



SOUTHSIDE BANCSHARES, INC.
NASDAQ: SBSI

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2016

Southside Key Roles

Name	Position	Background	Years with Southside
Sam Dawson	Chief Executive Officer	<ul style="list-style-type: none">- President and Secretary of Southside Bank from 1998 to 2012- East Texas Medical Center and Tyler Junior College Foundation Director	41
Lee Gibson	President	<ul style="list-style-type: none">- Past Chairman, FHLB Dallas & Council of FHLBanks- President of East Texas Boy Scout Foundation and Tyler Junior College Foundation Boards- Tyler Economic Development Council Director	31

Forward-Looking Statements

- Certain statements of other than historical fact that are contained in this document and in written material, press releases 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,” “likely,” “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, and estimates, about the Company’s 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, trends in asset quality and earnings from growth, and certain market risk disclosures 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.
- 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, 2015 under “Forward-Looking Information” and Item 1A. “Risk Factors,” 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: A Brief Overview

Overview

- **Headquartered in Tyler, TX**
- **Founded in 1960**
- **Paid a cash dividend every year since 1970**
 - **(5-year CAGR of 8.47%)**
 - **5% stock dividend every year since 1993**
- **39.26% market share in Tyler, TX**
- **In two of the fastest growing markets**
 - **Austin**
 - **DFW – Dallas/Fort Worth**
- **Shares owned by insiders (7.7%)**

Financial Snapshot (3/31/16)

Balance Sheet (\$000s)

Total Assets	\$5,019,012
Total Loans	2,443,231
Total Deposits	3,619,368
Total Shareholders' Equity	457,576
Market Capitalization (\$mm) ⁽¹⁾	715.49

2016 Performance (Three Months Ended)

Net Income (\$000s)	\$13,516
Return on Average Assets (%)	1.07%
Return on Avg. S.H. Equity (%)	11.96
Efficiency Ratio (%)	57.47

(1) Market capitalization is as of April 26, 2016.

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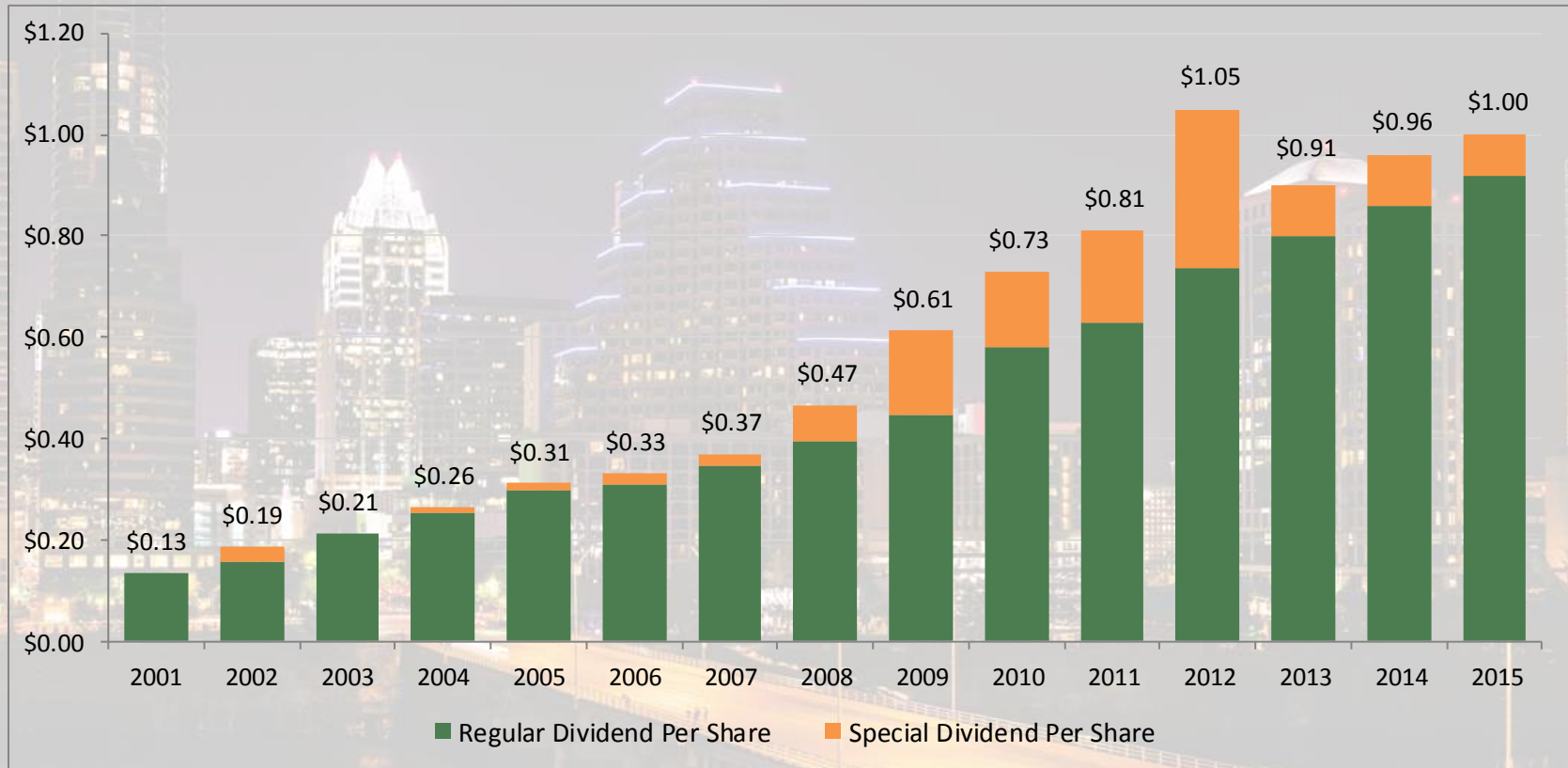
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Dividends

- Southside has paid a cash dividend every year since 1970
- In addition, we have paid an annual 5% stock dividend since 1993



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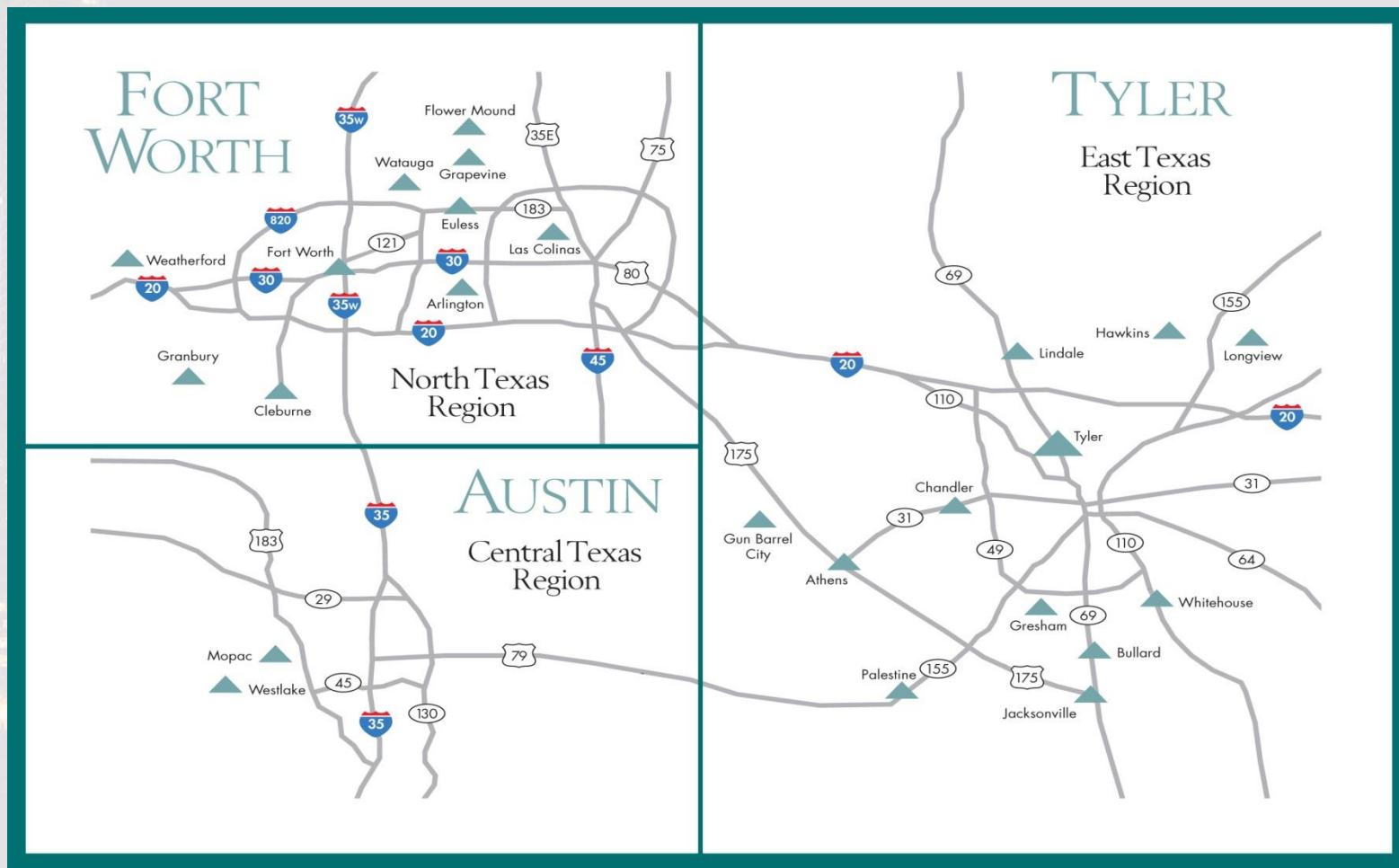
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Expanded Footprint



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Commercial Oil & Gas Exposure

	<u>Amount (\$000s)</u>	<u>As a Percent of Loans</u>
Oil & Gas Extraction and Wells	\$ 18,447	0.70%
Support Activities for Oil & Gas Operations	11,516	0.53
Total Oil & Gas Industry Exposure	<u>\$ 29,963</u>	<u>1.23%</u>

2015

- Strong Financial Performance
- Successfully Completed Integration of OmniAmerican Bank
- Realized Numerous Synergies and Operational Efficiencies
- Strong Year End Loan Growth – Sets Tone for 2016

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Goals for 2016

- Maintain Quality Loan Growth
- Maintain Asset Quality
- Implement and Capitalize on Operational Process Efficiency

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Goals for 2016

- Expansion Opportunities
 - Austin/DFW/East Texas, and all points in between
 - We will open an LPO in Frisco in 2016

- Navigate Challenging
 - Interest Rate Environment
 - Regulatory Environment

Southside Bancshares, Inc.

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Quarter Ended March 31,

	2016	2015	%Chg.
Net Income (in thousands)	\$ 13,516	\$ 9,379	44.1%
EPS (diluted)	\$ 0.54	\$ 0.37	45.9%
ROE	11.96%	8.79%	
ROA	1.07%	0.79%	
Efficiency Ratio	57.47%	61.85%	

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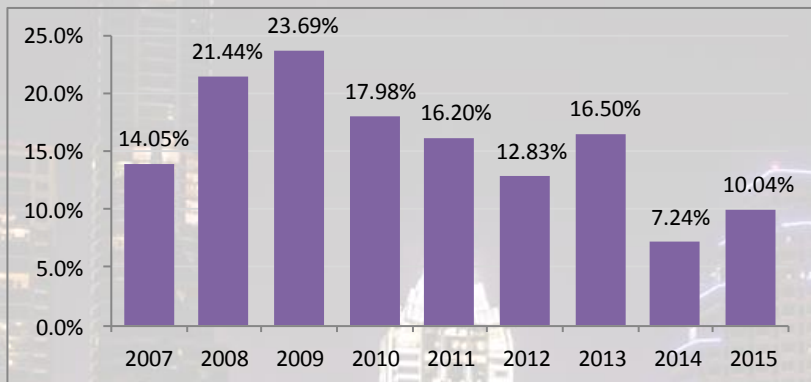
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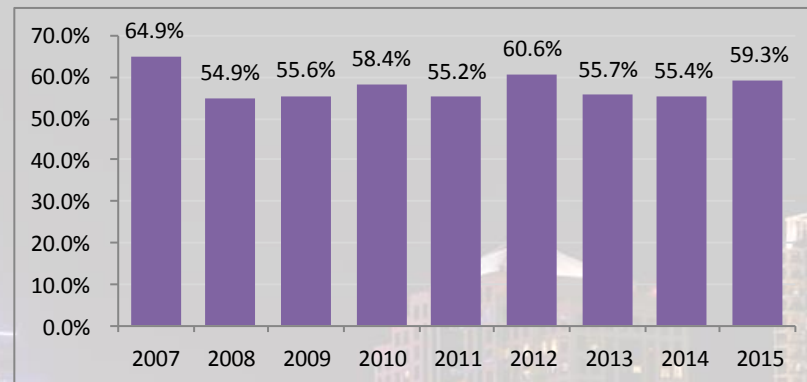
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Historical Performance

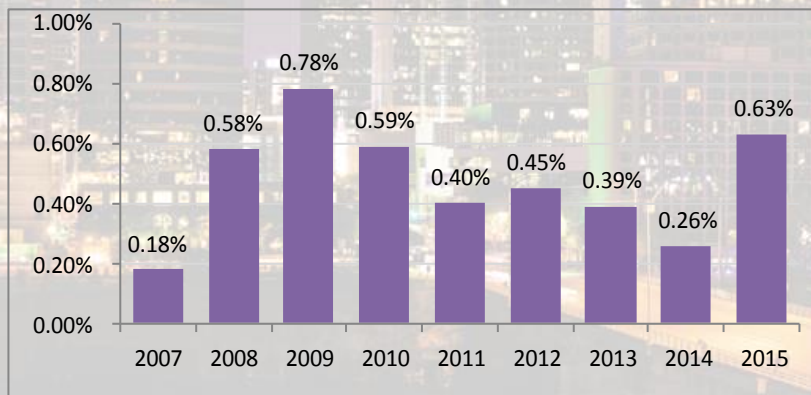
Return on Average Shareholders' Equity



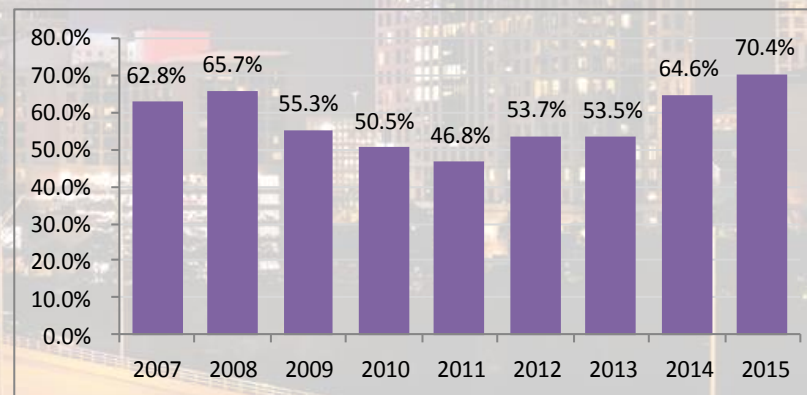
Efficiency Ratio



NPAs ⁽¹⁾ / Loans + OREO



Loans / Deposits



(1) NPAs include nonaccrual loans, loans 90+ days past due, accruing TDRs and OREO.

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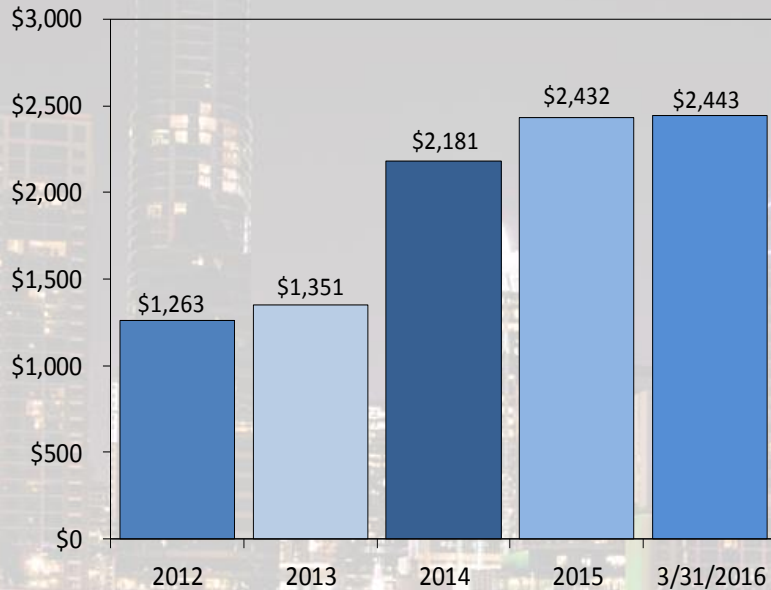
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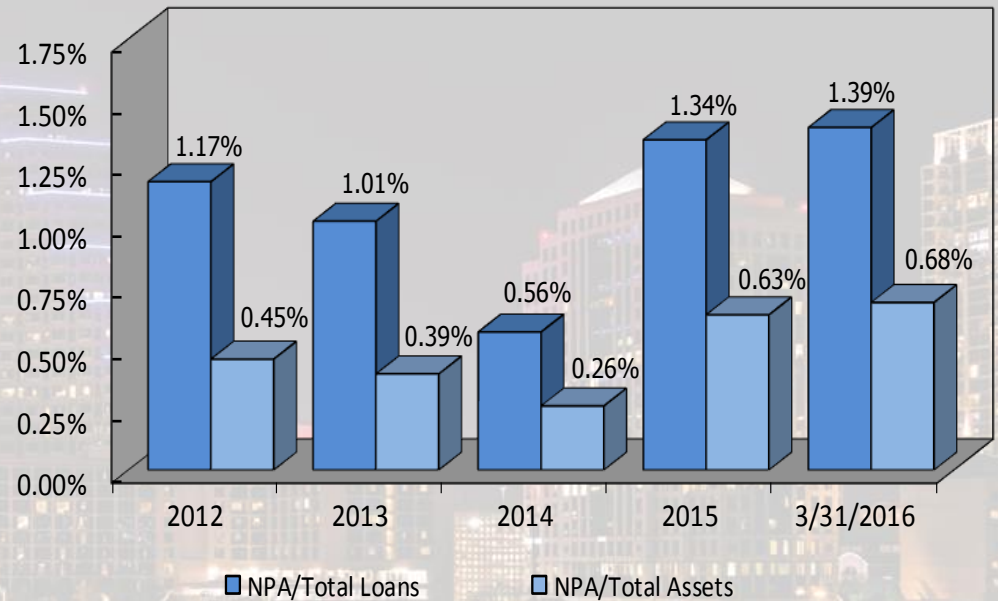
Loan Growth

Total Loans Outstanding
(Dollars in Millions)



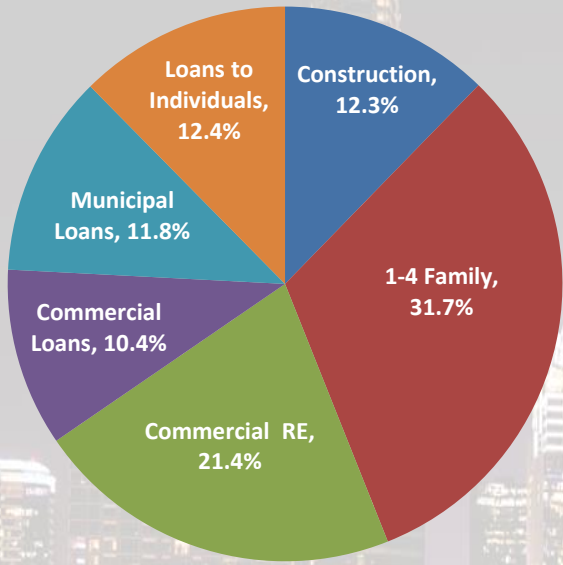
Asset Quality

Non-Performing Assets



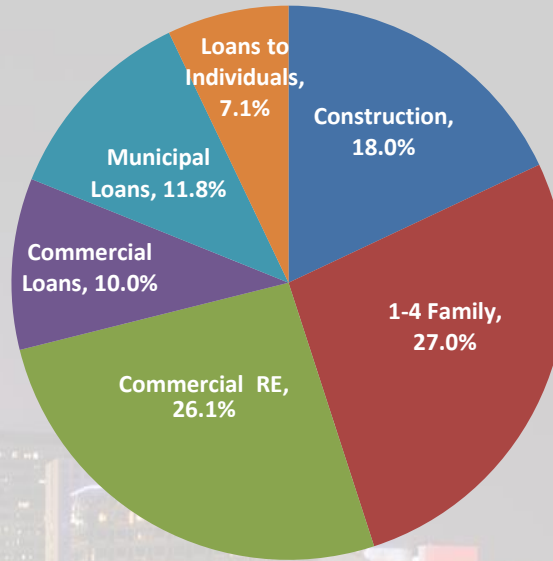
Loan Portfolio Composition

2014



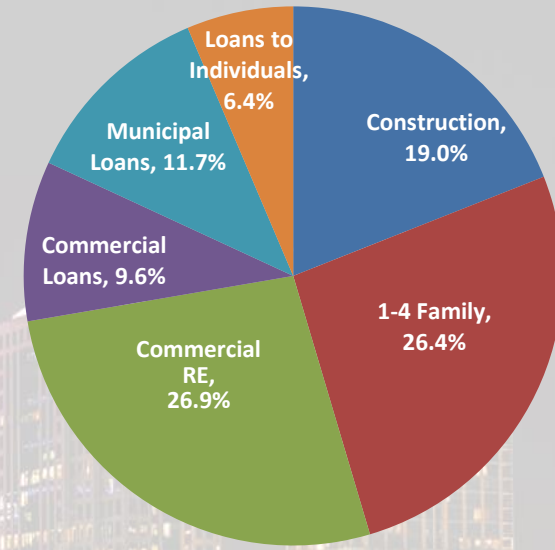
	Amount (\$mm)	% of Total
Construction	\$ 267.8	12.3%
1-4 Family	690.9	31.7%
Commercial RE	468.2	21.4%
Commercial Loans	226.4	10.4%
Municipal Loans	257.5	11.8%
Loans to Individuals	270.3	12.4%
Total	\$ 2,181.1	100.0%

2015



	Amount (\$mm)	% of Total
Construction	\$ 438.3	18.0%
1-4 Family	655.4	27.0%
Commercial RE	635.2	26.1%
Commercial Loans	242.5	10.0%
Municipal Loans	288.1	11.8%
Loans to Individuals	172.3	7.1%
Total	\$ 2,431.8	100.0%

3/31/2016



	Amount (\$mm)	% of Total
Construction	\$ 464.7	19.0%
1-4 Family	644.8	26.4%
Commercial RE	658.0	26.9%
Commercial Loans	233.9	9.6%
Municipal Loans	286.2	11.7%
Loans to Individuals	155.6	6.4%
Total	\$ 2,443.2	100.0%

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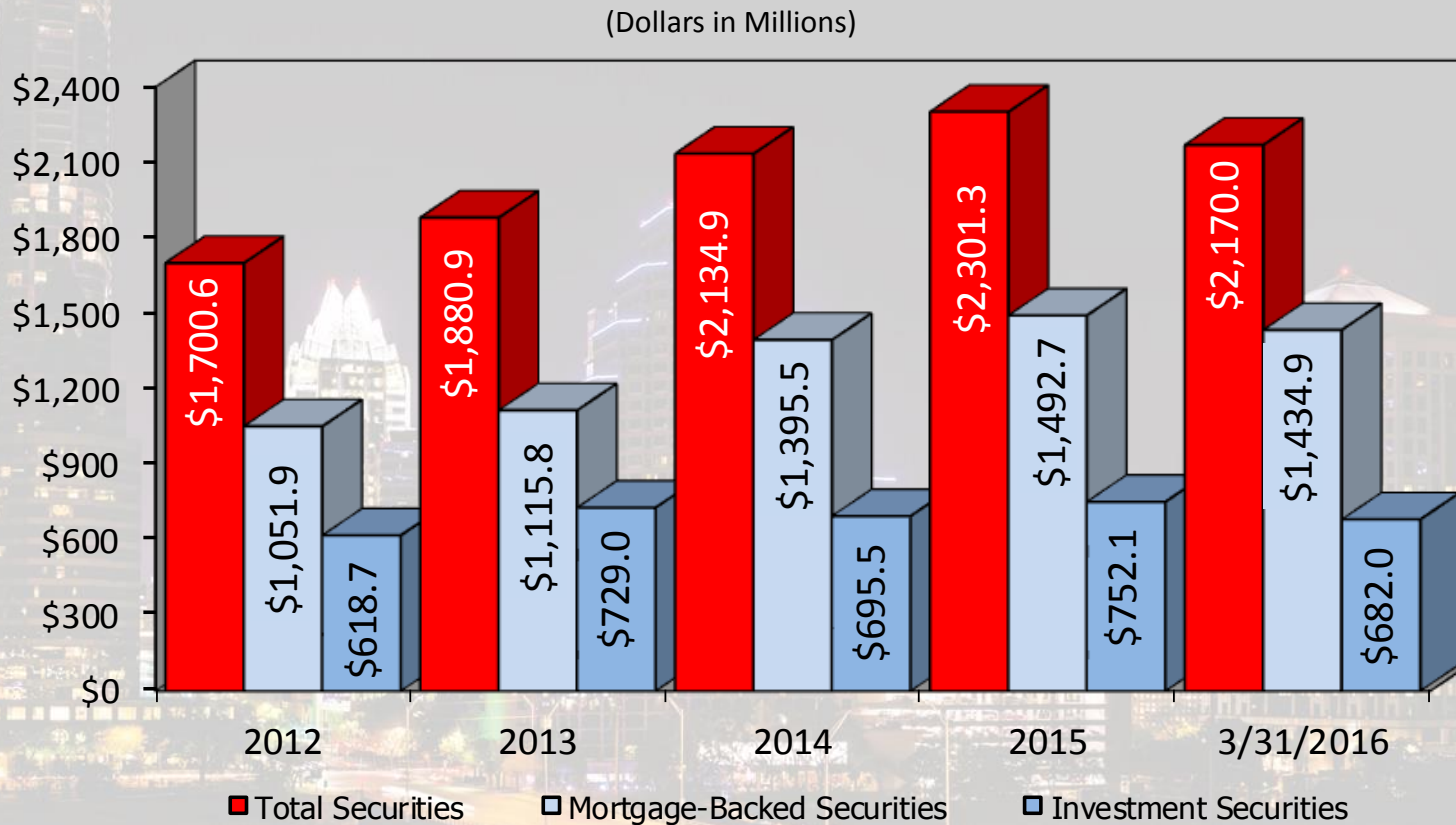
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Securities Portfolio



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Investment Portfolio Performance

Southside Bank Performance

One Year	83 rd Percentile
Three Year	94 th Percentile
Five Year	91 st Percentile
Overall Rank	89 th Percentile

Distributions by percentile of 5,941 banks in the U.S. based on total return; all investments marked-to-market.

Source: IDC Report Period 12/31/2015

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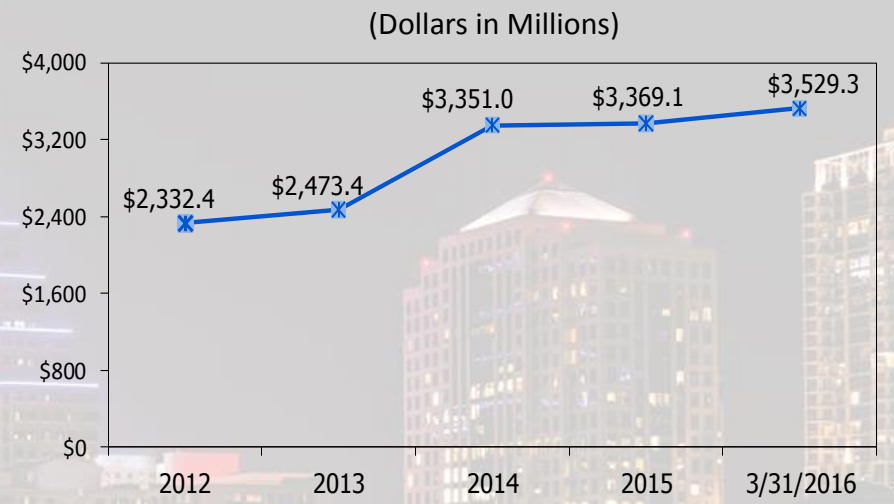
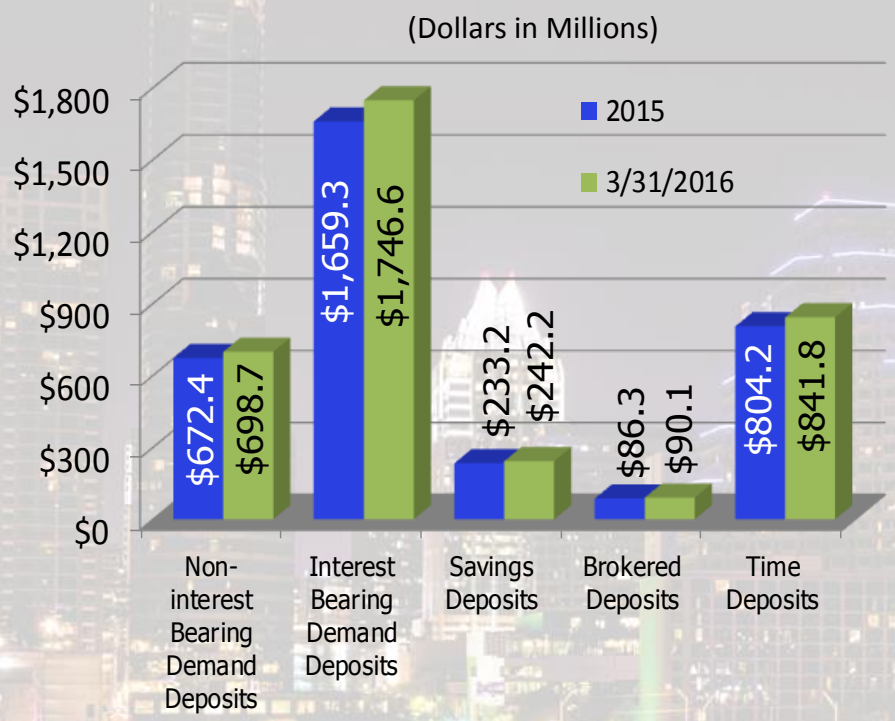
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Deposit Composition and Growth



(Net of Brokered Deposits)

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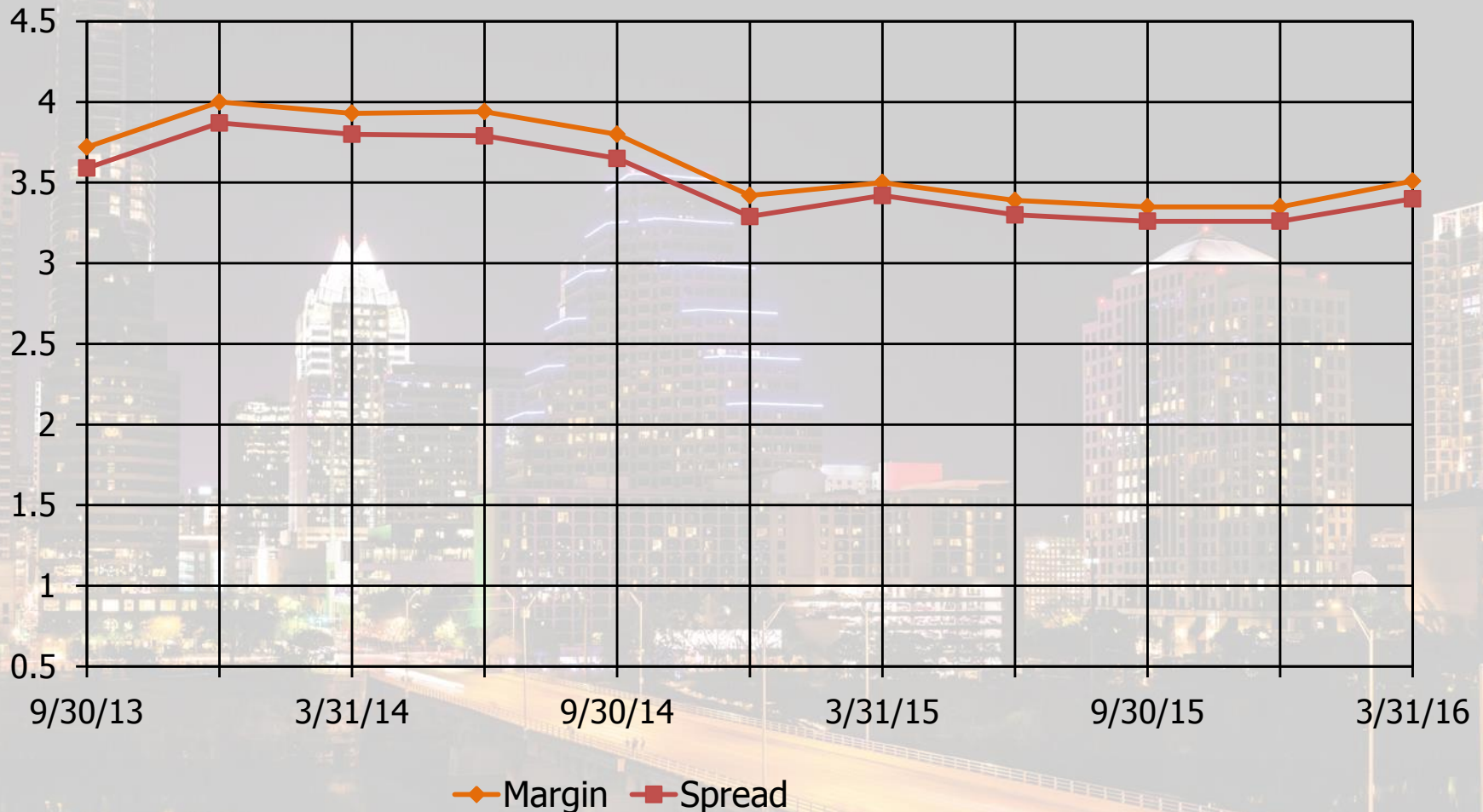
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Net Interest - Spread and Margin



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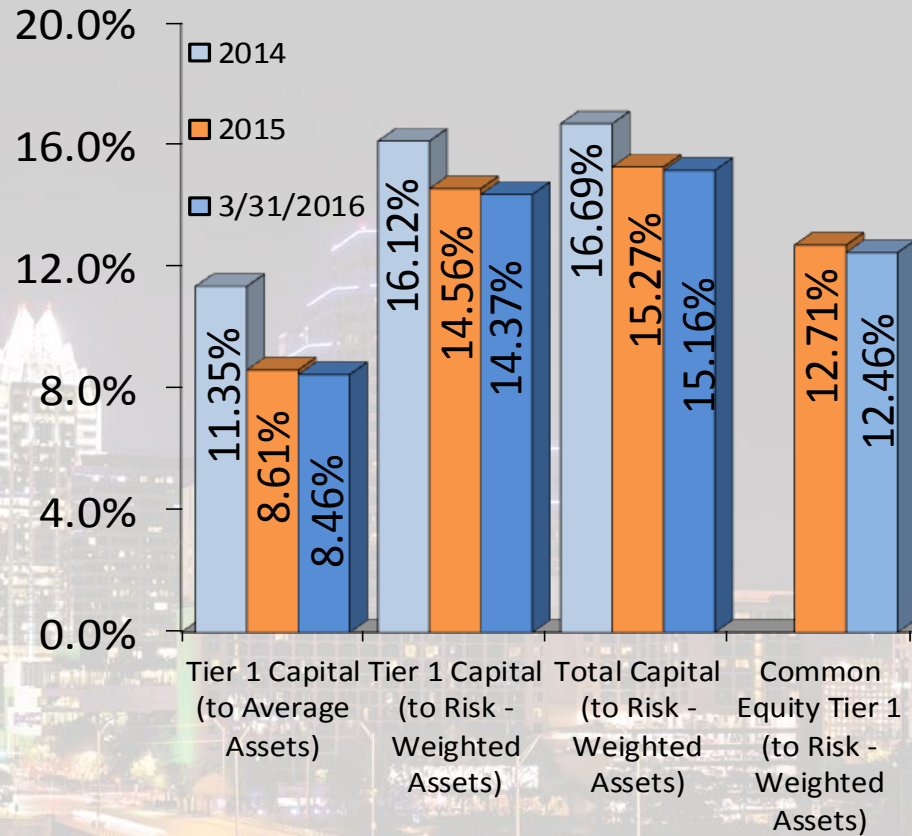
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Capital Levels



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