

# Southside Bancshares, Inc. Announces Financial Results for the Fourth Quarter and Year Ended December 31, 2022

1/27/2023

- Fourth quarter net income of \$27.7 million ;
- Linked quarter loan growth of 2.1% ;
- Linked quarter net interest margin increased to 3.19% and net interest margin (FTE) increased to 3.40% <sup>(1)</sup> ;
- Annualized return on fourth quarter average assets of 1.47% ;
- Annualized return on fourth quarter average tangible common equity of 21.35% <sup>(1)</sup> ; and
- Nonperforming assets decreased to 0.14% of total assets.

TYLER, Texas, Jan. 27, 2023 (GLOBE NEWSWIRE) -- Southside Bancshares, Inc. ("Southside" or the "Company") (NASDAQ: SBSI) today reported its financial results for the quarter and year ended December 31, 2022. Southside reported net income of \$27.7 million for the three months ended December 31, 2022, a decrease of \$1.0 million, or 3.6%, compared to \$28.7 million for the same period in 2021. Earnings per diluted common share decreased \$0.01, or 1.1%, to \$0.87 for the three months ended December 31, 2022, from \$0.88 for the same period in 2021. The annualized return on average shareholders' equity for the three months ended December 31, 2022 was 15.08%, compared to 12.67% for the same period in 2021. The annualized return on average assets was 1.47% for the three months ended December 31, 2022, compared to 1.57% for the same period in 2021.

"We are pleased to report excellent fourth quarter and annual results for 2022," stated Lee R. Gibson, President and Chief Executive Officer of Southside. "Fourth quarter financial results for 2022 were highlighted by net income of \$27.7 million, earnings per diluted common share of \$0.87, a 1.47% return on average assets, and annualized linked quarter loan growth of 8.2%. Our asset quality remained strong and our tax-equivalent net interest margin linked

quarter increased four basis points to 3.40%. During the fourth quarter, our \$743 million of fair market value swaps began producing net interest income as the overnight SOFR rate we receive increased above the average fixed rate we pay. We recorded approximately \$645,000 of net interest income related to these swaps for the month of December.”

“Texas continues to benefit from migration from other states, job growth and company relocations. Overall, we believe that the long-term economic conditions and growth prospects for the markets we serve remain solid.”

#### Operating Results for the Three Months Ended December 31, 2022

Net income was \$27.7 million for the three months ended December 31, 2022, compared to \$28.7 million for the same period in 2021, a decrease of \$1.0 million, or 3.6%. Earnings per diluted common share were \$0.87 and \$0.88 for the three months ended December 31, 2022 and 2021, respectively. The decrease in net income was primarily a result of an increase in provision for credit losses, an increase in noninterest expense and a decrease in noninterest income, partially offset by an increase in net interest income and a decrease in income tax expense. For the three months ended December 31, 2022, Southside recorded a provision for credit losses of \$2.1 million, compared to a reversal of provision for credit losses of \$3.4 million for the same period in 2021. Annualized returns on average assets and average shareholders' equity for the three months ended December 31, 2022 were 1.47% and 15.08%, respectively, compared to 1.57% and 12.67%, respectively, for the three months ended December 31, 2021. Our efficiency ratio and tax-equivalent efficiency ratio<sup>(1)</sup> were 48.92% and 46.38%, respectively, for the three months ended December 31, 2022, compared to 50.34% and 47.61%, respectively, for the three months ended December 31, 2021, and 50.09% and 47.42%, respectively, for the three months ended September 30, 2022.

Net interest income for the three months ended December 31, 2022 was \$56.8 million, compared to \$49.4 million for the same period in 2021, an increase of 15.1%. The increase in net interest income compared to the same period in 2021 was due to the increase in interest income, a result of the increase in the average yield and the average balance of interest earning assets, partially offset by an increase in interest expense on our interest bearing liabilities due to higher interest rates, the change in the mix of our interest bearing liabilities and a decrease in the interest income from Paycheck Protection Program (“PPP”) loans. Linked quarter, net interest income increased \$1.3 million, or 2.4%, compared to \$55.5 million during the three months ended September 30, 2022. The increase in net interest income was due to the increase in the average yield and balance of interest earning assets, which more than offset the increase in the average rate paid on interest bearing liabilities.

Our net interest margin and tax-equivalent net interest margin<sup>(1)</sup> increased to 3.19% and 3.40%, respectively, for the three months ended December 31, 2022, compared to 3.01% and 3.23%, respectively, for the same period in 2021. Linked quarter, net interest margin and tax-equivalent net interest margin<sup>(1)</sup> both increased four basis points from 3.15% and 3.36%, respectively for the three months ended September 30, 2022.

Noninterest income was \$10.8 million for the three months ended December 31, 2022, a decrease of \$1.2 million, or 10.4%, compared to \$12.0 million for the same period in 2021. The decrease was due to a decrease in net gain on sale of securities available for sale (“AFS”) and decreases in deposit services income, gain on sale of loans, bank owned life insurance (“BOLI”) income and brokerage services income, partially offset by an increase in other noninterest income. On a linked quarter basis, noninterest income increased \$0.5 million, or 4.8%, compared to the three months ended September 30, 2022. The increase was due to an increase in other noninterest income, deposit services income and trust income, partially offset by a decrease in BOLI income.

Noninterest expense increased \$2.2 million, or 7.1%, to \$33.6 million for the three months ended December 31, 2022, compared to \$31.3 million for the same period in 2021. The primary increase was in salaries and employee benefits. Several additional expense categories increased, including professional fees, net occupancy expense, advertising, travel and entertainment expense and software and data processing expense, however when combined, such expenses were partially offset by decreases in communications expense and amortization of intangibles. On a linked quarter basis, noninterest expense increased slightly by \$0.1 million, or 0.3%, compared to the three months ended September 30, 2022.

Income tax expense decreased \$0.5 million, or 10.8%, for the three months ended December 31, 2022, compared to the same period in 2021. On a linked quarter basis, income tax expense increased \$0.4 million, or 10.8%. Our effective tax rate (“ETR”) decreased to 13.4% for the three months ended December 31, 2022, compared to 14.4% for the three months ended December 31, 2021, and increased from 12.6% for the three months ended September 30, 2022.

#### Operating Results for the Year Ended December 31, 2022

Net income was \$105.0 million for the year ended December 31, 2022, compared to \$113.4 million for the same period in 2021, a decrease of \$8.4 million, or 7.4%. Earnings per diluted common share were \$3.26 for the year ended December 31, 2022, compared to \$3.47 for the same period in 2021, a decrease of 6.1%. The decrease in net income was largely driven by an increase in provision for credit losses, a decrease in noninterest income and an increase in noninterest expense, partially offset by the increase in net interest income and the decrease in income tax expense. For the year ended December 31, 2022, we had a provision for credit losses of \$3.2 million, compared to a reversal of provision for credit losses of \$17.0 million for the same period in 2021. Returns on average assets and average shareholders’ equity for the year ended December 31, 2022 were 1.43% and 13.42%, respectively, compared to 1.59% and 12.77%, respectively, for the year ended December 31, 2021. Our efficiency ratio and tax-equivalent efficiency ratio<sup>(1)</sup> were 50.05% and 47.39%, respectively, for the year ended December 31, 2022, compared to 51.74% and 49.03%, respectively, for the year ended December 31, 2021.

Net interest income was \$212.3 million for the year ended December 31, 2022, compared to \$189.6 million for the same period in 2021, due to the increase in interest income, a result of the increase in the average yield and balance of our interest earning assets, partially offset by the increase in interest expense on our interest bearing liabilities due to the increase in interest rates, the change in the mix of our interest bearing liabilities and a decrease in the interest income from PPP loans.

Our net interest margin and tax-equivalent net interest margin<sup>(1)</sup> were 3.11% and 3.32%, respectively, for the year ended December 31, 2022, compared to 2.96% and 3.16%, respectively, for the same period in 2021. The increase in net interest margin was due to higher average yields and balances on our interest earning assets during the year ended December 31, 2022.

Noninterest income was \$40.9 million for the year ended December 31, 2022, a decrease of \$8.5 million, or 17.2%, compared to \$49.3 million for the same period in 2021. The decrease was due to the net loss on sale of securities AFS of \$3.8 million for the year ended December 31, 2022, compared to a net gain of \$3.9 million for the same period in 2021 and decreases in gain on sale of loans and deposit services income, partially offset by an increase in other noninterest income.

Noninterest expense was \$130.3 million for the year ended December 31, 2022, compared to \$125.0 million for the same period in 2021, an increase of \$5.3 million, or 4.2%. The primary increase was in salaries and employee benefits. Several additional expense categories increased, including software and data processing expense, advertising, travel and entertainment expense, professional fees and net occupancy expense, however when combined, such expenses were partially offset by the loss on the redemption of subordinated notes recorded in the third quarter of 2021, amortization of intangibles and communications expense.

Income tax expense decreased \$2.8 million, or 16.2%, for the year ended December 31, 2022, compared to the same period in 2021. Our ETR was approximately 12.2% and 13.3% for the year ended December 31, 2022 and 2021, respectively. The lower ETR for the year ended December 31, 2022, as compared to the same period in 2021, was primarily due to an increase in tax-exempt income as a percentage of pre-tax income.

#### Balance Sheet Data

At December 31, 2022, we had \$7.56 billion in total assets, compared to \$7.26 billion at December 31, 2021 and \$7.45 billion at September 30, 2022.

Loans at December 31, 2022 were \$4.15 billion, an increase of \$502.5 million, or 13.8%, compared to \$3.65 billion at December 31, 2021. Our PPP loans, a component of the commercial loan category, decreased \$30.9 million over that same period due to forgiveness payments received for loans funded under the Coronavirus Aid, Relief, and

Economic Security Act. Excluding PPP loans, total loans increased \$533.5 million, or 14.8%, due to increases of \$389.5 million in commercial real estate loans, \$111.8 million in construction loans, \$24.0 million in commercial loans (excluding PPP loans), \$12.4 million in 1-4 family residential loans and \$7.0 million in municipal loans. The increases were partially offset by a decrease of \$11.3 million in loans to individuals. Linked quarter loans increased \$84.2 million, or 2.1%, due to increases of \$85.8 million in commercial real estate loans, \$16.8 million in 1-4 family residential loans, \$5.3 million in construction loans and \$0.9 million in municipal loans. These increases were partially offset by decreases of \$21.5 million in commercial loans and \$3.1 million in loans to individuals.

Securities at December 31, 2022 were \$2.63 billion, a decrease of \$229.4 million, or 8.0%, compared to \$2.86 billion at December 31, 2021. Linked quarter, securities increased \$50.0 million, or 1.9%, from \$2.58 billion at September 30, 2022. During the fourth quarter, we transferred additional municipal securities and corporate bonds with fair values of approximately \$118.9 million and \$56.9 million, respectively, to held to maturity ("HTM"). All transfers from AFS to HTM were at the fair market value on the date of transfer. There was no impact to the income statement as a result of these transfers.

Deposits at December 31, 2022 were \$6.20 billion, an increase of \$475.7 million, or 8.3%, compared to \$5.72 billion at December 31, 2021. Linked quarter, deposits increased \$16.9 million, or 0.3%, from \$6.18 billion at September 30, 2022. During the three months ended December 31, 2022, brokered deposits decreased \$102.7 million, or 13.5%, compared to September 30, 2022. Brokered deposits at December 31, 2022, increased \$364.5 million, or 123.6%, compared to December 31, 2021, primarily due to funding our cash flow hedge swaps with brokered deposits in place of Federal Home Loan Bank advances to obtain lower cost funding.

On December 13, 2022, our board of directors increased its authorization under the Company's current Stock Repurchase Plan, previously authorized in March 2022, by an additional 1.0 million shares, for a total authorization to repurchase up to 2.0 million shares of the Company's common stock from time to time. Repurchases may be carried out in open market purchases, privately negotiated transactions or pursuant to any trading plan that might be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. The Company has no obligation to repurchase any shares under the Stock Repurchase Plan and may suspend or discontinue the plan at any time. During the fourth quarter ended December 31, 2022, we purchased 608,976 shares of common stock at an average price of \$35.03 pursuant to the Stock Repurchase Plan. As of December 31, 2022, approximately 1.1 million authorized shares remained available for purchase. Subsequent to December 31, 2022, and through January 24, 2023, we purchased 141,053 shares of common stock at an average price of \$35.73 pursuant to the Stock Repurchase Plan.

#### Asset Quality

Nonperforming assets at December 31, 2022 were \$10.9 million, or 0.14% of total assets, a decrease of \$0.7 million,

or 6.4%, compared to \$11.6 million, or 0.16% of total assets, at December 31, 2021, and a decrease from \$11.7 million, or 0.16% of total assets, at September 30, 2022.

The allowance for loan losses increased to \$36.5 million, or 0.88% of total loans, at December 31, 2022, compared to \$35.3 million, or 0.97% of total loans, at December 31, 2021. The increase was primarily due to economic uncertainty related to inflation and recessionary concerns, partially offset by improved asset quality. The allowance for loan losses was \$36.5 million, or 0.90% of total loans, at September 30, 2022.

We recorded a provision for credit losses for loans of \$0.5 million and a reversal of provision of \$2.7 million for the three month periods ended December 31, 2022 and 2021, respectively, compared to provision for credit losses for loans of \$1.3 million for the three months ended September 30, 2022. Net charge-offs were \$0.5 million for the three months ended December 31, 2022, compared to net charge-offs of \$34,000 for the three months ended December 31, 2021 and net charge-offs of \$0.2 million for the three months ended September 30, 2022. Net charge-offs were \$0.7 million for the year ended December 31, 2022, compared to net charge-offs of \$0.8 million for the year ended December 31, 2021.

We recorded a provision for credit losses for off-balance-sheet credit exposures of \$1.6 million and a reversal of provision of \$0.7 million for the three month periods ended December 31, 2022 and 2021, respectively, compared to a provision for credit losses for off-balance-sheet credit exposures of \$0.2 million for the three months ended September 30, 2022. We recorded a provision for credit losses for off-balance-sheet credit exposures of \$1.3 million and a reversal of provision of \$4.0 million for years ended December 31, 2022 and 2021, respectively. The balance of the allowance for off-balance-sheet credit exposures at December 31, 2022 and 2021, was \$3.7 million and \$2.4 million, respectively, and is included in other liabilities.

#### Dividend

Southside Bancshares, Inc. declared a fourth quarter cash dividend of \$0.34 per share and a special cash dividend of \$0.04 per share on November 3, 2022, which was paid on December 8, 2022, to all shareholders of record as of November 23, 2022.

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(1) Refer to “Non-GAAP Financial Measures” below and to “Non-GAAP Reconciliation” at the end of the financial statement tables in this Earnings Release for more information and for a reconciliation of this non-GAAP financial measure to the nearest GAAP financial measure.

#### Conference Call

Southside's management team will host a conference call to discuss its fourth quarter and year ended December 31, 2022 financial results on Friday, January 27, 2023 at 11:00 a.m. CST. The conference call can be accessed by webcast, for listen-only mode, on the company website, <https://investors.southside.com>.

Those interested in participating in the question and answer session, or others who prefer to call-in, can register at <https://register.vevent.com/register/Bld020dcaa8c67456aa3bcb56252078ea1> to receive the dial-in number and unique code to access the conference call seamlessly. While not required, it is recommended that those wishing to participate register 10 minutes prior to the conference call to ensure a more efficient registration process.

For those unable to attend the live event, a webcast recording will be available on the company website, <https://investors.southside.com>, for at least 30 days, beginning approximately two hours following the conference call.

#### Non-GAAP Financial Measures

Our accounting and reporting policies conform to generally accepted accounting principles ("GAAP") in the United States and prevailing practices in the banking industry. However, certain non-GAAP measures are used by management to supplement the evaluation of our performance. These include the following fully taxable-equivalent measures ("FTE"): (i) Net interest income (FTE), (ii) net interest margin (FTE), (iii) net interest spread (FTE), and (iv) efficiency ratio (FTE), which include the effects of taxable-equivalent adjustments using a federal income tax rate of 21% to increase tax-exempt interest income to a tax-equivalent basis. Interest income earned on certain assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments.

Net interest income (FTE), net interest margin (FTE) and net interest spread (FTE). Net interest income (FTE) is a non-GAAP measure that adjusts for the tax-favored status of net interest income from certain loans and investments and is not permitted under GAAP in the consolidated statements of income. We believe this measure to be the preferred industry measurement of net interest income and that it enhances comparability of net interest income arising from taxable and tax-exempt sources. The most directly comparable financial measure calculated in accordance with GAAP is our net interest income. Net interest margin (FTE) is the ratio of net interest income (FTE) to average earning assets. The most directly comparable financial measure calculated in accordance with GAAP is our net interest margin. Net interest spread (FTE) is the difference in the average yield on average earning assets on a tax-equivalent basis and the average rate paid on average interest bearing liabilities. The most directly comparable financial measure calculated in accordance with GAAP is our net interest spread.

Efficiency ratio (FTE). The efficiency ratio (FTE) is a non-GAAP measure that provides a measure of productivity in

the banking industry. This ratio is calculated to measure the cost of generating one dollar of revenue. The ratio is designed to reflect the percentage of one dollar which must be expended to generate that dollar of revenue. We calculate this ratio by dividing noninterest expense, excluding amortization expense on intangibles and certain nonrecurring expense by the sum of net interest income (FTE) and noninterest income, excluding net gain (loss) on sale of securities available for sale and certain nonrecurring impairments. The most directly comparable financial measure calculated in accordance with GAAP is our efficiency ratio.

These non-GAAP financial measures should not be considered alternatives to GAAP-basis financial statements and other bank holding companies may define or calculate these non-GAAP measures or similar measures differently. Whenever we present a non-GAAP financial measure in an SEC filing, we are also required to present the most directly comparable financial measure calculated and presented in accordance with GAAP and reconcile the differences between the non-GAAP financial measure and such comparable GAAP measure.

Management believes adjusting net interest income, net interest margin and net interest spread to a fully taxable-equivalent basis is a standard practice in the banking industry as these measures provide useful information to make peer comparisons. Tax-equivalent adjustments are reflected in the respective earning asset categories as listed in the "Average Balances with Average Yields and Rates" tables.

A reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures is included at the end of the financial statement tables.

About Southside Bancshares, Inc.

Southside Bancshares, Inc. is a bank holding company with approximately \$7.56 billion in assets as of December 31, 2022, that owns 100% of Southside Bank. Southside Bank currently has 55 branches in Texas and operates a network of 74 ATMs/ITMs.

To learn more about Southside Bancshares, Inc., please visit our investor relations website at <https://investors.southside.com>. Our investor relations site provides a detailed overview of our activities, financial information and historical stock price data. To receive e-mail notification of company news, events and stock activity, please register on the E-mail Notification portion of the website. Questions or comments may be directed to Lindsey Bailes at (903) 630-7965, or [lindsey.bailes@southside.com](mailto:lindsey.bailes@southside.com).

Forward-Looking Statements

Certain statements of other than historical fact that are contained in this press release and in other written materials, documents and oral statements issued by or on behalf of the Company may be considered to be

“forward-looking statements” within the meaning of and subject to the safe harbor protections of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management’s views as of any subsequent date. These statements may include words such as “expect,” “estimate,” “project,” “anticipate,” “appear,” “believe,” “could,” “should,” “may,” “might,” “will,” “would,” “seek,” “intend,” “probability,” “risk,” “goal,” “target,” “objective,” “plans,” “potential,” and similar expressions. Forward-looking statements are statements with respect to the Company’s beliefs, plans, expectations, objectives, goals, anticipations, assumptions, estimates, intentions and future performance and are subject to significant known and unknown risks and uncertainties, which could cause the Company’s actual results to differ materially from the results discussed in the forward-looking statements. For example, discussions of the effect of our expansion, benefits of the Share Repurchase Plan, trends in asset quality, capital, liquidity, the Company’s ability to sell nonperforming assets, expense reductions, planned operational efficiencies and earnings from growth and certain market risk disclosures, including the impact of interest rates, tax reform, inflation, the impacts related to or resulting from Russia’s invasion of Ukraine and other economic factors are based upon information presently available to management and are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. Accordingly, our results could materially differ from those that have been estimated. The most significant factor that could cause future results to differ materially from those anticipated by our forward-looking statements include the ongoing impact of higher inflation levels, higher interest rates and general economic and recessionary concerns, all of which could impact economic growth and could cause a reduction in financial transactions and business activities, including decreased deposits and reduced loan originations, our ability to manage liquidity in a rapidly changing and unpredictable market, supply chain disruptions, labor shortages and additional interest rate increases by the Federal Reserve.

Additional information concerning the Company and its business, including additional factors that could materially affect the Company’s financial results, is included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, under “Part I - Item 1. Forward Looking Information” and in the Company’s other filings with the Securities and Exchange Commission. The Company disclaims any obligation to update any factors or to announce publicly the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

Southside Bancshares, Inc.  
Consolidated Financial Summary (Unaudited)  
(Dollars in thousands)

|   | As of        |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2022         |              |              |              | 2021         |
|   | Dec 31,      | Sep 30,      | Jun 30,      | Mar 31,      | Dec 31,      |
| <b>ASSETS</b>   |              |              |              |              |              |
| Cash and due from banks   | \$ 106,143   | \$ 110,620   | \$ 111,099   | \$ 90,399    | \$ 91,120    |
| Interest earning deposits   | 9,276        | 3,476        | 12,910       | 72,158       | 110,633      |
| Federal funds sold  | 83,833       | 81,031       | 48,280       | 24,550       | —            |
| Securities available for sale, at estimated fair value                          | 1,299,014    | 1,424,562    | 1,733,354    | 2,065,984    | 2,764,325    |
| Securities held to maturity, at net carrying value                              | 1,326,729    | 1,151,205    | 1,083,672    | 474,319      | 90,780       |
| Total securities  | 2,625,743    | 2,575,767    | 2,817,026    | 2,540,303    | 2,855,105    |
| Federal Home Loan Bank stock, at cost   | 9,190        | 12,887       | 13,726       | 3,757        | 14,375       |
| Loans held for sale   | 667          | 421          | 815          | 1,576        | 1,684        |
| Loans   | 4,147,691    | 4,063,495    | 3,963,041    | 3,800,916    | 3,645,162    |
| Less: Allowance for loan losses   | (36,515)     | (36,506)     | (35,449)     | (35,524)     | (35,273)     |
| Net loans   | 4,111,176    | 4,026,989    | 3,927,592    | 3,765,392    | 3,609,889    |
| Premises & equipment, net   | 141,256      | 142,653      | 142,772      | 142,880      | 142,509      |
| Goodwill  | 201,116      | 201,116      | 201,116      | 201,116      | 201,116      |
| Other intangible assets, net  | 4,622        | 5,137        | 5,687        | 6,273        | 6,895        |
| Bank owned life insurance   | 133,911      | 133,394      | 132,675      | 131,923      | 131,232      |
| Other assets  | 131,703      | 160,256      | 192,363      | 138,788      | 95,044       |
| Total assets  | \$ 7,558,636 | \$ 7,453,747 | \$ 7,606,061 | \$ 7,119,115 | \$ 7,259,602 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                     |              |              |              |              |              |
| Noninterest bearing deposits  | \$ 1,671,562 | \$ 1,759,959 | \$ 1,735,488 | \$ 1,630,056 | \$ 1,644,775 |
| Interest bearing deposits   | 4,526,457    | 4,421,200    | 4,512,921    | 4,440,343    | 4,077,552    |
| Total deposits  | 6,198,019    | 6,181,159    | 6,248,409    | 6,070,399    | 5,722,327    |
| Other borrowings and Federal Home Loan Bank borrowings                          | 374,511      | 318,252      | 212,179      | 34,067       | 367,257      |
| Subordinated notes, net of unamortized debt issuance costs                      | 98,674       | 98,639       | 98,604       | 98,569       | 98,534       |
| Trust preferred subordinated debentures, net of unamortized debt issuance costs | 60,265       | 60,264       | 60,262       | 60,261       | 60,260       |
| Other liabilities   | 81,170       | 87,797       | 254,825      | 71,578       | 99,052       |
| Total liabilities   | 6,812,639    | 6,746,111    | 6,874,279    | 6,334,874    | 6,347,430    |
| Shareholders' equity  | 745,997      | 707,636      | 731,782      | 784,241      | 912,172      |
| Total liabilities and shareholders' equity                                      | \$ 7,558,636 | \$ 7,453,747 | \$ 7,606,061 | \$ 7,119,115 | \$ 7,259,602 |

Southside Bancshares, Inc.

Consolidated Financial Highlights (Unaudited)

(Dollars and shares in thousands, except per share data)

|   | Three Months Ended |           |           |           |           |
|---|--------------------|-----------|-----------|-----------|-----------|
|   | 2022               |           |           |           | 2021      |
|   | Dec 31,            | Sep 30,   | Jun 30,   | Mar 31,   | Dec 31,   |
| <b>Income Statement:</b>  |                    |           |           |           |           |
| Total interest income   | \$ 75,128          | \$ 66,880 | \$ 57,100 | \$ 53,873 | \$ 54,760 |
| Total interest expense  | 18,286             | 11,365    | 6,022     | 4,967     | 5,359     |
| Net interest income   | 56,842             | 55,515    | 51,078    | 48,906    | 49,401    |
| Provision for (reversal of) credit losses                           | 2,086              | 1,494     | (633)     | 294       | (3,421)   |
| Net interest income after provision for (reversal of) credit losses | 54,756             | 54,021    | 51,711    | 48,612    | 52,822    |
| Noninterest income  |                    |           |           |           |           |
| Deposit services  | 6,478              | 6,241     | 6,496     | 6,628     | 6,855     |
| Net gain (loss) on sale of securities available for sale            | —                  | (99)      | (2,177)   | (1,543)   | 463       |
| Gain on sale of loans   | 36                 | 109       | 208       | 178       | 356       |
| Trust fees  | 1,571              | 1,407     | 1,520     | 1,494     | 1,586     |
| Bank owned life insurance   | 516                | 720       | 720       | 691       | 710       |
| Brokerage services  | 727                | 701       | 1,098     | 809       | 907       |

|                                     |           |           |           |           |           |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Other                               | 1,438     | 1,190     | 1,232     | 2,468     | 1,134     |
| Total noninterest income            | 10,766    | 10,269    | 9,097     | 10,725    | 12,011    |
| Noninterest expense                 |           |           |           |           |           |
| Salaries and employee benefits      | 20,967    | 21,368    | 20,329    | 19,969    | 20,067    |
| Net occupancy                       | 3,973     | 3,847     | 3,654     | 3,656     | 3,541     |
| Advertising, travel & entertainment | 1,188     | 789       | 716       | 737       | 876       |
| ATM expense                         | 360       | 317       | 356       | 281       | 345       |
| Professional fees                   | 1,473     | 1,412     | 1,147     | 927       | 849       |
| Software and data processing        | 1,741     | 1,736     | 1,739     | 1,631     | 1,454     |
| Communications                      | 387       | 497       | 509       | 503       | 544       |
| FDIC insurance                      | 511       | 485       | 477       | 472       | 464       |
| Amortization of intangibles         | 515       | 550       | 586       | 622       | 658       |
| Other                               | 2,446     | 2,463     | 2,593     | 2,397     | 2,536     |
| Total noninterest expense           | 33,561    | 33,464    | 32,106    | 31,195    | 31,334    |
| Income before income tax expense    | 31,961    | 30,826    | 28,702    | 28,142    | 33,499    |
| Income tax expense                  | 4,293     | 3,875     | 3,297     | 3,146     | 4,812     |
| Net income                          | \$ 27,668 | \$ 26,951 | \$ 25,405 | \$ 24,996 | \$ 28,687 |

|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Common Share Data:                                  |         |         |         |         |         |
| Weighted-average basic shares outstanding           | 31,896  | 32,112  | 32,119  | 32,357  | 32,311  |
| Weighted-average diluted shares outstanding         | 31,964  | 32,221  | 32,251  | 32,537  | 32,487  |
| Common shares outstanding end of period             | 31,547  | 32,127  | 32,108  | 32,294  | 32,352  |
| Earnings per common share                           |         |         |         |         |         |
| Basic   | \$ 0.87 | \$ 0.84 | \$ 0.79 | \$ 0.77 | \$ 0.89 |
| Diluted   | 0.87    | 0.84    | 0.79    | 0.77    | 0.88    |
| Book value per common share                         | 23.65   | 22.03   | 22.79   | 24.28   | 28.20   |
| Tangible book value per common share <sup>(1)</sup> | 17.13   | 15.61   | 16.35   | 17.86   | 21.77   |
| Cash dividends paid per common share                | 0.38    | 0.34    | 0.34    | 0.34    | 0.39    |

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Selected Performance Ratios:                                   |        |        |        |        |        |
| Return on average assets                                       | 1.47%  | 1.43%  | 1.42%  | 1.40%  | 1.57%  |
| Return on average shareholders' equity                         | 15.08  | 14.23  | 13.33  | 11.42  | 12.67  |
| Return on average tangible common equity <sup>(1)</sup>        | 21.35  | 19.94  | 18.62  | 15.20  | 16.80  |
| Average yield on earning assets (FTE) <sup>(1)</sup>           | 4.43   | 4.00   | 3.66   | 3.53   | 3.55   |
| Average rate on interest bearing liabilities                   | 1.48   | 0.92   | 0.52   | 0.44   | 0.46   |
| Net interest margin (FTE) <sup>(1)</sup>                       | 3.40   | 3.36   | 3.30   | 3.22   | 3.23   |
| Net interest spread (FTE) <sup>(1)</sup>                       | 2.95   | 3.08   | 3.14   | 3.09   | 3.09   |
| Average earning assets to average interest bearing liabilities | 143.66 | 142.83 | 144.54 | 141.93 | 141.21 |
| Noninterest expense to average total assets                    | 1.78   | 1.77   | 1.79   | 1.75   | 1.72   |
| Efficiency ratio (FTE) <sup>(1)</sup>                          | 46.38  | 47.42  | 47.74  | 48.15  | 47.61  |

(1) Refer to "Non-GAAP Reconciliation" at the end of the financial statement tables in this Earnings Release for a reconciliation of this non-GAAP financial measure to the nearest GAAP financial measure.

Southside Bancshares, Inc.  
Consolidated Financial Highlights (Unaudited)  
(Dollars in thousands)

|   | Three Months Ended |           |           |           | 2021<br>Dec 31, |
|---|--------------------|-----------|-----------|-----------|-----------------|
|   | 2022<br>Dec 31,    | Sep 30,   | Jun 30,   | Mar 31,   |                 |
| Nonperforming Assets:                     | \$ 10,862          | \$ 11,717 | \$ 11,815 | \$ 11,455 | \$ 11,609       |
| Nonaccrual loans                          | 2,846              | 3,039     | 3,119     | 2,357     | 2,536           |
| Accruing loans past due more than 90 days | —                  | —         | —         | —         | —               |
| Troubled debt restructured loans          | 7,849              | 8,481     | 8,568     | 9,098     | 9,073           |
| Other real estate owned                   | 93                 | 162       | 128       | —         | —               |
| Repossession assets                       | 74                 | 35        | —         | —         | —               |
| Asset Quality Ratios:                     |                    |           |           |           |                 |
| Ratio of nonaccruing loans to:            |                    |           |           |           |                 |
| Total loans                               | 0.07%              | 0.07%     | 0.08%     | 0.06%     | 0.07%           |
| Ratio of nonperforming assets to:         |                    |           |           |           |                 |
| Total assets                              | 0.14               | 0.16      | 0.16      | 0.16      | 0.16            |

|   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
| Total loans   | 0.26     | 0.29     | 0.30     | 0.30     | 0.32     |
| Total loans and OREO  | 0.26     | 0.29     | 0.30     | 0.30     | 0.32     |
| Total loans, excluding PPP loans, and OREO                              | 0.26     | 0.29     | 0.30     | 0.30     | 0.32     |
| Ratio of allowance for loan losses to:                                  |          |          |          |          |          |
| Nonaccruing loans   | 1,283.03 | 1,201.25 | 1,136.55 | 1,507.17 | 1,390.89 |
| Nonperforming assets  | 336.17   | 311.56   | 300.03   | 310.12   | 303.84   |
| Total loans   | 0.88     | 0.90     | 0.89     | 0.93     | 0.97     |
| Total loans, excluding PPP loans  | 0.88     | 0.90     | 0.90     | 0.94     | 0.98     |
| Net charge-offs (recoveries) to average loans outstanding               | 0.05     | 0.02     | —        | —        | —        |
| Capital Ratios:   |          |          |          |          |          |
| Shareholders' equity to total assets                                    | 9.87     | 9.49     | 9.62     | 11.02    | 12.57    |
| Common equity tier 1 capital  | 12.63    | 12.98    | 12.83    | 13.67    | 14.17    |
| Tier 1 risk-based capital   | 13.70    | 14.07    | 13.94    | 14.86    | 15.43    |
| Total risk-based capital  | 16.11    | 16.50    | 16.38    | 17.50    | 18.15    |
| Tier 1 leverage capital   | 9.96     | 10.09    | 10.34    | 10.39    | 10.33    |
| Period end tangible equity to period end tangible assets <sup>(1)</sup> | 7.35     | 6.92     | 7.10     | 8.35     | 9.99     |
| Average shareholders' equity to average total assets                    | 9.72     | 10.02    | 10.64    | 12.28    | 12.42    |

(1) Refer to the "Non-GAAP Reconciliation" at the end of the financial statement tables in this Earnings Release for a reconciliation of this non-GAAP financial measure to the nearest GAAP financial measure.

Southside Bancshares, Inc.  
Consolidated Financial Highlights (Unaudited)  
(Dollars in thousands)

|  | Three Months Ended  |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2022                |                     |                     | 2021                |                     |
|  | Dec 31,             | Sep 30,             | Jun 30,             | Mar 31,             | Dec 31,             |
| Loan Portfolio Composition                                     |                     |                     |                     |                     |                     |
| Real Estate Loans:   |                     |                     |                     |                     |                     |
| Construction   | \$ 559,681          | \$ 554,345          | \$ 520,484          | \$ 490,166          | \$ 447,860          |
| 1-4 Family Residential   | 663,519             | 646,692             | 640,706             | 647,837             | 651,140             |
| Commercial   | 1,987,707           | 1,901,921           | 1,834,734           | 1,722,577           | 1,598,172           |
| Commercial Loans   | 412,064             | 433,538             | 428,974             | 401,144             | 418,998             |
| Municipal Loans  | 450,067             | 449,219             | 457,239             | 455,155             | 443,078             |
| Loans to Individuals   | 74,653              | 77,780              | 80,904              | 84,037              | 85,914              |
| Total Loans  | <u>\$ 4,147,691</u> | <u>\$ 4,063,495</u> | <u>\$ 3,963,041</u> | <u>\$ 3,800,916</u> | <u>\$ 3,645,162</u> |
| Summary of Changes in Allowances:                              |                     |                     |                     |                     |                     |
| Allowance for Loan Losses                                      |                     |                     |                     |                     |                     |
| Balance at beginning of period                                 | \$ 36,506           | \$ 35,449           | \$ 35,524           | \$ 35,273           | \$ 38,022           |
| Loans charged-off  | (864)               | (686)               | (479)               | (555)               | (489)               |
| Recoveries of loans charged-off                                | 383                 | 449                 | 516                 | 540                 | 455                 |
| Net loans (charged-off) recovered                              | (481)               | (237)               | 37                  | (15)                | (34)                |
| Provision for (reversal of) loan losses                        | 490                 | 1,294               | (112)               | 266                 | (2,715)             |
| Balance at end of period                                       | <u>\$ 36,515</u>    | <u>\$ 36,506</u>    | <u>\$ 35,449</u>    | <u>\$ 35,524</u>    | <u>\$ 35,273</u>    |
| Allowance for Off-Balance-Sheet Credit Exposures               |                     |                     |                     |                     |                     |
| Balance at beginning of period                                 | \$ 2,091            | \$ 1,891            | \$ 2,412            | \$ 2,384            | \$ 3,090            |
| Provision for (reversal of) off-balance-sheet credit exposures | 1,596               | 200                 | (521)               | 28                  | (706)               |
| Balance at end of period                                       | <u>\$ 3,687</u>     | <u>\$ 2,091</u>     | <u>\$ 1,891</u>     | <u>\$ 2,412</u>     | <u>\$ 2,384</u>     |
| Total Allowance for Credit Losses                              | <u>\$ 40,202</u>    | <u>\$ 38,597</u>    | <u>\$ 37,340</u>    | <u>\$ 37,936</u>    | <u>\$ 37,657</u>    |

Southside Bancshares, Inc.  
Consolidated Financial Highlights (Unaudited)  
(Dollars in thousands)

|   | Year Ended<br>December 31, |            |
|---|----------------------------|------------|
|   | 2022                       | 2021       |
| Income Statement:   |                            |            |
| Total interest income   | \$ 252,981                 | \$ 215,987 |
| Total interest expense  | 40,640                     | 26,430     |
| Net interest income   | 212,341                    | 189,557    |
| Provision for (reversal of) credit losses                           | 3,241                      | (16,964)   |
| Net interest income after provision for (reversal of) credit losses | 209,100                    | 206,521    |
| Noninterest income  |                            |            |
| Deposit services  | 25,843                     | 26,368     |
| Net gain (loss) on sale of securities available for sale            | (3,819)                    | 3,862      |
| Gain on sale of loans   | 531                        | 1,641      |
| Trust fees  | 5,992                      | 5,959      |
| Bank owned life insurance   | 2,647                      | 2,618      |
| Brokerage services  | 3,335                      | 3,383      |
| Other   | 6,328                      | 5,505      |
| Total noninterest income  | 40,857                     | 49,336     |
| Noninterest expense   |                            |            |
| Salaries and employee benefits                                      | 82,633                     | 79,892     |
| Net occupancy   | 15,130                     | 14,239     |
| Advertising, travel & entertainment                                 | 3,430                      | 2,367      |
| ATM expense   | 1,314                      | 1,166      |
| Professional fees   | 4,959                      | 4,015      |
| Software and data processing  | 6,847                      | 5,675      |
| Communications  | 1,896                      | 2,233      |
| FDIC insurance  | 1,945                      | 1,807      |
| Amortization of intangibles   | 2,273                      | 2,849      |
| Loss on redemption of subordinated notes                            | —                          | 1,118      |
| Other   | 9,899                      | 9,669      |
| Total noninterest expense   | 130,326                    | 125,030    |
| Income before income tax expense                                    | 119,631                    | 130,827    |
| Income tax expense  | 14,611                     | 17,426     |
| Net income  | \$ 105,020                 | \$ 113,401 |
| Common Share Data:  |                            |            |
| Weighted-average basic shares outstanding                           | 32,120                     | 32,558     |
| Weighted-average diluted shares outstanding                         | 32,251                     | 32,692     |
| Common shares outstanding end of period                             | 31,547                     | 32,352     |
| Earnings per common share   |                            |            |
| Basic   | \$ 3.27                    | \$ 3.48    |
| Diluted   | 3.26                       | 3.47       |
| Book value per common share   | 23.65                      | 28.20      |
| Tangible book value per common share <sup>(1)</sup>                 | 17.13                      | 21.77      |
| Cash dividends paid per common share                                | 1.40                       | 1.37       |
| Selected Performance Ratios:  |                            |            |
| Return on average assets  | 1.43%                      | 1.59%      |
| Return on average shareholders' equity                              | 13.42                      | 12.77      |
| Return on average tangible common equity <sup>(1)</sup>             | 18.56                      | 17.04      |
| Average yield on earning assets (FTE) <sup>(1)</sup>                | 3.92                       | 3.58       |
| Average rate on interest bearing liabilities                        | 0.85                       | 0.57       |
| Net interest margin (FTE) <sup>(1)</sup>                            | 3.32                       | 3.16       |
| Net interest spread (FTE) <sup>(1)</sup>                            | 3.07                       | 3.01       |
| Average earning assets to average interest bearing liabilities      | 143.25                     | 138.39     |
| Noninterest expense to average total assets                         | 1.77                       | 1.75       |
| Efficiency ratio (FTE) <sup>(1)</sup>                               | 47.39                      | 49.03      |

(1) Refer to "Non-GAAP Reconciliation" at the end of the financial statement tables in this Earnings Release for a reconciliation of this non-GAAP financial measure to the nearest GAAP financial measure.

Southside Bancshares, Inc.  
Consolidated Financial Highlights (Unaudited)  
(Dollars in thousands)

|   | Year Ended<br>December 31, |           |
|---|----------------------------|-----------|
|   | 2022                       | 2021      |
| Nonperforming Assets:   |                            |           |
| Nonaccrual loans  | \$ 10,862                  | \$ 11,609 |
| Accruing loans past due more than 90 days                               | 2,846                      | 2,536     |
| Troubled debt restructured loans  | —                          | —         |
| Other real estate owned   | 7,849                      | 9,073     |
| Repossessed assets  | 93                         | —         |
|   | 74                         | —         |
| Asset Quality Ratios:   |                            |           |
| Ratio of nonaccruing loans to:  |                            |           |
| Total loans   | 0.07%                      | 0.07%     |
| Ratio of nonperforming assets to:                                       |                            |           |
| Total assets  | 0.14                       | 0.16      |
| Total loans   | 0.26                       | 0.32      |
| Total loans and OREO  | 0.26                       | 0.32      |
| Total loans, excluding PPP loans, and OREO                              | 0.26                       | 0.32      |
| Ratio of allowance for loan losses to:                                  |                            |           |
| Nonaccruing loans   | 1,283.03                   | 1,390.89  |
| Nonperforming assets  | 336.17                     | 303.84    |
| Total loans   | 0.88                       | 0.97      |
| Total loans, excluding PPP loans  | 0.88                       | 0.98      |
| Net charge-offs (recoveries) to average loans outstanding               | 0.02                       | 0.02      |
| Capital Ratios:   |                            |           |
| Shareholders' equity to total assets                                    | 9.87                       | 12.57     |
| Common equity tier 1 capital  | 12.63                      | 14.17     |
| Tier 1 risk-based capital   | 13.70                      | 15.43     |
| Total risk-based capital  | 16.11                      | 18.15     |
| Tier 1 leverage capital   | 9.96                       | 10.33     |
| Period end tangible equity to period end tangible assets <sup>(1)</sup> | 7.35                       | 9.99      |
| Average shareholders' equity to average total assets                    | 10.65                      | 12.47     |

(1) Refer to the "Non-GAAP Reconciliation" at the end of the financial statement tables in this Earnings Release for a reconciliation of this non-GAAP financial measure to the nearest GAAP financial measure.

Southside Bancshares, Inc.  
Consolidated Financial Highlights (Unaudited)  
(Dollars in thousands)

|                            | Year Ended<br>December 31, |            |
|----------------------------|----------------------------|------------|
|                            | 2022                       | 2021       |
| Loan Portfolio Composition |                            |            |
| Real Estate Loans:         |                            |            |
| Construction               | \$ 559,681                 | \$ 447,860 |
| 1-4 Family Residential     | 663,519                    | 651,140    |
| Commercial                 | 1,987,707                  | 1,598,172  |
| Commercial Loans           | 412,064                    | 418,998    |
| Municipal Loans            | 450,067                    | 443,078    |
| Loans to Individuals       | 74,653                     | 85,914     |

|  |    |              |              |
|--|----|--------------|--------------|
| Total Loans  |    | \$ 4,147,691 | \$ 3,645,162 |
| Summary of Changes in Allowances:                              |    |              |              |
| Allowance for Loan Losses                                      |    |              |              |
| Balance at beginning of period                                 | \$ | 35,273       | \$ 49,006    |
| Loans charged-off  |    | (2,584)      | (2,751)      |
| Recoveries of loans charged-off                                |    | 1,888        | 1,980        |
| Net loans (charged-off) recovered                              |    | (696)        | (771)        |
| Provision for (reversal of) loan losses                        |    | 1,938        | (12,962)     |
| Balance at end of period                                       | \$ | 36,515       | \$ 35,273    |
| Allowance for Off-Balance-Sheet Credit Exposures               |    |              |              |
| Balance at beginning of period                                 | \$ | 2,384        | \$ 6,386     |
| Provision for (reversal of) off-balance-sheet credit exposures |    | 1,303        | (4,002)      |
| Balance at end of period                                       | \$ | 3,687        | \$ 2,384     |
| Total Allowance for Credit Losses                              | \$ | 40,202       | \$ 37,657    |

The tables that follow show average earning assets and interest bearing liabilities together with the average yield on the earning assets and the average rate of the interest bearing liabilities for the periods presented. The interest and related yields presented are on a fully taxable-equivalent basis and are therefore non-GAAP measures. See "Non-GAAP Financial Measures" and "Non-GAAP Reconciliation" for more information.

Southside Bancshares, Inc.  
Average Balances and Average Yields and Rates (Annualized) (Unaudited)  
(Dollars in thousands)

|   | Three Months Ended |           |                       |                    |           |                       |
|---|--------------------|-----------|-----------------------|--------------------|-----------|-----------------------|
|   | December 31, 2022  |           |                       | September 30, 2022 |           |                       |
|   | Average<br>Balance | Interest  | Average<br>Yield/Rate | Average<br>Balance | Interest  | Average<br>Yield/Rate |
| ASSETS  |                    |           |                       |                    |           |                       |
| Loans <sup>(1)</sup>  | \$ 4,103,429       | \$ 52,650 | 5.09%                 | \$ 4,012,547       | \$ 45,992 | 4.55%                 |
| Loans held for sale   | 1,087              | 15        | 5.47%                 | 606                | 7         | 4.58%                 |
| Securities:   |                    |           |                       |                    |           |                       |
| Taxable investment securities <sup>(2)</sup>                                    | 622,004            | 4,804     | 3.06%                 | 626,136            | 4,896     | 3.10%                 |
| Tax-exempt investment securities <sup>(2)</sup>                                 | 1,730,233          | 15,652    | 3.59%                 | 1,750,952          | 14,455    | 3.28%                 |
| Mortgage-backed and related securities <sup>(2)</sup>                           | 483,914            | 4,614     | 3.78%                 | 520,501            | 4,770     | 3.64%                 |
| Total securities  | 2,836,151          | 25,070    | 3.51%                 | 2,897,589          | 24,121    | 3.30%                 |
| Federal Home Loan Bank stock, at cost, and equity investments                   | 22,616             | 212       | 3.72%                 | 24,013             | 101       | 1.67%                 |
| Interest earning deposits   | 10,974             | 108       | 3.90%                 | 18,664             | 105       | 2.23%                 |
| Federal funds sold  | 84,858             | 774       | 3.62%                 | 46,106             | 269       | 2.31%                 |
| Total earning assets  | 7,059,115          | 78,829    | 4.43%                 | 6,999,525          | 70,595    | 4.00%                 |
| Cash and due from banks   | 108,200            |           |                       | 102,840            |           |                       |
| Accrued interest and other assets   | 356,248            |           |                       | 433,532            |           |                       |
| Less: Allowance for loan losses   | (36,602)           |           |                       | (35,706)           |           |                       |
| Total assets  | \$ 7,486,961       |           |                       | \$ 7,500,191       |           |                       |
| LIABILITIES AND SHAREHOLDERS' EQUITY  |                    |           |                       |                    |           |                       |
| Savings accounts  | \$ 676,654         | 758       | 0.44%                 | \$ 685,947         | 481       | 0.28%                 |
| Certificates of deposit   | 645,972            | 3,035     | 1.86%                 | 588,212            | 1,452     | 0.98%                 |
| Interest bearing demand accounts  | 3,119,682          | 9,894     | 1.26%                 | 3,164,961          | 5,954     | 0.75%                 |
| Total interest bearing deposits   | 4,442,308          | 13,687    | 1.22%                 | 4,439,120          | 7,887     | 0.70%                 |
| Federal Home Loan Bank borrowings   | 189,939            | 1,623     | 3.39%                 | 173,838            | 1,078     | 2.46%                 |
| Subordinated notes, net of unamortized debt issuance costs                      | 98,657             | 1,013     | 4.07%                 | 98,621             | 1,004     | 4.04%                 |
| Trust preferred subordinated debentures, net of unamortized debt issuance costs | 60,264             | 901       | 5.93%                 | 60,263             | 669       | 4.40%                 |
| Repurchase agreements   | 37,416             | 117       | 1.24%                 | 30,530             | 54        | 0.70%                 |
| Other borrowings  | 85,033             | 945       | 4.41%                 | 98,174             | 673       | 2.72%                 |
| Total interest bearing liabilities  | 4,913,617          | 18,286    | 1.48%                 | 4,900,546          | 11,365    | 0.92%                 |
| Noninterest bearing deposits  | 1,757,568          |           |                       | 1,746,245          |           |                       |
| Accrued expenses and other liabilities  | 88,024             |           |                       | 101,881            |           |                       |
| Total liabilities   | 6,759,209          |           |                       | 6,748,672          |           |                       |

|  |                     |              |                     |              |
|--|---------------------|--------------|---------------------|--------------|
| Shareholders' equity                       | 727,752             |              | 751,519             |              |
| Total liabilities and shareholders' equity | <u>\$ 7,486,961</u> |              | <u>\$ 7,500,191</u> |              |
| Net interest income (FTE)                  | <u>\$ 60,543</u>    |              | <u>\$ 59,230</u>    |              |
| Net interest margin (FTE)                  |                     | <u>3.40%</u> |                     | <u>3.36%</u> |
| Net interest spread (FTE)                  |                     | <u>2.95%</u> |                     | <u>3.08%</u> |

(1) Interest on loans includes net fees on loans that are not material in amount.

(2) For the purpose of calculating the average yield, the average balance of securities is presented at historical cost.

Note: As of December 31, 2022 and September 30, 2022, loans totaling \$2.8 million and \$3.0 million, respectively, were on nonaccrual status. Our policy is to reverse previously accrued but unpaid interest on nonaccrual loans; thereafter, interest income is recorded to the extent received when appropriate.

Southside Bancshares, Inc.  
Average Balances and Average Yields and Rates (Annualized) (Unaudited)  
(Dollars in thousands)

|   | Three Months Ended  |                  |                       |                     |                  |                       |
|---|---------------------|------------------|-----------------------|---------------------|------------------|-----------------------|
|   | June 30, 2022       |                  |                       | March 31, 2022      |                  |                       |
|   | Average<br>Balance  | Interest         | Average<br>Yield/Rate | Average<br>Balance  | Interest         | Average<br>Yield/Rate |
| <b>ASSETS</b>   |                     |                  |                       |                     |                  |                       |
| Loans <sup>(1)</sup>  | \$ 3,847,614        | \$ 39,088        | 4.07%                 | \$ 3,703,980        | \$ 35,625        | 3.90%                 |
| Loans held for sale   | 1,776               | 18               | 4.07%                 | 928                 | 8                | 3.50%                 |
| Securities:   |                     |                  |                       |                     |                  |                       |
| Taxable investment securities <sup>(2)</sup>                                    | 617,603             | 4,632            | 3.01%                 | 644,706             | 4,608            | 2.90%                 |
| Tax-exempt investment securities <sup>(2)</sup>                                 | 1,653,871           | 13,599           | 3.30%                 | 1,563,185           | 12,683           | 3.29%                 |
| Mortgage-backed and related securities <sup>(2)</sup>                           | 417,057             | 3,238            | 3.11%                 | 566,941             | 4,017            | 2.87%                 |
| Total securities  | 2,688,531           | 21,469           | 3.20%                 | 2,774,832           | 21,308           | 3.11%                 |
| Federal Home Loan Bank stock, at cost, and equity investments                   | 17,663              | 77               | 1.75%                 | 20,677              | 113              | 2.22%                 |
| Interest earning deposits   | 77,894              | 125              | 0.64%                 | 44,642              | 24               | 0.22%                 |
| Federal funds sold  | 37,343              | 79               | 0.85%                 | 8,651               | 4                | 0.19%                 |
| Total earning assets  | 6,670,821           | 60,856           | 3.66%                 | 6,553,710           | 57,082           | 3.53%                 |
| Cash and due from banks   | 100,231             |                  |                       | 107,144             |                  |                       |
| Accrued interest and other assets   | 446,136             |                  |                       | 607,235             |                  |                       |
| Less: Allowance for loan losses   | (35,895)            |                  |                       | (35,636)            |                  |                       |
| Total assets  | <u>\$ 7,181,293</u> |                  |                       | <u>\$ 7,232,453</u> |                  |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                     |                     |                  |                       |                     |                  |                       |
| Savings accounts  | \$ 670,187          | 326              | 0.20%                 | \$ 652,394          | 273              | 0.17%                 |
| Certificates of deposit   | 518,104             | 578              | 0.45%                 | 563,599             | 594              | 0.43%                 |
| Interest bearing demand accounts  | 3,175,385           | 3,360            | 0.42%                 | 3,097,966           | 2,370            | 0.31%                 |
| Total interest bearing deposits   | 4,363,676           | 4,264            | 0.39%                 | 4,313,959           | 3,237            | 0.30%                 |
| Federal Home Loan Bank borrowings   | 55,990              | 224              | 1.60%                 | 122,783             | 366              | 1.21%                 |
| Subordinated notes, net of unamortized debt issuance costs                      | 98,586              | 1,000            | 4.07%                 | 98,552              | 998              | 4.11%                 |
| Trust preferred subordinated debentures, net of unamortized debt issuance costs | 60,262              | 471              | 3.13%                 | 60,261              | 356              | 2.40%                 |
| Repurchase agreements   | 30,055              | 18               | 0.24%                 | 21,494              | 10               | 0.19%                 |
| Other borrowings  | 6,549               | 45               | 2.76%                 | 467                 | —                | —                     |
| Total interest bearing liabilities  | 4,615,118           | 6,022            | 0.52%                 | 4,617,516           | 4,967            | 0.44%                 |
| Noninterest bearing deposits  | 1,702,985           |                  |                       | 1,642,973           |                  |                       |
| Accrued expenses and other liabilities  | 98,870              |                  |                       | 84,009              |                  |                       |
| Total liabilities   | 6,416,973           |                  |                       | 6,344,498           |                  |                       |
| Shareholders' equity  | 764,320             |                  |                       | 887,955             |                  |                       |
| Total liabilities and shareholders' equity                                      | <u>\$ 7,181,293</u> |                  |                       | <u>\$ 7,232,453</u> |                  |                       |
| Net interest income (FTE)   |                     | <u>\$ 54,834</u> |                       |                     | <u>\$ 52,115</u> |                       |

|                           |              |              |
|---------------------------|--------------|--------------|
| Net interest margin (FTE) | <u>3.30%</u> | <u>3.22%</u> |
| Net interest spread (FTE) | <u>3.14%</u> | <u>3.09%</u> |

(1) Interest on loans includes net fees on loans that are not material in amount.

(2) For the purpose of calculating the average yield, the average balance of securities is presented at historical cost.

Note: As of June 30, 2022 and March 31, 2022, loans totaling \$3.1 million and \$2.4 million, respectively, were on nonaccrual status. Our policy is to reverse previously accrued but unpaid interest on nonaccrual loans; thereafter, interest income is recorded to the extent received when appropriate.

Southside Bancshares, Inc.  
Average Balances and Average Yields and Rates (Annualized) (Unaudited)  
(Dollars in thousands)

|   | Three Months Ended  |                  |                       |
|---|---------------------|------------------|-----------------------|
|   | December 31, 2021   |                  |                       |
|   | Average<br>Balance  | Interest         | Average<br>Yield/Rate |
| <b>ASSETS</b>   |                     |                  |                       |
| Loans <sup>(1)</sup>  | \$ 3,668,767        | \$ 36,740        | 3.97%                 |
| Loans held for sale   | 1,980               | 11               | 2.20%                 |
| Securities:   |                     |                  |                       |
| Taxable investment securities <sup>(2)</sup>                                    | 590,104             | 4,215            | 2.83%                 |
| Tax-exempt investment securities <sup>(2)</sup>                                 | 1,508,196           | 12,699           | 3.34%                 |
| Mortgage-backed and related securities <sup>(2)</sup>                           | 650,685             | 4,394            | 2.68%                 |
| Total securities  | <u>2,748,985</u>    | <u>21,308</u>    | 3.08%                 |
| Federal Home Loan Bank stock, at cost, and equity investments                   | 38,832              | 175              | 1.79%                 |
| Interest earning deposits   | 43,841              | 22               | 0.20%                 |
| Total earning assets  | <u>6,502,405</u>    | <u>58,256</u>    | 3.55%                 |
| Cash and due from banks   | 103,126             |                  |                       |
| Accrued interest and other assets   | 662,654             |                  |                       |
| Less: Allowance for loan losses   | (38,317)            |                  |                       |
| Total assets  | <u>\$ 7,229,868</u> |                  |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                     |                     |                  |                       |
| Savings accounts  | \$ 624,377          | 264              | 0.17%                 |
| Certificates of deposit   | 632,150             | 681              | 0.43%                 |
| Interest bearing demand accounts  | <u>2,558,289</u>    | <u>1,289</u>     | 0.20%                 |
| Total interest bearing deposits   | 3,814,816           | 2,234            | 0.23%                 |
| Federal Home Loan Bank borrowings   | 609,310             | 1,758            | 1.14%                 |
| Subordinated notes, net of unamortized debt issuance costs                      | 98,517              | 1,011            | 4.07%                 |
| Trust preferred subordinated debentures, net of unamortized debt issuance costs | 60,259              | 345              | 2.27%                 |
| Repurchase agreements   | 21,874              | 11               | 0.20%                 |
| Total interest bearing liabilities  | <u>4,604,776</u>    | <u>5,359</u>     | 0.46%                 |
| Noninterest bearing deposits  | 1,637,914           |                  |                       |
| Accrued expenses and other liabilities  | 88,982              |                  |                       |
| Total liabilities   | <u>6,331,672</u>    |                  |                       |
| Shareholders' equity  | 898,196             |                  |                       |
| Total liabilities and shareholders' equity                                      | <u>\$ 7,229,868</u> |                  |                       |
| Net interest income (FTE)   |                     | <u>\$ 52,897</u> |                       |
| Net interest margin (FTE)   |                     |                  | <u>3.23%</u>          |
| Net interest spread (FTE)   |                     |                  | <u>3.09%</u>          |

(1) Interest on loans includes net fees on loans that are not material in amount.

(2) For the purpose of calculating the average yield, the average balance of securities is presented at historical cost.

Note: As of December 31, 2021, loans totaling \$2.5 million were on nonaccrual status. Our policy is to reverse previously accrued but unpaid interest on nonaccrual loans; thereafter, interest income is recorded to the extent received when appropriate.

Southside Bancshares, Inc.  
Average Balances and Average Yields and Rates (Annualized) (Unaudited)  
(Dollars in thousands)

|   | Year Ended          |                   |                       |                     |                   |                       |
|---|---------------------|-------------------|-----------------------|---------------------|-------------------|-----------------------|
|   | December 31, 2022   |                   |                       | December 31, 2021   |                   |                       |
|   | Average<br>Balance  | Interest          | Average<br>Yield/Rate | Average<br>Balance  | Interest          | Average<br>Yield/Rate |
| <b>ASSETS</b>   |                     |                   |                       |                     |                   |                       |
| Loans <sup>(1)</sup>  | \$ 3,918,249        | \$ 173,355        | 4.42%                 | \$ 3,668,149        | \$ 147,667        | 4.03%                 |
| Loans held for sale   | 1,098               | 48                | 4.37%                 | 2,063               | 56                | 2.71%                 |
| Securities:   |                     |                   |                       |                     |                   |                       |
| Taxable investment securities <sup>(2)</sup>                                    | 627,546             | 18,940            | 3.02%                 | 454,836             | 13,312            | 2.93%                 |
| Tax-exempt investment securities <sup>(2)</sup>                                 | 1,675,227           | 56,389            | 3.37%                 | 1,407,231           | 47,775            | 3.39%                 |
| Mortgage-backed and related securities <sup>(2)</sup>                           | 496,940             | 16,639            | 3.35%                 | 793,300             | 19,534            | 2.46%                 |
| Total securities  | 2,799,713           | 91,968            | 3.28%                 | 2,655,367           | 80,621            | 3.04%                 |
| Federal Home Loan Bank stock, at cost, and equity investments                   | 21,255              | 503               | 2.37%                 | 37,549              | 530               | 1.41%                 |
| Interest earning deposits   | 37,898              | 362               | 0.96%                 | 39,426              | 78                | 0.20%                 |
| Federal funds sold  | 44,454              | 1,126             | 2.53%                 | —                   | —                 | —                     |
| Total earning assets  | 6,822,667           | 267,362           | 3.92%                 | 6,402,554           | 228,952           | 3.58%                 |
| Cash and due from banks   | 104,602             |                   |                       | 94,959              |                   |                       |
| Accrued interest and other assets   | 457,782             |                   |                       | 670,062             |                   |                       |
| Less: Allowance for loan losses   | (35,962)            |                   |                       | (43,064)            |                   |                       |
| Total assets  | <u>\$ 7,349,089</u> |                   |                       | <u>\$ 7,124,511</u> |                   |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                     |                     |                   |                       |                     |                   |                       |
| Savings accounts  | \$ 671,402          | 1,838             | 0.27%                 | \$ 578,245          | 953               | 0.16%                 |
| Certificates of deposit   | 579,223             | 5,659             | 0.98%                 | 663,789             | 3,635             | 0.55%                 |
| Interest bearing demand accounts  | 3,139,628           | 21,578            | 0.69%                 | 2,464,670           | 4,816             | 0.20%                 |
| Total interest bearing deposits   | 4,390,253           | 29,075            | 0.66%                 | 3,706,704           | 9,404             | 0.25%                 |
| Federal Home Loan Bank borrowings   | 135,926             | 3,291             | 2.42%                 | 665,384             | 7,348             | 1.10%                 |
| Subordinated notes, net of unamortized debt issuance costs                      | 98,604              | 4,015             | 4.07%                 | 171,857             | 8,246             | 4.80%                 |
| Trust preferred subordinated debentures, net of unamortized debt issuance costs | 60,262              | 2,397             | 3.98%                 | 60,258              | 1,390             | 2.31%                 |
| Repurchase agreements   | 29,919              | 199               | 0.67%                 | 22,257              | 42                | 0.19%                 |
| Other borrowings  | 47,926              | 1,663             | 3.47%                 | —                   | —                 | —                     |
| Total interest bearing liabilities  | 4,762,890           | 40,640            | 0.85%                 | 4,626,460           | 26,430            | 0.57%                 |
| Noninterest bearing deposits  | 1,712,849           |                   |                       | 1,516,682           |                   |                       |
| Accrued expenses and other liabilities  | 90,988              |                   |                       | 93,136              |                   |                       |
| Total liabilities   | 6,566,727           |                   |                       | 6,236,278           |                   |                       |
| Shareholders' equity  | 782,362             |                   |                       | 888,233             |                   |                       |
| Total liabilities and shareholders' equity                                      | <u>\$ 7,349,089</u> |                   |                       | <u>\$ 7,124,511</u> |                   |                       |
| Net interest income (FTE)   |                     | <u>\$ 226,722</u> |                       |                     | <u>\$ 202,522</u> |                       |
| Net interest margin (FTE)   |                     |                   | <u>3.32%</u>          |                     |                   | <u>3.16%</u>          |
| Net interest spread (FTE)   |                     |                   | <u>3.07%</u>          |                     |                   | <u>3.01%</u>          |

(1) Interest on loans includes net fees on loans that are not material in amount.

(2) For the purpose of calculating the average yield, the average balance of securities is presented at historical cost.

Note: As of December 31, 2022 and 2021, loans totaling \$2.8 million and \$2.5 million, respectively, were on nonaccrual status. Our policy is to reverse previously accrued but unpaid interest on nonaccrual loans; thereafter, interest income is recorded to the extent received when appropriate.

The following tables set forth the reconciliation of return on average common equity to return on average tangible common equity, book value per share to tangible book value per share, net interest income to net interest income adjusted to a fully taxable-equivalent basis assuming a 21% marginal tax rate for interest earned on tax-exempt assets such as municipal loans and investment securities, along with the calculation of total revenue, adjusted noninterest expense, efficiency ratio (FTE), net interest margin (FTE) and net interest spread (FTE) for the applicable periods presented.

Southside Bancshares, Inc.  
Non-GAAP Reconciliation (Unaudited)  
(Dollars and shares in thousands, except per share data)

|  | Three Months Ended |                    |                    |                    | Year Ended         |                    |  |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
|  | 2022               | 2022               | 2021               | 2021               | 2022               | 2021               |  |
|  | Dec 31,            | Sep 30,            | Jun 30,            | Mar 31,            | Dec 31,            | Dec 31,            |  |
| Reconciliation of return on average common equity to return on average tangible common equity:   |                    |                    |                    |                    |                    |                    |  |
| Net income   | \$ 27,668          | \$ 26,951          | \$ 25,405          | \$ 24,996          | \$ 28,687          | \$ 113,401         |  |
| After-tax amortization expense   | 407                | 435                | 463                | 491                | 520                | 1,796              |  |
| Adjusted net income available to common shareholders   | <u>\$ 28,075</u>   | <u>\$ 27,386</u>   | <u>\$ 25,868</u>   | <u>\$ 25,487</u>   | <u>\$ 29,207</u>   | <u>\$ 115,652</u>  |  |
| Average shareholders' equity   | \$ 727,752         | \$ 751,519         | \$ 764,320         | \$ 887,955         | \$ 898,196         | \$ 782,362         |  |
| Less: Average intangibles for the period   | (206,049)          | (206,591)          | (207,163)          | (207,774)          | (208,412)          | (206,889)          |  |
| Average tangible shareholders' equity  | <u>\$ 521,703</u>  | <u>\$ 544,928</u>  | <u>\$ 557,157</u>  | <u>\$ 680,181</u>  | <u>\$ 689,784</u>  | <u>\$ 575,473</u>  |  |
| Return on average tangible common equity   | 21.35%             | 19.94%             | 18.62%             | 15.20%             | 16.80%             | 18.56%             |  |
| Reconciliation of book value per share to tangible book value per share:   |                    |                    |                    |                    |                    |                    |  |
| Common equity at end of period   | \$ 745,997         | \$ 707,636         | \$ 731,782         | \$ 784,241         | \$ 912,172         | \$ 745,997         |  |
| Less: Intangible assets at end of period   | (205,738)          | (206,253)          | (206,803)          | (207,389)          | (208,011)          | (205,738)          |  |
| Tangible common shareholders' equity at end of period  | <u>\$ 540,259</u>  | <u>\$ 501,383</u>  | <u>\$ 524,979</u>  | <u>\$ 576,852</u>  | <u>\$ 704,161</u>  | <u>\$ 540,259</u>  |  |
| Total assets at end of period  | \$7,558,636        | \$7,453,747        | \$7,606,061        | \$7,119,115        | \$7,259,602        | \$7,558,636        |  |
| Less: Intangible assets at end of period   | (205,738)          | (206,253)          | (206,803)          | (207,389)          | (208,011)          | (205,738)          |  |
| Tangible assets at end of period   | <u>\$7,352,898</u> | <u>\$7,247,494</u> | <u>\$7,399,258</u> | <u>\$6,911,726</u> | <u>\$7,051,591</u> | <u>\$7,352,898</u> |  |
| Period end tangible equity to period end tangible assets   | 7.35%              | 6.92%              | 7.10%              | 8.35%              | 9.99%              | 7.35%              |  |
| Common shares outstanding end of period  | 31,547             | 32,127             | 32,108             | 32,294             | 32,352             | 31,547             |  |
| Tangible book value per common share   | \$ 17.13           | \$ 15.61           | \$ 16.35           | \$ 17.86           | \$ 21.77           | \$ 17.13           |  |
| Reconciliation of efficiency ratio to efficiency ratio (FTE), net interest margin to net interest margin (FTE) and net interest spread to net interest spread (FTE): |                    |                    |                    |                    |                    |                    |  |
| Net interest income (GAAP)   | \$ 56,842          | \$ 55,515          | \$ 51,078          | \$ 48,906          | \$ 49,401          | \$ 212,341         |  |
| Tax-equivalent adjustments:  |                    |                    |                    |                    |                    |                    |  |
| Loans  | 744                | 742                | 762                | 745                | 740                | 2,993              |  |
| Tax-exempt investment securities   | 2,957              | 2,973              | 2,994              | 2,464              | 2,756              | 11,388             |  |
| Net interest income (FTE) <sup>(1)</sup>   | <u>60,543</u>      | <u>59,230</u>      | <u>54,834</u>      | <u>52,115</u>      | <u>52,897</u>      | <u>226,722</u>     |  |

|  |                  |                  |                  |                  |                  |                   |                   |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Noninterest income                       | 10,766           | 10,269           | 9,097            | 10,725           | 12,011           | 40,857            | 49,336            |
| Nonrecurring income <sup>(2)</sup>       | —                | 99               | 2,177            | 706              | (463)            | 2,982             | (3,862)           |
| Total revenue                            | <u>\$ 71,309</u> | <u>\$ 69,598</u> | <u>\$ 66,108</u> | <u>\$ 63,546</u> | <u>\$ 64,445</u> | <u>\$ 270,561</u> | <u>\$ 247,996</u> |
| Noninterest expense                      | \$ 33,561        | \$ 33,464        | \$ 32,106        | \$ 31,195        | \$ 31,334        | \$ 130,326        | \$ 125,030        |
| Pre-tax amortization expense             | (515)            | (550)            | (586)            | (622)            | (658)            | (2,273)           | (2,849)           |
| Nonrecurring expense <sup>(3)</sup>      | 26               | 87               | 39               | 22               | 8                | 174               | (580)             |
| Adjusted noninterest expense             | <u>\$ 33,072</u> | <u>\$ 33,001</u> | <u>\$ 31,559</u> | <u>\$ 30,595</u> | <u>\$ 30,684</u> | <u>\$ 128,227</u> | <u>\$ 121,601</u> |
| Efficiency ratio                         | 48.92%           | 50.09%           | 50.61%           | 50.71%           | 50.34%           | 50.05%            | 51.74%            |
| Efficiency ratio (FTE) <sup>(1)</sup>    | 46.38%           | 47.42%           | 47.74%           | 48.15%           | 47.61%           | 47.39%            | 49.03%            |
| Average earning assets                   | \$7,059,115      | \$6,999,525      | \$6,670,821      | \$6,553,710      | \$6,502,405      | \$6,822,667       | \$6,402,554       |
| Net interest margin                      | 3.19%            | 3.15%            | 3.07%            | 3.03%            | 3.01%            | 3.11%             | 2.96%             |
| Net interest margin (FTE) <sup>(1)</sup> | 3.40%            | 3.36%            | 3.30%            | 3.22%            | 3.23%            | 3.32%             | 3.16%             |
| Net interest spread                      | 2.74%            | 2.87%            | 2.91%            | 2.89%            | 2.88%            | 2.86%             | 2.80%             |
| Net interest spread (FTE) <sup>(1)</sup> | 2.95%            | 3.08%            | 3.14%            | 3.09%            | 3.09%            | 3.07%             | 3.01%             |

(1) These amounts are presented on a fully taxable-equivalent basis and are non-GAAP measures.

(2) These adjustments may include net gain or loss on sale of securities available for sale and other investment income or loss in the periods where applicable.

(3) These adjustments may include loss on redemption of subordinated notes, foreclosure expenses and branch closure expenses, in the periods where applicable.

Source: Southside Bancshares, Inc.