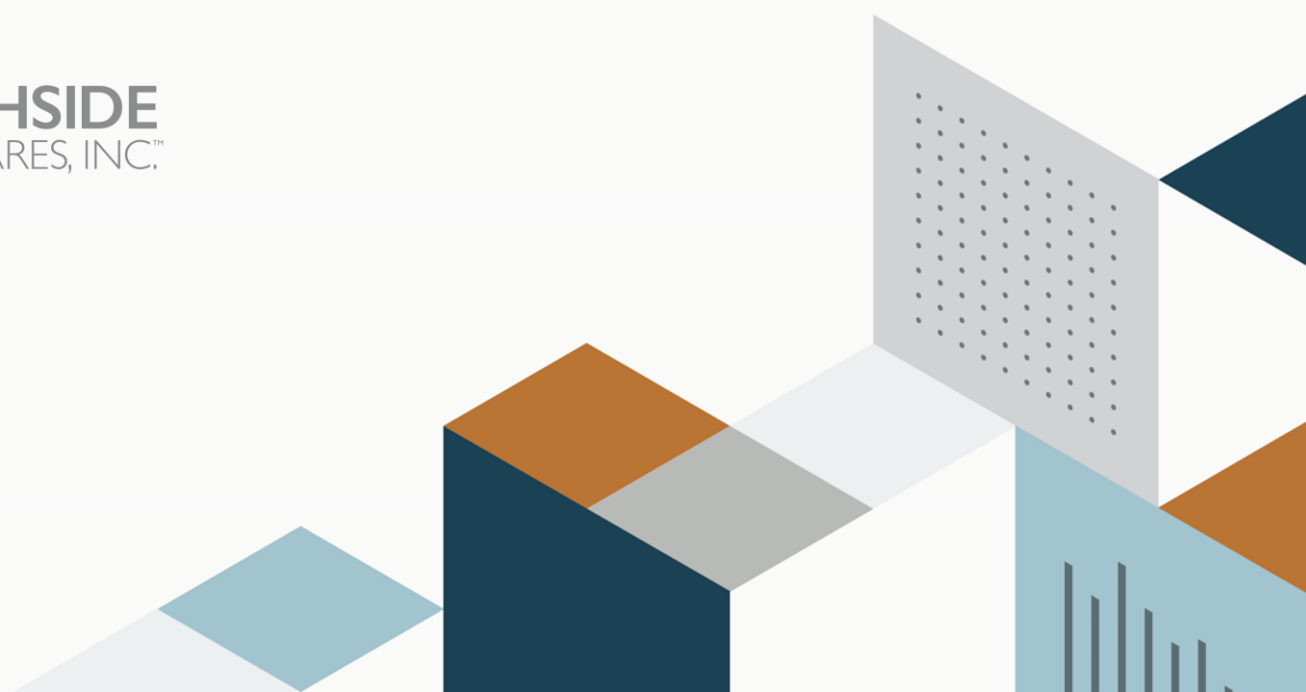


Annual Meeting of Shareholders

May 15, 2019



NASDAQ/SBSI



“Today, Southside is stronger than ever with the talent, products, technology, market reach and scale required to deliver value to our customers and, by extension, our shareholders.”

Lee Gibson

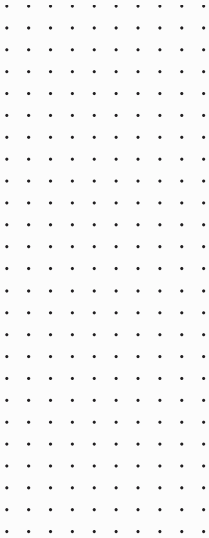


Lee Gibson

President & Chief Executive Officer

Julie Shamburger

Senior Executive Vice President & Chief Financial Officer



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, 2018, 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.

2018 Highlights

- Record Net Income of \$74.1 Million, up 36.5%
- EPS increase of 16.6%, \$2.11 vs \$1.81
- Net Interest Margin (FTE) Increase of 11 bps, 3.18% vs 3.07%
- ROAA of 1.19% vs 0.96%
- ROAE of 9.87% vs 9.65%
- Maintained Efficiency Ratio (FTE)⁽¹⁾ at 50.0%
- Cash Dividend Increase of 8.1%

(1) Calculated on a fully taxable-equivalent basis (FTE.) See Non-GAAP reconciliation.

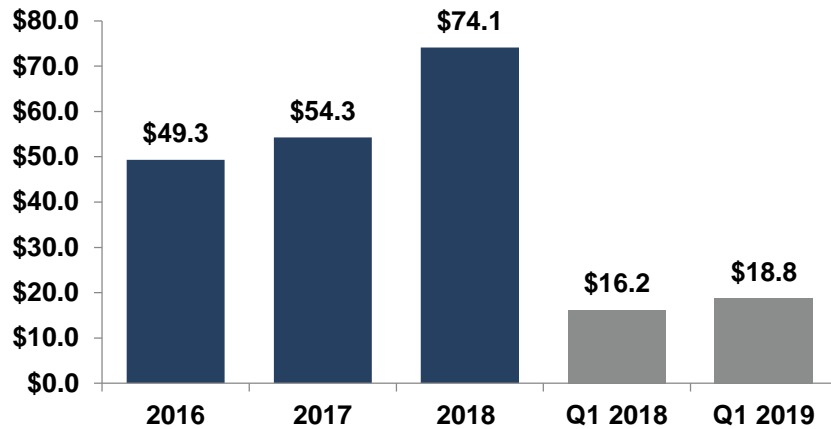
Three Months Ended March 31,

	2019	2018	%Chg.
Net Income (in thousands)	\$ 18,817	\$ 16,251	15.8%
EPS (diluted)	\$ 0.56	\$ 0.46	21.7%
ROAE	10.35%	8.75%	
ROAA	1.21%	1.02%	
Efficiency Ratio (FTE) ⁽¹⁾	53.66%	51.28%	

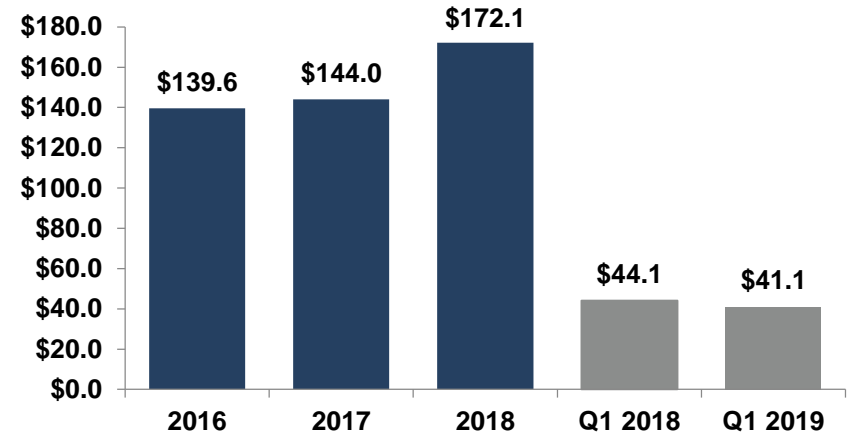
(1) Calculated on a fully taxable-equivalent basis (FTE.) See Non-GAAP reconciliation.

Profitability

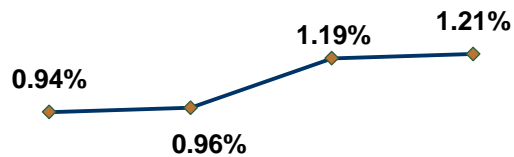
Net Income to Common Shareholders (\$mm)



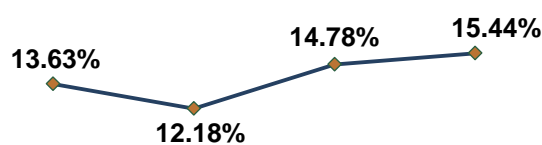
Net Interest Income (\$mm)



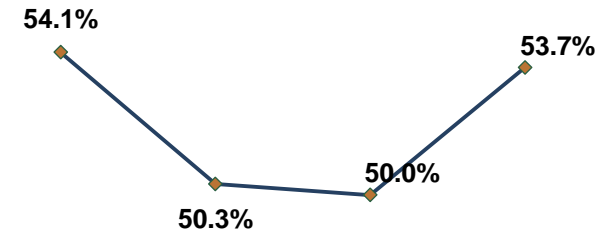
ROAA



ROATCE⁽¹⁾



Efficiency Ratio (FTE)⁽¹⁾



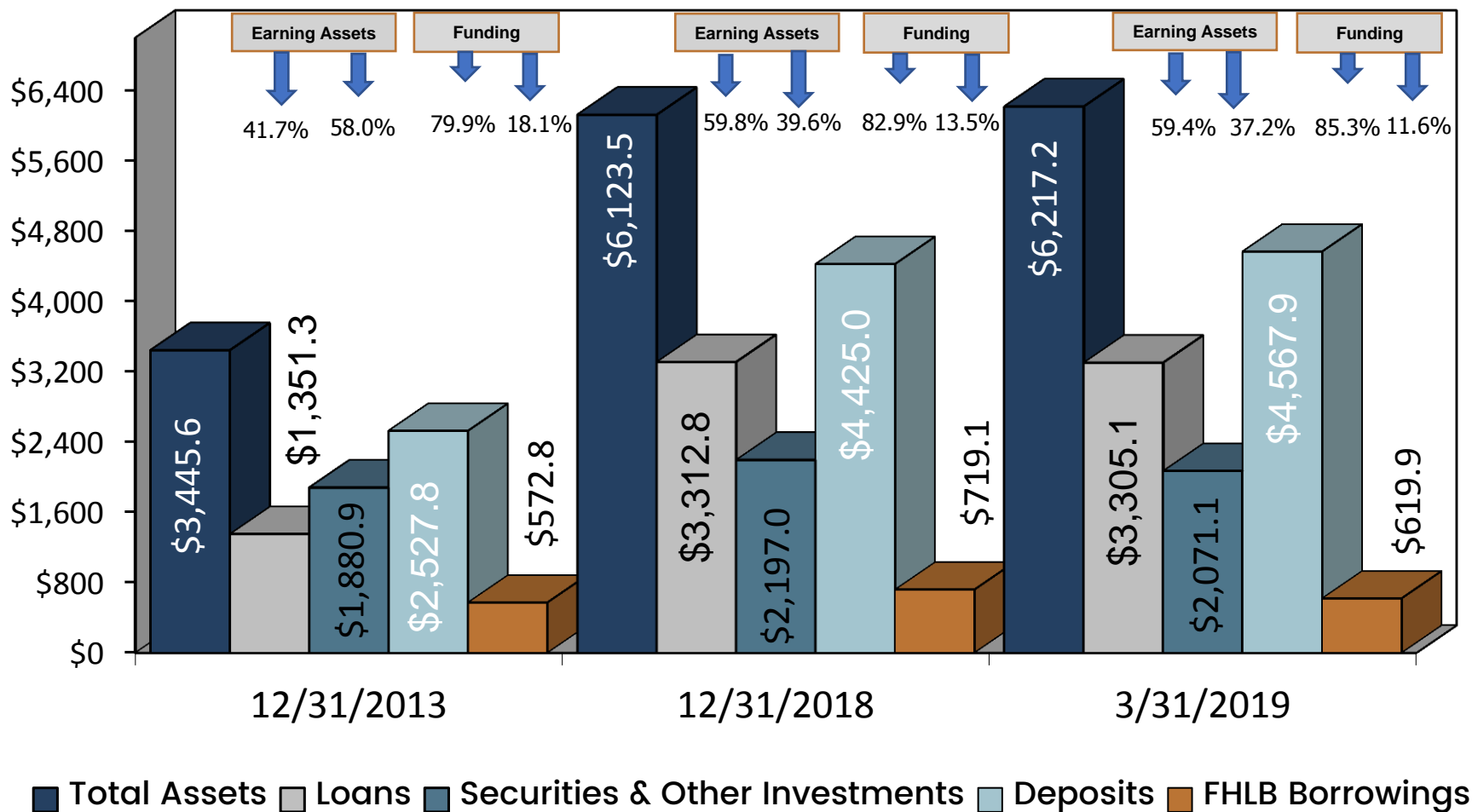
2016 2017 2018 Q1 2019 2016 2017 2018 Q1 2019 2016 2017 2018 Q1 2019

(1) Calculated on a fully taxable-equivalent basis (FTE.) See Non-GAAP reconciliation.

Note: Completed acquisition of Diboll State Bancshares, Inc. on 11/30/17 resulting in pre-tax merger expenses of \$4.4mm and \$2.4mm in 2017 and 2018, respectively.

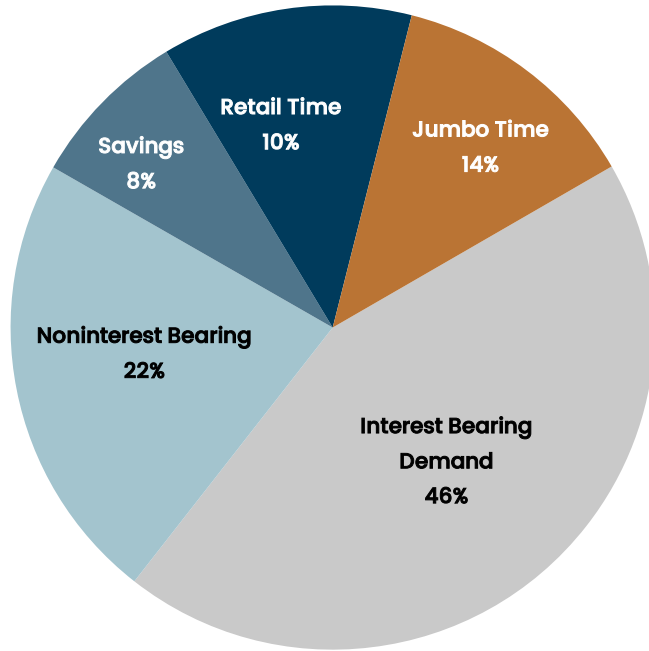
Balance Sheet Mix

(Dollars in Millions)



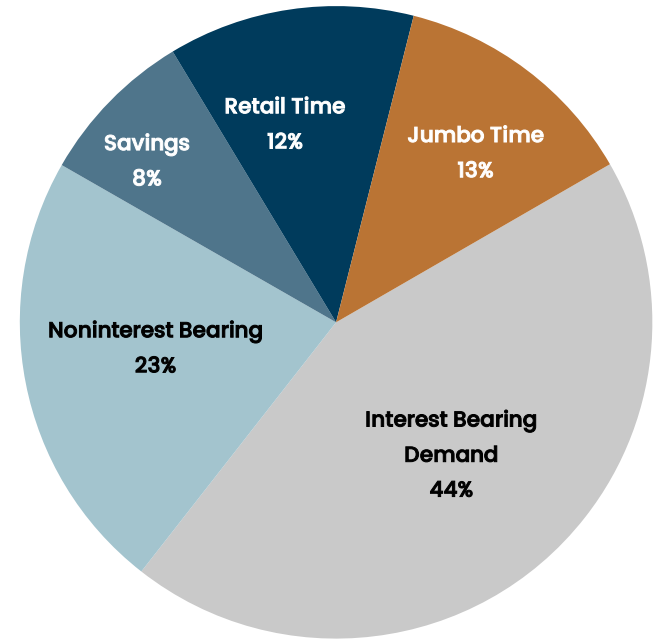
Deposit Composition

12/31/2018



Deposit Type	\$mm	%
Interest Bearing Demand	\$2,014	46%
Noninterest Bearing	995	22%
Savings	360	8%
Retail Time	449	10%
Jumbo Time	607	14%
Total	\$4,425	100%

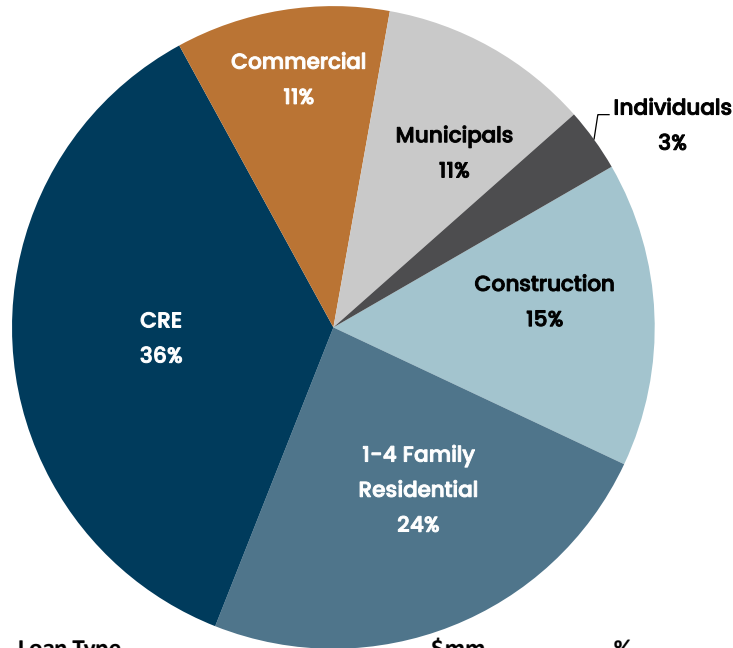
3/31/2019



Deposit Type	\$mm	%
Interest Bearing Demand	\$2,005	44%
Noninterest Bearing	1,038	23%
Savings	369	8%
Retail Time	575	12%
Jumbo Time	581	13%
Total	\$4,568	100%

Loan Portfolio Composition

12/31/2018

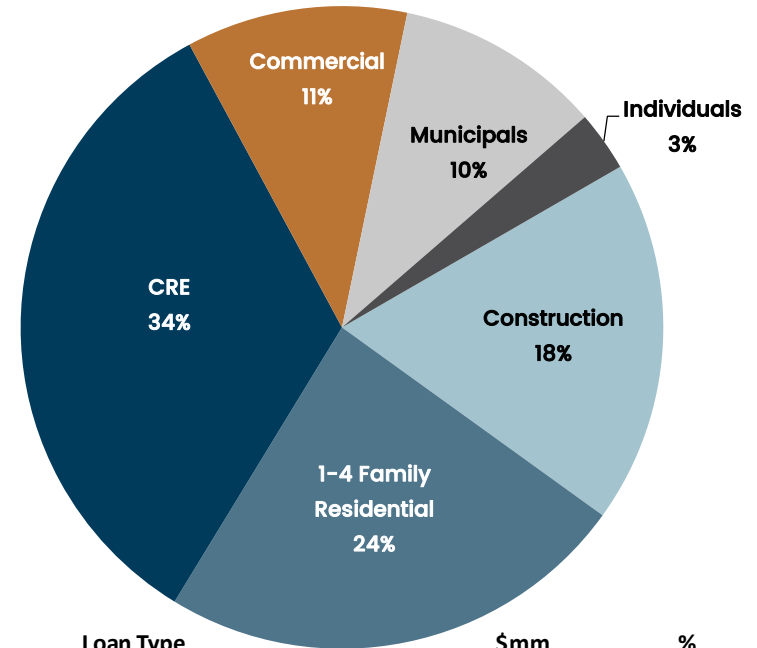


Loan Type	\$mm	%
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Real Estate Loans:

Construction	\$508	15%
1-4 Family Residential	795	24%
CRE	1,194	36%
Commercial	357	11%
Municipals	353	11%
Individuals	106	3%
Total	\$3,313	100%

3/31/2019



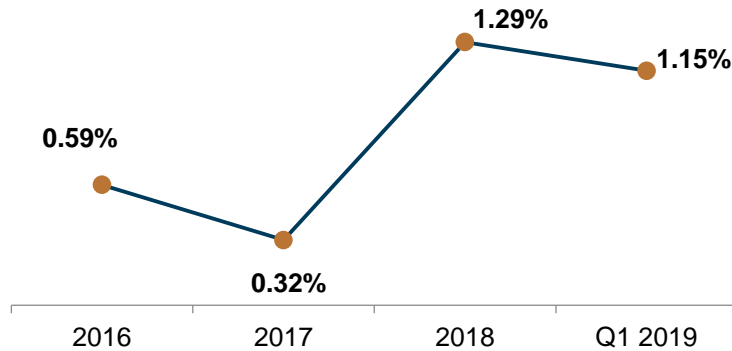
Loan Type	\$mm	%
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Real Estate Loans:

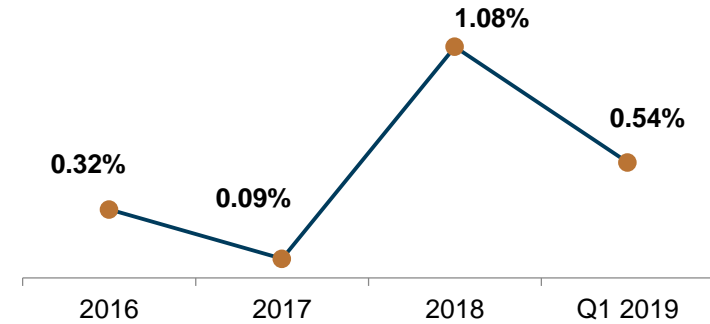
Construction	\$604	18%
1-4 Family Residential	786	24%
CRE	1,104	34%
Commercial	368	11%
Municipals	343	10%
Individuals	100	3%
Total	\$3,305	100%

Asset Quality Trends

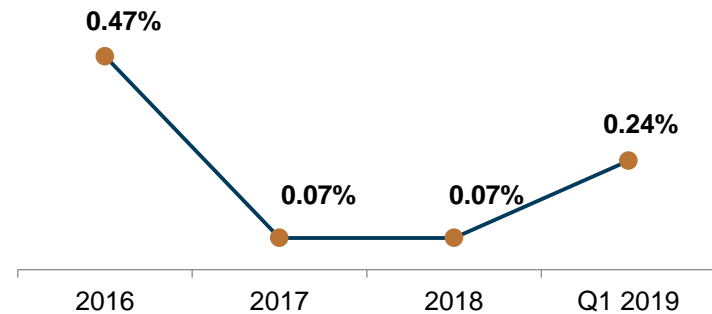
NPAs / Loans and OREO⁽¹⁾



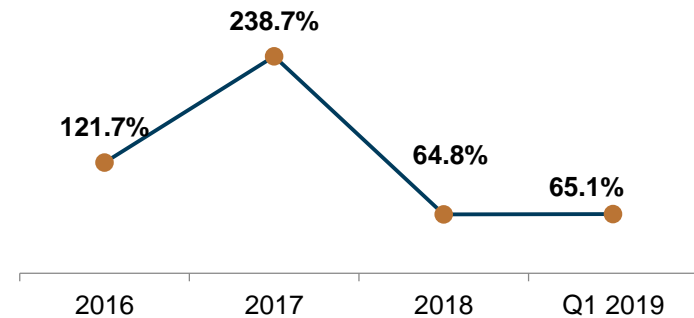
Nonaccrual Loans / Loans⁽¹⁾



NCOs / Average Loans



Reserves / NPLs

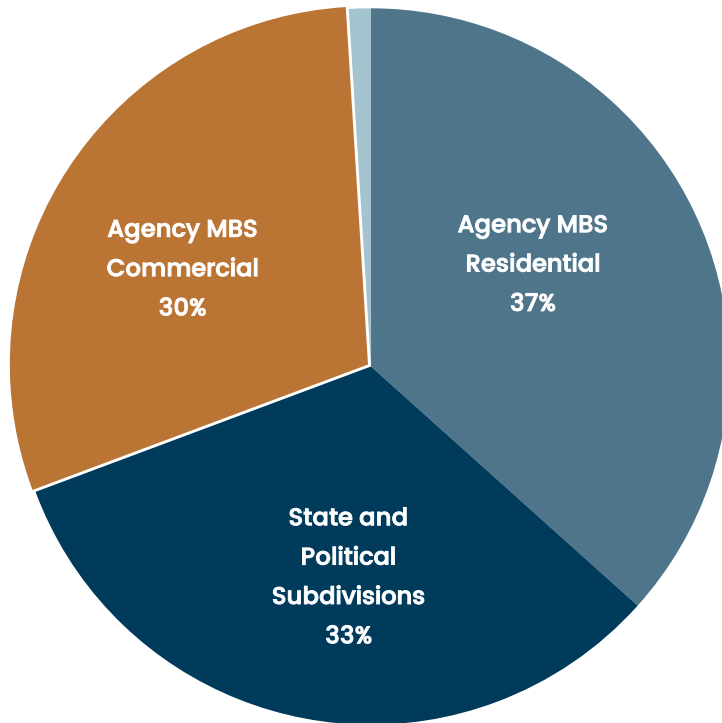


(1) Excludes purchased credit impaired loans, which were initially measured at fair value at acquisition of OmniAmerican Bancorp, Inc. and Diboll State Bancshares, Inc. in 2014 and 2017, respectively.

Securities Portfolio

12/31/2018

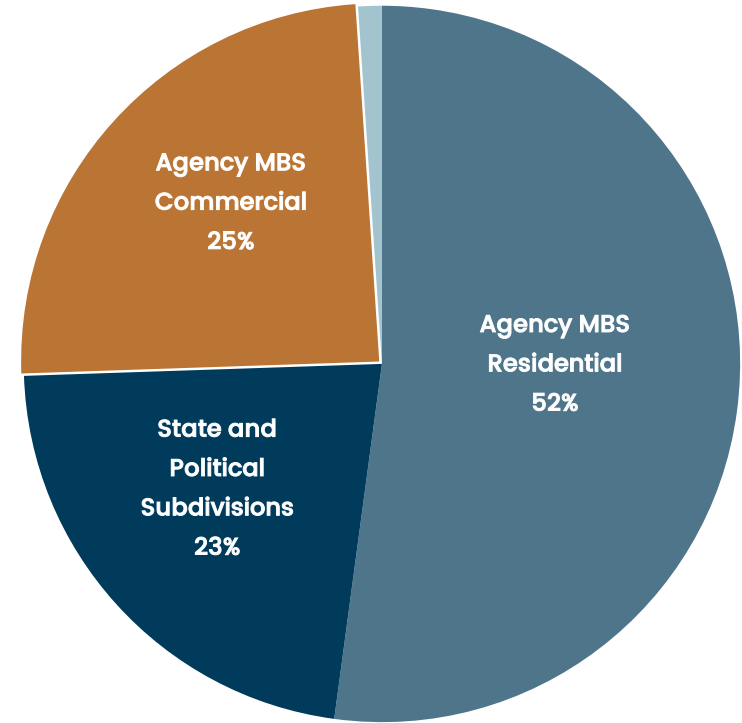
Other Stocks
and Bonds
<1%



\$2.15 billion

3/31/2019

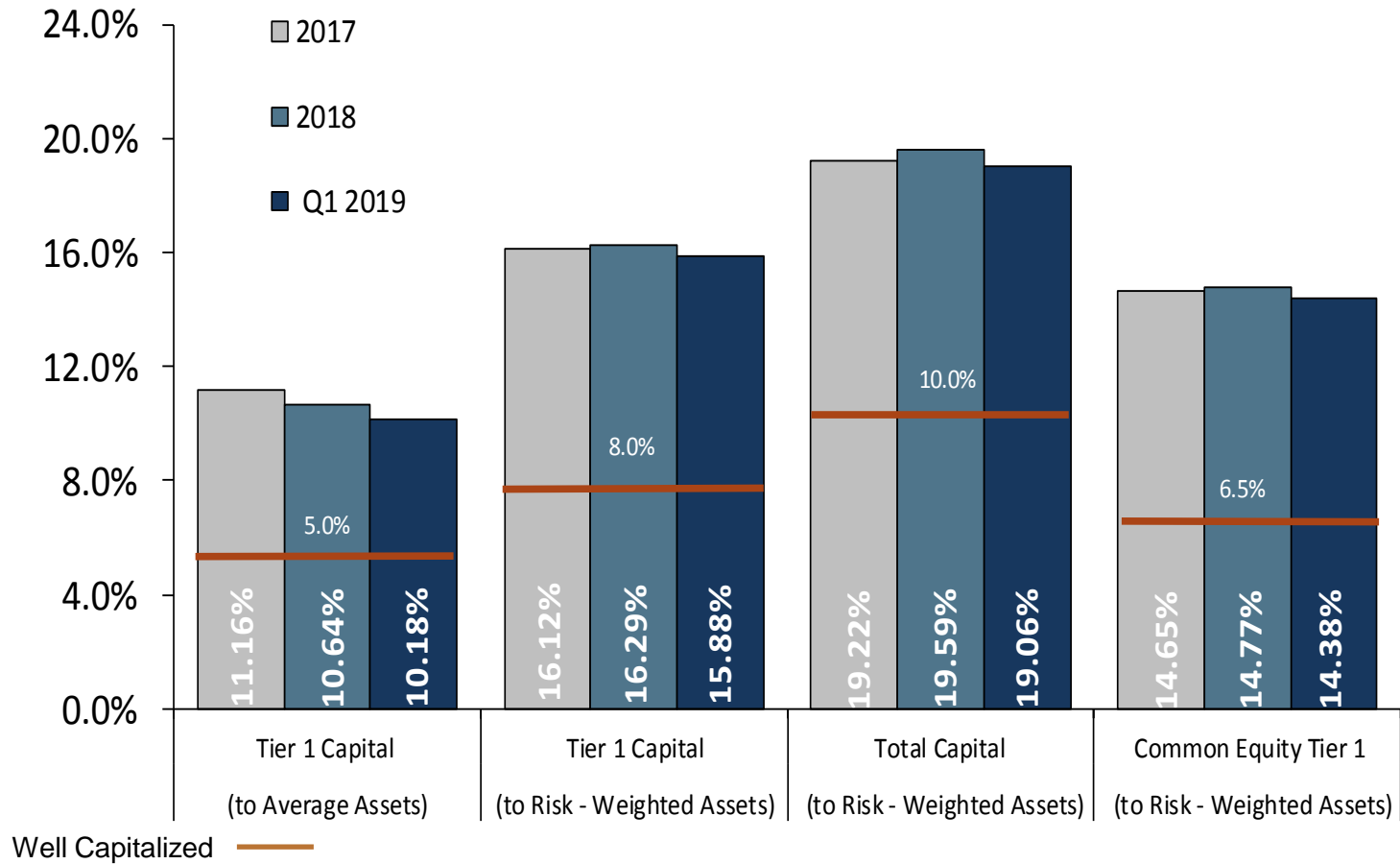
Other Stocks
and Bonds
<1%



\$2.02 billion

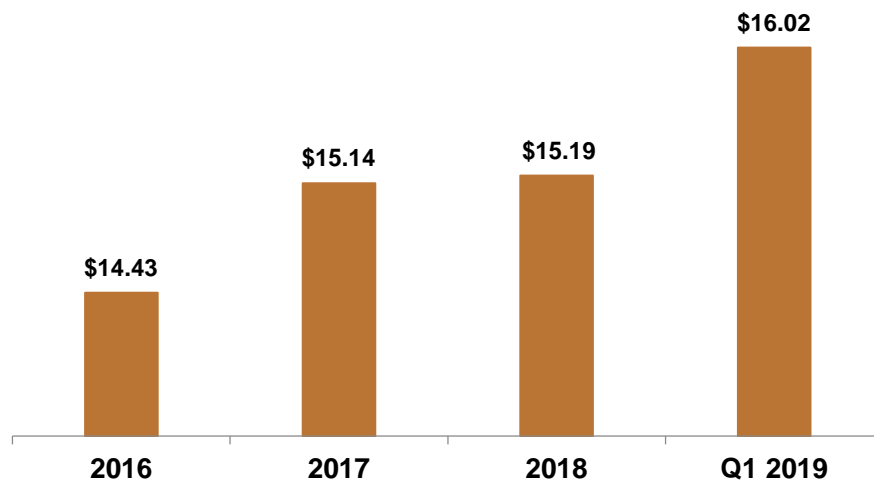
Note: All mortgage-backed securities issued and/or guaranteed by U.S. government agencies or U.S. government sponsored enterprises.

Capital Levels

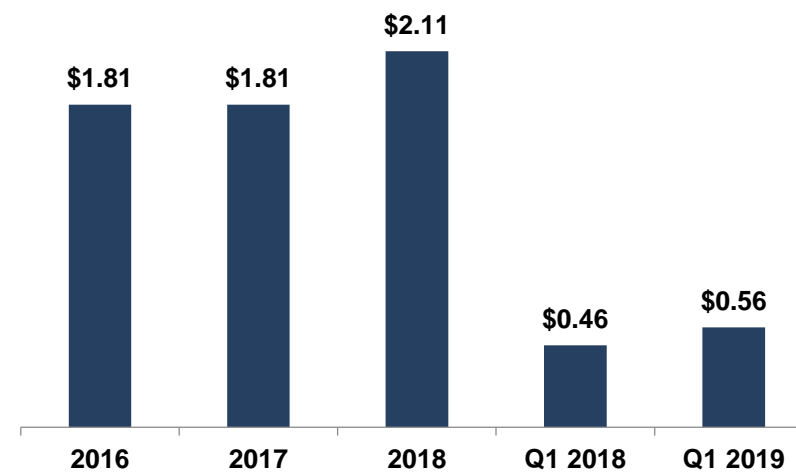


Shareholder Returns

Tangible Book Value per Share⁽¹⁾ (\$)



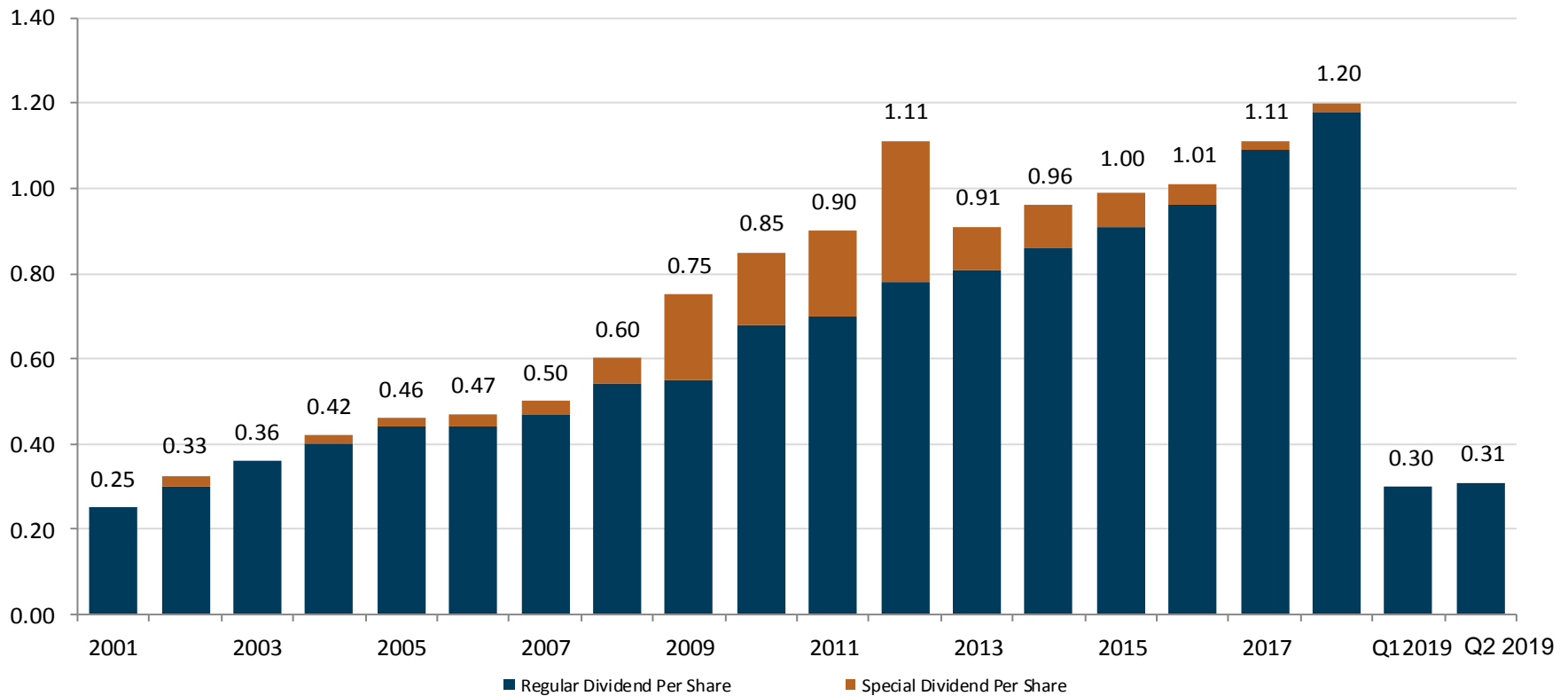
Diluted Earnings per Share (\$)



(1) Calculated on a fully taxable-equivalent basis (FTE.) See Non-GAAP reconciliation.
Note: Completed acquisition of Diboll State Bancshares, Inc. on 11/30/17 resulting in pre-tax merger expenses of \$4.4mm and \$2.4mm in 2017 and 2018, respectively.

Dividends

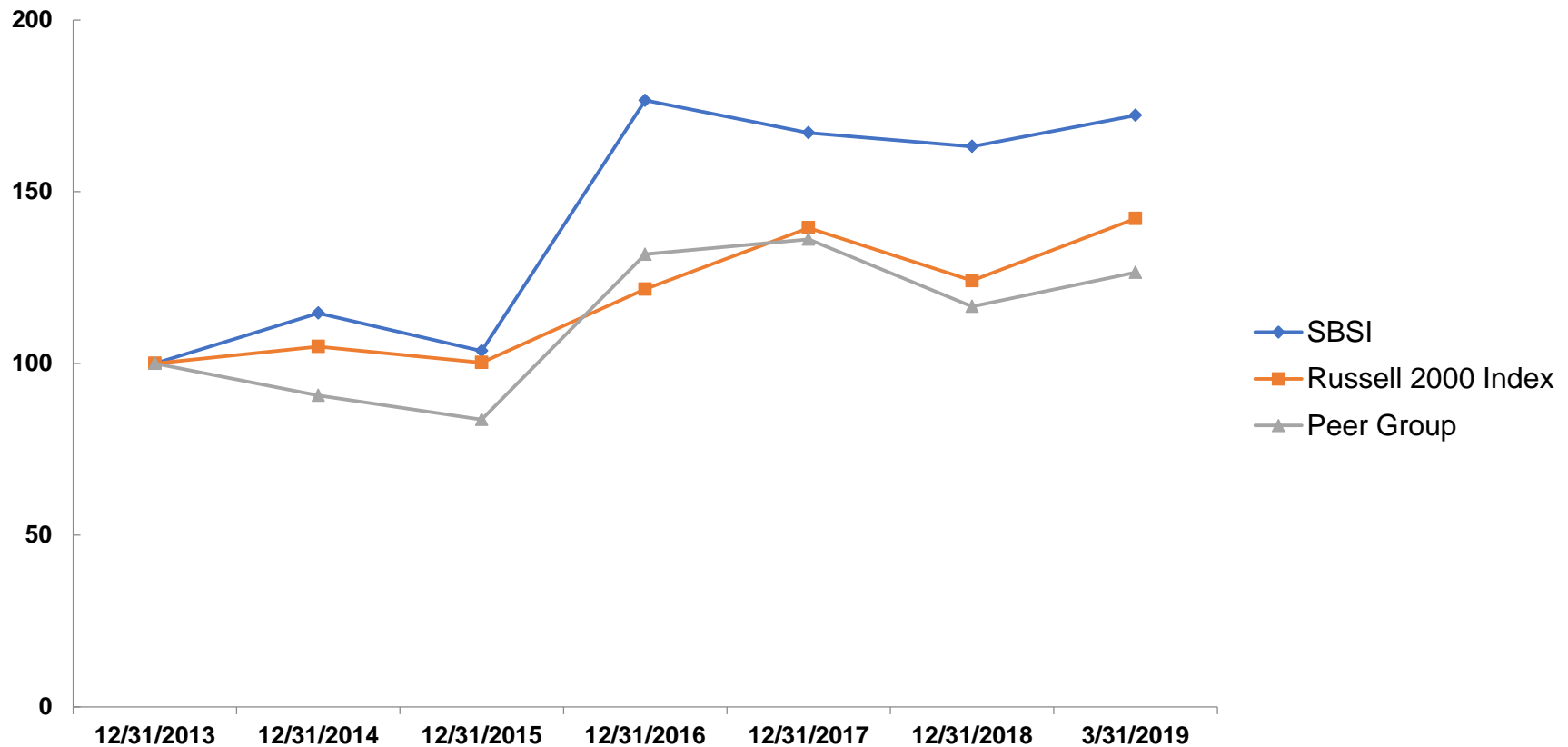
- Cash Dividends Paid Every Year Since 1970
- Consistent Record of Dividend Increases
- Dividend Payout Ratio of 53.57% as of 3/31/2019



Return Performance

- \$100 Invested in SBSI on 12/31/2013 was Worth \$172 on 3/31/2019

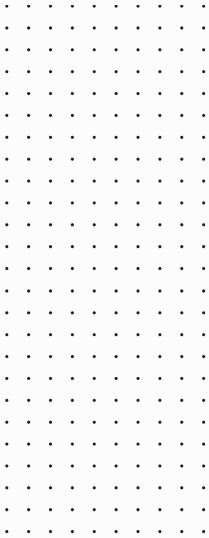
Performance 12/31/2013 to 3/31/2019



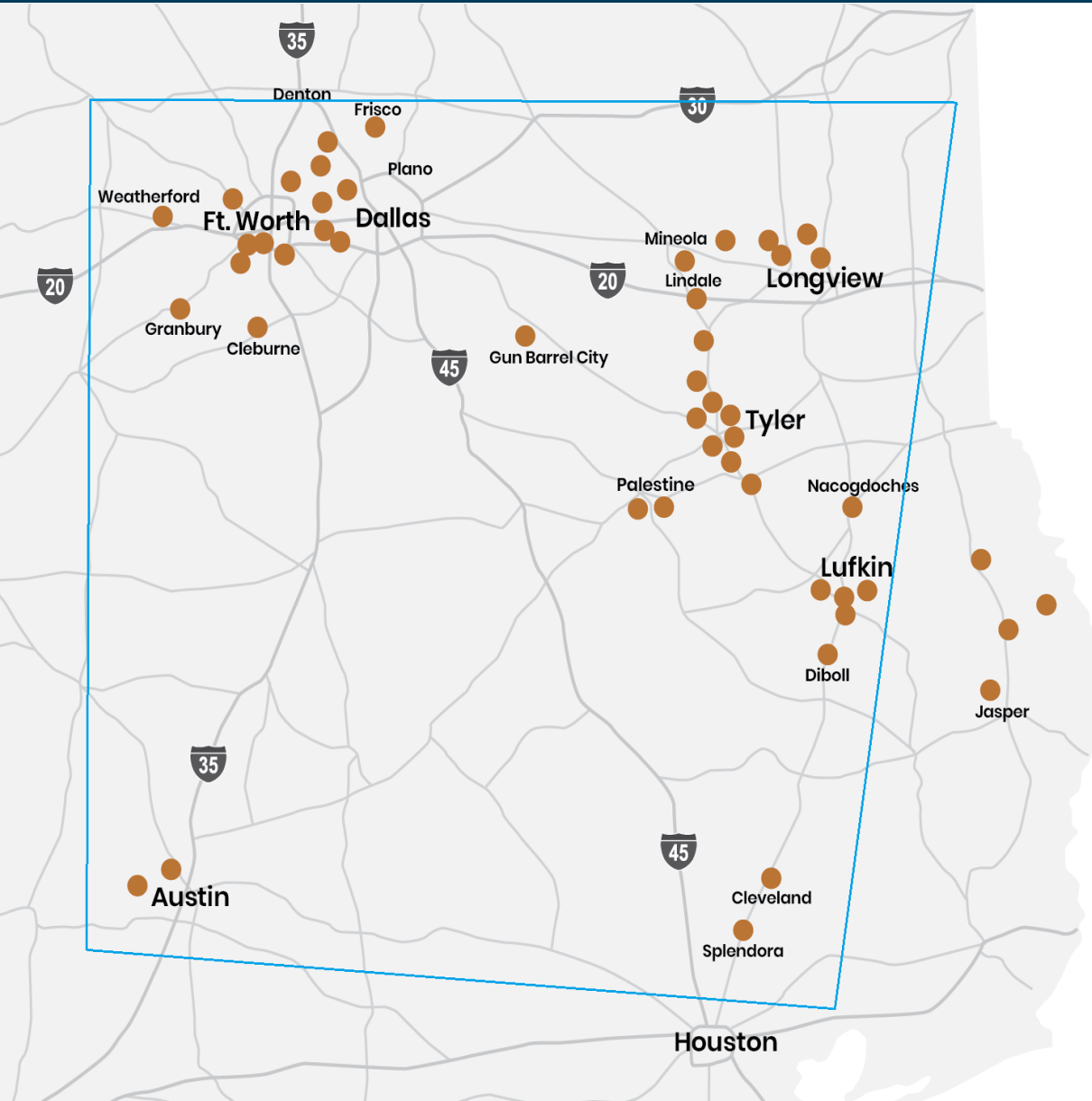
Source: S&P Global Market Intelligence
 Peer group index includes Cullen/Frost Bankers, Inc. (CFR), First Financial Bankshares, Inc. (FFIN), Hilltop Holdings (HTH), Independent Bank Group, Inc. (IBTX), LegacyTexas Financial Group, Inc. (LTXB), Prosperity Bancshares, Inc. (PB), Texas Capital Bancshares, Inc. (TCBI) and Veritex Holdings, Inc. (VBTX).

Goals for 2019

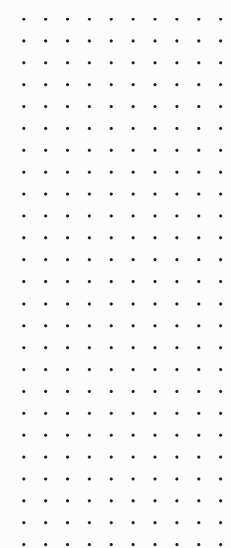
- Quality Loan Growth
- Grow Non-Maturity Deposits
- Increase Noninterest Income
- Navigate a Changing Yield Curve
- Capitalize on Operational Process Efficiency
- Enhance Digital/Technology Strategies



Geographic Footprint



Appendix



Non-GAAP Reconciliation

This presentation contains certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures include return on average tangible common equity, tangible book value per common share, tangible common equity to tangible assets, and efficiency ratio (FTE).

In calculating return on average tangible common equity, Southside (i) adds back the after tax amortization expense to net income available to common shareholders and (ii) subtracts average intangible assets for the period from average shareholders’ equity. In calculating tangible book value per common share, Southside subtracts intangible assets for the period from shareholders’ equity. In calculating the ratio of tangible common equity to tangible assets, Southside subtracts intangible assets both from shareholders’ equity and total assets at the end of the period. Management believes that the presentation of these measures excluding the impact of intangible assets provides useful supplemental information that is helpful in understanding Southside’s financial condition and results of operations, as they provide a method to assess management’s success in utilizing Southside’s tangible capital as well as its capital strength. Management also believes that providing measures that exclude balances of intangible assets, which are subjective components of valuation, facilitates the comparison of Southside’s performance with the performance of its peers. In addition, management believes that these are standard financial measures used in the banking industry to evaluate performance.

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 are supplemental and are not a substitute for any analysis based on GAAP financial measures. Because not all companies use the same calculation of non-GAAP financial measures, this presentation may not be comparable to other similarly titled measures as calculated by other companies.

Non-GAAP Reconciliation (cont'd)

(in thousands)	As of and for the Year Ended December 31,					As of and for the Three Months Ended March 31,
	2014	2015	2016	2017	2018	2019
Net income available to common shareholders	\$20,833	\$43,997	\$49,349	\$54,312	\$74,138	\$18,817
Plus: After-tax amortization expense	133	1,496	1,261	1,271	4,118	931
(35% tax rate for 2014-2017, 21% tax rate for 2018-Q1 2019)						
Adjusted net income available to common shareholders [a]	\$20,966	\$45,493	\$50,610	\$55,583	\$78,256	\$19,748
Average shareholders' equity	\$287,768	\$438,427	\$468,424	\$563,023	\$751,262	\$737,221
Less: Average intangible assets for the period	25,377	98,702	97,123	106,747	221,650	218,438
Average tangible shareholders' equity [b]	\$262,391	\$339,725	\$371,301	\$456,276	\$529,612	\$518,783
Return on average tangible common equity (ROATCE) [a] / [b]	7.99%	13.39%	13.63%	12.18%	14.78%	15.44%
Common equity at end of period	\$425,243	\$444,062	\$518,274	\$754,140	\$731,291	\$758,033
Less: Intangible assets at end of period	100,216	98,068	96,128	224,239	218,895	217,716
Tangible common shareholders' equity at end of period [c]	\$325,027	\$345,994	\$422,146	\$529,901	\$512,396	\$540,317
Total assets at end of period	\$4,807,176	\$5,161,996	\$5,563,767	\$6,498,097	\$6,123,494	\$6,217,196
Less: Intangible assets at end of period	100,216	98,068	96,128	224,239	218,895	217,716
Tangible assets at end of period [d]	\$4,706,960	\$5,063,928	\$5,467,639	\$6,273,858	\$5,904,599	\$5,999,480
Tangible common equity/tangible assets (TCE/TA) [c] / [d]	6.91%	6.83%	7.72%	8.45%	8.68%	9.01%
Common shares outstanding at end of period [e]	27,256	27,341	29,261	35,000	33,725	33,718 (A)
Tangible book value per common share [c] / [e]	\$11.92	\$12.65	\$14.43	\$15.14	\$15.19	\$16.02
Noninterest expense	\$97,704	\$112,954	\$109,522	\$106,335	\$120,099	\$29,627 (B)
Less: Pre-tax amortization expense	204	2,301	1,940	1,955	5,213	1,179
Less: Nonrecurring expense	15,838	6,000	2,375	4,394	3,236	(18)
Adjusted noninterest expense [f]	\$81,662	\$104,653	\$105,207	\$99,986	\$111,650	\$28,466
Net interest income (FTE)	\$122,946	\$151,400	\$157,555	\$161,480	\$181,422	\$43,337
Plus: Noninterest income	24,489	37,895	39,411	37,473	40,773	9,538 (B)
Less: Nonrecurring income (loss)	75	3,660	2,426	191	(1,198)	(171)
Total Revenue [g]	\$147,360	\$185,635	\$194,540	\$198,762	\$223,393	\$53,046
Efficiency Ratio (FTE) [f] / [g]	55.42%	56.38%	54.08%	50.30%	49.98%	53.66%

Note: Completed acquisition of OmniAmerican Bancorp, Inc. on 12/17/14 and completed acquisition of Diboll State Bancshares, Inc. on 11/30/17.

(A) Prior period shares adjusted for stock dividends, where applicable.

(B) In connection with the adoption of ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" in 2018, noninterest income for 2018 and thereafter is presented net of the related noninterest expense. Prior periods have not been adjusted.

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May 15, 2019



NASDAQ/SBSI

