SIMMONS FIRST NATIONAL CORP
Form 10-K
March 14, 2006

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

FORM 10-K

(Mark One)
T Annual Report Pursuant to Section 13 or 15(d) of the Exchange Act of 1934
For the fiscal year ended: December 31, 2005
or
£ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 0-6253

SIMMONS FIRST NATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

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

(870) 541-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.01 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. £ Yes S No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. £ Yes S No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. S Yes £ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or in information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. £

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

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

The aggregate market value of the Registrant's Common Stock, par value $0.01 per share, held by non-affiliates on June 30, 2005, was $346,727,899 based upon the last trade price as reported on the Nasdaq National Market® of $27.11.

The number of shares outstanding of the Registrant's Common Stock as of February 9, 2006 was 14,249,485.

Part III is incorporated by reference from the Registrant's Proxy Statement relating to the Annual Meeting of shareholders to be held on April 11, 2006.

Introduction

The Company has chosen to combine our Annual Report to Shareholders with our Form 10-K, which is a document that U.S. public companies file with the Securities and Exchange Commission every year. Many readers are familiar with "Part II" of the Form 10-K, as it contains the business information and financial statements that were included in the financial sections of our past Annual Reports. These portions include information about our business that the Company believes will be of interest to investors. The Company hopes investors will find it useful to have all of this information available in a single document.

The Securities and Exchange Commission allows the Company to report information in the Form 10-K by "incorporated by reference" from another part of the Form 10-K, or from the proxy statement. You will see that information is "incorporated by reference" in various parts of our Form 10-K.

A more detailed table of contents for the entire Form 10-K follows:

FORM 10-K INDEX

Part I

Item 1	Business	1
Item 1A	Risk Factors	6
Item 1B	Unresolved Staff Comments	7
Item 2	Properties	7
Item 3	Legal Proceedings	7
Item 4	Submission of Matters to a Vote of Security-Holders	7

Part II

Item 5	Market for Registrant's Common Equity and Related Stockholder Matters	8
Item 6	Selected Consolidated Financial Data	10
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 7A	Quantitative and Qualitative Disclosures About Market Risk	37
Item 8	Consolidated Financial Statements and Supplementary Data	40
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	72
Item 9A	Controls and Procedures	72
Item 9B	Other Information	72

Part III

Item 10	Directors and Executive Officers of the Company	72
Item 11	Executive Compensation	72

Item 12	Security Ownership of Certain Beneficial Owners and Management	72
Item 13	Certain Relationships and Related Transactions	72
Item 14	Principal Accounting Fees and Services	72

Part IV

Item 15	Exhibits and Financial Statement Schedules	73
	Signatures	75

PART I

ITEM 1. BUSINESS

The Company and the Banks

Simmons First National Corporation (the "Company") is a financial holding company registered under the Bank Holding Company Act of 1956. The Gramm-Leach-Bliley-Act ("GLB Act") has substantially increased the financial activities that certain banks, bank holding companies, insurance companies and securities brokerage companies are permitted to undertake. Under the GLB Act, expanded activities in insurance underwriting, insurance sales, securities brokerage and securities underwriting not previously allowed for banks and bank holding companies are now permitted upon satisfaction of certain guidelines concerning management, capitalization and satisfaction of the applicable Community Reinvestment Act guidelines for the banks. Generally these new activities are permitted for bank holding companies whose banking subsidiaries are well managed, well capitalized and have at least a satisfactory rating under the Community Reinvestment Act. A bank holding company must apply to become a financial holding company and the Board of Governors of the Federal Reserve System must approve its application.

The Company's application to become a financial holding company was approved by the Board of Governors on March 13, 2000. The Company has reviewed the new activities permitted under the Act. If the appropriate opportunity presents itself, the Company is interested in expanding into other financial services.

The Company was the largest publicly traded financial holding company headquartered in Arkansas with consolidated total assets of $2.5 billion, consolidated loans of $1.7 billion, consolidated deposits of $2.1 billion and total equity capital of $244 million as of December 31, 2005. The Company owns eight community banks in Arkansas. The Company's banking subsidiaries conduct their operations through 81 offices, of which 79 are financial centers, located in 46 communities in Arkansas.

Simmons First National Bank (the "Bank") is the Company's lead bank. The Bank is a national bank, which has been in operation since 1903. The Bank's primary market area, with the exception of its nationally provided credit card product, is Central and Western Arkansas. At December 31, 2005 the Bank had total assets of $1.2 billion, total loans of $820 million and total deposits of $975 million. Simmons First Trust Company N.A., a wholly owned subsidiary of the Bank, performs the trust and fiduciary business operations for the Bank as well as the Company. Simmons First Investment Group, Inc. ('SFIG"), a wholly owned subsidiary of the Bank, which is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers (NASD), performs the broker-dealer operations of the Bank.

Simmons First Bank of Jonesboro ("Simmons/Jonesboro") is a state bank, which was acquired in 1984. Simmons/Jonesboro's primary market area is Northeast Arkansas. At December 31, 2005, Simmons/Jonesboro had total assets of $253 million, total loans of $221 million and total deposits of $227 million

Simmons First Bank of South Arkansas ("Simmons/South") is a state bank, which was acquired in 1984. Simmons/South's primary market area is Southeast Arkansas. At December 31, 2005, Simmons/South had total assets of $132 million, total loans of $76 million and total deposits of $116 million.

Simmons First Bank of Northwest Arkansas ("Simmons/Northwest") is a state bank, which was acquired in 1995. Simmons/Northwest's primary market area is Northwest Arkansas. At December 31, 2005, Simmons/Northwest had total assets of $265 million, total loans of $196 million and total deposits of $231 million.

Simmons First Bank of Russellville ("Simmons/Russellville") is a state bank, which was acquired in 1997. Simmons/Russellville's primary market area is Russellville, Arkansas. At December 31, 2005, Simmons/Russellville

had total assets of $200 million, total loans of $129 million and total deposits of $151 million.

Simmons First Bank of Searcy ("Simmons/Searcy") is a state bank, which was acquired in 1997. Simmons/Searcy's primary market area is Searcy, Arkansas. At December 31, 2005, Simmons/Searcy had total assets of $133 million, total loans of $96 million and total deposits of $103 million.

Simmons First Bank of El Dorado, N.A. ("Simmons/El Dorado") is a national bank, which was acquired in 1999. Simmons/El Dorado's primary market area is South Central Arkansas. At December 31, 2005, Simmons/El Dorado had total assets of $210 million, total loans of $105 million and total deposits of $179 million.

Simmons First Bank of Hot Springs (“Simmons/Hot Springs”) is a state bank, which was acquired in 2004. Simmons/Hot Springs’ primary market area is Hot Springs, Arkansas. At December 31, 2005, Simmons/Hot Springs had total assets of $162 million, total loans of $75 million and total deposits of $115 million.

The Company's subsidiaries provide complete banking services to individuals and businesses throughout the market areas they serve. Services include consumer (credit card, student and other consumer), real estate (construction, single family residential and other commercial) and commercial (commercial, agriculture and financial institutions) loans, checking, savings and time deposits, trust and investment management services, and securities and investment services.

Loan Risk Assessment

As part of the ongoing risk assessment, the Company has an Asset Quality Review Committee of management that meets quarterly to review the adequacy of the allowance for loan losses. The Committee reviews the status of past due, non-performing and other impaired loans, reserve ratios, and additional performance indicators for all of its subsidiary banks. The allowance for loan losses is determined based upon the aforementioned performance factors, and adjustments are made accordingly. Also, an unallocated reserve is established to compensate for the uncertainty in estimating loan losses, including the possibility of improper risk ratings and specific reserve allocations.

The Board of Directors of each of the Company's subsidiary banks reviews the adequacy of its allowance for loan losses on a monthly basis giving consideration to past due loans, non-performing loans, other impaired loans, and current economic conditions. The Company's loan review department monitors each of its subsidiary bank's loan information monthly. In addition, the loan review department prepares an analysis of the allowance for loan losses for each subsidiary bank twice a year, and reports the results to the Company's Audit and Security Committee. In order to verify the accuracy of the monthly analysis of the allowance for loan losses, the loan review department performs an on-site detailed review of each subsidiary bank's loan files on a semi-annual basis.

Growth Strategy

The Company's growth strategy is to primarily focus on the state of Arkansas. More specifically, the Company is interested in expansion by opening new financial centers or by acquisitions of financial centers in growth or strategic markets, preferably with assets totaling $200 million or more. For example, in 2005 the Company added three branch locations in the Little Rock/Conway metropolitan area, one in the Fayetteville/Springdale/Rogers metropolitan area and one in the Fort Smith metropolitan area. For 2006, the Company plans to add financial centers in Little Rock, North Little Rock, Beebe, Paragould, El Dorado and White Hall. While new financial centers can be dilutive to earnings in the short-term, the Company believes they will reward shareholders in the intermediate and long-term. As the Company nears completion of its desired footprint within the state of Arkansas, it may evaluate opportunities to expand into contiguous states.

With an expanded presence in Arkansas, ongoing investments in technology, and enhanced products and services, the Company is in position to meet the demands of customers in the markets it serves.

Competition

The activities engaged in by the Company and its subsidiaries are highly competitive. In all aspects of its business, the Company encounters intense competition from other banks, lending institutions, credit unions, savings and loan associations, brokerage firms, mortgage companies, industrial loan associations, finance companies, and several other financial and financial service institutions. The amount of competition among commercial banks and other financial institutions has increased significantly over the past few years since the deregulation of the banking industry. The Company's subsidiary banks actively compete with other banks and financial institutions in their efforts to obtain

deposits and make loans, in the scope and type of services offered, in interest rates paid on time deposits and charged on loans and in other aspects of commercial banking.

The Company's banking subsidiaries are also in competition with major national and international retail banking establishments, brokerage firms and other financial institutions within and outside Arkansas. Competition with these financial institutions is expected to increase, especially with the increase in interstate banking.

Employees

As of February 9, 2006, the Company and its subsidiaries had approximately 1,110 full time equivalent employees. None of the employees is represented by any union or similar groups, and the Company has not experienced any labor disputes or strikes arising from any such organized labor groups. The Company considers its relationship with its employees to be good.

Executive Officers of the Company

The following is a list of all executive officers of the Company. The Board of Directors elects executive officers annually.

NAME	AGE	POSITION	YEARS SERVED
J. Thomas May	59	Chairman, President and Chief Executive Officer	19
Barry L. Crow *(1)*	62	Executive Vice President and Chief Operating Officer	35
Robert A. Fehlman	41	Senior Vice President and Chief Financial Officer	17
Tommie K. Jones	58	Senior Vice President and Human Resources Director	31
L. Ann Gill	58	Senior Vice President and Auditor	40
Kevin J. Archer	42	Senior Vice President/Credit Policy and Risk Assessment	10
David W. Garner	36	Vice President and Controller	8
John L. Rush	71	Secretary	38

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(1) Retired December 31, 2005

Board of Directors of the Company

The following is a list of the Board of Directors of the Company as of December 31, 2005, along with their principal occupation.

NAME	PRINCIPAL OCCUPATION
William E. Clark	Chairman and Chief Executive Officer
	CDI Contractors, LLC
Steven A. Cosse¢	Executive Vice President and General Counsel
	Murphy Oil Corporation
Lara F. Hutt, III	President
	Hutt Building Material Company, Inc.
George A. Makris, Jr.	President
	M.K. Distributors, Inc.
J. Thomas May	Chairman, President and Chief Executive Officer

	Simmons First National Corporation
W. Scott McGeorge	President
	Pine Bluff Sand and Gravel Company
Harry L. Ryburn, D.D.S.	Orthodontist
Henry F. Trotter, Jr.	President
	Trotter Ford, Inc.; Trotter Auto, Inc.

SUPERVISION AND REGULATION

The Company

The Company, as a bank holding company, is subject to both federal and state regulation. Under federal law, a bank holding company generally must obtain approval from the Board of Governors of the Federal Reserve System ("FRB") before acquiring ownership or control of the assets or stock of a bank or a bank holding company. Prior to approval of any proposed acquisition, the FRB will review the effect on competition of the proposed acquisition, as well as other regulatory issues.

The federal law generally prohibits a bank holding company from directly or indirectly engaging in non-banking activities. This prohibition does not include loan servicing, liquidating activities or other activities so closely related to banking as to be a proper incident thereto. Bank holding companies, including the Company, which have elected to qualify as financial holding companies, are authorized to engage in financial activities. Financial activities include any activity that is financial in nature or any activity that is incidental or complimentary to a financial activity.

As a financial holding company, the Company is required to file with the FRB an annual report and such additional information as may be required by law. From time to time, the FRB examines the financial condition of the Company and its subsidiaries. The FRB, through civil and criminal sanctions, is authorized to exercise enforcement powers over bank holding companies (including financial holding companies) and non-banking subsidiaries, to limit activities that represent unsafe or unsound practices or constitute violations of law.

The Company is subject to certain laws and regulations of the state of Arkansas applicable to financial and bank holding companies, including examination and supervision by the Arkansas Bank Commissioner. Under Arkansas law, a financial or bank holding company is prohibited from owning more than one subsidiary bank, if any subsidiary bank owned by the holding company has been chartered for less than 5 years and, further, requires the approval of the Arkansas Bank Commissioner for any acquisition of more than 25% of the capital stock of any other bank located in Arkansas. No bank acquisition may be approved if, after such acquisition, the holding company would control, directly or indirectly, banks having 25% of the total bank deposits in the state of Arkansas, excluding deposits of other banks and public funds.

Legislation enacted in 1994, allows bank holding companies (including financial holding companies) from any state to acquire banks located in any state without regard to state law, provided that the holding company (1) is adequately capitalized, (2) is adequately managed, (3) would not control more than 10% of the insured deposits in the United States or more than 30% of the insured deposits in such state, and (4) such bank has been in existence at least five years if so required by the applicable state law.

Subsidiary Banks

Simmons First National Bank, Simmons/El Dorado and Simmons First Trust Company N.A., as national banking associations, are subject to regulation and supervision, of which regular bank examinations are a part, by the Office of the Comptroller of the Currency of the United States ("OCC"). Simmons/Jonesboro, Simmons/South, Simmons/Northwest and Simmons/Hot Springs, as state chartered banks, are subject to the supervision and regulation, of which regular bank examinations are a part, by the Federal Deposit Insurance Corporation ("FDIC") and the Arkansas State Bank Department. Simmons/Russellville and Simmons/Searcy, as state chartered member banks, are subject to the supervision and regulation, of which regular bank examinations are a part, by the Federal Reserve Board and the Arkansas State Bank Department. The lending powers of each of the subsidiary banks are generally subject to certain restrictions, including the amount, which may be lent to a single borrower.

Prior to passage of the GLB Act in 1999, the subsidiary banks, with numerous exceptions, were subject to the application of the laws of the state of Arkansas, regarding the limitation of the maximum permissible interest rate on loans. The Arkansas limitation for general loans was 5% over the Federal Reserve Discount Rate, with an additional maximum limitation of 17% per annum for consumer loans and credit sales. Certain loans secured by first liens on residential real estate and certain loans controlled by federal law (e.g., guaranteed student loans, SBA loans, etc.) were exempt from this limitation; however, a substantial portion of the loans made by the subsidiary banks, including all credit card loans, have historically been subject to this limitation. The GLB Act included a provision which sets the maximum interest rate on loans made in Arkansas, by banks with Arkansas as their home state, at the greater of the rate authorized by Arkansas law or the highest rate permitted by any of the out-of-state banks which maintain branches in Arkansas. An action was brought in the Western District of Arkansas, attacking the validity of the statute in 2000. Subsequently, the District Court issued a decision upholding the statute, and during October 2001, the Eighth Circuit Court of Appeals upheld the statute on appeal. Thus, in the fourth quarter of 2001, the Company began to implement the changes permitted by the GLB Act.

All of the Company's subsidiary banks are members of the FDIC, which currently insures the deposits of each member bank to a maximum of $100,000 per deposit relationship. For this protection, each bank pays a statutory assessment to the FDIC each year.

Federal law substantially restricts transactions between banks and their affiliates. As a result, the Company's subsidiary banks are limited in making extensions of credit to the Company, investing in the stock or other securities of the Company and engaging in other financial transactions with the Company. Those transactions, which are permitted, must generally be undertaken on terms at least as favorable to the bank, as those prevailing in comparable transactions with independent third parties.

Potential Enforcement Action for Bank Holding Companies and Banks

Enforcement proceedings seeking civil or criminal sanctions may be instituted against any bank, any financial or bank holding company, any director, officer, employee or agent of the bank or holding company, which is believed by the federal banking agencies to be violating any administrative pronouncement or engaged in unsafe and unsound practices. In addition, the FDIC may terminate the insurance of accounts, upon determination that the insured institution has engaged in certain wrongful conduct, or is in an unsound condition to continue operations.

Risk-Weighted Capital Requirements for the Company and the Banks

Since 1993, banking organizations (including financial holding companies, bank holding companies and banks) were required to meet a minimum ratio of Total Capital to Total Risk-Weighted Assets of 8%, of which at least 4% must be in the form of Tier 1 Capital. A well-capitalized institution is one that has at least a 10% "total risk-based capital" ratio. For a tabular summary of the Company’s risk-weighted capital ratios, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital" and Note 19 of the Notes to Consolidated Financial Statements.

A banking organization's qualifying total capital consists of two components: Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is an amount equal to the sum of common shareholders' equity, hybrid capital instruments (instruments with characteristics of debt and equity) in an amount up to 25% of Tier 1 Capital, certain preferred stock and the minority interest in the equity accounts of consolidated subsidiaries. For bank holding companies and financial holding companies, goodwill may not be included in Tier 1 Capital. Identifiable intangible assets may be included in Tier 1 Capital for banking organizations, in accordance with certain further requirements. At least 50% of the banking organization's total regulatory capital must consist of Tier 1 Capital.

Tier 2 Capital is an amount equal to the sum of the qualifying portion of the allowance for loan losses, certain preferred stock not included in Tier 1, hybrid capital instruments (instruments with characteristics of debt and equity), certain long-term debt securities and eligible term subordinated debt, in an amount up to 50% of Tier 1 Capital. The eligibility of these items for inclusion as Tier 2 Capital is subject to certain additional requirements and limitations of the federal banking agencies.

Under the risk-based capital guidelines, balance sheet assets and certain off-balance sheet items, such as standby letters of credit, are assigned to one of four-risk weight categories (0%, 20%, 50%, or 100%), according to the nature of the asset, its collateral or the identity of the obligor or guarantor. The aggregate amount in each risk category is adjusted by the risk weight assigned to that category, to determine weighted values, which are then added to determine the total risk-weighted assets for the banking organization. For example, an asset, such as a commercial loan, assigned to a 100% risk category, is included in risk-weighted assets at its nominal face value, but a loan secured by a one-to-four family residence is included at only 50% of its nominal face value. The applicable ratios reflect capital, as so determined, divided by risk-weighted assets, as so determined.

5

Federal Deposit Insurance Corporation Improvement Act

The Federal Deposit Insurance Corporation Improvement Act ("FDICIA"), enacted in 1991, requires the FDIC to increase assessment rates for insured banks and authorizes one or more "special assessments," as necessary for the repayment of funds borrowed by the FDIC or any other necessary purpose. As directed in FDICIA, the FDIC has adopted a transitional risk-based assessment system, under which the assessment rate for insured banks will vary, according to the level of risk incurred in the bank's activities. The risk category and risk-based assessment for a bank is determined from its classification, pursuant to the regulation, as well capitalized, adequately capitalized or undercapitalized.

FDICIA substantially revised the bank regulatory provisions of the Federal Deposit Insurance Act and other federal banking statutes, requiring federal banking agencies to establish capital measures and classifications. Pursuant to the regulations issued under FDICIA, a depository institution will be deemed to be well capitalized if it significantly exceeds the minimum level required for each relevant capital measure; adequately capitalized if it meets each such measure; undercapitalized if it fails to meet any such measure; significantly undercapitalized if it is significantly below any such measure; and critically undercapitalized if it fails to meet any critical capital level set forth in regulations. The federal banking agencies must promptly mandate corrective actions by banks that fail to meet the capital and related requirements, in order to minimize losses to the FDIC. The FDIC and OCC advised the Company that the subsidiary banks have been classified as well capitalized under these regulations.

The federal banking agencies are required by FDICIA to prescribe standards for banks and bank holding companies (including financial holding companies), relating to operations and management, asset quality, earnings, stock valuation and compensation. A bank or bank holding company that fails to comply with such standards will be required to submit a plan designed to achieve compliance. If no plan is submitted or the plan is not implemented, the bank or holding company would become subject to additional regulatory action or enforcement proceedings.

A variety of other provisions included in FDICIA may affect the operations of the Company and the subsidiary banks, including new reporting requirements, revised regulatory standards for real estate lending, "truth in savings" provisions, and the requirement that a depository institution give 90 days prior notice to customers and regulatory authorities before closing any branch.

Securities and Exchange Commission Filings

The Company maintains an Internet website at www.simmonsfirst.com. On this website under the section, investor relations - documents, the Company makes its filings with the Securities and Exchange Commission available free of charge.

ITEM 1A. RISK FACTORS

Investments in the Company’s common stock involve risk. The market price of the Company’s common stock may fluctuate significantly in response to a number of factors, including:

- changes in securities analysts’ estimates of financial performance
-

volatility of stock market prices and volumes
- rumors or erroneous information
- changes in market valuations of similar companies
- changes in interest rates
- new developments in the banking industry
- variations in quarterly or annual operating results
-

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-Maturity								
U.S. Treasury	$ 1,004	$ –	$ (20)	$ 984	$ 4,020	$ 12	$ (19)	$ 4,013
U.S. Government agencies	28,000	–	(473)	27,527	21,500	18	(76)	21,442
Mortgage-backed securities	187	3	–	190	307	7	(1)	313
State and political subdivisions	117,148	662	(1,298)	116,512	122,457	1,617	(390)	123,684
Other securities	3,960	–	–	3,960	2,980	–	–	2,980
Total HTM	$ 150,299	$ 665	$ (1,791)	$ 149,173	$ 151,264	$ 1,654	$ (486)	$ 152,432
Available-for-Sale								
U.S. Treasury	$ 10,989	$ –	$ (102)	$ 10,887	$ 24,218	$ 3	$ (125)	$ 24,096
U.S. Government agencies	348,570	35	(7,615)	340,990	343,716	226	(2,856)	341,086
Mortgage-backed securities	3,392	9	(92)	3,309	3,919	13	(55)	3,877
State and political subdivisions	3,014	39	–	3,053	4,616	130	–	4,746
Other securities	12,561	690	–	13,251	16,154	1,111	(276)	16,989
Total AFS	$ 378,526	$ 773	$ (7,809)	$ 371,490	$ 392,623	$ 1,483	$ (3,312)	$ 390,794

Table 13 reflects the amortized cost and estimated fair value of securities at December 31, 2005, by contractual maturity and the weighted average yields (for tax-exempt obligations on a fully taxable equivalent basis, assuming a 37.5% tax rate) of such securities. 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.

Table 13: Maturity Distribution of Investment Securities

	December 31, 2005							
(In thousands)	1 year or less	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years	No fixed maturity	Total	Par Value	Par Value
Held-to-Maturity								
U.S. Treasury	$ 1,004	$ –	$ –	$ –	$ –	$ 1,004	$ 1,000	$ 984
U.S. Government agencies	5,000	17,000	6,000	–	–	28,000	28,000	27,527
Mortgage-backed securities	–	6	20	161	–	187	186	190
State and political subdivisions	18,307	37,458	58,403	2,980	–	117,148	117,085	116,512
Other securities	–	–	–	930	3,030	3,960	3,960	3,960
Total HTM	$ 24,311	$ 54,464	$ 64,423	$ 4,071	$ 3,030	$ 150,299	$ 150,231	$ 149,173
Percentage of total	16.2%	36.2%	42.9%	2.7%	2.0%	100.0%		
Weighted average yield	3.2%	4.2%	4.1%	4.2%	2.4%	4.0%		
Available-for-Sale								
U.S. Treasury	$ 6,494	$ 4,495	$ –	$ –	$ –	$ 10,989	$ 11,000	$ 10,887
U.S. Government agencies	73,345	215,675	59,550	–	–	348,570	348,585	340,990
Mortgage-backed securities	–	214	928	2,250	–	3,392	3,434	3,309
State and political subdivisions	705	1,810	499	–	–	3,014	3,015	3,053
Other securities	–	–	–	–	12,561	12,561	13,251	13,251
Total AFS	$ 80,544	$ 222,194	$ 60,977	$ 2,250	$ 12,561	$ 378,526	$ 379,285	$ 371,490
Percentage of total	21.3%	58.7%	16.1%	0.6%	3.3%	100.0%		
Weighted average yield	2.7%	3.7%	5.5%	5.2%	4.9%	3.8%		

Deposits

Deposits are the Company’s primary source of funding for earning assets and are primarily developed through the Company’s network of 79 financial centers as of December 31, 2005. The Company offers a variety of products designed to attract and retain customers with a continuing focus on developing core deposits. The Company’s core deposits consist of all deposits excluding time deposits of $100,000 or more and brokered deposits. As of December 31, 2005, core deposits comprised 79.9% of the Company’s total deposits.

The Company continually monitors the funding requirements at each affiliate bank, along with competitive interest rates in the markets it serves. Because of the Company’s community banking philosophy, affiliate executives in the local markets establish the interest rates offered on both core and non-core deposits. This approach ensures that the interest rates being paid are competitively priced for each particular deposit product and structured to meet the funding requirements. The Company believes it is paying a competitive rate, when compared with pricing in those markets.

The Company manages its interest expense through deposit pricing and does not anticipate a significant change in total deposits. The Company believes that additional funds can be attracted and deposit growth can be accelerated through deposit pricing if it experiences increased loan demand or other liquidity needs. The Company began to utilize brokered deposits during 2005 as an additional source of funding to meet liquidity needs.

The Company's total deposits as of December 31, 2005 were $2.060 billion, an increase of $101 million, or 5.15%, from $1.959 billion at December 31, 2004. The Company had $51 million of brokered deposits at December 31, 2005.

Table 14 reflects the classification of the average deposits and the average rate paid on each deposit category, which are in excess of 10 percent of average total deposits for the three years ended December 31, 2005.

Table 14: Average Deposit Balances and Rates

	December 31 2005					
	2005		2004		2003	
(In thousands)	Average Amount	Average Rate Paid	Average Amount	Average Rate Paid	Average Amount	Average Rate Paid
Non-interest bearing transaction accounts	$ 303,974	–	$ 293,060	–	$ 242,902	–
Interest bearing transaction and savings deposits	762,558	1.02%	729,842	0.68%	579,618	0.79%
Time deposits $100,000 or more	371,871	2.83%	349,224	2.00%	316,245	2.34%
Other time deposits	578,949	2.74%	543,136	2.06%	497,728	2.52%
Total	$ 2,017,352	1.79%	$ 1,915,262	1.21%	$ 1,636,493	1.50%

The Company's maturities of large denomination time deposits at December 31, 2005 and 2004 are presented in table 15.

Table 15: Maturities of Large Denomination Time Deposits

	Time Certificates of Deposit ($100,000 or more) December 31			
	2005		2004	
(In thousands)	Balance	Percent	Balance	Percent
Maturing				
Three months or less	$ 97,676	26.8%	$ 131,551	36.9%
Over 3 months to 6 months	80,763	22.2%	92,048	25.8%
Over 6 months to 12 months	113,968	31.3%	89,399	25.0%
Over 12 months	71,770	19.7%	43,928	12.3%

Total	$	364,177	100.00%	$	356,926	100.00%

Short-Term Debt

Federal funds purchased and securities sold under agreements to repurchase were $107.2 million at December 31, 2005, as compared to $104.8 million at December 31, 2004. Other short-term borrowings, consisting of U.S. TT&L Notes and short-term FHLB borrowings, were $8.0 million at December 31, 2005, as compared to $2.4 million at December 31, 2004.

The Company has historically funded its growth in earning assets through the use of core deposits, large certificates of deposits from local markets, FHLB borrowings and federal funds purchased. Management anticipates that these sources will provide necessary funding in the foreseeable future.

Long-Term Debt

The Company's long-term debt was $87.0 million and $94.7 million at December 31, 2005 and 2004, respectively. The outstanding balance for December 31, 2005 includes $4.0 million in long-term debt, $52.1 million in FHLB long-term advances and $30.9 million of trust preferred securities. The outstanding balance for December 31, 2004, includes $6.0 million in long-term debt, $57.7 million in FHLB long-term advances and $30.9 million of trust preferred securities.

During the year ended December 31, 2005, the Company decreased long-term debt by $7.7 million, or 8.1% from December 31, 2004. This decrease is attributable to the Company's annual $2.0 million payment on its note payable along with scheduled principal pay downs on FHLB long-term advances.

On December 31, 2004, the Company redeemed the entire issue of Simmons First Capital Trust 9.12% Trust Preferred Securities, due June 30, 2027, with an aggregate face amount of $17,250,000.

Aggregate annual maturities of long-term debt at December 31, 2005 are presented in table 16.

Table 16: Maturities of Long-Term Debt

(In thousands)	Year		Annual Maturities
	2006	$	13,020
	2007		11,440
	2008		7,164
	2009		5,396
	2010		5,396
	Thereafter		44,604
	Total	$	87,020

Capital

Overview

At December 31, 2005, total capital reached $244.1 million. Capital represents shareholder ownership in the Company -- the book value of assets in excess of liabilities. At December 31, 2005, the Company's equity to asset ratio was 9.67% compared to 9.87% at year-end 2004.

Capital Stock

At the Company's annual shareholder meeting held on March 30, 2004, the shareholders approved an amendment to the Articles of Incorporation reducing the par value of the Class A Common Stock from $1.00 to $0.01 and eliminating the authority of the Company to issue Class B Common Stock, Class A Preferred Stock and Class B Preferred Stock.

Stock Repurchase

On May 25, 2004, the Company announced the adoption by the Board of Directors of a repurchase program. The program authorizes the repurchase of up to 5% of the outstanding Common Stock, or 733,485 shares. Under the repurchase program, there is no time limit for the stock repurchases, nor is there a minimum number of shares the Company intends to repurchase. The Company may discontinue purchases at any time that management determines additional purchases are not warranted. The shares are to be purchased from time to time at prevailing market prices, through open market or unsolicited negotiated transactions, depending upon market conditions. The Company intends to use the repurchased shares to satisfy stock option exercise, payment of future stock dividends and general corporate purposes.

During the year ended December 31, 2005, the Company repurchased a total of 371,453 shares of stock with a weighted average repurchase price of $26.10 per share. There were 121,453 shares with a weighted average repurchase price of $26.31 per share repurchased under the plan, while there were 250,000 shares with a weighted average repurchase price of $26.00 per share repurchased in a separately negotiated private transaction outside the plan.

Cash Dividends

The Company declared cash dividends on its Common Stock of $0.61 per share for the twelve months ended 2005 compared to $0.57 per share for the twelve months ended 2004. In recent years, the Company increased dividends no less than annually and presently plans to continue with this practice.

Parent Company Liquidity

The primary liquidity needs of the Parent Company are the payment of dividends to shareholders, the funding of debt obligations and the share repurchase plan. The primary sources for meeting these liquidity needs are the current cash on hand at the parent company and the future dividends received from the eight affiliate banks. Payment of dividends by the eight affiliate banks is subject to various regulatory limitations. Reference is made to Item 7A Liquidity and Qualitative Disclosures About Market Risk discussion for additional information regarding the parent company’s liquidity.

Risk-Based Capital

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

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of December 31, 2005, the Company meets all capital adequacy requirements to which it is subject.

As of the most recent notification from regulatory agencies, the subsidiaries were well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and subsidiaries must

maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institutions' categories.

The Company's risk-based capital ratios at December 31, 2005 and 2004 are presented in table 17.

Table 17: **Risk-Based Capital**

(In thousands)	December 31 2005	2004
Tier 1 capital		
Stockholders' equity	$ 244,085	$ 238,222
Trust preferred securities	30,000	30,000
Goodwill and core deposits	(65,278)	(66,283)
Unrealized loss on available-for-sale securities	4,360	1,124
Other	–	(738)
Total Tier 1 capital	213,167	202,325
Tier 2 capital		
Qualifying unrealized gain on available-for-sale equity securities	338	392
Qualifying allowance for loan losses	21,811	19,961
Total Tier 2 capital	22,149	20,353
Total risk-based capital	$ 235,316	$ 222,678
Risk weighted assets	$ 1,739,771	$ 1,590,373
Ratios at end of year		
Leverage ratio	8.61%	8.46%
Tier 1 capital	12.25%	12.72%
Total risk-based capital	13.53%	14.00%
Minimum guidelines		
Leverage ratio	4.00%	4.00%
Tier 1 capital	4.00%	4.00%
Total risk-based capital	8.00%	8.00%

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In the normal course of business, the Company enters into a number of financial commitments. Examples of these commitments include but are not limited to long-term debt financing, operating lease obligations, unfunded loan commitments and letters of credit.

The Company's long-term debt at December 31, 2005, includes notes payable, FHLB long-term advances and trust preferred securities, all of which the Company is contractually obligated to repay in future periods.

Operating lease obligations entered into by the Company are generally associated with the operation of a few of the Company's financial centers located throughout the state of Arkansas. The financial obligation by the Company on

these locations is considered immaterial due to the limited number of financial centers, which operate under an agreement of this type.

Commitments to extend credit and letters of credit are legally binding, conditional agreements generally having fixed expiration or termination dates. These commitments generally require customers to maintain certain credit standards and are established based on management's credit assessment of the customer. The commitments may expire without being drawn upon. Therefore, the total commitment does not necessarily represent future requirements.

The funding requirements of the Company's most significant financial commitments, at December 31, 2005 are shown in table 18.

Table 18: Funding Requirements of Financial Commitments

	Payments due by period				
(In thousands)	Less than 1 Year	1-3 Years	3-5 Years	Greater than 5 Years	Total
Long-term debt	$ 13,020	$ 18,604	$ 10,792	$ 44,604	$ 87,020
Credit card loan commitments	194,614	–	–	–	194,614
Other loan commitments	429,442	–	–	–	429,442
Letters of credit	4,573	–	–	–	4,573

The Company has $65.6 million and $66.2 million total goodwill and core deposit premiums for the periods ended December 31, 2005 and December 31, 2004, respectively. Because of the Company’s high level of these two intangible assets, management believes a useful calculation is tangible return on equity. This calculation for the twelve months ended December 31, 2005, 2004, 2003, 2002 and 2001, which is similar to the GAAP calculation of return on average stockholders’ equity, is presented in table 19.

Table 19: Return on Tangible Equity

(In thousands) **Twelve months ended**	2005	2004	2003	2002	2001
Return on average stockholders equity: (A/C)	11.24%	10.64%	11.57%	11.56%	9.23%
Return on tangible equity: (A+B)/(C-D)	15.79%	14.94%	14.03%	13.99%	12.73%
Net income	$ 26,962	$ 24,446	$ 23,790	$ 22,078	$ 16,528(A)
Amortization of intangibles, net of taxes	522	494	108	49	1,990(B)
Average stockholders' equity	239,976	229,719	205,683	190,947	179,109(C)
Average goodwill and core deposits, net	65,913	62,836	35,335	32,808	33,691(D)

On December 31, 2004, the Company recorded a nonrecurring $470,000 after tax charge, or a $0.03 reduction in diluted earnings per share, related to the write off of deferred debt issuance cost associated with the redemption of its 9.12% trust preferred securities. During the second quarter 2003, the Company recorded a nonrecurring $0.03 addition to earnings per share, resulting from the sale of its mortgage servicing portfolio. In light of these events, Management believes operating earnings (earnings excluding nonrecurring items) is a useful calculation in reflection the Company's performance. This calculation for the twelve months ended December 31, 2005, 2004, 2003, 2002 and 2001 is presented in table 20.

Table 20: Operating Earnings

(In thousands, except share data)	2005	2004	2003	2002	2001
Twelve months ended					
Net Income	$ 26,962	$ 24,446	$ 23,790	$ 22,078	$ 16,528
Nonrecurring items					
Gain on sale of mortgage servicing	–	–	(771)	–	–
Write off of deferred debt issuance cost	–	771	–	–	–
Tax effect	–	(301)	301	–	–
Net nonrecurring items	–	470	(470)	--	–
Operating Income	$ 26,962	$ 24,916	$ 23,320	$ 22,078	$ 16,528
Diluted earnings per share	$ 1.84	$ 1.65	$ 1.65	$ 1.54	$ 1.15
Nonrecurring items					
Gain on sale of mortgage servicing	–	–	(0.05)	–	–
Write off of deferred debt issuance cost	–	0.05	–	–	–
Tax effect	–	(0.02)	0.02	–	–
Net nonrecurring items	–	0.03	(0.03)	–	–
Diluted operating earnings per share	$ 1.84	$ 1.68	$ 1.62	$ 1.54	$ 1.15

Quarterly Results

Selected unaudited quarterly financial information for the last eight quarters is shown in table 21.

Table 21: **Quarterly Results**

(In thousands, except per share data)		Quarter			
	First	Second	Third	Fourth	Total
2005					
Net interest income	$ 22,093	$ 22,477	$ 22,872	$ 22,815	$ 90,257
Provision for loan losses	2,221	1,939	1,736	1,630	7,526
Non-interest income	10,071	10,997	10,740	10,678	42,486
Non-interest expense	21,415	20,964	21,226	21,979	85,584
Loss on sale of securities, net	--	(168)	--	--	(168)
Net income	5,860	6,943	7,334	6,825	26,962
Basic earnings per share	0.41	0.48	0.51	0.48	1.88
Diluted earnings per share	0.40	0.47	0.50	0.47	1.84
Diluted operating earnings per share [(1)]	0.40	0.47	0.50	0.47	1.84
2004					
Net interest income	$ 20,115	$ 21,150	$ 22,117	$ 22,254	$ 85,636
Provision for loan losses	2,144	2,019	1,932	1,932	8,027
Non-interest income	9,641	10,726	10,384	9,954	40,705
Non-interest expense	19,686	20,503	20,560	21,636	82,385
Loss on sale of securities, net	–	–	–	–	–
Net income	5,411	6,288	6,907	5,840	24,446
Basic earnings per share	0.38	0.43	0.47	0.40	1.68
Diluted earnings per share	0.37	0.42	0.47	0.39	1.65
Diluted operating earnings per share [(1)]	0.37	0.42	0.47	0.42	1.68

(1) Diluted operating earnings exclude nonrecurring items

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Liquidity and Market Risk Management

Parent Company

The Company has leveraged its investment in subsidiary banks and depends upon the dividends paid to it, as the sole shareholder of the subsidiary banks, as a principal source of funds for dividends to shareholders, stock repurchases and debt service requirements. At December 31, 2005, undivided profits of the Company's subsidiaries were approximately $133 million, of which approximately $15 million was available for the payment of dividends to the Company without regulatory approval. In addition to dividends, other sources of liquidity for the Company are the sale of equity securities and the borrowing of funds.

Banking Subsidiaries

Generally speaking, the Company's banking subsidiaries rely upon net inflows of cash from financing activities, supplemented by net inflows of cash from operating activities, to provide cash used in investing activities. Typical of most banking companies, significant financing activities include: deposit gathering; use of short-term borrowing facilities, such as federal funds purchased and repurchase agreements; and the issuance of long-term debt. The banks' primary investing activities include loan originations and purchases of investment securities, offset by loan payoffs and investment maturities.

Liquidity represents an institution's ability to provide funds to satisfy demands from depositors and borrowers, by either converting assets into cash or accessing new or existing sources of incremental funds. A major responsibility of management is to maximize net interest income within prudent liquidity constraints. Internal corporate guidelines have been established to constantly measure liquid assets, as well as relevant ratios concerning earning asset levels and purchased funds. The management and board of directors of each bank subsidiary monitor these same indicators and make adjustments as needed. At December 31, 2005, each subsidiary bank was within established guidelines and total corporate liquidity remains strong. At December 31, 2005, cash and cash equivalents, trading and available-for-sale securities and mortgage loans held for sale were 19.2% of total assets, as compared to 23.1% at December 31, 2004.

Liquidity Management

The objective of the Company’s liquidity management is to access adequate sources of funding to ensure that cash flow requirements of depositors and borrowers are met in an orderly and timely manner. Sources of liquidity are managed so that reliance on any one funding source is kept to a minimum. The Company’s liquidity sources are prioritized for both availability and time to activation.

The Company’s liquidity is a primary consideration in determining funding needs and is an integral part of asset/liability management. Pricing of the liability side is a major component of interest margin and spread management. Adequate liquidity is a necessity in addressing this critical task. There are six primary and secondary sources of liquidity available to the Company. The particular liquidity need and timeframe determine the use of these sources.

The first source of liquidity available to the Company is Federal funds. Federal funds, primarily from downstream correspondent banks, are available on a daily basis and are used to meet the normal fluctuations of a dynamic balance

sheet. In addition, the Company and its affiliates have approximately $86 million in Federal funds lines of credit from upstream correspondent banks that can be accessed, when needed. In order to ensure availability of these upstream funds, the Company has a plan for rotating the usage of the funds among the upstream correspondent banks, thereby providing approximately $40 million in funds on a given day. Historical monitoring of these funds has made it possible for the Company to project seasonal fluctuations and structure its funding requirements on a month-to-month basis.

A second source of liquidity is the retail deposits available through the Company's network of affiliate banks throughout Arkansas. Although this method can be a somewhat more expensive alternative to supplying liquidity, this source can be used to meet intermediate term liquidity needs.

Third, the Company's affiliate banks have lines of credits available with the Federal Home Loan Bank. While the Company uses portions of those lines to match off longer-term mortgage loans, the Company also uses those lines to meet liquidity needs. Approximately $392 million of these lines of credit are currently available, if needed.

Fourth, the Company uses a laddered investment portfolio that ensures there is a steady source of intermediate term liquidity. These funds can be used to meet seasonal loan patterns and other intermediate term balance sheet fluctuations. Approximately 71% of the investment portfolio is classified as available-for-sale. The Company also uses securities held in the securities portfolio to pledge when obtaining public funds.

The fifth source of liquidity is the ability to access large deposits from both the public and private sector to fund short-term liquidity needs.

Finally, the Company has established a $5 million unsecured line of credit with a major commercial bank that could be used to meet unexpected liquidity needs at both the parent company level as well as at any affiliate bank.

The Company believes the various sources available are ample liquidity for short-term, intermediate-term and long-term liquidity.

Market Risk Management

Market risk arises from changes in interest rates. The Company has risk management policies to monitor and limit exposure to market risk. In asset and liability management activities, policies designed to minimize structural interest rate risk are in place. The measurement of market risk associated with financial instruments is meaningful only when all related and offsetting on- and off-balance-sheet transactions are aggregated, and the resulting net positions are identified.

Interest Rate Sensitivity

Interest rate risk represents the potential impact of interest rate changes on net income and capital resulting from mismatches in repricing opportunities of assets and liabilities over a period of time. A number of tools are used to monitor and manage interest rate risk, including simulation models and interest sensitivity gap analysis. Management uses simulation models to estimate the effects of changing interest rates and various balance sheet strategies on the level of the Company's net income and capital. As a means of limiting interest rate risk to an acceptable level, management may alter the mix of floating and fixed-rate assets and liabilities, change pricing schedules and manage investment maturities during future security purchases.

The simulation model incorporates management's assumptions regarding the level of interest rates or balance changes for indeterminate maturity deposits for a given level of market rate changes. These assumptions have been developed through anticipated pricing behavior. Key assumptions in the simulation models include the relative timing of prepayments, cash flows and maturities. These assumptions are inherently uncertain and, as a result, the model cannot precisely estimate net interest income or precisely predict the impact of a change in interest rates on net income or capital. Actual results will differ from simulated results due to the timing, magnitude and frequency of interest rate changes and changes in market conditions and management strategies, among other factors.

The table below presents the Company's interest rate sensitivity position at December 31, 2005. This analysis is based on a point in time and may not be meaningful because assets and liabilities are categorized according to contractual maturities, repricing periods and expected cash flows rather than estimating more realistic behaviors, as is done in the simulation models. Also, this analysis does not consider subsequent changes in interest rate level or spreads between asset and liability categories.

Table 22: Interest Rate Sensitivity

	Interest Rate Sensitivity Period							
(In thousands, except ratios)	0-30 Days	31-90 Days	91-180 Days	181-365 Days	1-2 Years	2-5 Years	Over 5 Years	Total
Earning assets								
Short-term investments	$ 26,112	$ –	$ –	$ –	$ –	$ –	$ –	$ 26,112
Assets held in trading accounts	4,631	–	–	–	–	–	–	4,631
Investment securities	5,825	4,282	12,303	74,196	102,446	173,556	149,181	521,789
Mortgage loans held for sale	7,857	–	–	–	–	–	–	7,857
Loans	591,874	134,750	165,939	307,946	268,747	235,197	13,654	1,718,107
Total earning assets	636,299	139,032	178,242	382,142	371,193	408,753	162,835	2,278,496
Interest bearing liabilities								
Interest bearing transaction and savings deposits	319,556	–	–	–	86,074	258,221	86,074	749,925
Time deposits	97,278	136,106	179,745	343,212	109,887	112,692	–	978,920
Short-term debt	115,254	–	–	–	–	–	–	115,254
Long-term debt	11,013	1,384	2,698	8,422	11,482	19,233	32,788	87,020
Total interest bearing liabilities	543,101	137,490	182,443	351,634	207,443	390,146	118,862	1,931,119
Interest rate sensitivity Gap	$ 93,198	$ 1,542	$ (4,201)	$ 30,508	$ 163,750	$ 18,607	$ 43,973	$ 347,377
Cumulative interest rate sensitivity Gap	$ 93,198	$ 94,740	$ 90,539	$ 121,047	$ 284,797	$ 303,404	$ 347,377	
Cumulative rate sensitive assets to rate sensitive liabilities	117.2%	113.9%	110.5%	110.0%	120.0%	116.7%	118.0%	

Cumulative Gap as a % of earning assets	4.1%	4.2%	4.0%	5.3%	12.5%	13.3%	15.2%

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX

Management's Report on Internal Control Over Financial Reporting	41
Report of Independent Registered Public Accounting Firm	
Report on Internal Control Over Financial Reporting	42
Report on Consolidated Financial Statements	43
Consolidated Balance Sheets, December 31, 2005 and 2004	44
Consolidated Statements of Income, Years Ended	
December 31, 2005, 2004 and 2003	45
Consolidated Statements of Cash Flows, Years Ended	
December 31, 2005, 2004 and 2003	46
Consolidated Statements of Stockholders' Equity, Years Ended	
December 31, 2005, 2004 and 2003	47
Notes to Consolidated Financial Statements,	
December 31, 2005, 2004 and 2003	48

Note: Supplementary Data may be found in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Quarterly Results" on page 36 hereof.

Management's Report on Internal Control Over Financial Reporting

The management of Simmons First National Corporation (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles.

As of December 31, 2005, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control — Integrated Framework," issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on the assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2005, based on those criteria.

BKD, LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this Annual Report on Form 10-K, has issued an attestation report on management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. The report, which expresses unqualified opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, immediately follows.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee, Board of Directors and stockholders
Simmons First National Corporation
Pine Bluff, Arkansas

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that SIMMONS FIRST NATIONAL CORPORATION maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that SIMMONS FIRST NATIONAL CORPORATION maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, SIMMONS FIRST NATIONAL CORPORATION maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of SIMMONS FIRST NATIONAL CORPORATION and our report dated February 15, 2006 expressed an unqualified opinion thereon.

/s/ BKD, LLP

BKD, LLP

Pine Bluff, Arkansas
February 15, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee, Board of Directors and stockholders
Simmons First National Corporation
Pine Bluff, Arkansas

We have audited the accompanying consolidated balance sheets of SIMMONS FIRST NATIONAL CORPORATION as of December 31, 2005 and 2004, and the related consolidated statements of income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SIMMONS FIRST NATIONAL CORPORATION as of December 31, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Simmons First National Corporation’s internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 15, 2006 expressed unqualified opinions on management’s assessment and the effectiveness of the Company’s internal control over financial reporting.

/s/ BKD, LLP

BKD, LLP

Pine Bluff, Arkansas
February 15, 2006

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2005 and 2004

(In thousands, except share data)	2005	2004
ASSETS		
Cash and non-interest bearing balances due from banks	$ 75,461	$ 72,032
Interest bearing balances due from banks	14,397	36,249
Federal funds sold	11,715	45,450
Cash and cash equivalents	101,573	153,731
Investment securities	521,789	542,058
Mortgage loans held for sale	7,857	9,246
Assets held in trading accounts	4,631	4,916
Loans	1,718,107	1,571,376
Allowance for loan losses	(26,923)	(26,508)
Net loans	1,691,184	1,544,868
Premises and equipment	63,360	57,211
Foreclosed assets held for sale, net	1,540	1,839
Interest receivable	18,754	14,248
Bank owned life insurance	33,269	7,316
Goodwill	60,605	60,454
Core deposit premiums	5,029	5,829
Other assets	14,177	12,228
TOTAL ASSETS	$ 2,523,768	$ 2,413,944
LIABILITIES		
Non-interest bearing transaction accounts	$ 331,113	$ 293,137
Interest bearing transaction accounts and savings deposits	749,925	769,296
Time deposits	978,920	896,762
Total deposits	2,059,958	1,959,195
Federal funds purchased and securities sold under agreements to repurchase	107,223	104,785
Short-term debt	8,031	2,373
Long-term debt	87,020	94,663
Accrued interest and other liabilities	17,451	14,706
Total liabilities	2,279,683	2,175,722
STOCKHOLDERS' EQUITY		
Capital stock		
Class A, common, par value $0.01 a share, authorized 30,000,000 shares, 14,326,923 issued and outstanding at 2005 and 14,621,707 at 2004	143	146
Surplus	53,723	62,826
Undivided profits	194,579	176,374

Accumulated other comprehensive income (loss)				
Unrealized appreciation (depreciation) on available-for-sale				
securities, net of income tax credits of $2,615 at 2005				
and $673 at 2004		(4,360)		(1,124)
Total stockholders' equity		244,085		238,222
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	2,523,768	$	2,413,944

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2005, 2004 and 2003

(In thousands, except per share data)	2005	2004	2003
INTEREST INCOME			
Loans	$ 112,238	$ 96,853	$ 89,315
Federal funds sold	925	748	652
Investment securities	18,677	17,447	15,889
Mortgage loans held for sale	552	575	1,220
Assets held in trading accounts	99	41	37
Interest bearing balances due from banks	580	400	494
TOTAL INTEREST INCOME	133,071	116,064	107,607
INTEREST EXPENSE			
Deposits	34,208	23,163	24,515
Federal funds purchased and securities sold under agreements to repurchase	3,104	1,227	941
Short-term debt	1,101	175	89
Long-term debt	4,401	5,863	4,192
TOTAL INTEREST EXPENSE	42,814	30,428	29,737
NET INTEREST INCOME	90,257	85,636	77,870
Provision for loan losses	7,526	8,027	8,786
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	82,731	77,609	69,084
NON-INTEREST INCOME			
Trust income	5,589	5,421	5,487
Service charges on deposit accounts	15,818	14,564	10,589
Other service charges and fees	2,017	2,016	1,508
Income on sale of mortgage loans, net of commissions	2,919	3,391	4,931
Income on investment banking, net of commissions	416	645	1,887
Credit card fees	10,252	10,001	9,782
Premiums on sale of student loans	1,822	2,114	1,479
Bank owned life insurance income	953	261	157
Other income	2,700	2,292	2,140
Gain (loss) on sale of mortgage servicing	–	–	771
Gain (loss) on sale of securities, net of taxes	(168)	–	(14)
TOTAL NON-INTEREST INCOME	42,318	40,705	38,717
NON-INTEREST EXPENSE			
Salaries and employee benefits	51,270	48,533	42,979
Occupancy expense, net	5,840	5,500	5,080
Furniture and equipment expense	5,758	5,646	5,195
Loss on foreclosed assets	191	346	269
Deposit insurance	279	284	273
Other operating expenses	22,246	22,076	19,321

TOTAL NON-INTEREST EXPENSE		85,584		82,385		73,117
INCOME BEFORE INCOME TAXES		39,465		35,929		34,684
Provision for income taxes		12,503		11,483		10,894
NET INCOME	$	26,962	$	24,446	$	23,790
BASIC EARNINGS PER SHARE	$	1.88	$	1.68	$	1.69
DILUTED EARNINGS PER SHARE	$	1.84	$	1.65	$	1.65

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005, 2004 and 2003

(In thousands)	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 26,962	$ 24,446	$ 23,790
Items not requiring (providing) cash			
Depreciation and amortization	4,861	5,385	5,110
Provision for loan losses	7,526	8,027	8,786
Net amortization (accretion) of investment securities	370	686	150
Deferred income taxes	(1,342)	(2,946)	122
Provision for losses on foreclosed assets	–	89	128
Loss (gain) on sale of securities, net of taxes	168	–	14
Bank owned life insurance income	(953)	(261)	(157)
Changes in			
Interest receivable	(4,506)	(775)	1,095
Mortgage loans held for sale	1,389	2,965	21,121
Assets held in trading accounts	285	(4,826)	102
Other assets	(1,949)	4,733	(4,608)
Accrued interest and other liabilities	4,050	2,865	(2,660)
Income taxes payable	142	(1,317)	383
Net cash provided by (used in) operating activities	37,003	39,071	53,376
CASH FLOWS FROM INVESTING ACTIVITIES			
Net originations of loans	(156,243)	(93,105)	(72,616)
Purchase of bank and branch locations, net funds received (disbursed)	1,945	(2,943)	12,546
Purchases of premises and equipment, net	(10,150)	(10,212)	(3,740)
Proceeds from sale of foreclosed assets	2,700	3,229	1,884
Proceeds from sale of securities	1,225	17,958	670
Proceeds from maturities of available-for-sale securities	88,382	134,106	280,638
Purchases of available-for-sale securities	(73,921)	(161,857)	(402,747)
Proceeds from maturities of held-to-maturity securities	32,921	46,496	170,048
Purchases of held-to-maturity securities	(32,220)	(22,165)	(139,192)
Purchase of bank owned life insurance	(25,000)	–	–
Net cash provided by (used in) investing activities	(170,361)	(88,493)	(152,509)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in deposits	98,609	38,813	54,734
Net proceeds (repayments) of short-term debt	5,658	(4,460)	3,214
Dividends paid	(8,757)	(8,263)	(7,407)
Proceeds from issuance of long-term debt	1,821	9,900	55,297
Repayment of long-term debt	(9,464)	(28,934)	(8,663)
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	2,438	(4,123)	13,504
Repurchase of common stock, net	(9,105)	(1,395)	(1,476)

Net cash provided by (used in) financing activities		81,200		1,538		109,203
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(52,158)		(47,884)		10,070
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		153,731		201,615		191,545
CASH AND CASH EQUIVALENTS, END OF YEAR	$	101,573	$	153,731	$	201,615

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2005, 2004 and 2003

(In thousands, except share data [1])	Common Stock	Surplus	Accumulated Other Comprehensive Income (Loss)	Undivided Profits	Total
Balance, December 31, 2002	$ 7,071	$ 44,495	$ 2,231	$ 143,808	$ 197,605
Comprehensive income					
Net income	–	–	–	23,790	23,790
Change in unrealized appreciation on available-for-sale securities, net of income taxes of $1,616	–	–	(2,517)	–	(2,517)
Comprehensive income					21,273
Exercise of stock options - 58,200 shares	53	608	–	–	661
Securities exchanged under employee option plan	(16)	(400)	–	–	(416)
Repurchase of common stock - 82,000 shares	(72)	(1,649)	–	–	(1,721)
Two for one stock split	7,066	(7,066)	–	–	–
Cash dividends declared ($0.525 per share)	–	–	–	(7,407)	(7,407)
Balance, December 31, 2003	14,102	35,988	(286)	160,191	209,995
Comprehensive income					
Net income	–	–	–	24,446	24,446
Change in unrealized depreciation on available-for-sale securities, net of income tax credits of $503	–	–	(838)	–	(838)
Comprehensive income					23,608
Stock issued as bonus shares - 2,000 shares	2	50	–	–	52
Change in the par value of common stock	(14,523)	14,523	–	–	–
Stock issued in connection with the merger of Alliance Bancorporation, Inc.	545	13,732	–	–	14,277
Exercise of stock options - 68,997 shares	43	922	–	–	965
Securities exchanged under employee option plan	(22)	(606)	–	–	(628)
Repurchase of common stock - 73,465 shares	(1)	(1,783)	–	–	(1,784)
Cash dividends declared ($0.570 per share)	–	–	–	(8,263)	(8,263)
Balance, December 31, 2004	146	62,826	(1,124)	176,374	238,222

Comprehensive income					
Net income	–	–	–	26,962	26,962
Change in unrealized depreciation on available-for-sale securities, net of income tax credits of $1,942	–	–	(3,236)	–	(3,236)
Comprehensive income					23,726
Stock issued as bonus shares - 5,620 shares	–	138	–	–	138
Exercise of stock options - 106,420 shares	1	1,432	–	–	1,433
Securities exchanged under employee option plan	–	(988)	–	–	(988)
Repurchase of common stock - 371,453 shares	(4)	(9,685)	–	–	(9,689)
Cash dividends declared ($0.610 per share)	–	–	–	(8,757)	(8,757)
Balance, December 31, 2005	$ 143	$ 53,723	$ (4,360)	$ 194,579	$ 244,085

(1) All share and per share amounts have been restated to reflect the retroactive effect of the May 1, 2003, two for one stock split.

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Simmons First National Corporation is primarily engaged in providing a full range of banking services to individual and corporate customers through its subsidiaries and their branch banks in Arkansas. The Company is subject to competition from other financial institutions. The Company also is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

Operating Segments

The Company is organized on a subsidiary bank-by-bank basis upon which management makes decisions regarding how to allocate resources and assess performance. Each of the subsidiary banks provides a group of similar community banking services, including such products and services as loans; time deposits, checking and savings accounts; personal and corporate trust services; credit cards; investment management; and securities and investment services. The individual bank segments have similar operating and economic characteristics and have been reported as one aggregated operating segment.

Use of Estimates

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the valuation of foreclosed assets and the allowance for foreclosure expenses. In connection with the determination of the allowance for loan losses and the valuation of foreclosed assets, management obtains independent appraisals for significant properties.

Principles of Consolidation

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

Reclassifications

Various items within the accompanying financial statements for previous years have been reclassified to provide more comparative information. These reclassifications had no effect on net earnings.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers due from banks, federal funds sold and securities purchased under agreements to resell as cash equivalents.

Investment Securities

Held-to-maturity securities (HTM), which include any security for which the Company has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the constant yield method over the period to maturity.

Available-for-sale securities (AFS), which include any security for which the Company has no immediate plan to sell but which may be sold in the future, are carried at fair value. Realized gains and losses, based on specifically identified amortized cost of the individual security, are included in other income. Unrealized gains and losses are recorded, net of related income tax effects, in stockholders' equity. Premiums and discounts are amortized and accreted, respectively, to interest income using the constant yield method over the period to maturity.

Trading securities, which include any security held primarily for near-term sale, are carried at fair value. Gains and losses on trading securities are included in other income.

Interest and dividends on investments in debt and equity securities are included in income when earned.

Mortgage Loans Held For Sale

Mortgage loans held for sale are carried at the lower of cost or fair value, determined using an aggregate basis. Write-downs to fair value are recognized as a charge to earnings at the time the decline in value occurs. Forward commitments to sell mortgage loans are acquired to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. The forward commitments acquired by the Company for mortgage loans in process of origination are not mandatory forward commitments. These commitments are structured on a best efforts basis; therefore the Company is not required to substitute another loan or to buyback the commitment if the original loan does not fund. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to investors. Gains and losses are determined by the difference between the selling price and the carrying amount of the loans sold, net of discounts collected or paid. Fees received from borrowers to guarantee the funding of mortgage loans held for sale are recognized as income or expense when the loans are sold or when it becomes evident that the commitment will not be used.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-offs are reported at their outstanding principal adjusted for any loans charged off and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the estimated life of the loan. Generally, loans are placed on non-accrual status at ninety days past due and interest is considered a loss, unless the loan is well secured and in the process of collection.

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method.

Derivative Financial Instruments

The Company may enter into derivative contracts for the purposes of managing exposure to interest rate risk to meet the financing needs of its customers. The Company records all derivatives on the balance sheet at fair value.

Historically, the Company's policy has been not to invest in derivative type investments but in an effort to meet the financing needs of its customers, the Company entered into its first fair value hedge during the second quarter of 2003. Fair value hedges include interest rate swap agreements on fixed rate loans. For derivatives designated as hedging, the exposure to changes in the fair value of the hedged item, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain of the hedging instrument. The fair value hedge is considered to be highly effective and any hedge ineffectiveness was deemed not material. The notional amount of the loan being hedged was $2.0 million at December 31, 2005 and 2004.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. 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 maintained at a level considered adequate to provide for potential loan losses related to specifically identified loans as well as probable credit losses inherent in the remainder of the loan portfolio that have been incurred as of period end. This estimate is based on management's evaluation of the loan portfolio, as well as on prevailing and anticipated economic conditions and historical losses by loan category. General reserves have been established, based upon the aforementioned factors and allocated to the individual loan categories. Allowances are accrued 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. The unallocated reserve generally serves to compensate for the uncertainty in estimating loan losses, including the possibility of changes in risk ratings and specific reserve allocations in the loan portfolio as a result of the Company’s ongoing risk management system.

A loan is considered impaired when it is probable that the Company will not receive all amounts due according to the contractual terms of the loan. This includes loans that are delinquent 90 days or more, nonaccrual loans and certain other loans identified by management. Certain other loans identified by management consist of performing loans with specific allocations of the allowance for loan losses. Specific allocations are applied when quantifiable factors are present requiring a greater allocation than that established using the classified asset approach, as defined by the Office of the Comptroller of the Currency. Accrual of interest is discontinued and interest accrued and unpaid is removed at the time such amounts are delinquent 90 days, unless management is aware of circumstances which warrant continuing the interest accrual. Interest is recognized for nonaccrual loans only upon receipt and only after all principal amounts are current according to the terms of the contract.

Premises and Equipment

Depreciable assets are stated at cost, less accumulated depreciation. Depreciation is charged to expense, using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized by the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements whichever is shorter.

Foreclosed Assets Held For Sale

Assets acquired by foreclosure or in settlement of debt and held for sale are valued at estimated fair value, as of the date of foreclosure and a related valuation allowance is provided for estimated costs to sell the assets. Management evaluates the value of foreclosed assets held for sale periodically and increases the valuation allowance for any subsequent declines in fair value. Changes in the valuation allowance are charged or credited to other expense.

Goodwill and Core Deposit Premiums

Goodwill represents the excess of cost over the fair value of net assets of acquired subsidiaries and branches. Financial Accounting Standards Board Statement No. 142 and No. 147 eliminated the amortization for these assets as of January 1, 2002. Although goodwill is not being amortized, it is being tested annually for impairment.

Core deposit premiums represent the amount allocated to the future earnings potential of acquired deposits. The unamortized core deposit premiums are being amortized using both straight-line and accelerated methods over periods ranging from 10 to 15 years.

Fee Income

Periodic bankcard fees, net of direct origination costs, are recognized as revenue on a straight-line basis over the period the fee entitles the cardholder to use the card. Origination fees and costs for other loans are being amortized over the estimated life of the loan.

Income Taxes

Deferred tax liabilities and assets are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

Earnings Per Share

Basic earnings per share are computed based on the weighted average number of shares outstanding during each year. Diluted earnings per share are computed using the weighted average common shares and all potential dilutive common shares outstanding during the period.

The computation of per share earnings is as follows:

(In thousands, except per share data)		2005		2004		2003
Net Income	$	26,962	$	24,446	$	23,790
Average common shares outstanding		14,375		14,515		14,114
Average common share stock options outstanding		312		333		301
Average diluted common shares		14,687		14,848		14,415
Basic earnings per share	$	1.88	$	1.68	$	1.69
Diluted earnings per share	$	1.84	$	1.65	$	1.65

Stock-Based Compensation

The Company accounts for stock-based employee compensation under recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying Common Stock on the grant date.

SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS 148, requires pro forma disclosures of net income and earnings per share for companies not adopting its fair value accounting method for stock-based employee compensation.

The following table illustrates the effect on net income and earnings per share as if the Company had applied the fair value provisions for FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation. The pro forma amounts include only the current year vesting during 2005, 2004 and 2003 on outstanding options and therefore may not be representative of the pro forma impact in future years.

(In thousands except per share data)		2005		2004		2003
Net income - as reported	$	26,962	$	24,446	$	23,790
Less: Total stock-based employee compensation cost determined under the fair value based method, net of income taxes		471		183		155
Net income - pro forma	$	26,491	$	24,263	$	23,635
Basic earnings per share - as reported		1.88		1.68		1.69
Basic earnings per share - pro forma		1.84		1.67		1.67
Diluted earnings per share - as reported		1.84		1.65		1.65
Diluted earnings per share - pro forma		1.80		1.63		1.64

The weighted average fair values of options granted during 2005 and 2004 were, $5.11 and $4.78 per share (split adjusted), respectively, with none being issued for 2003. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2005	2004	2003
Expected dividend yield	2.61%	2.54%	None Issued
Expected stock price volatility	16.00%	16.00%	None Issued
Risk-free interest rate	5.17%	4.04%	None Issued
Expected life of options	7 Years	10 Years	None Issued

The Company adopted the provisions of SFAS No. 123, Share-Based Payment (Revised 2004), on January 1, 2006. Among other things, SFAS 123R eliminates the ability to account for stock-based compensation using APB 25 and requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the date of the grant. See Note 17, New Accounting Standards, for additional information.

NOTE 2: ACQUISITIONS

On November 1, 2005, the Company completed a branch purchase in which Bank of Little Rock sold its Southwest Little Rock, Arkansas location at 8500 Geyer Springs Road to Simmons First National Bank, a subsidiary of the Company. The acquisition included approximately $3.5 million in total deposits in addition to the fixed assets used in the branch operation. No loans were involved in the transaction. As a result of this transaction, the Company recorded additional goodwill and core deposit premiums of $151,000 and $31,000, respectively.

On June 25, 2004, the Company completed a branch purchase in which Cross County Bank sold its Weiner, Arkansas location to Simmons First Bank of Jonesboro, a subsidiary of the Company. The acquisition included approximately $6 million in total deposits and the fixed assets used in the branch operation. No loans were involved in the transaction. As a result of this transaction, the Company recorded additional goodwill and core deposit premiums of $344,000 and $117,000, respectively.

On March 19, 2004, the Company merged with Alliance Bancorporation, Inc. (ABI). ABI owned Alliance Bank of Hot Springs, Hot Springs, Arkansas with consolidated assets (including goodwill and core deposits), loans and deposits of approximately $155 million, $70 million and $110 million, respectively. During the second quarter of 2004, Alliance Bank changed its name to Simmons First Bank of Hot Springs and continues to operate as a separate community bank with virtually the same board of directors, management and staff. As a result of this transaction, the Company recorded additional goodwill and core deposit premiums of $14,690,000 and $1,245,000, respectively.

On November 21, 2003, the Company completed the purchase of nine financial centers from Union Planters Bank, N.A. Six locations in North Central Arkansas include Clinton, Marshall, Mountain View, Fairfield Bay, Leslie and Bee Branch. Three locations in Northeast Arkansas communities include Hardy, Cherokee Village and Mammoth Spring. At acquisition, the nine locations had combined deposits of $130 million with acquired assets of $119 million including selected loans, premises, cash and other assets. As a result of this transaction, the Company recorded additional goodwill and core deposit premiums of $12,282,000 and $4,817,000, respectively.

The system integration for the 2005 acquisition was completed on the acquisition date. The system integration for the 2004 mergers and acquisitions were completed during the second quarter of 2004. The systems integration for the 2003 acquisition was completed on the acquisition date.

NOTE 3: INVESTMENT SECURITIES

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

	Years Ended December 31							
	2005				2004			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Held-to-Maturity								
U.S. Treasury	$ 1,004	$ –	$ (20)	$ 984	$ 4,020	$ 12	$ (19)	$ 4,013
U.S. Government agencies	28,000	–	(473)	27,527	21,500	18	(76)	21,442
Mortgage-backed securities	187	3	–	190	307	7	(1)	313
State and political subdivisions	117,148	662	(1,298)	116,512	122,457	1,617	(390)	123,684
Other securities	3,960	–	–	3,960	2,980	–	–	2,980
Total HTM	$ 150,299	$ 665	$ (1,791)	$ 149,173	$ 151,264	$ 1,654	$ (486)	$ 152,432
Available-for-Sale								
U.S. Treasury	$ 10,989	$ –	$ (102)	$ 10,887	$ 24,218	$ 3	$ (125)	$ 24,096
U.S. Government agencies	348,570	35	(7,615)	340,990	343,716	226	(2,856)	341,086
Mortgage-backed securities	3,392	9	(92)	3,309	3,919	13	(55)	3,877
State and political subdivisions	3,014	39	–	3,053	4,616	130	–	4,746
Other securities	12,561	690	–	13,251	16,154	1,111	(276)	16,989
Total AFS	$ 378,526	$ 773	$ (7,809)	$ 371,490	$ 392,623	$ 1,483	$ (3,312)	$ 390,794

Certain investment securities are valued less than their historical cost. Total fair value of these investments at December 31, 2005, was $462.7 million, which is approximately 88.9% of the Company’s available-for-sale and held-to-maturity investment portfolio. These declines primarily resulted from recent increases in market interest rates.

Based on evaluation of available evidence, management believes the declines in fair value for these securities are temporary. It is management’s intent to hold these securities to maturity.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

The following table shows the Company’s investments’ estimated fair value and gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2005:

(In thousands)	Less Than 12 Months Estimated Fair Value	Less Than 12 Months Gross Unrealized Losses	12 Months or More Estimated Fair Value	12 Months or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Held-to-Maturity						
U.S. Treasury	$ –	$ –	$ 984	$ 20	$ 984	$ 20
U.S. Government Agencies	10,901	99	16,627	374	27,528	473
Mortgage-backed securities	49	–	45	–	94	–
State and political subdivisions	45,410	515	33,308	783	78,718	1,298
Total HTM	$ 56,360	$ 614	$ 50,964	$ 1,177	$ 107,324	$ 1,791
Available-for-Sale						
U.S. Treasury	$ 2,980	$ 16	$ 7,907	$ 86	$ 10,887	$ 102
U.S. Government Agencies	57,869	678	284,175	6,937	342,044	7,615
Mortgage-backed securities	774	9	1,706	83	2,480	92
State and political subdivisions	–	–	–	–	–	–
Total AFS	$ 61,623	$ 703	$ 293,788	$ 7,106	$ 355,411	$ 7,809

The following table shows the Company’s investments’ estimated fair value and gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2004:

(In thousands)	Less Than 12 Months Estimated Fair Value	Less Than 12 Months Gross Unrealized Losses	12 Months or More Estimated Fair Value	12 Months or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Held-to-Maturity						
U.S. Treasury	$ 2,987	$ 19	$ –	$ –	$ 2,987	$ 19
U.S. Government Agencies	14,925	75	3,999	1	18,924	76
Mortgage-backed securities	69	1	–	–	69	1
State and political subdivisions	22,797	220	11,875	170	34,672	390
Total HTM	$ 40,778	$ 315	$ 15,874	$ 171	$ 56,652	$ 486
Available-for-Sale						

U.S. Treasury	$	21,596	$	125	$	–	$	–	$	21,596	$	125
U.S. Government Agencies		182,961		1,794		123,832		1,062		306,793		2,856
Mortgage-backed securities		1,443		43		809		12		2,252		55
Other securities		2,224		276		–		–		2,224		276
Total AFS	$	208,224	$	2,238	$	124,641	$	1,074	$	332,865	$	3,312

Income earned on the above securities for the years ended December 31, 2005, 2004 and 2003 is as follows:

(In thousands)	2005	2004	2003
Taxable			
Held-to-maturity	$ 1,056	$ 1,436	$ 2,615
Available-for-sale	12,842	10,980	8,343
Non-taxable			
Held-to-maturity	4,588	4,794	4,676
Available-for-sale	191	237	255
Total	$ 18,677	$ 17,447	$ 15,889

The Statement of Stockholders' Equity includes other comprehensive income (loss). Other comprehensive income (loss) for the Company includes the change in the unrealized appreciation (depreciation) on available-for-sale securities. The changes in the unrealized appreciation (depreciation) on available-for-sale securities for the years ended December 31, 2005, 2004 and 2003, are as follows:

(In thousands)	2005	2004	2003
Unrealized holding gains (losses)			
arising during the period	$ (3,511)	$ (838)	$ (2,531)
Losses realized in net income	275	--	14
Net change in unrealized appreciation (depreciation)			
on available-for-sale securities	$ (3,236)	$ (838)	$ (2,517)

The amortized cost and estimated fair value by maturity of securities are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. Accordingly, actual maturities may differ from contractual maturities.

	Held-to-Maturity		Available-for-Sale	
(In thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 24,311	$ 24,195	$ 80,544	$ 79,500
After one through five years	54,464	54,276	222,194	217,599
After five through ten years	64,423	63,592	60,977	58,976
After ten years	4,071	4,080	2,250	2,164
Other securities	3,030	3,030	12,561	13,251
Total	$ 150,299	$ 149,173	$ 378,526	$ 371,490

The carrying value, which approximates the fair value, of securities pledged as collateral, to secure public deposits and for other purposes, amounted to $411,580,000 at December 31, 2005 and $397,311,000 at December 31, 2004.

The book value of securities sold under agreements to repurchase amounted to $67,778,000 and $68,515,000 for December 31, 2005 and 2004, respectively.

The Company had no gross realized gains during the years ended December 31, 2005 and 2004, resulting from the sales and/or calls of securities. Gross realized gains of $2,000 resulting from sales and/or calls of securities were realized for the year ended December 31, 2003. Gross realized losses of $275,000, $0 and $16,000 resulting from sales and/or calls of securities were realized for the years ended December 31, 2005, 2004 and 2003, respectively.

Most of the state and political subdivision debt obligations are non-rated bonds and represent small Arkansas issues, which are evaluated on an ongoing basis.

NOTE 4: LOANS AND ALLOWANCE FOR LOAN LOSSES

The various categories of loans are summarized as follows:

(In thousands)	2005	2004
Consumer		
Credit cards	$ 143,058	$ 155,326
Student loans	89,818	83,283
Other consumer	138,051	128,552
Real estate		
Construction	238,898	169,001
Single family residential	340,839	318,488
Other commercial	479,684	481,728
Commercial		
Commercial	184,920	158,613
Agricultural	68,761	62,340
Financial institutions	20,499	1,079
Other	13,579	12,966
Total loans before allowance for loan losses	$ 1,718,107	$ 1,571,376

At December 31, 2005 and 2004, impaired loans totaled $14,804,000 and $16,606,000, respectively. All impaired loans had either specific or general allocations within the allowance for loan losses. Allocations of the allowance for loan losses relative to impaired loans at December 31, 2005 and 2004 were $3,868,000 and $4,125,000, respectively. Approximately, $452,000 and $477,000 of interest income were recognized on average impaired loans of $15,748,000 and $18,937,000 for 2005 and 2004, respectively. Interest recognized on impaired loans on a cash basis during 2005 or 2004 was immaterial.

At December 31, 2005 and 2004, accruing loans delinquent 90 days or more totaled $1,131,000 and $1,085,000, respectively. Non-accruing loans at December 31, 2005 and 2004 were $7,296,000 and $10,918,000, respectively.

As of December 31, 2005, credit card loans, which are unsecured, were $143,058,000 or 8.3%, of total loans versus $155,326,000 or 9.9% of total loans at December 31, 2004. The credit card loans are diversified by geographic region to reduce credit risk and minimize any adverse impact on the portfolio. Credit card loans are regularly reviewed to facilitate the identification and monitoring of creditworthiness.

Transactions in the allowance for loan losses are as follows:

(In thousands)		2005		2004		2003
Balance, beginning of year	$	26,508	$	25,347	$	21,948
Additions						
Provision for loan losses		7,526		8,027		8,786
Allowance for loan losses of acquired banks and branches		–		1,108		2,964
		34,034		34,482		33,698
Deductions						
Losses charged to allowance, net of recoveries of $3,815 for 2005, $2,431 for 2004 and $2,519 for 2003		7,111		7,974		8,351
Balance, end of year	$	26,923	$	26,508	$	25,347

NOTE 5: GOODWILL AND CORE DEPOSIT PREMIUMS

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. During the year ended December 31, 2005 goodwill for the Company increased $151,000 to $60.6 million from the $60.5 million reported at December 31, 2004. This increase is the result of the acquisition from Bank of Little Rock as discussed in Note 2.

The carrying basis and accumulated amortization of core deposit premiums (net of core deposit premiums that were fully amortized) at December 31, 2005 and 2004 were:

	December 31, 2005			December 31, 2004		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Core deposit premiums	$ 7,246	$ 2,217	$ 5,029	$ 7,216	$ 1,387	$ 5,829

Core deposit premium amortization expense recorded for the years ended December 31, 2005, 2004 and 2003, was $830,000, $791,000 and $172,000, respectively. The Company’s estimated amortization expense for each of the following five years is: 2006 - $830,000; 2007 - $818,000; 2008 - $807,000; 2009 - $802,000; and 2010 - $698,000.

NOTE 6: TIME DEPOSITS

Time deposits included approximately $364,177,000 and $356,926,000 of certificates of deposit of $100,000 or more, at December 31, 2005 and 2004, respectively. Brokered deposits were $50,725,000 at December 31, 2005. There were no brokered deposits at December 31, 2004. At December 31, 2005, time deposits with a remaining maturity of one year or more amounted to $222,579,000. Maturities of all time deposits are as follows: 2006 - $756,341,000; 2007 - $109,887,000; 2008 - $111,543,000; 2009 - $710,000; 2010 - $439,000; and none thereafter.

Deposits are the Company's primary funding source for loans and investment securities. The mix and repricing alternatives can significantly affect the cost of this source of funds and, therefore, impact the margin.

NOTE 7: INCOME TAXES

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

(In thousands)	2005	2004	2003
Income taxes currently payable	$ 11,161	$ 8,537	$ 10,772
Deferred income taxes	1,342	2,946	122
Provision for income taxes	$ 12,503	$ 11,483	$ 10,894

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

(In thousands)	2005	2004
Deferred tax assets		
Allowance for loan losses	$ 8,329	$ 8,028
Valuation of foreclosed assets	74	189
Deferred compensation payable	1,109	989
FHLB advances	97	168
Vacation compensation	727	689
Loan interest	241	242
Available-for-sale securities	2,615	673
Other	363	202
	13,555	11,180
Deferred tax liabilities		
Accumulated depreciation	(1,128)	(866)
Deferred loan fee income and expenses, net	(657)	(503)
FHLB stock dividends	(740)	(758)
Goodwill and core deposit premium amortization	(3,852)	(2,655)
Other	(807)	(627)
	(7,184)	(5,409)
Net deferred tax assets included in other assets on balance sheets	$ 6,371	$ 5,771

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

(In thousands)	2005	2004	2003
Computed at the statutory rate (35%)	$ 13,813	$ 12,575	$ 12,139
Increase (decrease) resulting from			
Tax exempt income	(1,882)	(1,988)	(1,973)
Non-deductible interest	187	137	158
State income taxes	862	822	801
Other non-deductible expenses	86	112	57
Other differences, net	(563)	(175)	(288)
Actual tax provision	$ 12,503	$ 11,483	$ 10,894

NOTE 8: SHORT-TERM AND LONG-TERM DEBT

Long-term debt at December 31, 2005, and 2004 consisted of the following components.

(In thousands)	2005	2004
Note Payable, due 2007, at a floating rate of 0.90% above the 30 day LIBOR rate, reset monthly, unsecured	$ 4,000	$ 6,000
FHLB advances, due 2005 to 2023, 1.02% to 8.41%, secured by residential real estate loans	52,090	57,733
Trust preferred securities, due 2033, fixed at 8.25%, callable in 2008 without penalty	10,310	10,310
Trust preferred securities, due 2033, floating rate of 2.80% above the three-month LIBOR rate, reset quarterly, callable in 2008 without penalty	10,310	10,310
Trust preferred securities, due 2033, fixed rate of 6.97% through 2010, thereafter, at a floating rate of 2.80% above the three-month LIBOR rate, reset quarterly, callable in 2010 without penalty	10,310	10,310
Total long-term debt	$ 87,020	$ 94,663

At December 31, 2005 the Company had Federal Home Loan Bank (“FHLB”) advances with original maturities of one year or less of $5.70 million with a weighted average rate of 4.62% which are not included in the above table.

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

Aggregate annual maturities of long-term debt at December 31, 2005 are:

(In thousands)	Year	Annual Maturities
	2006	$ 13,020
	2007	11,440
	2008	7,164
	2009	5,396
	2010	5,396
	Thereafter	44,604
	Total	$ 87,020

60

NOTE 9: CAPITAL STOCK

On May 25, 2004, the Company announced the adoption by the Board of Directors of a repurchase program. The program authorizes the repurchase of up to 5% of the outstanding Common Stock, or 733,485 shares. Under the repurchase program, there is no time limit for the stock repurchases, nor is there a minimum number of shares the Company intends to repurchase. The Company may discontinue purchases at any time that management determines additional purchases are not warranted. The shares are to be purchased from time to time at prevailing market prices, through open market or unsolicited negotiated transactions, depending upon market conditions. The Company intends to use the repurchased shares to satisfy stock option exercise, payment of future stock dividends and general corporate purposes.

During the year ended December 31, 2005, the Company repurchased a total of 371,453 shares of stock with a weighted average repurchase price of $26.10 per share. There were 121,453 shares with a weighted average repurchase price of $26.31 per share repurchased under the plan, while there were 250,000 shares with a weighted average repurchase price of $26.00 per share repurchased in a separately negotiated private transaction outside the plan.

NOTE 10: TRANSACTIONS WITH RELATED PARTIES

At December 31, 2005 and 2004, the subsidiary banks had extensions of credit to executive officers, directors and to companies in which the banks' executive officers or directors were principal owners, in the amount of $61.5 million in 2005 and $55.3 million in 2004.

(In thousands)	2005	2004
Balance, beginning of year	$ 55,293	$ 42,359
New extensions of credit	26,328	39,013
Repayments	(20,077)	(26,079)
Balance, end of year	$ 61,544	$ 55,293

In management's opinion, such loans and other extensions of credit and deposits (which were not material) were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these extensions of credit did not involve more than the normal risk of collectability or present other unfavorable features.

NOTE 11: EMPLOYEE BENEFIT PLANS

The Company’s 401(k) retirement plan covers substantially all employees. Contribution expense totaled $505,000, $408,000 and $372,000, in 2005, 2004 and 2003, respectively.

The Company has a discretionary profit sharing and employee stock ownership plan covering substantially all employees. Contribution expense totaled $2,258,000 for 2005, $2,153,000 for 2004 and $1,826,000 for 2003.

The Company also has deferred compensation agreements with certain active and retired officers. The agreements provide monthly payments which, together with payments from the deferred annuities issued pursuant to the terminated pension plan, equal 50 percent of average compensation prior to retirement or death. The charges to

income for the plans were $306,000 for 2005, $130,000 for 2004 and $164,000 for 2003. Such charges reflect the straight-line accrual over the employment period of the present value of benefits due each participant, as of their full eligibility date, using an 8 percent discount factor.

The Board of Directors has adopted incentive and nonqualified stock option plans. Pursuant to the plans, shares are reserved for future issuance by the Company, upon exercise of stock options granted to officers and other key employees. Additionally, 5,620 shares and 2,000 shares of the Company’s Common Stock were granted and issued as bonus shares of restricted stock, during the years ended December 31, 2005 and 2004, respectively. No additional shares of Common Stock of the Company were granted and issued to executive officers of the Company as bonus shares of restricted stock, during the year ended December 31, 2003.

On December 12, 2005, the Company's Board of Directors approved the accelerated vesting of certain unvested stock options previously awarded under the Company's stock option plans. As a result of the acceleration, 52,460 stock options with a range of exercise prices between $15.65 and $24.50 per share became exercisable on December 31, 2005. Aside from the acceleration of the vesting date, the terms and conditions of the stock agreements governing the underlying stock options remain unchanged.

The accelerated options represent approximately 8.6% of the total of all outstanding options to purchase the Company's common stock. Under SFAS No. 123, Share-Based Payment (Revised 2004), the Company will be required to recognize the expense associated with outstanding unvested stock options beginning in the first quarter of 2006. As a result of the acceleration, the Company expects to reduce the stock option expense that it would otherwise be required to record in connection with the accelerated options.

The table below summarizes the transactions under the Company's stock option plans (split adjusted) at December 31, 2005, 2004 and 2003 and changes during the years then ended:

	2005		2004		2003	
	Shares (000)	Weighted Average Exercisable Price	Shares (000)	Weighted Average Exercisable Price	Shares (000)	Weighted Average Exercisable Price
Outstanding, beginning of year	676	$ 14.00	698	$ 13.00	766	$ 13.00
Granted	40	24.53	68	23.85	–	–
Forfeited/Expired	(1)	22.63	(21)	12.89	(10)	22.63
Exercised	(106)	13.46	(69)	14.05	(58)	11.47
Outstanding, end of year	609	14.77	676	14.00	698	13.00
Exercisable, end of year	595	$ 14.55	535	$ 13.25	513	$ 13.27

The following table summarizes information about stock options (split adjusted) under the plans outstanding at December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding (000)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable (000)	Weighted Average Exercise Price
$10.56 to $10.56	22	2 Years	$ 10.56	22	$ 10.56
$12.13 to $12.22	352	2 Years	$ 12.13	352	$ 12.13
$13.50 to $13.50	90	2 Years	$ 13.50	90	$ 13.50
$15.35 to $16.88	23	2 Years	$ 15.90	23	$ 15.90
$22.63 to $27.67	122	5 Years	$ 23.92	108	$ 23.89

The Company adopted the provisions of SFAS No. 123, Share-Based Payment (Revised 2004), on January 1, 2006. Among other things, SFAS 123R eliminates the ability to account for stock-based compensation using APB 25 and requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the date of the grant. See Note 17, New Accounting Standards, for additional information.

NOTE 12: ADDITIONAL CASH FLOW INFORMATION

In connection with cash acquisitions accounted for using the purchase method, the Company acquired assets and assumed liabilities as follows:

(In thousands)	2005	2004	2003
Liabilities assumed	$ 2,156	$ 152,955	$ 129,878
Fair value of assets acquired	311	159,637	118,482
Cash received (disbursed)	1,845	(6,682)	11,396
Funds acquired	100	3,739	1,150
Net funds received (disbursed)	$ 1,945	$ (2,943)	$ 12,546
Additional cash payment information			
Interest paid	$ 41,007	$ 30,245	$ 30,272
Income taxes paid	11,232	10,090	10,389

NOTE 13: OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

(In thousands)	2005	2004	2003
Professional services	$ 2,201	$ 2,029	$ 1,999
Postage	2,281	2,256	2,024
Telephone	1,847	1,784	1,498
Credit card expense	2,693	2,374	2,679
Operating supplies	1,555	1,528	1,488
Amortization of core deposit premiums	830	791	172
Write off of deferred debt issuance cost	–	771	–
Other expense	10,839	10,543	9,461
Total	$ 22,246	$ 22,076	$ 19,321

The Company had aggregate annual equipment rental expense of approximately $481,000 in 2005, $406,000 in 2004 and $302,000 in 2003. The Company had aggregate annual occupancy rental expense of approximately $1,111,000 in 2005, $1,079,000 in 2004 and $942,000 in 2003.

NOTE 14: DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents

The carrying amount for cash and cash equivalents approximates fair value.

Investment Securities

Fair values for investment securities equal quoted market prices, if available. If quoted market prices are not available, fair values are estimated based on quoted market prices of similar securities.

Mortgage Loans Held for Sale

For homogeneous categories of loans, such as mortgage loans held for sale, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics.

Loans

The fair value of loans is estimated by discounting the future cash flows, using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations. The carrying amount of accrued interest approximates its fair value.

Deposits

The fair value of demand deposits, savings accounts and money market deposits is the amount payable on demand at the reporting date (i.e., their carrying amount). The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

Federal Funds Purchased, Securities Sold Under Agreement to Repurchase and Short-Term Debt

The carrying amount for federal funds purchased, securities sold under agreement to repurchase and short-term debt are a reasonable estimate of fair value.

Long-Term Debt

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

Commitments to Extend Credit, Letters of Credit and Lines of Credit

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date.

The following table represents estimated fair values of the Company's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows. This method involves significant judgments by management considering the uncertainties of economic conditions and other factors inherent in the risk management of financial instruments. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	December 31, 2005		December 31, 2004	
(In thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 101,573	$ 101,573	$ 153,731	$ 153,731
Held-to-maturity securities	150,299	149,173	151,264	152,432
Available-for-sale securities	371,490	371,490	390,794	390,794
Assets held in trading accounts	4,631	4,631	4,916	4,916
Mortgage loans held for sale	7,857	7,857	9,246	9,246
Interest receivable	18,754	18,754	14,248	14,248
Loans, net	1,691,184	1,702,119	1,544,868	1,549,486
Financial liabilities				
Non-interest bearing transaction accounts	331,113	331,113	293,137	293,137
Interest bearing transaction accounts and				
savings deposits	749,925	749,925	769,296	769,296
Time deposits	978,920	992,789	896,762	897,326
Federal funds purchased and securities				
sold under agreements to repurchase	107,223	107,223	104,785	104,785
Short-term debt	8,031	8,023	2,373	2,369
Long-term debt	87,020	87,930	94,663	95,254
Interest payable	4,846	4,846	3,039	3,039

The fair value of commitments to extend credit and letters of credit is not presented since management believes the fair value to be insignificant.

NOTE 15: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United Sates of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses and certain concentrations of credit risk are reflected in Note 4.

NOTE 16: COMMITMENTS AND CREDIT RISK

The Company grants agri-business, credit card, commercial and residential loans to customers throughout Arkansas. Commitments to extend credit are agreements to lend to a customer, as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may

require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At December 31, 2005, the Company had outstanding commitments to extend credit aggregating approximately $194,614,000 and $429,442,000 for credit card commitments and other loan commitments, respectively. At December 31, 2004, the Company had outstanding commitments to extend credit aggregating approximately $188,399,000 and $339,866,000 for credit card commitments and other loan commitments, respectively.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Company had total outstanding letters of credit amounting to $4,573,000 and $16,684,000 at December 31, 2005 and 2004, respectively, with terms ranging from 90 days to three years. The Company's deferred revenue under standby letter of credit agreements was approximately $43,000 and $85,000 at December 31, 2005 and 2004, respectively.

At December 31, 2005, the Company did not have concentrations of 5% or more of the investment portfolio in bonds issued by a single municipality.

NOTE 17: NEW ACCOUNTING STANDARDS

SFAS No. 123, Share-Based Payment (Revised 2004), establishes standards for the accounting for transactions in which an entity (i) exchanges its equity instruments for goods or services, or (ii) incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of the equity instruments. SFAS 123R eliminates the ability to account for stock-based compensation using APB 25 and requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the measurement date, which is generally the date of the grant. SFAS 123R was to be effective for the Company on July 1, 2005; however, the required implementation date was delayed until January 1, 2006. The Company will transition to fair-value based accounting for stock-based compensation using a modified version of prospective application ("modified prospective application"). Under modified prospective application, as it is applicable to the Company, SFAS 123R applies to new awards and to awards modified, repurchased, or cancelled after January 1, 2006. Additionally, compensation cost for the portion of awards for which the requisite service has not been rendered (generally referring to non-vested awards) that are outstanding as of January 1, 2006 must be recognized as the remaining requisite service is rendered during the period of and/or the periods after the adoption of SFAS 123R. The attribution of compensation cost for those earlier awards will be based on the same method and on the same grant-date fair values previously determined for the pro forma disclosures required for companies that did not adopt the fair value accounting method for stock-based employee compensation.

Based on the stock-based compensation awards outstanding as of December 31, 2005 for which the requisite service is not expected to be fully rendered prior to January 1, 2006, the Company expects to recognize total compensation cost of approximately $20,000 during 2006, in accordance with the accounting requirements of SFAS 123R. Future levels of compensation cost recognized related to stock-based compensation awards (including the aforementioned expected costs during the period of adoption) may be impacted by new awards and/or modifications, repurchases and cancellations of existing awards after the adoption of SFAS 123R.

SFAS No. 154, Accounting Changes and Error Corrections, A Replacement of APB Opinion No. 20 and FASB Statement No. 3, establishes unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to a newly adopted accounting principle. Previously, most changes in accounting principle were recognized by including the cumulative effect of changing to the new accounting principle in net income of the period of the change. Under FAS 154, retrospective application requires (i) the cumulative effect of the change to the new accounting principle on periods prior to those presented to be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented, (ii) an offsetting adjustment, if any, to be made to the opening balance of retained earnings (or other appropriate components of equity) for that period, and (iii) financial statements for each individual prior period presented to be adjusted to reflect the direct period-specific effects of applying the new accounting principle. Special retroactive application rules apply in situations where it is impracticable to determine either the period-specific effects

or the cumulative effect of the change. Indirect effects of a change in accounting principle are required to be reported in the period in which the accounting change is made. SFAS 154 carries forward the guidance in APB Opinion 20 “Accounting Changes,” requiring justification of a change in accounting principle on the basis of preferability. SFAS 154 also carries forward without change the guidance contained in APB Opinion 20, for reporting the correction of an error in previously issued financial statements and for a change in an accounting estimate. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect SFAS 154 will significantly impact its financial statements upon its adoption on January 1, 2006.

FASB Staff Position (FSP) No, 115-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments, provides guidance for determining when an investment is considered impaired, whether impairment is other-than-temporary, and measurement of an impairment loss. An investment is considered impaired if the fair value of the investment is less than its cost. If, after consideration of all available evidence to evaluate the realizable value of its investment, impairment is determined to be other-than-temporary, then an impairment loss should be recognized equal to the difference between the investment's cost and its fair value. FSP 115-1 nullifies certain provisions of Emerging Issues Task Force (EITF) Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments," while retaining the disclosure requirements of EITF 03-1 which were adopted in 2003. FSP 115-1 is effective for reporting periods beginning after December 15, 2005. The Company does not expect ESP 115-1 will significantly impact its financial statements upon its adoption on January 1, 2006.

Presently, the Company is not aware of any other changes from the Financial Accounting Standards Board that will have a material impact on the Company's present or future financial statements.

NOTE 18: CONTINGENT LIABILITIES

The Company and/or its subsidiary banks have various unrelated legal proceedings, most of which involve loan foreclosure activity pending, which, in the aggregate, are not expected to have a material adverse effect on the financial position of the Company and its subsidiaries. However, on October 1, 2003, an action in Pulaski County Circuit Court was filed by Thomas F. Carter, Tena P. Carter and certain related entities against Simmons First Bank of South Arkansas and Simmons First National Bank alleging wrongful conduct by the Banks in the collection of certain loans. The plaintiffs are seeking $2,000,000 in compensatory damages and $10,000,000 in punitive damages. The Company has filed a Motion to Dismiss. At this time, it appears remote that this matter will constitute a material loss to the Company or the Banks. The Banks continue to vigorously defend the claims asserted in the suit.

NOTE 19: STOCKHOLDERS' EQUITY

The Company's subsidiaries are subject to a legal limitation on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. The approval of the Office of the Comptroller of the Currency is required, if the total of all the dividends declared by a national bank in any calendar year exceeds the total of its net profits, as defined, for that year, combined with its retained net profits of the preceding two years. Arkansas bank regulators have specified that the maximum dividend limit state banks may pay to the parent company without prior approval is 75% of the current year earnings plus 75% of the retained net earnings of the preceding year. At December 31, 2005, the Company subsidiaries had approximately $15.0 million in undivided profits available for payment of dividends to the Company, without prior approval of the regulatory agencies.

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

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of December 31, 2005, the Company meets all capital adequacy requirements to which it is subject.

As of the most recent notification from regulatory agencies, the subsidiaries were well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and subsidiaries must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institutions' categories.

The Company's actual capital amounts and ratios along with the Company's most significant subsidiaries are presented in the following table.

(In thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provision	
	Amount	Ratio-%	Amount	Ratio-%	Amount	Ratio-%
As of December 31, 2005						
Total Risk-Based Capital Ratio						
Simmons First National Corporation	$ 235,316	13.5	$ 139,447	8.0	$ N/A	
Simmons First National Bank	95,633	11.5	66,527	8.0	83,159	10.0
Simmons First Bank of Jonesboro	21,806	10.9	16,004	8.0	20,006	10.0
Simmons First Bank of Russellville	22,096	16.7	10,585	8.0	13,231	10.0
Simmons First Bank of Northwest Arkansas	21,393	10.8	15,847	8.0	19,808	10.0
Simmons First Bank of El Dorado	18,158	14.6	9,950	8.0	12,437	10.0
Tier 1 Capital Ratio						
Simmons First National Corporation	213,167	12.3	69,323	4.0	N/A	
Simmons First National Bank	87,353	10.5	33,277	4.0	49,916	6.0
Simmons First Bank of Jonesboro	19,294	9.6	8,039	4.0	12,059	6.0
Simmons First Bank of Russellville	20,444	15.5	5,276	4.0	7,914	6.0
Simmons First Bank of Northwest Arkansas	18,917	9.6	7,882	4.0	11,823	6.0
Simmons First Bank of El Dorado	16,628	13.4	4,964	4.0	7,445	6.0
Leverage Ratio						
Simmons First National Corporation	213,167	8.6	99,147	4.0	N/A	
Simmons First National Bank	87,353	7.4	47,218	4.0	59,022	5.0
Simmons First Bank of Jonesboro	19,294	7.4	10,429	4.0	13,036	5.0
Simmons First Bank of Russellville	20,444	11.2	7,301	4.0	9,127	5.0
Simmons First Bank of Northwest Arkansas	18,917	7.3	10,365	4.0	12,957	5.0
Simmons First Bank of El Dorado	16,628	7.9	8,419	4.0	10,524	5.0

As of December 31, 2004									
Total Risk-Based Capital Ratio									
Simmons First National Corporation	$	222,678	14.0	$	127,245	8.0	$	N/A	
Simmons First National Bank		90,587	11.5		63,017	8.0		78,771	10.0
Simmons First Bank of Jonesboro		19,769	11.2		14,121	8.0		17,651	10.0
Simmons First Bank of Russellville		21,393	17.8		9,615	8.0		12,019	10.0
Simmons First Bank of Northwest Arkansas		19,868	11.5		13,821	8.0		17,277	10.0
Simmons First Bank of El Dorado		17,364	15.2		9,139	8.0		11,424	10.0
Tier 1 Capital Ratio									
Simmons First National Corporation		202,325	12.7		63,724	4.0		N/A	
Simmons First National Bank		82,844	10.6		31,262	4.0		46,893	6.0
Simmons First Bank of Jonesboro		17,556	9.9		7,093	4.0		10,640	6.0
Simmons First Bank of Russellville		19,929	16.6		4,802	4.0		7,203	6.0
Simmons First Bank of Northwest Arkansas		17,699	10.2		6,941	4.0		10,411	6.0
Simmons First Bank of El Dorado		15,930	13.9		4,584	4.0		6,876	6.0
Leverage Ratio									
Simmons First National Corporation		202,325	8.5		95,212	4.0		N/A	
Simmons First National Bank		82,844	7.0		47,339	4.0		59,174	5.0
Simmons First Bank of Jonesboro		17,556	7.6		9,240	4.0		11,550	5.0
Simmons First Bank of Russellville		19,929	11.4		6,993	4.0		8,741	5.0
Simmons First Bank of Northwest Arkansas		17,699	7.5		9,439	4.0		11,799	5.0
Simmons First Bank of El Dorado		15,930	7.8		8,169	4.0		10,212	5.0

NOTE 20: **CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)**

CONDENSED BALANCE SHEETS
DECEMBER 31, 2005 and 2004

(In thousands)	2005	2004
ASSETS		
Cash and cash equivalents	$ 4,853	$ 8,018
Investment securities	3,030	2,050
Investments in wholly-owned subsidiaries	265,714	257,851
Intangible assets, net	134	134
Premises and equipment	2,248	2,194
Other assets	6,173	7,105
TOTAL ASSETS	$ 282,152	$ 277,352
LIABILITIES		
Long-term debt	$ 34,930	$ 36,930
Other liabilities	3,137	2,200
Total liabilities	38,067	39,130
STOCKHOLDERS' EQUITY		
Common stock	143	146
Surplus	53,723	62,826
Undivided profits	194,579	176,374
Accumulated other comprehensive income (loss)		
Unrealized appreciation (depreciation) on available-for-sale securities, net of income tax credits of $2,615 at 2005 and $673 at 2004	(4,360)	(1,124)
Total stockholders' equity	244,085	238,222
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 282,152	$ 277,352

CONDENSED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2005, 2004 and 2003

(In thousands)	2005	2004	2003
INCOME			
Dividends from subsidiaries	$ 18,394	$ 15,650	$ 21,935
Other income	5,473	4,486	4,091
	23,867	20,136	26,026
	9,346	10,349	7,193
EXPENSE			
Income before income taxes and equity in undistributed net income of subsidiaries	14,521	9,787	18,833
Provision for income taxes	(1,342)	(2,098)	(1,075)
Income before equity in undistributed net income of subsidiaries	15,863	11,885	19,908
Equity in undistributed net income of subsidiaries	11,099	12,561	3,882

NET INCOME	$ 26,962	$ 24,446	$ 23,790

CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2005, 2004 and 2003

(In thousands)	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 26,962	$ 24,446	$ 23,790
Items not requiring (providing) cash			
Depreciation and amortization	178	164	169
Deferred income taxes	(134)	149	(111)
Equity in undistributed income of bank subsidiaries	(11,099)	(12,561)	(3,882)
Changes in			
Other assets	1,066	(646)	(67)
Other liabilities	936	(848)	963
Net cash provided by (used in) operating activities	17,909	10,704	20,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of premises and equipment	(232)	(113)	(134)
Purchase of subsidiary	–	(10,225)	–
Capital contribution to subsidiaries	–	–	(17,930)
Return of capital from subsidiary	–	–	6,032
Purchase of held-to-maturity securities	(1,530)	–	(20,008)
Proceeds from sale of investment securities	550	17,958	–
Net cash provided by (used in) investing activities	(1,212)	7,620	(32,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal reduction on long-term debt	(2,000)	(19,783)	(2,000)
Issuance of long-term debt	–	–	30,930
Dividends paid	(8,757)	(8,263)	(7,407)
Repurchase of common stock, net	(9,105)	(1,395)	(1,476)
Net cash provided by (used in) financing activities	(19,862)	(29,441)	20,047
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,165)	(11,117)	8,869
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,018	19,135	10,266
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,853	$ 8,018	$ 19,135

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No items are reportable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in 15 C. F. R. 240.13a-14(c) and 15 C. F. R. 240.15-14(c)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective.

(b) Changes in Internal Controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date of evaluation.

ITEM 9B. OTHER INFORMATION

No items are reportable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICER OF THE COMPANY

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 11, 2006, to be filed pursuant to Regulation 14A on or about March 10, 2006.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 11, 2006, to be filed pursuant to Regulation 14A on or about March 10, 2006.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 11, 2006, to be filed pursuant to Regulation 14A on or about March 10, 2006.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 11, 2006, to be filed pursuant to Regulation 14A on or about March 10, 2006.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 11, 2006, to be filed pursuant to Regulation 14A on or about March 10, 2006.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1 and 2. Financial Statements and any Financial Statement Schedules

The financial statements and financial statement schedules listed in the accompanying index to the consolidated financial statements and financial statement schedules are filed as part of this report.

(b) Listing of Exhibits

Exhibit No.	Description
3.1	Restated Articles of Incorporation of Simmons First National Corporation II (incorporated by reference to Exhibit 4 to Simmons First National Corporation's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2004 (File No. 6253)).
3.2	Amended By-Laws of Simmons First National Corporation (incorporated by reference to Exhibit 3 (ii) to Simmons First National Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 1994 (File No. 6253)).
10.1	Amended and Restated Trust Agreement, dated as of December 16, 2003, among the Company, Deutsche Bank Trust Company Americas, Deutsche Bank Trust Company Delaware and each of J. Thomas May, Barry L. Crow and Bob Fehlman as administrative trustees, with respect to Simmons First Capital Trust II (incorporated by reference to Exhibit 10.1 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.2	Guarantee Agreement, dated as of December 16, 2003, between the Company and Deutsche Bank Trust Company Americas, as guarantee trustee, with respect to Simmons First Capital Trust II (incorporated by reference to Exhibit 10.2 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.3	Junior Subordinated Indenture, dated as of December 16, 2003, among the Company and Deutsche Bank Trust Company Americas, as trustee, with respect to the junior subordinated note held by Simmons First Capital Trust II (incorporated by reference to Exhibit 10.3 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.4	Amended and Restated Trust Agreement, dated as of December 16, 2003, among the Company, Deutsche Bank Trust Company Americas, Deutsche Bank Trust Company Delaware and each of J. Thomas May, Barry L. Crow and Bob Fehlman as administrative trustees, with respect to Simmons First Capital Trust III (incorporated by reference to Exhibit 10.4 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.5	Guarantee Agreement, dated as of December 16, 2003, between the Company and Deutsche Bank Trust Company Americas, as guarantee trustee, with respect to Simmons First Capital Trust III (incorporated by reference to Exhibit 10.5 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).

10.6	Junior Subordinated Indenture, dated as of December 16, 2003, among the Company and Deutsche Bank Trust Company Americas, as trustee, with respect to the junior subordinated note held by Simmons First Capital Trust III (incorporated by reference to Exhibit 10.6 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.7	Amended and Restated Trust Agreement, dated as of December 16, 2003, among the Company, Deutsche Bank Trust Company Americas, Deutsche Bank Trust Company Delaware and each of J. Thomas May, Barry L. Crow and Bob Fehlman as administrative trustees, with respect to Simmons First Capital Trust IV (incorporated by reference to Exhibit 10.7 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.8	Guarantee Agreement, dated as of December 16, 2003, between the Company and Deutsche Bank Trust Company Americas, as guarantee trustee, with respect to Simmons First Capital Trust IV (incorporated by reference to Exhibit 10.8 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.9	Junior Subordinated Indenture, dated as of December 16, 2003, among the Company and Deutsche Bank Trust Company Americas, as trustee, with respect to the junior subordinated note held by Simmons First Capital Trust IV (incorporated by reference to Exhibit 10.9 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
10.10	Long-Term Executive Incentive Agreement, dated as of January 1, 2005, by and between the Company and J. Thomas May.*
14	Code of Ethics, dated December 2003, for CEO, CFO, controller and other accounting officers (incorporated by reference to Exhibit 14 to Simmons First National Corporation's Annual Report on Form 10-K for the Year ended December 31, 2003 (File No. 6253)).
31.1	Rule 13a-14(a)/15d-14(a) Certification - J. Thomas May, Chairman, President and Chief Executive Officer.*
31.2	Rule 13a-14(a)/15d-14(a) Certification - Robert A. Fehlman, Senior Vice President and Chief Financial Officer.*
32.1	Certification Pursuant to 18 U.S.C. Sections 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - J. Thomas May, Chairman, President and Chief Executive Officer.*
32.2	Certification Pursuant to 18 U.S.C. Sections 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Robert A. Fehlman, Senior Vice President and Chief Financial Officer.*

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 27, 2006

By: /s/ John L. Rush

John L. Rush
Secretary

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on or about February 27, 2006.

Signature	Title
/s/ J. Thomas May J. Thomas May	Chairman, President, Chief Executive Officer and Director
/s/ Robert A. Fehlman Robert A. Fehlman	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ William E. Clark William E. Clark	Director
/s/ Steven A. Cosse¢ Steven A. Cosse¢	Director
/s/ Lara F. Hutt, III Lara F. Hutt, III	Director
/s/ George A. Makris, Jr. George A. Makris, Jr.	Director
/s/ W. Scott McGeorge W. Scott McGeorge	Director
/s/ Harry L. Ryburn	Director

Harry L. Ryburn

/s/ Henry F. Trotter, Jr. Henry F. Trotter, Jr.	Director