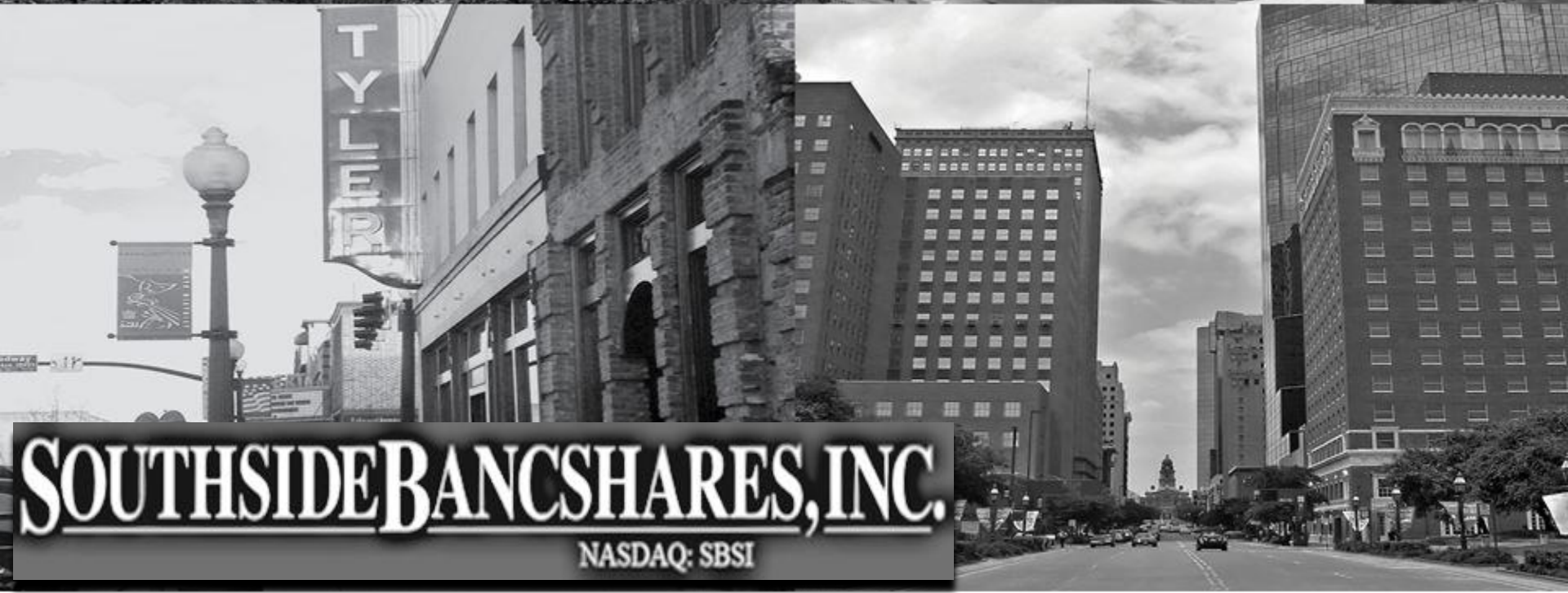


Annual Shareholder Meeting 2017



SOUTHSIDE BANCSHARES, INC.

NASDAQ: SBSI



Lee Gibson

President & CEO



Julie Shamburger

EVP & CFO

Forward-Looking Statements

- Certain statements of other than historical fact that are contained in this document and in other 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,” “likely,” “intend,” “probability,” “risk,” “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 about trends in asset quality, capital, liquidity, the pace of loan and revenue growth, the Company’s ability to sell nonperforming assets, expense reductions, the benefits of the Share Repurchase Plan, planned operational efficiencies, earnings and certain market risk disclosures, including the impact of interest rates 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.
- 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, 2016, 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.

2016 – Strong Earnings Performance

- Net Income Up 12.2%
- ROE 10.5% vs 10.0%
- ROA .94% vs .90%
- Loan Growth 5.1% or \$125 million
- Efficiency Ratio 54.08% vs 59.32%

Quarter Ended March 31,

| | <u>2017</u> | <u>2016</u> | <u>%Chg.</u> |
|---------------------------|-------------|-------------|--------------|
| Net Income (in thousands) | \$ 14,989 | \$13,516 | 10.9% |
| EPS (diluted) | \$ 0.52 | \$ 0.51 | 2.0% |
| ROE | 11.57% | 11.96% | |
| ROA | 1.08% | 1.07% | |
| Efficiency Ratio | 51.60% | 57.47% | |

Financial Performance: Profitability

Net Income to Common Shareholders (\$mm)



Net Interest Income (\$mm)



ROAA



ROATCE



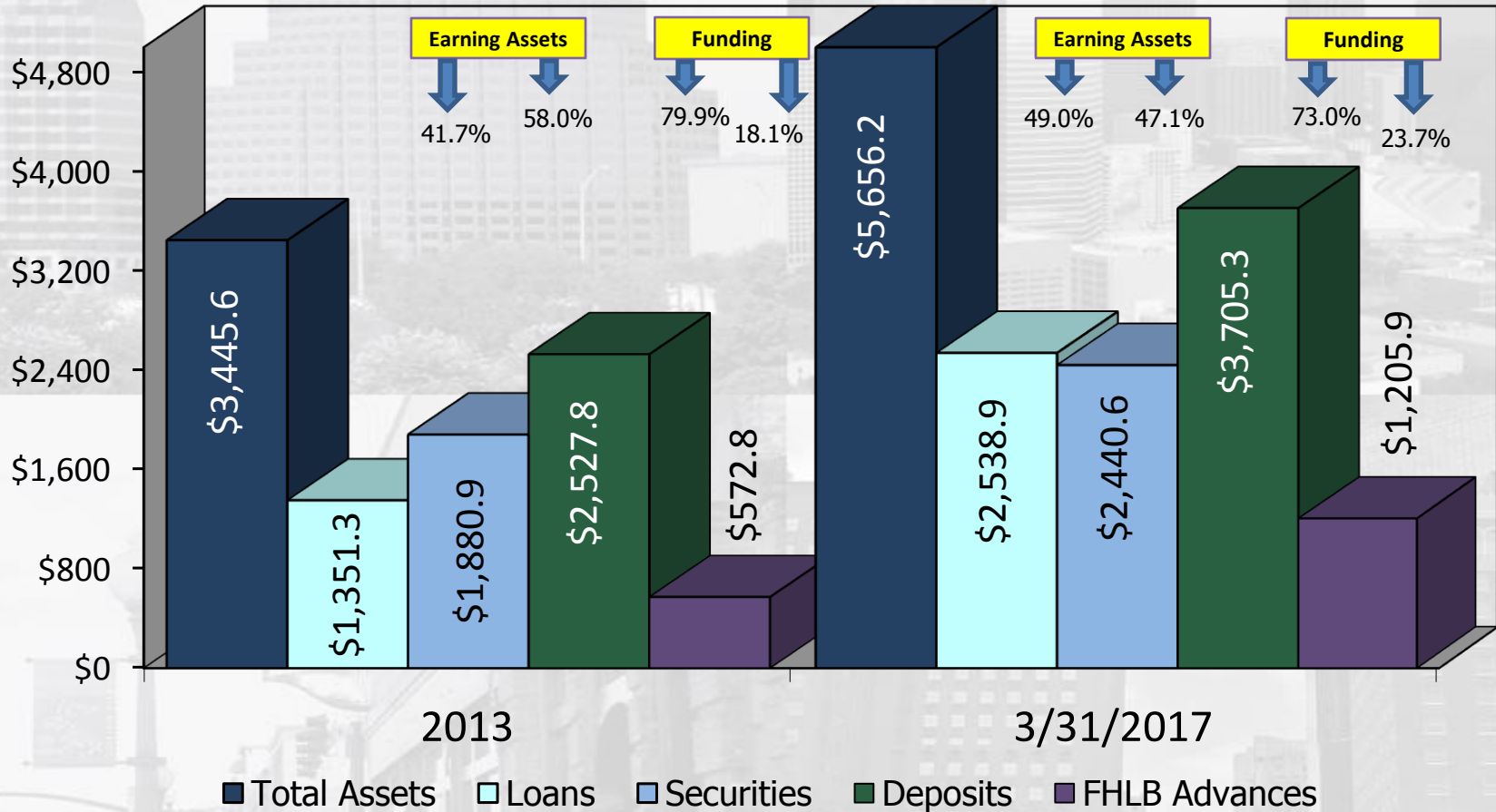
Efficiency Ratio



Note: Completed acquisition of OmniAmerican Bancorp, Inc. on December 17, 2014 resulting in pre-tax merger expenses of \$15.9mm and \$5.5mm in 2014 and 2015, respectively, as well as \$2.8mm in impairment charges in 2014 relating to the exit of SFG

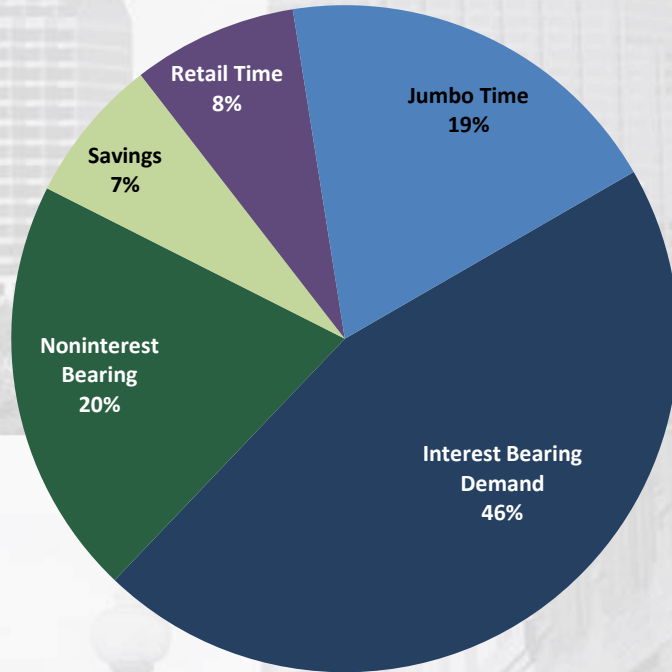
Balance Sheet

(Dollars in Millions)



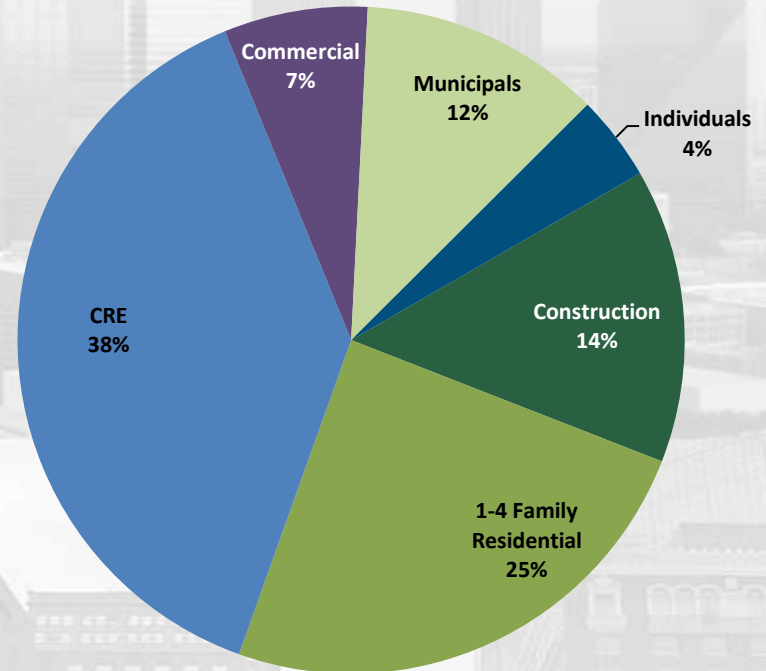
Deposit Composition and Loan Portfolio

Deposit Composition as of 3/31/2017



| Deposit Type | Amount \$mm | % |
|-------------------------|----------------|-------------|
| Interest Bearing Demand | \$1,684 | 46% |
| Noninterest Bearing | 753 | 20% |
| Savings | 262 | 7% |
| Retail Time | 296 | 8% |
| Jumbo Time | 710 | 19% |
| Total | \$3,705 | 100% |

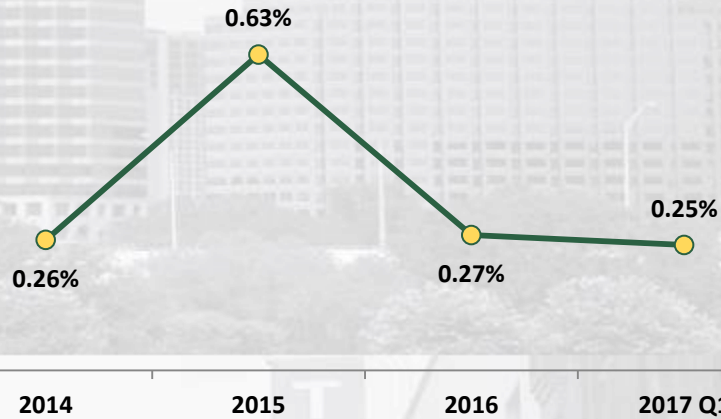
Loan Portfolio by Type as of 3/31/2017



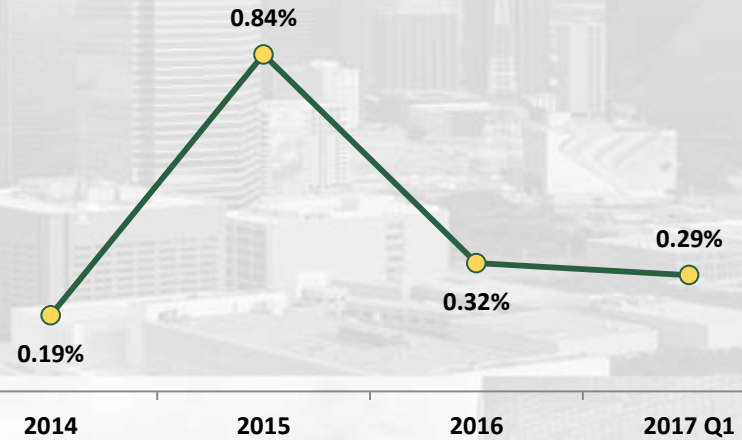
| Loan Type | Amount \$mm | % |
|---------------------------|----------------|-------------|
| Real Estate Loans: | | |
| Construction | \$362 | 14% |
| 1-4 Family Residential | 623 | 25% |
| CRE | 974 | 38% |
| Commercial | 177 | 7% |
| Municipals | 298 | 12% |
| Individuals | 105 | 4% |
| Total | \$2,539 | 100% |

Asset Quality Trends

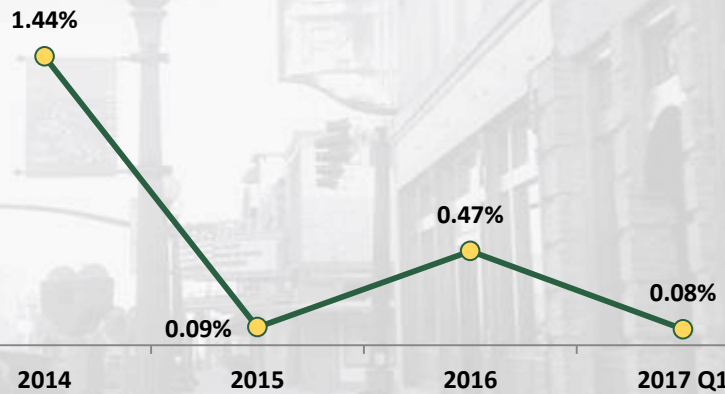
NPAs / Total Assets



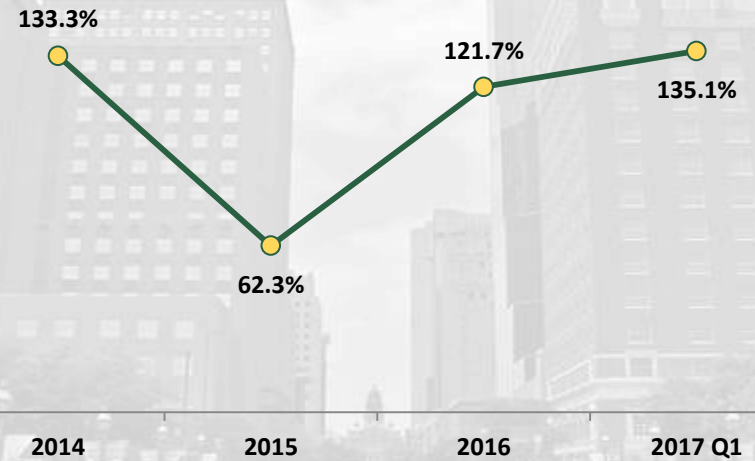
Nonaccrual Loans / Loans¹



NCOs / Average Loans



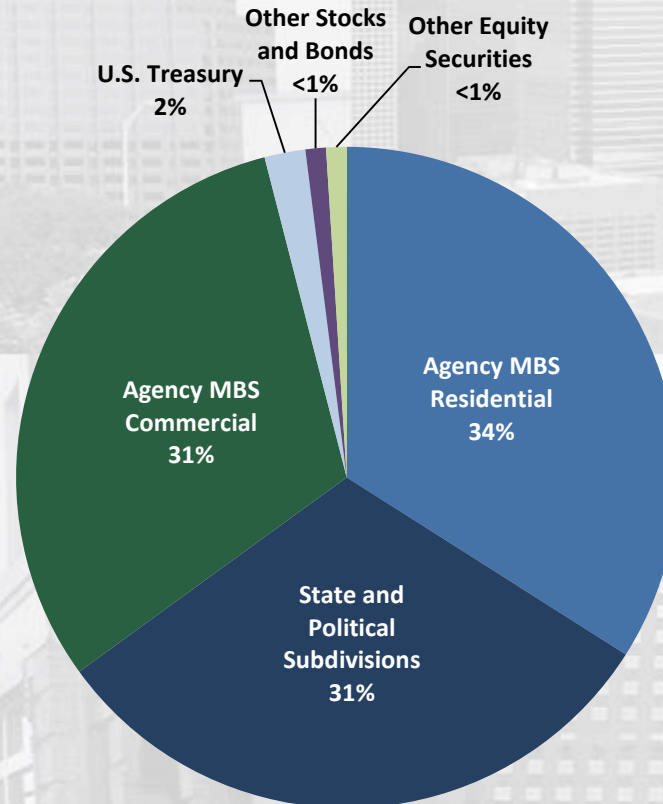
Reserves / NPLs



1. Excludes purchased credit impaired loans measured at fair value at acquisition of OmniAmerican Bancorp, Inc.

Securities Composition

Available for Sale and Held to Maturity Securities as of 3/31/2017



\$2.37 billion

Investment Portfolio Performance

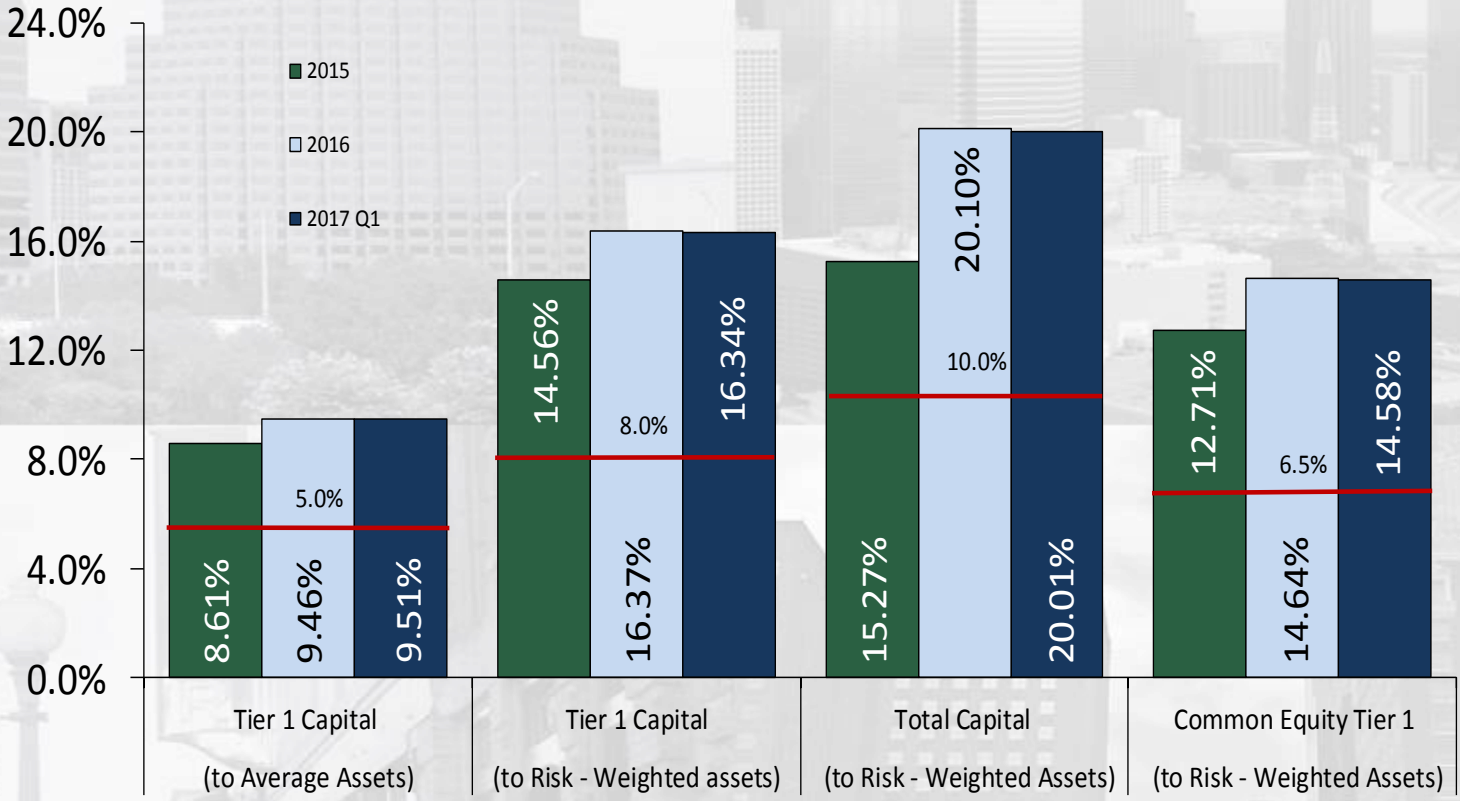
Southside Bank Performance

| | |
|--------------|-----------------------------|
| One Year | 95 th Percentile |
| Three Year | 93 rd Percentile |
| Five Year | 91 st Percentile |
| Overall Rank | 94 th Percentile |

Distributions by percentile of 5,639 banks in the U.S. based on total return; all investments marked-to-market.

Source: IDC Report Period 12/31/2016

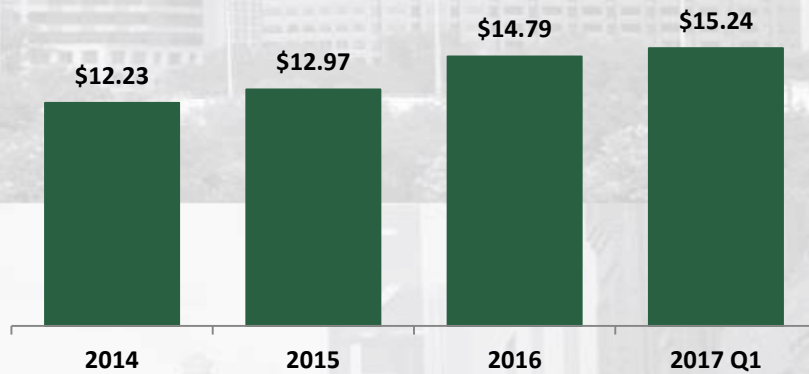
Capital Levels



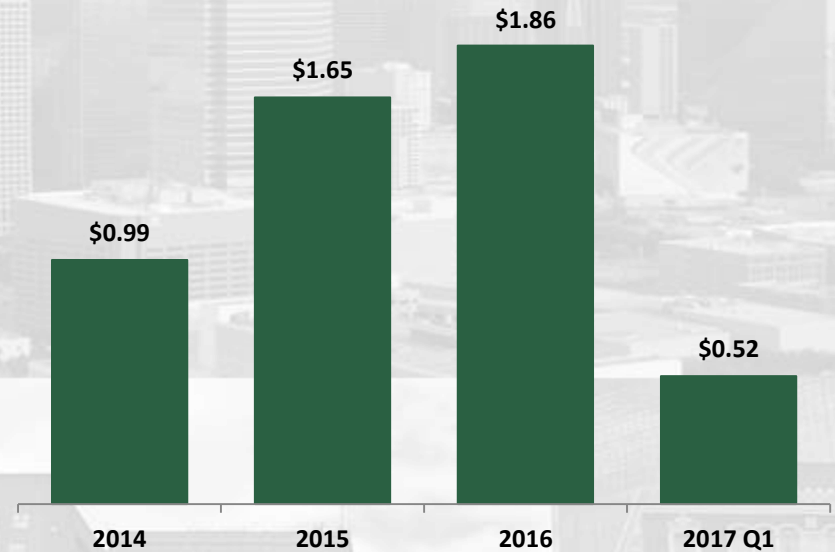
Well Capitalized

Shareholder Returns

Tangible Book Value Per Share (\$)



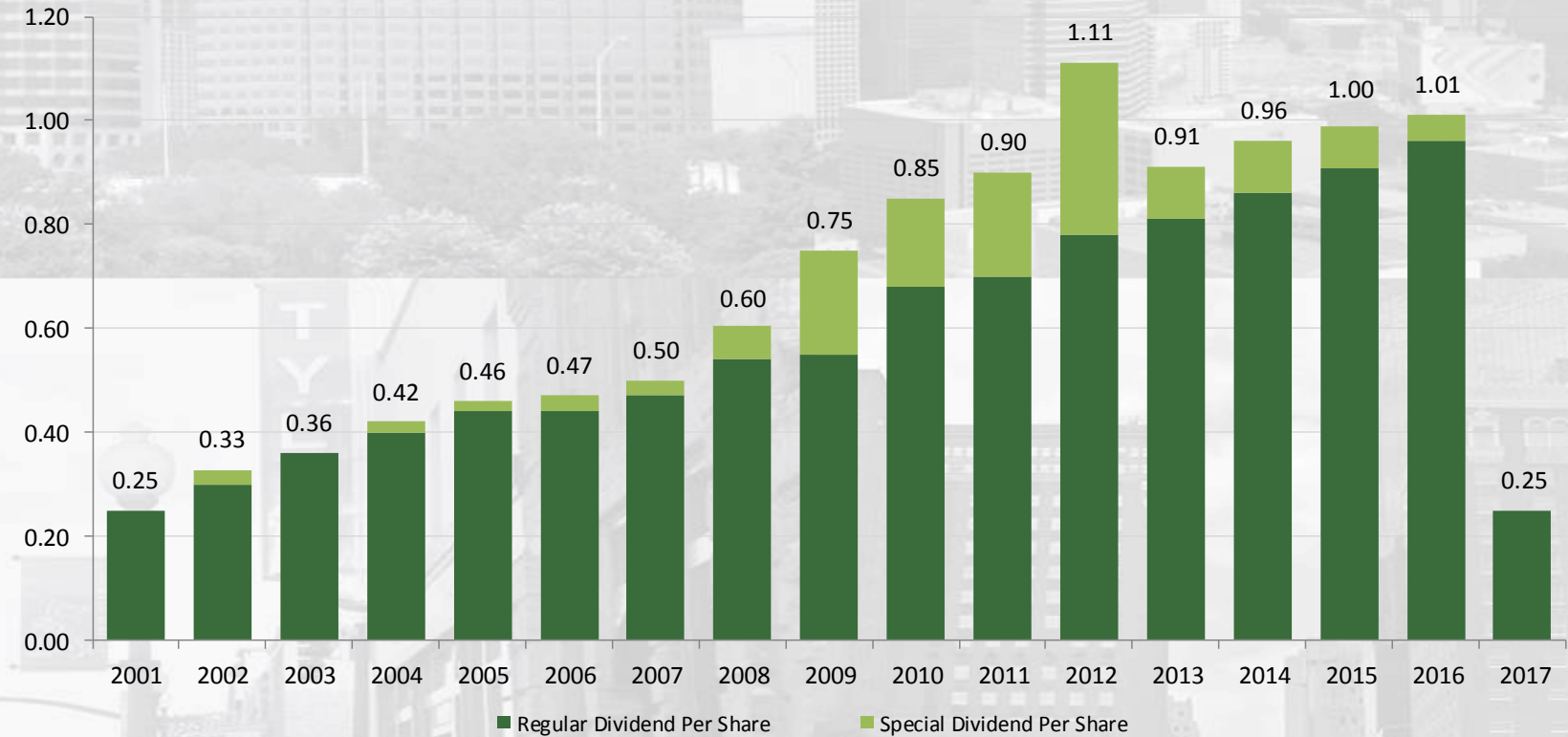
Diluted Earnings Per Share (\$)



Note: Completed acquisition of OmniAmerican Bancorp, Inc. on December 17, 2014 resulting in pre-tax merger expenses of \$15.9mm and \$5.5mm in 2014 and 2015, respectively, as well as \$2.8mm in impairment charges in 2014 relating to the exit of SFG

Dividends

- Southside has paid a cash dividend every year since 1970



Changing Southside Customer Trends

- | | <u>2016</u> | <u>2011</u> |
|--|-------------|-------------|
| ■ Teller Transactions: | 2,849,000 | 2,880,000 |
| ■ Change in the Number of: | | |
| ■ Transaction Accounts 2011 to 2016 | | +55% |
| ■ Teller Transactions per Account 2011 to 2016 | | (36)% |

Rapidly Increasing Electronic Transactions

| | <u>3/2017</u> | <u>2011</u> |
|--|---------------|-------------|
| ■ Online Banking Users | | |
| ■ Consumer & Small Business (Not using Cash Management Features) | 71,521 | 45,127 |
| ■ Commercial (Using Cash Management Features) | 2,427 | 871 |
| ■ Mobile Banking Users | 28,997 | 2,431 |
| ■ Others | | |
| ■ Debit Card Usage | 2,102,987 | 1,536,887 |
| ■ ACH | 693,030 | 412,913 |

Revitalizing OUR FUTURE

A bold new approach to banking requires a bold new look for our branches. In late 2016, Southside embarked on a journey to begin updating the look and feel of all of our branches, starting with the flagship location at our corporate headquarters.

Our branches will be completely overhauled with a new color palette, inviting environments and industrial touches that will seamlessly integrate with our new branding. We believe the result will raise the bar on what consumers can expect from a Texas community bank.



The newly remodeled branches will be modern, inviting places our customers will want to visit often.

— Lee R. Gibson, President and CEO



Innovating for OUR CUSTOMERS



Southside has been a preeminent bank in East Texas for over 56 years with a growing presence in both North and Central Texas. As an esteemed institution, we've developed a reputation as a solid, reliable bank – one that Texans can count on.

We know that to stay relevant and responsive, innovation is just as important as reputation. That's why we have made a commitment to revitalizing Southside through a comprehensive rebranding effort, launching summer 2017.

It starts with a new logo – one that captures the spirit of Southside Bank – genuine, reputable, modern and insightful. The logo was developed through extensive research, testing and feedback from our customers and employees. The design creates energy and movement with an understated arrow pointing forward to a bright and prosperous future.

But a rebrand is so much more than just a new logo. We are reimagining everything our customers see, hear and think about Southside, from business cards to billboards and all touchpoints in between, cementing our reputation as an industry leader and giving us a true, competitive edge.

Southside will also embrace technology in new and exciting ways over the coming year. This includes an updated mobile app and website, the introduction of interactive teller machines and other systemic upgrades throughout the bank.

So far, the response to the rebrand has been overwhelmingly positive. This fresh, new look accurately reflects Southside's unique position in a crowded marketplace: combining modern convenience with traditional values.

We think our new tagline sums it up perfectly. Southside offers *banking with a hometown touch*™.



Billboard



Web banner



Flyer



Print ad



Mobile application

Southside's new branding is highlighted by compelling graphics, sophisticated composition and aspirational copy.

Goals for 2017

- Maintain Quality Loan Growth
- Increase Noninterest Income
- Implement and Capitalize on Operational Process Efficiency
- Successfully Integrate New “Branding Strategy”
- Launch Updated Branch Look
- Introduce ITMs to our Customers
 - Second Half 2017



Goals for 2017

- Continue Cost Containment Efforts
- Expansion Opportunities
 - Austin/DFW/East Texas and all points in between
- Navigate Challenging
 - Interest Rate Environment
 - Regulatory Environment

SBSI – Investment Highlights

▪ Opportunities for Future Growth

- Well-positioned for a rising interest rate environment
- Texas M&A environment appears poised for a rebound in 2017 after a dearth of activity over the last three years
- Significant opportunities for organic growth
- Completed integration of OmniAmerican Bancorp, Inc. acquisition

▪ Consistent Track Record of Growth

- 14% CAGR in total assets from 2012 – 1Q 2017
- 11% CAGR in total deposits from 2012 – 1Q 2017
- 18% CAGR in total loans from 2012 – 1Q 2017

▪ Dynamic Markets

- Austin and Dallas/Fort Worth provide attractive business climates as two of the fastest growing markets in the United States
 - 10.0% and 8.1% projected population growth in Austin and Dallas/Fort Worth, respectively, surpass the national average of 3.8%¹
- Long-standing local relationships in the growing Tyler, TX market (6.0% projected population growth¹)

▪ Loan Portfolio Cushioned from Oil and Gas Volatility

- Only 1.14% in 1Q 2017 of total loan portfolio tied to the oil and gas sector; no corporate presence in Houston, TX

▪ Conservative Lending Practices Translate into Strong Asset Quality

- NPAs / Loans and OREO of 0.55% in 1Q 2017

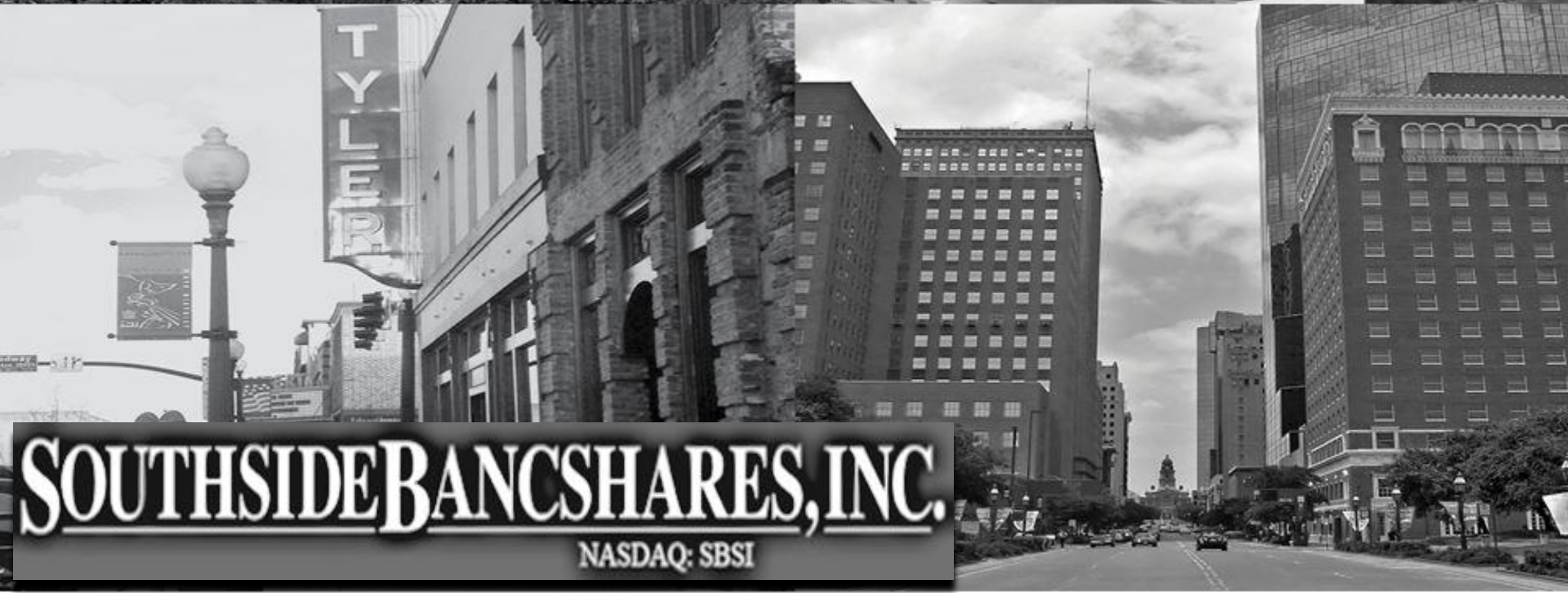
▪ Veteran Management Team

- Southside's key management individuals each have over 30 years of banking experience

Financial Highlights

- Strong 2016 Financial Performance
- Net Income - \$49.3 million – 12.2% Increase from 2015
- Increased Cash Dividend – 6%
- Return on Shareholders' Equity – 10.54%
- Loans Increased 5.1% to a Record High of \$2.56 billion
- Successful Cost Containment – Efficiency Ratio Declined to 54.08% for 2016 and 52% during the Fourth Quarter
- Record First Quarter 2017 Net Income

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