



SOUTHSIDE BANCSHARES, INC.

NASDAQ: SBSI

KBW
Bank Conference **2015**

Southside Key Roles

Name	Position	Background	Years with Southside
Sam Dawson	President & 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	40
Lee Gibson	Senior EVP & Chief Financial Officer	<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	30

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 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, 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 about trends in asset quality, capital, liquidity, the pace of loan growth, merger-related integration cost savings, earnings and certain market risk disclosures, including the impact of interest rate and other economic uncertainty, 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, 2014 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 9.62%)
 - 5% stock dividend every year since 1993
- 47% market share in Tyler, TX
- In two of the “Top American Boomtowns” – Bloomberg.
 - #1. Austin
 - #11. Ft. Worth – Arlington – Dallas
- Shares owned by insiders (8.0%)

Financial Snapshot (3/31/15)

Balance Sheet (\$000s)

Total Assets	\$4,732,393
Total Loans	2,174,614
Total Deposits	3,495,340
Total Shareholders' Equity	434,814
Market Capitalization (\$mm) ⁽¹⁾	719.75

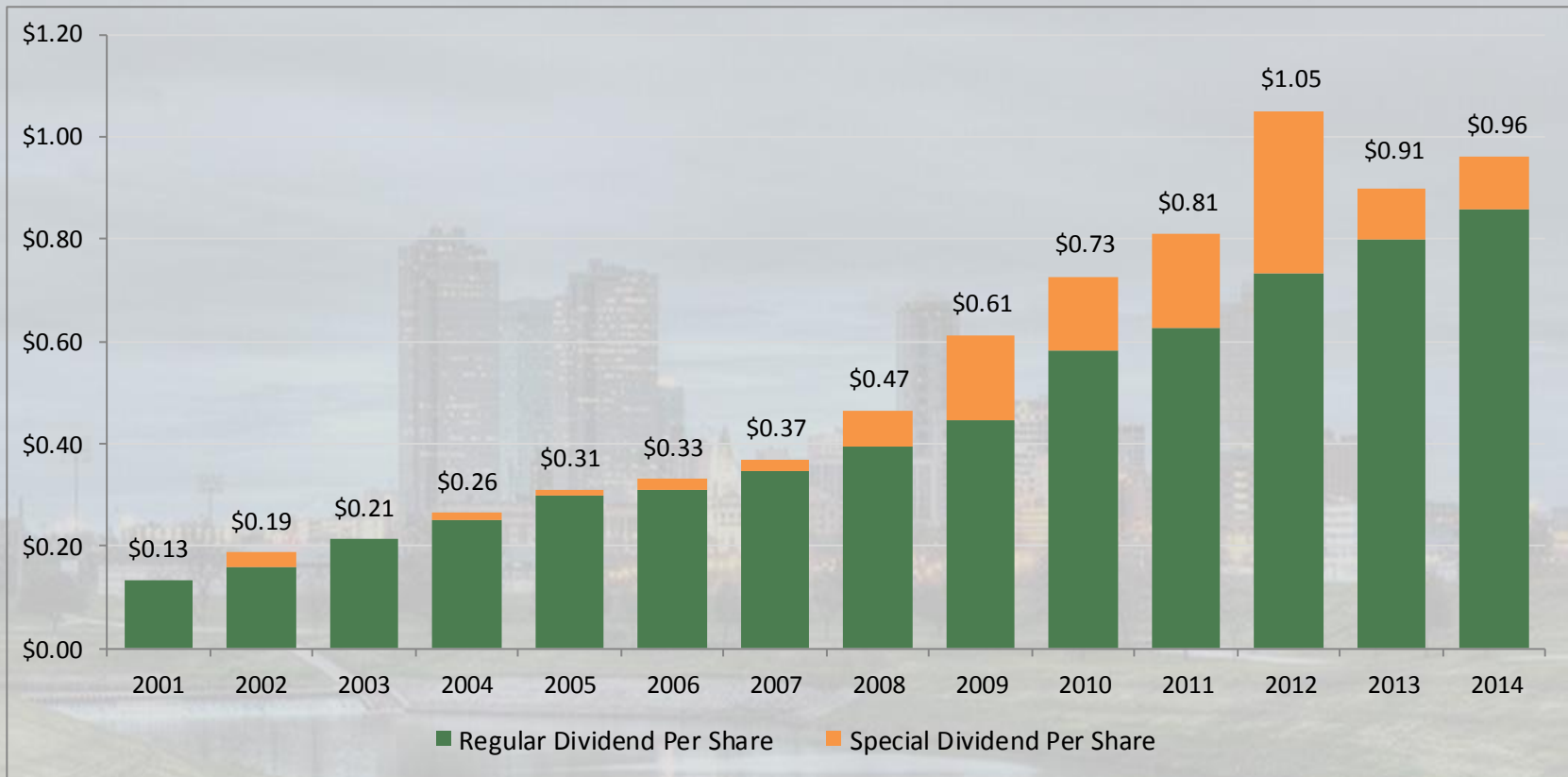
2015 Performance

Net Income (\$000s)	\$9,379
Return on Average Assets (%)	0.79%
Return on Avg. S.H. Equity (%)	8.79
Efficiency Ratio (%)	62.07

(1) Market capitalization is as of April 29, 2015.

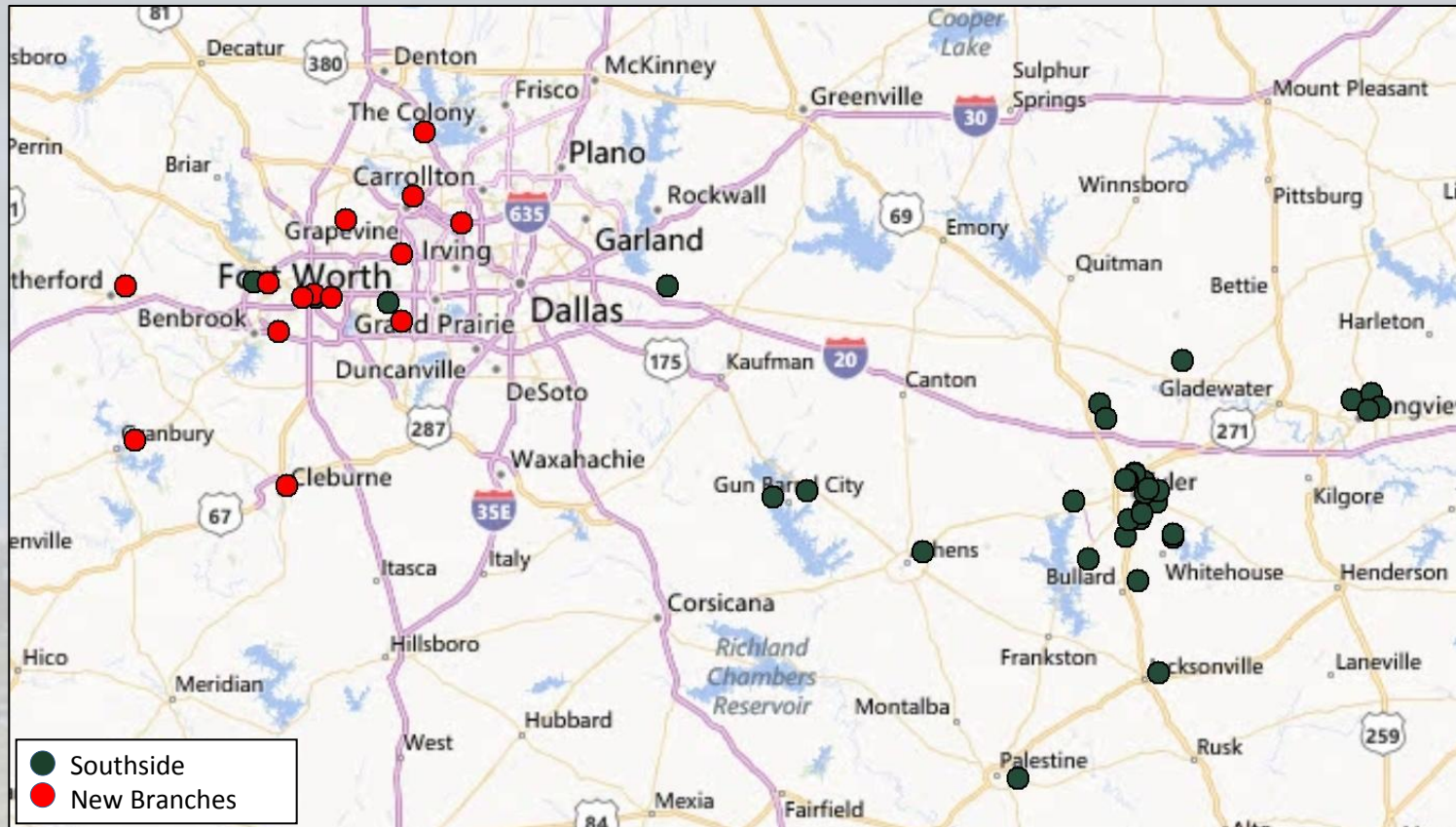
Dividends

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



Expanded Footprint

- The Dallas / Fort Worth MSA is one of the largest in the U.S., and has one of the highest population and economic growth trajectories in the country
- Our combined company is positioned uniquely in our ability to compete throughout the middle-market



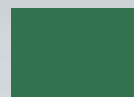
Commercial Oil & Gas Exposure

	Amount (\$000s)	As a Percent of Loans
Direct:		
Oil & Gas Production	\$ 15,700	0.72%
Oilfield Services	15,800	0.72
Other	8,100	0.37
Total Direct:	<u>\$ 39,600</u>	<u>1.81%</u>
Indirect:		
Commercial Real Estate	\$ 17,800	0.81%
Other	7,300	0.34
Total Indirect:	<u>\$ 25,100</u>	<u>1.15%</u>
Total Direct & Indirect:	<u><u>\$ 64,700</u></u>	<u><u>2.96%</u></u>

Goals for 2015



Maintain Quality Loan Growth



Seamless Integration

- Blending Cultures
- Core Conversion – March 13
- Lending Teams



Revenue Growth – Net Interest and Non-Interest



Capitalize on Operating Synergies and Efficiency

- “Banking” in 2015

Goals for 2015

Increased Asset Quality Focus in Light of Oil Prices

Expansion Opportunities

➤ Fort Worth/Austin Markets

Navigate Challenging

➤ Interest Rate Environment

➤ Regulatory Environment

Merger of Southside Bancshares, Inc. and OmniAmerican Bancorp, Inc.

Completed December 17, 2014



Strategic Rationale

- Solidifies presence in the greater Fort Worth (Tarrant County) area, one of the five largest cities in Texas
- Fort Worth has the second-highest population growth among major cities in the U.S., behind Austin
- Combined, Southside has \$4.7 billion in assets
- Creates the 9th largest independent bank in Texas and the 2nd largest independent bank in Tarrant County (by deposits)
- Significantly enhances Southside's metropolitan growth dynamics
- Adds 14 branches in the attractive greater Fort Worth market area, creating a platform for further growth and expansion
- Southside's middle market commercial focus and experience will accelerate and enhance the transition of OmniAmerican's previous retail-focused loan portfolio

Financial Impact

Earnings Per Share

- Double-digit EPS accretion with fully phased-in cost savings in 2016

Tangible Book Value Per Share

- Modest tangible book value per share dilution earned back in 3-4 years

Book Value Per Share

- Significant book value per share accretion

Internal Rate of Return

- Internal rate of return in the high teens

Capital

- Regulatory capital ratios significantly over “well-capitalized” levels at closing – Tier 1 Capital – 11.35% - Tier 1 Capital to Risk-Weighted Assets – 16.12%, both at December 31, 2014.

Synergies

- Cost savings of approximately 35-40%, fully phased-in
- OmniAmerican had an efficiency ratio of 78.9% in 2013

Investment Recap

- Expanded Opportunities and Footprint
- Strong Loan Growth
- Dynamic Markets
- Sound Asset Quality
- Seasoned Management Team

Southside Bancshares, Inc.

Appendix

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SOUTHSIDE BANCSHARES, INC.

NASDAQ: SBSI

Quarter Ended March 31,

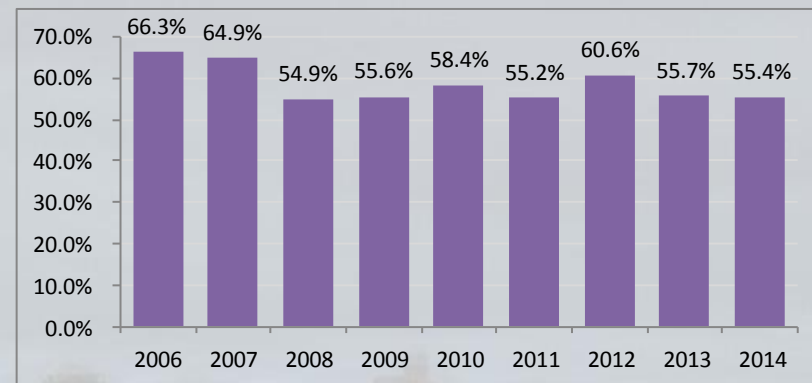
	2015	2014	%Chg
Net Income (in thousands)	\$ 9,379	\$ 8,224	14.0%
EPS (diluted)	\$ 0.37	\$ 0.41	(9.8)%
ROE	8.79%	12.44%	
ROA	0.79%	0.96%	
Efficiency Ratio	62.07%	53.30%	

Historical Performance

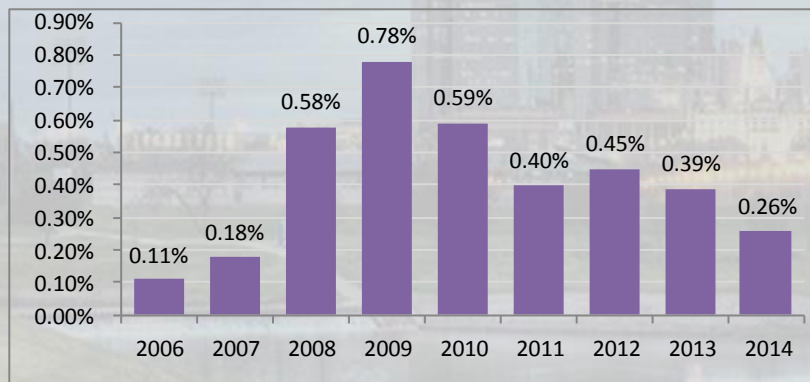
Return on Average Shareholders' Equity



Efficiency Ratio



NPAs ⁽¹⁾ / Loans + OREO



Loans / Deposits

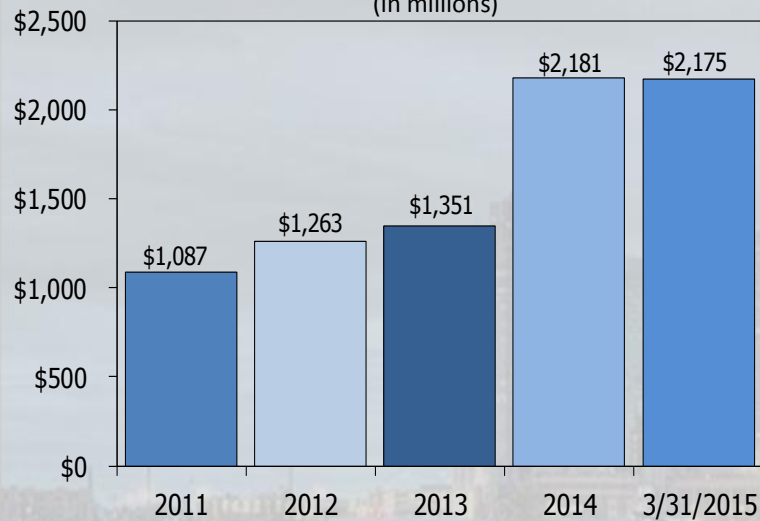


(1) NPAs include nonaccrual loans, loans 90+ days past due, accruing TDRs and OREO.

Loan Growth

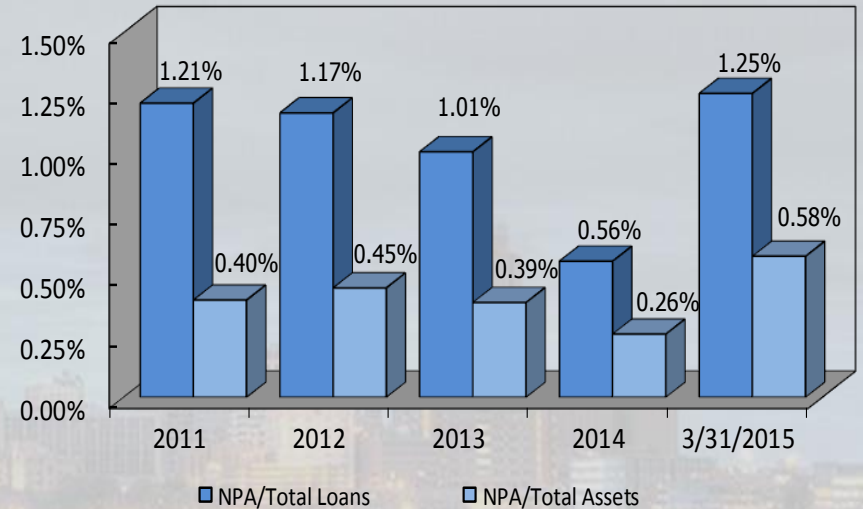
Total Loans Outstanding

(in millions)



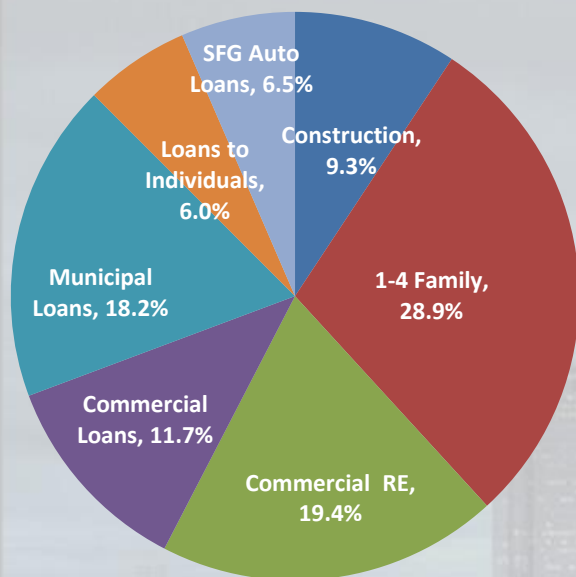
Asset Quality

Non-Performing Assets

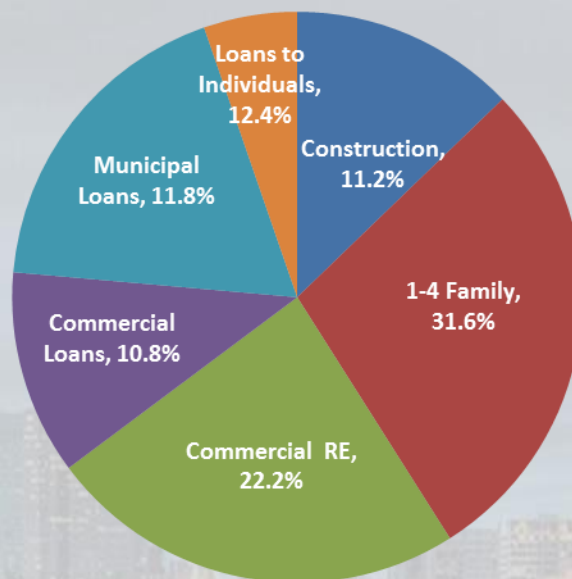


Loan Portfolio Composition

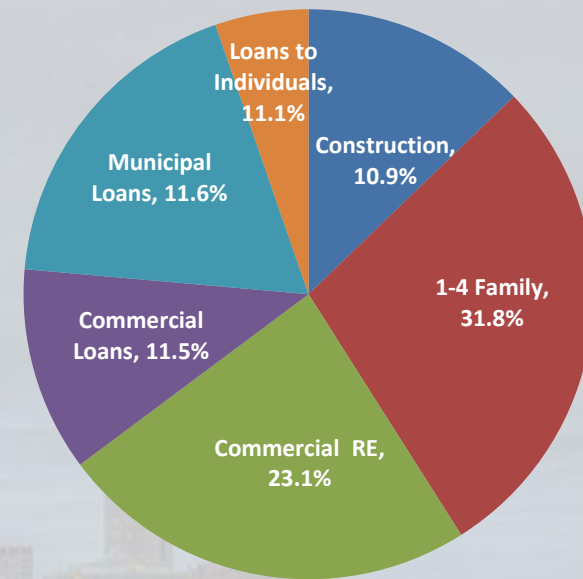
2013



2014



3/31/2015

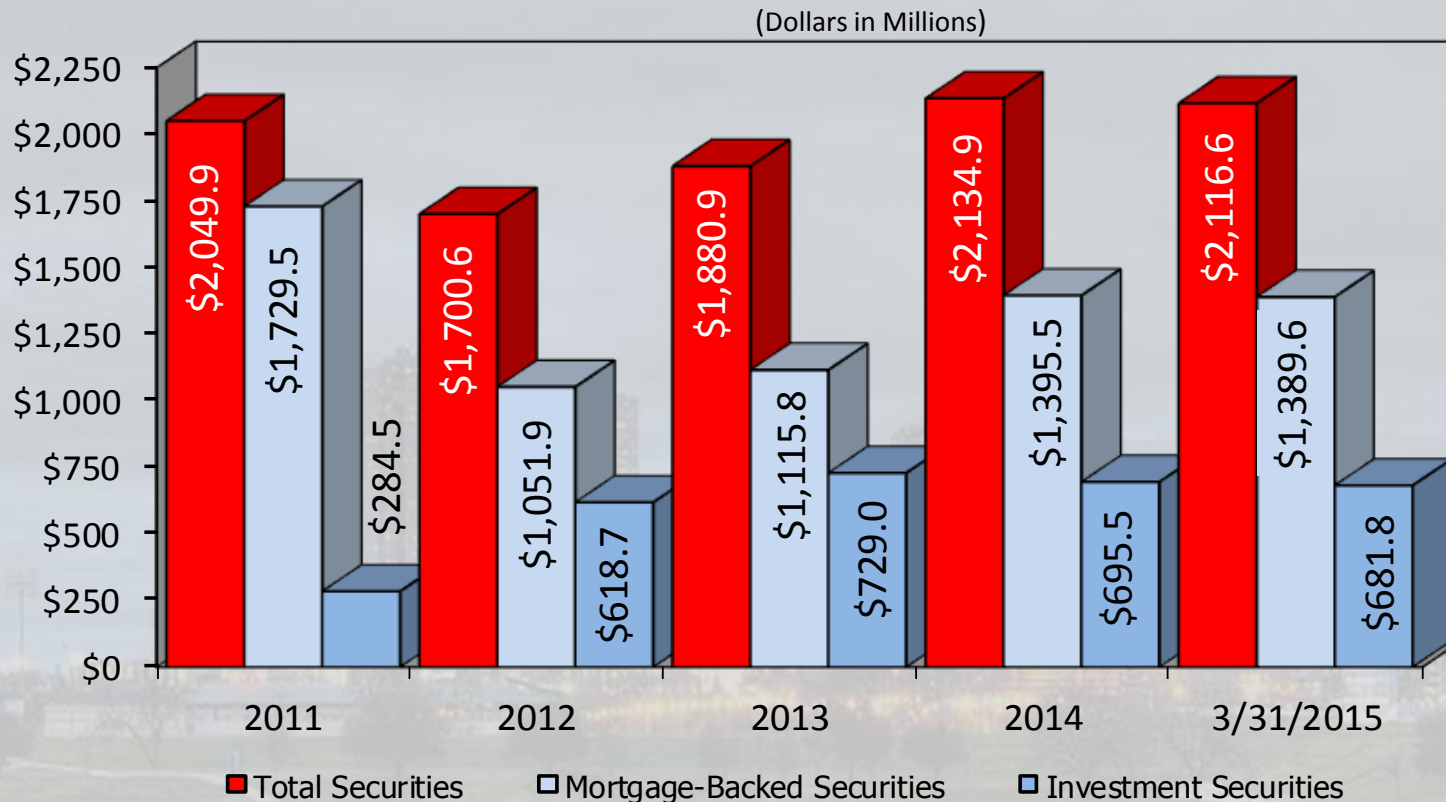


	Amount (\$mm)	% of Total
Construction	\$ 125.2	9.3%
1-4 Family	390.5	28.9%
Commercial RE	262.5	19.4%
Commercial Loans	157.7	11.7%
Municipal Loans	245.6	18.2%
Loans to Individuals	81.4	6.0%
SFG Auto Loans	88.4	6.5%
Total	\$ 1,351.3	100.0%

	Amount (\$mm)	% of Total
Construction	\$ 243.5	11.2%
1-4 Family	689.3	31.6%
Commercial RE	485.2	22.2%
Commercial Loans	235.3	10.8%
Municipal Loans	257.5	11.8%
Loans to Individuals	270.3	12.4%
Total	\$ 2,181.1	100.0%

	Amount (\$mm)	% of Total
Construction	\$ 237.2	10.9%
1-4 Family	691.9	31.8%
Commercial RE	502.5	23.1%
Commercial Loans	249.4	11.5%
Municipal Loans	252.8	11.6%
Loans to Individuals	240.8	11.1%
Total	\$ 2,174.6	100.0%

Securities Portfolio



Investment Portfolio Performance

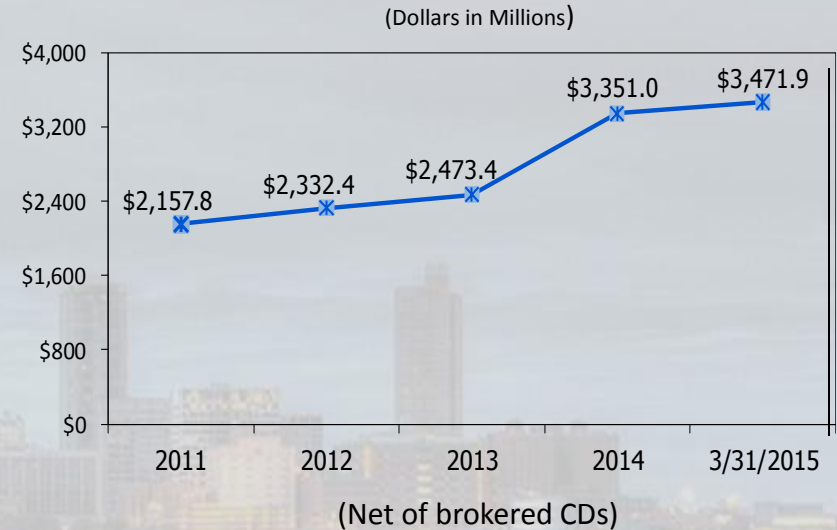
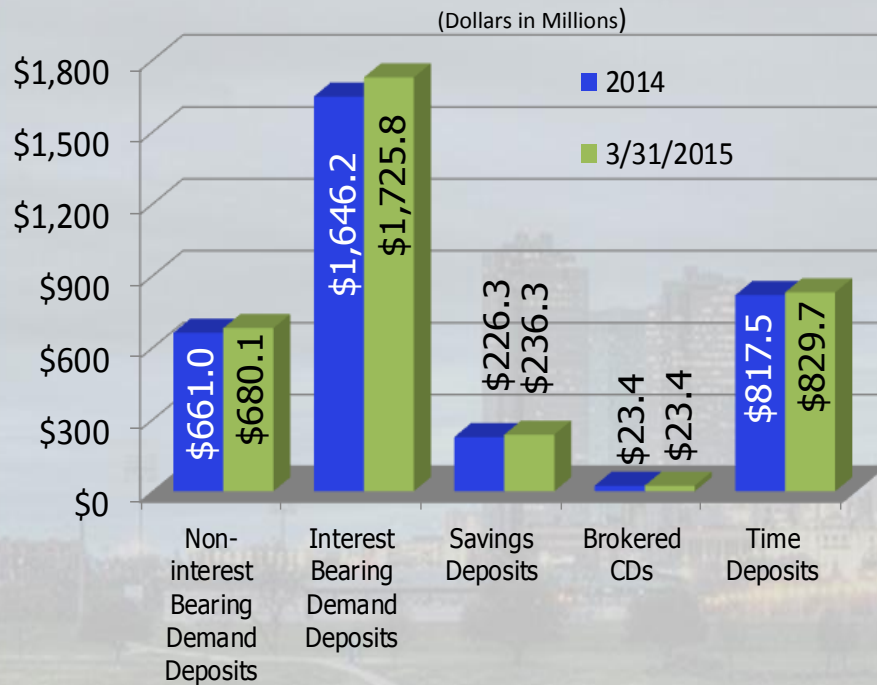
Southside Bank Performance

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

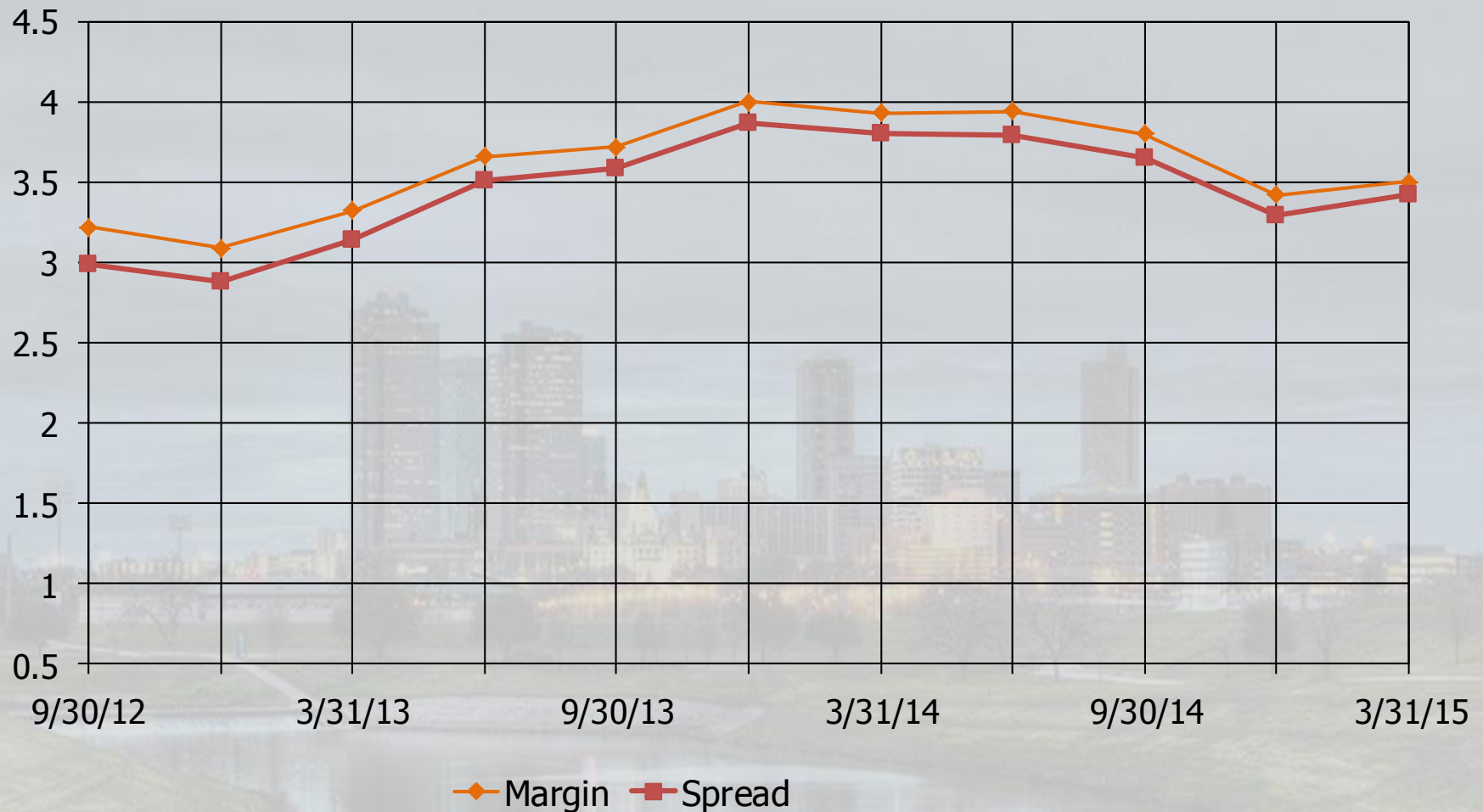
Distributions by percentile of 5,706 banks in the U.S. based on total return; all investments marked-to-market.

Source: IDC Report Period 09/30/2014

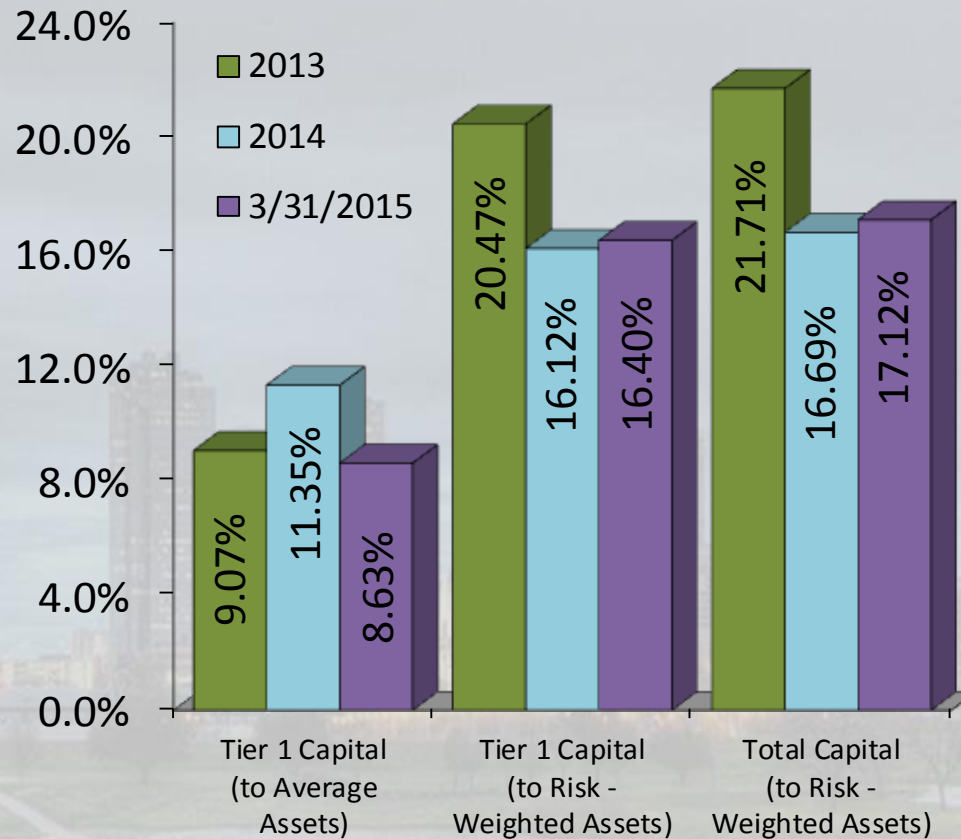
Deposit Composition and Growth



Net Interest - Spread and Margin



Capital Levels





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