36	0.20
<b><u>2013</u></b>			
First Quarter	\$ 26.25	\$ 24.11	\$ 0.21
Second Quarter	26.55	23.16	0.21
Third Quarter	31.50	24.06	0.21
Fourth Quarter	38.54	29.64	0.21
<b><u>2014</u></b>			
First Quarter	\$ 38.50	\$ 32.01	\$ 0.22
Second Quarter	43.22	34.62	0.22
Third Quarter (through July 25, 2014)	40.70	37.63	

On May 5, 2014, the last full trading day before the public announcement of the Community First merger agreement, the closing sale price of shares of Simmons common stock as reported on the NASDAQ Global Select Market was \$36.74. On \_\_\_\_\_, 2014, the last practicable trading day before the date of this joint proxy statement/prospectus, the closing sale price of shares of Simmons common stock as reported on the NASDAQ Global Select Market was \$ \_\_\_\_\_. There is no established public trading market for Community First's common stock.

As of \_\_\_\_\_, 2014, the last date prior to printing this joint proxy statement/prospectus for which it was practicable to obtain this information for Simmons and Community First, respectively, there were approximately \_\_\_\_\_ registered holders of Simmons common stock and approximately 392 registered holders of Community First common stock.

The following table shows the closing sale prices of Simmons common stock as reported on the NASDAQ Global Select Market on May 5, 2014, the last full trading day before the public announcement of the Community First merger agreement, and on \_\_\_\_\_, 2014, the last practicable trading day before the date of this joint proxy statement/prospectus. The table also shows the implied value of the Community First merger consideration payable for each share of Community First common stock, which we calculated by multiplying the closing price of Simmons common stock on those dates by the Community First exchange ratio of 17.8975.

	<b>Simmons Common Stock</b>	<b>Implied Value of Merger Consideration for One Share of Community First Common Stock</b>
May 5, 2014	\$ 36.74	\$ 657.55
At		



**Table of Contents**

Simmons and Community First shareholders are advised to obtain current market quotations for Simmons common stock. The market price of Simmons common stock will fluctuate between the date of this joint proxy statement/prospectus and the date of completion of the Community First merger. No assurance can be given concerning the market price of Simmons common stock before or after the effective date of the Community First merger. Changes in the market price of Simmons common stock prior to the completion of the Community First merger will affect the market value of the Community First merger consideration that Community First shareholders will receive upon completion of the Community First merger.

***Simmons and Liberty***

Simmons common stock is listed on the NASDAQ Global Select Market under the symbol SFNC, and Liberty common stock is not listed on a public exchange. The following table sets forth the high and low reported closing sale prices per share of Simmons common stock, and the cash dividends declared per share of Simmons common stock for the periods indicated. In 2012 and 2013, Liberty paid annual cash dividends of \$0.81 per share of Liberty common stock.

	<b>Simmons Common Stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividend</b>
<b><u>2012</u></b>			
First Quarter	\$ 28.54	\$ 24.45	\$ 0.20
Second Quarter	26.53	22.55	0.20
Third Quarter	25.64	22.68	0.20
Fourth Quarter	25.71	22.36	0.20
<b><u>2013</u></b>			
First Quarter	\$ 26.25	\$ 24.11	\$ 0.21
Second Quarter	26.55	23.16	0.21
Third Quarter	31.50	24.06	0.21
Fourth Quarter	38.54	29.64	0.21
<b><u>2014</u></b>			
First Quarter	\$ 38.50	\$ 32.01	\$ 0.22
Second Quarter	43.22	34.62	0.22
Third Quarter (through July 25, 2014)	40.70	37.63	

On May 27, 2014, the last full trading day before the public announcement of the Liberty merger agreement, the closing sale price of shares of Simmons common stock as reported on the NASDAQ Global Select Market was \$40.62. On \_\_\_\_\_, 2014, the last practicable trading day before the date of this joint proxy statement/prospectus, the closing sale price of shares of Simmons common stock as reported on the NASDAQ Global Select Market was \$ \_\_\_\_\_. There is no established public trading market for Liberty's common stock.

As of \_\_\_\_\_, 2014, the last date prior to printing this joint proxy statement/prospectus for which it was practicable to obtain this information for Simmons and Liberty, respectively, there were approximately \_\_\_\_\_ registered holders of Simmons common stock and approximately \_\_\_\_\_ registered holders of Liberty common stock.



**Table of Contents**

The following table shows the closing sale prices of Simmons common stock as reported on the NASDAQ Global Select Market on May 27, 2014, the last full trading day before the public announcement of the Liberty merger agreement, and on \_\_\_\_\_, 2014, the last practicable trading day before the date of this joint proxy statement/prospectus. The table also shows the implied value of the Liberty merger consideration payable for each share of Liberty common stock, which we calculated by multiplying the closing price of Simmons common stock on those dates by the Liberty exchange ratio of 1.0.

	<b>Simmons Common Stock</b>	<b>Implied Value of Merger Consideration for One Share of Liberty Common Stock</b>
May 27, 2014	\$ 40.62	\$ 40.62
At		

Simmons and Liberty shareholders are advised to obtain current market quotations for Simmons common stock. The market price of Simmons common stock will fluctuate between the date of this joint proxy statement/prospectus and the date of completion of the Liberty merger. No assurance can be given concerning the market price of Simmons common stock before or after the effective date of the Liberty merger. Changes in the market price of Simmons common stock prior to the completion of the Liberty merger will affect the market value of the Liberty merger consideration that Liberty shareholders will receive upon completion of the Liberty merger.

**Table of Contents****SECURITY OWNERSHIP OF COMMUNITY FIRST DIRECTORS, NAMED EXECUTIVE OFFICERS  
AND CERTAIN BENEFICIAL OWNERS OF COMMUNITY FIRST**

The following table sets forth, as of July 25, 2014, holdings of Community First common stock by each director and Community First named executive officer, and by all directors and executive officers as a group based on 363,918.017 shares of Community First common stock outstanding as of such date.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned <sup>(1)</sup>	Percent of Common Stock <sup>(2)</sup>
<b><u>Beneficial Owners of More than 5%</u></b>		
Christopher R. Kirkland <sup>(3)</sup>	35,139.438	9.656%
Robert Kirkland <sup>(4)</sup>	54,094.833	14.865
Joe Porter <sup>(5)</sup>	26,912.669	7.395
<b><u>Directors</u></b>		
R. Newell Graham, Sr.	10,195.558	2.802%
Mike Swaim	5,970.146	1.641
John C. Clark <sup>(6)</sup>	7,980.788	2.193
Thomas Wilton Wade, III	8,740.607	2.402
Tony D. Gregory <sup>(7)</sup>	3,597.763	*
Bob Cartwright	5,509.330	1.514
Jimmy R. White	720.558	*
John Miles	1,383.889	*
David Critchlow, Jr.	4,207.532	1.156
Christopher R. Kirkland	35,139.438	9.656
Jeff Perkins	1,349.491	*
Gus B. White, IV	1,751.230	*
Keith Fowler	7,462.229	2.051
Nick Dunagan	85.184	*
Joe Porter	26,912.669	7.395
Clinton Joiner	198.026	*
Mike McWherter	8,023.440	2.205
<b><u>Non-Director Executive Officers of Community First and First State Bank</u></b>		
Chet Alexander <sup>(8)</sup>	493.753	*
Kathy Barber <sup>(9)</sup>	419.538	*
Victor Castro <sup>(10)</sup>	550.95	*
Lynda King <sup>(11)</sup>	209.122	*
All Directors and Executive Officers as a Group (21 persons)	130,901.241	35.970%

\* Less than 1%.

(1) Includes all Community First common stock and vested restricted stock, but does not include restricted stock that will vest upon the closing of the Community First merger or thereafter. In accordance with Rule 13d-3 under

the Exchange Act, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of Simmons common stock over which he or she has voting or investment power and of which he or she has the right to acquire beneficial ownership within 60 days of July 25, 2014. The table includes shares owned by spouses, other immediate family members, in trust, shares held in retirement accounts or funds for the benefit of the named individuals, shares held as restricted stock and other forms of ownership, over which shares the persons named in the table may possess voting and/or investment power.

- (2) Based on shares outstanding at July 25, 2014 of 363,918.017. This amount includes all Community First common stock and vested restricted stock, but does not include restricted stock that will vest upon the closing of the Community First merger or thereafter.
- (3) Includes 12,800.5 shares owned by the Kirkland Foundation, of which Christopher R. Kirkland is one of four trustees. These shares also are listed under Robert Kirkland, whose spouse, Jenny Kirkland, is another one of the trustees.

**Table of Contents**

- (4) Includes 12,800.5 shares owned by the Kirkland Foundation, of which Mr. Kirkland's wife Jenny Kirkland is one of four trustees. These shares also are listed under Christopher R. Kirkland, who is another one of the trustees.
- (5) Includes the Porter Family Limited Partnership, which owns 22,322.195 shares and of which Joe Porter is a general partner.
- (6) Mr. Clark has an additional 640 shares of restricted stock that will vest upon the closing of the Community First merger and another 785 restricted shares that will vest after both a change in control and 2 years' service thereafter.
- (7) Mr. Gregory also has options to purchase 1,537.578 shares from other individual directors, such shares currently being held in trust, but are voted by the grantor directors until Mr. Gregory exercises his options. He has an additional 285 shares of restricted stock that will vest upon the closing of the Community First merger and another 600 restricted shares that will vest after both a change in control and 2 years' service thereafter.
- (8) Mr. Alexander has an additional 275 shares of restricted stock that will vest upon the closing of the Community First merger and another 500 restricted shares that will vest after both a change in control and 2 years' service thereafter.
- (9) Ms. Barber has an additional 180 shares of restricted stock that will vest upon the closing of the Community First merger and another 250 restricted shares that will vest after both a change in control and 2 years' service thereafter.
- (10) Mr. Castro has an additional 275 shares of restricted stock that will vest upon the closing of the Community First merger and another 500 restricted shares that will vest after both a change in control and 2 years' service thereafter.
- (11) Ms. King has an additional 135 shares of restricted stock that will vest upon the closing of the Community First merger and another 250 restricted shares that will vest after both a change in control and 2 years' service thereafter.

**Table of Contents****SECURITY OWNERSHIP OF LIBERTY DIRECTORS, NAMED EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS OF LIBERTY**

The following table sets forth, as of July 25, 2014, holdings of Liberty common stock by each director and Liberty named executive officer, and by all Liberty directors and executive officers as a group based on 5,162,712 shares of Liberty common stock outstanding as of such date.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned <sup>(1)</sup>	Percent of Common Stock <sup>(2)</sup>
<b><u>Beneficial Owners of More than 5%</u></b>		
Richard A. Pendleton	468,000	9.065%
Wayne A. Scheer	345,231	6.687
Pat L. Sechler	277,311	5.371
<b><u>Directors and Executive Officers (14 persons)</u></b>		
Gary E. Metzger	104,433	2.023%
Garry L. Robinson	41,417	0.802*
William P. Gaut	94,450	1.829
Kenneth E. Hamilton	165,000	3.196
Jack Hoke	132,550	2.567
Neale W. Johnson	113,475	2.198
Dixie F. Letsch	137,000	2.654
Charles W. Neale	131,995	2.557
Richard A. Pendleton	468,000	9.065
Wayne A. Scheer	345,231	6.687
Pat L. Sechler	277,311	5.371
Charles L. Skaggs	31,011	0.601*
Franklin H. Smith	87,062	1.686
Stephen T. Wrenn	84,336	1.630
<b><u>Named Executive Officers</u></b>		
Caroline R. Butler	2,300	*
Daxton Chance	400	*
Emily B. Clayton	8,750	*
Lawrence C. Clos	3,225	*
All Directors and Executive Officers as a Group (18 persons)	2,227,946	43.155%
If only directors 14 persons	2,213,271	42.870%

\* Less than 1%

(1) In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of Liberty common stock over which he or she has voting or investment power and of which he or she has the right to acquire beneficial ownership within 60 days of July 25, 2014. The table includes shares owned by spouses, other immediate family members, in trust, shares held in retirement

accounts or funds for the benefit of the named individuals, shares held as restricted stock and other forms of ownership, over which shares the persons named in the table may possess voting and/or investment power.

(2) Based on shares outstanding at July 25, 2014.



**Table of Contents**

**LEGAL MATTERS**

The validity of the Simmons common stock and the Simmons Series A preferred stock to be issued in connection with the mergers will be passed upon for Simmons by Quattlebaum, Grooms, Tull & Burrow, PLLC. Certain U.S. federal income tax consequences relating to the mergers will be passed upon by Quattlebaum, Grooms, Tull & Burrow PLLC.

203

**Table of Contents**

**EXPERTS**

**Simmons**

The audited annual consolidated financial statements of Simmons appearing in Simmons Annual Report on Form 10-K for the year ended December 31, 2013 and the effectiveness of Simmons internal control over financial reporting as of such date have been audited by BKD, LLP, an independent registered public accounting firm, as set forth in its reports included therein, which are incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in auditing and accounting.

With respect to the unaudited interim consolidated financial information of Simmons appearing in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 that is incorporated herein by reference, Simmons independent registered public accounting firm has applied limited procedures in accordance with professional standards for review of such information. However, as stated in its separate report included therein, it did not audit and it does not express an opinion on that interim financial information. Because of the limited nature of the review procedures applied, the degree of reliance on its reports on such information should be restricted. Pursuant to Rule 436(c) under the Securities Act, this report on Simmons unaudited interim consolidated financial information should not be considered a part of the registration statement prepared or certified by its independent registered public accounting firm within the meaning of Sections 7 and 11 of the Securities Act.

**Metropolitan**

The consolidated financial statements of Metropolitan as of and for the two years ended December 31, 2012 and 2011 are incorporated in this joint proxy statement/prospectus by reference to Amendment No. 1 to Simmons Current Report on Form 8-K filed with the SEC on February 7, 2014. Such historical financial statements of Metropolitan have been audited by Frost, PLLC, independent auditors, as stated in its report dated March 13, 2013 and incorporated by reference herein.

**Community First**

The consolidated financial statements of Community First as of and for the three years ended December 31, 2013 are included in this joint proxy statement/prospectus (Annex J). Such historical financial statements of Community First have been audited by Crowe Horwath LLP, independent auditors, as stated in its report dated March 6, 2014 included herein.

**Liberty**

The consolidated financial statements of Liberty as of and for the three years ended December 31, 2013 are included in this joint proxy statement/prospectus (Annex K). Such historical financial statements of Liberty have been audited by BKD, LLP, independent auditors, as stated in its report dated March 21, 2014 and included herein.

**Table of Contents**

**DEADLINES FOR SUBMITTING SHAREHOLDER PROPOSALS**

In order for a proposal by a Simmons shareholder to be presented at an annual meeting of Simmons shareholders, the proposal must be included in the related proxy statement and proxy form. Proposals by shareholders intended to be presented at the Annual Meeting of Shareholders in 2015 must be received by Simmons no later than November 17, 2014, for possible inclusion in the proxy statement relating to that meeting. Such proposals will be subject to the requirements of the proxy rules adopted under the Exchange Act, Simmons' articles of incorporation and bylaws and Arkansas law. If the mergers occur in the expected timeframe, there will be no annual meeting of shareholders in 2015 for Community First and Liberty. If determined to be necessary, the Community First board of directors or Liberty board of directors, as applicable, will provide its respective shareholders with information relevant to its 2015 annual meeting of shareholders.

**Table of Contents****WHERE YOU CAN FIND MORE INFORMATION**

Simmons has filed with the SEC a registration statement under the Securities Act that registers the issuance of the shares of Simmons common stock to be issued in connection with the mergers. This joint proxy statement/prospectus is a part of that registration statement and constitutes the prospectus of Simmons in addition to being a proxy statement for Simmons, Community First and Liberty shareholders. The registration statement, including this joint proxy statement/prospectus and the attached exhibits and schedules, contains additional relevant information about Simmons and Simmons common stock and Simmons Series A preferred stock.

Simmons also files reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy this information at the Public Reference Room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates, or from commercial document retrieval services.

The SEC also maintains an internet website that contains reports, proxy statements and other information about issuers, such as Simmons, who file electronically with the SEC. The address of the site is [www.sec.gov](http://www.sec.gov). The reports and other information filed by Simmons with the SEC are also available at Simmons' website at [www.simmonsfirst.com](http://www.simmonsfirst.com) or by contacting Simmons' Investor Relations department at Simmons First National Corporation, 501 Main Street, P.O. Box 7009, Pine Bluff, AR 71611, (501) 377-7629. The web addresses of the SEC and Simmons are included as inactive textual references only. Except as specifically incorporated by reference into this joint proxy statement/prospectus, information on those web sites is not part of this joint proxy statement/prospectus.

The SEC allows Simmons to incorporate by reference information in this joint proxy statement/prospectus. This means that Simmons can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this joint proxy statement/prospectus, except for any information that is superseded by information that is included directly in this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the documents listed below that Simmons previously filed with the SEC. They contain important information about the companies and their financial condition.

<b>Simmons SEC Filings (SEC File No. 000-06253)</b>	<b>Period or Date Filed</b>
Annual Report on Form 10-K	Year ended December 31, 2013, filed with the SEC on March 11, 2014
Proxy Statement on Schedule 14A	Filed on March 17, 2014
Quarterly Reports on Form 10-Q	Quarter ended March 31, 2014, filed with the SEC on May 9, 2014
Current Reports on Form 8-K or 8-K/A	Filed on January 3, 2014, February 7, 2014 (filed as Amendment No. 1 to our Current Report on Form 8-K filed with the SEC on November 25, 2013), February 28, 2014 (two filings), March 5, 2014, March 28, 2014,

April 21, 2014, May 9, 2014 (only with respect to the Form 8-K filed under Item 1.01 and Item 9.01), May 27, 2014, May 30, 2014, June 2, 2014 and June 25, 2014.

**Table of Contents**

**Simmons SEC Filings (SEC File No. 000-06253)**

**Period or Date Filed**

Description of Simmons common stock

The description of the Simmons common stock is contained in Form S-2, filed with the SEC on April 16, 1993.

In addition, Simmons also incorporates by reference additional documents filed with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act between the date of this joint proxy statement/prospectus and the date of the last to occur of Simmons special meeting, the Community First special meeting, and the Liberty special meeting, provided that Simmons is not incorporating by reference any information furnished to, but not filed with, the SEC.

Except where the context otherwise indicates, Simmons has supplied all information contained or incorporated by reference in this joint proxy statement/prospectus relating to Simmons.

Documents incorporated by reference are available from Simmons, without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this joint proxy statement/prospectus. You can obtain documents incorporated by reference in this joint proxy statement/prospectus or other relevant corporate documents referenced in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following address and phone number:

**Simmons First National Corporation**

501 Main Street

P.O. Box 7009

Pine Bluff, Arkansas 71611

Attention: Susan F. Smith

Telephone: (501) 377-7629

**Simmons shareholders, Community First shareholders and Liberty shareholders requesting documents must do so by to receive them before their respective meetings. You will not be charged for any of these documents that you request.** If you request any incorporated documents from Simmons, Simmons will mail them to you by first class mail, or another equally prompt means, within one business day after receiving your request.

**None of Simmons, Community First, or Liberty has authorized anyone to give any information or make any representation about the mergers or the companies that is different from, or in addition to, that contained in this joint proxy statement/prospectus or in any of the materials that have been incorporated in this joint proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you. The information contained in this joint proxy statement/prospectus speaks only as of the date of this joint proxy statement/prospectus unless the information specifically indicates that another date applies.**



**Table of Contents**

**ANNEX A**

**COMMUNITY FIRST AGREEMENT AND PLAN OF MERGER**

[See attached.]



Table of Contents

**AGREEMENT AND PLAN OF MERGER**

THIS AGREEMENT AND PLAN OF MERGER ( **Agreement** ) is made as of the 6th day of May, 2014, by and between Simmons First National Corporation, an Arkansas corporation ( **SFNC** ), and Community First Bancshares, Inc., a Tennessee corporation ( **CFB** ).

**ARTICLE I**

**RECITALS**

Section 1.01 **SFNC**. SFNC has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Arkansas, with its principal executive offices located in Pine Bluff, Arkansas. SFNC is registered as a financial holding company with the Board of Governors of the Federal Reserve System ( **FRB** ) under the Bank Holding Company Act of 1956, as amended (the **BHC Act** ). As of the date hereof, SFNC has 60,000,000 authorized shares of Class A common stock, par value \$0.01 per share ( **SFNC Stock** ), of which 16,312,260 were outstanding as of April 24, 2014, and 40,040,000 authorized shares of preferred stock, par value \$0.01, of which none are outstanding. SFNC Stock trades on the NASDAQ Global Select Market under the symbol SFNC. No shares of the other classes of SFNC's authorized capital stock are outstanding.

Section 1.02 **CFB**. CFB has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Tennessee, with its principal executive offices located in Union City, Tennessee. CFB is registered as a bank holding company with the FRB under the BHC Act. As of the date hereof, CFB has 500,000 authorized shares of common stock, par value \$10.00 per share ( **CFB Common Stock** ), of which 363,918.017 shares were outstanding as of April 24, 2014 (including vested restricted shares but excluding 6,190 unvested restricted shares); 20,000 authorized shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, of which none are outstanding; 1,001 authorized shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, of which none are outstanding; and 30,852 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series C, par value \$1,000.00 per share ( **CFB Series C Preferred Stock** ) of which 30,852 shares are outstanding. The number of shares outstanding shall be certified by CFB at the Effective Date and such certified number of shares outstanding shall be used for all purposes of this Agreement and the transactions contemplated hereunder.

Section 1.03 **CFB Subsidiaries**.

(a) First State Bank ( **FSB** ) has been duly incorporated and is a validly existing banking corporation in good standing under the laws of the State of Tennessee, with its principal executive offices located in Union City, Tennessee. As of the date hereof, FSB has 92,300 authorized shares of common stock, par value \$2.50 per share, of which 92,300 shares are outstanding as of December 31, 2013, no other class of capital stock being authorized. All of the outstanding shares of stock of FSB are owned by CFB.

(b) First State Risk Management, Inc. ( **FSRM** ) has been duly incorporated and is a validly existing corporation in good standing under the Nevada Captive Insurers Law of the State of Nevada, with its principal place of business located in Las Vegas, Nevada. As of the date hereof, FSRM has 1,000 authorized shares of common stock, par value \$1.00 per share, of which 1,000 shares are outstanding as of December 31, 2013, no other class of capital stock being authorized. All of the outstanding shares of stock of FSRM are owned by CFB.

(c) Community First Statutory Trust I ( **CFS Trust I** ), dated February 22, 2001, by and among State Street Bank and Trust Company of Connecticut, N.A. as institutional trustee, CFB as Sponsor and John C. Clark and Kathy Barber as Administrators, which trust has authorized and issued common securities in the amount of \$186,000 as of

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December 31, 2013, and authorized and issued preferred securities in the amount of \$6,000,000, as of December 31, 2013. All of the outstanding common securities of CFS Trust I are owned by CFB.

(d) Community First Statutory Trust II ( **CFS Trust II** ), dated June 23, 2005, by and among Deutsche Bank Trust Company Americas, as Property Trustee, Deutsche Bank Trust Company Delaware, as Delaware Trustee, CFB as depositor, Sponsor and John C. Clark, Kathy Barber and Victor M. Castro, as Administrative

A-1

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**Table of Contents**

Trustees, which trust has authorized and issued common securities in the amount of \$344,000 as of December 31, 2013, and authorized and issued preferred securities in the amount of \$11,100,000, as of December 31, 2013. All of the outstanding common securities of CFS Trust II are owned by CFB.

(e) Community First Statutory Trust III ( **CFS Trust III** ), dated September 10, 2007, by and among Wilmington Trust Company, as Institutional Trustee and Delaware Trustee, CFB as Sponsor and Kathy Barber, John C. Clark and Victor M. Castro as Administrators, which trust has authorized and issued common securities in the amount of \$310,000 as of December 31, 2013, and authorized and issued preferred securities in the amount of \$10,000,000, as of December 31, 2013. All of the outstanding common securities of CFS Trust III are owned by CFB.

(f) Schedule 1.03(f) sets forth the subsidiaries of FSB all of which are 100% owned by FSB except as noted on the Schedule.

Section 1.04 ***Compensatory Stock Programs.***

(a) SFNC has reserved 436,648 shares of SFNC Stock ( **SFNC Comp. Shares** ) for issuance pursuant to the terms of the stock option and restricted stock grants under the executive and director stock plans of SFNC ( **SFNC Stock Comp. Plans** ), of which options for 94,730 shares have been granted to various executive officers of SFNC and its subsidiaries and are currently outstanding.

(b) CFB reserved 17,000 shares of CFB Common Stock for issuance in restricted stock awards pursuant to the terms of the Community First Bancshares, Inc. 2007 Restricted Stock Plan ( **CFB Stock Plan** ). Restricted stock awards for 3,135.355 shares of CFB Common Stock have been awarded and are fully vested in the participants and restricted stock awards for 6,190 shares (2,555 shares of single trigger vesting on a change in control and 3,635 shares ( **CFB Double Trigger Restricted Stock** ) are double trigger vesting on both a change in control and two years continued service) have awarded to participants but are not yet fully vested. No additional awards of restricted stock will be granted under CFB Stock Plan.

Section 1.05 ***Rights; Voting Debt.*** Except for (i) the SFNC Stock Comp. Plans, (ii) CFB Stock Plan, and (iii) the transactions contemplated under this Agreement, neither SFNC nor CFB has any shares of its capital stock reserved for issuance, any outstanding option, call or commitment relating to shares of its capital stock or any outstanding securities, obligations or agreements convertible into or exchangeable for, or giving any person any right (including, without limitation, preemptive rights) to subscribe for or acquire from it, any shares of its capital stock (collectively, **Rights** ). Neither CFB nor SFNC nor any of their respective subsidiaries have any bonds, debentures, notes or other indebtedness issued and outstanding, having the right to vote, or convertible into securities having the right to vote, on any matters on which shareholders may vote ( **Voting Debt** ).

Section 1.06 ***Materiality.*** Unless the context otherwise requires, any reference in this Agreement to materiality with respect to either party shall, as to CFB, be deemed to be with respect to CFB and its subsidiaries taken as a whole, and as to SFNC shall be deemed to be with respect to SFNC and its subsidiaries, taken as a whole.

Section 1.07 ***Merger.*** The Board of Directors of SFNC and the Board of Directors of CFB have each determined that it is desirable and in the best interests of the corporations and their respective shareholders that CFB merge with and into SFNC ( **Merger** ) on the terms and subject to the conditions set forth in this Agreement.

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**Table of Contents**

In consideration of their mutual promises and obligations hereunder, and intending to be legally bound hereby, SFNC and CFB adopt and make this Agreement and prescribe the terms and conditions hereof and the manner and basis of carrying it into effect, which shall be as follows:

**ARTICLE II**

**MERGER**

Section 2.01 **Merger**. On the Effective Date, as defined in Section 8.01, CFB will merge with and into SFNC, with SFNC being the surviving corporation ( **Surviving Corporation** ), pursuant to the provisions of, and with the effects provided in, the Arkansas Business Corporation Act. At the Effective Time, the articles of incorporation and bylaws of SFNC, as the Surviving Corporation, shall be the articles of incorporation and bylaws of SFNC as in effect immediately prior to the Effective Time; the directors and officers of SFNC shall be the directors and officers of the Surviving Corporation; SFNC shall continue to possess all of the rights, privileges and franchises possessed by it and shall become vested with and possess all rights, privileges and franchises possessed by CFB; and SFNC shall be responsible for all of the liabilities and obligations of CFB in the same manner as if SFNC had itself incurred such liabilities or obligations, and the Merger shall not affect or impair the rights of the creditors or of any persons dealing with SFNC or CFB.

Section 2.02 **Conversion of CFB Common Stock**.

(a) Definitions.

(i) **Exchange Ratio** shall mean 17.8975 shares of SFNC Stock for each share of CFB Common Stock, subject to adjustment as provided in Section 2.03.

(ii) **Merger Consideration** shall mean the number of whole shares of SFNC Stock, if any, which such holder has the right to receive in respect of the shares of CFB Common Stock so held in accordance with Sections 2.02 and 2.03, plus cash in lieu of fractional shares of SFNC Stock to which such holder is entitled pursuant to Section 2.05, plus any dividends or other distributions to which such holder is entitled pursuant to Section 2.05(c).

(iii) **Average Closing Price** of SFNC Stock shall be the average of the closing price per share of SFNC Stock on the NASDAQ Global Select Market (as reported in *The Wall Street Journal* or, if not reported thereby, another alternative source as chosen by SFNC) for the twenty (20) consecutive trading days ending on and including the tenth (10th) trading day preceding the Effective Date.

(iv) **Minimum Merger Consideration** shall be the product of (x) \$28.30 multiplied by (y) the number of shares of SFNC Stock to be issued to CFB shareholders in exchange for CFB Common Stock in the Merger.

(b) Subject to the other provisions of this Section 2.02 and Section 2.03, upon consummation of the Merger at the Effective Time, by virtue of the Merger each share of CFB Common Stock issued and outstanding immediately prior to the Effective Time (excluding any Dissenting Shares, as defined in Section 2.07) shall be converted into the right to receive that number of shares of SFNC Stock as shall equal the Exchange Ratio. All shares of CFB Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each Certificate, as defined in Section 2.05, previously evidencing any such shares shall thereafter represent the right to receive the Merger Consideration. The holders of Certificates previously evidencing shares of CFB Common Stock, outstanding immediately prior to the Effective Time, shall cease to have any rights with respect to such shares of CFB Common Stock except as otherwise provided herein or by law. Such Certificates previously evidencing shares of CFB

Common Stock shall be exchanged for (i) certificates evidencing whole shares of SFNC Stock issued in consideration therefor and (ii) cash in lieu of fractional shares as set forth in Section 2.05, upon the surrender of such Certificates in accordance with the provisions of Section 2.05, without interest. No fractional shares of SFNC Stock shall be issued, and, in lieu thereof, a cash payment shall be made pursuant to Section 2.05.

A-3

**Table of Contents**

(c) Each share of CFB Common Stock held in the treasury of CFB and each share of CFB Common Stock owned by any direct or indirect wholly owned subsidiary of CFB immediately prior to the Effective Time shall be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

Section 2.03. *Adjustment to Computation of Merger Consideration.*

(a) The aggregate number of shares of SFNC Stock to be exchanged for each share of CFB Common Stock shall be adjusted appropriately to reflect any change in the number of shares of SFNC Stock by reason of any stock dividends or splits, reclassification, recapitalization or conversion with respect to SFNC Stock, received or to be received by holders of SFNC Stock, when the record date or payment occurs prior to the Effective Time. No adjustment of the Exchange Ratio shall occur by reason of issuance of (i) any SFNC Comp. Shares under the SFNC Stock Comp. Plans, (ii) the issuance of any SFNC stock in any other merger or other acquisition transaction or (iii) the issuance of any SFNC Stock for cash in a public offering.

(b) The aggregate number of shares of SFNC Stock to be exchanged for each share of CFB Common Stock shall be adjusted appropriately to reflect any change in the number of shares of CFB Common Stock by reason of any stock dividends or splits, reclassification, recapitalization or conversion with respect to CFB Common Stock, received or to be received by holders of CFB Common Stock, when the record date or payment occurs prior to the Effective Time. All outstanding unvested restricted shares of CFB Common Stock, except CFB Double Trigger Restricted Stock, shall be vested as of the Effective Time pursuant to the terms of the CFB Stock Plan and shall be exchanged for the Merger Consideration on the same basis as all other shares of CFB Common Stock. A reduced number of shares may be accepted under the CFB Stock Plan with the balance of such shares being exchanged to pay the tax consequences of the vesting. All outstanding unvested CFB Double Trigger Restricted Stock shall be exchanged for the Merger Consideration on the same basis as all other shares of CFB Common Stock, but shall not be fully vested until otherwise vested or forfeited pursuant to the terms similar to the CFB Stock Plan. The Exchange Ratio set forth in Section 2.02 (a) above is based upon 370,108.017 shares of CFB Common Stock, consisting of 363,918.017 shares of CFB Stock outstanding and 6,190 shares of unvested restricted stock under the CFB Stock Plan, all as of the Effective Time. If the number of outstanding shares of CFB Common Stock or the number of restricted shares of CFB Common Stock granted and in effect, as of the Effective Time, differs from the foregoing, then the Exchange Ratio shall mean the number (computed to four decimal places) that shall equal the quotient of (A) 6,624,000, divided by (Y) the number of shares of CFB Common Stock outstanding plus the number of restricted shares of CFB Common Stock granted and in effect, at the Effective Date.

(c) In the event (i) the Average Closing Price of SFNC Stock shall be less than \$28.30; and (ii) the percentage difference between:

(A) \$35.37 (the average of the closing price of SFNC Stock for the twenty (20) consecutive trading days ending on and including March 12, 2014) and (B) the Average Closing Price

*is not equal to at least 80% of the percentage difference between:*

(Y) \$38.43 (the average of the closing price of the PowerShares KBW Regional Banking Portfolio ( **KBWR** ) for the twenty (20) consecutive trading days ending on and including March 12, 2014 and (Z) the average of the closing price of the KBWR (as reported in *The Wall Street Journal* or, if not reported thereby, another alternative source as chosen by SFNC) for the twenty (20) consecutive trading days ending on and including the tenth (10th) trading day preceding the Effective Date,

then CFB may give notice of its intent to terminate this Agreement as provided in Section 7.01(e) hereof; subject to SFNC's right, in its sole and absolute discretion, to maintain the Exchange Ratio and opt to pay an amount of cash so that, as a result of such adjustment, the Merger Consideration, based on the Average Closing Price, shall be no less than the Minimum Merger Consideration. If SFNC elects to make the Walkaway Counter Offer (as defined in Section 7.01(e)), it shall give prompt written notice to CFB of such election (the **Walkaway Counter Offer Notice**). The Walkaway Counter Offer Notice, if given, shall set forth the amount of the cash to be paid and shall include a calculation of the adjusted Merger Consideration.

A-4

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**Table of Contents**

(d) Upon the occurrence of any adjustment pursuant to this Section 2.03, any references in this Agreement to any defined term whose calculation is affected by such adjustment shall thereafter be deemed to refer to the defined term as calculated after giving effect to such adjustment.

**Section 2.04 *Conversion of CFB Series C Preferred Stock.***

(a) Subject to the other provisions of this Section 2.02, upon consummation of the Merger at the Effective Time, by virtue of the Merger each share of CFB Series C Preferred Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive one share of SFNC Senior Non-Cumulative Perpetual Preferred Stock, Series A, par value \$1,000.00 per share ( **SFNC Series A Preferred Stock** ). All shares of CFB Series C Preferred Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each certificate previously evidencing any such shares shall thereafter represent the right to receive an equal number of shares the SFNC Series A Preferred Stock. The holders of certificates previously evidencing shares of CFB Series C Preferred Stock, outstanding immediately prior to the Effective Time, shall cease to have any rights with respect to such shares of CFB Series C Preferred Stock except as otherwise provided herein or by law. Such certificates previously evidencing shares of CFB Series C Preferred Stock shall be exchanged for (i) certificates evidencing whole shares of SFNC Series A Preferred Stock issued in consideration therefor.

(b) Each share of CFB Series C Preferred Stock held in the treasury of CFB and each share of CFB Series C Preferred owned by any direct or indirect wholly owned subsidiary of CFB immediately prior to the Effective Time shall be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

**Section 2.05 *Exchange of Certificates.***

(a) Promptly after the Effective Time, SFNC shall deposit, or shall cause to be deposited, with Registrar and Transfer Company ( **Transfer Agent** ), for the benefit of the holders of shares of CFB Common Stock, for exchange in accordance with this Article II, through the Transfer Agent, (i) certificates evidencing a number of shares of SFNC Stock equal to the sum of the shares of SFNC required to be issued as Merger Consideration to the shareholders of CFB and (ii) cash in the amount of \$20,000.00 ( **Fractional Share Fund** ). In the event the initial sum deposited into the Fractional Share Fund is insufficient to satisfy all payments required to be paid from such fund, then SFNC shall immediately deposit funds to remedy such deficiency.

(b) Promptly after the Effective Time, SFNC will instruct the Transfer Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time evidenced outstanding shares of CFB Common Stock and each holder of record of book entry shares of CFB Common Stock (such book entry shares have been issued to the holder of record without a certificate) (other than Dissenting Shares) (both certificated shares of CFB Common Stock and book entry shares of CFB Common Stock defined herein as **Certificates** ), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as SFNC may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates evidencing shares of SFNC Stock, cash or a combination thereof. Upon surrender of a Certificate for cancellation to the Exchange Agent together with such letter of transmittal, duly executed, and such other customary documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor (A) certificates evidencing that number of whole shares of SFNC Stock which such holder has the right to receive in respect of the shares of CFB Common Stock formerly evidenced by such Certificate in accordance with Section 2.02, (B) cash in lieu of fractional shares of SFNC Stock to which such holder is entitled pursuant to Section 2.02, and (C) any dividends or other distributions to which such holder is entitled pursuant to Section 2.05(c) and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of



ownership of shares of CFB Common Stock which is not registered in the transfer records of CFB, a certificate evidencing the proper number of shares of SFNC Stock may be issued and cash paid in accordance with this Article II to a transferee if the

A-5

## Table of Contents

Certificate evidencing such shares of CFB Common Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.05, each Certificate shall be deemed at any time after the Effective Time to evidence only the right to receive upon such surrender the Merger Consideration.

(c) No dividends or other distributions declared or made after the Effective Time with respect to SFNC Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of SFNC Stock evidenced thereby, and no other part of the Merger Consideration shall be paid to any such holder, until the holder of such Certificate shall surrender such Certificate. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be delivered and paid to the holder of the certificates (i) certificates evidencing whole shares of SFNC Stock issued in exchange therefor, (ii) the cash portion of the Merger Consideration, if any, payable to such holder, including the amount of any cash payable with respect to a fractional share of SFNC Stock to which such holder is entitled pursuant to Section 2.05(b) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of SFNC Stock, and (iii) at the appropriate payment date, the amount of dividends or other distributions, with a record date after the Effective Time but prior to surrender and a payment date occurring after surrender, payable with respect to such whole shares of SFNC Stock. No interest shall be paid on the Merger Consideration.

(d) All shares of SFNC Stock issued and cash paid in accordance with the terms hereof shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to such shares of CFB Common Stock.

(e) Any portion of the Fractional Share Fund which remains undistributed to the holders of CFB Common Stock on the date six months following the Effective Time shall be delivered to SFNC, upon demand, and any holders of CFB Common Stock who have not theretofore complied with this Article II shall thereafter look directly to SFNC for the Merger Consideration to which they are entitled.

(f) SFNC shall not be liable to any holder of shares of CFB Common Stock for any Merger Consideration, whether shares of SFNC Stock, cash or dividends or distributions with respect to SFNC Stock, delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) SFNC shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of CFB Common Stock such amounts as SFNC is required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code of 1986, as amended (the **Code**), or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by SFNC, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of CFB Common Stock in respect of which such deduction and withholding was made by SFNC.

**Section 2.06 *Stock Transfer Books*.** At the Effective Time, the stock transfer books of CFB shall be closed and there shall be no further registration of transfers of shares of CFB Common Stock or CFB Series C Preferred Stock thereafter on the records of CFB. On or after the Effective Time, any Certificates for CFB Common Stock presented to the Transfer Agent or SFNC for any reason shall be converted into the Merger Consideration and any certificates for CFB Series C Preferred Stock presented to the Transfer Agent or SFNC for any reason shall be converted into an equal number of shares of SFNC Series A Preferred Stock.

**Section 2.07 *Dissenting Shares*.** Notwithstanding any other provisions of this Agreement to the contrary, shares of CFB Common Stock that are outstanding immediately prior to the Effective Time and which are held by shareholders who shall have not voted in favor of the Merger or consented thereto in writing and who shall have demanded properly in writing appraisal for such shares (collectively, the **Dissenting Shares**) in accordance with Title 48,

Chapter 23 of Tennessee Code Annotated shall not be converted into or represent the right to receive the Merger Consideration. Such shareholders shall be entitled to receive payment of the fair value of such shares of CFB Common Stock held by them in accordance with the provisions of such statute, except that

A-6

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**Table of Contents**

all Dissenting Shares held by shareholders who shall have failed to perfect or who effectively shall have withdrawn or lost their rights to judicial determination of the value of the shares of CFB Common Stock under such statute shall have been converted into and to have become exchangeable, as of the Effective Time, for the right to receive, without any interest thereon, the Merger Consideration, as if such shares of CFB Common Stock, upon surrender, in the manner provided in Section 2.05, of the Certificate or Certificates that formerly evidenced such shares of CFB Common Stock.

Section 2.08 *Lost CFB Common Stock Certificates*. In the event any Certificate for CFB Common Stock shall have been lost, stolen or destroyed, upon receipt of appropriate evidence as to such loss, theft or destruction and to the ownership of such Certificate by the person claiming such Certificate to be lost, stolen or destroyed and the receipt by SFNC of appropriate and customary indemnification, SFNC will issue in exchange for such lost, stolen or destroyed Certificate, a certificate of shares of SFNC Stock and the cash payment, if any, deliverable in respect thereof as determined in accordance with this Article II.

Section 2.09 *Options and Rights*. There are no options, warrants or rights granted by CFB to purchase shares of CFB Common Stock, which are outstanding and unexercised and there are no outstanding securities issued by CFB, or any other party, convertible into CFB Common Stock.

### ARTICLE III

#### ACTIONS PENDING MERGER

Section 3.01 *Required Actions Pending Merger*. CFB hereby covenants and agrees with SFNC that prior to the Effective Time, unless the prior written consent of SFNC shall have been obtained, and except as otherwise contemplated herein, CFB will and will cause each of its subsidiaries to:

- (a) upon the direction of SFNC, give all required notices, make all necessary amendments and cause its Board of Directors to adopt resolutions: (i) amending the contribution formula and benefit provisions of the CFB 401(k) Savings Plan to be comparable to the SFNC 401(k) Plan to be effective at the Effective Time and (ii) terminating the CFB 401(k) Savings Plan to be effective on December 31, 2014, to pay any and all termination, early withdrawal penalties or similar fees with respect to the termination of the plan;
- (b) use commercially reasonable efforts to preserve intact their business organization and assets, maintain their rights and franchises, retain the services of their officers and key employees, except that they shall have the right to lawfully terminate the employment of any officer or key employee if such termination is in accordance with CFB's existing employment procedures;
- (c) use commercially reasonable efforts to maintain and keep their properties in as good repair and condition as at present, except for depreciation due to ordinary wear and tear;
- (d) use commercially reasonable efforts to keep in full force and effect insurance and bonds comparable in amount and scope of coverage to that now maintained;
- (e) perform in all material respects all obligations required to be performed by them under all material contracts, leases, and documents relating to or affecting their assets, properties, and business; and
- (f) give SFNC notice of all meetings of the board of directors of CFB and each of its subsidiaries, allow SFNC to have a non-voting representative at each such meeting in person or telephonically, provided, however, such representative

shall be subject to exclusion from any portion of any such meeting during any discussion or action concerning the Merger or to the extent that CFB's legal counsel advises the CFB directors that permitting SFNC's presence would constitute a breach of their fiduciary, regulatory or legal duties or requirements, and provide SFNC with all written materials and communications provided to the directors in connection with such meetings.

A-7

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**Table of Contents**

Section 3.02 ***Prohibited Actions Pending Merger***. Except as specifically contemplated by this Agreement, from the date hereof until the earlier of the termination of the Agreement or the Effective Time, CFB shall not do, and CFB will cause each of its subsidiaries not to do, without the prior written consent of SFNC, any of the following:

(a) make, declare or pay any dividend on CFB Common Stock, other than dividends consistent with historic practices provided, however, CFB may declare and pay a dividend on the CFB Common Stock prior to the Effective Time in an amount equal to \$4.50 per share if the Effective Time is prior to the record date for the SFNC fourth quarter dividend (December 15, 2014) or in an amount equal to \$6.00 per share if the Effective Time is after such record date for the SFNC fourth quarter dividend, and provided, further, that CFB may pay dividends on the CFB Series C Preferred Stock in compliance with the terms the SBLF Program and the governing terms of CFB Series C Preferred Stock, or declare or make any distribution on, or directly or indirectly combine, redeem, reclassify, purchase or otherwise acquire, any share of its capital stock (other than in a fiduciary capacity or in respect of a debt previously contracted in good faith) or authorize the creation or issuance of or issue or sell or permit any subsidiary to issue or sell any additional shares of CFB's capital stock or the capital stock of any subsidiary, or any options, warrants, calls or commitments relating to its capital stock or the capital stock of any subsidiary, or any securities, obligations or agreements convertible into or exchangeable for, or giving any person any right to subscribe for or acquire, shares of its capital stock or the capital stock of any of its subsidiaries;

(b) hire any additional staff, except for personnel hired at an hourly rate to fill vacancies, salaried non-officers positions that are replacements, or for seasonal part time staff, in accordance with past practices;

(c) enter into or permit any subsidiary to enter into any employment contracts with, pay any bonus to, or increase the rate of compensation of, any of its directors, officers or employees, except in the ordinary course of business consistent with the past practice or existing plans;

(d) except as directed by SFNC consistent with the terms of this Agreement, enter into or modify or permit any subsidiary to enter into or modify (except as may be required by applicable law and except for the renewal of any existing plan or arrangement in the ordinary course of business consistent with past practice) any pension,

retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of any of its directors, officers or other employees;

(e) except as contemplated by Section 5.01(l), substantially modify the manner in which it and its subsidiaries have heretofore conducted their business, taken as a whole, or amend its charter or by-laws;

(f) except in the ordinary course of business, acquire any assets or business or take any other action, that considered as a whole is material to CFB on a consolidated basis, other as set forth in section 3.02(f) of the Disclosure Letter;

(g) acquire any investment securities, other than U.S. Treasury Securities, municipal securities with a minimum rating of A-, or U.S. Agency securities which are traditional fixed rate debt securities;

(h) sell or purchase any securities in the aggregate amount of \$500,000, except for purchases related to the re-investment of proceeds of matured securities which are in compliance with the investment policies of CFB;

(i) except in their fiduciary capacities, purchase any shares of SFNC Stock;

(j) except as contemplated by Section 5.01(l), change any method of accounting in effect at December 31, 2013, or change any method of reporting income or deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns for the taxable year ending December 31, 2013, except as may be required by law or generally accepted accounting principles;

A-8

**Table of Contents**

(k) knowingly take any action which would or is reasonably likely to (i) adversely affect the ability of either of SFNC or CFB to obtain any necessary approvals of governmental authorities required for the transactions contemplated hereby; (ii) adversely affect CFB's ability to perform its covenants and agreements under this Agreement; or (iii) result in any of the conditions to the Merger set forth herein not being satisfied;

(l) except as provided in Section 3.04 hereof, make or renew any single loan or series of loans, to one borrower or a related group of borrowers in an aggregate amount greater than \$1,500,000;

(m) sell or dispose of any other real estate owned or other properties acquired in foreclosure or otherwise in the ordinary collection of indebtedness owed to CFB or its subsidiaries, having a book value in excess of \$250,000, or pursuant to which CFB or any of its subsidiaries would incur a loss in excess of \$100,000; or

(n) sell or dispose of any fixed assets of CFB or its subsidiaries having a book value in excess of \$25,000;

(o) terminate any lease on fixed assets currently in use by CFB or its subsidiaries or which would cause CFB or its subsidiaries to incur costs, expenses or charges related to the termination in excess of \$25,000; or

(p) amend, revise or modify any policies, procedures or guidelines affecting the underwriting, acquisition, administration or collection of debts or other extensions of credit originated by or acquired by First State Finance, Inc.;

(q) Permit the consumer finance credit portfolio of First State Finance, Inc. to exceed \$60,000,000 in the aggregate, net of unearned interest;

(r) directly or indirectly agree to take any of the foregoing actions.

Section 3.03 ***Conduct of CFB to Date***. Except as contemplated by this Agreement or as disclosed in CFB's Disclosure Letter (as hereafter defined) delivered to SFNC contemporaneously with the execution and delivery of this Agreement, from and after December 31, 2013 through the date of this Agreement:

(a) CFB and FSB have carried on their respective businesses in the ordinary and usual course consistent with past practices,

(b) neither CFB nor FSB have issued or sold any capital stock (other than stock issued under the CFB Stock Plan) or issued or sold any corporate debt securities which would be classified as long term debt on the balance sheet of CFB or FSB,

(c) CFB has not declared, set aside, or paid any cash or stock dividend or distribution in respect of its capital stock, except for dividends declared and paid quarterly on CFB Series C Preferred Stock,

(d) neither CFB nor FSB incurred any material obligation or liability (absolute or contingent) or mortgaged, pledged, or subjected to lien, claim, security interest, charge, encumbrance or restriction any of its assets or properties, except for normal trade or business obligations or liabilities incurred in the ordinary course of business, or in conjunction with this Agreement,,

(e) neither CFB nor FSB has discharged or satisfied any material lien, mortgage, pledge, claim, security interest, charges, encumbrance, or restriction or paid any material obligation or liability (absolute or contingent), other than in the ordinary course of business,



(f) neither CFB nor FSB has sold, assigned, transferred, leased, exchanged, or otherwise disposed of any of its properties or assets other than for a fair consideration in the ordinary course of business,

A-9

**Table of Contents**

(g) neither CFB nor FSB increased the rate of compensation of, or paid any bonus to, any of its directors, officers, or other employees, except merit or promotion increases, in accordance with existing policy; entered into any new, or amended or supplemented any existing, employment, management, consulting, deferred compensation, severance, or other similar contract; adopted, entered into, terminated, amended or modified any employee benefit plan in respect of any of present or former directors, officers or other employees; or agreed to do any of the foregoing,

(h) neither CFB nor FSB has suffered any material damage, destruction, or loss, whether as the result of flood, fire, explosion, earthquake, accident, casualty, labor trouble, requisition or taking of property by any government or any agency of any government, windstorm, embargo, riot, act of God, or other similar or dissimilar casualty or event or otherwise, whether or not covered by insurance,

(i) neither CFB nor FSB has canceled or compromised any debt to an extent exceeding \$50,000 owed to it or any of its subsidiaries or any claim to an extent exceeding \$50,000 asserted by CFB or any of its subsidiaries,

(j) neither CFB nor FSB has entered into any transaction, contract, or commitment outside the ordinary course of its business,

(k) neither CFB nor FSB has entered, or agreed to enter, into any agreement or arrangement granting any preferential right to purchase any of its material assets, properties or rights or requiring the consent of any party to the transfer and assignment of any such material assets, properties or rights,

(l) there has not been any change in the method of accounting or accounting practices of CFB or any of its subsidiaries, and

(m) CFB and FSB have kept all records substantially in accordance with its record retention policy and has not received any comment, notice or criticism by any bank regulatory agency which would lead a reasonable person to believe that such policy is not substantially in compliance with regulatory and statutory requirements and customary industry standards and have retained such records for the periods required by its policy.

Section 3.04 ***Certain Loans***. SFNC shall designate a representative to be present at FSB's internal loan committee meetings. That representative shall receive the same information as to each such prospective loan that the loan committee members receive (consisting of the internal loan report for loans between \$500,000 and \$1,500,000 and the complete internal loan committee documentation for loans of \$1,500,000 or more) and, if the representative does not object to FSB's making such loan at the time it is presented to FSB's internal loan committee for approval, such loan will be deemed to have been consented to by SFNC for purposes of Section 3.02(l) hereof.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

Section 4.01 ***Representations and Warranties***. Except as disclosed by CFB or SFNC, as appropriate in their respective Disclosure Letters (the **Disclosure Letter**) to be delivered to each other contemporaneously with the execution and delivery of this Agreement, SFNC, for itself and its subsidiaries, to the extent applicable to such subsidiaries, represent and warrant to CFB, and, CFB, for itself and FSB, to the extent applicable to FSB, represent and warrant to SFNC, that:

(a) The facts set forth in Article I of this Agreement with respect to it are true and correct.

(b) All of the outstanding shares of capital stock of it and its subsidiaries are duly authorized, validly issued and outstanding, fully paid and non-assessable, and are subject to no preemptive rights.

A-10

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**Table of Contents**

(c) Each of it and its subsidiaries has the power and authority, and is duly qualified in all jurisdictions, except for such qualifications the absence of which will not have a Material Adverse Effect (as hereinafter defined) where such qualification is required, to carry on its business as it is now being conducted and to own all its material properties and assets, and it has all federal, state, local, and foreign governmental authorizations necessary for it to own or lease its properties and assets and to carry on its business as it is now being conducted, except for such powers and authorizations the absence of which, either individually or in the aggregate, would not have a Material Adverse Effect.

(d) The shares of capital stock of each of its subsidiaries are owned by it free and clear of all liens, claims, encumbrances and restrictions on transfer and there are no Rights with respect to such capital stock, except as shown on Schedule 4.01(d) hereof.

(e) The Boards of Directors of SFNC and CFB have, by all appropriate action, approved this Agreement and the Merger. Subject to the receipt of approval of the SFNC and CFB shareholders, and subject to receipt of required regulatory approvals, this Agreement is a valid and binding agreement of it enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(f) The execution, delivery and performance of this Agreement by it does not, and the consummation of the transactions contemplated hereby by it will not, constitute (i) a breach or violation of, or a default under, any law, rule or regulation or any judgment, decree, order, governmental permit or license, or agreement, indenture or instrument of it or its subsidiaries or to which it or its subsidiaries (or any of their respective properties) is subject, which breach, violation or default is reasonably likely to have a material adverse effect on the condition, financial or otherwise, properties, results of operations or business of it and its subsidiaries, taken as a whole or on its ability to perform its obligations hereunder and to consummate the transactions contemplated hereby ( **Material Adverse Effect** ), or enable any person to enjoin any of the transactions contemplated hereby or (ii) a breach or violation of, or a default under, the articles of incorporation, charter or by-laws of it or any of its subsidiaries; and the consummation of the transactions contemplated hereby will not require any consent or approval under any such law, rule, regulation, judgment, decree, order, governmental permit or license or the consent or approval of any other party to any such agreement, indenture or instrument, other than the required approvals of applicable regulatory authorities referred to in Section 6.01(b) and (c) and the approval of the shareholders of CFB and SFNC referred to in Section 4.01(e) and any consents and approvals the absence of which will not have a Material Adverse Effect.

(g) In the case of SFNC, as of their respective dates, neither its Annual Report on form 10-K for the fiscal year ended December 31, 2013, nor any other document filed subsequent to December 31, 2013 under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended ( **Exchange Act** ), each in the form, including exhibits, filed with the SEC, and the Statements of Condition filed on behalf of its subsidiaries with the state and federal banking agencies during 2011, 2012, 2013 and 2014, (collectively, the **SFNC Reports** ), do not and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. Each of the balance sheets in or incorporated by reference into the SFNC Reports, including the related notes and schedules, fairly presents the financial position of the entity or entities to which it relates as of its date and each of the statements of operations and retained earnings and of cash flow and changes in financial position or equivalent statements in or incorporated by reference into the SFNC Reports, including any related notes and schedules, fairly presents the results of operations, retained earnings and cash flows and changes in financial position, as the case may be, of the entity or entities to which it relates for the periods set forth therein, subject, in the case of unaudited interim statements or reports to normal year-end audit adjustments that are not material in amount or effect, in each case in accordance with generally accepted accounting principles applicable to bank holding companies consistently applied during the periods involved, except as may be noted therein. It has no material obligations or liabilities, contingent or otherwise, except

as disclosed in the SFNC Reports, and its consolidated allowance for loan and lease losses, as shown on its most

A-11

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**Table of Contents**

recent balance sheet or statement of condition contained in the SFNC Reports was adequate, as of the date thereof, within the meaning of generally accepted accounting principles and safe and sound banking practices.

(h) In the case of CFB, its audited financial statements for the fiscal year ended December 31, 2013 ( **CFB Audited Financial Statements** ), including the related notes and schedules, fairly present the financial position of the entity or entities to which it relates as of its date and each of the statements of operations and retained earnings or equivalent statements in the CFB Audited Financial Statements, including any related notes and schedules, fairly present the results of operations and retained earnings, as the case may be, of the entity or entities to which it relates for the periods set forth therein in each case in accordance with generally accepted accounting principles applicable to bank holding companies consistently applied during the periods involved, except as may be noted therein. In the case of FSB, its Statements of Condition filed with the state and federal bank agencies during 2011, 2012, 2013 and 2014 were prepared in material compliance with the instructions therefor and are not known by CFB management to contain any material errors or misstatements. In the case of CFB and its subsidiaries, the unaudited monthly financial reports prepared subsequent to December 31, 2013 fairly present the results of operations and the financial conditions of the entity or entities to which it relates, except that the financial reports do not contain any and all footnotes required by generally accepted accounting principles and are subject to normal year-end adjustments that are not material in amount or effect. It has no material obligations or liabilities, contingent or otherwise, not disclosed in the CFB Audited Financial Statements or any subsequent unaudited monthly financial interim of FSB or CFB, and its consolidated allowance for loan and lease losses, as shown on its most recent balance sheet or statement of condition was adequate in the judgment of CFB's management, as of the date thereof, within the meaning of generally accepted accounting principles and safe and sound banking practices to absorb reasonably expected losses in the loan portfolio of FSB.

(i) Since December 31, 2013, in the case of SFNC and CFB, there has been no material adverse change in the financial condition of either SFNC and its subsidiaries, taken as a whole, or CFB and its subsidiaries, taken as a whole.

(j) All material federal, state, local, and foreign tax returns required to be filed by or on behalf of it or any of its subsidiaries have been timely filed or requests for extensions have been timely filed and any such extension shall have been granted and not have expired, and all such returns filed are complete and accurate in all material respects. All taxes shown on returns filed by it have been paid in full or adequate provision has been made for any such taxes on its balance sheet in accordance with generally accepted accounting principles. As of the date of this Agreement, there is no audit examination, deficiency, or refund litigation with respect to any taxes of it that would result in a determination that would have a Material Adverse Effect. All taxes, interest, additions, and penalties due with respect to completed and settled examinations or concluded litigation relating to it have been paid in full or adequate provision has been made for any such taxes on its balance sheet in accordance with generally accepted accounting principles. It has not executed an extension or waiver of any statute of limitations on the assessment or collection of any material tax due that is currently in effect.

(k) (i) No material litigation, proceeding or controversy before any court or governmental agency is pending, and there is no pending claim, action or proceeding against it or any of its subsidiaries, which in its reasonable judgment is likely to have a Material Adverse Effect or to prevent consummation of the transactions contemplated hereby, and, to the best of its knowledge, no such litigation, proceeding, controversy, claim or action has been threatened or is contemplated and (ii) neither it nor any of its subsidiaries is subject to cease and desist order, written agreement or memorandum of understanding with, or a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of any extraordinary supervisory letter from, or has adopted any board resolutions at the request of, federal or state governmental authorities charged with the supervision or regulation of banks or bank holding companies or engaged in the insurance of bank deposits ( **Bank Regulators** ), nor has it been

advised by any Bank Regulator that it is contemplating issuing or requesting, or is considering the appropriateness of issuing or requesting, any such order, directive, written agreement, memorandum of understanding, extraordinary supervisory letter, commitment letter, board resolution or similar understanding.

A-12

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**Table of Contents**

(l) Except for this Agreement, and arrangements made in the ordinary course of business, neither CFB nor FSB is bound by any material contract, as defined in Item 601(b)(10)(i) and (ii) of Regulation S-K, to be performed after the date hereof that has not been disclosed to SFNC.

(m) All employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ( **ERISA** ), that cover any of its or its subsidiaries employees, comply in all material respects with all applicable requirements of ERISA, the Code and other applicable laws; neither it nor any of its subsidiaries has engaged in a prohibited transaction (as defined in Section 406 of ERISA or Section 4975 of the Code) with respect to any such plan which is likely to result in any material penalties or taxes under Section 502(i) of ERISA or Section 4975 of the Code; no material liability to the Pension Benefit Guaranty Corporation has been or is expected by it or them to be incurred with respect to any such plan which is subject to Title IV of ERISA ( **pension plan** ), or with respect to any single-employer plan (as defined in Section 4001(a)(15) of ERISA) currently or formerly maintained by it, them or any entity which is considered one employer with it under Section 4001 of ERISA or Section 414 of the Code; no pension plan had an accumulated funding deficiency, as defined in Section 302 of ERISA (whether or not waived), as of the last day of the end of the most recent plan year ending prior to the date hereof; the fair market value of the assets of each pension plan exceeds the present value of the benefit liabilities, as defined in Section 4001(a)(16) of ERISA, under such pension plan as of the end of the most recent plan year with respect to the respective plan ending prior to the date hereof, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for such pension plan as of the date hereof; no notice of a reportable event, as defined in Section 4043 of ERISA, for which the 30-day reporting requirement has not been waived has been required to be filed for any pension plan within the 12-month period ending on the date hereof; neither it nor any of its subsidiaries has provided, or is required to provide, security to any pension plan pursuant to Section 401(a)(29) of the Code; it and its subsidiaries have not contributed to a multiemployer plan, as defined in Section 3(37) of ERISA, on or after September 26, 1980; and it and its subsidiaries do not have any obligations for retiree health and life benefits under any benefit plan, contract or arrangement.

(n) Each of it and its subsidiaries has good title to its properties and assets, other than property as to which it is lessee, free and clear of any liens, security interests, claims, charges, options or other encumbrances not set forth in the Reports, except such defects in title which would not, in the aggregate, have a Material Adverse Effect and in the case of CFB substantially all of the buildings and equipment in regular use by CFB and each of its subsidiaries have been reasonably maintained and are in good and serviceable condition, reasonable wear and tear excepted.

(o) It knows of no reason why the regulatory approvals referred to in Sections 6.01(b) and (c) should not be obtained without the imposition of any condition of the type referred to in the proviso following Sections 6.01(b) and (c).

(p) It and each of its subsidiaries have all permits, licenses, certificates of authority, orders, and approvals of, and have made all filings, applications, and registrations with, federal, state, local, and foreign governmental or regulatory bodies that are required in order to permit it to carry on its business as it is presently conducted and the absence of which would have a Material Adverse Effect; all such permits, licenses, certificates of authority, orders, and approvals are in full force and effect, and to the best knowledge of it no suspension or cancellation of any of them is threatened.

(q) In the case of SFNC, the shares of SFNC Stock to be issued pursuant to this Agreement, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable and subject to no preemptive rights.

(r) Neither it nor any of its subsidiaries is a party to, or is bound by, any collective bargaining agreement, contract, or other agreement or understanding with a labor union or labor organization, nor is it or any of its subsidiaries the subject of a proceeding asserting that it or any such subsidiary has committed an unfair labor



A-13

**Table of Contents**

practice or seeking to compel it or such subsidiary to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving it or any of its subsidiaries pending or threatened.

(s) Except for the retention of Keefe, Bruyette & Woods, Inc. by CFB, neither CFB nor any of its subsidiaries, nor any of their respective officers, directors, or employees, has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions, or finder's fees, and no broker or finder has acted directly or indirectly for it or any of its subsidiaries, in connection with this Agreement or the transactions contemplated hereby.

(t) The information to be supplied by it for inclusion in (i) the Registration Statement on Form S-4 and/or such other form(s) as may be appropriate to be filed under the Securities Act of 1933, as amended ( "**Securities Act** "), with the SEC by SFNC for the purpose of, among other things, registering the SFNC Stock to be issued to the shareholders of CFB in the Merger ( "**Registration Statement** "), or (ii) the proxy statement(s) to be distributed in connection with meeting of shareholders of CFB and SFNC to vote upon this Agreement, as amended or supplemented from time to time ( "**Proxy Statement** "), and together with the prospectus included in the Registration Statement, as amended or supplemented from time to time, ( "**Proxy Statement/Prospectus** ") will not at the time such Registration Statement becomes effective, and in the case of the Proxy Statement/Prospectus at the time it is mailed and at the time of the meeting of shareholders contemplated under this Agreement, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(u) For purposes of this section, the following terms shall have the indicated meaning:

**Environmental Law** means any federal, state or local laws statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to (i) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, plant and animal life or any other natural resource), and/or (ii) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances. The term Environmental Law includes without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9601, *et seq.*, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901, *et seq.*, the Clean Air Act, as amended, 42 U.S.C. 7401, *et seq.*, the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, the Toxic Substances Control Act, as amended, 15 U.S.C. 9601, *et seq.*, the Emergency Planning and Community Right to Know Act, 42 U.S.C. 11001, *et seq.*, the Safe Drinking Water Act, 42 U.S.C. 300f, *et seq.*, all comparable state and local laws, and (ii) any common law, including without limitation common law that may impose strict liability, that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Substance.

**Hazardous Substance** means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous, or otherwise regulated, under any Environmental Law, whether by type or by quantity, including any material containing any such substance as a component. Hazardous Substances include without limitation petroleum or any derivative or by-product thereof, asbestos, radioactive material, and polychlorinated biphenyls.

**Properties Owned** means those properties owned or operated by SFNC or CFB or any of their subsidiaries.

(i) To the best knowledge of it and its subsidiaries, neither it nor any of its subsidiaries has been or is in violation of or liable under any Environmental Law, except any such violations or liabilities which would not reasonably be expected

to singly or in the aggregate have a Material Adverse Effect;

A-14

**Table of Contents**

(ii) To the best knowledge of it and its subsidiaries, none of the Properties Owned by it or its subsidiaries has been or is in violation of or liable under any Environmental Law, except any such violations or liabilities which singly or in the aggregate will not have a Material Adverse Effect; and

(iii) To the best knowledge of it and its subsidiaries, there are no actions, suits, demands, notices, claims, investigations or proceedings pending or threatened relating to the liability of the Properties Owned by it or its subsidiaries under any Environmental Law, including without limitation any notices, demand letters or requests for information from any federal or state environmental agency relating to any such liabilities under or violations of Environmental Law, except such which will not have, result in or relate to a Material Adverse Effect.

(v) CFB does not and is not required to file reports pursuant to the Exchange Act.

(w) It and its subsidiaries have complied in all material respects with the provisions of the Community Reinvestment Act ( **CRA** ) and the rules and regulations thereunder, has a CRA rating of not less than satisfactory, and has received no material criticism from regulators with respect to discriminatory lending practices.

Section 4.02 ***Representations and Warranties of CFB***. Except as disclosed in writing in the Disclosure Letter, CFB, for itself and FSB, to the extent applicable to FSB, to the best of their actual knowledge, represent and warrant to SFNC, that none of CFB's or FSB's executive management, consisting of John Clark, Tony Gregory, Kathy Barber, Chet Alexander, Victor Castro and Lynda King, knows of any circumstances, events, commitments, instruments or facts that are known to be misrepresented or intentionally omitted from any instrument, file, or other record of CFB or any of its subsidiaries, with respect to loans to borrowers which are payable to CFB or any of its subsidiaries either directly or as a participant. To the best knowledge of CFB and its subsidiaries and except for such imperfections in documentation which when considered as a whole would not have a Material Adverse Effect on the business, operations or financial condition of any of CFB or FSB:

(a) All loans were made for good, valuable and adequate consideration in the normal and ordinary course of business, and the notes and other evidences of indebtedness and any loan agreements or security documents executed in connection therewith are true and genuine and constitute the valid and legally binding obligations of the borrowers to whom the loans were made and are legally enforceable against such borrowers in accordance with their terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, and similar debtor relief laws from time to time in effect, as well as general principles of equity applied by a court of proper jurisdiction, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(b) The amounts represented to SFNC as the balances owing on the loans are the correct amounts actually and unconditionally owing, are undisputed, as of the date reported and are not subject to any offsets, credits, deductions or counterclaims;

(c) The collateral securing each loan as referenced in the loan file or a loan officer worksheet, loan summary report or similar interoffice loan documentation is in fact the collateral held by CFB or FSB to secure each loan;

(d) CFB or its subsidiaries have possession of all loan document files and credit files for all loans held by them containing promissory notes and other relevant evidences of indebtedness with original signatures of their borrowers and guarantors, except in compliance with the document retention programs of CFB or its subsidiaries which may include e-signatures, digital record retention options and third party storage;

(e) CFB or its subsidiaries hold validly perfected liens or security interests in the collateral granted to them to secure all loans as referenced in the loan officer worksheets, loan summary reports or similar interoffice loan documentation

and the loan or credit files contain the original security agreements, mortgages, or other lien creation and perfection documents unless originals of such documents are filed of public record except in compliance with the document retention programs of CFB or its subsidiaries which may include e-signatures, digital record retention options and third party storage;

A-15

**Table of Contents**

(f) Each lien or security interest of CFB or its subsidiaries in the collateral held for each loan is properly perfected in the priority described as being held by CFB or its subsidiaries in the loan officer worksheets, loan summary reports or similar interoffice loan documentation contained in the loan document or credit files;

(g) CFB and its subsidiaries are in possession of all collateral that the loan document files or credit files indicate they have in their possession;

(h) All guaranties granted to CFB or its subsidiaries to insure payment of loans constitute the valid and legally binding obligations of the guarantors and are enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and similar debtor relief laws from time to time in effect, as well as general principles of equity applied by a court of proper jurisdiction, regardless of whether in a proceeding in equity or at law; and

(i) With respect to any loans in which CFB or any of its subsidiaries have sold participation interests to another bank or financial institution, none of the buyers of such participation interests are in default under any participation agreements.

**ARTICLE V**

**COVENANTS**

Section 5.01 *Covenants*. SFNC hereby covenants with and to CFB, and CFB hereby covenants with and to SFNC, that:

(a) It shall use its best efforts in good faith to take or cause to be taken all action necessary or desirable under this Agreement on its part as promptly as practicable so as to permit the consummation of the transactions contemplated by this Agreement at the earliest reasonable date and cooperate fully with the other party hereto to that end;

(b) In the case of CFB, it shall (i) take all steps necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of approving this Agreement as soon as is reasonably practicable after the S-4 is declared effective; (ii) in each case subject to the fiduciary duties of its directors, recommend as a Board by a majority vote to its shareholders that they approve this Agreement and use its best efforts to obtain such approval; (iii) distribute to its shareholders the Proxy Statement/Prospectus in accordance with applicable federal and state law (except, in the case of SFNC, for state securities laws and Blue Sky permits which are covered by Section 5.01(e)); and (iv) cooperate and consult with SFNC with respect to each of the foregoing matters;

(c) SFNC will file a Registration Statement on form S-4 for the shares to be issued pursuant to the Merger and use its best efforts to have the Registration Statement declared effective and to have such shares authorized for listing on the NASDAQ, subject to official notice of issuance. CFB and SFNC will cooperate in the preparation and filing of the Proxy Statement/Prospectus and Registration Statement in order to consummate the transactions contemplated by this Agreement as soon as is reasonably practicable;

(d) SFNC will advise CFB, promptly after SFNC receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qualification of the shares of SFNC Stock issuable pursuant to this Agreement for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose or of any request by the SEC for the amendment or supplement of the Registration Statement or for additional information;

(e) In the case of SFNC, it shall use its best efforts to obtain, prior to the effective date of the Registration Statement, all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by this Agreement;

A-16

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**Table of Contents**

(f) Subject to its disclosure obligations imposed by law, unless approved by the other party hereto in advance, it will not issue any press release or written statement for general circulation relating to the transactions contemplated hereby;

(g) (i) Upon reasonable notice to an executive officer of the party, it shall, and shall cause each of its subsidiaries to, afford the other party hereto, and its officers, employees, counsel, accountants and other authorized representatives (collectively, such party's **Representatives**) access, during normal business hours, to all of its and its subsidiaries properties, books, contracts, commitments and records; it shall enable the other party's Representatives to discuss its business affairs, condition, financial and otherwise, assets and liabilities with such third persons, including, without limitation, after such reasonable notice has been given to an executive officer of the party, its directors, officers, employees, accountants, counsel and creditors, as the other party considers necessary or appropriate; and it shall, and it shall cause each of its subsidiaries to, furnish promptly to the other party hereto (A) a copy of each report, schedule and other document filed by it pursuant to the requirements of federal or state securities or banking laws since December 31, 2013, and (B) all other information concerning its business properties and personnel as the other party hereto may reasonably request, provided that no investigation pursuant to this Paragraph (g) pertaining to non-disclosure of confidential information of CFB and SFNC, shall affect or be deemed to modify any representation or warranty made by, or the conditions to the obligations to consummate this Agreement of, the other party hereto; (ii) it will, upon request, furnish the other party with all information concerning it, its subsidiaries, directors, officers, partners and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement/Prospectus, the Registration Statement or any other statement or application made by or on behalf of SFNC, CFB or any of their respective subsidiaries to any governmental body or agency in connection with or material to the Merger and the other transactions contemplated by this Agreement; and (iii) it will not use any information obtained pursuant to this Paragraph (g) for any purpose unrelated to the consummation of the transactions contemplated by this Agreement and, if this Agreement is not consummated, it will hold all information and documents obtained pursuant to this Paragraph (g) in confidence unless and until such time as such information or documents otherwise become publicly available or as it is advised by counsel that any such information or document is required by law to be disclosed, and in the event of the termination of this Agreement, it will deliver to the other party hereto all documents so obtained by it and any copies thereof;

(h) It shall promptly furnish the other party with copies of written communications received by it, or any of its respective subsidiaries, Affiliates or Associates (as such terms are defined in Rule 12b-2 under the Exchange Act as in effect on the date hereof), from, or delivered by any of the foregoing to, any governmental body or agency in connection with or material to the transactions contemplated hereby;

(i) It shall notify the other party hereto as promptly as practicable of (i) any material breach of any of its warranties, representations or agreements contained herein and (ii) any change in its condition (financial or otherwise), properties, business, results of operations or prospects that could have a Material Adverse Effect;

(j) It shall cooperate and use its best efforts to promptly prepare and file all documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, approvals and authorizations of all third parties and governmental agencies, including, in the case of SFNC, submission of applications for approval of this Agreement and the transactions contemplated herein to the FRB in accordance with the provisions of the BHC Act, to the Tennessee Department of Financial Institutions (**TDFI**) and to any other regulatory agencies as required by law;

(k) It shall (i) permit the other to review in advance and, to the extent practicable, will consult with the other party on all characterizations of the information relating to the other party and any of its respective subsidiaries, which appear in any filing made with, or written materials submitted to, any third party or any governmental body or agency in



connection with the transactions contemplated by this Agreement; and (ii) consult with the other with respect to obtaining all necessary permits, consents, approvals and authorizations of all third parties

A-17

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**Table of Contents**

and governmental bodies or agencies necessary or advisable to consummate the transactions contemplated by this Agreement and will keep the other party informed of the status of matters relating to completion of the transactions contemplated herein;

(l) Prior to the Effective Date and contingent on the consummation of the Merger, CFB shall, consistent with generally accepted accounting principles, cause FSB to modify and change its loan, litigation and real estate valuation policies and practices, including loan classifications and levels of reserves and other pertinent accounting entries, so as to be applied consistently on a mutually satisfactory basis with those of SFNC; provided, however, that no such action pursuant to this subsection (l) need be taken unless and until SFNC acknowledges that all conditions to its obligation to consummate the Merger have been satisfied and no such accrual or other adjustment made by CFB pursuant to the provisions of this subsection (l) shall constitute an acknowledgment by CFB or create any implication for any purpose, that such accrual or other adjustment was necessary for any purpose other than to comply with the provisions of this subsection (l);

(m) From and after the Effective Date, SFNC shall cause its subsidiaries, including FSB, to offer to all persons who were employees of CFB or FSB, or other subsidiaries of each, as reflected in the payroll records of such institutions, immediately prior to the Effective Date and who become employees of SFNC or any of its subsidiaries, including those who remain as employees of FSB, or other subsidiaries, immediately following the Effective Date, the right to participate, commencing no later than January 1, 2015, in the employee benefits of SFNC and its subsidiaries (including but not limited to the Simmons First National Corporation Employee Stock Ownership Plan, Simmons First National Corporation 401(k) Plan, and such other benefits as are set forth in the Simmons First National Corporation Personnel Policy Manual) on the same terms as the employees of the other subsidiaries of SFNC. To the extent permitted by such plans and policies and SFNC's prior administration of such plans and policies, (i) prior service of employees of CFB and its subsidiaries will be credited for purposes of eligibility to participate, vesting, and benefit accrual under such plans and policies and (ii) any waiting periods or exclusions pre-existing conditions shall be waived;

(n) In the event the transactions contemplated by this Agreement are not consummated, SFNC agrees that for a period of twelve (12) months from and after February 18, 2014, it will not, directly or indirectly (i), either personally or by or through its agent, on behalf of itself or on behalf of any other entity, association or individual, hire, solicit or seek to hire any employee of CFB or any subsidiary of CFB or any individual who was an employee of CFB or any of its subsidiaries on February 18, 2014, or in any other manner attempt, directly or indirectly, to persuade any such employee to discontinue his or her status of employment with CFB or its Subsidiary; provided that the foregoing restriction shall not apply to any person who seeks employment from SFNC after his or her employment with CFB has been terminated, whether voluntarily or involuntarily, or (ii) make a loan or other extension of credit to pay off any FSB loan in existence on February 18, 2014 to a borrower who is not also a borrower of SFNC or one of its subsidiaries as of that date;

(o) In the case of SFNC, it will evaluate with CFB management, the staffing needs of FSB after the Effective Date. If any positions at FSB are eliminated, SFNC will give the affected employees an opportunity to transfer to other available positions at FSB or other SFNC affiliates. Any such displaced employee who cannot be otherwise accommodated with continued employment will be eligible for the existing SFNC severance program;

(p) In the case of SFNC, it will (i) take all steps necessary to increase the size of its board of directors from nine (9) to (11), (ii) submit up to two persons selected by the CFB Board of Directors (such selection to be communicated to SFNC prior to June 30, 2014) to the SFNC Nominating, Compensation and Corporate Governance Committee ( **NCCGC** ) for consideration as candidates to fill the vacancies created on the SFNC Board, (iii) will cause the NCCGC to evaluate the recommended candidates in accordance with its normal and ordinary processes for evaluation

of prospective directors, (iv) if approved by the NCCGC, appoint such candidates to the vacancies created on the SFNC Board to be effective no later than the Effective Time; and (v) if SFNC later decides to merge or combine FSB into one of its other bank subsidiaries, a similar process as

A-18

**Table of Contents**

described in this Section 5.01(p) shall be followed with respect to such resulting bank subsidiary in order to provide former CFB directors appropriate representation on the resulting bank subsidiary's board of directors, including no less than one representative from the former CFB Board of Directors;

(q) In the case of SFNC, it will take commercially reasonable efforts to assume all obligations of CFB related to the trust preferred securities issued by CFS Trust I, CFS Trust II and CFS Trust III; and

(r) In the case of SFNC, it will take commercially reasonable effort to obtain the approval of the U. S. Treasury for it to exchange its Senior Non-Cumulative Perpetual Preferred Stock, Series A, par value \$1,000.00 per share, for the for the outstanding shares of CFB Series C Preferred Stock on a one for one basis.

**ARTICLE VI**

**CONDITIONS TO CONSUMMATION**

Section 6.01 *Mutual Conditions*. The respective obligations of SFNC and CFB to effect the Merger shall be subject to the satisfaction prior to the Effective Time of the following conditions:

(a) This Agreement and the transactions contemplated hereby shall have been approved by the requisite votes of the shareholders of CFB and SFNC in accordance with applicable law;

(b) The procurement by SFNC of approval of this Agreement and the transactions contemplated hereby by the FRB and the TDFI and the expiration of any statutory waiting periods without adverse action being taken;

(c) Procurement of all other regulatory consents and approvals, including, without limitation, any required consents or approvals from the Federal Deposit Insurance Corporation or United States Treasury, Office of the Comptroller of the Currency which are necessary to the consummation of the transactions contemplated by this Agreement; provided, however, that no approval or consent described in Sections 6.01(b) and (c) shall be deemed to have been received if it shall include any conditions or requirements which would reduce the benefits of the transactions contemplated hereby to such a degree that SFNC or CFB would not have entered into this Agreement had such conditions or requirements been known at the date hereof;

(d) The satisfaction of all other requirements prescribed by law which are necessary to the consummation of the transactions contemplated by this Agreement;

(e) No party hereto shall be subject to any order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits the consummation of the Merger;

(f) No statute, rule, regulation, order, injunction or decree shall have been enacted entered, promulgated or enforced by any governmental authority which prohibits, materially restricts or makes illegal consummation of the Merger;

(g) The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or an exemption from registration shall be effective;

(h) Quattlebaum, Grooms, Tull & Burrow PLLC shall have delivered its opinion to SFNC and CFB, dated as of the Effective Date, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion which are consistent with the state of facts existing at the Effective Time, the Merger will be treated for federal income tax

purposes as a reorganization within the meaning of Section 368(a) of the Code and that SFNC and CFB will each be a party to that reorganization. In rendering such opinion, counsel may require and rely upon representations and covenants contained in certificates of officers of SFNC, CFB and others. SFNC and CFB will cooperate with each other and counsel in executing and delivering to counsel customary representations letters in connection with such opinion; and

A-19

**Table of Contents**

(i) CFB and SFNC shall each have received a fairness opinion in the form customarily received in transactions of this type and substantially to the effect that the Exchange Ratio is fair to their respective shareholders from a financial point of view.

Section 6.02 ***Additional Conditions for SFNC***. The obligation of SFNC to effect the Merger shall be subject to the satisfaction prior to the Effective Time of the following additional conditions:

(a) SFNC shall have received an opinion, dated the Effective Date, of CFB's counsel in the form and to the effect customarily received in transactions of this type;

(b) Each of the representations, warranties and covenants herein of CFB shall, in all material respects, be true on, or complied with by, the Effective Date as if made on such date, or on the date when made in the case of any representation or warranty which specifically relates to an earlier date, and SFNC shall have received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of CFB, dated the Effective Date, to such effect;

(c) Phase I environmental audits of all real property owned by CFB or any of its subsidiaries shall have been conducted at SFNC's expense and shall, to SFNC's satisfaction, reflect no material problems under Environmental Laws;

(d) SFNC shall have received all state securities laws and Blue Sky permits and other authorizations necessary to consummate the transactions contemplated hereby;

(e) No litigation or proceeding is pending which (i) has been brought against SFNC or CFB or any of their subsidiaries by any governmental agency seeking to prevent consummation of the transactions contemplated hereby or (ii) in the reasonable judgment of the Board of Directors of SFNC is likely to have a Material Adverse Effect on CFB or SFNC;

(f) The execution of lock-up agreements in substantially the form attached hereto as Exhibit 6.02(f) by the holders of CFB Common Stock designated in such Exhibit.

(g) All necessary consents and approvals have been received to allow SFNC to assume the obligations of CFB for the trust preferred securities issued by CFS Trust I, CFS Trust II and CFS Trust III, on the existing terms of such obligations, as of the Effective Time; and

(h) All necessary consents and approvals have been received to allow SFNC to exchange its SFNC Senior Non-Cumulative Perpetual Preferred Stock, Series A, par value \$1,000.00 per share, to be issued in the same standard terms and conditions as specified for the Small Business Lending Fund of the U. S. Treasury for the outstanding shares of CFB Series C Preferred Stock.

Section 6.03 ***Additional Conditions for CFB***. The obligation of CFB to effect the Merger shall be subject to the satisfaction prior to the Effective Time of the following additional conditions:

(a) CFB shall have received an opinion, dated the Effective Date, of SFNC's counsel in the form and to the effect customarily received in transactions of this type;

(b) Each of the representations, warranties and covenants contained herein of SFNC shall, in all material respects, be true on, or complied with by, the Effective Date as if made on such date, or on the date when made in the case of any representation or warranty which specifically relates to an earlier date, and CFB shall have received a certificate

signed by the Chief Executive Officer and the Chief Financial Officer of SFNC, dated the Effective Date, to such effect;

A-20

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**Table of Contents**

(c) No litigation or proceeding is pending which (i) has been brought against SFNC or CFB or any of their subsidiaries by any governmental agency, seeking to prevent consummation of the transactions contemplated hereby or (ii) in the reasonable judgment of the Board of Directors of CFB is likely to have a Material Adverse Effect on CFB or SFNC; and

(d) The shares of SFNC Stock to be issued pursuant to the Merger shall have been authorized for listing on the NASDAQ, subject to official notice of issuance.

Section 6.04 *Effect of Required Adjustments*. Any effect on CFB as a result of action taken by CFB pursuant to Sections 3.01(a), 3.01(b) and 5.01(l) shall be disregarded for purposes of determining the truth or correctness of any representation or warranty of CFB and for purposes of determining whether any conditions are satisfied.

**ARTICLE VII**

**TERMINATION**

Section 7.01 *Termination*. This Agreement may be terminated and the Merger abandoned at any time prior to the Effective Date, whether before or after the approval by the shareholders of CFB and SFNC:

(a) By the mutual consent of SFNC and CFB, by action of their respective boards of directors;

(b) By SFNC or CFB, if its Board of Directors so determines by vote of a majority of the members of its entire Board, in the event of the failure of the shareholders of either CFB or SFNC to approve this Agreement at its meeting called to consider such approval, or a material breach by the other party hereto of any representation, warranty or agreement contained herein which is not cured or not curable within 60 days after written notice of such breach is given to the party committing such breach by the other party hereto;

(c) By SFNC or CFB, if its Board of Directors so determines by vote of a majority of the members of its entire Board, in the event that the Merger is not consummated by December 31, 2014; provided, however, that such date may be extended to not later than February 28, 2015 by either SFNC or CFB, by written notice to the other party if a reason the Merger shall not have been consummated is because of failure to obtain a regulatory approval that is to be obtained pursuant to Section 6.01(b) or (c) or because the Registration Statement is not effective as is required pursuant to Section 6.01(g) ; provided further that the right to terminate this Agreement under this Section 7.01(c) shall not be available to any party whose action or failure to act has been the cause of or resulted in the failure of the Merger to be consummated on or before such date and such action or failure to act constitutes a breach of this Agreement;

(d) By SFNC or CFB, in the event Quattlebaum, Grooms, Tull & Burrow PLLC notifies the parties that it will be unable to give the opinion described in Section 6.01(h).

(e) By the Board of Directors of CFB at any time during the three (3) business day period following the tenth (10th) trading day immediately preceding the Effective Date ( **Determination Date** ), if the Average Closing Price of SFNC Stock shall be less than \$28.30 and the SFNC Stock has underperformed the KBWR by more than 20% calculated in accordance with Section 2.03(c) hereof. If CFB elects to exercise its termination right pursuant to the immediately preceding sentence, it shall give prompt written notice to SFNC; provided, that such notice of election to terminate may be withdrawn at any time within the aforementioned three (3) business day period. During the three (3) business day period commencing with its receipt of such notice, SFNC shall have the option, but not the obligation, to increase the Merger Consideration as set forth in Section 2.03(c) ( **SFNC Walkaway Counter Offer** ). If



SFNC elects to make the SFNC Walkaway Counter Offer, it shall give the Walkaway Counter Offer Notice to CFB within three (3) business days following receipt of the termination notice previously sent by CFB, whereupon such notice of termination shall be null and void and of no effect, CFB shall no longer have the right to terminate the Agreement pursuant to this Section 7.01(e) and this

A-21

## **Table of Contents**

Agreement shall remain in effect in accordance with its terms (except for the adjustments to the Exchange Ratio and Merger Consideration). Any references in this Agreement to the Exchange Ratio and Merger Consideration shall thereafter be deemed to refer to the Exchange Ratio and Merger Consideration after giving effect to any adjustment set forth in the Walkaway Counter Offer Notice. If either SFNC or CFB declares or effects a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction before the Determination Date, the prices for the SFNC Stock shall be appropriately adjusted for the purposes of this Section 7.01(e).

(f) By the Board of Directors of CFB at any time prior to obtaining CFB shareholder approval for the Merger if the Board shall have determined in good faith (after taking into account the advice of counsel) that, in light of a competing proposal or other circumstances, termination of this Agreement is required in order for CFB's Board of Directors to comply with its fiduciary duties to CFB's shareholders under applicable law, provided that CFB shall pay SFNC a fee, in immediately available funds, in the amount of \$10,000,000 in advance of or concurrently with such termination.

Section 7.02 *Effect of Termination*. In the event of the termination of this Agreement by either SFNC or CFB, as provided above, this Agreement shall thereafter become void and there shall be no liability on the part of any party hereto or their respective officers or directors, except that any such termination shall be without prejudice to the rights of any party hereto arising out of the willful breach by any other party of any covenant or willful misrepresentation contained herein.

## **ARTICLE VIII**

### **EFFECTIVE DATE AND EFFECTIVE TIME**

Section 8.01 *Effective Date and Effective Time*. On the last business day of the month during which the expiration of all applicable waiting periods in connection with governmental approvals occurs and all conditions to the consummation of this Agreement are satisfied or waived, or on such earlier or later date as may be agreed by the parties, Articles of Merger shall be executed in accordance with all appropriate legal requirements and shall be filed as required by law, and the Merger provided for herein shall become effective upon such filing or on such date as may be specified in such Articles of Merger, herein called the **Effective Date**. The **Effective Time** of the Merger shall be 6:01 P.M. in the State of Arkansas on the Effective Date, or such other time on the Effective Date as may be agreed by the parties. As used in this Agreement, **business day** shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in the state of Arkansas are required or authorized to be closed.

## **ARTICLE IX**

### **OTHER MATTERS**

Section 9.01 *Survival*. Except as hereinafter provided, the representations and warranties contained in this Agreement and all other terms, covenants and conditions hereof shall merge in the closing documents and shall not survive the Effective Date or, after the Effective Date be the basis for any action by any party to this Agreement, except as to any matter which is based upon willful fraud by a party to this Agreement with respect to which the representations, warranties, terms, covenants and conditions set forth in this Agreement shall expire only upon expiration of the applicable statute of limitations. If this Agreement shall be terminated, the agreements of the parties in Sections 5.01(g)(iii), 5.01(n), 7.02, 9.05, 9.06 and 9.09 shall survive such termination.

Section 9.02 ***Amendment; Modification; Waiver***. Prior to the Effective Date, any provision of this Agreement may be waived by the party benefited by the provision or by both parties or amended or modified at any time, including the structure of the transaction by an agreement in writing between the parties hereto approved by their respective Boards of Directors, to the extent allowed by law, except that, after the vote by the shareholders of CFB, Section 2.02 and Section 2.03 shall not be amended or revised.

A-22

**Table of Contents**

Section 9.03 **Counterparts**. This Agreement may be executed in counterparts each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same instrument.

Section 9.04 **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arkansas.

Section 9.05 **Expenses**. Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such expense except to the extent specifically stated otherwise in this Agreement.

Section 9.06 **Disclosure**. Each of the parties and its respective agents, attorneys and accountants will maintain the confidentiality of all information provided in connection herewith which has not been publicly disclosed unless it is advised by counsel that any such information is required by law to be disclosed.

Section 9.07 **Notices**. All notices, acknowledgments, requests and other communications hereunder to a party shall be in writing and shall be deemed to have been duly given when delivered by hand, telecopy, or prepaid nationally recognized overnight delivery service providing proof of delivery to such party at its address set forth below or such other address as such party may specify by notice to the other party hereto:

If to CFB and FSB, to: COMMUNITY FIRST BANCSHARES, INC.

Attn: John C. Clark, President and CEO  
115 West Washington Avenue  
Union City, Tennessee 38261  
Telecopy: (731) 886-8801

With a Copy to: BAKER, DONELSON BEARMAN, CALDWELL

& BERKOWITZ, PC  
Attn: Steven J. Eisen or Mark L. Miller  
Baker Donelson Center, Suite 800  
211 Commerce St.  
Nashville, Tennessee 37201  
Telecopy: (615) 744-5718

If to SFNC, to: SIMMONS FIRST NATIONAL CORPORATION

George A. Makris, Jr., Chairman & CEO  
501 Main Street  
Pine Bluff, Arkansas 71601  
Telecopy: (870) 850-2605

With a Copy to: QUATTLEBAUM, GROOMS, TULL & BURROW PLLC

ATTN: Patrick A. Burrow  
111 Center St., Suite 1900  
Little Rock, Arkansas 72201  
Telecopy: (501) 379-3815

Section 9.08 **No Third Party Beneficiaries**. All terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as expressly provided for herein, nothing in this Agreement is intended to confer upon any other person any rights or remedies of any nature.

Section 9.09 ***Entire Agreement***. This Agreement and the Mutual Nondisclosure Agreement, dated February 18, 2014 pertaining to non-disclosure of confidential information of CFB and SFNC represents the entire understanding of the parties hereto with reference to the transactions contemplated hereby and supersedes any and all other oral or written agreements heretofore made.

A-23

**Table of Contents**

Section 9.10 **Assignment**. This Agreement may not be assigned by any party hereto without the written consent of the other parties.

Section 9.11 **No Interference with Legal or Fiduciary Duty**. Nothing herein is intended to prohibit, restrict, or interfere with, any action by any director, officer, or employee that is reasonably believed by such person to be required by law or fiduciary duty, and no person shall have liability under this agreement for any action taken in a good faith belief that it is so required.

**ARTICLE X**

**EXPENSES, INDEMNIFICATION, INSURANCE**

Section 10.01 **Indemnification**. In the event the Merger is consummated, SFNC shall indemnify and hold harmless each present and former director and officer of CFB and of FSB against any cost or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding, or investigation arising out of or pertaining to matters related to this Agreement and/or to the Merger. SFNC shall advance expenses as incurred provided the person to whom expenses are advanced provides a satisfactory undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

Section 10.02 **D&O Insurance**. Directors' and officers' liability insurance for acts and omissions occurring prior to the Effective Date will be continued through existing policies or provided by SFNC through its blanket policy in an amount not less than the coverage provided by CFB prior to the consummation of the Merger for a period of not less than six (6) years after the Effective Date, provided that SFNC shall not be required to expend on an annual basis more than 200% of the current annual premium paid as of the date hereof by CFB for such insurance ( **Premium Limit** ) and if such premiums for such insurance would at any time exceed the Premium Limit, SFNC shall cause to be maintained policies of insurance which in SFNC's good faith determination provide maximum coverage available at an annual premium equal to the Premium Limit. Coverage for acts and omissions occurring after the Effective Date will be provided to directors and officers of FSB on the same basis as provided to the other subsidiary banks of SFNC.

[Remainder of page blank Signatures on next page]

**Table of Contents**

**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed by their duly authorized officers as of the day and year first above written.

**SIMMONS FIRST NATIONAL  
CORPORATION**

By: /s/ George A. Makris, Jr.  
George A. Makris, Jr., Chairman &  
Chief Executive Officer

**COMMUNITY FIRST BANCSHARES,  
INC.**

By: /s/ John C/ Clark  
John C. Clark, President & Chief  
Executive Officer

A-25

**Table of Contents**

**ANNEX B**

**LIBERTY AGREEMENT AND PLAN OF MERGER**

[See attached.]



Table of Contents

**AGREEMENT AND PLAN OF MERGER**

THIS AGREEMENT AND PLAN OF MERGER ( **Agreement** ) is made as of the 27th day of May, 2014, by and between Simmons First National Corporation, an Arkansas corporation ( **SFNC** ), and Liberty Bancshares, Inc., a Missouri corporation ( **LBI** ).

**ARTICLE I**

**RECITALS**

Section 1.01 **SFNC**. (a) SFNC has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Arkansas, with its principal executive offices located in Pine Bluff, Arkansas. SFNC is registered as a financial holding company with the Board of Governors of the Federal Reserve System ( **FRB** ) under the Bank Holding Company Act of 1956, as amended (the **BHC Act** ). As of the date hereof, SFNC has 60,000,000 authorized shares of Class A common stock, par value \$0.01 per share ( **SFNC Stock** ), of which 16,312,260 were outstanding as of April 24, 2014, and 40,040,000 authorized shares of preferred stock, par value \$0.01, of which none are outstanding. SFNC Stock trades on the NASDAQ Global Select Market under the symbol SFNC.

(b) SFNC has entered into an Agreement and Plan of Merger with Delta Trust & Banking Corporation ( **DTBC** ) dated March 24, 2014 under which DTBC will be merged with and into SFNC ( **DTBC Merger** ). Pursuant to the DTBC Merger SFNC will issue up to 1,695,878 additional shares of SFNC Stock.

(c) SFNC has entered into an Agreement and Plan of Merger with Community First Bancshares, Inc. ( **CFB** ) dated May 6, 2014 under which CFB will be merged with and into SFNC ( **CFB Merger** ). Pursuant to the CFB Merger SFNC will issue up to 6,624,000 additional shares of SFNC Stock and 30,852 shares of SFNC Senior Non-Cumulative Perpetual Preferred Stock, Series A, par value \$1,000.00 per share.

Section 1.02 **LBI**. LBI has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Missouri, with its principal executive offices located in Springfield, Missouri. LBI is registered as a bank holding company with the FRB under the BHC Act. As of the date hereof, LBI has 25,000,000 authorized shares of common stock, par value \$0.20 per share ( **LBI Stock** ), of which 5,146,962 shares were outstanding as of May 16, 2014; 1,000,000 authorized shares of preferred stock, of which none are outstanding. The number of shares outstanding shall be certified by LBI at the Effective Date and such certified number of shares outstanding shall be used for all purposes of this Agreement and the transactions contemplated hereunder.

Section 1.03 **LBI Subsidiaries**. (a) Liberty Bank ( **Bank** ) has been duly incorporated and is a validly existing banking corporation in good standing under the laws of the State of Missouri, with its principal executive offices located in Springfield, Missouri. As of the date hereof, Bank has 34,000 authorized shares of common stock, par value \$50.00 per share, of which 34,000 shares are outstanding as of May 16, 2014, no other class of capital stock being authorized. All of the outstanding shares of stock of Bank are owned by LBI.

(b) LBI Capital Trust III, LLT ( **LBI Trust III** ), dated December 5, 2003, by and between U.S. Bank National Association, as Trustee, LBI as Issuer, which trust has authorized and issued common securities in the amount of \$155,000 as of May 16, 2014, and authorized and issued capital securities in the amount of \$5,000,000, as of May 16, 2014. All of the outstanding common securities of LBI Trust III are owned by LBI.

(d) LBI Capital Trust IV ( **LBI Trust IV** ), dated October 13, 2004, by and among Wilmington Trust Company, as Property Trustee, Wilmington Trust Company, as Delaware Trustee, LBI as Depositor, and Gary E. Metzger, Garry L.

Robinson and H. Michael Mattson, as Administrative Trustees, which trust has authorized and issued common securities in the amount of \$155,000 as of May 16, 2014, and authorized and issued capital securities in the amount of \$5,000,000, as of May 16, 2014. All of the outstanding common securities of LBI Trust IV are owned by LBI.

B-1

**Table of Contents**

(e) LBI Capital Trust V ( **LBI Trust V** ), dated March 23, 2007, by and among Wilmington Trust Company, as Institutional Trustee and Delaware Trustee, LBI as Sponsor and Gary E. Metzger and Garry L. Robinson Administrators, which trust has authorized and issued common securities in the amount of \$310,000 as of May 16, 2014, and authorized and issued capital securities in the amount of \$10,000,000, as of May 16, 2014. All of the outstanding common securities of LBI Trust V are owned by LBI.

(f) Section 1.03(f) of LBI's Disclosure Letter (as hereafter defined) sets forth the subsidiaries of Bank and the ownership of Bank therein.

Section 1.04 *Compensatory Stock Programs.*

(a) SFNC has reserved 436,648 shares of SFNC Stock ( **SFNC Comp. Shares** ) for issuance pursuant to the terms of the stock option and restricted stock grants under the executive and director stock plans of SFNC ( **SFNC Stock Comp. Plans** ), of which options for 94,730 shares have been granted to various executive officers of SFNC and its subsidiaries and are currently outstanding.

(b) LBI has reserved (i) 225,000 shares of LBI Stock for issuance pursuant to the Incentive Stock Option Plan dated October 27, 1995 (as amended, the **1995 Stock Option Plan** ), (ii) 808,500 shares of LBI Stock for issuance pursuant to the Incentive Stock Option Plan of Liberty Bancshares, Inc. dated May 10, 2005 (as amended, the **2005 Stock Option Plan** ) and (iii) 6,460 shares of LBI Stock for issuance pursuant to the Liberty Bancshares, Inc. 2009 Omnibus Incentive Plan effective June 13, 2009 (as amended, the **2009 Equity Incentive Plan** and together with the 1995 Stock Option Plan and the 2005 Stock Option Plan, the **LBI Equity Incentive Plans** ). As of May 16, 2014, (i) stock options grants for 630,770 shares of LBI Stock have been granted under the LBI Equity Incentive Plans, of which 530,545 have been exercised, and (ii) of the 100,225 stock options currently outstanding ( **LBI Stock Options** ), options for 76,615 shares are fully vested and options for 23,610 shares are unvested. There are no equity awards outstanding other than the LBI Stock Options. No additional equity awards will be granted under the LBI Equity Incentive Plans.

Section 1.05 *Rights; Voting Debt.* Except for (i) the SFNC Stock Comp. Plans, (ii) the LBI Equity Incentive Plans, (iii) the DTBC Merger, (iv) the CFB Merger and (v) the transactions contemplated under this Agreement, neither SFNC nor LBI has any shares of its capital stock reserved for issuance, any outstanding option, call or commitment relating to shares of its capital stock or any outstanding securities, obligations or agreements convertible into or exchangeable for, or giving any person any right (including, without limitation, preemptive rights) to subscribe for or acquire from it, any shares of its capital stock (collectively, **Rights** ). Neither LBI nor SFNC nor any of their respective subsidiaries have any bonds, debentures, notes or other indebtedness issued and outstanding, having the right to vote, or convertible into securities having the right to vote, on any matters on which shareholders may vote ( **Voting Debt** ).

Section 1.06 *Materiality.* Unless the context otherwise requires, any reference in this Agreement to materiality with respect to either party shall, as to LBI, be deemed to be with respect to LBI and its subsidiaries taken as a whole, and as to SFNC shall be deemed to be with respect to SFNC and its subsidiaries, taken as a whole.

Section 1.07 *Merger.* The Board of Directors of SFNC and the Board of Directors of LBI have each determined that it is desirable and in the best interests of the corporations and their respective shareholders that LBI merge with and into SFNC ( **Merger** ) on the terms and subject to the conditions set forth in this Agreement.

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**Table of Contents**

In consideration of their mutual promises and obligations hereunder, and intending to be legally bound hereby, SFNC and LBI adopt and make this Agreement and prescribe the terms and conditions hereof and the manner and basis of carrying it into effect, which shall be as follows:

**ARTICLE II**

**MERGER**

Section 2.01 **Merger**. On the Effective Date, as defined in Section 8.01, LBI will merge with and into SFNC, with SFNC being the surviving corporation ( **Surviving Corporation** ), pursuant to the provisions of, and with the effects provided in, the Arkansas Business Corporation Act. At the Effective Time, the articles of incorporation and bylaws of SFNC, as the Surviving Corporation, shall be the articles of incorporation and bylaws of SFNC as in effect immediately prior to the Effective Time; the directors and officers of SFNC shall be the directors and officers of the Surviving Corporation; SFNC shall continue to possess all of the rights, privileges and franchises possessed by it and shall become vested with and possess all rights, privileges and franchises possessed by LBI; and SFNC shall be responsible for all of the liabilities and obligations of LBI in the same manner as if SFNC had itself incurred such liabilities or obligations, and the Merger shall not affect or impair the rights of the creditors or of any persons dealing with SFNC or LBI.

Section 2.02 **Conversion of LBI Stock**.

(a) Definitions.

(i) **Exchange Ratio** shall mean 1.0000 share of SFNC Stock for each outstanding share of LBI Stock, subject to adjustment as provided in Section 2.03.

(ii) **Merger Consideration** shall mean the number of whole shares of SFNC Stock, if any, which such holder has the right to receive in respect of the shares of LBI Stock or the LBI Stock Options so held in accordance with Sections 2.02 and 2.03, plus cash in lieu of fractional shares of SFNC Stock to which such holder is entitled pursuant to Section 2.04, plus any dividends or other distributions to which such holder is entitled pursuant to Section 2.04(c).

(iii) **Average Closing Price** of SFNC Stock shall be the average of the closing price per share of SFNC Stock on the NASDAQ Global Select Market (as reported in *The Wall Street Journal* or, if not reported thereby, another alternative source as chosen by SFNC) for the twenty (20) consecutive trading days ending on and including the tenth (10th) trading day preceding the Effective Date.

(iv) **Minimum Merger Consideration** shall be the product of (x) \$29.80 multiplied by (y) the number of shares of SFNC Stock to be issued in exchange for LBI Stock and LBI Stock Options in the Merger.

(b) Subject to the other provisions of this Section 2.02 and Section 2.03, upon consummation of the Merger at the Effective Time, by virtue of the Merger each share of LBI Stock issued and outstanding immediately prior to the Effective Time (excluding any Dissenting Shares, as defined in Section 2.06) shall be converted into the right to receive that number of shares of SFNC Stock as shall equal the Exchange Ratio. All shares of LBI Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each Certificate, as defined in Section 2.04, previously evidencing any such shares shall thereafter represent the right to receive the Merger Consideration. The holders of Certificates previously evidencing shares of LBI Stock, outstanding immediately prior to the Effective Time, shall cease to have any rights with respect to such shares of LBI Stock except as otherwise provided herein or by law. Such Certificates previously evidencing shares of LBI Stock shall be

exchanged for (i) certificates evidencing whole shares of SFNC Stock issued in consideration therefor (ii) cash in lieu of fractional shares as set forth in Section 2.04 and (iii) any cash payable pursuant to Section 2.03(c), upon the surrender of such Certificates in accordance with the provisions of Section 2.04, without interest. No fractional shares of SFNC Stock shall be issued, and, in lieu thereof, a cash payment shall be made pursuant to Section 2.04.

B-3

**Table of Contents**

(c) SFNC shall take all requisite action to assume the outstanding LBI Stock Options such that: (i) the number of shares of SFNC to be issued for each such option shall be equal to the product of the number of shares remaining to be exercised under each such option multiplied by the Exchange Ratio and (ii) the strike price for each such option shall be the strike price of the LBI Stock Option divided by the Exchange Ratio. All other terms and conditions of the LBI Stock Options shall remain in full force and effect after the Effective Time, including but not limited to the applicable vesting schedule and the option expiration dates. As of the Effective Time, LBI shall certify to SFNC the name and address of the holders of outstanding LBI Stock Options, the number of shares of LBI Stock covered by each such option, the grant date of each such option, the vesting status of the each such option, the name of the plan under which each such option was issued and such other information concerning the options as SFNC may reasonably request. Promptly after the Effective Time, SFNC will provide each holder of an LBI Stock Option with a replacement Stock option agreement reflecting the change from LBI Stock to SFNC Stock and the changes, if any, to the Exchange Ratio and the strike price and restating all of the terms and conditions continuing in effect.

(d) Each share of LBI Stock held in the treasury of LBI and each share of LBI Stock owned by any direct or indirect wholly owned subsidiary of LBI immediately prior to the Effective Time shall be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

**Section 2.03. *Adjustment to Computation of Merger Consideration.***

(a) The aggregate number of shares of SFNC Stock to be exchanged for each share of LBI Stock shall be adjusted appropriately to reflect any change in the number of shares of SFNC Stock by reason of any stock dividends or splits, reclassification, recapitalization or conversion with respect to SFNC Stock, received or to be received by holders of SFNC Stock, when the record date or payment occurs prior to the Effective Time. No adjustment of the Exchange Ratio shall occur by reason of issuance of (i) any SFNC Comp. Shares under the SFNC Stock Comp. Plans, (ii) the issuance of any SFNC stock in any other merger or other acquisition transaction or (iii) the issuance of any SFNC Stock for cash in a public or private stock offering.

(b) The aggregate number of shares of SFNC Stock to be exchanged for each share of LBI Stock shall be adjusted appropriately to reflect any change in the number of shares of LBI Stock by reason of any stock dividends or splits, reclassification, recapitalization or conversion with respect to LBI Stock, received or to be received by holders of LBI Stock, when the record date or payment occurs prior to the Effective Time. The Exchange Ratio set forth in Section 2.02 (a) above is based upon 5,247,187 shares of LBI Stock, consisting of 5,146,962 shares of LBI Stock outstanding and LBI Stock Options outstanding for 100,225 shares of LBI Stock, all as of the Effective Time. If the sum of the number of outstanding shares of LBI Stock, plus the number of shares of LBI Stock specified in the LBI Stock Options outstanding and in effect, as of the Effective Time, differs from the foregoing, then the Exchange Ratio shall mean the number (computed to four decimal places) that shall equal the quotient of (A) 5,247,187, divided by (y) the sum of the number of shares of LBI Stock outstanding plus the number of shares of LBI Stock specified in the LBI Stock Options outstanding and in effect, as of the Effective Time.

(c) In the event (i) the Average Closing Price of SFNC Stock shall be less than \$29.80; and (ii) the difference between:

the percentage change of (A) \$40.06 (the average of the closing price of the PowerShares KBW Regional Banking Portfolio ( **KBWR** ) for the twenty (20) consecutive trading days ending on and including March 31, 2014 and (B) the average of the closing price of the KBWR (as reported in *The Wall Street Journal* or, if not reported thereby, another alternative source as chosen by SFNC) for the twenty (20) consecutive trading days ending on and including the tenth (10th) trading day preceding the Effective Date,

and

B-4

**Table of Contents**

the percentage change of (Y) \$37.24 (the average of the closing price of SFNC Stock for the twenty (20) consecutive trading days ending on and including March 31, 2014) and (Z) the Average Closing Price

*is greater than twenty percent (20%)*

then LBI may give notice of its intent to terminate this Agreement as provided in Section 7.01(e) hereof; subject to SFNC's right, in its sole and absolute discretion, to maintain the Exchange Ratio and opt to pay an amount of cash so that, as a result of such adjustment, the Merger Consideration, based on the Average Closing Price, shall be no less than the Minimum Merger Consideration. If SFNC elects to make the SFNC Walkaway Counter Offer (as defined in Section 7.01(e)), it shall give prompt written notice to LBI of such election (the **Walkaway Counter Offer Notice**). The Walkaway Counter Offer Notice, if given, shall set forth the amount of the cash to be paid and shall include a calculation of the adjusted Merger Consideration.

(d) Upon the occurrence of any adjustment pursuant to this Section 2.03, any references in this Agreement to any defined term whose calculation is affected by such adjustment shall thereafter be deemed to refer to the defined term as calculated after giving effect to such adjustment.

#### Section 2.04 *Exchange of Certificates.*

(a) Promptly after the Effective Time, SFNC shall deposit, or shall cause to be deposited, with Registrar and Transfer Company ( **Transfer Agent** ), for the benefit of the holders of shares of LBI Stock, for exchange in accordance with this Article II, through the Transfer Agent, (i) certificates evidencing a number of shares of SFNC Stock equal to the sum of the shares of SFNC required to be issued as Merger Consideration to the shareholders of LBI, and (ii) cash in the amount of \$20,000.00 ( **Fractional Share Fund** ). In the event the initial sum deposited into the Fractional Share Fund is insufficient to satisfy all payments required to be paid from such fund, then SFNC shall immediately deposit funds to remedy such deficiency.

(b) Promptly after the Effective Time, SFNC will instruct the Transfer Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time evidenced outstanding shares of LBI Stock (other than Dissenting Shares) ( **Certificates** ), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as SFNC may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates evidencing shares of SFNC Stock and any cash payable hereunder. Upon surrender of a Certificate for cancellation to the Exchange Agent together with such letter of transmittal, duly executed, and such other customary documents as may be reasonably required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor (A) certificates evidencing that number of whole shares of SFNC Stock which such holder has the right to receive in respect of the shares of LBI Stock formerly evidenced by such Certificate in accordance with Section 2.02, (B) cash in lieu of fractional shares of SFNC Stock to which such holder is entitled pursuant to Section 2.02, (C) any cash payable pursuant to Section 2.03(c), and (D) any dividends or other distributions to which such holder is entitled pursuant to Section 2.04(c) and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of shares of LBI Stock which is not registered in the transfer records of LBI, a certificate evidencing the proper number of shares of SFNC Stock may be issued and cash paid in accordance with this Article II to a transferee if the Certificate evidencing such shares of LBI Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.04, each Certificate shall be deemed at any time after the Effective Time to evidence only the right to receive upon such surrender the Merger Consideration.



(c) No dividends or other distributions declared or made after the Effective Time with respect to SFNC Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of SFNC Stock evidenced thereby, and no other part of the Merger Consideration shall be

B-5

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**Table of Contents**

paid to any such holder, until the holder of such Certificate shall surrender such Certificate. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be delivered and paid to the holder of the certificates (i) certificates evidencing whole shares of SFNC Stock issued in exchange therefor, (ii) the cash portion of the Merger Consideration, if any, payable to such holder, including the amount of any cash payable with respect to a fractional share of SFNC Stock to which such holder is entitled pursuant to Section 2.04(b), any cash payable pursuant to Section 2.03(c) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of SFNC Stock, and (iii) at the appropriate payment date, the amount of dividends or other distributions, with a record date after the Effective Time but prior to surrender and a payment date occurring after surrender, payable with respect to such whole shares of SFNC Stock. No interest shall be paid on the Merger Consideration.

(d) All shares of SFNC Stock issued and cash paid in accordance with the terms hereof shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to such shares of LBI Stock.

(e) Any portion of the Fractional Share Fund which remains undistributed to the holders of LBI Stock on the date six months following the Effective Time shall be delivered to SFNC, upon demand, and any holders of LBI Stock who have not theretofore complied with this Article II shall thereafter look directly to SFNC for the Merger Consideration to which they are entitled.

(f) SFNC shall not be liable to any holder of shares of LBI Stock for any Merger Consideration, whether shares of SFNC Stock, cash or dividends or distributions with respect to SFNC Stock, delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) SFNC shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of LBI Stock such amounts as SFNC is required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code of 1986, as amended (the **Code**), or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by SFNC, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of LBI Stock in respect of which such deduction and withholding was made by SFNC.

**Section 2.05 *Stock Transfer Books*.** At the Effective Time, the stock transfer books of LBI shall be closed and there shall be no further registration of transfers of shares of LBI Stock thereafter on the records of LBI. On or after the Effective Time, any Certificates for LBI Stock presented to the Transfer Agent or SFNC for any reason shall be converted into the Merger Consideration.

**Section 2.06 *Dissenting Shares*.** Notwithstanding any other provisions of this Agreement to the contrary, shares of LBI Stock that are outstanding immediately prior to the Effective Time and which are held by shareholders who shall have not voted in favor of the Merger or consented thereto in writing and who shall have demanded properly in writing appraisal for such shares (collectively, the **Dissenting Shares**) in accordance with Section 351.455 of the Revised Missouri Statutes shall not be converted into or represent the right to receive the Merger Consideration. Such shareholders shall be entitled to receive payment of the fair value of such shares of LBI Stock held by them in accordance with the provisions of such statute, except that all Dissenting Shares held by shareholders who shall have failed to perfect or who effectively shall have withdrawn or lost their rights to judicial determination of the value of the shares of LBI Stock under such statute shall have been converted into and to have become exchangeable, as of the Effective Time, for the right to receive, without any interest thereon, the Merger Consideration, as if such shares of LBI Stock, upon surrender, in the manner provided in Section 2.04, of the Certificate or Certificates that formerly evidenced such shares of LBI Stock.

Section 2.07 ***Lost LBI Stock Certificates.*** In the event any Certificate for LBI Stock shall have been lost, stolen or destroyed, upon receipt of appropriate evidence as to such loss, theft or destruction and to the ownership of such Certificate by the person claiming such Certificate to be lost, stolen or destroyed and the receipt by SFNC of appropriate and customary indemnification, SFNC will issue in exchange for such lost, stolen or destroyed Certificate, a certificate of shares of SFNC Stock and the cash payment, if any, deliverable in respect thereof as determined in accordance with this Article II.

B-6

**Table of Contents**

**ARTICLE III**

**ACTIONS PENDING MERGER**

Section 3.01 ***Required Actions Pending Merger***. LBI hereby covenants and agrees with SFNC that prior to the Effective Time, unless the prior written consent of SFNC shall have been obtained, and except as otherwise contemplated herein, LBI will and will cause each of its subsidiaries to:

(a) upon the direction of SFNC, give all required notices, make all necessary amendments and cause its Board of Directors to adopt resolutions: (i) to the extent permissible under applicable law, amending the contribution formula and benefit provisions of the Liberty Bank 401(k) Profit Sharing Plan to be comparable to the SFNC 401(k) Plan to be effective at the Effective Time and (ii) terminating the Liberty Bank 401(k) Profit Sharing Plan to be effective on December 31, 2014, to pay any and all termination, early withdrawal penalties or similar fees with respect to the termination of the plan;

(b) use commercially reasonable efforts to preserve intact their business organization and assets, maintain their rights and franchises, retain the services of their officers and key employees, except that they shall have the right to lawfully terminate the employment of any officer or key employee if such termination is in accordance with LBI's existing employment procedures;

(c) use commercially reasonable efforts to maintain and keep their properties in as good repair and condition as at present, except for depreciation due to ordinary wear and tear;

(d) use commercially reasonable efforts to keep in full force and effect insurance and bonds comparable in amount and scope of coverage to that now maintained;

(e) perform in all material respects all obligations required to be performed by them under all material contracts, leases, and documents relating to or affecting their assets, properties, and business; and

(f) from and after the date the FRB grants approval for the merger of LBI with and into SFNC, give SFNC notice of all meetings of the board of directors of LBI and each of its subsidiaries, allow SFNC to have a non-voting representative at each such meeting in person or telephonically, provided, however, such representative shall be subject to exclusion from any portion of any such meeting during any discussion or action concerning the Merger or to the extent that LBI's legal counsel advises the LBI directors that permitting SFNC's presence would constitute a breach of their fiduciary, regulatory or legal duties or requirements, and provide SFNC with all written materials and communications provided to the directors in connection with such meetings; provided, however, such written materials and communications shall be subject to redaction to the extent that LBI's legal counsel advises the LBI directors that permitting SFNC's access to such materials and communications would constitute a breach of their fiduciary, regulatory or legal duties or requirements.

Section 3.02 ***Prohibited Actions Pending Merger***. Except as specifically contemplated by this Agreement, or as disclosed in LBI's Disclosure Letter (as hereafter defined), from the date hereof until the earlier of the termination of the Agreement or the Effective Time, LBI shall not do, and LBI will cause each of its subsidiaries not to do, without the prior written consent of SFNC, any of the following:

(a) (i) make, declare or pay any dividend or distribution on LBI Stock, other than a dividend in the amount of \$0.18 per share to be payable in July, 2014, provided that if the Effective Time has not occurred prior to the record date for the SFNC dividend to be payable in January, 2015, then LBI may declare and pay a dividend in the amount of \$0.18

per share to be payable in January, 2015, and provided further, that if the Effective Time has not occurred prior to the record date for the SFNC dividend to be payable in April, 2015, then LBI may declare and pay a dividend in the amount of \$0.18 per share to be payable in April, 2015, or

(ii) directly or indirectly combine, redeem, reclassify, purchase or otherwise acquire, any share of its capital stock (other than in a fiduciary capacity or in respect of a debt previously contracted in good faith) or authorize

B-7

**Table of Contents**

the creation or issuance of or issue or sell or permit any subsidiary to issue or sell any additional shares of LBI's capital stock or the capital stock of any subsidiary, or any options, warrants, calls or commitments relating to its capital stock or the capital stock of any subsidiary, or any securities, obligations or agreements convertible into or exchangeable for, or giving any person any right to subscribe for or acquire, shares of its capital stock or the capital stock of any of its subsidiaries;

(b) hire any additional staff, except for (i) personnel hired at an hourly rate to fill vacancies, (ii) salaried non-executive officers positions that are replacements, or (iii) for seasonal part time staff, in accordance with past practices;

(c) enter into or permit any subsidiary to enter into any employment contracts with, pay any bonus to, or increase the rate of compensation of, any of its directors, officers or employees, except in the ordinary course of business consistent with the past practice or existing plans and agreements;

(d) except as directed by SFNC consistent with the terms of this Agreement, enter into or modify or permit any subsidiary to enter into or modify (except as may be required by applicable law and except for the renewal of any existing plan or arrangement in the ordinary course of business consistent with past practice) any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of any of its directors, officers or other employees;

(e) except as contemplated by Section 5.01(l), substantially modify the manner in which it and its subsidiaries have heretofore conducted their business, taken as a whole, or amend its charter or by-laws;

(f) except in the ordinary course of business, acquire any assets or business or take any other action, that considered as a whole is material to LBI on a consolidated basis, other than as set forth in section 3.02(f) of LBI's Disclosure Letter;

(g) acquire any investment securities, other than U.S. Treasury Securities, municipal securities with a minimum rating of A-, or U.S. Agency securities which are traditional fixed rate debt securities;

(h) sell or purchase any securities in the aggregate amount of \$500,000, except for purchases related to the re-investment of proceeds of matured securities which are in compliance with the investment policies of LBI;

(i) except in their fiduciary capacities, purchase any shares of SFNC Stock;

(j) except as contemplated by Section 5.01(l), change any method of accounting in effect at December 31, 2013, or change any method of reporting income or deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns for the taxable year ending December 31, 2013, except as may be required by law or generally accepted accounting principles;

(k) knowingly take any action which would or is reasonably likely to (i) adversely affect the ability of either of SFNC or LBI to obtain any necessary approvals of governmental authorities required for the transactions contemplated hereby; (ii) adversely affect LBI's ability to perform its covenants and agreements under this Agreement; or (iii) result in any of the conditions to the Merger set forth herein not being satisfied;

(l) except as provided in Section 3.04 hereof, make or renew any single loan or series of loans, to one borrower or a related group of borrowers in an aggregate amount greater than \$1,500,000;

(m) sell or dispose of any other real estate owned or other properties acquired in foreclosure or otherwise in the ordinary collection of indebtedness owed to LBI or its subsidiaries, having a book value in excess of \$250,000, or pursuant to which LBI or any of its subsidiaries would incur a loss in excess of \$100,000; or

(n) sell or dispose of any fixed assets of LBI or its subsidiaries having a book value in excess of \$25,000;

B-8

**Table of Contents**

(o) terminate any lease on fixed assets currently in use by LBI or its subsidiaries or which would cause LBI or its subsidiaries to incur costs, expenses or charges related to the termination in excess of \$25,000; or

(p) directly or indirectly agree to take any of the foregoing actions.

Section 3.03 **Conduct of LBI to Date**. Except as contemplated by this Agreement or as disclosed in LBI's Disclosure Letter (as hereafter defined) delivered to SFNC contemporaneously with the execution and delivery of this Agreement, from and after December 31, 2013 through the date of this Agreement:

(a) LBI and Bank have carried on their respective businesses in the ordinary and usual course consistent with past practices,

(b) neither LBI nor Bank have issued or sold any capital stock (other than stock issued under the LBI Equity Incentive Plans) or issued or sold any corporate debt securities which would be classified as long term debt on the balance sheet of LBI or Bank,

(c) LBI has not declared, set aside, or paid any cash or stock dividend or distribution in respect of its capital stock,

(d) neither LBI nor Bank incurred any material obligation or liability (absolute or contingent) or mortgaged, pledged, or subjected to lien, claim, security interest, charge, encumbrance or restriction any of its assets or properties, except for obligations or liabilities incurred in the ordinary course of business, or in conjunction with this Agreement,

(e) neither LBI nor Bank has discharged or satisfied any material lien, mortgage, pledge, claim, security interest, charges, encumbrance, or restriction or paid any material obligation or liability (absolute or contingent), other than in the ordinary course of business,

(f) neither LBI nor Bank has sold, assigned, transferred, leased, exchanged, or otherwise disposed of any of its properties or assets other than for a fair consideration in the ordinary course of business,

(g) neither LBI nor Bank increased the rate of compensation of, or paid any bonus to, any of its directors, officers, or other employees, except merit or promotion increases, in accordance with existing policy; entered into any new, or amended or supplemented any existing, employment, management, consulting, deferred compensation, severance, or other similar contract; adopted, entered into, terminated, amended or modified any employee benefit plan in respect of any of present or former directors, officers or other employees; or agreed to do any of the foregoing,

(h) neither LBI nor Bank has suffered any material damage, destruction, or loss, whether as the result of flood, fire, explosion, earthquake, accident, casualty, labor trouble, requisition or taking of property by any government or any agency of any government, windstorm, embargo, riot, act of God, or other casualty or event or otherwise, whether or not covered by insurance,

(i) neither LBI nor Bank has canceled or compromised any debt to an extent exceeding \$50,000 owed to it or any of its subsidiaries or any claim to an extent exceeding \$50,000 asserted by LBI or any of its subsidiaries,

(j) neither LBI nor Bank has entered into any transaction, contract, or commitment outside the ordinary course of its business,

(k) neither LBI nor Bank has entered, or agreed to enter, into any agreement or arrangement granting any preferential right to purchase any of its material assets, properties or rights or requiring the consent of any party to the transfer and



assignment of any such material assets, properties or rights,

B-9

**Table of Contents**

(l) there has not been any change in the method of accounting or accounting practices of LBI or any of its subsidiaries, and

(m) LBI and Bank have kept all records substantially in accordance with its record retention policy and has not received any comment, notice or criticism by any bank regulatory agency which would lead a reasonable person to believe that such policy is not substantially in compliance with regulatory and statutory requirements and customary industry standards and have retained such records for the periods required by its policy.

Section 3.04 ***Certain Loans***. From and after the date the FRB grants approval of the merger of LBI with and into SFNC, LBI and its subsidiaries shall permit an SFNC designated representative to attend loan committee meetings and shall provide to such representative the same information as to each such prospective loan that the loan committee members receive and, if the representative does not object to Bank's making such loan at the time it is presented to Bank's internal loan committee for approval, such loan will be deemed to have been consented to by SFNC for purposes of Section 3.02(1) hereof.

**ARTICLE IV**

**REPRESENTATIONS AND WARRANTIES**

Section 4.01 ***Representations and Warranties***. Except as disclosed by LBI or SFNC, as appropriate in their respective Disclosure Letters ( **Disclosure Letter** ) to be delivered to each other contemporaneously with the execution and delivery of this Agreement, SFNC, for itself and its subsidiaries, to the extent applicable to such subsidiaries, represent and warrant to LBI, and, LBI, for itself and Bank, to the extent applicable to Bank, represent and warrant to SFNC, that:

(a) The facts set forth in Article I of this Agreement with respect to it are true and correct.

(b) All of the outstanding shares of capital stock of it and its subsidiaries are duly authorized, validly issued and outstanding, fully paid and non-assessable, and are subject to no preemptive rights.

(c) Each of it and its subsidiaries has the power and authority, and is duly qualified in all jurisdictions, except for such qualifications the absence of which will not have a Material Adverse Effect (as hereinafter defined) where such qualification is required, to carry on its business as it is now being conducted and to own all its material properties and assets, and it has all federal, state, local, and foreign governmental authorizations necessary for it to own or lease its properties and assets and to carry on its business as it is now being conducted, except for such powers and authorizations the absence of which, either individually or in the aggregate, would not have a Material Adverse Effect.

(d) The shares of capital stock of each of its subsidiaries are owned by it free and clear of all liens, claims, encumbrances and restrictions on transfer and there are no Rights with respect to such capital stock, except as shown on Section 4.01(d) of its Disclosure Letter.

(e) The Boards of Directors of SFNC and LBI have, by all appropriate action, approved this Agreement and the Merger. Subject to the receipt of approval of the SFNC and LBI shareholders, and subject to receipt of required regulatory approvals, this Agreement is a valid and binding agreement of it enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(f) The execution, delivery and performance of this Agreement by it does not, and the consummation of the transactions contemplated hereby by it will not, constitute (i) a breach or violation of, or a default under, any law, rule or regulation or any judgment, decree, order, governmental permit or license, or agreement, indenture or instrument of it or its subsidiaries or to which it or its subsidiaries (or any of their respective properties) is subject, which breach, violation or default is reasonably likely to have a material adverse effect on the condition,

B-10

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**Table of Contents**

financial or otherwise, properties, results of operations or business of it and its subsidiaries, taken as a whole or on its ability to perform its obligations hereunder and to consummate the transactions contemplated hereby ( **Material Adverse Effect** ), or (ii) a breach or violation of, or a default under, the articles of incorporation, charter or by-laws of it or any of its subsidiaries. The consummation of the transactions contemplated hereby will not require any consent or approval under any such law, rule, regulation, judgment, decree, order, governmental permit or license or the consent or approval of any other party to any such agreement, indenture or instrument, other than the required approvals of applicable regulatory authorities referred to in Section 6.01(b) and (c) and the approval of the shareholders of LBI and SFNC referred to in Section 4.01(e) and any consents and approvals the absence of which will not have a Material Adverse Effect.

(g) In the case of SFNC:

(i) As of their respective dates, neither its Annual Report on Form 10-K for the fiscal year ended December 31, 2013, nor any other document filed subsequent to December 31, 2013 under the Securities Exchange Act of 1934, as amended ( **Exchange Act** ), or the Securities Act of 1933, as amended ( **Securities Act** ), each in the form, including exhibits, filed with the SEC, and the Statements of Condition filed on behalf of its subsidiaries with the state and federal banking agencies during 2011, 2012, 2013 and 2014, (collectively, the **SFNC Reports** ), do not and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. SFNC has filed with the SEC all reports and other documents required to be filed by it under the Exchange Act and each such report and other document complied at the time filed in all material respects with the applicable requirements of the Exchange Act and the regulations promulgated thereunder.

(ii) Each of the financial statements in or incorporated by reference into the SFNC Reports, including the related notes and schedules, fairly presents the financial position of the entity or entities to which it relates as of its date and each of the statements of operations and retained earnings and of cash flow and changes in financial position or equivalent statements in or incorporated by reference into the SFNC Reports, including any related notes and schedules, fairly presents the results of operations, retained earnings and cash flows and changes in financial position, as the case may be, of the entity or entities to which it relates for the periods set forth therein, subject, in the case of unaudited interim statements or reports to normal year-end audit adjustments that are not material in amount or effect, in each case in accordance with generally accepted accounting principles applicable to bank holding companies consistently applied during the periods involved, except as may be noted therein.

(iii) It has no material obligations or liabilities, contingent or otherwise, except as disclosed in the SFNC Reports, and its consolidated allowance for loan and lease losses, as shown on its most recent balance sheet or statement of condition contained in the SFNC Reports was adequate, as of the date thereof, within the meaning of generally accepted accounting principles and safe and sound banking practices to absorb reasonably expected losses in the loan portfolio of its subsidiaries.

(h) In the case of LBI:

(i) Its audited financial statements for the fiscal year ended December 31, 2013 ( **LBI Audited Financial Statements** ), including the related notes and schedules, fairly present the financial position of the entity or entities to which it relates as of its date and each of the statements of operations and retained earnings or equivalent statements in the LBI Audited Financial Statements, including any related notes and schedules, fairly present the results of operations and retained earnings, as the case may be, of the entity or entities to which it relates for the periods set forth therein in each case in accordance with generally accepted accounting principles applicable to bank holding companies consistently applied during the periods involved, except as may be noted therein.

(ii) The Statements of Condition of Bank filed with the state and federal bank agencies during 2011, 2012, 2013 and 2014 (the **LBI Statements** and together with the LBI Audited Financial Statements, the **LBI Reports**, and the LBI Reports together with the SFNC Reports, the **Reports** ) were prepared in material compliance with the instructions therefor and are not known by LBI management to contain any material errors or misstatements.

B-11

**Table of Contents**

(iii) The unaudited monthly financial reports of LBI and its subsidiaries prepared subsequent to December 31, 2013 fairly present the results of operations and the financial conditions of the entity or entities to which it relates, except that the financial reports do not contain any and all footnotes required by generally accepted accounting principles and are subject to normal year-end adjustments that are not material in amount or effect.

(iv) It has no material obligations or liabilities, contingent or otherwise, not disclosed in the LBI Reports or any subsequent unaudited monthly financial interim of Bank or LBI, and its consolidated allowance for loan and lease losses, as shown on its most recent balance sheet or statement of condition was adequate in the judgment of LBI's management, as of the date thereof, within the meaning of generally accepted accounting principles and safe and sound banking practices to absorb reasonably expected losses in the loan portfolio of Bank.

(i) Since December 31, 2013, in the case of SFNC and LBI, there has been no material adverse change in the financial condition of either SFNC and its subsidiaries, taken as a whole, or LBI and its subsidiaries, taken as a whole.

(j) All material federal, state, local, and foreign tax returns required to be filed by or on behalf of it or any of its subsidiaries have been timely filed or requests for extensions have been timely filed and any such extension shall have been granted and not have expired, and all such returns filed are complete and accurate in all material respects. All taxes shown on returns filed by it have been paid in full or adequate provision has been made for any such taxes on its balance sheet in accordance with generally accepted accounting principles. As of the date of this Agreement, there is no audit examination, deficiency, or refund litigation with respect to any taxes of it that would result in a determination that would have a Material Adverse Effect. All taxes, interest, additions, and penalties due with respect to completed and settled examinations or concluded litigation relating to it have been paid in full or adequate provision has been made for any such taxes on its balance sheet in accordance with generally accepted accounting principles. It has not executed an extension or waiver of any statute of limitations on the assessment or collection of any material tax due that is currently in effect.

(k) (i) No material litigation, proceeding or controversy before any court or governmental agency is pending, and there is no pending claim, action or proceeding against it or any of its subsidiaries, which in its reasonable judgment is likely to have a Material Adverse Effect or to prevent consummation of the transactions contemplated hereby, and, to the best of its knowledge, no such litigation, proceeding, controversy, claim or action has been threatened or is contemplated, and (ii) neither it nor any of its subsidiaries is subject to cease and desist order, written agreement or memorandum of understanding with, or a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of any extraordinary supervisory letter from, or has adopted any board resolutions at the request of, federal or state governmental authorities charged with the supervision or regulation of banks or bank holding companies or engaged in the insurance of bank deposits ( **Bank Regulators** ), nor has it been advised by any Bank Regulator that it is contemplating issuing or requesting, or is considering the appropriateness of issuing or requesting, any such order, directive, written agreement, memorandum of understanding, extraordinary supervisory letter, commitment letter, board resolution or similar understanding.

(l) Except for this Agreement, and arrangements made in the ordinary course of business, neither LBI nor Bank is bound by any material contract, as defined in Item 601(b)(10)(i) and (ii) of Regulation S-K, to be performed after the date hereof that has not been disclosed to SFNC.

(m) All employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ( **ERISA** ), that cover any of its or its subsidiaries' employees, comply in all material respects with all applicable requirements of ERISA, the Code and other applicable laws; neither it nor any of its subsidiaries has engaged in a prohibited transaction (as defined in Section 406 of ERISA or Section 4975 of the Code) with respect to any such plan which is likely to result in any material penalties or taxes under Section 502(i) of ERISA or Section 4975 of the Code;

no material liability to the Pension Benefit Guaranty Corporation has been or is expected by it or them to be incurred with respect to any such plan which is subject to Title IV of ERISA

B-12

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**Table of Contents**

( **pension plan** ), or with respect to any single-employer plan (as defined in Section 4001(a)(15) of ERISA) currently or formerly maintained by it, them or any entity which is considered one employer with it under Section 4001 of ERISA or Section 414 of the Code; no pension plan had an accumulated funding deficiency, as defined in Section 302 of ERISA (whether or not waived), as of the last day of the end of the most recent plan year ending prior to the date hereof; the fair market value of the assets of each pension plan exceeds the present value of the benefit liabilities, as defined in Section 4001(a)(16) of ERISA, under such pension plan as of the end of the most recent plan year with respect to the respective plan ending prior to the date hereof, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for such pension plan as of the date hereof; no notice of a reportable event, as defined in Section 4043 of ERISA, for which the 30-day reporting requirement has not been waived has been required to be filed for any pension plan within the 12-month period ending on the date hereof; neither it nor any of its subsidiaries has provided, or is required to provide, security to any pension plan pursuant to Section 401(a)(29) of the Code; it and its subsidiaries have not contributed to a multiemployer plan, as defined in Section 3(37) of ERISA, on or after September 26, 1980; and it and its subsidiaries do not have any obligations for retiree health and life benefits under any benefit plan, contract or arrangement.

(n) Each of it and its subsidiaries has good title to its properties and assets, other than property as to which it is lessee, free and clear of any liens, security interests, claims, charges, options or other encumbrances not set forth in its Reports, except such defects in title which would not, in the aggregate, have a Material Adverse Effect and in the case of LBI substantially all of the buildings and equipment in regular use by LBI and each of its subsidiaries have been reasonably maintained and are in good and serviceable condition, reasonable wear and tear excepted.

(o) It knows of no reason why the regulatory approvals referred to in Sections 6.01(b) and (c) should not be obtained without the imposition of any condition of the type referred to in the proviso following Sections 6.01(b) and (c).

(p) It and each of its subsidiaries have all permits, licenses, certificates of authority, orders, and approvals of, and have made all filings, applications, and registrations with, federal, state, local, and foreign governmental or regulatory bodies that are required in order to permit it to carry on its business as it is presently conducted and the absence of which would have a Material Adverse Effect; all such permits, licenses, certificates of authority, orders, and approvals are in full force and effect, and to the best knowledge of it no suspension or cancellation of any of them is threatened.

(q) In the case of SFNC, the shares of SFNC Stock to be issued pursuant to this Agreement, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable and subject to no preemptive rights.

(r) Neither it nor any of its subsidiaries is a party to, or is bound by, any collective bargaining agreement, contract, or other agreement or understanding with a labor union or labor organization, nor is it or any of its subsidiaries the subject of a proceeding asserting that it or any such subsidiary has committed an unfair labor practice or seeking to compel it or such subsidiary to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving it or any of its subsidiaries pending or threatened.

(s) Except for the retention of Keefe, Bruyette & Woods, Inc. by LBI, neither LBI nor any of its subsidiaries, nor any of their respective officers, directors, or employees, has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions, or finder's fees, and no broker or finder has acted directly or indirectly for it or any of its subsidiaries, in connection with this Agreement or the transactions contemplated hereby.

(t) The information to be supplied by it for inclusion in (i) the Registration Statement on Form S-4 and/or such other form(s) as may be appropriate to be filed under the Securities Act, with the SEC by SFNC for the purpose of, among other things, registering the SFNC Stock to be issued to the shareholders of LBI in the Merger



B-13

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**Table of Contents**

( **Registration Statement** ), or (ii) the proxy statement(s) to be distributed in connection with meeting of shareholders of LBI and SFNC to vote upon this Agreement, as amended or supplemented from time to time ( **Proxy Statement** ), and together with the prospectus included in the Registration Statement, as amended or supplemented from time to time, ( **Proxy Statement/Prospectus** ) will not at the time such Registration Statement becomes effective, and in the case of the Proxy Statement/Prospectus at the time it is mailed and at the time of the meeting of shareholders contemplated under this Agreement, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(u) For purposes of this section, the following terms shall have the indicated meaning:

**Environmental Law** means any federal, state or local laws statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to (i) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, plant and animal life or any other natural resource), and/or (ii) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances. The term Environmental Law includes without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9601, *et seq.*, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901, *et seq.*, the Clean Air Act, as amended, 42 U.S.C. 7401, *et seq.*, the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, the Toxic Substances Control Act, as amended, 15 U.S.C. 9601, *et seq.*, the Emergency Planning and Community Right to Know Act, 42 U.S.C. 11001, *et seq.*, the Safe Drinking Water Act, 42 U.S.C. 300f, *et seq.*, all comparable state and local laws, and (ii) any common law, including without limitation common law that may impose strict liability, that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Substance.

**Hazardous Substance** means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous, or otherwise regulated, under any Environmental Law, whether by type or by quantity, including any material containing any such substance as a component. Hazardous Substances include without limitation petroleum or any derivative or by-product thereof, asbestos, radioactive material, and polychlorinated biphenyls.

**Properties Owned** means those properties owned or operated by SFNC or LBI or any of their subsidiaries.

(i) To the best knowledge of it and its subsidiaries, neither it nor any of its subsidiaries has been or is in violation of or liable under any Environmental Law, except any such violations or liabilities which would not reasonably be expected to singly or in the aggregate have a Material Adverse Effect;

(ii) To the best knowledge of it and its subsidiaries, none of the Properties Owned by it or its subsidiaries has been or is in violation of or liable under any Environmental Law, except any such violations or liabilities which singly or in the aggregate will not have a Material Adverse Effect; and

(iii) To the best knowledge of it and its subsidiaries, there are no actions, suits, demands, notices, claims, investigations or proceedings pending or threatened relating to the liability of the Properties Owned by it or its subsidiaries under any Environmental Law, including without limitation any notices, demand letters or requests for information from any federal or state environmental agency relating to any such liabilities under or violations of Environmental Law, except such which will not have, result in or relate to a Material Adverse Effect.

(v) LBI does not and is not required to file reports pursuant to the Exchange Act.

B-14

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**Table of Contents**

(w) It and its subsidiaries have complied in all material respects with the provisions of the Community Reinvestment Act ( **CRA** ) and the rules and regulations thereunder, has a CRA rating of not less than satisfactory, and has received no material criticism from regulators with respect to discriminatory lending practices.

Section 4.02 ***Representations and Warranties of LBI***. Except as disclosed in writing in the Disclosure Letter, LBI, for itself and Bank, to the extent applicable to Bank, to their actual knowledge, represent and warrant to SFNC, that none of LBI's or Bank's executive management, consisting of Gary E. Metzger, Garry L. Robinson, Daxton Chance, Caroline Butler, Lawrence Clos, Emily Clayton and Kristin Carlton, knows of any circumstances, events, commitments, instruments or facts that are known to be misrepresented or intentionally omitted from any instrument, file, or other record of LBI or any of its subsidiaries, with respect to loans to borrowers which are payable to LBI or any of its subsidiaries either directly or as a participant. To the knowledge of LBI and its subsidiaries and except for such imperfections in documentation which when considered as a whole would not have a Material Adverse Effect on the business, operations or financial condition of LBI or Bank:

(a) All loans were made for good, valuable and adequate consideration in the normal and ordinary course of business, and the notes and other evidences of indebtedness and any loan agreements or security documents executed in connection therewith are true and genuine and constitute the valid and legally binding obligations of the borrowers to whom the loans were made and are legally enforceable against such borrowers in accordance with their terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, and similar debtor relief laws from time to time in effect, as well as general principles of equity applied by a court of proper jurisdiction, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(b) The amounts represented to SFNC as the balances owing on the loans are the correct amounts actually and unconditionally owing, are undisputed, as of the date reported and are not subject to any offsets, credits, deductions or counterclaims;

(c) The collateral securing each loan as referenced in the loan file or a loan officer worksheet, loan summary report or similar interoffice loan documentation is in fact the collateral held by LBI or Bank to secure each loan;

(d) LBI or its subsidiaries have possession of all loan document files and credit files for all loans held by them containing promissory notes and other relevant evidences of indebtedness with original signatures of their borrowers and guarantors;

(e) LBI or its subsidiaries hold validly perfected liens or security interests in the collateral granted to them to secure all loans as referenced in the loan officer worksheets, loan summary reports or similar interoffice loan documentation and the loan or credit files contain the original security agreements, mortgages, or other lien creation and perfection documents unless originals of such documents are filed of public record;

(f) Each lien or security interest of LBI or its subsidiaries in the collateral held for each loan is properly perfected in the priority described as being held by LBI or its subsidiaries in the loan officer worksheets, loan summary reports or similar interoffice loan documentation contained in the loan document or credit files;

(g) LBI and its subsidiaries are in possession of all collateral that the loan document files or credit files indicate they have in their possession;

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**Table of Contents**

(h) All guaranties granted to LBI or its subsidiaries to insure payment of loans constitute the valid and legally binding obligations of the guarantors and are enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and similar debtor relief laws from time to time in effect, as well as general principles of equity applied by a court of proper jurisdiction, regardless of whether in a proceeding in equity or at law; and

(i) With respect to any loans in which LBI or any of its subsidiaries have sold participation interests to another bank or financial institution, none of the buyers of such participation interests are in default under any participation agreements.

**ARTICLE V**

**COVENANTS**

Section 5.01 *Covenants*. SFNC hereby covenants with and to LBI, and LBI hereby covenants with and to SFNC, that:

(a) It shall use its best efforts in good faith to take or cause to be taken all action necessary or desirable under this Agreement on its part as promptly as practicable so as to permit the consummation of the transactions contemplated by this Agreement at the earliest reasonable date and cooperate fully with the other party hereto to that end;

(b) (A) In the case of LBI, LBI shall (i) take all steps necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of approving this Agreement as soon as is reasonably practicable after the Form S-4 is declared effective; (ii) in each case subject to the fiduciary duties of its directors, recommend as a Board by a majority vote to its shareholders that they approve this Agreement and use its best efforts to obtain such approval; (iii) distribute to its shareholders the Proxy Statement/Prospectus in accordance with applicable federal and state law; and (iv) cooperate and consult with SFNC with respect to each of the foregoing matters; and (B) in the case of SFNC, SFNC shall (i) take all steps necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purposes of approving the Merger, the issuance of SFNC Stock in the amount required to perform its obligations under this Agreement and, if necessary, the assumption of the LBI Stock Options; and (ii) recommend as a Board by a majority vote to its shareholders that they approve the Merger, the issuance of SFNC Stock in the amount required to perform its obligations under this Agreement and, if necessary, the assumption of the LBI Stock Options and use its best efforts to obtain such approval;

(c) SFNC will file a Registration Statement on form S-4 for the shares to be issued pursuant to the Merger and use its best efforts to have the Registration Statement declared effective and to have such shares authorized for listing on the NASDAQ, subject to official notice of issuance. LBI and SFNC will cooperate in the preparation and filing of the Proxy Statement/Prospectus and Registration Statement in order to consummate the transactions contemplated by this Agreement as soon as is reasonably practicable;

(d) SFNC will advise LBI, promptly after SFNC receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qualification of the shares of SFNC Stock issuable pursuant to this Agreement for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose or of any request by the SEC for the amendment or supplement of the Registration Statement or for additional information;

(e) In the case of SFNC, it shall use its best efforts to obtain, prior to the effective date of the Registration Statement, all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by this Agreement;

(f) Subject to its disclosure obligations imposed by law, unless approved by the other party hereto in advance, it will not issue any press release or written statement for general circulation relating to the transactions contemplated hereby;

B-16

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**Table of Contents**

(g) (i) Upon reasonable notice to an executive officer of the party, it shall, and shall cause each of its subsidiaries to, afford the other party hereto, and its officers, employees, counsel, accountants and other authorized representatives (collectively, such party's **Representatives**) access, during normal business hours, to all of its and its subsidiaries properties, books, contracts, commitments and records; it shall enable the other party's Representatives to discuss its business affairs, condition, financial and otherwise, assets and liabilities with such third persons, including, without limitation, after such reasonable notice has been given to an executive officer of the party, its directors, officers, employees, accountants, counsel and creditors, as the other party considers necessary or appropriate; and it shall, and it shall cause each of its subsidiaries to, furnish promptly to the other party hereto (A) a copy of each report, schedule and other document filed by it pursuant to the requirements of federal or state securities or banking laws since December 31, 2013, and (B) all other information concerning its business properties and personnel as the other party hereto may reasonably request, provided that no investigation pursuant to this Paragraph (g) pertaining to non-disclosure of confidential information of LBI and SFNC, shall affect or be deemed to modify any representation or warranty made by, or the conditions to the obligations to consummate this Agreement of, the other party hereto; (ii) it will, upon request, furnish the other party with all information concerning it, its subsidiaries, directors, officers, partners and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement/Prospectus, the Registration Statement or any other statement or application made by or on behalf of SFNC, LBI or any of their respective subsidiaries to any governmental body or agency in connection with or material to the Merger and the other transactions contemplated by this Agreement; and (iii) it will not use any information obtained pursuant to this Paragraph (g) for any purpose unrelated to the consummation of the transactions contemplated by this Agreement and, if this Agreement is not consummated, it will hold all information and documents obtained pursuant to this Paragraph (g) in confidence unless and until such time as such information or documents otherwise become publicly available or as it is advised by counsel that any such information or document is required by law to be disclosed, and in the event of the termination of this Agreement, it will deliver to the other party hereto all documents so obtained by it and any copies thereof;

(h) It shall promptly furnish the other party with copies of written communications received by it, or any of its respective subsidiaries, Affiliates or Associates (as such terms are defined in Rule 12b-2 under the Exchange Act as in effect on the date hereof), from, or delivered by any of the foregoing to, any governmental body or agency in connection with or material to the transactions contemplated hereby;

(i) It shall notify the other party hereto as promptly as practicable of (i) any material breach of any of its warranties, representations or agreements contained herein and (ii) any change in its condition (financial or otherwise), properties, business, results of operations or prospects that would reasonably be expected to result in a Material Adverse Effect;

(j) It shall cooperate and use its best efforts to promptly prepare and file all documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, approvals and authorizations of all third parties and governmental agencies, including, in the case of SFNC, submission of applications for approval of this Agreement and the transactions contemplated herein to the FRB in accordance with the provisions of the BHC Act, to the Missouri Division of Finance ( **MDF** ) and to any other regulatory agencies as required by law;

(k) It shall (i) permit the other to review in advance and, to the extent practicable, will consult with the other party on all characterizations of the information relating to the other party and any of its respective subsidiaries, which appear in any filing made with, or written materials submitted to, any third party or any governmental body or agency in connection with the transactions contemplated by this Agreement; and (ii) consult with the other with respect to obtaining all necessary permits, consents, approvals and authorizations of all third parties and governmental bodies or agencies necessary or advisable to consummate the transactions contemplated by this Agreement and will keep the other party informed of the status of matters relating to completion of the transactions contemplated herein;

B-17



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**Table of Contents**

(l) Prior to the Effective Date and contingent on the consummation of the Merger, LBI shall, consistent with generally accepted accounting principles, cause Bank to modify and change its loan, litigation and real estate valuation policies and practices, including loan classifications and levels of reserves and other pertinent accounting entries, so as to be applied consistently on a mutually satisfactory basis with those of SFNC; provided, however, that no such action pursuant to this subsection (l) need be taken unless and until SFNC acknowledges that all conditions to its obligation to consummate the Merger have been satisfied and no such accrual or other adjustment made by LBI pursuant to the provisions of this subsection (l) shall constitute an acknowledgment by LBI or create any implication for any purpose, that such accrual or other adjustment was necessary for any purpose other than to comply with the provisions of this subsection (l);

(m) From and after the Effective Date, SFNC shall cause its subsidiaries, including Bank, to offer to all persons who were employees of LBI, Bank, or other subsidiaries of each, as reflected in the payroll records of such institutions, immediately prior to the Effective Date and who become employees of SFNC or any of its subsidiaries, including those who remain as employees of Bank, or other subsidiaries, immediately following the Effective Date, the right to participate, commencing no later than January 1, 2015, in the employee benefits of SFNC and its subsidiaries (including but not limited to the Simmons First National Corporation Employee Stock Ownership Plan, Simmons First National Corporation 401(k) Plan, and such other benefits as are set forth in the Simmons First National Corporation Personnel Policy Manual) on the same terms as the employees of the other subsidiaries of SFNC. To the extent permitted by such plans and policies and SFNC's prior administration of such plans and policies, (i) prior service of employees of LBI and its subsidiaries will be credited for purposes of eligibility to participate, vesting, and benefit accrual under such plans and policies and (ii) any waiting periods or exclusions pre-existing conditions shall be waived;

(n) In the event the transactions contemplated by this Agreement are not consummated, SFNC agrees that for a period of twenty four (24) months from and after April 3, 2014, it will not, directly or indirectly (i), either personally or by or through its agent, on behalf of itself or on behalf of any other entity, association or individual, hire, solicit or seek to hire any employee of LBI or any subsidiary of LBI or any individual who was an employee of LBI or any of its subsidiaries on April 3, 2014, or in any other manner attempt, directly or indirectly, to persuade any such employee to discontinue his or her status of employment with LBI or its Subsidiary; provided that the foregoing restriction shall not apply to any person who seeks employment from SFNC after his or her employment with LBI has been terminated, whether voluntarily or involuntarily, or (ii) make a loan or other extension of credit to pay off any Bank loan in existence on April 3, 2014 to a borrower who is not also a borrower of SFNC or one of its subsidiaries as of that date;

(o) In the case of SFNC, it will evaluate with LBI management, the staffing needs of Bank after the Effective Date. If any positions at Bank are eliminated, SFNC will give the affected employees an opportunity to transfer to other available positions at Bank or other SFNC affiliates. Any such displaced employee who cannot be otherwise accommodated with continued employment will be eligible for the existing SFNC severance program;

(p) In the case of SFNC, it will (i) take all steps necessary to increase the size of its board of directors by one (1) director, (ii) submit up to one person selected by the LBI Board of Directors (such selection to be communicated to SFNC prior to June 30, 2014) to the SFNC Nominating, Compensation and Corporate Governance Committee ( **NCCGC** ) for consideration as a candidate to fill the vacancy created on the SFNC Board, (iii) will cause the NCCGC to evaluate the recommended candidate in accordance with its normal and ordinary processes for evaluation of prospective directors, and (iv) if approved by the NCCGC, appoint such candidate to the vacancy created on the SFNC Board to be effective no later than the Effective Time.

(q) In the case of SFNC, it will use its best efforts to assume all obligations of LBI related to the trust preferred securities issued by LBI Trust III, LBI Trust IV and LBI Trust V.

B-18

**Table of Contents**

**ARTICLE VI**

**CONDITIONS TO CONSUMMATION**

Section 6.01 *Mutual Conditions*. The respective obligations of SFNC and LBI to effect the Merger shall be subject to the satisfaction prior to the Effective Time of the following conditions:

- (a) This Agreement and the transactions contemplated hereby shall have been approved by the requisite votes of the shareholders of LBI and SFNC in accordance with applicable law;
- (b) The procurement by SFNC of approval of this Agreement and the transactions contemplated hereby by the FRB and the MDF and the expiration of any statutory waiting periods without adverse action being taken;
- (c) Procurement of all other regulatory consents and approvals, including, without limitation, any required consents or approvals from the Federal Deposit Insurance Corporation or United States Treasury, Office of the Comptroller of the Currency which are necessary to the consummation of the transactions contemplated by this Agreement; provided, however, that no approval or consent described in Sections 6.01(b) and (c) shall be deemed to have been received if it shall include any conditions or requirements which would reduce the benefits of the transactions contemplated hereby to such a degree that SFNC or LBI would not have entered into this Agreement had such conditions or requirements been known at the date hereof;
- (d) The satisfaction of all other requirements prescribed by law which are necessary to the consummation of the transactions contemplated by this Agreement;
- (e) No party hereto shall be subject to any order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits the consummation of the Merger;
- (f) No statute, rule, regulation, order, injunction or decree shall have been enacted entered, promulgated or enforced by any governmental authority which prohibits, materially restricts or makes illegal consummation of the Merger;
- (g) The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC;
- (h) Quattlebaum, Grooms, Tull & Burrow PLLC shall have delivered its opinion to SFNC and LBI, dated as of the Effective Date, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion which are consistent with the state of facts existing at the Effective Time, the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that SFNC and LBI will each be a party to that reorganization. In rendering such opinion, counsel may require and rely upon representations and covenants contained in certificates of officers of SFNC, LBI and others. SFNC and LBI will cooperate with each other and counsel in executing and delivering to counsel customary representations letters in connection with such opinion; and

Section 6.02 *Additional Conditions for SFNC*. The obligation of SFNC to effect the Merger shall be subject to the satisfaction prior to the Effective Time of the following additional conditions:

- (a) SFNC shall have received an opinion, dated the Effective Date, of LBI's counsel in the form and to the effect customarily received in transactions of this type;

(b) Each of the representations, warranties and covenants herein of LBI shall, in all material respects, be true on, or complied with by, the Effective Date as if made on such date, or on the date when made in the case of any representation or warranty which specifically relates to an earlier date, and SFNC shall have received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of LBI, dated the Effective Date, to such effect;

B-19

**Table of Contents**

(c) any Phase I environmental audits of real property owned by LBI or any of its subsidiaries ordered by SFNC (at its expense) shall, to SFNC's satisfaction, reflect no material problems under Environmental Laws;

(d) SFNC shall have received all state securities laws and Blue Sky permits and other authorizations necessary to consummate the transactions contemplated hereby;

(e) No litigation or proceeding is pending which (i) has been brought against SFNC or LBI or any of their subsidiaries by any governmental agency seeking to prevent consummation of the transactions contemplated hereby or (ii) in the reasonable judgment of the Board of Directors of SFNC is likely to have a Material Adverse Effect on LBI or SFNC;

(f) The execution of lock-up agreements in substantially the form attached hereto as Exhibit 6.02(f) by the holders of LBI Stock designated in such Exhibit; and

(g) All necessary consents and approvals have been received to allow SFNC to assume the obligations of LBI for the trust preferred securities issued by LBI Trust III, LBI Trust IV and LBI Trust V, on the existing terms of such obligations, as of the Effective Time.

Section 6.03 ***Additional Conditions for LBI***. The obligation of LBI to effect the Merger shall be subject to the satisfaction prior to the Effective Time of the following additional conditions:

(a) LBI shall have received an opinion, dated the Effective Date, of SFNC's counsel in the form and to the effect customarily received in transactions of this type;

(b) Each of the representations, warranties and covenants contained herein of SFNC shall, in all material respects, be true on, or complied with by, the Effective Date as if made on such date, or on the date when made in the case of any representation or warranty which specifically relates to an earlier date, and LBI shall have received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of SFNC, dated the Effective Date, to such effect;

(c) No litigation or proceeding is pending which (i) has been brought against SFNC or LBI or any of their subsidiaries by any governmental agency, seeking to prevent consummation of the transactions contemplated hereby or (ii) in the reasonable judgment of the Board of Directors of LBI is likely to have a Material Adverse Effect on LBI or SFNC; and

(d) The shares of SFNC Stock to be issued pursuant to the Merger shall have been authorized for listing on the NASDAQ, subject to official notice of issuance.

Section 6.04 ***Effect of Required Adjustments***. Any effect on LBI as a result of action taken by LBI pursuant to Sections 3.01(a), 3.01(b) and 5.01(l) shall be disregarded for purposes of determining the truth or correctness of any representation or warranty of LBI and for purposes of determining whether any conditions are satisfied.

**ARTICLE VII**

**TERMINATION**

Section 7.01 ***Termination***. This Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time, whether before or after the approval by the shareholders of LBI and SFNC:

(a) By the mutual consent of SFNC and LBI, by action of their respective boards of directors;

(b) By SFNC or LBI, if its Board of Directors so determines by vote of a majority of the members of its entire Board, in the event of the failure of the shareholders of either LBI or SFNC to approve this Agreement at its meeting called to consider such approval, or a material breach by the other party hereto of any representation, warranty or agreement contained herein which is not cured or not curable within 45 days after written notice of such breach is given to the party committing such breach by the other party hereto;

B-20

**Table of Contents**

(c) By SFNC or LBI, if its Board of Directors so determines by vote of a majority of the members of its entire Board, in the event that the Merger is not consummated by December 31, 2014; provided, however, that such date may be extended to not later than April 30, 2015 by either SFNC or LBI, by written notice to the other party if a reason the Merger shall not have been consummated is because of failure to obtain a regulatory approval that is to be obtained pursuant to Section 6.01(b) or (c) or because the Registration Statement is not effective as is required pursuant to Section 6.01(g) ; provided further that the right to terminate this Agreement under this Section 7.01(c) shall not be available to any party whose action or failure to act has been the cause of or resulted in the failure of the Merger to be consummated on or before such date and such action or failure to act constitutes a breach of this Agreement;

(d) By SFNC or LBI, in the event Quattlebaum, Grooms, Tull & Burrow PLLC notifies the parties that it will be unable to give the opinion described in Section 6.01(h).

(e) By the Board of Directors of LBI at any time during the three (3) business day period following the tenth (10th) trading day immediately preceding the Effective Date ( **Determination Date** ), if the Average Closing Price of SFNC Stock shall be less than \$29.80 and the SFNC Stock has underperformed the KBWR by more than 20% calculated in accordance with Section 2.03(c) hereof. If LBI elects to exercise its termination right pursuant to the immediately preceding sentence, it shall give prompt written notice to SFNC; provided, that such notice of election to terminate may be withdrawn at any time within the aforementioned three (3) business day period. During the three (3) business day period commencing with its receipt of such notice, SFNC shall have the option, but not the obligation, to increase the Merger Consideration as set forth in Section 2.03(c) ( **SFNC Walkaway Counter Offer** ). If SFNC elects to make the SFNC Walkaway Counter Offer, it shall give the Walkaway Counter Offer Notice to LBI within three (3) business days following receipt of the termination notice previously sent by LBI, whereupon such notice of termination shall be null and void and of no effect, LBI shall no longer have the right to terminate the Agreement pursuant to this Section 7.01(e) and this Agreement shall remain in effect in accordance with its terms (except for the adjustments to the Exchange Ratio and Merger Consideration). Any references in this Agreement to the Exchange Ratio and Merger Consideration shall thereafter be deemed to refer to the Exchange Ratio and Merger Consideration after giving effect to any adjustment set forth in the Walkaway Counter Offer Notice. If either SFNC or LBI declares or effects a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction before the Determination Date, the prices for the SFNC Stock shall be appropriately adjusted for the purposes of this Section 7.01(e).

(f) By the Board of Directors of LBI at any time prior to obtaining LBI shareholder approval for the Merger if LBI s Board shall have determined in good faith (after taking into account the advice of counsel) that, in light of a competing proposal or other circumstances, termination of this Agreement is required in order for LBI s Board of Directors to comply with its fiduciary duties to LBI shareholders under applicable law, provided that LBI shall pay SFNC a fee, in immediately available funds, in the amount of \$8,000,000 in advance of or concurrently with such termination.

Section 7.02 *Effect of Termination*. In the event of the termination of this Agreement by either SFNC or LBI, as provided above, this Agreement shall thereafter become void and there shall be no liability on the part of any party hereto or their respective officers or directors, except (i) as set forth in Section 9.01, and (ii) that any such termination shall be without prejudice to the rights of any party hereto arising out of the willful breach by any other party of any covenant or willful misrepresentation contained herein.

**ARTICLE VIII****EFFECTIVE DATE AND EFFECTIVE TIME**

Section 8.01 *Effective Date and Effective Time*. On the last business day of the month during which the expiration of all applicable waiting periods in connection with governmental approvals occurs and all conditions to the consummation of this Agreement are satisfied or waived, or on such earlier or later date as may be agreed by the parties, Articles of Merger shall be executed in accordance with all appropriate legal requirements and shall be filed as

B-21



**Table of Contents**

required by law, and the Merger provided for herein shall become effective upon such filing or on such date as may be specified in such Articles of Merger, herein called the **Effective Date**. The **Effective Time** of the Merger shall be 6:01 P.M. in the State of Arkansas on the Effective Date, or such other time on the Effective Date as may be agreed by the parties. As used in this Agreement, **business day** shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in the state of Arkansas are required or authorized to be closed.

**ARTICLE IX**

**OTHER MATTERS**

Section 9.01 **Survival**. Except for the provisions of Article X, which will survive the Closing, and as hereinafter provided, the representations and warranties contained in this Agreement and all other terms, covenants and conditions hereof shall merge in the closing documents and shall not survive the Closing or, after the Effective Time be the basis for any action by any party to this Agreement, except as to any matter which is based upon willful fraud by a party to this Agreement with respect to which the representations, warranties, terms, covenants and conditions set forth in this Agreement shall expire only upon expiration of the applicable statute of limitations. If this Agreement shall be terminated, the agreements of the parties in Sections 5.01(g)(iii), 5.01(n), 7.02, 9.05, 9.06 and 9.09 shall survive such termination.

Section 9.02 **Amendment; Modification; Waiver**. Prior to the Effective Date, any provision of this Agreement may be waived by the party benefited by the provision or by both parties or amended or modified at any time, including the structure of the transaction by an agreement in writing between the parties hereto approved by their respective Boards of Directors, to the extent allowed by law, except that, after the vote by the shareholders of LBI, Section 2.02 and Section 2.03 shall not be amended or revised.

Section 9.03 **Counterparts**. This Agreement may be executed in counterparts each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same instrument.

Section 9.04 **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arkansas.

Section 9.05 **Expenses**. Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such expense except to the extent specifically stated otherwise in this Agreement.

Section 9.06 **Disclosure**. Each of the parties and its respective agents, attorneys and accountants will maintain the confidentiality of all information provided in connection herewith which has not been publicly disclosed unless it is advised by counsel that any such information is required by law to be disclosed.

Section 9.07 **Notices**. All notices, acknowledgments, requests and other communications hereunder to a party shall be in writing and shall be deemed to have been duly given when delivered by hand, telecopy, or prepaid nationally recognized overnight delivery service providing proof of delivery to such party at its address set forth below or such other address as such party may specify by notice to the other party hereto:

If to LBI and Bank, to:

LIBERTY BANCSHARES, INC.

Edgar Filing: SIMMONS FIRST NATIONAL CORP - Form S-4

Attn: Gary E. Metzger, Chairman and CEO

4625 South National Avenue

Springfield, Missouri 65810

Telecopy: (417) 616-8410

With a Copy to:

STINSON LEONARD STREET LLP

Attn: Kyle McCurry

1201 Walnut Street, Suite 2900

Kansas City, Missouri 64106-2150

Telecopy: (816) 412-1266

B-22

**Table of Contents**

If to SFNC, to: SIMMONS FIRST NATIONAL CORPORATION  
George A. Makris, Jr., Chairman & CEO  
501 Main Street  
Pine Bluff, Arkansas 71601  
Telecopy: (870) 850-2605

With a Copy to: QUATTLEBAUM, GROOMS, TULL & BURROW PLLC  
ATTN: Patrick A. Burrow  
111 Center St., Suite 1900  
Little Rock, Arkansas 72201  
Telecopy: (501) 379-3815

Section 9.08 ***No Third Party Beneficiaries***. All terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as expressly provided for herein, nothing in this Agreement is intended to confer upon any other person any rights or remedies of any nature.

Section 9.09 ***Entire Agreement***. This Agreement and the Mutual Confidentiality Agreement, dated April 3, 2014 pertaining to non-disclosure of confidential information of LBI and SFNC represents the entire understanding of the parties hereto with reference to the transactions contemplated hereby and supersedes any and all other oral or written agreements heretofore made.

Section 9.10 ***Assignment***. This Agreement may not be assigned by any party hereto without the written consent of the other parties.

Section 9.11 ***No Interference with Legal or Fiduciary Duty***. Nothing herein is intended to prohibit, restrict, or interfere with, any action by any director, officer, or employee that is reasonably believed by such person to be required by law or fiduciary duty, and no person shall have liability under this agreement for any action taken in a good faith belief that it is so required.

## ARTICLE X

### EXPENSES, INDEMNIFICATION, INSURANCE

Section 10.01 ***Indemnification***. In the event the Merger is consummated, SFNC shall indemnify and hold harmless each present and former director and officer of LBI and of Bank (collectively, the **Indemnified Parties** ) against any cost or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding, or investigation arising out of or pertaining to matters related to this Agreement as well as acts prior to the Merger. SFNC shall advance expenses as incurred provided the person to whom expenses are advanced provides a satisfactory undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification. The obligations of SFNC provided under this Section 10.01 are intended to be enforceable against SFNC directly by the Indemnified Parties and shall be binding on all successors

and assigns of SFNC.

Section 10.02 ***D&O Insurance***. Directors and officers liability insurance for acts and omissions occurring prior to the Effective Date will be continued through existing policies or provided by SFNC through its blanket policy in an amount not less than the coverage provided by LBI prior to the consummation of the Merger for a period of not less than six (6) years after the Effective Date, provided that SFNC shall not be required to expend, on an annualized basis, more than 300% of the current annual premium paid as of the date hereof by LBI for such insurance ( **Premium Limit** ) and if such premiums for such insurance would at any time exceed the Premium Limit, SFNC shall cause to be maintained policies of insurance which in SFNC's good faith determination provide maximum coverage available at an annual premium equal to the Premium Limit. Coverage for acts and omissions occurring after the Effective Date will be provided to directors and officers of Bank on the same basis as provided to the other subsidiary banks of SFNC.

[Remainder of page blank Signatures on next page]

B-23

**Table of Contents**

**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed by their duly authorized officers as of the day and year first above written.

**SIMMONS FIRST NATIONAL  
CORPORATION**

By: /s/ George A, Makris, Jr.  
George A. Makris, Jr., Chairman &  
Chief Executive Officer

**LIBERTY BANCSHARES, INC.**

By: /s/ Gary E. Metzger  
Gary E. Metzger, Chairman & Chief  
Executive Officer

B-24

Table of Contents

ANNEX C

**OPINION OF STERNE, AGEE & LEACH, INC. TO  
SIMMONS BOARD OF DIRECTORS FOR  
THE COMMUNITY FIRST MERGER**

[See attached.]

**Table of Contents**

Board of Directors

Simmons First National Corporation

501 Main Street

Pine Bluff, Arkansas 71601

Members of the Board of Directors:

Simmons First National Corporation ( Simmons First ) and Community First Bancshares, Inc. ( Community First ) have entered into an Agreement and Plan of Reorganization dated May 6, 2014 (the Agreement ), pursuant to which Community First will merge with and into Simmons First, with Simmons First as the surviving entity (the Merger ). Under the terms of the Agreement, each share of common stock of Community First that is issued and outstanding immediately before the effective time of the Merger, other than certain shares specified in the Agreement, shall be converted into the right to receive 17.8975 shares of common stock of Simmons First (the Exchange Ratio ), pursuant to section 2.02 of the Agreement.

You have requested our opinion as to the fairness to Simmons First, from a financial point of view, of the Exchange Ratio to be paid by Simmons First in the Merger.

In arriving at our opinion, we have, among other things:

1. Reviewed the Agreement dated May 6, 2014;
2. Reviewed certain publicly-available financial and business information of Simmons First, Community First and their respective affiliates that we deemed to be relevant;
3. Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities, liquidity and prospects of Simmons First and Community First;
4. Reviewed materials detailing the Merger prepared by Simmons First, Community First and their respective affiliates and by their legal and accounting advisors, as well as by Community First's financial advisor;
5. Conducted conversations with members of senior management and representatives of both Simmons First and Community First regarding the matters described in clauses 1-4 above, as well as their respective businesses and prospects before and after giving effect to the Merger;
6. Compared certain financial metrics and stock performance of Simmons First and Community First to other selected banks and thrifts that we deemed to be relevant;

7. Analyzed the terms of the Merger relative to selected prior mergers and acquisitions involving a depository institution as the selling entity;
8. Analyzed the Exchange Ratio offered relative to Community First's book value, tangible book value, and trailing 12-month earnings as of March 31, 2014;
9. Analyzed the projected pro forma impact of the Merger on certain projected balance sheet and capital ratios, earnings per share, and tangible book value per share of Simmons First;
10. Reviewed the overall environment for depository institutions in the United States; and
11. Conducted such other financial studies, analyses and investigations and took into account such other matters as we deemed appropriate for purposes of this opinion, including our assessment of general economic, market and monetary conditions.

In preparing our opinion, we assumed and relied upon, without independent verification, the accuracy and completeness of the information provided to us by Simmons First, Community First and their respective affiliates. In addition, where appropriate, we relied upon publicly available information, without independent verification, that we believe to be reliable, accurate, and complete. We have not been asked to and have not



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**Table of Contents**

May 6, 2014

undertaken an independent verification of the reliability, accuracy, or completeness of any such information, and we do not assume any responsibility or liability for the accuracy or completeness thereof. With respect to the financial forecasts supplied to us, including any projections relating to transaction costs, purchase accounting adjustments or expected cost savings, we have assumed, with your consent, that they were reasonably prepared and reflect the best currently available estimates and judgments of management of Simmons First and Community First as to future operating and financial performance, and we have assumed that such performance would be achieved in the time periods currently estimated by such managements. We express no opinion as to such financial projections and estimates or the assumptions upon which they are based. In addition, we have assumed that the Agreement is a valid, binding and enforceable agreement upon the parties, that all of the representations and warranties contained in the Agreement and all related agreements are true and correct, that each party to the agreements will perform the covenants required to be performed by it under such agreements, that the conditions precedent to the agreements are not waived and that the agreements will not be terminated or breached by either party. We have also assumed that there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Simmons First or Community First since either (i) the date of the last financial statements made available to us and (ii) the date of the Agreement, and that no legal, political, economic, regulatory or other developments has occurred that will adversely affect Simmons First or Community First. We did not make an independent evaluation of the assets or liabilities of Simmons First, Community First or their respective affiliates, including, but not limited to, any derivative or off-balance sheet assets or liabilities. In addition, we did not make an independent evaluation of the adequacy of the allowance for loan losses of Simmons First or Community First, nor have we obtained any evaluation or appraisals of the property, assets or liabilities of Simmons First or Community First or reviewed any individual credit files relating to Simmons First or Community First. We have assumed, with your consent, that the respective aggregate allowances for loan losses of Simmons First and Community First are adequate to cover such losses and will be adequate on a combined basis for the combined entity. We have relied upon and assumed, without assuming any responsibility for independent verification, the advice that Simmons First has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the Merger and the other transactions contemplated by the Agreement. Finally, we have assumed that all required governmental, regulatory, shareholder and third party approvals have or will be received in a timely fashion and without any conditions or requirements that could adversely affect the Merger.

Our opinion is necessarily based on economic, market and other conditions as existed on and could be evaluated as of, and on the information made available to us as of, the date hereof. Events and developments occurring after the date hereof could materially affect the assumptions used in preparing this opinion, and we do not have any obligation to update, revise, reaffirm or withdraw this opinion or otherwise comment on events occurring after the date hereof.

Sterne, Agee & Leach, Inc. ( Sterne Agee ) is acting as financial advisor exclusively to the Board of Directors of Simmons First in connection with the Merger and will receive fees from Simmons First for our services, a significant portion of which are contingent upon the closing of the Merger. Sterne Agee also will receive a fee from Simmons First in connection with the delivery of this opinion. In addition, Simmons First has agreed to reimburse our expenses and to indemnify us against certain liabilities arising out of our engagement. Over the past two years, in addition to the engagement by Simmons First in connection with the Merger, Sterne Agee has been retained by Simmons First in connection with its acquisition of Metropolitan National Bank and of Delta Trust & Banking Corporation and has earned fees for such services. Sterne Agee has not provided investment banking services to Community First over the past two years. Sterne Agee may provide additional investment banking services to Simmons First in the future. In the

ordinary course of our business as a broker-dealer, we may, from time to time, purchase securities from and sell securities to Simmons First, Community First or their respective affiliates. We may also actively trade the securities of Simmons First or its affiliates for our own

C-2

**Table of Contents**

May 6, 2014

account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities.

This opinion is directed solely to, and is for the use and benefit of, the Board of Directors of Simmons First. Our opinion is limited to the fairness, from a financial point of view, to Simmons First of the Exchange Ratio to be paid in the Merger by Simmons First and does not address the underlying business decision of Simmons First to engage in the Merger, the merits of the Merger relative to any strategic alternative that may be available to Simmons First or the effect of any other transaction in which Simmons First or Community First might engage. In addition, our opinion does not constitute a recommendation whether or not to engage in the Merger. In rendering this opinion, we express no view or opinion with respect to the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation payable to or to be received by any officers, directors, or employees of any of the parties to the Merger relative to the aggregate Exchange Ratio. We express no opinion as to what the value of Simmons First's common stock will be when issued to the shareholders of Community First under the Agreement or the prices at which Simmons First's or Community First's common stock may trade at any time. Further, we express no view or opinion as to any terms or other aspects of the Merger or as to how the stockholders of Simmons First should vote at any Simmons First stockholders meeting to be held in connection with the Merger. Our opinion is not to be quoted or referred to, in whole or in part, in a registration statement, prospectus, proxy statement or in any other document, nor will this opinion be used for any other purposes, without the prior written consent of Sterne Agee. The issuance of this opinion has been approved by the Fairness Opinion Committee of Sterne Agee.

Based on and subject to the foregoing and such other matters we have deemed relevant, it is our opinion, as of the date hereof, that the Exchange Ratio to be paid in the Merger by Simmons First is fair from a financial point of view to Simmons First.

Very truly yours,

STERNE, AGEE & LEACH, INC.

Table of Contents

ANNEX D

**OPINION OF STERNE, AGEE & LEACH, INC. TO  
SIMMONS BOARD OF DIRECTORS FOR THE LIBERTY MERGER**

[See attached.]

**Table of Contents**

Board of Directors

Simmons First National Corporation

501 Main Street

Pine Bluff, Arkansas 71601

Members of the Board of Directors:

Simmons First National Corporation ( Simmons First ) and Liberty Bancshares, Inc. ( Liberty ) have entered into an Agreement and Plan of Merger dated May 27, 2014 (the Agreement ), pursuant to which Liberty will merge with and into Simmons First, with Simmons First as the surviving entity (the Merger ). Under the terms of the Agreement, each share of common stock of Liberty that is issued and outstanding immediately before the effective time of the Merger, other than certain shares specified in the Agreement, shall be converted into the right to receive 1.0000 shares of common stock of Simmons First (the Exchange Ratio ), pursuant to section 2.02 of the Agreement.

You have requested our opinion as to the fairness to Simmons First, from a financial point of view, of the Exchange Ratio to be paid by Simmons First in the Merger.

In arriving at our opinion, we have, among other things:

1. Reviewed the Agreement dated May 27, 2014;
2. Reviewed certain publicly-available financial and business information of Simmons First, Liberty and their respective affiliates that we deemed to be relevant;
3. Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities, liquidity and prospects of Simmons First and Liberty;
4. Reviewed materials detailing the Merger prepared by Simmons First, Liberty and their respective affiliates and by their legal and accounting advisors, as well as by Liberty s financial advisor;
5. Conducted conversations with members of senior management and representatives of both Simmons First and Liberty regarding the matters described in clauses 1-4 above, as well as their respective businesses and prospects before and after giving effect to the Merger;
- 6.

Compared certain financial metrics and stock performance of Simmons First and Liberty to other selected banks and thrifts that we deemed to be relevant;

7. Analyzed the terms of the Merger relative to selected prior mergers and acquisitions involving a depository institution as the selling entity;
8. Analyzed the Exchange Ratio offered relative to Liberty's book value, tangible book value, and trailing 12-month earnings as of March 31, 2014;
9. Analyzed the projected pro forma impact of the Merger on certain projected balance sheet and capital ratios, earnings per share, and tangible book value per share of Simmons First;
10. Reviewed the overall environment for depository institutions in the United States; and
11. Conducted such other financial studies, analyses and investigations and took into account such other matters as we deemed appropriate for purposes of this opinion, including our assessment of general economic, market and monetary conditions.

In preparing our opinion, we assumed and relied upon, without independent verification, the accuracy and completeness of the information provided to us by Simmons First, Liberty and their respective affiliates. In addition, where appropriate, we relied upon publicly available information, without independent verification, that

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**Table of Contents**

we believe to be reliable, accurate, and complete. We have not been asked to and have not undertaken an independent verification of the reliability, accuracy, or completeness of any such information, and we do not assume any responsibility or liability for the accuracy or completeness thereof. With respect to the financial forecasts supplied to us, including any projections relating to transaction costs, purchase accounting adjustments or expected cost savings, we have assumed, with your consent, that they were reasonably prepared and reflect the best currently available estimates and judgments of management of Simmons First and Liberty as to future operating and financial performance, and we have assumed that such performance would be achieved in the time periods currently estimated by such managements. We express no opinion as to such financial projections and estimates or the assumptions upon which they are based. In addition, we have assumed that the Agreement is a valid, binding and enforceable agreement upon the parties, that all of the representations and warranties contained in the Agreement and all related agreements are true and correct, that each party to the agreements will perform the covenants required to be performed by it under such agreements, that the conditions precedent to the agreements are not waived and that the agreements will not be terminated or breached by either party. We have also assumed that there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Simmons First or Liberty since both (i) the date of the last financial statements made available to us and (ii) the date of the Agreement, and that no legal, political, economic, regulatory or other developments has occurred that will adversely affect Simmons First or Liberty. We did not make an independent evaluation of the assets or liabilities of Simmons First, Liberty or their respective affiliates, including, but not limited to, any derivative or off-balance sheet assets or liabilities. In addition, we did not make an independent evaluation of the adequacy of the allowance for loan losses of Simmons First or Liberty, nor have we obtained any evaluation or appraisals of the property, assets or liabilities of Simmons First or Liberty or reviewed any individual credit files relating to Simmons First or Liberty. We have assumed, with your consent, that the respective aggregate allowances for loan losses of Simmons First and Liberty are adequate to cover such losses and will be adequate on a combined basis for the combined entity. We have relied upon and assumed, without assuming any responsibility for independent verification, the advice that Simmons First has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the Merger and the other transactions contemplated by the Agreement. Finally, we have assumed that all required governmental, regulatory, shareholder and third party approvals have or will be received in a timely fashion and without any conditions or requirements that could adversely affect the Merger.

Our opinion is necessarily based on economic, market and other conditions as existed on and could be evaluated as of, and on the information made available to us as of, the date hereof. Events and developments occurring after the date hereof could materially affect the assumptions used in preparing this opinion, and we do not have any obligation to update, revise, reaffirm or withdraw this opinion or otherwise comment on events occurring after the date hereof.

Sterne, Agee & Leach, Inc. ( Sterne Agee ) is acting as financial advisor exclusively to the Board of Directors of Simmons First in connection with the Merger and will receive fees from Simmons First for our services, a significant portion of which are contingent upon the closing of the Merger. Sterne Agee also will receive a fee from Simmons First in connection with the delivery of this opinion. In addition, Simmons First has agreed to reimburse our expenses and to indemnify us against certain liabilities arising out of our engagement. Over the past two years, in addition to the engagement by Simmons First in connection with the Merger, Sterne Agee has been retained by Simmons First in connection with its acquisition of Metropolitan National Bank, Delta Trust & Banking Corporation, and Community First Bancshares, Inc. and has earned fees for such services. Sterne Agee has not provided investment banking services to Liberty over the past two years. Sterne Agee may provide additional investment banking services to Simmons First in the future. In the ordinary course of our business as a broker-dealer, we may, from time to time, purchase securities from and sell securities to Simmons First, Liberty or their respective affiliates. We may also

actively trade the securities of Simmons First or its affiliates for our own account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities.

D-2



**Table of Contents**

This opinion is directed solely to, and is for the use and benefit of, the Board of Directors of Simmons First. Our opinion is limited to the fairness, from a financial point of view, to Simmons First of the Exchange Ratio to be paid in the Merger by Simmons First and does not address the underlying business decision of Simmons First to engage in the Merger, the merits of the Merger relative to any strategic alternative that may be available to Simmons First or the effect of any other transaction in which Simmons First or Liberty might engage. In addition, our opinion does not constitute a recommendation whether or not to engage in the Merger. In rendering this opinion, we express no view or opinion with respect to the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation payable to or to be received by any officers, directors, or employees of any of the parties to the Merger relative to the aggregate Exchange Ratio. We express no opinion as to what the value of Simmons First's common stock will be when issued to the shareholders of Liberty under the Agreement or the prices at which Simmons First's or Liberty's common stock may trade at any time. Further, we express no view or opinion as to any terms or other aspects of the Merger or as to how the stockholders of Simmons First should vote at any Simmons First stockholders meeting to be held in connection with the Merger. Our opinion is not to be quoted or referred to, in whole or in part, in a registration statement, prospectus, proxy statement or in any other document, nor will this opinion be used for any other purposes, without the prior written consent of Sterne Agee. The issuance of this opinion has been approved by the Fairness Opinion Committee of Sterne Agee.

Based on and subject to the foregoing and such other matters we have deemed relevant, it is our opinion, as of the date hereof, that the Exchange Ratio to be paid in the Merger by Simmons First is fair from a financial point of view to Simmons First.

Very truly yours,

**STERNE, AGEE & LEACH, INC.**

D-3

Table of Contents

ANNEX E

**OPINION OF KEEFE, BRUYETTE & WOODS, INC. TO  
COMMUNITY FIRST BOARD OF DIRECTORS  
FOR THE COMMUNITY FIRST MERGER**

[See attached.]

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**Table of Contents**

May 6, 2014

The Board of Directors

Community First Bancshares, Inc.

115 West Washington Avenue

Union City, Tennessee 38261

Members of the Board:

You have requested the opinion of Keefe, Bruyette & Woods, Inc. ( KBW or we ) as investment bankers as to the fairness, from a financial point of view, to the common shareholders of Community First Bancshares, Inc. ( CFB ), of the Exchange Ratio (as defined below) in the proposed Merger (as defined below), pursuant to the Agreement and Plan of Merger (the Agreement ) to be entered into by and between CFB and Simmons First National Corporation ( SFNC ). In accordance with the Agreement and subject to the terms and conditions thereof, CFB will merge with and into SFNC, with SFNC being the surviving entity (the Merger ), and, at the Effective Time (as defined in the Agreement), by virtue of the Merger each share of common stock, par value \$10.00 per share, of CFB (the CFB Common Stock ) issued and outstanding immediately prior to the Effective Time (excluding any Dissenting Shares (as defined in the Agreement) or shares held in the treasury of CFB or owned by any direct or indirect wholly-owned subsidiary of CFB) shall be converted into the right to receive 17.8975 shares of common stock, par value \$0.01 per share, of SFNC (the SFNC Common Stock ). The fixed exchange ratio of 17.8975 shares of SFNC Common Stock for one share of CFB Common Stock is referred to herein as the Exchange Ratio. In addition, the Agreement provides for (a) a floating exchange ratio in lieu of the Exchange Ratio in the event that the number of shares of CFB Common Stock outstanding as of the Effective Time varies from the specified number set forth in the Agreement and (b) the additional payment of cash consideration by SFNC for each share of CFB Common Stock, at the election of SFNC, in the event that the Average Closing Price (as defined in the Agreement) of SFNC Common Stock falls below \$28.30 and certain other conditions are met. We express no view or opinion as to the terms described in the foregoing clauses (a) and (b). The terms and conditions of the Merger are more fully set forth in the Agreement.

KBW has acted as financial advisor to CFB and not as an advisor to or agent of any other person. As part of our investment banking business, we are continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, we have experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of our business as a broker-dealer, we may, from time to time purchase securities from, and sell securities to, CFB and SFNC, and as a market maker in securities, we may from time to time have a long or short position in, and buy or sell, debt or equity securities of CFB or SFNC for our own account and for the accounts of our customers. To the extent we have any such position as of the date of this opinion it has been disclosed to CFB. We have acted exclusively for the board of directors of CFB (the Board ) in rendering this opinion and will receive a fee from CFB for our services. A portion of our fee is payable upon the rendering of this opinion and a significant portion is contingent upon the successful completion of the Merger. In addition, CFB has agreed to indemnify us for certain liabilities arising out of our engagement.

In addition to this present engagement, KBW has provided investment banking and financial advisory services to CFB from time to time but has not received compensation for such services. In the past two years, KBW has provided

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investment banking and financial advisory services to SFNC and received compensation for

Keefe, Bruyette & Woods, Inc 1021 E. Cary Street, Richmond, Virginia 23219

E-1

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**Table of Contents**

such services. KBW served as financial advisor to SFNC in connection with its purchase and assumption of Truman Bank in August 2012. We may in the future provide investment banking and financial advisory services to CFB or SFNC and receive compensation for such services.

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the Merger and the financial and operating condition of CFB and SFNC, including among other things, the following: (i) a draft dated May 2, 2014 of the Agreement (the most recent draft made available to us); (ii) the audited financial statements and Annual Reports for the three years ended December 31, 2013 for CFB; (iii) the audited financial statements and Annual Reports on Form 10-K for the three years ended December 31, 2013 of SFNC; (iv) the preliminary unaudited financial statements for the quarter ended March 31, 2014 of CFB and SFNC; (v) certain regulatory filings for the three year period ended December 31, 2013 and the three month period ended March 31, 2014 of CFB and its subsidiaries; (vi) certain other interim reports and other communications of CFB and SFNC to their respective shareholders; and (vii) other financial information concerning the businesses and operations of CFB and SFNC furnished to us by CFB and SFNC or which we were otherwise directed to use for purposes of our analysis. Our consideration of financial information and other factors that we deemed appropriate under the circumstances or relevant to our analyses included, among others, the following: (i) the historical and current financial position and results of operations of CFB and SFNC; (ii) the assets and liabilities of CFB and SFNC; (iii) the nature and terms of certain other merger transactions and business combinations in the banking industry; (iv) a comparison of certain financial information of CFB and certain financial and stock market information for SFNC with similar information for certain other companies the securities of which are publicly traded; (v) financial and operating forecasts and projections of CFB which were prepared by CFB management, provided to and discussed with us by such management and used and relied upon by us at the direction of such management with the consent of the Board; (vi) publicly available consensus street estimates of SFNC for 2014 and 2015 (which estimates reflect the pro forma impact of SFNC's pending acquisition of Delta Trust & Banking Corporation (Delta) that was publicly announced on March 24, 2014 (the Delta Acquisition)), as well as assumed long term growth rates based thereon that were prepared and provided to us by management of SFNC, all of which information was discussed with us by such management and used and relied upon by us at the direction of such management with the consent of the Board; (vii) projected balance sheet and capital data of SFNC (giving effect to the Delta Acquisition) that were prepared by SFNC management, provided to and discussed with us by such management and used and relied upon by us at the direction of such management with the consent of the Board; and (viii) estimates regarding certain pro forma financial effects of the Merger on SFNC (including, without limitation, the cost savings and related expenses expected to result from the Merger) that were prepared by SFNC management, provided to and discussed with us by such management and used and relied upon by us at the direction of such management with the consent of the Board. We have also performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the banking industry generally. We have also held discussions with senior management of CFB and SFNC regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as we have deemed relevant to our inquiry. In addition, we have considered the results of the efforts undertaken by CFB, with our assistance, to solicit indications of interest from third parties regarding a potential transaction with CFB.

In conducting our review and arriving at our opinion, we have relied upon and assumed the accuracy and completeness of all of the financial and other information provided to us or publicly available and we have not independently verified the accuracy or completeness of any such information or assumed any responsibility or liability for such verification, accuracy or completeness. We have relied upon the management of CFB as to the reasonableness and achievability of the financial and operating forecasts and projections of CFB (and the assumptions and bases therefor) that were prepared by CFB management and provided to and discussed with us by such management, and we have assumed, with the consent of CFB, that such forecasts and projections were

Keefe, Bruyette & Woods, Inc 1021 E. Cary Street, Richmond, Virginia 23219

E-2

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**Table of Contents**

reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such management. We have further relied, with the consent of CFB, upon SFNC management as to the reasonableness and achievability of the publicly available consensus street estimates of SFNC referred to above that we were directed to use and the assumed long term growth rates based thereon that were prepared by SFNC management and provided to and discussed with us by such management, and as to the projected balance sheet and capital data of SFNC (giving effect to the Delta Acquisition) and estimates regarding certain pro forma financial effects of the Merger on SFNC that were prepared by SFNC management and provided to and discussed with us by such management (and the assumptions and bases therefor, including but not limited to potential cost savings and related expenses expected to result from the Merger), and we have assumed, with the consent of CFB, that all such information is consistent with (in the case of SFNC street estimates), or was otherwise reasonably prepared on a basis reflecting, the best currently available estimates and judgments of such management and that the forecasts, estimates and projected data reflected in such information will be realized in the amounts and in the time periods currently estimated. As you are aware, in connection with this opinion, KBW was not provided with access to, and did not hold any discussions with, Delta management regarding the Delta Acquisition or the pro forma impact thereof on SFNC. We express no view or opinion as to the Delta Acquisition (or any terms, aspects or implications thereof) and have assumed, with the consent of CFB, that the Delta Acquisition and the related bank subsidiary merger will be consummated as described to us by SFNC management in the third quarter of 2014

It is understood that the forecasts, projections and estimates of CFB and SFNC provided to us were not prepared with the expectation of public disclosure, that all such information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. We have assumed, based on discussions with the respective managements of CFB and SFNC, that such forecasts, projections and estimates of CFB and SFNC referred to above, provide a reasonable basis upon which we could form our opinion and we express no view as to any such information or the assumptions or bases therefor. We have relied on all such information without independent verification or analysis and do not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

We also assumed that there were no material, undisclosed changes in the assets, liabilities, financial condition, results of operations, business or prospects of either CFB or SFNC since the date of the last financial statements of each such entity that were made available to us. We are not experts in the independent verification of the adequacy of allowances for loan and lease losses and we have assumed, without independent verification and with your consent, that the aggregate allowances for loan and lease losses for CFB and SFNC are adequate to cover such losses. In rendering our opinion, we have not made or obtained any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of CFB or SFNC, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor have we examined any individual loan or credit files, nor did we evaluate the solvency, financial capability or fair value of CFB or SFNC under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, we assume no responsibility or liability for their accuracy.

We have assumed, in all respects material to our analyses, the following: (i) that the Merger and related transactions will be completed substantially in accordance with the terms set forth in the Agreement (the final terms of which we have assumed will not differ in any respect material to our analyses from the draft reviewed) with no adjustments to the Exchange Ratio or additional forms of consideration; (ii) that the representations and warranties of each party in the Agreement and in all related documents and instruments referred to in the Agreement are true and correct; (iii) that each party to the Agreement and all related documents will perform all

Keefe, Bruyette & Woods, Inc 1021 E. Cary Street, Richmond, Virginia 23219

E-3



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**Table of Contents**

of the covenants and agreements required to be performed by such party under such documents; (iv) that there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the Merger or any related transaction and that all conditions to the completion of the Merger and related transactions will be satisfied without any waivers or modifications to the Agreement; and (vi) that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Merger and related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of CFB, SFNC or the combined entity or the contemplated benefits of the Merger, including the cost savings and related expenses expected to result from the Merger. We have assumed that the Merger will be consummated in a manner that complies with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. We have further assumed that CFB has relied upon the advice of its counsel, independent accountants and other advisors (other than KBW) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to CFB, SFNC, the Merger and any related transaction, and the Agreement. KBW has not provided advice with respect to any such matters.

This opinion addresses only the fairness, from a financial point of view, as of the date hereof, of the Exchange Ratio in the Merger to the holders of CFB Common Stock. We express no view or opinion as to any terms or other aspects of the Merger or any related transaction, including without limitation, the form or structure of the Merger, any transactions that may be related to the Merger, any consequences of the Merger to CFB, its shareholders, creditors or otherwise, or any terms, aspects or implications of any voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Merger or otherwise. We further express no view or opinion as to the Delta Acquisition, including without limitation any direct or indirect consequence or impact of either the consummation of such acquisition (further to its publicly announced terms (including anticipated timing) or otherwise) or, alternatively, the failure to consummate such acquisition, on SFNC, CFB, the holders of SFNC Common Stock or CFB Common Stock, the Merger (including any term or aspect thereof) or any related transaction, or the prices, trading range or volume of SFNC Common Stock. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us through the date hereof. It is understood that subsequent developments may affect the conclusion reached in this opinion and that KBW does not have an obligation to update, revise or reaffirm this opinion. Our opinion does not address, and we express no view or opinion with respect to, (i) the underlying business decision of CFB to engage in the Merger or enter into the Agreement, (ii) the relative merits of the Merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by CFB or the Board, (iii) the fairness of the amount or nature of any compensation to any of CFB's officers directors or employees, or any class of such persons, relative to any compensation to the holders of CFB Common Stock, (iv) the effect of the Merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of CFB other than the CFB Common Stock (solely with respect to the Exchange Ratio, as described herein and not relative to the consideration to be received by any other class) or any class of securities of SFNC or any other party to any transaction contemplated by the Agreement, (v) the actual value of the SFNC Common Stock to be issued in the Merger, (vi) the prices, trading range or volume at which SFNC Common Stock will trade following the public announcement of the Merger or the consummation of the Merger, (vii) whether SFNC has sufficient cash, available lines of credit or other sources of funds to enable it to pay any cash consideration in the Merger (as provided in the Agreement), (viii) any advice or opinions provided by any other advisor to any of the parties to the Merger or any other transaction contemplated by the Agreement, or (ix) any legal, regulatory, accounting, tax or similar matters relating to CFB, SFNC, their respective shareholders, or relating to or arising out of or as a consequence of the Merger or any related transaction, including whether or not the Merger would qualify as a tax-free reorganization for United States federal income tax purposes.

This opinion is for the information of, and is directed to, the Board (in its capacity as such) in connection with its consideration of the financial terms of the Merger. This opinion is not to be used for any other purpose

Keefe, Bruyette & Woods, Inc 1021 E. Cary Street, Richmond, Virginia 23219

E-4

**Table of Contents**

and may not be published, referred to, reproduced, disseminated or quoted from, in whole or in part, nor shall any public reference to KBW be made, without our prior written consent. This opinion does not constitute a recommendation to the Board as to how it should vote on the Merger or to any holder of CFB Common Stock or shareholder of any other entity as to how to vote in connection with the Merger or any other matter, nor does it constitute a recommendation on whether or not any holder of CFB Common Stock should enter into a voting, shareholders', or affiliates' agreement with respect to the Merger or exercise any dissenters' or appraisal rights that may be available to such holder.

This opinion has been reviewed and approved by our Fairness Opinion Committee in conformity with our policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio in the Merger is fair, from a financial point of view, to the holders of CFB Common Stock.

Very truly yours,

/s/ Keefe, Bruyette & Woods, Inc.

Keefe, Bruyette & Woods, Inc 1021 E. Cary Street, Richmond, Virginia 23219

Table of Contents

ANNEX F

**OPINION OF KEEFE, BRUYETTE & WOODS, INC. TO  
LIBERTY BOARD OF DIRECTORS  
FOR THE LIBERTY MERGER**

[See attached.]

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**Table of Contents**

May 27, 2014

The Board of Directors

Liberty Bancshares, Inc.

4625 South National Avenue

Springfield, MO 65810

Members of the Board:

You have requested the opinion of Keefe, Bruyette & Woods, Inc. ( KBW or we ) as investment bankers as to the fairness, from a financial point of view, to the common shareholders of Liberty Bancshares, Inc. ( LBI ), of the Exchange Ratio (as defined below) in the proposed Merger (as defined below), pursuant to the Agreement and Plan of Merger (the Agreement ) to be entered into by and between LBI and Simmons First National Corporation ( SFNC ). In accordance with the Agreement and subject to the terms and conditions thereof, LBI will merge with and into SFNC, with SFNC being the surviving corporation (the Merger ), and at the Effective Time (as defined in the Agreement), by virtue of the Merger, each share of common stock, par value \$0.20 per share, of LBI (the LBI Common Stock ) issued and outstanding immediately prior to the Effective Time (excluding any Dissenting Shares (as defined in the Agreement) or shares held in the treasury of LBI or owned by any direct or indirect wholly-owned subsidiary of LBI) shall be converted into the right to receive 1.000 share of common stock, par value \$0.01 per share, of SFNC (the SFNC Common Stock ), subject to adjustment as provided in the Agreement. The fixed exchange ratio of 1.000 share of SFNC Common Stock for one share of LBI Common Stock is referred to herein as the Exchange Ratio. The terms and conditions of the Merger are more fully set forth in the Agreement.

KBW has acted as financial advisor to LBI and not as an advisor to or agent of any other person. As part of our investment banking business, we are continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, we have experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of our business as a broker-dealer, we may, from time to time purchase securities from, and sell securities to, LBI and SFNC, and as a market maker in securities, we may from time to time have a long or short position in, and buy or sell, debt or equity securities of LBI or SFNC for our own account and for the accounts of our customers. To the extent we have any such position as of the date of this opinion it has been disclosed to LBI. We have acted exclusively for the board of directors of LBI (the Board ) in rendering this opinion and will receive a fee from LBI for our services. A portion of our fee is payable upon the rendering of this opinion and a significant portion is contingent upon the successful completion of the Merger. In addition, LBI has agreed to indemnify us for certain liabilities arising out of our engagement.

In addition to this present engagement, KBW has provided investment banking and financial advisory services to LBI from time to time but has not received compensation for such services. In the past two years, KBW has provided investment banking and financial advisory services to SFNC and received compensation for such services. KBW served as financial advisor to SFNC in connection with its purchase and assumption of Truman Bank in August 2012. As you are aware, we provided investment banking and financial advisory services to Community First Bancshares, Inc. ( CFB ) in connection with SFNC 's pending acquisition of CFB that was publicly announced on May 6, 2014 (the CFB Acquisition ). We may in the future provide investment banking and financial advisory services to LBI or SFNC

and receive compensation for such services.

Keefe, Bruyette & Woods, Inc. 501 North Broadway, St. Louis MO 63102

F-1

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**Table of Contents**

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the Merger and the financial and operating condition of LBI and SFNC, including among other things, the following: (i) a draft dated May 26, 2014 of the Agreement (the most recent draft made available to us); (ii) the audited financial statements and Annual Reports for the three years ended December 31, 2013 for LBI; (iii) the audited financial statements and Annual Reports on Form 10-K for the three years ended December 31, 2013 of SFNC; (iv) the unaudited financial statements for the quarter ended March 31, 2014 of LBI; (v) the unaudited financial statements and quarterly report on Form 10-Q for the quarter ended March 31, 2014 of SFNC; (vi) certain regulatory filings for the three year period ended December 31, 2013 and the three month period ended March 31, 2014 of LBI and its subsidiaries; (vii) certain other interim reports and other communications of LBI and SFNC to their respective shareholders; and (viii) other financial information concerning the businesses and operations of LBI and SFNC furnished to us by LBI and SFNC or which we were otherwise directed to use for purposes of our analysis. Our consideration of financial information and other factors that we deemed appropriate under the circumstances or relevant to our analyses included, among others, the following: (i) the historical and current financial position and results of operations of LBI and SFNC; (ii) the assets and liabilities of LBI and SFNC; (iii) the nature and terms of certain other merger transactions and business combinations in the banking industry; (iv) a comparison of certain financial information of LBI and certain financial and stock market information for SFNC with similar information for certain other companies the securities of which are publicly traded; (v) financial and operating forecasts and projections of LBI which were prepared by LBI management, provided to and discussed with us by such management and used and relied upon by us at the direction of such management with the consent of the Board; (vi) publicly available consensus street estimates of SFNC for 2014 and 2015 (which estimates reflect the pro forma impact of the CFB Acquisition as well as SFNC's pending acquisition of Delta Trust & Banking Corporation ( Delta ) that was publicly announced on March 24, 2014 (the Delta Acquisition )), as well as assumed long term growth rates based thereon that were prepared and provided to us by management of SFNC, all of which information was used and relied upon by us at the direction of such management with the consent of the Board; (vii) projected balance sheet and capital data of SFNC (giving effect to each of the CFB Acquisition and the Delta Acquisition) that were prepared by SFNC management, and used and relied upon by us at the direction of such management with the consent of the Board; and (viii) estimates regarding certain pro forma financial effects of the Merger on SFNC (including, without limitation, the cost savings and related expenses expected to result from the Merger as well as certain accounting adjustments assumed with respect thereto) that were prepared by SFNC management, and used and relied upon by us at the direction of such management with the consent of the Board. We have also performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the banking industry generally. We have also held discussions with senior management of LBI and SFNC regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as we have deemed relevant to our inquiry. In addition, we have considered the results of the efforts undertaken by LBI, with our assistance, to solicit indications of interest from third parties regarding a potential transaction with LBI.

In conducting our review and arriving at our opinion, we have relied upon and assumed the accuracy and completeness of all of the financial and other information provided to us or publicly available and we have not independently verified the accuracy or completeness of any such information or assumed any responsibility or liability for such verification, accuracy or completeness. We have relied upon the management of LBI as to the reasonableness and achievability of the financial and operating forecasts and projections of LBI (and the assumptions and bases therefor) that were prepared by LBI management and provided to and discussed with us by such management, and we have assumed, with the consent of LBI, that such forecasts and projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such management. We have further relied, with the consent of LBI, upon SFNC management as to the reasonableness and achievability of (i) the publicly available consensus street estimates

Keefe, Bruyette & Woods, Inc. 501 North Broadway, St. Louis MO 63102

F-2



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**Table of Contents**

of SFNC that we were directed to use and the assumed long term growth rates based thereon that were prepared by SFNC management and provided to us, (ii) the projected balance sheet and capital data of SFNC (giving effect to each of the CFB Acquisition and the Delta Acquisition) that were prepared by SFNC management, and (iii) the estimates regarding certain pro forma financial effects of the Merger on SFNC that were prepared by SFNC management and provided to and discussed with us by such management (and the assumptions and bases therefor, including but not limited to the cost savings and related expenses expected to result from the Merger as well as certain accounting adjustments assumed with respect thereto), We have assumed, with the consent of the Board, that all such information is consistent with (in the case of SFNC street estimates), or was otherwise reasonably prepared on a basis reflecting, the best currently available estimates and judgments of such management and that the forecasts, estimates and projected data reflected in such information will be realized in the amounts and in the time periods currently estimated by such management. We express no view or opinion herein as to the CFB Acquisition or the Delta Acquisition (or any terms, aspects or implications of either such transaction) and have assumed, with the consent of LBI, that the Delta Acquisition and the related bank subsidiary merger will be consummated as described to us by SFNC management in the third quarter of 2014, and that the CFB Acquisition will be completed as described to us by SFNC management in the fourth quarter of 2014.

It is understood that the forecasts, projections and estimates of LBI and SFNC provided to us were not prepared with the expectation of public disclosure, that all such information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. We have assumed, based on discussions with the respective managements of LBI and SFNC, that such forecasts, projections and estimates of LBI and SFNC referred to above, provide a reasonable basis upon which we could form our opinion and we express no view as to any such information or the assumptions or bases therefor. We have relied on all such information without independent verification or analysis and do not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

We also assumed that there were no material, undisclosed changes in the assets, liabilities, financial condition, results of operations, business or prospects of either LBI or SFNC since the date of the last financial statements of each such entity that were made available to us. We are not experts in the independent verification of the adequacy of allowances for loan and lease losses and we have assumed, without independent verification and with your consent, that the aggregate allowances for loan and lease losses for LBI and SFNC are adequate to cover such losses. In rendering our opinion, we have not made or obtained any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of LBI or SFNC, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor have we examined any individual loan or credit files, nor did we evaluate the solvency, financial capability or fair value of LBI or SFNC under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, we assume no responsibility or liability for their accuracy.

We have assumed, in all respects material to our analyses, the following: (i) that the Merger and related transactions will be completed substantially in accordance with the terms set forth in the Agreement (the final terms of which we have assumed will not differ in any respect material to our analyses from the draft reviewed) with no adjustments to the Exchange Ratio or additional forms of consideration; (ii) that the representations and warranties of each party in the Agreement and in all related documents and instruments referred to in the Agreement are true and correct; (iii) that each party to the Agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents; (iv) that there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the Merger or any related transaction (including without limitation any factors related to SFNC's

Keefe, Bruyette & Woods, Inc. 501 North Broadway, St. Louis MO 63102

F-3

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**Table of Contents**

pending CFB Acquisition and Delta Acquisition) and that all conditions to the completion of the Merger and related transactions will be satisfied without any waivers or modifications to the Agreement; and (v) that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Merger and related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of LBI, SFNC or the combined entity or the contemplated benefits of the Merger, including the cost savings and related expenses expected to result from the Merger, as well as certain accounting adjustments assumed with respect thereto. We have assumed that the Merger will be consummated in a manner that complies with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. We have further assumed that LBI has relied upon the advice of its counsel, independent accountants and other advisors (other than KBW) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to LBI, SFNC, the Merger and any related transaction, and the Agreement. KBW has not provided advice with respect to any such matters.

This opinion addresses only the fairness, from a financial point of view, as of the date hereof, of the Exchange Ratio in the Merger to the holders of LBI Common Stock. We express no view or opinion as to any terms or other aspects of the Merger or any related transaction, including without limitation, the form or structure of the Merger, any transactions that may be related to the Merger, any consequences of the Merger to LBI, its shareholders, creditors or otherwise, or any terms, aspects or implications of any voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Merger or otherwise. We further express no view or opinion herein as to either the CFB Acquisition or the Delta Acquisition, including without limitation any direct or indirect consequence or impact of either the consummation of any one or both acquisitions (further to either of their publicly announced terms (including anticipated timing) or otherwise) or, alternatively, the failure to consummate any one or both such acquisitions, on SFNC, LBI, the holders of SFNC Common Stock or LBI Common Stock, the Merger (including any term or aspect thereof) or any related transaction, or the prices, trading range or volume of SFNC Common Stock. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us through the date hereof. It is understood that subsequent developments may affect the conclusion reached in this opinion and that KBW does not have an obligation to update, revise or reaffirm this opinion. Our opinion does not address, and we express no view or opinion with respect to, (i) the underlying business decision of LBI to engage in the Merger or enter into the Agreement, (ii) the relative merits of the Merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by LBI or the Board, (iii) the fairness of the amount or nature of any compensation to any of LBI's officers directors or employees, or any class of such persons, relative to any compensation to the holders of LBI Common Stock, (iv) the effect of the Merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of LBI other than the LBI Common Stock (solely with respect to the Exchange Ratio, as described herein and not relative to the consideration to be received by any other class of securities) or any class of securities of SFNC or any other party to any transaction contemplated by the Agreement, (v) the actual value of the SFNC Common Stock to be issued in the Merger, (vi) the prices, trading range or volume at which SFNC Common Stock will trade following the public announcement of the Merger or the consummation of the Merger, (vii) any adjustments (as provided in the Agreement) to the Exchange Ratio or the form of consideration in the Merger contemplated hereby, (viii) whether SFNC has sufficient cash, available lines of credit or other sources of funds to enable it to pay any cash consideration in the Merger (as provided in the Agreement), (ix) any advice or opinions provided by any other advisor to any of the parties to the Merger or any other transaction contemplated by the Agreement, or (x) any legal, regulatory, accounting, tax or similar matters relating to LBI, SFNC, their respective shareholders, or relating to or arising out of or as a consequence of the Merger or any related transaction, including whether or not the Merger would qualify as a tax-free reorganization for United States federal income tax purposes.



**Table of Contents**

This opinion is for the information of, and is directed to, the Board (in its capacity as such) in connection with its consideration of the financial terms of the Merger. This opinion is not to be used for any other purpose and may not be published, referred to, reproduced, disseminated or quoted from, in whole or in part, nor shall any public reference to KBW be made, without our prior written consent. This opinion does not constitute a recommendation to the Board as to how it should vote on the Merger or to any holder of LBI Common Stock or shareholder of any other entity as to how to vote in connection with the Merger or any other matter, nor does it constitute a recommendation on whether or not any holder of LBI Common Stock should enter into a voting, shareholders', or affiliates' agreement with respect to the Merger or exercise any dissenters' or appraisal rights that may be available to such holder.

This opinion has been reviewed and approved by our Fairness Opinion Committee in conformity with our policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio in the Merger is fair, from a financial point of view, to the holders of LBI Common Stock.

Very truly yours,

/s/ Keefe, Bruyette & Woods, Inc.

Keefe, Bruyette & Woods, Inc. 501 North Broadway, St. Louis MO 63102

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**Table of Contents**

**ANNEX G**

**ARKANSAS CODE ANNOTATED § 4-27-1301 ET. SEQ.**

**DISSENTERS RIGHTS FOR SIMMONS**

West's Arkansas Code Annotated

Title 4. Business and Commercial Law

Subtitle 3. Corporations and Associations (Chapters 25 to 40)

Chapter 27. Business Corporation Act of 1987

Subchapter 13. Dissenters Rights

Part A. Right to Dissent and Obtain Payment for Shares

**§ 4-27-1301. Definitions**

In this subchapter:

- (1) Corporation means the issuer of the shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.
- (2) Dissenter means a shareholder who is entitled to dissent from corporate action under § 4-27-1302 and who exercises that right when and in the manner required by §§ 4-27-1320 4-27-1328.
- (3) Fair value, with respect to a dissenter's shares, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable.
- (4) Interest means interest from the effective date of the corporate action until the date of payment, at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.
- (5) Record shareholder means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.
- (6)

Beneficial shareholder means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

(7) Shareholder means the record shareholder or the beneficial shareholder.

**§ 4-27-1302. Right of dissent**

(a) A shareholder is entitled to dissent from and obtain payment of the fair value of the shareholder's shares in the event of any of the following corporate actions:

(1) Consummation of a plan of conversion to which the corporation is a party;

(2) Consummation of a plan of merger to which the corporation is a party if:

(A) Shareholder approval is required for the merger by § 4-27-1107 or the articles of incorporation and the shareholder is entitled to vote on the merger; or

(B) The corporation is a subsidiary that is merged with its parent under § 4-27-1108;

(3) Consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan;

G-1

**Table of Contents**

- (4) Consummation of a sale or exchange of all, or substantially all, of the property of the corporation other than in the usual and regular course of business, if the shareholder is entitled to vote on the sale or exchange, including a sale in dissolution, but not including a sale under court order or a sale for cash under a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one (1) year after the date of sale;
  
- (5) An amendment to the articles of incorporation that materially and adversely affects rights in respect of a dissenter's shares because it:
  - (i) Alters or abolishes a preferential right of the shares;
  
  - (ii) Creates, alters, or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase of the shares;
  
  - (iii) Alters or abolishes a preemptive right of the holder of the shares to acquire shares or other securities;
  
  - (iv) Excludes or limits the right of the shares to vote on any matter, or to cumulate votes, other than a limitation by dilution through issuance of shares or other securities with similar voting rights; or
  
  - (v) Reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under § 4-27-604; or
  
- (6) Any corporate action taken pursuant to a shareholder vote to the extent the articles of incorporation, bylaws, or a resolution of the board of directors provide that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares.
  - (b) A shareholder entitled to dissent and obtain payment for the shareholder's shares under this subchapter may not challenge the corporate action creating the shareholder's entitlement unless the action is unlawful or fraudulent with respect to the shareholder or the corporation.

**§ 4-27-1303. Partial dissenters**

- (a) A record shareholder may assert dissenters' rights as to fewer than all the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one (1) person and notifies the corporation in writing of the name and address of each person on whose behalf he asserts dissenters' rights. The rights of a partial dissenter under this subsection are determined as if the shares as to which he dissents and his other shares were registered in the names of different shareholders.



- (b) A beneficial shareholder may assert dissenters' rights as to shares held on his behalf only if:
- (1) he submits to the corporation the record shareholder's written consent to the dissent not later than the time the beneficial shareholder asserts dissenters' rights; and
  - (2) he does so with respect to all shares of which he is the beneficial shareholder or over which he has power to direct the vote.

**§§ 4-27-1304 to 4-27-1319. Reserved**

**Part B. Procedure for Exercise of Dissenters' Rights**

**§ 4-27-1320. Notice; general provision**

- (a) If proposed corporate action creating dissenters' rights under § 4-27-1302 is submitted to a vote at a shareholders' meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters' rights under this chapter and be accompanied by a copy of this chapter.

G-2

**Table of Contents**

- (b) If corporate action creating dissenters' rights under § 4-27-1302 is taken without a vote of shareholders, the corporation shall notify in writing all shareholders entitled to assert dissenters' rights that the action was taken and send them the dissenters' notice described in § 4-27-1322.

**§ 4-27-1321. Payment upon demand; notice**

- (a) If proposed corporate action creating dissenters' rights under § 4-27-1302 is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert dissenters' rights (1) must deliver to the corporation before the vote is taken written notice of his intent to demand payment for his shares if the proposed action is effectuated and (2) must not vote his shares in favor of the proposed action.

- (b) A shareholder who does not satisfy the requirements of subsection (a) of this section is not entitled to payment for his shares under this subchapter.

**§ 4-27-1322. Notice; procedure in content**

- (a) If proposed corporate action creating dissenters' rights under § 4-27-1302 is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders who satisfied the requirements of § 4-27-1321.
- (b) The dissenters' notice must be sent no later than ten (10) days after the corporate action was taken, and must:
- (1) state where the payment demand must be sent and where and when certificates for certificated shares must be deposited;
  - (2) inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;
  - (3) supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and requires that the person asserting dissenters' rights certify whether or not he acquired beneficial ownership of the shares before that date;
  - (4) set a date by which the corporation must receive the payment demand, which date may not be fewer than thirty (30) nor more than sixty (60) days after the date subsection (a) the notice is delivered; and
  - (5) be accompanied by a copy of this subchapter.

**§ 4-27-1323. Payment upon demand; procedure**

- (a) A shareholder sent a dissenters notice described in § 4-27-1322 must demand payment, certify whether he acquired beneficial ownership of the shares before the date required to be set forth in the dissenters notice pursuant to § 4-27-1322(b)(3), and deposit his certificates in accordance with the terms of the notice.
- (b) The shareholder who demands payment and deposits his share certificates under subsection (a) of this section retains all other rights of a shareholder until these rights are cancelled or modified by the taking of the proposed corporate action.
- (c) A shareholder who does not demand payment or deposit his share certificates where required, each by the date set in the dissenters notice, is not entitled to payment for his shares under this subchapter.

G-3

**Table of Contents**

**§ 4-27-1324. Transfer restrictions; uncertificated shares**

- (a) The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is taken or the restrictions released under § 4-27-1326.
- (b) The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are cancelled or modified by the taking of the proposed corporate action.

**§ 4-27-1325. Payment by corporation**

- (a) Except as provided in § 4-27-1327, as soon as the proposed corporate action is taken, or upon receipt of a payment demand, the corporation shall pay each dissenter who complied with § 4-27-1323 the amount the corporation estimates to be the fair value of his shares, plus accrued interest.
- (b) The payment must be accompanied by:
  - (1) the corporation's balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of payment, an income statement for that year, a statement of changes in shareholders equity for that year, and the latest available interim financial statements, if any;
  - (2) a statement of the corporation's estimate of the fair value of the shares;
  - (3) an explanation of how the interest was calculated;
  - (4) a statement of the dissenter's right to demand payment under § 4-27-1328; and
  - (5) a copy of this subchapter.

**§ 4-27-1326. Corporate action; time limitation**

- (a) If the corporation does not take the proposed action within sixty (60) days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.
- (b) If after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it must send a new dissenters' notice under § 4-27-1322 and repeat the payment demand procedure.

**§ 4-27-1327. Election to withhold payment**

- (a) A corporation may elect to withhold payment required by § 4-27-1325 from a dissenter unless he was the beneficial owner of the shares before the date set forth in the dissenter's notice as the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action.
  
- (b) To the extent the corporation elects to withhold payment under subsection (a) of this section, after taking the proposed corporate action, it shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of his demand. The corporation shall send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter's right to demand payment under § 4-27-1328.

G-4

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**Table of Contents**

**§ 4-27-1328. Disputed payment or offer; procedure**

- (a) A dissenter may notify the corporation in writing of his own estimate of the fair value of his shares and amount of interest due, and demand payment of his estimate (less any payment under § 4-27-1325), or reject the corporation's offer under § 4-27-1327 and demand payment of the fair value of his shares and interest due, if:
- (1) the dissenter believes that the amount paid under § 4-27-1325 or offered under § 4-27-1327 is less than the fair value of his shares or that the interest due is incorrectly calculated;
  - (2) the corporation fails to make payment under § 4-27-1325 within sixty (60) days after the date set for demanding payment; or
  - (3) the corporation, having failed to take the proposed action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within sixty (60) days after the date set for demanding payment.
- (b) A dissenter waives his right to demand payment under this section unless he notifies the corporation of his demand in writing under subsection (a) of this section within thirty (30) days after the corporation made or offered payment for his shares.

**§ 4-27-1329. Reserved**

**Part C. Judicial Appraisal of Shares**

**§ 4-27-1330. Judicial proceedings**

- (a) If a demand for payment under § 4-27-1328 remains unsettled, the corporation shall commence a proceeding within sixty (60) days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.
- (b) The corporation shall commence the proceeding in the circuit court of the county where the corporation's principal office is located or the Pulaski County Circuit Court if the corporation does not have a principal office in this state. If the corporation is a foreign corporation, it shall commence the proceeding in the county in this state where the principal office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.
- (c)

The corporation shall make all dissenters (whether or not residents of this state) whose demands remain unsettled parties to the proceeding as in an action against their shares and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

- (d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) of this section is plenary and exclusive. The court may appoint one (1) or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them, or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.
  
- (e) Each dissenter made a party to the proceeding is entitled to judgment (1) for the amount, if any, by which the court finds the fair value of his shares, plus interest, exceeds the amount paid by the corporation or (2) for the fair value, plus accrued interest, of his after-acquired shares for which the corporation elected to withhold payment under § 4-27-1327.

G-5

**Table of Contents**

**§ 4-27-1331. Costs and attorneys fees**

- (a) The court in an appraisal proceeding commenced under § 4-27-1330 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under § 4-27-1328.
  
- (b) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:
  - (1) against the corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of §§ 4-27-1320 4-27-1328; or
  
  - (2) against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.
  
- (c) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.



Table of Contents

ANNEX H

**CHAPTER 23 OF THE TENNESSEE CODE ANNOTATED DISSENTERS**

**RIGHTS FOR COMMUNITY FIRST**

**48-23-101. CHAPTER DEFINITIONS.**

As used in this chapter, unless the context otherwise requires:

- (1) Beneficial shareholder means the person who is a beneficial owner of shares held by a nominee as the record shareholder;
- (2) Corporation means the issuer of the shares held by a dissenter before the corporate action, and, for purposes of §§ 48-23-203 48-23-302, includes the survivor of a merger or conversion or the acquiring entity in a merger of that issuer;
- (3) Dissenter means a shareholder who is entitled to dissent from corporate action under § 48-23-102 and who exercises that right when and in the manner required by part 2 of this chapter;
- (4) Fair value, with respect to a dissenter's shares, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action;
- (5) Interest means interest from the effective date of the corporate action that gave rise to the shareholder's right to dissent until the date of payment, at the average auction rate paid on United States treasury bills with a maturity of six (6) months (or the closest maturity thereto) as of the auction date for such treasury bills closest to such effective date;
- (6) Record shareholder means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation; and
- (7) Shareholder means the record shareholder or the beneficial shareholder.

**48-23-102. RIGHT TO DISSENT.**

(a) A shareholder is entitled to dissent from, and obtain payment of the fair value of the shareholder's shares in the event of, any of the following corporate actions:

(1) Consummation of a plan of merger to which the corporation is a party:

(A) If shareholder approval is required for the merger by § 48-21-104 or the charter and the shareholder is entitled to vote on the merger if the merger is submitted to a vote at a shareholders' meeting or the shareholder is a nonconsenting shareholder under § 48-17-104(b) who would have been entitled to vote on the merger if the merger had been submitted to a vote at a shareholders' meeting; or

(B) If the corporation is a subsidiary that is merged with its parent under § 48-21-105;

(2) Consummation of a plan of merger to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan if the plan is submitted to a vote at a shareholders' meeting or

the shareholder is a nonconsenting shareholder under § 48-17-104(b) who would have been entitled to vote on the plan if the plan had been submitted to a vote at a shareholders meeting;

(3) Consummation of a sale or exchange of all, or substantially all, of the property of the corporation other than in the usual and regular course of business, if the shareholder is entitled to vote on the sale or exchange if the sale or exchange is submitted to a vote at a shareholders meeting or the shareholder is a

H-1

**Table of Contents**

nonconsenting shareholder under § 48-17-104(b) who would have been entitled to vote on the sale or exchange if the sale or exchange had been submitted to a vote at a shareholders meeting, including a sale of all, or substantially all, of the property of the corporation in dissolution, but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one (1) year after the date of sale;

(4) An amendment of the charter that materially and adversely affects rights in respect of a dissenter's shares because it:

(A) Alters or abolishes a preferential right of the shares;

(B) Creates, alters, or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase, of the shares;

(C) Alters or abolishes a preemptive right of the holder of the shares to acquire shares or other securities;

(D) Excludes or limits the right of the shares to vote on any matter, or to cumulate votes, other than a limitation by dilution through issuance of shares or other securities with similar voting rights; or

(E) Reduces the number of shares owned by the shareholder to a fraction of a share, if the fractional share is to be acquired for cash under § 48-16-104;

(5) Any corporate action taken pursuant to a shareholder vote to the extent the charter, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares; or

(6) Consummation of a conversion of the corporation to another entity pursuant to chapter 21 of this title.

(b) A shareholder entitled to dissent and obtain payment for the shareholder's shares under this chapter may not challenge the corporate action creating the shareholder's entitlement unless the action is unlawful or fraudulent with respect to the shareholder or the corporation.

(c) Notwithstanding subsection (a), no shareholder may dissent as to any shares of a security which, as of the date of the effectuation of the transaction which would otherwise give rise to dissenters' rights, is listed on an exchange registered under § 6 of the Securities Exchange Act of 1934, compiled in 15 U.S.C. § 78f, as amended, or is a national market system security, as defined in rules promulgated pursuant to the Securities Exchange Act of 1934, compiled in 15 U.S.C. § 78a, as amended.

**48-23-103. DISSENT BY NOMINEES AND BENEFICIAL OWNERS.**

(a) A record shareholder may assert dissenters' rights as to fewer than all the shares registered in the record shareholder's name only if the record shareholder dissents with respect to all shares beneficially owned by any one (1) person and notifies the corporation in writing of the name and address of each person on whose behalf the record shareholder asserts dissenters' rights. The rights of a partial dissenter under this subsection (a) are determined as if the shares as to which the partial dissenter dissents and the partial dissenter's other shares were registered in the names of different shareholders.

(b) A beneficial shareholder may assert dissenters' rights as to shares of any one (1) or more classes held on the beneficial shareholder's behalf only if the beneficial shareholder:

(1) Submits to the corporation the record shareholder's written consent to the dissent not later than the time the beneficial shareholder asserts dissenters' rights; and

H-2

**Table of Contents**

(2) Does so with respect to all shares of the same class of which the person is the beneficial shareholder or over which the person has power to direct the vote.

**48-23-201. NOTICE OF DISSENTERS RIGHTS.**

(a) Where any corporate action specified in § 48-23-102(a) is to be submitted to a vote at a shareholders meeting, the meeting notice (including any meeting notice required under chapters 11-27 to be provided to nonvoting shareholders) must state that the corporation has concluded that the shareholders are, are not, or may be entitled to assert dissenters rights under this chapter. If the corporation concludes that dissenters rights are or may be available, a copy of this chapter must accompany the meeting notice sent to those record shareholders entitled to exercise dissenters rights.

(b) In a merger pursuant to § 48-21-105, the parent corporation must notify in writing all record shareholders of the subsidiary who are entitled to assert dissenters rights that the corporate action became effective. Such notice must be sent within ten (10) days after the corporate action became effective and include the materials described in § 48-23-203.

(c) Where any corporate action specified in § 48-23-102(a) is to be approved by written consent of the shareholders pursuant to § 48-17-104(a) or § 48-17-104(b):

(1) Written notice that dissenters rights are, are not, or may be available must be sent to each record shareholder from whom a consent is solicited at the time consent of such shareholder is first solicited and, if the corporation has concluded that dissenters rights are or may be available, must be accompanied by a copy of this chapter; and

(2) Written notice that dissenters rights are, are not, or may be available must be delivered together with the notice to nonconsenting and nonvoting shareholders required by § 48-17-104(e) and (f), may include the materials described in § 48-23-203 and, if the corporation has concluded that dissenters rights are or may be available, must be accompanied by a copy of this chapter.

(d) A corporation's failure to give notice pursuant to this section will not invalidate the corporate action.

**48-23-202. NOTICE OF INTENT TO DEMAND PAYMENT.**

(a) If a corporate action specified in § 48-23-102(a) is submitted to a vote at a shareholders meeting, a shareholder who wishes to assert dissenters rights with respect to shares for which dissenters rights may be asserted under this chapter:

(1) Must deliver to the corporation, before the vote is taken, written notice of the shareholder's intent to demand payment if the proposed action is effectuated; and

(2) Must not vote, or cause or permit to be voted, any such shares in favor of the proposed action.

(b) If a corporate action specified in § 48-23-102(a) is to be approved by less than unanimous written consent, a shareholder who wishes to assert dissenters rights with respect to shares for which dissenters rights may be asserted under this chapter must not sign a consent in favor of the proposed action with respect to such shares.

(c) A shareholder who fails to satisfy the requirements of subsection (a) or subsection (b) is not entitled to payment under this chapter.

**48-23-203. DISSENTERS NOTICE.**

(a) If a corporate action requiring dissenters rights under § 48-23-102(a) becomes effective, the corporation must send a written dissenters notice and form required by subdivision (b)(1) to all shareholders who satisfy the

H-3

**Table of Contents**

requirements of § 48-23-202(a) or § 48-23-202(b). In the case of a merger under § 48-21-105, the parent must deliver a dissenters' notice and form to all record shareholders who may be entitled to assert dissenters' rights.

(b) The dissenters' notice must be delivered no earlier than the date the corporate action specified in § 48-23-102(a) became effective, and no later than (10) days after such date, and must:

(1) Supply a form that:

(A) Specifies the first date of any announcement to shareholders made prior to the date the corporate action became effective of the principal terms of the proposed corporate action;

(B) If such announcement was made, requires the shareholder asserting dissenters' rights to certify whether beneficial ownership of those shares for which dissenters' rights are asserted was acquired before that date; and

(C) Requires the shareholder asserting dissenters' rights to certify that such shareholder did not vote for or consent to the transaction;

(2) State:

(A) Where the form must be sent and where certificates for certificated shares must be deposited and the date by which those certificates must be deposited, which date may not be earlier than the date for receiving the required form under subdivision (b)(2)(B);

(B) A date by which the corporation must receive the form, which date may not be fewer than forty (40) nor more than sixty (60) days after the date the subsection (a) dissenters' notice is sent, and state that the shareholder shall have waived the right to demand payment with respect to the shares unless the form is received by the corporation by such specified date;

(C) The corporation's estimate of the fair value of shares;

(D) That, if requested in writing, the corporation will provide, to the shareholder so requesting, within ten (10) days after the date specified in subdivision (b)(2)(B) the number of shareholders who return the forms by the specified date and the total number of shares owned by them; and

(E) The date by which the notice to withdraw under § 48-23-204 must be received, which date must be within twenty (20) days after the date specified in subdivision (b)(2)(B); and

(3) Be accompanied by a copy of this chapter if the corporation has not previously sent a copy of this chapter to the shareholder pursuant to § 48-23-201.

**48-23-204. DUTY TO DEMAND PAYMENT.**

(a) A shareholder sent a dissenters' notice described in § 48-23-203 must demand payment, certify whether the shareholder acquired beneficial ownership of the shares before the date required to be set forth in the dissenters' notice pursuant to § 48-23-203(b)(2), and deposit the shareholder's certificates in accordance with the terms of the notice.

(b) The shareholder who demands payment and deposits the shareholder's share certificates under subsection (a) retains all other rights of a shareholder until these rights are cancelled or modified by the effectuation of the

proposed corporate action.

(c) A shareholder who does not demand payment or deposit the shareholder's share certificates where required, each by the date set in the dissenter's notice, is not entitled to payment for the shareholder's shares under this chapter.

H-4



**Table of Contents**

(d) A demand for payment filed by a shareholder may not be withdrawn unless the corporation with which it was filed, or the surviving corporation, consents thereto.

**48-23-205. SHARE RESTRICTIONS.**

(a) The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is effectuated or the restrictions released under § 48-23-207.

(b) The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are cancelled or modified by the effectuation of the proposed corporate action.

**48-23-206. PAYMENT.**

(a) Except as provided in § 48-23-208, as soon as the proposed corporate action is effectuated, or upon receipt of a payment demand, whichever is later, the corporation shall pay each dissenter who complied with § 48-23-204 the amount the corporation estimates to be the fair value of each dissenter's shares, plus accrued interest.

(b) The payment must be accompanied by:

(1) The corporation's balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

(2) A statement of the corporation's estimate of the fair value of the shares;

(3) An explanation of how the interest was calculated;

(4) A statement of the dissenter's right to demand payment under § 48-23-209; and

(5) A copy of this chapter if the corporation has not previously sent a copy of this chapter to the shareholder pursuant to § 48-23-201 or § 48-23-203.

**48-23-207. FAILURE TO TAKE ACTION.**

(a) If the corporation does not effectuate the proposed action that gave rise to the dissenters' rights within two (2) months after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

(b) If, after returning deposited certificates and releasing transfer restrictions, the corporation effectuates the proposed action, it must send a new dissenters' notice under § 48-23-203 and repeat the payment demand procedure.

**48-23-208. AFTER-ACQUIRED SHARES.**

(a) A corporation may elect to withhold payment required by § 48-23-206 from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenters' notice as the date of the first announcement to news media or to shareholders of the principal terms of the proposed corporate action.

(b) To the extent the corporation elects to withhold payment under subsection (a), after effectuating the proposed corporate action, it shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of the dissenter's demand. The corporation shall send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter's right to demand payment under § 48-23-209.

H-5

**Table of Contents**

**48-23-209. PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER.**

(a) A dissenter may notify the corporation in writing of the dissenter's own estimate of the fair value of the dissenter's shares and amount of interest due, and demand payment of the dissenter's estimate (less any payment under § 48-23-206), or reject the corporation's offer under § 48-23-208 and demand payment of the fair value of the dissenter's shares and interest due, if:

(1) The dissenter believes that the amount paid under § 48-23-206 or offered under § 48-23-208 is less than the fair value of the dissenter's shares or that the interest due is incorrectly calculated;

(2) The corporation fails to make payment under § 48-23-206 within two (2) months after the date set for demanding payment; or

(3) The corporation, having failed to effectuate the proposed action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within two (2) months after the date set for demanding payment.

(b) A dissenter waives the dissenter's right to demand payment under this section unless the dissenter notifies the corporation of the dissenter's demand in writing under subsection (a) within one (1) month after the corporation made or offered payment for the dissenter's shares.

**48-23-301. COURT ACTION.**

(a) If a demand for payment under § 48-23-209 remains unsettled, the corporation shall commence a proceeding within two (2) months after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the two-month period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(b) The corporation shall commence the proceeding in a court of record having equity jurisdiction in the county where the corporation's principal office (or, if none in this state, its registered office) is located. If the corporation is a foreign corporation without a registered office in this state, it shall commence the proceeding in the county in this state where the registered office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(c) The corporation shall make all dissenters (whether or not residents of this state) whose demands remain unsettled, parties to the proceeding as in an action against their shares and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) is plenary and exclusive. The court may appoint one (1) or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them, or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(e) Each dissenter made a party to the proceeding is entitled to judgment:

(1) For the amount, if any, by which the court finds the fair value of the dissenter's shares, plus accrued interest, exceeds the amount paid by the corporation; or

(2) For the fair value, plus accrued interest, of the dissenter's after-acquired shares for which the corporation elected to withhold payment under § 48-23-208.

H-6

**Table of Contents**

**48-23-302. COURT COSTS AND COUNSEL FEES.**

(a) The court in an appraisal proceeding commenced under § 48-23-301 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under § 48-23-209.

(b) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable against:

(1) The corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of part 2 of this chapter; or

(2) Either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.

(c) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

Table of Contents

ANNEX I

**SECTION 351.455 OF THE REVISED MISSOURI STATUTES**

**DISSENTERS RIGHTS FOR LIBERTY**

**351.455. SHAREHOLDER ENTITLED TO APPRAISAL AND PAYMENT OF FAIR VALUE,  
WHEN REMEDY EXCLUSIVE, WHEN.**

1. Any shareholder shall be deemed a dissenting shareholder and entitled to appraisal under this section if such shareholder:
  - (1) Owns stock of a corporation which is a party to a merger or consolidation as of the record date for the meeting of shareholders at which the plan of merger or consolidation is submitted to a vote;
  - (2) Files with the corporation before or at such meeting a written objection to such plan of merger or consolidation;
  - (3) Does not vote in favor thereof if the shareholder owns voting stock as of such record date; and
  - (4) Makes written demand on the surviving or new corporation within twenty days after the merger or consolidation is effected for payment of the fair value of such shareholder's shares as of the day before the date on which the vote was taken approving the merger or consolidation.
2. The surviving or new corporation shall pay to each such dissenting shareholder, upon surrender of his or her certificate or certificates representing said shares in the case of certificated shares, the fair value thereof. Such demand shall state the number and class of the shares owned by such dissenting shareholder. Any shareholder who:
  - (1) Fails to file a written objection prior to or at such meeting;
  - (2) Fails to make demand within the twenty-day period; or
  - (3) In the case of a shareholder owning voting stock as of such record date, votes in favor of the merger or consolidation;

shall be conclusively presumed to have consented to the merger or consolidation and shall be bound by the terms thereof and shall not be deemed to be a dissenting shareholder.

3. Notwithstanding the provisions of subsection 1 of section 351.230, notice under the provisions of subsection 1 of section 351.230 stating the purpose for which the meeting is called shall be given to each shareholder owning stock as of the record date for the meeting of shareholders at which the plan of merger or consolidation is submitted to a vote, whether or not such shareholder is entitled to vote.
4. If within thirty days after the date on which such merger or consolidation was effected the value of such shares is agreed upon between the dissenting shareholder and the surviving or new corporation, payment therefor shall be made within ninety days after the date on which such merger or consolidation was effected, upon the surrender of his or her certificate or certificates representing said shares in the case of certificated shares. Upon payment of the agreed value the dissenting shareholder shall cease to have any interest in such shares or in the corporation.
5. If within such period of thirty days the shareholder and the surviving or new corporation do not so agree, then the dissenting shareholder may, within sixty days after the expiration of the thirty-day period, file a petition in any court of competent jurisdiction within the county in which the registered office of the surviving or new corporation is situated, asking for a finding and determination of the fair value of such shares, and shall be entitled to judgment against the surviving or new corporation for the amount of such fair value as of the day prior to the date on which such vote was taken approving such merger or consolidation, together with interest thereon to the date of such judgment. The judgment shall be payable only upon and simultaneously with the surrender to the surviving or new corporation

**Table of Contents**

of the certificate or certificates representing said shares in the case of certificated shares. Upon the payment of the judgment, the dissenting shareholder shall cease to have any interest in such shares, or in the surviving or new corporation. Such shares may be held and disposed of by the surviving or new corporation as it may see fit. Unless the dissenting shareholder shall file such petition within the time herein limited, such shareholder and all persons claiming under such shareholder shall be conclusively presumed to have approved and ratified the merger or consolidation, and shall be bound by the terms thereof.

6. The right of a dissenting shareholder to be paid the fair value of such shareholder's shares as herein provided shall cease if and when the corporation shall abandon the merger or consolidation.
  
7. When the remedy provided for in this section is available with respect to a transaction, such remedy shall be the exclusive remedy of the shareholder as to that transaction, except in the case of fraud or lack of authorization for the transaction.



Table of Contents

ANNEX J

**CONSOLIDATED HISTORICAL FINANCIAL STATEMENTS FOR COMMUNITY FIRST AND  
RELATED MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

[See attached.]

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

Union City, Tennessee

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2014

**CONTENTS**

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS	J-1
CONDENSED CONSOLIDATED STATEMENTS OF INCOME	J-2
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	J-3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	J-4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	J-5
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	J-6

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

March 31, 2014 and December 31, 2013

*(Dollar amounts in thousands, except per share data)**(Unaudited)*

	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
Cash and due from financial institutions	\$ 21,453	\$ 18,323
Interest-bearing deposits in financial institutions	22,250	20,025
Federal funds sold	5,215	7,749
Cash and cash equivalents	48,918	46,097
Interest-bearing deposits in financial institutions	750	466
Securities held to maturity	200	200
Securities available for sale	669,984	671,651
Loans held for sale	7,857	9,815
Loans	1,121,124	1,101,318
Allowance for loan losses	(16,011)	(16,064)
Loans, net	1,105,113	1,085,254
Premises and equipment, net	44,317	44,254
Company owned life insurance	21,614	21,466
Accrued interest receivable	6,412	6,302
Restricted equity securities	7,490	7,490
Other real estate	4,145	6,016
Deferred tax asset	10,967	14,245
Other assets	10,063	10,335
<b>Total Assets</b>	<b>\$ 1,937,830</b>	<b>\$ 1,923,591</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Deposits		
Non-interest bearing	\$ 192,012	\$ 174,862
Interest bearing	1,397,866	1,377,726
Total deposits	1,589,878	1,552,588
Federal funds purchased and securities sold under agreement to repurchase	33,967	24,406
Federal Home Loan Bank advances	102,075	144,779
Subordinated debentures	27,100	27,100
Notes payable		3,000

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Accrued interest payable	1,213	1,309
Other liabilities	14,347	11,543
<b>Total liabilities</b>	<b>1,768,580</b>	<b>1,764,725</b>
Preferred stock, Series C, senior non-cumulative, \$30,852 liquidation value, 30,852 shares issued and outstanding in 2013 and 2012	30,852	30,852
Common stock, \$10 par value; 500,000 shares authorized; 363,527.2 and 363,367.5 shares issued in 2013 and 2012	3,640	3,635
Additional paid-in-capital	48,321	48,257
Retained earnings	93,376	87,348
Accumulated other comprehensive income (loss)	(6,939)	(11,226)
<b>Total shareholders equity</b>	<b>169,250</b>	<b>158,866</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>\$ 1,937,830</b>	<b>\$ 1,923,591</b>

See accompanying notes to financial statements.

J-1

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

For the three months ended March 31, 2014 and 2013

*(Dollar amounts in thousands except per share data)**(Unaudited)*

	Three months ending March 31,	
	2014	2013
Interest income		
Loans, including fees	\$ 14,636	\$ 13,910
Securities		
Taxable	3,760	2,782
Exempt from federal income tax	738	641
Federal funds sold and other	91	118
<b>Total interest income</b>	<b>19,225</b>	<b>17,451</b>
Interest expense		
Deposits	2,281	2,962
Notes Payable and advances from Federal Home Loan Bank	315	344
Subordinated debentures	249	252
Federal funds purchased and securities sold under agreement to repurchase	17	11
<b>Total interest expense</b>	<b>2,862</b>	<b>3,569</b>
Net interest income	16,363	13,882
Provision for loan losses	166	247
Net interest income after provision for loan losses	16,197	13,635
Other income		
Service charges on deposit accounts	1,389	1,473
Credit insurance premiums	89	62
Gain on sale of mortgage loans	883	1,476
Net gains on sales of securities available for sale	723	138
Net gain (loss) on sale of assets	11	(7)
Write-downs, expenses, sales of other real estate, net of gains	128	65
Insurance commission income	926	899
Other service charges, commissions and fees	1,733	1,534
<b>Total other income</b>	<b>5,882</b>	<b>5,640</b>
Other expenses		

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Salaries and employee benefits	8,238	7,765
Occupancy	2,058	1,904
Other operating	2,533	3,681
Total other expenses	12,829	13,350
Income before income taxes	9,250	5,925
Income tax expense	3,141	1,890
Net income	6,109	4,035
Less		
Dividends on preferred stock	77	386
Net income available to common shareholders	\$ 6,032	\$ 3,649

See accompanying notes to financial statements.

J-2

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the three months ended March 31, 2014 and 2013

*(Dollar amounts in thousands except per share data)**(Unaudited)*

	Three months ending March 31,	
	2014	2013
Net income	\$ 6,109	\$ 4,035
Other comprehensive income (loss):		
Unrealized gains (losses) on securities:		
Unrealized holding gain (loss) arising during the period	7,715	(3,627)
Reclassification adjustment for gains included in net income	(723)	(138)
	6,992	(3,765)
Tax effect	2,727	(1,468)
Net of tax	4,265	(2,297)
Unrealized gain (loss) on cash flow interest rate swap:		
Unrealized holding loss	36	52
Reclassification adjustment for losses (gains) included in net income		
	36	52
Tax effect	14	20
Net of tax	22	32
Total other comprehensive income (loss)	4,287	(2,265)
Comprehensive income	\$ 10,396	\$ 1,770

See accompanying notes to financial statements.

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

For the three months ended March 31, 2014

*(Dollar amounts in thousands except per share data)**(Unaudited)*

	Common Stock	Preferred Stock, Net	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders Equity
Balance, January 1, 2014	\$ 3,635	\$ 30,852	\$ 48,257	\$ 87,348	\$ (11,226)	\$ 158,866
Net Income				6,109		6,109
Other comprehensive loss					4,287	4,287
Restricted shares issued	5		(7)			(2)
Dividends on preferred stock				(77)		(77)
Purchase of 10 shares of common stock			(1)	(4)		(5)
Stock based compensation expense			72			72
Balance, March 31, 2014	\$ 3,640	\$ 30,852	\$ 48,321	\$ 93,376	\$ (6,939)	\$ 169,250

See accompanying notes to financial statements.



Table of Contents

## COMMUNITY FIRST BANCSHARES, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2014 and 2013

*(Dollar amounts in thousands except per share data)**(Unaudited)*

	Three months ending March 31,	
	2014	2013
<b>Cash flows from operating activities</b>		
Net income	\$ 6,109	\$ 4,035
Adjustments to reconcile net earnings to net cash from operating activities		
Provision for loan losses	166	247
Depreciation of premises and equipment	655	651
Net gains on sales of securities available for sale	(723)	(138)
Net amortization on securities	847	1,870
Net losses on other real estate from sales and writedowns	(140)	(65)
(Gain) loss on sale of assets	(11)	7
Stock based compensation	72	50
Net change in loans held for sale	2,841	1,880
Gain on sale of mortgage loans	(883)	(1,476)
Deferred income taxes	363	98
Earnings on life insurance policies	(148)	(152)
(Increase) decrease in accrued interest receivable	(110)	(500)
Decrease in accrued interest payable	(96)	(75)
Other, net	(687)	457
Net cash from operating activities	8,255	6,889
<b>Cash flows from investing activities</b>		
Net (increase) decrease in interest-bearing deposits in financial institutions	(284)	
Purchased of securities available for sale	(40,598)	(96,146)
Proceeds from maturities and redemptions of securities available for sale	15,197	35,976
Proceeds from sale of securities available for sale	37,907	16,976
Repayments and loan originations, net	(20,126)	9,119
Purchase of premises and equipment	(718)	(739)
Proceeds from sale of other real estate	2,112	195
Proceeds from sale of premises and equipment	11	7
Net cash from investing activities	(6,499)	(34,612)
<b>Cash flows from financing activities</b>		
Net increase in deposits	37,290	41,091

Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	9,561	2,764
Repayments of Federal Home Loan Bank Advances	(69,268)	(34,257)
Proceeds from Federal Home Loan Bank advances	26,564	10,200
Repayments of notes payable	(3,000)	
Preferred stock dividends paid	(77)	(386)
Redemption of common stock	(5)	(108)
<b>Net cash from financing activities</b>	<b>1,065</b>	<b>19,304</b>
Net change in cash	\$ 2,821	\$ (8,419)
Cash and cash equivalents at beginning of year	46,097	45,398
<b>Cash and cash equivalents at end of year</b>	<b>\$ 48,918</b>	<b>\$ 36,979</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	\$ 2,958	\$ 3,644
Income taxes paid net of refunds received	2,468	6,321
Assets acquired through foreclosure	101	741
Security purchases settled in subsequent period	3,971	

See accompanying notes to condensed consolidated financial statements.

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**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands except per share data)*

*(Unaudited)*

**NOTE 1 PRESENTATION OF INTERIM INFORMATION**

**Nature of Operations and Principles of Consolidation:** The accompanying consolidated financial statements include the accounts of Community First Bancshares, Inc. (the Company) and its wholly-owned subsidiaries: First State Bank (the Bank) and First State Risk Management. Also included in the consolidated financial statements are the accounts of First Auto, FS Investments, FS Funding, FS Data, First State Development, First State Insurance, First State Properties, First State ATMs, First State Transportation, First State Special Assets, Community Choice Reinsurance, and First State Finance. The consolidated group is collectively referred to as the Company. Material inter-company accounts and transactions have been eliminated in consolidation. All dollar amounts are in thousands except for per share data.

The Company provides financial services through its offices throughout Tennessee. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate value and general economic conditions in the area.

**Use of Estimates:** To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for loan losses, deferred tax assets and fair values of financial instruments are particularly subject to change.

In the opinion of management, the unaudited condensed consolidated financial statements include all normal adjustments considered necessary to present fairly the financial position as of March 31, 2014, the results of operations for the three months ended March 31, 2014 and 2013, and cash flows for the three months ended March 31, 2014 and 2013. All of these adjustments are of a normal, recurring nature. Interim results are not necessarily indicative of results for a full year.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

**Securities:** Securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities are classified as available for sale when they might be sold before maturity. Equity securities with readily determined fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other

comprehensive income, net of tax.

Interest income includes amortization of purchase premium or discount. Gains and losses on sales are recorded on the trade date based on the amortized cost of the security sold. Premiums and discounts are amortized on the level-yield method without anticipating pre-payments, except for mortgage backed securities where prepayments are anticipated.

(Continued)

J-6

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands except per share data)*

*(Unaudited)*

**NOTE 1 PRESENTATION OF INTERIM INFORMATION (Continued)**

Management evaluates securities for other-than-temporary impairment ( OTTI ) on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) other-than-temporary impairment (OTTI) related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

**Loans:** Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned interest, deferred loan fees and costs, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees net of certain direct origination costs are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on all classes of loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Consumer loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. A loan is moved to non-accrual status in accordance with the Company's policy, typically after 90 days of non-payment.

All interest accrued but not received for loans placed on non-accrual are reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status after a consistent pattern of repayment has been demonstrated and future payments are reasonably assured.

**Allowance for Loan Losses:** The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower

situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired.

(Continued)

J-7

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands except per share data)*

*(Unaudited)*

**NOTE 1 PRESENTATION OF INTERIM INFORMATION (Continued)**

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

All substandard loan relationships over \$500 are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer and residential real estate loans are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures. Troubled debt restructurings are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent 3 years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments and their associated risks have been identified:

Real estate loans are affected by the local real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans. Appraisals are obtained to support the loan amount.

Commercial loans are dependent on the strength of the industries of the related borrowers and the success of their businesses. Commercial loans are advanced for equipment purchases or to provide working capital or meet other financing needs of business enterprises. These loans may be secured by accounts receivable, inventory, equipment or other business assets. Financial information is obtained from the borrower to evaluate ability to repay the loans.

Agricultural loans are affected by the local real estate market, the local economy, and the success of the business. These loans may be secured by accounts receivable, inventory, equipment, or other various assets. Financial information is obtained from the borrower to evaluate the ability to repay the loans.

Consumer loans are dependent on local economies. Consumer loans are generally secured by consumer assets, but may be unsecured. The Bank evaluates the borrower's repayment ability through a review of credit scores and an evaluation of debt to income ratios.

(Continued)

J-8



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**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands except per share data)*

*(Unaudited)*

**NOTE 1 PRESENTATION OF INTERIM INFORMATION (Continued)**

**Income Taxes:** Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

**Comprehensive Income:** Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes fair value adjustments on derivatives and unrealized gains and losses on securities available for sale, which are also recognized as a separate component of equity.

**Dividend Restriction:** Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Corporation or by the Corporation to shareholders.

**Fair Value of Financial Instruments:** Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

**Loan Commitments and Related Financial Instruments:** Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

**Reclassifications:** Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

(Continued)



**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 2 SECURITIES**

The fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income were as follows:

Available for sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>March 31, 2014</b>				
Obligations of U.S. government agencies	\$ 125,977	\$ 551	\$ (6,229)	\$ 120,299
Agency mortgage-backed securities: residential	227,486	2,607	(3,275)	226,818
Agency mortgage-backed securities: commercial	73,699		(4,506)	69,193
Agency collateralized mortgage obligations: residential	132,591	1,127	(1,116)	132,602
Obligations of states and political subdivisions	119,707	2,886	(2,084)	120,509
Corporate notes	375			375
Equity securities	188			188
<b>Total</b>	<b>\$ 680,023</b>	<b>\$ 7,171</b>	<b>\$ (17,210)</b>	<b>\$ 669,984</b>

Available for sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2013</b>				
Obligations of U.S. government agencies	\$ 115,501	\$ 430	\$ (7,832)	\$ 108,099
Agency mortgage-backed securities: residential	249,899	3,383	(3,740)	249,542
Agency mortgage-backed securities: commercial	82,777	67	(4,925)	77,919
Agency collateralized mortgage obligations: residential	130,659	786	(3,839)	127,606
Obligations of states and political subdivisions	109,258	2,112	(3,473)	107,897
Corporate notes	400			400
Equity securities	188			188
<b>Total</b>	<b>\$ 688,682</b>	<b>\$ 6,778</b>	<b>\$ (23,809)</b>	<b>\$ 671,651</b>

The Company had gross realized gains of \$864 and \$273 and gross realized losses of \$141 and \$135 in the first three months of 2014 and 2013, respectively from the sale of securities available for sale. Proceeds from these transactions were \$37,907 and \$16,976 in 2014 and 2013 respectively.

(Continued)

J-10

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 2 SECURITIES (Continued)**

The amortized cost and fair values of debt and equity securities at March 31, 2014 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately.

	Available for sale	
	Amortized Cost	Fair Value
Due in one year or less	\$ 251	\$ 258
Due in one to five years	10,597	11,006
Due in five to ten years	92,199	89,306
Due after ten years	143,012	140,613
Agency mortgage-backed securities: residential	227,486	226,818
Agency mortgage-backed securities: commercial	73,699	69,193
Agency collateralized mortgage obligations: residential	132,591	132,602
Equity securities	188	188
	<b>\$ 680,023</b>	<b>\$ 669,984</b>

Securities carried at approximately \$310,653 and \$311,377 at March 31, 2014 and December 31, 2013, respectively, were pledged to secure deposits and for other purposes as required or permitted by law.

At March 31, 2014 and December 31, 2013, the Company did not hold securities of any single issuer, other than obligations of U.S. Government agencies whose aggregate book value exceeded ten percent of shareholders' equity.

The following table shows securities with unrealized losses and their fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2014 and December 31, 2013.

Less than 12 months		12 months or more		Total	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss

March 31, 2014

Obligations of US government agencies	\$ 56,644	\$ (2,973)	\$ 40,101	\$ (3,256)	\$ 96,745	\$ (6,229)
Agency mortgage-backed securities: residential	116,231	(3,136)	3,942	(139)	120,173	(3,275)
Agency mortgage-backed securities: commercial	50,248	(2,534)	25,481	(1,972)	75,729	(4,506)
Agency collateralized mortgage obligations: residential	47,087	(669)	9,201	(447)	56,288	(1,116)
Obligations of states and political subdivisions	28,396	(1,092)	11,526	(992)	39,922	(2,084)
Total available for sale	\$ 298,606	\$ (10,404)	\$ 90,251	\$ (6,806)	\$ 388,857	\$ (17,210)

(Continued)

J-11

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 2 SECURITIES (Continued)**

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>December 31, 2013</b>						
Obligations of US government agencies	\$ 61,291	\$ (4,782)	\$ 31,018	\$ (3,050)	\$ 92,309	\$ (7,832)
Agency mortgage-backed securities: residential	129,986	(2,761)	11,414	(979)	141,400	(3,740)
Agency mortgage-backed securities: commercial	64,656	(4,588)	5,953	(337)	70,609	(4,925)
Agency collateralized mortgage obligations: residential	91,004	(3,839)			91,004	(3,839)
Obligations of states and political subdivisions	42,667	(3,026)	3,922	(447)	46,589	(3,473)
<b>Total available for sale</b>	<b>\$ 389,604</b>	<b>\$ (18,996)</b>	<b>\$ 52,307</b>	<b>\$ (4,813)</b>	<b>\$ 441,911</b>	<b>\$ (23,809)</b>

Unrealized losses on state and municipal bonds, agency mortgage-backed securities, agency collateralized mortgage obligations and other agency securities have not been recognized into income because the issuers bonds are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The fair value is expected to recover as the bonds approach maturity.

**NOTE 3 LOANS**

A summary of loans outstanding by category follows:

	March 31, 2014	December 31 2013
<b>Real estate:</b>		
Commercial	\$ 409,611	\$ 397,812
1 to 4 family residential properties	314,471	303,888
Construction	57,387	56,193
Farm land	36,601	34,533

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Multi-family	33,730	34,538
Commercial	135,660	143,952
Agricultural	13,793	15,081
Consumer	118,500	110,636
Other	1,371	4,685
	\$ 1,121,124	\$ 1,101,318

The above table includes net deferred loan fees of \$744 and \$668 and unearned income of \$11,997 and \$12,717 as of March 31, 2014 and December 31, 2013, respectively.

(Continued)

J-12



Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 3 LOANS (Continued)**

Certain parties (principally directors and officers of the Corporation or the Bank, including their affiliates, families, and companies in which they hold ten percent or more ownership) were customers of, and had extensions of credit and other transactions with the Bank in the ordinary course of business. These extensions of credit totaled \$66,921 and \$65,731 as of March 31, 2014 and December 31, 2013, respectively.

Balance at January 1, 2014	\$ 65,731
New loans	1,330
Repayments	(140)
Balance at March 31, 2014	\$ 66,921

The following table presents the activity in the allowance for loan losses by portfolio segment for the periods ending March 31, 2014 and 2013:

	Real Estate	Commercial	Agricultural	Consumer	Other	Total
<b>2014</b>						
Allowance for loan losses:						
Beginning balance	\$ 13,662	\$ 281	\$ 76	\$ 1,333	\$ 712	\$ 16,064
Provision for loan losses	73	(74)	(7)	(8)	182	166
Loans charged-off	(244)	(3)		(217)	(21)	(485)
Recoveries	53	15		146	52	266
Total ending allowance balance	\$ 13,544	\$ 219	\$ 69	\$ 1,254	\$ 925	\$ 16,011
<b>2013</b>						
Allowance for loan losses:						
Beginning balance	\$ 11,550	\$ 1,879	\$ 128	\$ 1,614	\$ 589	\$ 15,760
Provision for loan losses	931	(260)	3	99	(526)	247
Loans charged-off	(548)	(64)		(191)	(126)	(929)
Recoveries	436	17		114	93	660

Total ending allowance balance	\$ 12,369	\$ 1,572	\$ 131	\$ 1,636	\$ 30	\$ 15,738
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(Continued)

J-13

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 3 LOANS (Continued)**

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of March 31, 2014 and 2013:

	Real Estate	Commercial	Agricultural	Consumer	Other	Total
<b>March 31, 2014</b>						
Allowance for loan losses:						
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	\$ 519	\$ 2	\$	\$ 1	\$	\$ 522
Collectively evaluated for impairment	13,025	217	69	1,253	925	15,489
Total ending allowance balance	\$ 13,544	\$ 219	\$ 69	\$ 1,254	\$ 925	\$ 16,011
Loans:						
Individually evaluated for impairment	\$ 9,608	\$ 144	\$	\$ 37	\$	\$ 9,789
Collectively evaluated for impairment	842,192	135,516	13,793	118,463	1,371	1,111,335
Total ending allowance balance	\$ 851,800	\$ 135,660	\$ 13,793	\$ 118,500	\$ 1,371	\$ 1,121,124
<b>December 31, 2013</b>						
Allowance for loan losses:						
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	\$ 550	\$ 2	\$	\$ 1	\$	\$ 553
Collectively evaluated for impairment	13,112	279	76	1,332	712	15,511
Total ending allowance balance	\$ 13,662	\$ 281	\$ 76	\$ 1,333	\$ 712	\$ 16,064
Loans:						
Individually evaluated for impairment	\$ 11,424	\$ 187	\$	\$ 42	\$	\$ 11,653
Collectively evaluated for impairment	815,540	143,765	15,081	110,594	4,685	1,089,665
Total ending allowance balance	\$ 826,964	\$ 143,952	\$ 15,081	\$ 110,636	\$ 4,685	\$ 1,101,318

(Continued)

J-14

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 3 LOANS (Continued)**

The following table presents information related to impaired loans by class of loans as of March 31, 2014 and December 31, 2013:

	March 31, 2014			December 31, 2013		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
<b>With no related allowance recorded:</b>						
Real estate						
Commercial	\$ 6,090	\$ 4,318	\$	\$ 7,786	\$ 6,052	\$
1-4 family residential properties	574	574		471	471	
Commercial	88	88		6	6	
Consumer	20	19		27	24	
<b>Subtotal</b>	<b>6,772</b>	<b>4,999</b>		<b>8,290</b>	<b>6,553</b>	
<b>With an allowance recorded:</b>						
Real estate						
Commercial	1,517	1,442	287	1,727	1,625	332
1-4 family residential properties	1,071	957	78	944	944	62
Construction	2,317	2,317	154	2,332	2,332	156
Commercial	56	56	2	181	181	2
Consumer	18	18	1	18	18	1
<b>Subtotal</b>	<b>4,979</b>	<b>4,790</b>	<b>522</b>	<b>5,202</b>	<b>5,100</b>	<b>553</b>
<b>Total</b>	<b>\$ 11,751</b>	<b>\$ 9,789</b>	<b>\$ 522</b>	<b>\$ 13,492</b>	<b>\$ 11,653</b>	<b>\$ 553</b>

The recorded investment in loans excludes accrued interest receivable, due to immateriality. The recorded investment in loans includes loan originations fees. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs.

(Continued)

J-15

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 3 LOANS (Continued)**

The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans as of March 31, 2014 and December 31, 2013:

	Nonaccrual		Accruing	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
			Loans Past	
			Due Over 90	
			Days Still	
Real estate				
Commercial	\$ 4,416	\$ 4,544	\$	\$
1-4 family residential properties	1,408	1,256		
Construction				
Farm land	38			
Commercial	56	66		
Agriculture	7	18		
Consumer	587	566		
<b>Total</b>	<b>\$ 6,512</b>	<b>\$ 6,450</b>	<b>\$</b>	<b>\$</b>

The following table presents the aging of the recorded investment in past due loans as of March 31, 2014 and December 31, 2013 by class of loans:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total Loans
<b>March 31, 2014</b>						
Real estate:						
Commercial	\$ 528	\$ 3,585	\$ 632	\$ 4,745	\$ 404,866	\$ 409,611

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1-4 Family	919	298	532	1,749	312,722	314,471
Construction	77			77	57,310	57,387
Multi-family	90			90	36,511	36,601
Farm land					33,730	33,730
Commercial	668	3	35	706	134,954	135,660
Consumer	6			6	13,787	13,793
Agricultural	805	262	350	1,417	117,083	118,500
Other					1,371	1,371
Total	\$ 3,093	\$ 4,148	\$ 1,549	\$ 8,790	\$ 1,112,334	\$ 1,121,124

(Continued)

J-16



**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 3 LOANS (Continued)**

	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total Loans
<b>December 31, 2013</b>						
Real estate:						
Commercial	\$ 5,542	\$ 23	\$ 99	\$ 5,664	\$ 392,148	\$ 397,812
1-4 Family	672	447	621	1,740	302,148	303,888
Construction					56,193	56,193
Multi-family					34,538	34,538
Farm land	79			79	34,454	34,533
Commercial	695		42	737	143,215	143,952
Agricultural			14	14	15,067	15,081
Consumer	573	178	166	917	109,719	110,636
Other					4,685	4,685
<b>Total</b>	<b>\$ 7,561</b>	<b>\$ 648</b>	<b>\$ 942</b>	<b>\$ 9,151</b>	<b>\$ 1,092,167</b>	<b>\$ 1,101,318</b>

**Troubled Debt Restructurings:**

As of March 31, 2014 and December 31, 2013, the Company has a recorded investment in troubled debt restructurings of \$7,340 and \$7,343, respectively. The Company has allocated \$109 and \$45 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of March 31, 2014 and December 31, 2013. The Company has not committed to lend additional amounts as of March 31, 2014 and December 31, 2013 to customers with outstanding loans that are classified as troubled debt restructurings.

**Credit Quality Indicators:**

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes loan relationships with an outstanding balance greater than \$1.5 million and non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on a quarterly basis. The loans that are not rated are homogenous loans that are evaluated for credit quality based on their delinquency status. The Company uses the following definitions for risk ratings.

**Special Mention.** Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

**Substandard.** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

**Doubtful.** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

(Continued)

J-17

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 3 LOANS (Continued)**

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. Loans listed as not rated are consumer purpose loans or consumer purpose real estate loans that are not over 90 days past due or involved in bankruptcy.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Pass	Special Mention	Substandard	Doubtful	Not Rated	Totals
<b>March 31, 2014</b>						
Real estate:						
Commercial	\$ 399,127	\$	\$ 10,303	\$	\$ 181	\$ 409,611
1-4 family	95,393		4,451		214,627	314,471
Construction	44,752		2,388		10,247	57,387
Multi-family	32,902		291		3,408	36,601
Farmland	33,730					33,730
Commercial	134,363		1,249		48	135,660
Consumer	13,786		7			13,793
Agricultural			1,554		116,946	118,500
Other	1,347				24	1,371
Total	\$ 755,400	\$	\$ 20,243	\$	\$ 345,481	\$ 1,121,124

	Pass	Special Mention	Substandard	Doubtful	Not Rated	Totals
<b>December 31, 2013</b>						
Real estate:						
Commercial	\$ 387,151	\$	\$ 10,453	\$	\$ 208	\$ 397,812
1-4 family	91,718		4,743		207,427	303,888
Construction	36,878		5,549		13,766	56,193
Multi-family	34,538					34,538
Farmland	31,106		312		3,115	34,533
Commercial	142,678		1,124		150	143,952

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Consumer		945		109,691	110,636
Agricultural	15,063	18			15,081
Other	1,383			3,302	4,685
Total	\$ 740,515	\$	\$ 23,144	\$	\$ 337,659 \$ 1,101,318

(Continued)

J-18

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 4 INCOME TAXES**

Income tax expense consists of the following:

	March 31, 2014	March 31, 2013
Current Federal	\$ 2,778	\$ 1,792
Current State		
<b>Total current tax expense (benefit)</b>	<b>2,778</b>	<b>1,792</b>
Deferred Federal	(42)	(73)
Deferred State	405	171
<b>Total deferred tax expense</b>	<b>363</b>	<b>98</b>
<b>Total income tax expense</b>	<b>\$ 3,141</b>	<b>\$ 1,890</b>

A reconciliation of income tax expense with the amount of income taxes (benefits) computed by applying the federal statutory rate (34%) to earnings before income taxes follows:

	March 31, 2014	March 31, 2013
Computed expected income tax expense	\$ 3,238	\$ 2,015
Increase (decrease) in taxes resulting from:		
Tax exempt income	(213)	(223)
State income taxes, net of federated benefit	264	111
Change in valuation allowance		
Captive insurance premiums	(104)	(50)
Other, net	(44)	37
<b>Total income tax expense</b>	<b>\$ 3,141</b>	<b>\$ 1,890</b>

(Continued)

J-19

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 4 INCOME TAXES (Continued)**

Significant temporary differences between tax and financial reporting that result in deferred tax assets (liabilities) were as follows at March 31, 2014 and December 2013:

	March 31, 2014	December 31, 2013
Allowance for loan losses	\$ 6,103	\$ 6,123
Write down on other real estate	1,120	1,286
Unrealized gain on securities	3,783	6,732
Unrealized loss hedging transactions	478	444
Asset revaluation WCB acquisition	(76)	(78)
FHLB stock dividends	(1,554)	(1,554)
Depreciation	(1,077)	(1,093)
Prepaid expenses	(498)	(505)
Deferred compensation	537	544
State net operating loss carry forward	735	974
Capital loss carry forward		
Other, net	1,416	1,372
	10,967	14,245
Less valuation allowance		
Net deferred tax asset	\$ 10,967	\$ 14,245

At March 31, 2014 and December 31, 2013 the Company has a Tennessee net operating loss carry forward of approximately \$16,320 and \$21,839, respectively, which is available to offset future taxable income.

The Company and its subsidiaries file a consolidated U.S. federal income tax return, as well as filing various returns in the states where its banking offices are located or conduct business. The federal and state filed income tax returns are no longer subject to examination by taxing authorities for years before 2010.

**NOTE 5 CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS**

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Management believes as of March 31, 2014 the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition.

If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At

(Continued)

J-20



**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 5 CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS (Continued)**

March 31, 2014 and December 31, 2013, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The Company and the Bank's actual capital amounts and ratios were as follows:

	Actual Regulatory Capital		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>March 31, 2014</b>						
<b>Community First Bancshares, Inc.</b>						
Total Capital to risk weighted assets	\$ 215,176	17.86%	\$ 96,383	8.00%	NA	NA
Tier 1 Capital to risk weighted assets	200,122	16.61	48,193	4.00	NA	NA
Tier 1 Capital to average assets	200,122	10.38	77,118	4.00	NA	NA
<b>First State Bank</b>						
Total Capital to risk weighted assets	\$ 206,776	17.18%	\$ 96,287	8.00%	\$ 120,359	10.00%
Tier 1 Capital to risk weighted assets	191,722	15.93	48,141	4.00	72,212	6.00
Tier 1 Capital to average assets	191,722	10.07	76,156	4.00	95,195	5.00
<b>December 31, 2013</b>						
<b>Community First Bancshares, Inc.</b>						
Total Capital to risk weighted assets	\$ 208,829	17.44%	\$ 95,839	8.00%	NA	NA
Tier 1 Capital to risk weighted assets	193,860	16.19	47,896	4.00	NA	NA
Tier 1 Capital to average assets	193,860	10.21	75,949	4.00	NA	NA
<b>First State Bank</b>						
Total Capital to risk weighted assets	\$ 203,505	17.01%	\$ 95,711	8.00%	\$ 119,638	10.00%
Tier 1 Capital to risk weighted assets	188,536	15.76	47,858	4.00	71,788	6.00
Tier 1 Capital to average assets	188,536	10.02	75,264	4.00	94,080	5.00

**NOTE 6 FAIR VALUES**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

J-21

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands except per share data)*

*(Unaudited)*

**NOTE 6 FAIR VALUES (Continued)**

The Company used the following methods and significant assumptions to estimate fair value:

**Investment Securities:** The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices (Level 1) are not available, fair values are calculated based on market prices of similar securities or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). The fair value of level 3 securities are determined by the Company's accounting department, which reports to the Chief Financial Officer (CFO). The CFO reviews the fair values and these are reported to the Board of Directors. Discounted cash flows are calculated using spread to swap and LIBOR curves that are updated to incorporate loss severities, volatility, credit spread and optionality.

**Interest Rate Swaps:** The fair values of interest rate swaps are based on valuation models using observable market data as of the measurement date (Level 2).

**Impaired Loans:** The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for collateral-dependent impaired loans are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Management reviews the assumptions and approaches utilized in the appraisal. Management periodically evaluates the appraised values and will discount a property's appraised value to account for a number of factors including but not limited to the cost of liquidating the collateral, the age of the appraisal, observable deterioration since the appraisal, or other factors unique to the property.

(Continued)

J-22

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 6 FAIR VALUES (Continued)**Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Carrying Value	Fair Value Measurements at March 31, 2014 Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial Assets</b>				
Obligations of U.S. government agencies	\$ 120,299	\$	\$ 120,299	\$
Agency mortgage-backed securities: residential	226,818		226,818	
Agency mortgage-backed securities: commercial	69,193		69,193	
Agency collateralized mortgage obligations: residential	123,602		132,602	
Obligations of states and political subdivisions	120,509		120,509	
Corporate notes	375		375	
Equity securities	188		188	
<b>Total securities available-for-sale</b>	<b>\$ 660,984</b>	<b>\$</b>	<b>\$ 669,984</b>	<b>\$</b>
<b>Financial Liabilities</b>				
Interest rate swaps	\$ (1,457)	\$	\$ (1,457)	\$

	Carrying Value	Fair Value Measurements at December 31, 2013 Using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs (Level 3)

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		(Level 1)	(Level 2)	
<b>Financial Assets</b>				
Obligations of U.S. government agencies	\$ 108,099	\$	\$ 108,099	\$
Agency mortgage-backed securities: residential	249,542		249,542	
Agency mortgage-backed securities: commercial	77,919		77,919	
Agency collateralized mortgage obligations: residential	127,606		127,606	
Obligations of states and political subdivisions	107,897		107,897	
Corporate notes	400		400	
Equity securities	188		188	
<b>Total securities available-for-sale</b>	<b>\$ 671,651</b>	<b>\$</b>	<b>\$ 671,651</b>	<b>\$</b>
<b>Financial Liabilities</b>				
Interest rate swaps	\$ (1,541)	\$	\$ (1,541)	\$

(Continued)

J-23

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 6 FAIR VALUES (Continued)**Assets and Liabilities Measured on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	Fair Value Measurements at March 31, 2014 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans:				
Real estate:				
Commercial	\$ 3,952	\$	\$	\$ 3,952

	Fair Value Measurements at December 31, 2013 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans:				
Real estate:				
Commercial	\$ 4,022	\$	\$	\$ 4,022

The following represent impairment charges recognized during the period:

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a carrying amount of \$3,952, with a valuation allowance of \$7 at March 31, 2014, resulting in no additional provision for loan losses for the period ending March 31, 2014. The Company recorded \$68 in provision for loan losses for collateral dependent impaired loans for the three months ended March 31, 2013.

(Continued)

J-24



Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 6 FAIR VALUES (Continued)**

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at March 31, 2014 and December 31, 2013:

	Fair Value	Valuation Techniques(s)	Unobservable Input(s)	Range (Weighted Average)
<b>March 31, 2014</b>				
Impaired Loans commercial real estate	\$ 3,952	Sales comparison approach	Adjustment for differences between the comparable sales	15%-25%(19%)
		Income approach	Capitalization rate	11%-13%(11%)
<b>December 31, 2013</b>				
Impaired Loans commercial real estate	\$ 4,022	Sales comparison approach	Adjustment for differences between the comparable sales	15%-25%(19%)
		Income approach	Capitalization rate	11%-13%(11%)

The estimated fair values of the Company's financial instruments were as follows at March 31, 2014 and December 31, 2013.

	March 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Cash and due from financial institutions	\$ 21,453	\$ 21,453	\$ 18,323	\$ 18,323
Interest-bearing deposits in financial institutions	22,250	22,250	20,025	20,025
Federal funds sold	5,215	5,215	7,749	7,749
Interest-bearing deposits	750	750	466	466
Securities available for sale	669,984	669,984	671,651	671,651

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Securities held to maturity	200	200	200	200
Restricted equity securities	7,490	N/A	7,490	N/A
Loans held for sale	7,857	7,857	9,815	9,815
Loans, net of allowance	1,105,113	1,114,826	1,085,254	1,095,137
Accrued interest receivable	6,412	6,412	6,302	6,302

(Continued)

J-25

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Dollar amounts in thousands except per share data)**(Unaudited)***NOTE 6 FAIR VALUES (Continued)**

	March 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial liabilities</b>				
Deposits	\$ 1,589,878	\$ 1,552,540	\$ 1,552,588	\$ 1,517,581
Federal funds purchased and securities sold under agreements to repurchase	33,967	33,967	24,406	24,406
Federal Home Loan Bank advances	102,075	103,254	144,779	146,033
Subordinated debentures	27,100	13,001	27,100	12,980
Notes payable			3,000	3,000
Accrued interest payable	1,213	1,213	1,309	1,309
Interest rate swap	1,457	1,457	1,541	1,541

The methods and assumptions, not previously described, used to estimate fair values are described as follows.

Carrying amount is the estimated fair value for cash and cash equivalents, interest bearing deposits, accrued interest receivable and payable, demand deposits, notes payable, and variable rate loans or deposits that reprice frequently and fully. Loans held for sale fair values are determined by quoted prices for similar loans from third-party investors. For fixed rate loans or deposits and for variable rate loans or deposits with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk. Fair value of loans does not consider widening credit spreads due to market illiquidity. Fair value of subordinated debentures and other debt are based on current rates for similar types of financing. It was not practicable to determine the fair value of restricted securities due to restrictions placed on its transferability. The fair value of off-balance sheet items is considered nominal.

**NOTE 7 LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES**

Some financial instruments, such as loan commitments, credit lines, letters of credit, and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk of credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amount of financial instruments with off-balance-sheet risk was as of March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Commitments to make loans Variable	\$ 145,498	\$ 139,374
Commitments to make loans Fixed	59,916	79,350
Letters of credit	8,348	7,968

(Continued)

J-26

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands except per share data)*

*(Unaudited)*

**NOTE 8 SUBSEQUENT EVENT**

On May 6, 2014, the Company entered into a definitive agreement and plan of merger ( Agreement ) with Simmons First National Corporation ( Simmons ). According to the terms of the Agreement, Simmons will acquire all of the outstanding common stock of the Company. Under the terms of the Agreement, each outstanding share of common stock and equivalents of the Company will be converted into the right to receive shares of the Simmons common stock. The number of shares to be issued is fixed with an exchange ratio of 17.8975 shares of Simmons stock for each share of the Company s stock.

J-27

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

Union City, Tennessee

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

**CONTENTS**

INDEPENDENT AUDITOR'S REPORT	J-29
FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	J-30
CONSOLIDATED STATEMENTS OF INCOME	J-31
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)	J-32
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	J-33
CONSOLIDATED STATEMENTS OF CASH FLOWS	J-36
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	J-37

J-28

**Table of Contents**

**Crowe Horwath LLP**

Independent Member Crowe Horwath International

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors

Community First Bancshares, Inc.

Union City, Tennessee

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Community First Bancshares, Inc., which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years ended in the three year period ended December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community First Bancshares, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years in the three year period ended December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

/s/ Crowe Horwath LLP

Louisville, Kentucky

March 6, 2014

J-29



**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED BALANCE SHEETS**

December 31, 2013 and 2012

*(Dollar amounts in thousands, except per share data)*

	December 31,	
	2013	2012
<b>ASSETS</b>		
Cash and due from financial institutions	\$ 18,323	\$ 17,341
Interest-bearing deposits in financial institutions	20,025	19,296
Federal funds sold	7,749	8,761
Cash and cash equivalents	46,097	45,398
Interest-bearing deposits in financial institutions	466	800
Securities held to maturity	200	320
Securities available for sale	671,651	632,414
Loans held for sale	9,815	17,050
Loans	1,101,318	971,431
Allowance for loan losses	(16,064)	(15,760)
Loans, net	1,085,254	955,671
Premises and equipment, net	44,254	43,296
Company owned life insurance	21,466	20,845
Accrued interest receivable	6,302	5,740
Restricted equity securities	7,490	7,490
Other real estate	6,016	7,495
Deferred tax asset	14,245	1,641
Other assets	10,335	10,593
<b>Total Assets</b>	<b>\$ 1,923,591</b>	<b>\$ 1,748,753</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Deposits		
Non-interest bearing	\$ 174,862	\$ 154,121
Interest bearing	1,377,726	1,298,031
Total deposits	1,552,588	1,452,152
Federal funds purchased and securities sold under agreement to repurchase	24,406	18,891
Federal Home Loan Bank advances	144,779	70,104
Subordinated debentures	27,100	27,100
Notes payable	3,000	3,000
Accrued interest payable	1,309	2,028
Other liabilities	11,543	10,953

Total liabilities	1,764,725	1,584,228
Preferred stock, Series C, senior non-cumulative, \$30,852 liquidation value, 30,852 shares issued and outstanding in 2013 and 2012	30,852	30,852
Common stock, \$10 par value; 500,000 shares authorized; 363,527.2 and 363,367.5 shares issued in 2013 and 2012	3,635	3,634
Additional paid-in-capital	48,257	48,132
Retained earnings	87,348	72,737
Accumulated other comprehensive income (loss)	(11,226)	9,170
Total shareholders' equity	158,866	164,525
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,923,591</b>	<b>\$ 1,748,753</b>

J-30

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

	December 31,		
	2013	2012	2011
Interest income			
Loans, including fees	\$ 57,999	\$ 57,212	\$ 61,014
Securities			
Taxable	12,793	12,798	12,756
Exempt from federal income tax	2,636	2,120	1,782
Federal funds sold and other	376	429	450
<b>Total interest income</b>	<b>73,804</b>	<b>72,559</b>	<b>76,002</b>
Interest expense			
Deposits	10,877	14,637	18,286
Notes Payable and advances from			
Federal Home Loan Bank	1,178	1,580	1,768
Subordinated debentures	1,007	1,232	1,467
Federal funds purchased and securities sold under agreement to repurchase	74	47	261
<b>Total interest expense</b>	<b>13,136</b>	<b>17,496</b>	<b>21,782</b>
<b>Net interest income</b>	<b>60,668</b>	<b>55,063</b>	<b>54,220</b>
Provision for loan losses	977	1,545	7,073
<b>Net interest income after provision for loan losses</b>	<b>59,691</b>	<b>53,518</b>	<b>47,147</b>
Other income			
Service charges on deposit accounts	6,339	6,181	5,469
Credit insurance premiums	439	328	282
Gain on sale of mortgage loans	5,747	6,010	4,080
Net gains on sales of securities available for sale	572	755	317
Net gain (loss) on sale of assets	2	(26)	552
Write-downs, expenses, sales of other real estate, net of gains	(736)	(1,068)	(1,989)
Insurance commission income	3,467	3,136	2,994
Other service charges, commissions and fees	6,451	5,878	5,277
<b>Total other income</b>	<b>22,281</b>	<b>21,194</b>	<b>16,982</b>
Other expenses			
Salaries and employee benefits	32,791	30,302	26,266
Occupancy	7,863	7,454	7,267
Data processing	2,284	2,182	1,917

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Loan expense	1,994	2,420	1,915
Advertising and marketing	1,458	1,368	1,046
FDIC assessments	1,025	1,290	1,762
Telephone	1,479	1,071	1,031
Other operating	6,027	5,818	4,895
Total other expenses	54,921	51,905	46,099
Income before income taxes	27,051	22,807	18,030
Income tax expense	8,639	4,979	5,129
Net income	\$ 18,412	\$ 17,828	\$ 12,901
Less			
Dividends on preferred stock	\$ 1,542	\$ 1,534	\$ 1,265
Accretion on preferred stock, net			678
Net income available to common shareholders	\$ 16,870	\$ 16,294	\$ 10,958

J-31

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

Years ended December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

	2013	2012	2011
Net income	\$ 18,412	\$ 17,828	\$ 12,901
Other comprehensive income (loss):			
Unrealized gains (losses) on securities:			
Unrealized holding gain (loss) arising during the period	(33,146)	4,020	12,832
Reclassification adjustment for gains included in net income	(572)	(755)	(317)
	(33,718)	3,265	12,515
Tax effect	(12,911)	1,251	4,792
Net of tax	(20,807)	2,014	7,723
Unrealized gain (loss) on cash flow interest rate swap:			
Unrealized holding loss	666	(319)	(1,410)
Reclassification adjustment for losses (gains) included in net income			
	666	(319)	(1,410)
Tax effect	255	(122)	(540)
Net of tax	411	(197)	(870)
Total other comprehensive income (loss)	(20,396)	1,817	6,853
Comprehensive income (loss)	\$ (1,984)	\$ 19,645	\$ 19,754

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

	Common Stock	Preferred Stock, Net	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders Equity
Balance, January 1, 2011	\$ 3,664	\$ 20,322	\$ 48,253	\$ 49,275	\$ 500	\$ 122,014
Net Income				12,901		12,901
Other comprehensive income					6,853	6,853
Accretion of discount on Series A preferred stock		805		(805)		
Amortization of Premium on Series B preferred Stock		(127)		127		
Redemption of Series A and B preferred stock		(21,000)				(21,000)
Issuance of Series C preferred stock		30,852				30,852
Dividends on preferred stock				(1,265)		(1,265)
Dividends on common stock				(1,092)		(1,092)
Purchase of 2,803 shares of common stock	(28)		(370)	(356)		(754)
Stock based compensation expense			205			205
Balance, December 31, 2011	\$ 3,636	\$ 30,852	\$ 48,088	\$ 58,785	\$ 7,353	\$ 148,714

See accompanying notes to consolidated financial statements.

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

	Common Stock	Preferred Stock, Net	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders Equity
Balance, January 1, 2012	\$ 3,636	\$ 30,852	\$ 48,088	\$ 58,785	\$ 7,353	\$ 148,714
Net Income				17,828		17,828
Other comprehensive income					1,817	1,817
Restricted shares issued	7		(36)			(29)
Dividends on preferred stock				(1,534)		(1,534)
Dividends on common stock				(2,181)		(2,181)
Purchase of 882 shares of common stock	(9)		(117)	(161)		(287)
Stock based compensation expense			197			197
Balance, December 31, 2012	\$ 3,634	\$ 30,852	\$ 48,132	\$ 72,737	\$ 9,170	\$ 164,525

See accompanying notes to consolidated financial statements.

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

	Common Stock	Preferred Stock, Net	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders Equity
Balance, January 1, 2013	\$ 3,634	\$ 30,852	\$ 48,132	\$ 72,737	\$ 9,170	\$ 164,525
Net Income				18,412		18,412
Other comprehensive loss					(20,396)	(20,396)
Restricted shares issued	5		(27)			(22)
Dividends on preferred stock				(1,542)		(1,542)
Dividends on common stock				(2,181)		(2,181)
Purchase of 378 shares of common stock	(4)		(51)	(78)		(133)
Stock based compensation expense			203			203
Balance, December 31, 2013	\$ 3,635	\$ 30,852	\$ 48,257	\$ 87,348	\$ (11,226)	\$ 158,866

See accompanying notes to consolidated financial statements.



Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

	2013	2012	2011
<b>Cash flows from operating activities</b>			
Net income	\$ 18,412	\$ 17,828	\$ 12,901
Adjustments to reconcile net earnings to net cash from operating activities			
Provision for loan losses	977	1,545	7,073
Depreciation of premises and equipment	2,605	2,547	2,544
Amortization of intangible assets	204	369	373
Net gains on sales of securities available for sale	(572)	(755)	(317)
Net amortization on securities	5,685	7,839	4,498
Net losses on other real estate from sales and writedowns	642	347	144
(Gain) loss on sale of assets	(2)	26	(552)
Stock based compensation	203	197	205
Net change in loans held for sale	12,982	4,104	(2,176)
Gain on sale of mortgage loans	(5,747)	(6,010)	(4,080)
Deferred income taxes, net of change in valuation allowance	262	(1,042)	872
Earnings on life insurance policies	(621)	(695)	(562)
(Increase) decrease in accrued interest receivable	(562)	360	(310)
Decrease in accrued interest payable	(719)	(151)	(486)
Decrease in FDIC prepaid assessments			1,650
Other, net	1,078	787	2,507
Net cash from operating activities	34,827	27,296	24,284
<b>Cash flows from investing activities</b>			
Net (increase) decrease in interest-bearing deposits in financial institutions	334	(43)	139
Purchased of securities available for sale	(254,358)	(324,319)	(285,183)
Proceeds from maturities and redemptions of securities available for sale	116,830	144,668	108,255
Proceeds from sale of securities available for sale	59,460	82,673	25,422
Proceeds from redemptions of callable securities held to maturity	220	320	324
Purchase of securities held to maturity	(100)	(320)	(322)
Repayments and loan originations, net	(134,056)	(51,825)	30,291
Purchase of premises and equipment	(3,563)	(3,599)	(1,226)
Purchase of company owned life insurance			(5,718)
Proceeds from sale of other real estate	4,333	7,676	9,789
Proceeds from sale of premises and equipment	2	26	3,117

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Net cash from investing activities	(210,898)	(144,743)	(115,112)
<b>Cash flows from financing activities</b>			
Net increase in deposits	100,436	61,582	117,864
Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	5,515	9,103	(756)
Repayments of Federal Home Loan Bank Advances	(136,325)	(82,951)	(319)
Proceeds from Federal Home Loan Bank advances	211,000	87,000	25,600
Repayments of notes payable	(3,000)	(433)	(151)
Proceeds from notes payable	3,000	3,000	
Preferred stock dividends paid	(1,542)	(1,534)	(1,010)
Common stock dividends paid	(2,181)	(2,181)	(1,092)
Proceeds from issuance of preferred stock			30,852
Repayments of preferred stock			(21,000)
Redemption of common stock	(133)	(287)	(754)
Net cash from financing activities	176,770	73,299	149,234
Net change in cash	\$ 699	\$ (44,148)	\$ 58,406
Cash and cash equivalents at beginning of year	45,398	89,546	31,140
<b>Cash and cash equivalents at end of year</b>	<b>\$ 46,097</b>	<b>\$ 45,398</b>	<b>\$ 89,546</b>
<b>Supplemental disclosure of cash flow information</b>			
Interest paid	\$ 13,855	\$ 17,647	\$ 22,268
Income taxes paid net of refunds received	3,369	6,256	2,708
Assets acquired through foreclosure	392	2,600	7,725
Loans made to facilitate the sale of other real estate		528	471
Security purchases settled in subsequent period		478	
Small business lending operation acquired:			
Fair value of assets acquired	\$	\$ 8,294	\$
Cash paid		500	
	\$	\$ 8,794	\$

See accompanying notes to consolidated financial statements.

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations and Principles of Consolidation:** The accompanying consolidated financial statements include the accounts of Community First Bancshares, Inc. (the Company) and its wholly-owned subsidiaries: First State Bank (the Bank) and First State Risk Management. Also included in the consolidated financial statements are the accounts of First Auto, FS Investments, FS Funding, FS Data, First State Development, First State Insurance, First State Properties, First State ATMs, First State Transportation, First State Special Assets, Community Choice Reinsurance, and First State Finance. The consolidated group is collectively referred to as the Company. Material inter-company accounts and transactions have been eliminated in consolidation. All dollar amounts are in thousands except for per share data.

The Company provides financial services through its offices throughout Tennessee. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate value and general economic conditions in the area.

**Use of Estimates:** To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses, deferred tax assets, and fair values of financial instruments are particularly subject to change.

**Cash Flows:** Cash and cash equivalents include cash, deposits with other financial institutions under 90 days, and federal funds sold. Net cash flows are reported for loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements.

**Cash and Due from Financial Institutions:** Included in cash and due from financial institutions are legal reserve requirements which must be maintained on an average basis in the form of cash and balances due from the Federal Reserve and other banks. The minimum requirement at December 31, 2013 and 2012 was \$0 and \$0, respectively.

**Interest-Bearing Deposits in Other Financial Institutions:** Interest-bearing deposits in other financial institutions mature within one year and are carried at cost.

**Subsequent Events:** The Company has evaluated subsequent events for recognition and disclosure through March 6, 2014, which is the date the financial statements were available to be issued.

Securities: Securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities are classified as available for sale when they might be sold before maturity. Equity securities with readily determined fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

(Continued)

J-37

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interest income includes amortization of purchase premium or discount. Gains and losses on sales are recorded on the trade date based on the amortized cost of the security sold. Premiums and discounts are amortized on the level-yield method without anticipating pre-payments, except for mortgage backed securities where prepayments are anticipated.

Management evaluates securities for other-than-temporary impairment ( OTTI ) on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) other-than-temporary impairment (OTTI) related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

**Loans Held for Sale:** Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings. Loans held for sale are generally sold with servicing rights released.

**Loans:** Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned interest, deferred loan fees and costs, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees net of certain direct origination costs are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on all classes of loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Consumer loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. A loan is moved to non-accrual status in accordance with the Company's policy, typically after 90 days of non-payment.

All interest accrued but not received for loans placed on non-accrual are reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status after a consistent pattern of repayment has been demonstrated and future payments are reasonably assured.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the

(Continued)

J-38

Table of Contents

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired.

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

All substandard loan relationships over \$500 are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer and residential real estate loans are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures. Troubled debt restructurings are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent 3 years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments and their associated risks have been identified:

Real estate loans are affected by the local real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans. Appraisals are obtained to support the loan amount.

Commercial loans are dependent on the strength of the industries of the related borrowers and the success of their businesses. Commercial loans are advanced for equipment purchases or to provide working capital or meet other financing needs of business enterprises. These loans may be secured by accounts receivable, inventory, equipment or other business assets. Financial information is obtained from the borrower to evaluate ability to repay the loans.

Agricultural loans are affected by the local real estate market, the local economy, and the success of the business. These loans may be secured by accounts receivable, inventory, equipment, or other various assets. Financial information is obtained from the borrower to evaluate the ability to repay the loans.

(Continued)

J-39



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**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Consumer loans are dependent on local economies. Consumer loans are generally secured by consumer assets, but may be unsecured. The Bank evaluates the borrower's repayment ability through a review of credit scores and an evaluation of debt to income ratios.

**Transfers of Financial Assets:** Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

**Premises and Equipment:** Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Depreciation has been computed on straight-line and accelerated methods, based on the estimated useful lives of the respective assets. Buildings are depreciated over a range from 5 to 39 years, with furniture, fixtures, and equipment depreciated from 2 to 15 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term.

**Foreclosed Assets:** Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs of carrying foreclosed assets after acquisition are expensed.

**Federal Home Loan Bank (FHLB) Stock:** The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted equity security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

**Company Owned Life Insurance:** The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other changes or other amounts due that are probable at settlement.

**Income Taxes:** Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

(Continued)

J-40

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Securities Sold Under Agreement to Repurchase:** Substantially all securities sold under agreements to repurchase represent amounts advanced by bank customers. Securities are pledged to cover the amount of the liabilities which exceed federal deposit insurance.

**Loan Commitments and Related Financial Instruments:** Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

**Derivatives:** At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ( fair value hedge ), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ( cash flow hedge ), or (3) an instrument with no hedging designation ( stand-alone derivative ). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For both types of hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as noninterest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as noninterest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

(Continued)

J-41

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Retirement Plan:** Employee 401(k) and profit sharing plan expense is the amount of matching contributions.

**Comprehensive Income:** Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes fair value adjustments on derivatives and unrealized gains and losses on securities available for sale, which are also recognized as a separate component of equity.

**Loss Contingencies:** Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

**Dividend Restriction:** Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Corporation or by the Corporation to shareholders.

**Stock-Based Compensation:** Compensation cost is recognized for restricted stock awards issued to employees based on the fair values at the date of grant. Compensation cost is recognized over the required service period, generally defined as the vesting period.

**Fair Value of Financial Instruments:** Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

**Reclassifications:** Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

**NOTE 2 SECURITIES**

The fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income were as follows:

Available for sale:	Amortized Cost	Gross Unrealized	Gross Unrealized	Fair Value
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		Gains		Losses	
<u>2013</u>					
Obligations of U.S. government agencies	\$ 115,501	\$ 430	\$ (7,832)	\$ 108,099	
Agency mortgage-backed securities:					
residential	249,899	3,383	(3,740)	249,542	
Agency mortgage-backed securities:					
commercial	82,777	67	(4,925)	77,919	
Agency collateralized mortgage obligations:					
residential	130,659	786	(3,839)	127,606	
Obligations of states and political subdivisions	109,258	2,112	(3,473)	107,897	
Corporate notes	400			400	
Equity securities	188			188	
<b>Total</b>	<b>\$ 688,682</b>	<b>\$ 6,778</b>	<b>\$ (23,809)</b>	<b>\$ 671,651</b>	

(Continued)

J-42

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 2 SECURITIES (Continued)**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
<u>2012</u>				
Obligations of U.S. government agencies	\$ 34,911	\$ 136	\$ (93)	\$ 34,954
Agency mortgage-backed securities:				
residential	363,513	9,776	(247)	373,042
Agency mortgage-backed securities:				
commercial	22,572	136	(93)	22,615
Agency collateralized mortgage obligations:				
residential	106,427	2,612	(38)	109,001
Obligations of states and political subdivisions	86,723	4,885	(163)	91,445
Corporate notes	500			500
Trust preferred securities	883	11	(271)	623
Equity securities	198	36		234
Total	\$ 615,727	\$ 17,592	\$ (905)	\$ 632,414

The Company had gross realized gains of \$947, \$1,213, and \$317 and gross realized losses of \$375, \$458, and \$0 in 2013, 2012, and 2011, respectively from the sale of securities available for sale. Proceeds from these transactions were \$59,460, \$82,673, and \$25,422 in 2013, 2012 and 2011, respectively.

The amortized cost and fair values of debt and equity securities at December 31, 2013 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately.

	Available for sale	
	Amortized Cost	Fair Value
Due in one year or less	\$ 254	\$ 262
Due in one to five years	9,767	10,159
Due in five to ten years	86,626	82,303

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Due after ten years	128,512	123,672
Agency mortgage-backed securities: residential	249,899	249,542
Agency mortgage-backed securities: commercial	82,777	77,919
Agency collateralized mortgage obligations: residential	130,659	127,606
Equity securities	188	188
	\$ 688,682	\$ 671,651

Securities carried at approximately \$311,377 and \$198,958 at December 31, 2013 and 2012, respectively, were pledged to secure deposits and for other purposes as required or permitted by law.

At December 31, 2013 and 2012, the Company did not hold securities of any single issuer, other than obligations of U.S. Government agencies whose aggregate book value exceeded ten percent of shareholders' equity.

(Continued)

J-43



Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 2 SECURITIES (Continued)**

The following table shows securities with unrealized losses and their fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2013 and 2012.

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>2013</b>						
Obligations of US government agencies	\$ 61,291	\$ (4,782)	\$ 31,018	\$ (3,050)	\$ 92,309	\$ (7,832)
Agency mortgage-backed securities: residential	129,986	(2,761)	11,414	(979)	141,400	(3,740)
Agency mortgage-backed securities: commercial	64,656	(4,588)	5,953	(337)	70,609	(4,925)
Agency collateralized mortgage obligations: residential	91,004	(3,839)			91,004	(3,839)
Obligations of states and political subdivisions	42,667	(3,026)	3,922	(447)	46,589	(3,473)
<b>Total available for sale</b>	<b>\$ 389,604</b>	<b>\$ (18,996)</b>	<b>\$ 52,307</b>	<b>\$ (4,813)</b>	<b>\$ 441,911</b>	<b>\$ (23,809)</b>

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>2012</b>						
Obligations of US government agencies	\$ 22,772	\$ (93)	\$	\$	\$ 22,772	\$ (93)
Agency mortgage-backed securities: residential	30,080	(247)			30,080	(247)
Agency mortgage-backed securities: commercial	8,181	(93)			8,181	(93)
Agency collateralized mortgage obligations: residential	3,848	(38)			3,848	(38)

Obligations of states and political subdivisions	13,808	(163)			13,808	(163)
Trust preferred securities			323	(271)	323	(271)
Total available for sale	\$ 78,689	\$ (634)	\$ 323	\$ (271)	\$ 79,012	\$ (905)

Unrealized losses on state and municipal bonds, agency mortgage-backed securities, agency collateralized mortgage obligations and other agency securities have not been recognized into income because the issuers bonds are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The fair value is expected to recover as the bonds approach maturity.

(Continued)

J-44

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 3 RESTRICTED EQUITY SECURITIES**

Restricted equity securities consist of securities which are restricted as to transferability. These securities are recorded at cost.

	2013	2012
Federal Home Loan Bank	\$ 7,482	\$ 7,482
Federal Agricultural Mortgage Corporation	8	8
	\$ 7,490	\$ 7,490

**NOTE 4 LOANS**

A summary of loans outstanding by category follows:

	2013	2012
Real estate:		
Commercial	\$ 397,812	\$ 357,678
1 to 4 family residential properties	303,888	\$ 267,263
Construction	56,193	\$ 45,186
Farm land	34,533	\$ 29,454
Multi-family	34,538	\$ 33,050
Commercial	143,952	\$ 125,117
Agricultural	15,081	\$ 13,792
Consumer	110,636	\$ 95,686
Other	4,685	4,205
	\$ 1,101,318	\$ 971,431

The above table includes net deferred loan fees of \$668 and \$413 and unearned income of \$12,717 and \$14,531 as of December 31, 2013 and 2012, respectively.

Certain parties (principally directors and officers of the Corporation or the Bank, including their affiliates, families, and companies in which they hold ten percent or more ownership) were customers of, and had extensions of credit and

other transactions with the Bank in the ordinary course of business. These extensions of credit totaled \$65,731 and \$59,157 as of December 31, 2013 and 2012, respectively.

Balance at January 1, 2013	\$ 59,157
New loans	14,884
Repayments	(8,310)
Balance at December 31, 2013	\$ 65,731

(Continued)

J-45

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)**

The following table presents the activity in the allowance for loan losses by portfolio segment for the years ending December 31, 2013, 2012, and 2011:

	Real Estate	Commercial	Agricultural	Consumer	Other	Total
<b>2013</b>						
Allowance for loan losses:						
Beginning balance	\$ 11,550	\$ 1,879	\$ 128	\$ 1,614	\$ 589	\$ 15,760
Provision for loan losses	3,092	(2,777)	(52)	137	577	977
Loans charged-off	(2,024)	(163)		(872)	(738)	(3,797)
Recoveries	1,044	1,342		454	284	3,124
<b>Total ending allowance balance</b>	<b>\$ 13,662</b>	<b>\$ 281</b>	<b>\$ 76</b>	<b>\$ 1,333</b>	<b>\$ 712</b>	<b>\$ 16,064</b>
<b>2012</b>						
Allowance for loan losses:						
Beginning balance	\$ 13,945	\$ 2,214	\$ 149	\$ 2,134	\$ 512	\$ 18,954
Provision for loan losses	1,528	(191)	(60)	(85)	353	1,545
Loans charged-off	(4,742)	(294)		(723)	(478)	(6,237)
Recoveries	819	150	40	288	201	1,498
<b>Total ending allowance balance</b>	<b>\$ 11,550</b>	<b>\$ 1,879</b>	<b>\$ 129</b>	<b>\$ 1,614</b>	<b>\$ 588</b>	<b>\$ 15,760</b>
<b>2011</b>						
Allowance for loan losses:						
Beginning balance	\$ 12,555	\$ 2,835	\$ 18	\$ 2,523	\$ 95	\$ 18,026
Provision for loan losses	5,759	251	99	460	504	7,073
Loans charged-off	(4,760)	(1,004)		(1,235)	(351)	(7,350)
Recoveries	391	132	32	386	264	1,205
<b>Total ending allowance balance</b>	<b>\$ 13,945</b>	<b>\$ 2,214</b>	<b>\$ 149</b>	<b>\$ 2,134</b>	<b>\$ 512</b>	<b>\$ 18,954</b>

(Continued)

J-46

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)**

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2013 and 2012:

	Real Estate	Commercial	Agricultural	Consumer	Other	Total
<b>2013</b>						
Allowance for loan losses:						
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	\$ 550	\$ 2	\$	\$ 1	\$	\$ 553
Collectively evaluated for impairment	13,112	279	76	1,332	712	15,511
Total ending allowance balance	\$ 13,662	\$ 281	\$ 76	\$ 1,333	\$ 712	\$ 16,064
Loans:						
Individually evaluated for impairment	\$ 11,424	\$ 187	\$	\$ 42	\$	\$ 11,653
Collectively evaluated for impairment	815,540	143,765	15,081	110,594	4,685	1,089,665
Total ending allowance balance	\$ 826,964	\$ 143,952	\$ 15,081	\$ 110,636	\$ 4,685	\$ 1,101,318
<b>2012</b>						
Allowance for loan losses:						
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	\$ 504	\$ 7	\$	\$ 6	\$	\$ 517
Collectively evaluated for impairment	11,046	1,872	129	1,608	588	15,243
Total ending allowance balance	\$ 11,550	\$ 1,879	\$ 129	\$ 1,614	\$ 588	\$ 15,760
Loans:						
Individually evaluated for impairment	\$ 16,223	\$ 380	\$	\$ 82	\$	\$ 16,685
Collectively evaluated for impairment	716,408	124,737	13,792	95,604	4,205	954,746
Total ending allowance balance	\$ 732,631	\$ 125,117	\$ 13,792	\$ 95,686	\$ 4,205	\$ 971,431

(Continued)

J-47



Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)**

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2013:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
<b>2013</b>						
With no related allowance recorded:						
Real estate						
Commercial	\$ 7,786	\$ 6,052	\$	\$ 5,018	\$ 64	\$ 62
1-4 family residential properties	471	471		474	27	26
Commercial	6	6		7	1	1
Consumer	27	24		32	2	2
Subtotal	8,290	6,553		5,531	94	91
With an allowance recorded:						
Real estate						
Commercial	1,727	1,625	332	1,602	43	41
1-4 family residential properties	944	944	62	948	44	43
Construction	2,332	2,332	156	2,330	103	101
Commercial	181	181	2	255	14	13
Consumer	18	18	1	22		
Subtotal	5,202	5,100	553	5,157	204	198
Total	\$ 13,492	\$ 11,653	\$ 553	\$ 10,688	\$ 298	\$ 289

(Continued)



Table of Contents

## COMMUNITY FIRST BANCSHARES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS** (Continued)

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2012:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
<u>2012</u>						
With no related allowance recorded:						
Real estate						
Commercial	\$ 11,280	\$ 9,150	\$	\$ 10,494	\$ 461	\$ 444
1-4 family residential properties	3,043	2,732		3,204	175	170
Construction	420	248		343	18	18
Commercial	195	195		238	17	17
Consumer	22	22		26	4	4
Subtotal	14,960	12,347		14,305	675	653
With an allowance recorded:						
Real estate						
Commercial	1,239	1,100	115	1,367	62	59
1-4 family residential properties	586	586	168	601	12	12
Construction	2,407	2,407	221	2,403	115	113
Commercial	185	185	7	249	4	4
Consumer	62	60	6	71	1	1
Subtotal	4,479	4,338	517	4,691	194	189
Total	\$ 19,439	\$ 16,685	\$ 517	\$ 18,996	\$ 869	\$ 842

(Continued)

J-49

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)**

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2011:

	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
<b>2011</b>			
With no related allowance recorded:			
Real estate			
Commercial	\$ 599	\$ 15	\$ 13
1-4 family residential properties	2,643	78	70
Commercial	601	11	12
Consumer	19	1	1
Subtotal	3,862	105	96
With an allowance recorded:			
Real estate			
Commercial	10,167	563	552
1-4 family residential properties	181	8	9
Construction	3,545	77	76
Commercial	243	9	9
Consumer	36	1	1
Subtotal	14,172	658	647
<b>Total</b>	<b>\$ 18,034</b>	<b>\$ 763</b>	<b>\$ 743</b>

The recorded investment in loans excludes accrued interest receivable, due to immateriality. The recorded investment in loans includes loan originations fees. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs.

The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2013 and 2012:

	Nonaccrual		Loans Past Due Over 90 Days Still Accruing	
	2013	2012	2013	2012
Real estate				
Commercial	\$ 4,544	\$ 5,093	\$	\$
1-4 family residential properties	1,256	2,089		
Construction		357		
Commercial	66	14		
Agriculture	18			
Consumer	566	425		
Total	\$ 6,450	\$ 7,978	\$	\$

(Continued)

J-50

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)**

The following table presents the aging of the recorded investment in past due loans as of December 31, 2013 and 2012 by class of loans:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total Loans
<b>2013</b>						
Real estate:						
Commercial	\$ 5,542	\$ 23	\$ 99	\$ 5,664	\$ 392,148	\$ 397,812
1-4 Family	672	447	621	1,740	302,148	303,888
Construction					56,193	56,193
Multi-family					34,538	34,538
Farm land	79			79	34,454	34,533
Commercial	695		42	737	143,215	143,952
Consumer	573	178	166	917	109,719	110,636
Agricultural			14	14	15,067	15,081
Other					4,685	4,685
Total	\$ 7,561	\$ 648	\$ 942	\$ 9,151	\$ 1,092,167	\$ 1,101,318

	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total Loans
<b>2012</b>						
Real estate:						
Commercial	\$ 3,915	\$ 2,167	\$ 2,821	\$ 8,903	\$ 348,775	\$ 357,678
1-4 Family	1,518	405	484	2,407	264,856	267,263
Construction	233		19	252	44,934	45,186
Multi-family					33,050	33,050
Farm land					29,454	29,454
Commercial	155	7	2	164	124,953	125,117
Consumer	670	150	158	978	94,708	95,686
Agricultural	31			31	13,761	13,792

Other						4,205	4,205
Total	\$ 6,522	\$ 2,729	\$ 3,484	\$ 12,735	\$ 958,696	\$ 971,431	

(Continued)

J-51



**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)****Troubled Debt Restructurings:**

As of December 31, 2013 and 2012, the Company has a recorded investment in troubled debt restructurings of \$7,343 and \$10,809, respectively. The Company has allocated \$109 and \$45 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2013 and 2012. The Company has not committed to lend additional amounts as of December 31, 2013 and 2012 to customers with outstanding loans that are classified as troubled debt restructurings.

During the year ended December 31, 2013, the terms of certain loans were modified as troubled debt restructurings. The modification of the terms of such loans included one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan.

Modifications involving a reduction of the stated interest rate of the loan were for periods ranging from 16 months to 3 years. Modifications involving an extension of the maturity date were for periods ranging from 16 months to 3 years.

There were no loans modified as troubled debt restructurings during 2013. The following table presents loans by class modified as troubled debt restructurings that occurred during the years ending December 2012 and 2011:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
<b>2012</b>			
Troubled debt restructurings			
Real estate:			
Commercial	2	\$ 522	\$ 522
1-4 family	1	877	877
Commercial	23	368	368
Consumer	6	59	59
Total	32	\$ 1,826	\$ 1,826

<u>2011</u>				
Troubled debt restructurings				
Real estate:				
Commercial	3	\$	8,825	\$ 8,684
1-4 family	3		391	251
Commercial	2		230	230
Consumer	4		37	37
Total	12	\$	9,483	\$ 9,202

The troubled debt restructurings described above increased the allowance for loan losses by \$43 and resulted in charge offs of \$0 during the year ended December 31, 2012. The troubled debt restructurings described above

(Continued)

J-52

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS (Continued)**

increased the allowance for loan losses by \$190 and resulted in charge offs of \$108 during the year ending December 31, 2011.

There were no loans modified as troubled debt restructurings for which there was a payment default within twelve months following the modification during the year ended December 31, 2013. The following table presents loans by class modified as troubled debt restructurings for which there was a payment default within twelve months following the modification during the years ended December 31, 2012 and 2011:

	Number of Loans	Recorded Investment
<u>2012</u>		
Troubled debt restructurings that subsequently defaulted:		
Real estate:		
Commercial	1	\$ 67
1-4 family	3	29
Total	4	\$ 96
<u>2011</u>		
Troubled debt restructurings that subsequently defaulted:		
Real estate:		
Commercial	1	\$ 562
1-4 family	1	108
Total	2	\$ 670

A loan is considered to be in payment default once it is 30 days contractually past due under the modified terms.

**Credit Quality Indicators:**

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public

information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes loan relationships with an outstanding balance greater than \$1.5 million and non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on a quarterly basis. The loans that are not rated are homogenous loans that are evaluated for credit quality based on their delinquency status. The Company uses the following definitions for risk ratings.

**Special Mention.** Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

**Substandard.** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

(Continued)

J-53

Table of Contents

## COMMUNITY FIRST BANCSHARES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 4 LOANS** (Continued)

**Doubtful.** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. Loans listed as not rated are consumer purpose loans or consumer purpose real estate loans that are not over 90 days past due or involved in bankruptcy.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Pass	Special Mention	Substandard	Doubtful	Not Rated	Totals
<b>2013</b>						
Real estate:						
Commercial	\$ 387,151	\$	\$ 10,453	\$	\$ 208	\$ 397,812
1-4 family	91,718		4,743		207,427	303,888
Construction	36,878		5,549		13,766	56,193
Multi-family	34,538					34,538
Farmland	31,106		312		3,115	34,533
Commercial	142,678		1,124		150	143,952
Consumer			945		109,691	110,636
Agricultural	15,063		18			15,081
Other	1,383				3,302	4,685
Total	\$ 740,515	\$	\$ 23,144	\$	\$ 337,659	\$ 1,101,318

	Pass	Special Mention	Substandard	Doubtful	Not Rated	Totals
<b>2012</b>						
Real estate:						
Commercial	\$ 335,082	\$	\$ 20,300	\$	\$ 2,296	\$ 357,678
1-4 family	76,242		8,026		182,995	267,263

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Construction	29,137	6,758	9,291	45,186
Multi-family	33,050			33,050
Farmland	26,825	317	2,312	29,454
Commercial	123,273	1,633	211	125,117
Consumer		985	94,701	95,686
Agricultural	13,750	2	40	13,792
Other	2,499	48	1,658	4,205
Total	\$ 639,858	\$ 38,069	\$ 293,504	\$ 971,431

(Continued)

J-54

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 5 PREMISES AND EQUIPMENT**

Premises and equipment are summarized as follows:

	2013	2012
Land	\$ 13,037	\$ 12,860
Buildings and improvements	41,232	39,638
Furniture, fixtures and equipment	16,805	16,102
Automobiles	423	374
Construction in process	363	36
	71,860	69,010
Less: Accumulated depreciation	(27,606)	(25,714)
	\$ 44,254	\$ 43,296

Depreciation expense related to premises and equipment amounted to \$2,605 in 2013 and \$2,547 in 2012, and \$2,544 in 2011.

The Company leases certain branch properties and equipment under operating leases. Rent expense was \$999, \$792 and \$709 for 2013, 2012 and 2011, respectively. Rent commitments under non-cancelable operating leases are as follows, before considering renewal options that generally are present.

2014	\$ 1,093
2015	887
2016	643
2017	335
2018	78
	\$ 3,036

**NOTE 6 DEPOSITS**

Time deposits of \$100,000 or more were \$286,966 and \$296,802 (excluding CDARS deposits) at year-end 2013 and 2012, respectively. Brokered time deposits and CDARS deposits were \$25,934 and \$13,738, respectively, at year-end 2013 compared to \$17,368 and \$6,384, respectively, at year-end 2012.

Scheduled maturities of time deposits for the next five years are as follows:

	Time Deposits	Brokered Deposits	CDARS Deposits	Total Time Deposits
2014	\$ 312,073	\$ 4,795	\$ 12,389	\$ 329,257
2015	135,364	12,280	1,349	148,993
2016	19,841	4,137		23,978
2017	11,874			11,874
2018	8,405			8,405

Deposit accounts to related parties, primarily executive officers and directors, totaled \$12,482 and \$15,645 at December 31, 2013 and 2012, respectively.

(Continued)

J-55



**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 7 SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE**

Securities sold under agreement to repurchase totaled \$24,406 and \$4,891 at December 31, 2013 and 2012, respectively. The carrying value of the securities pledged for these repurchase agreements was \$29,484 and \$16,426 at December 31, 2013 and 2012, respectively. The securities underlying the agreements were maintained by the Bank's safekeeping agent and pledged for use in these agreements.

**NOTE 8 FEDERAL HOME LOAN BANK ADVANCES**

At year-end, advances from the Federal Home Loan Bank were as follows:

	2013	2012
Maturities February 2014 through December 2025, fixed at rates from 0.21% to 9.20%, with weighted average rate of 0.63%.	\$ 144,779	\$ 70,104

FHLB advances are payable with varying payment terms. Some advances have prepayment penalties, which would be assessed if the advances were repaid before their maturity date. The advances were collateralized by the majority of the Company's first mortgage loans under a blanket lien arrangement at year-end 2013 and 2012, respectively. Based on this collateral and the Company's holdings of FHLB stock, the Company is eligible to borrow up to a total of \$1,932 of additional borrowings at year-end 2013.

Maturities over the next five years are as follows:

2014	\$ 92,921
2015	26,216
2016	5,616
2017	5,016
2018	15,010
	\$ 144,779

**NOTE 9 SUBORDINATED DEBENTURES**

A trust formed by the Company issued \$6,000 of 10.2% fixed rate trust preferred securities in 2001 as part of a pooled offering of such securities. The Company issued subordinated debentures to the trust in exchange for the proceeds of the offering; the debentures and related debt issuance costs represent the sole assets of the trust. After February 22, 2011, the subordinated debentures may be redeemed at 105% of face value. The premium for the redemption decreases .50% each year until February 22, 2021 at which time the securities are redeemable at 100% of face value. This issue matures February 22, 2031.

A second trust was formed by the Company which issued \$11,100 of variable rate trust preferred securities in 2005. The Company issued subordinated debentures to the trust in exchange for the proceeds of the offering; the debentures and related debt issuance costs represent the sole assets of the trust. The rate adjusts with the 3 Month Libor (plus 1.75%) adjusted quarterly. The interest rate at December 31, 2013 was 2.00%. These issues mature June 30, 2035 and became callable at par after June 30, 2011.

(Continued)

J-56

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 9 SUBORDINATED DEBENTURES (Continued)**

A third trust was formed by the Company which issued a total of \$10,000 of trust preferred securities in 2007. The Company issued subordinated debentures to the trust in exchange for the proceeds of the offering; the debentures and related debt issuance costs represent the sole assets of the trust. The issue consisted of \$6,000 at a fixed rate at 6.08% and \$4,000 at a variable rate adjusting with the 3 Month Libor (plus 1.37%) adjusted quarterly. In September 2012, the entire issue was converted to the variable rate. The interest rate at December 31, 2013 was 1.62%. These issues mature on September 15, 2037.

Subordinated debentures are presented in liabilities on the balance sheet and are included as Tier I capital for regulatory purposes.

**NOTE 10 NOTE PAYABLE**

On December 13, 2013, the Company renewed an outstanding line of credit for \$15 million from a commercial bank for the purpose of securing additional funds for capital infusion to the Bank or for debt service needs. Terms of the line of credit include a variable interest rate of either prime as published in the Wall Street Journal less 0.50% or Daily One Month LIBOR plus 2.00%. The interest rate at December 31, 2013 was 2.75%. Interest is due quarterly commencing March 31, 2014. The line of credit is unsecured and matures December 27, 2014. At December 31, 2013 and 2012, the Company had \$3,000 outstanding on this line of credit.

**NOTE 11 INCOME TAXES**

Income tax expense consists of the following:

	2013	2012	2011
Current Federal	\$ 8,288	\$ 6,021	\$ 4,257
Current State	89		
<b>Total current tax expense (benefit)</b>	<b>8,377</b>	<b>6,021</b>	<b>4,257</b>
Deferred Federal	(316)	487	872
Deferred State	853	644	192
<b>Total deferred tax expense</b>	<b>537</b>	<b>1,131</b>	<b>1,064</b>
Change in valuation allowance	(275)	(2,173)	(192)

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Net deferred income tax	262	(1,042)	872
Total income tax expense	\$ 8,639	\$ 4,979	\$ 5,129

(Continued)

J-57

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 11 INCOME TAXES (Continued)**

A reconciliation of income tax expense with the amount of income taxes (benefits) computed by applying the federal statutory rate (34%) to earnings before income taxes follows:

	2013	2012	2011
Computed expected income tax expense	\$ 9,242	\$ 7,754	\$ 6,130
Increase (decrease) in taxes resulting from:			
Tax exempt income	(860)	(911)	(872)
State income taxes, net of federated benefit	622	419	192
Change in valuation allowance	(275)	(2,173)	(192)
Captive insurance premiums	(242)	(362)	(381)
Other, net	152	252	252
Total income tax expense	\$ 8,639	\$ 4,979	\$ 5,129

Significant temporary differences between tax and financial reporting that result in deferred tax assets (liabilities) were as follows at December 31, 2013 and 2012:

	2013	2012
Allowance for loan losses	\$ 6,123	\$ 6,013
Write down on other real estate	1,286	1,473
Unrealized gain on securities	6,732	(6,390)
Unrealized loss hedging transactions	444	700
Asset revaluation WCB acquisition	(78)	(85)
FHLB stock dividends	(1,554)	(1,556)
Depreciation	(1,093)	(946)
Prepaid expenses	(505)	(550)
Deferred compensation	544	549
State net operating loss carry forward	974	1,555
Capital loss carry forward		275
Other, net	1,372	878
	14,245	1,916

Less valuation allowance		(275)
Net deferred tax asset	\$ 14,245	\$ 1,641

Management concluded a valuation allowance was not appropriate at December 31, 2013 primarily due to the fact that management believes it is more likely than not that the Tennessee net operating losses incurred through December 31, 2013 will be utilized before they expire. The need for the valuation allowance is evaluated periodically by management. Factors considered in the evaluation include historical operating results, forecasted future earnings, expansion plans, legislative changes, and other income considerations.

At December 31, 2013 and 2012, there were valuation allowances of \$0 and \$275 recognized against the gross deferred tax asset of \$14,245 and \$1,916, respectively. In 2012, management determined that a valuation allowance of \$275 was necessary against the Company's capital loss carryforward as it is more likely than not to expire before it can be used. During 2013, a capital gain was recognized and this valuation allowance was reversed.

(Continued)

J-58

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 11 INCOME TAXES (Continued)**

At December 31, 2013 and 2012 the Company has a Tennessee net operating loss carry forward of approximately \$21,839 and \$36,247, respectively, which is available to offset future taxable income. The Tennessee loss carryforwards will begin to expire in 2023, \$822 in 2023, \$14,697 expiring in 2024 and \$6,320 expiring in 2025.

The Company and its subsidiaries file a consolidated U.S. federal income tax return, as well as filing various returns in the states where its banking offices are located or conduct business. The federal and state filed income tax returns are no longer subject to examination by taxing authorities for years before 2010.

**NOTE 12 CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS**

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Management believes as of December 31, 2013 the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition.

If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2013 and 2012, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

(Continued)

Table of Contents

## COMMUNITY FIRST BANCSHARES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 12 CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS (Continued)**

The Corporation and the Bank's actual capital amounts and ratios at December 31, 2013 and 2012 were as follows:

	Actual Regulatory Capital		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>December 31, 2013</u>						
<u>Community First Bancshares, Inc.</u>						
Total Capital to risk weighted assets	\$ 208,829	17.44%	\$ 95,839	8.00%	NA	NA
Tier 1 Capital to risk weighted assets	193,860	16.19	47,896	4.00	NA	NA
Tier 1 Capital to average assets	193,860	10.21	75,949	4.00	NA	NA
<u>First State Bank</u>						
Total Capital to risk weighted assets	\$ 203,505	17.01%	\$ 95,711	8.00%	\$ 119,638	10.00%
Tier 1 Capital to risk weighted assets	188,536	15.76	47,858	4.00	71,788	6.00
Tier 1 Capital to average assets	188,536	10.02	75,264	4.00	94,080	5.00
<u>December 31, 2012</u>						
<u>Community First Bancshares, Inc.</u>						
Total Capital to risk weighted assets	\$ 191,340	17.94%	\$ 85,324	8.00%	NA	NA
Tier 1 Capital to risk weighted assets	177,978	16.68	42,681	4.00	NA	NA
Tier 1 Capital to average assets	177,978	10.23	69,591	4.00	NA	NA
<u>First State Bank</u>						
Total Capital to risk weighted assets	\$ 186,904	17.54%	\$ 85,247	8.00%	\$ 106,559	10.00%
Tier 1 Capital to risk weighted assets	173,542	16.29	42,613	4.00	63,920	6.00
Tier 1 Capital to average assets	173,542	10.07	68,934	4.00	86,168	5.00

**Dividend Restrictions:** The Company's principal source of funds for dividend payments is dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. Under these regulations, the amount of dividends that may be paid in any calendar year is limited to the current year's net profits, combined with the retained net profits of the preceding two years, subject to the capital requirements described above. During 2014, the Bank could, without prior approval, declare dividends of approximately \$29,818 plus any 2014 net profits retained to the date of the dividend declaration.



(Continued)

J-60

**Table of Contents**

**COMMUNITY FIRST BANCSHARES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)*

**NOTE 14 FAIR VALUES**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

**Investment Securities:** The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices (Level 1) are not available, fair values are calculated based on market prices of similar securities or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). The fair value of level 3 securities are determined by the Company's accounting department, which reports to the Chief Financial Officer (CFO). The CFO reviews the fair values and these are reported to the Board of Directors. Discounted cash flows are calculated using spread to swap and LIBOR curves that are updated to incorporate loss severities, volatility, credit spread and optionality.

**Interest Rate Swaps:** The fair values of interest rate swaps are based on valuation models using observable market data as of the measurement date (Level 2).

**Impaired Loans:** The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's

financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate

(Continued)

J-61

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 14 FAIR VALUES** (Continued)

appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Other real estate properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for both collateral-dependent impaired loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Management reviews the assumptions and approaches utilized in the appraisal. Management periodically evaluates the appraised values and will discount a property's appraised value to account for a number of factors including but not limited to the cost of liquidating the collateral, the age of the appraisal, observable deterioration since the appraisal, or other factors unique to the property.

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Carrying Value	Fair Value Measurements at December 31, 2013 Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial Assets</b>				
Obligations of U.S. government agencies	\$ 108,099	\$	\$ 108,099	\$
Agency mortgage-backed securities: residential	249,542		249,542	
Agency mortgage-backed securities: commercial	77,919		77,919	
Agency collateralized mortgage obligations: residential	127,606		127,606	
Obligations of states and political subdivisions	107,897		107,897	
Corporate notes	400		400	

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Equity securities	188		188	
Total securities available-for-sale	\$ 671,651	\$	\$ 671,651	\$
Financial Liabilities				
Interest rate swaps	\$ (1,541)	\$	\$ (1,541)	\$

(Continued)

J-62

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 14 FAIR VALUES (Continued)**

	Carrying Value	Fair Value Measurements at December 31, 2012 Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial Assets</b>				
Obligations of U.S. government agencies	\$ 34,954	\$	\$ 34,954	\$
Agency mortgage-backed securities: residential	373,042		373,042	
Agency mortgage-backed securities: commercial	22,615		22,615	
Agency collateralized mortgage obligations: residential	109,001		109,001	
Obligations of states and political subdivisions	91,445		91,445	
Corporate notes	500		500	
Trust preferred securities	623			623
Equity securities	234	54	180	
Total securities available-for-sale	\$ 632,414	\$ 54	\$ 631,737	\$ 623
<b>Financial Liabilities</b>				
Interest rate swaps	\$ (2,384)	\$	\$ (2,384)	\$

There were no transfers between Level 1 and Level 2 during 2013 or 2012.

Assets and Liabilities Measured on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	Carrying Value	Fair Value Measurements at December 31, 2013 Using:	
		Quoted Prices in Active Markets for Significant Other	Significant Unobservable

		Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Assets:				
Impaired loans:				
Real estate:				
Commercial	\$ 4,022	\$	\$	\$ 4,022

(Continued)

J-63

Table of Contents**COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 14 FAIR VALUES (Continued)**

	Fair Value Measurements at December 31, 2012 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Impaired loans:				
Real estate:				
Commercial	\$ 8,293	\$	\$	\$ 8,293

The following represent impairment charges recognized during the period:

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a carrying amount of \$4,022, with a valuation allowance of \$66 at December 31, 2013, resulting in an additional provision for loan losses of \$668 for the year ending December 31, 2013. At December 31, 2012, impaired loans had a carrying amount of \$8,293, with a valuation allowance of \$105 at December 31, 2012, resulting in an additional provision for loan losses of \$2,423 for the year ending December 31, 2012. At December 31, 2011, impaired loans had a carrying amount of \$13,963, with a valuation allowance of \$320 at December 31, 2011, resulting in an additional provision for loan losses of \$320 for the year ending December 31, 2011.

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2013 and 2012:

	Fair Value	Valuation Techniques(s)	Unobservable Input(s)	Range (Weighted Average)
<b>2013</b>				
Impaired Loans commercial real estate	\$4,022	Sales comparison approach	Adjustment for differences between the comparable sales	15%-25%(19%)



			Income approach	Capitalization rate	11%-13%(11%)
<u>2012</u>					
Impaired Loans	commercial real estate	\$8,293	Sales comparison approach	Adjustment for differences between the comparable sales	16%-50%(20%)
			Income approach	Capitalization rate	9%-12%(10%)

(Continued)

J-64

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 14 FAIR VALUES (Continued)**

The estimated fair values of the Company's financial instruments were as follows at December 31, 2013 and 2012.

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Cash and due from financial institutions	\$ 18,323	\$ 18,323	\$ 17,341	\$ 17,341
Interest-bearing deposits in financial institutions	20,025	20,025	19,296	19,296
Federal funds sold	7,749	7,749	8,761	8,761
Interest-bearing deposits	466	466	800	800
Securities available for sale	671,651	671,651	632,414	632,414
Securities held to maturity	200	200	320	320
Restricted equity securities	7,490	N/A	7,490	N/A
Loans held for sale	9,815	9,815	17,050	17,050
Loans, net of allowance	1,085,254	1,095,137	955,671	983,587
Accrued interest receivable	6,302	6,302	5,740	5,740
<b>Financial liabilities</b>				
Deposits	\$ 1,552,588	\$ 1,517,581	\$ 1,452,152	\$ 1,439,124
Federal funds purchased and securities sold under agreements to repurchase	24,406	24,406	18,891	18,891
Federal Home Loan Bank advances	144,779	146,033	70,104	71,808
Subordinated debentures	27,100	12,980	27,100	12,796
Notes payable	3,000	3,000	3,000	3,000
Accrued interest payable	1,309	1,309	2,028	2,028
Interest rate swap	1,541	1,541	2,384	2,384

The methods and assumptions, not previously described, used to estimate fair values are described as follows.

Carrying amount is the estimated fair value for cash and cash equivalents, interest bearing deposits, accrued interest receivable and payable, demand deposits, notes payable, and variable rate loans or deposits that reprice frequently and fully. Loans held for sale fair values are determined by quoted prices for similar loans from third-party investors. For fixed rate loans or deposits and for variable rate loans or deposits with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk. Fair

value of loans does not consider widening credit spreads due to market illiquidity. Fair value of subordinated debentures and other debt are based on current rates for similar types of financing. It was not practicable to determine the fair value of restricted securities due to restrictions placed on its transferability. The fair value of off-balance sheet items is considered nominal.

(Continued)

J-65

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 15 LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES**

Some financial instruments, such as loan commitments, credit lines, letters of credit, and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk of credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amount of financial instruments with off-balance-sheet risk was as follows at year-end.

	2013	2012
Commitments to make loans Variable	\$ 139,374	\$ 126,949
Commitments to make loans Fixed	79,350	34,279
Letters of credit	7,968	10,367

**NOTE 16 INTEREST RATE SWAPS**

The Company's interest rate swaps are recognized as assets or liabilities at fair value. Interest rate swaps are used as part of its asset liability management to help manage interest rate risk. The Company does not use interest rate swaps for trading purposes.

The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

**Interest Rate Swaps Designated as Cash Flow Hedges:** An interest rate swap with a notional amount totaling \$15.1 million as of December 31, 2013 and 2012, was designated as cash flow hedge of certain subordinated debentures and were determined to be fully effective during all periods presented. As such, no amount of ineffectiveness has been included in net income. Therefore, the aggregate fair value of the swaps is recorded in other liabilities with changes in fair value recorded in other comprehensive income (loss). The amount included in accumulated other comprehensive income (loss) would be reclassified to current earnings should the hedges no longer be considered effective. The Company expects the hedges to remain fully effective during the remaining terms of the swaps.

Summary information about the interest-rate swaps designated as cash flow hedges as of year-end is as follows:

	2013	2012
Notional amounts	\$ 15,100	\$ 15,100
Weighted average pay rates	4.91%	4.91%
Weighted average receive rates	1.90%	1.96%
Maturity	4 years	5 years
Fair value of cash flow interest rate swaps	\$ (1,160)	\$ (1,826)

Interest expense (net cash settlements) recorded on these swap transactions totaled \$237, \$344 and \$193 during 2013, 2012 and 2011, respectively and is reported as a component of interest expense.

(Continued)

J-66

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 16 INTEREST RATE SWAPS (Continued)**

The counterparty to the Company's derivative is exposed to credit risk whenever the derivative is in a liability position. The Company has posted \$1,985 in deposits as collateral to the extent the unsecured liability exists.

**Interest Rate Swaps Designated as Fair Value Hedges:** Interest rate swaps with notional amounts totaling \$3,292 and \$3,432 as of December 31, 2013 and 2012, respectively, were designated as fair value hedges of certain loans receivable and were determined to be fully effective during all periods presented. As such, no amount of ineffectiveness has been included in net income. Therefore, the aggregate fair value of the swaps is recorded in other assets (liabilities) with changes in fair value of loans recorded in loans receivable. The Company expects the hedges to remain fully effective during the remaining terms of the swaps.

Summary information about the interest-rate swaps designated as fair value hedges as of year-end is as follows:

	2013	2012
Notional amounts	\$ 3,292	\$ 3,432
Pay rates	6.35%	6.35%
Receive rates	2.1395%	2.1857%
Maturity	4 years	5 years
Fair value of fair value interest rate swap	\$ (381)	\$ (558)

Interest expense (net cash settlements) recorded on these swap transactions totaled \$142, \$148, and \$153 during 2013, 2012 and 2011, respectively, and is reported as a component of interest income from loans.

The gain or loss on the fair value interest rate swap as well as the offsetting loss or gain on the loan attributable to the hedged risk is recognized in current earnings. The Company includes the gain or loss on the loan in the same line item interest income from loans as the offsetting gain or loss related to the interest rate swap. In 2013, the loss on the loan was \$177 and the gain on the interest rate swap was \$177. In 2012, the gain on the loan was \$4 and the loss on the interest rate swap was \$4. In 2011, the gain on the loan was \$208 and the loss on the interest rate swap was \$208.

The counterparty to the Company's derivative is exposed to credit risk whenever the derivative is in a liability position. The Company has posted collateral of approximately \$504 in securities available for sale as collateral to the extent the unsecured liability exists.

**NOTE 17 PREFERRED STOCK**

On August 18, 2011, as part of the Small Business Lending Fund ( SBLF ), the Company entered into a Small Business Lending Fund Securities Purchase Agreement ( SBLF Purchase Agreement ) with the United States Department of the Treasury ( Treasury ). Under the SBLF Purchase Agreement, the Company issued 30,852 shares of preferred stock Series C to the Treasury. The preferred stock Series C shares qualify as Tier 1 capital and will pay quarterly dividends. During the first nine quarters the initial dividend rate was 5% but could fluctuate between 1% and 5% based on growth in qualified small business loans. After the initial period the rate became fixed based on qualified lending growth. The rate will remain fixed at 1% through December 2015.

(Continued)

J-67

**Table of Contents****COMMUNITY FIRST BANCSHARES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013, 2012, and 2011

*(Dollar amounts in thousands except per share data)***NOTE 17 PREFERRED STOCK (Continued)**

The proceeds received from the SBLF preferred series C shares were used to redeem the 20,000 shares of Series A and 1,000 shares of Series B preferred stock which were issued on March 20, 2009 as part of the United States Treasury's Troubled Asset Relief Program (TARP). All shares had a liquidation value of \$1,000.

**NOTE 18 OTHER COMPREHENSIVE INCOME (LOSS)**

The following is a summary of the accumulated other comprehensive income (loss) balances, net of tax:

	Balance at December 31, 2012	Current Period Change	Balance at December 31, 2013
Unrealized gains (losses) on securities available for sale	\$ 10,333	\$ (20,807)	\$ (10,474)
Unrealized losses (gains) on interest rate swaps	(1,163)	411	(752)
<b>Total</b>	<b>\$ 9,170</b>	<b>\$ (20,396)</b>	<b>\$ (11,226)</b>

J-68



## **Table of Contents**

### **Management's Discussion and Analysis**

#### **Critical Accounting Policies**

##### **Overview**

Community First follows accounting and reporting policies that conform, in all material respects, to accounting principles generally accepted in the United States of America and to general practices within the financial services industry. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. While Community First bases estimates on historical experience, current information and other factors deemed to be relevant, actual results could differ from those estimates.

Community First considers 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 the financial statements.

The accounting policies that Community First views as critical to the financial statements are those relating to estimates and judgments regarding (a) the determination of the adequacy of the allowance for loan losses and (b) income taxes.

##### **Allowance for Loan Losses on Loans**

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 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 and the composition, maturity and other qualitative characteristics of 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. Community First establishes general allocations for each major loan category. This category also includes allocations to loans which are collectively evaluated for loss such as one-to-four family 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. Any immaterial residual reserves are distributed among the loan portfolio categories based on their percent composition of the entire portfolio.

##### **Income Taxes**

Community First is subject to the federal income tax laws of the United States, and the tax laws of the states and other jurisdictions where the Community First conducts 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 Community First'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

J-69

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**Table of Contents**

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.

**Overview**

*March 31, 2014 Overview.* Net income for the three months ended March 31, 2014 was \$6.1 million and diluted earnings per share were \$16.51, compared to net income of \$4.0 million and \$10.00 diluted earnings per share for the same period of 2013. Net income available to common shareholders for the three months ended March 31, 2014 was \$6.0 million compared to \$3.6 million for the same period of 2013.

Community First continued its growth in core earnings for the first quarter. Although Community First has experienced loan growth and strong asset quality in recent reporting periods, management continues to focus upon operating efficiency. Management's focus continues to be improvement in core operating income.

The positive trends in the balance sheet, as reflected in our organic loan growth, enabled Community First to produce a net interest margin of 3.79% for the first quarter of 2014.

Stockholders' equity as of March 31, 2014 was \$169.3 million and book value per share was \$380.22. The ratio of stockholders' equity to total assets was 8.73% at March 31, 2014. Community First's Tier I leverage ratio of 10.38%, as well as the other regulatory capital ratios, remain significantly above the well capitalized levels (see the Capital section of this Item).

Total assets were \$1.9 billion at March 31, 2014, compared to \$1.9 billion at December 31, 2013 and \$1.8 billion at March 31, 2013. Total loans were \$1.1 billion at March 31, 2014, compared to \$1.1 billion at December 31, 2013 and \$962.8 million at March 31, 2013.

*2013 Overview.* Community First's net income for the year ended December 31, 2013 was \$18.4 million and diluted earnings per share were \$46.23, compared to net income of \$17.8 million and \$44.65 diluted earnings per share in 2012. Net income increased by \$584 thousand, or 3.28% and diluted earnings per share increased by \$1.58, or 3.54%.

Net income available to common shareholders increased to \$16.9 million for the year ended December 31, 2013 from \$16.3 million for 2012. The increase in net income available to common shareholders was attributable to increases in net interest income of \$5.6 million and non-interest income of \$1.1 million, a reduction in the provision for loan losses of \$568 thousand, offset by an increase in preferred stock dividends of \$8 thousand and increases in non-interest expense of \$3.0 million and income tax expense of \$3.7 million. The annualized return on average assets and average shareholders' equity were 0.93% and 11.62% for the year ended December 31, 2013, respectively, compared to 0.95% and 11.67% for the equivalent period in 2012.

Community First experienced positive trends in the balance sheet, as reflected in the bond portfolio, net loan and total deposits growth during the past year which enabled management to increase the net interest margin to 3.68% from 3.55%. In addition, the asset quality continued with its positive trend as nonperforming assets as a percentage of total assets decreased to 0.65% at December 31, 2013, compared to 0.89% at December 31, 2012, while the efficiency ratio improved to 66.21% from 68.07%.

Stockholders' equity as of December 31, 2013 was \$158.9 million. Community First's ratio of stockholders' equity to total assets was 8.26%. Community First participates in the Small Business Loan Fund (SBLF) preferred stock program. At December 31, 2013, Community First has \$30.9 million of SBLF preferred stock. Community First's Tier

I leverage ratio of 10.21%, as well as other regulatory capital ratios, remain significantly above the well capitalized requirements. See Table 18 Risk-Based Capital for regulatory capital ratios.

J-70

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**Table of Contents**

Total loans were \$1.1 billion at December 31, 2013, an increase of \$129.9 million, or 13.37%, from the same period in 2012. Community First experienced loan growth in all loan categories including \$94.3 million in real estate loans and \$18.8 million in commercial loans.

Despite the continued challenges in the economy, Community First continues to experience improved asset quality. The allowance for loan losses as a percent of total loans was 1.46% at December 31, 2013 compared to 1.62% at December 31, 2012. Non-performing loans equaled 0.59% of total loans at December 31, 2013 compared to 0.82% at December 31, 2012. Non-performing assets were 0.65% of total assets at December 31, 2013 compared to 0.89% at December 31, 2012. The allowance for loan losses was 249.05% of non-performing loans at December 31, 2013 compared to 197.54% at December 31, 2012. Community First's net charge-offs to average loans for 2013 were 0.07%, compared to 0.51% for 2012.

Total assets were \$ 1.9 billion at December 31, 2013 compared to \$1.7 billion at December 31, 2012, an increase of \$174.8 million primarily due to loans and securities growth, which was funded by growth in deposits and FHLB advances.

**Results of Operations****Net Interest Income**

Net interest income, the 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%.

The Federal Reserve Board sets various benchmark rates, including the Federal Funds rate, and thereby influences the general market rates of interest, including the deposit and loan rates offered by financial institutions. The Federal Reserve Board target for the Federal Funds rate, which is the cost to banks of immediately available overnight funds, has remained unchanged at 0.00% - 0.25% since December 16, 2008. Community First's loan portfolio is significantly affected by changes in the prime interest rate. The prime interest rate, which is the rate offered on loans to borrowers with strong credit, has remained unchanged at 3.25% since December 16, 2008.

***Results of Operations for March 31, 2014 and March 31, 2013***

For the three month period ended March 31, 2014, net interest income was \$16.4 million, an increase of \$2.5 million, or 17.87%, over the same period in 2013. The increase in net interest income was the result of a \$1.8 million increase in interest income and a \$707 thousand decrease in interest expense.

The increase in net interest margin was due to the reduction in the cost of interest-bearing liabilities to 0.74% for the first quarter of 2014 from 1.02% in the same quarter in 2013. The decrease in the cost of funds was achieved through reductions in time deposits and time deposit rates. First State Bank has been repricing time deposit products to lower rates and converting these types of deposits to transactional products. Also contributing to the increase in margin, were the \$77.8 million FHLB advances issued at lower interest rates.

By March 31, 2014, First State Bank averaged non-interest bearing deposits of \$174.8 million, an increase of \$20.9 million from \$153.9 million for the same quarter in 2013.

The yield on interest earning assets declined to 4.44% in the first quarter of 2014 from 4.53% in the first quarter of 2013 while interest income on a fully taxable equivalent basis increased to \$19.7 million from \$17.9 million

J-71

**Table of Contents**

over the respective periods. First State Bank's average loans increased to \$1.1 billion for the quarter ended March 31, 2014 from \$909.7 million for the prior year period which has primarily been funded by an increase in deposits and FHLB advances.

The following tables reflect an analysis of net interest income on a fully taxable equivalent basis for the three months ended March 31, 2014 and 2013, respectively, as well as changes in fully taxable equivalent net interest margin for the three months ended March 31, 2014, versus March 31, 2013.

<i>(FTE = Fully Taxable Equivalent)</i> (In thousands)	Three Months Ended March 31,	
	2014	2013
Interest income	\$ 19,225	\$ 17,451
FTE adjustment	472	410
Interest income FTE	19,697	17,861
Interest expense	2,862	3,569
Net interest income FTE	\$ 16,835	\$ 14,292
Yield on earnings assets FTE	4.44%	4.53%