



NASDAQ: SBSI

# 2018 ANNUAL MEETING OF SHAREHOLDERS





**Lee Gibson**

**President & CEO**

**Julie Shamburger**

**SEVP & 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, planned operational efficiencies, earnings, successful integration of completed acquisitions and certain market risk disclosures, including the impact of interest rates, tax reform, 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, 2017, under “Part I – Item 1. Forward-Looking Information” and “Part I – 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.

# 2017 – Strong Earnings Performance

- Net Income of \$54.3 Million, Up 10.1%
- ROE 9.7% vs 10.5%
- ROA .96% vs .94%
- Organic Loan Growth of \$116.5 Million and \$621.3 Million Acquired, a 28.9% Increase
- Efficiency Ratio (FTE) 50.30% vs 54.08%

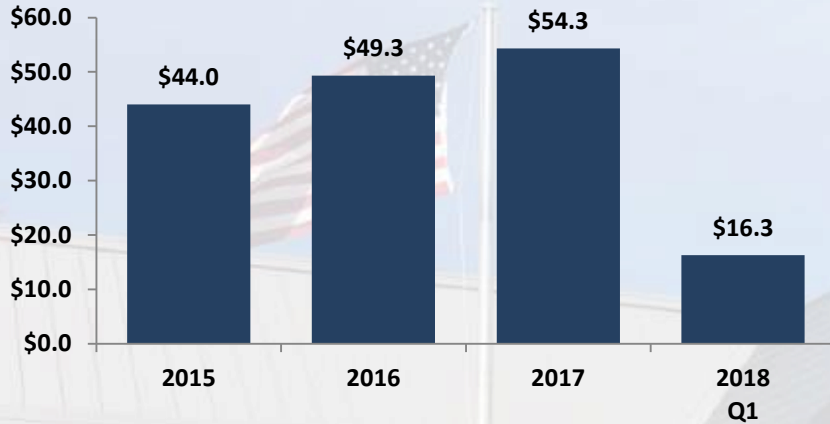
# Quarter Ended March 31,

	<u>2018</u>	<u>2017</u>	<u>%Chg.</u>
Net Income (in thousands)	\$ 16,251	\$14,989	8.4%
EPS (diluted)	\$ 0.46	\$ 0.51	(9.8)%
ROE	8.75%	11.57%	
ROA	1.02%	1.08%	
Efficiency Ratio (FTE) <sup>(1)</sup>	51.28%	51.60%	

(1) Calculated on a fully taxable-equivalent basis (FTE)

# Financial Performance: Profitability

Net Income to Common Shareholders (\$mm)



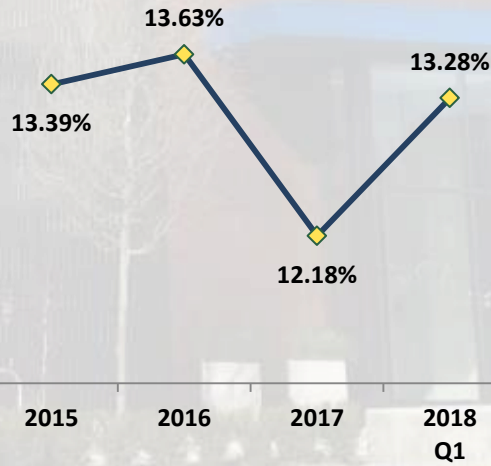
Net Interest Income (\$mm)



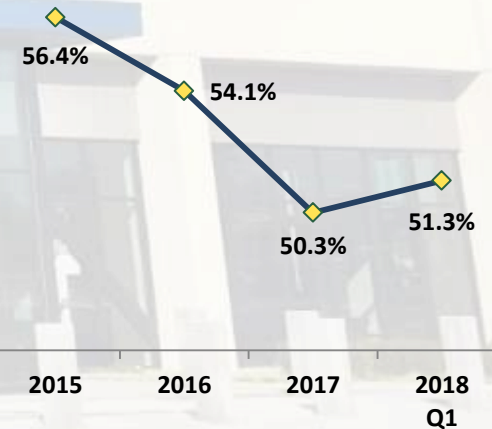
ROAA



ROATCE



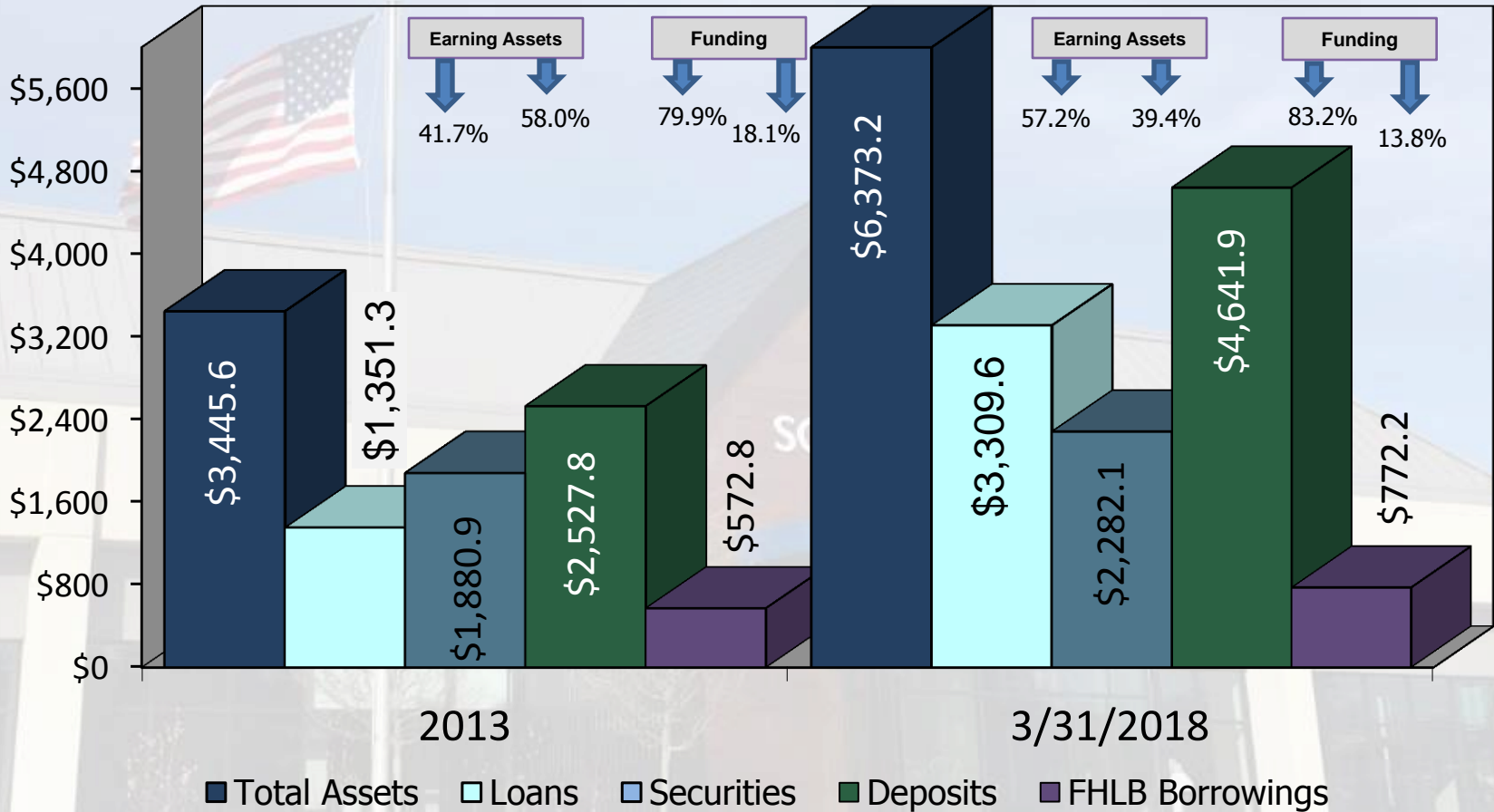
Efficiency Ratio (FTE)



Note: Completed acquisition of OmniAmerican Bancorp, Inc. on 12/17/14 resulting in pre-tax merger expenses of \$5.5mm in 2015. Completed acquisition of Diboll State Bancshares, Inc. on 11/30/17, resulting in pre-tax merger expenses of \$4.4mm and \$832,000 in 2017 and Q1 2018, respectively.

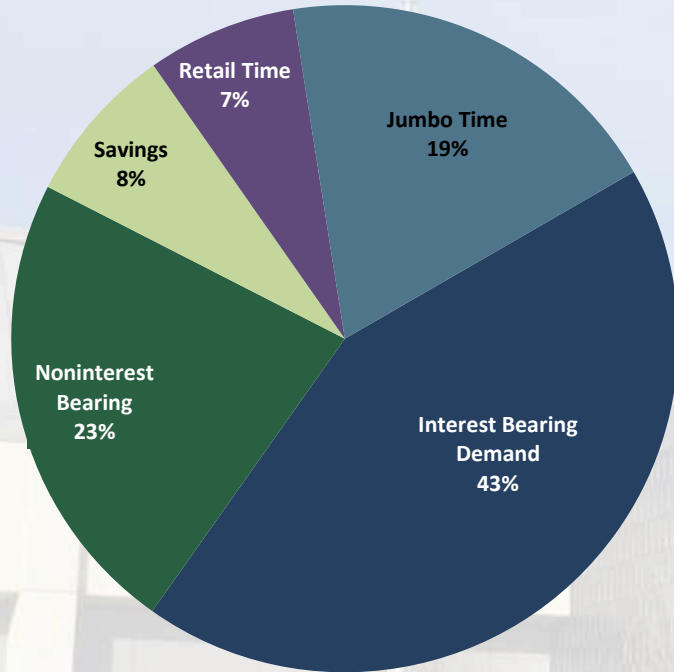
# Balance Sheet Mix

(Dollars in Millions)



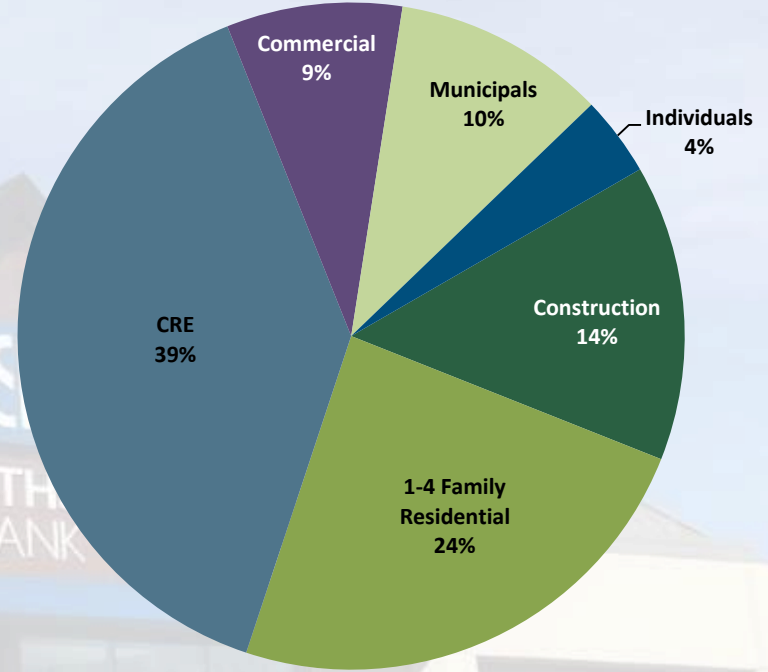
# Deposit and Loan Portfolio Composition

## Deposit Composition as of 3/31/2018



Deposit Type	Amount \$mm	%
Interest Bearing Demand	\$2,002	43%
Noninterest Bearing	1,055	23%
Savings	360	8%
Retail Time	336	7%
Jumbo Time	889	19%
<b>Total</b>	<b>\$4,642</b>	<b>100%</b>

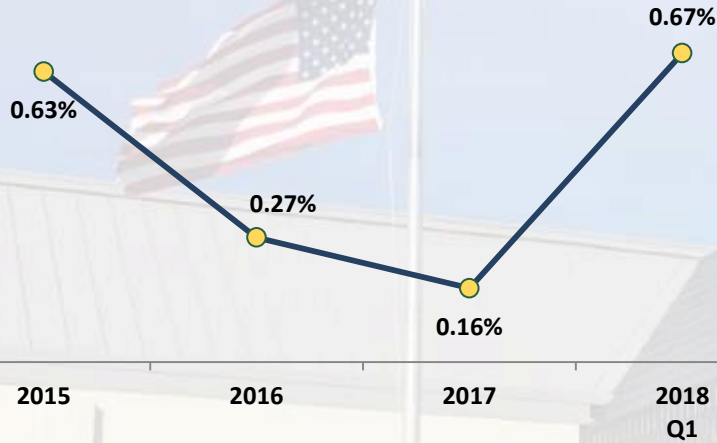
## Loan Portfolio Composition as of 3/31/2018



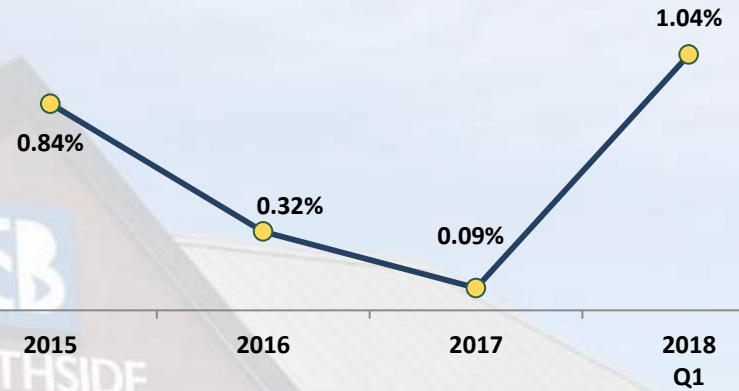
Loan Type	Amount \$mm	%
<b>Real Estate Loans:</b>		
Construction	\$475	14%
1-4 Family Residential	797	24%
CRE	1,286	39%
Commercial	282	9%
Municipals	342	10%
Individuals	128	4%
<b>Total</b>	<b>\$3,310</b>	<b>100%</b>

# Asset Quality Trends

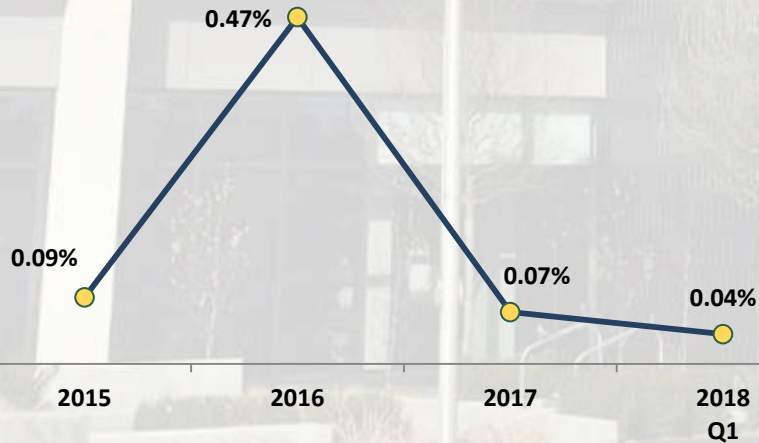
## NPAs / Total Assets



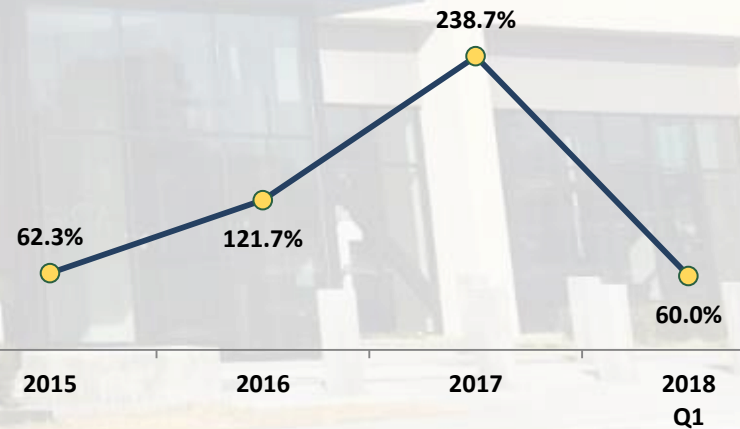
## Nonaccrual Loans / Loans (1)



## NCOs / Average Loans



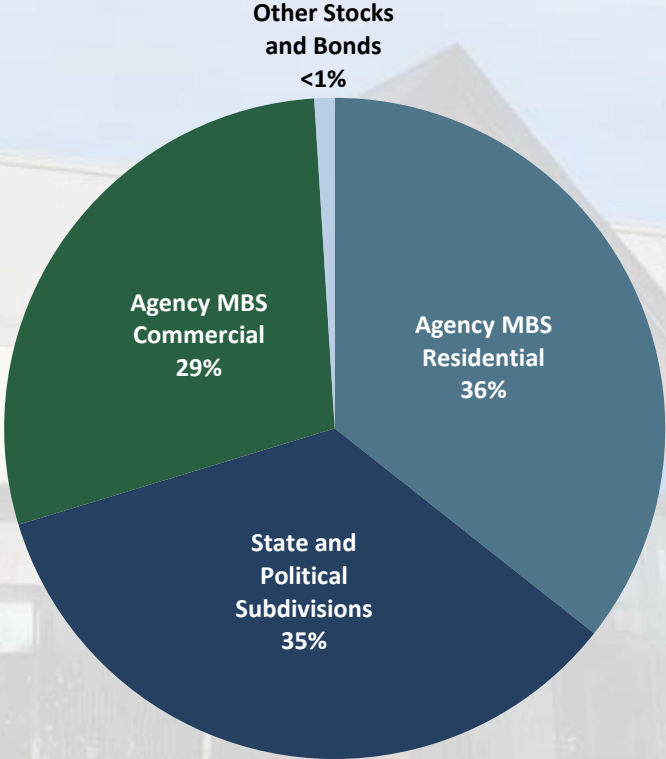
## Reserves / NPLs



(1) Excludes purchased credit impaired loans measured at fair value at acquisition of OmniAmerican Bancorp, Inc. and Diboll State Bancshares, Inc.

# Securities Portfolio

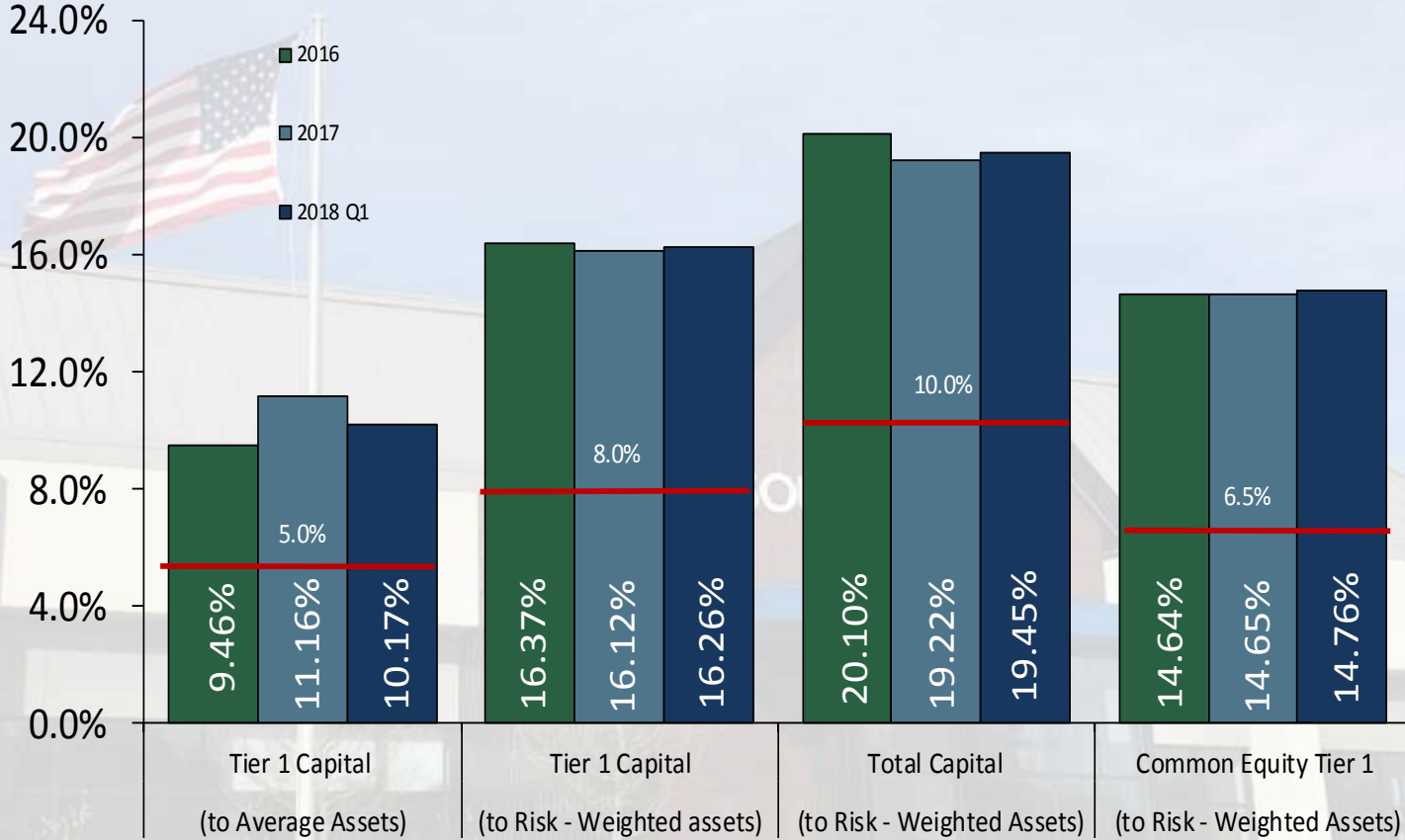
Available for Sale and Held to Maturity Securities as of 3/31/2018



**\$2.23 billion**

Note: All mortgage-backed securities issued and/or guaranteed by U.S. government agencies or U.S. government sponsored enterprises

# Capital Levels

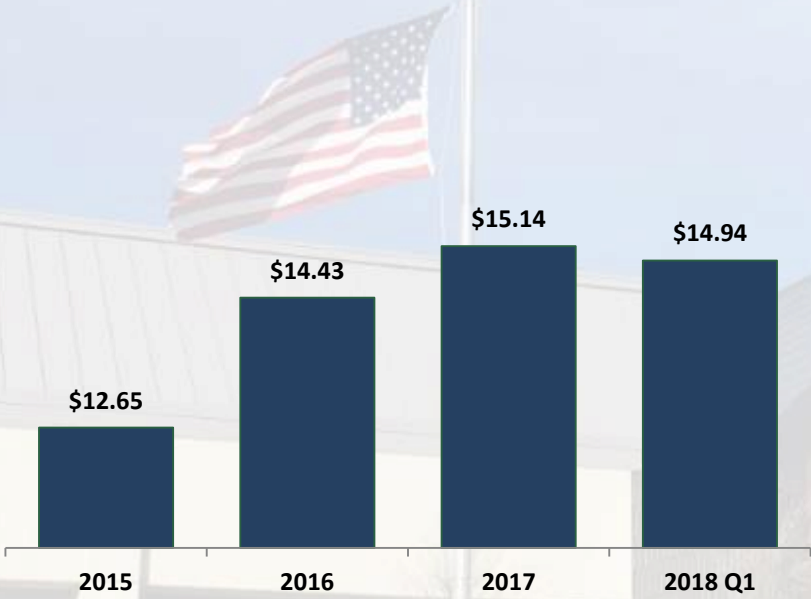


Well Capitalized

# Shareholder Returns

**Tangible Book Value Per Share (\$)**

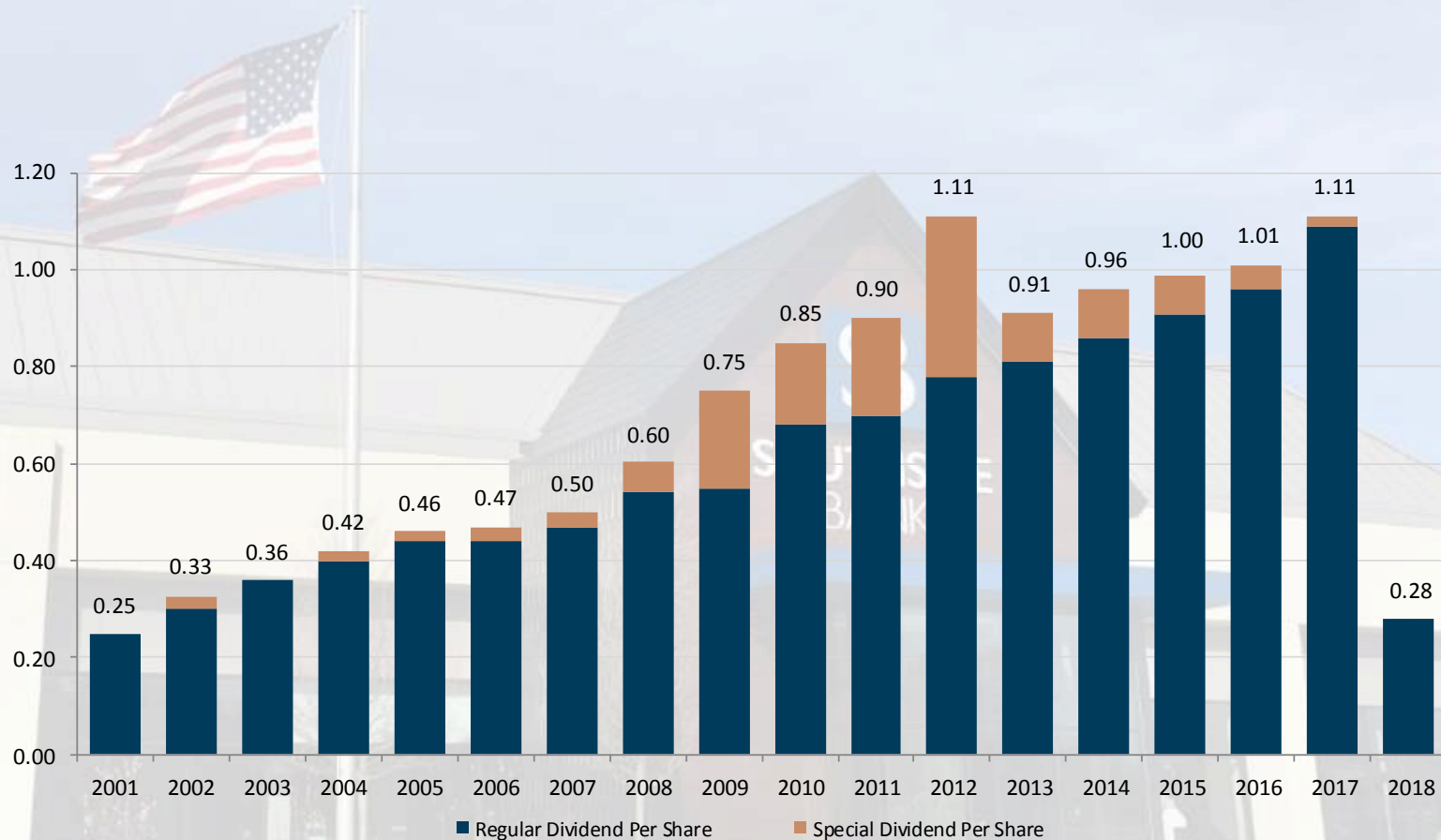
**Diluted Earnings Per Share (\$)**

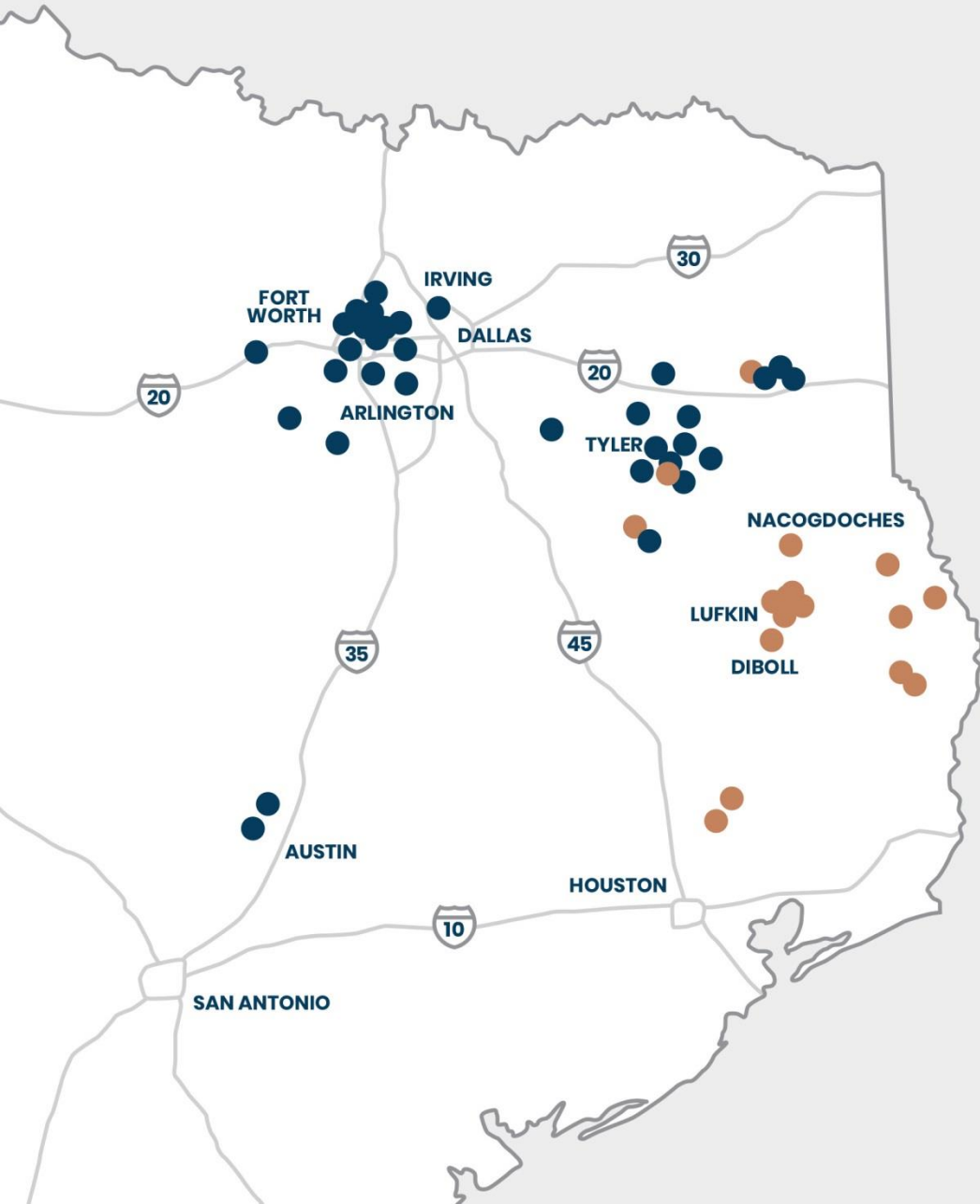


Note: Completed acquisition of OmniAmerican Bancorp, Inc. on 12/17/14, resulting in pre-tax merger expenses of \$5.5mm in 2015. Completed acquisition of Diboll State Bancshares, Inc. on 11/30/17 resulting in pre-tax merger expenses of \$4.4mm and \$832,000 in 2017 and Q1 2018, respectively.

# Dividends

Southside has paid a cash dividend every year since 1970





**SOUTHSIDE BANK**

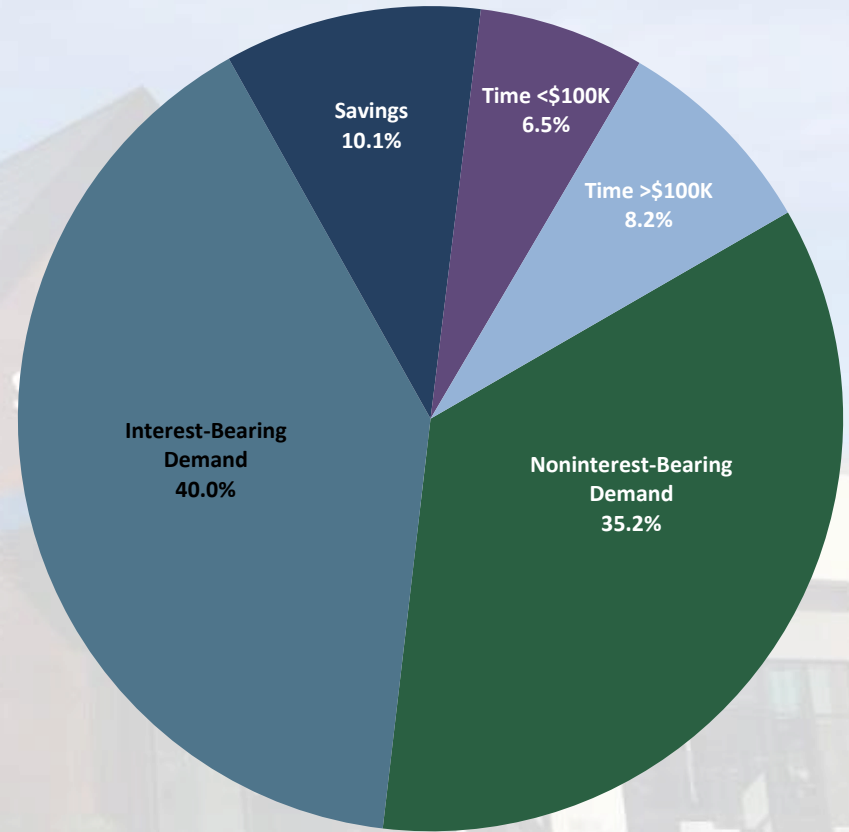
# Extended Footprint

● SOUTHSIDE BANK ● DIBOLL

# Deposit Composition

Diboll State Bancshares, Inc. (1)

Deposit Portfolio (\$000)	Amount	% of Total
Noninterest-Bearing Demand	\$ 319,501	35.2%
Interest-Bearing Demand	363,426	40.0%
Savings	91,526	10.1%
Time <\$100K	59,095	6.5%
Time >\$100K	74,561	8.2%
<b>Total Deposits</b>	<b>\$ 908,109</b>	<b>100.0%</b>



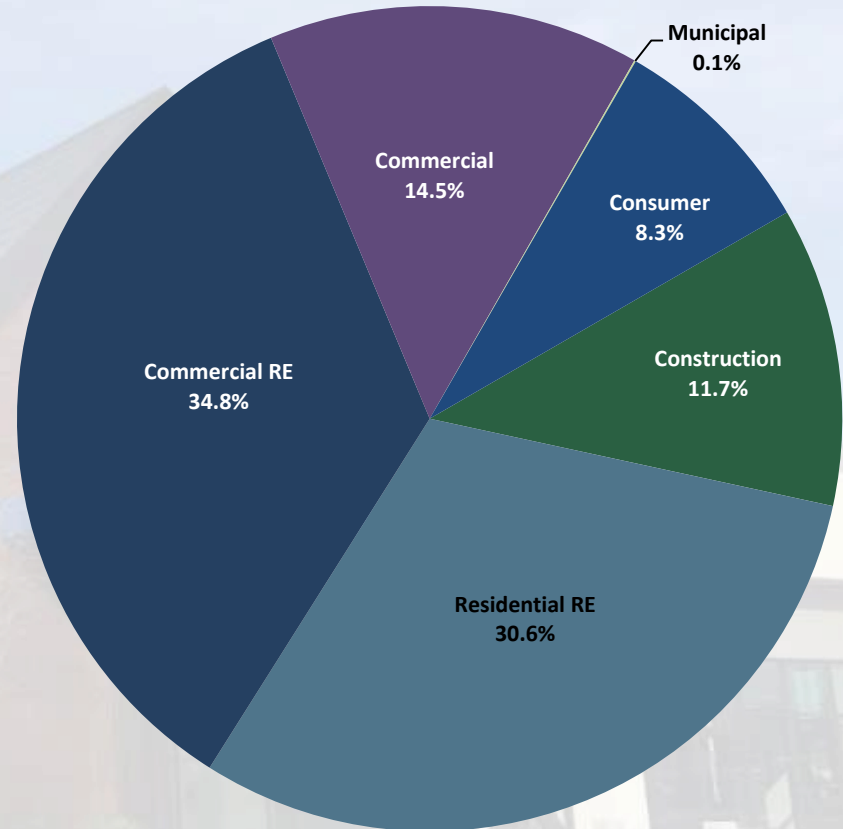
Cost of Deposits: 0.12%

(1) Based on call report data for First Bank & Trust East Texas as of or for the period ended 03/31/2017.

# Loan Portfolio

Diboll State Bancshares, Inc. (1)

Loan Portfolio (\$000)	Amount	% of Total
Construction	\$ 77,340	11.7%
Residential Real Estate	201,443	30.6%
Commercial Real Estate	229,165	34.8%
Commercial	95,903	14.5%
Municipal	408	0.1%
Consumer	54,996	8.3%
Gross Loans HFI	\$ 659,255	100.0%



Yield on Loans: 5.07%

(1) Based on call report data for First Bank & Trust East Texas as of or for the period ended 03/31/2017.

# Goals for 2018

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- Successful Full Integration of FB&TET
- Maintain Quality Loan Growth
- Grow Core Deposits
- Continue Cost Containment Efforts
- Increase Noninterest Income
- Evaluate Strategic Expansion Opportunities

# Goals continued

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- Navigate Challenging
  - A Flattening Yield Curve
  - Regulatory Environment
- Continue Implementing Updated Branch Look and Branding
- Introduce Additional ITMs to our Customers



Familiar faces.  
Fresh new spaces.



SPECTRA





# SOUTHSIDE BANK

**S** SOUTHSIDE  
Bank

PROUD TO BE A BANK  
YOU CAN TRUST

**Forbes | 2017**  
**AMERICA'S MOST**  
**TRUSTWORTHY**  
**FINANCIAL**  
**COMPANIES**

Please  
Wait  
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# SB SOUTHSIDE BANK

THE  
SOUTHSIDE  
BANK

<b>NASDAQ</b>
▲ 18.73 0.23%
4980.02
<b>NYSE</b>
▼ 1.90 0.02%
11708.6
<b>S&amp;P 500</b>
▲ 2.70 0.11%
2498.32

Service counter area featuring a computer workstation with two monitors, a printer, and a cash register on a dark wood desk. A yellow stool is tucked under the desk. A dark wood counter extends to the right, with a black device on top. The background wall is blue with a diagonal white stripe.

THE SOUTHSIDE BANK  
A COMMITMENT TO EXCELLENCE  
SOUTHSIDE BANK  
1000 SOUTHSIDE AVENUE  
SOUTH BRIDGE, MA 01960  
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# SOUTHSIDE BANK





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