

# Southside Bancshares: How Should Management Pace the Buyback?

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**Topic:** Growth Strategy, Mergers & Acquisitions, Pricing Strategy

**Industry:** Regional Banks

**Source:** Strategy & Finance

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## Case overview

- **Audience:** MBA / executive strategy and finance
- **Company / industry / geography:** Southside Bancshares, Inc.; community banking; Texas
- **Decision scope:** Hypothetical management policy for pacing an existing discretionary repurchase authorization
- **Information cutoff:** October 2, 2026, end of day ET
- **Decision owner:** For this exercise, assume you advise Southside's executive management. The company has not disclosed a scheduled decision meeting or formal capital-allocation committee.

## A choice after the authorization

Southside Bancshares owns Southside Bank, a Texas community bank. In October 2025, its board increased an existing share-repurchase authorization to a total of two million shares. The authorization permits open-market, privately negotiated, or Rule 10b5-1 purchases. The company has no obligation to buy and may modify, suspend, or discontinue the plan. Its June 30, 2026 filing reported no purchases in the quarter and 762,135 shares remaining under the authorization. The filing also said no purchases had occurred after June 30 through July 24, when the 10-Q was filed. The public record reviewed through October 2 does not update usage after that date. [S1]

The authority answered what the company could do. It did not set a purchase calendar, price threshold, or required amount. Management still had to decide whether any further purchases were warranted, what evidence would support them, and when to pause.

For this exercise, recommend a policy for use of the remaining authorization. The alternatives may include opportunistic purchases subject to explicit internal gates, periodic reviews with optional tranches, or leaving the authority unused while waiting for updated evidence. These are possible pacing policies, not claims that repurchases must displace loans, technology, branches, dividends, or an acquisition.

## **Growth, funding and Texas market position**

Southside described a 55-branch Texas network, including 12 grocery-store branches. Its September investor presentation reported deposit market shares of 39% in Smith County and 26% in Angelina County, based on FDIC information as of June 30, 2025. These are dated, company-presented market-position figures; they do not show current pricing, competitor growth, or economics for a new branch or acquisition. The presentation's stated 2026 goals included consistent customer experience, organic loan and non-maturity deposit growth, metro-market wealth-management expansion, potential acquisition targets, asset quality, and technology-enabled operating efficiency. These are management goals, not a formal ranking or capital budget. [S3]

The company reported \$8.76 billion in total assets, \$4.95 billion in loans, and \$6.17 billion in deposits at June 30. Loans increased \$131.6 million, or 2.7%, from December 31, while deposits declined \$695.8 million, or 10.1%. Management attributed the deposit decline primarily to lower brokered deposits and public funds, partly offset by retail deposit growth. FHLB borrowing rose \$784.7 million to \$995.8 million, and Federal Reserve discount-window borrowing was \$355 million. The company reported \$1.99 billion in available contingent liquidity, net of current outstanding borrowings. These are dated figures and include secured or contingent facilities; they do not establish that the company lacked funding or that repurchases would reduce loan capacity. [S1, S2, S3]

Q2 earnings were \$26.8 million, or \$0.90 per diluted share. Nonperforming assets were 0.11% of total assets. The CEO said loan growth was modest during the quarter because strong production was offset by elevated payoffs, while management still expected mid-single-digit loan growth for 2026. This was a management forecast, not a realized full-year result. [S2]

Funding and capital figures require care. Consolidated shareholders' equity was \$882.5 million at June 30. Consolidated common-equity Tier 1 capital was 12.90%, and total risk-based capital was 17.14%. Southside Bank's corresponding ratios were 16.28% and 17.10%; the Bank was reported as well capitalized under prompt-corrective-action standards. The company also reported \$1.99 billion of available contingent liquidity lines, which include secured FHLB and Federal Reserve capacity. Capital ratios, consolidated equity, cash, and borrowing facilities are different resources; none is the same as parent-only distributable cash or evidence of "excess" capital. [S1, S3]

## **One capital menu, no disclosed ranking**

The CEO described share repurchases as part of the plan and said the company had not been active in Q2 after a rise in the stock price. He also said management was anticipating possible acquisition opportunities and remained open to discussions, with a preference for filling in Texas markets. In that same discussion, he described seller bid-ask expectations as difficult to reconcile. These comments appear in an S&P Global Market Intelligence transcript hosted on Southside's investor-relations site. They are management remarks as transcribed, not an SEC filing, and do not establish a live target, offer, or transaction. [S4]

The company's August dividend release announced a 2.8% increase in the quarterly dividend to \$0.37 per share. The CEO attributed it to earnings and confidence in the company's capital position. That public statement is relevant context, but it does not establish that buybacks are attractive, that capital is unconstrained, or that the dividend and repurchases use a common fixed pool of funds. [S5]

## Exhibit 1. June 30 operating and capital snapshot

| Measure                         | Reported value            | Basis / period                                                                       |
|---------------------------------|---------------------------|--------------------------------------------------------------------------------------|
| Total assets                    | \$8.76bn                  | Consolidated, June 30, 2026                                                          |
| Loans                           | \$4.95bn                  | Consolidated, June 30, 2026                                                          |
| Deposits                        | \$6.17bn                  | Consolidated, June 30, 2026                                                          |
| Deposit change                  | –\$695.8m                 | Six months from Dec. 31, 2025; brokered deposits fell, retail deposits partly offset |
| FHLB advances / FRDW borrowings | \$995.8m / \$355.0m       | June 30; secured/contingent funding                                                  |
| Securities                      | \$2.78bn; 31.7% of assets | Consolidated, June 30                                                                |
| Consolidated equity             | \$882.5m; 10.1% of assets | Consolidated, June 30                                                                |
| CET1 / total risk-based capital | 12.90% / 17.14%           | Consolidated, June 30                                                                |
| CET1 / total risk-based capital | 16.28% / 17.10%           | Southside Bank only, June 30                                                         |
| Q2 net income / diluted EPS     | \$26.8m / \$0.90          | Three months ended June 30                                                           |
| Nonperforming assets / assets   | 0.11%                     | June 30                                                                              |

**Sources:** [S1] Q2 Form 10-Q, printed pp. 3-4, 47-49, 59, 61-63; [S2] Q2 release lines 19-25 and 52-73; [S3] investor presentation slides 4 and 17. Bank and consolidated ratios are not interchangeable; funding lines are not cash on hand.

## Exhibit 2. Authorization and execution status

| Disclosed item                              | Status at last filing                             |
|---------------------------------------------|---------------------------------------------------|
| Total authorization                         | Up to 2,000,000 shares                            |
| Purchases reported in Q2 2026               | None                                              |
| Shares remaining at June 30                 | 762,135                                           |
| Purchases after June 30 through filing date | None reported                                     |
| Obligation to purchase                      | None; company may modify, suspend, or discontinue |

**Source:** [S1] Item 2, printed pp. 66-67. Public information reviewed through the cutoff does not update plan usage after June 30.

### Exhibit 3. Illustrative pacing policies

| Policy                                        | How it could work                                                                                                                                                | Benefit                                                                   | Main question                                                                          |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <b>Opportunistic, evidence-gated</b>          | Management considers purchases only when its valuation assessment and refreshed capital, funding, credit, and growth evidence satisfy internally set conditions. | Preserves flexibility to act when management judges conditions favorable. | What valuation and resilience tests should be required, and who owns them?             |
| <b>Periodic review with optional tranches</b> | Reassess after regular reporting dates; consider a limited tranche only if the gates clear, with no purchase quota.                                              | Makes the decision revisitable as funding and loan conditions change.     | How can a review cadence avoid becoming pressure to buy?                               |
| <b>Hold unused for now</b>                    | Retain the remaining authority pending updated plan usage, financial results, and acquisition or loan information.                                               | Preserves optionality and avoids committing before evidence is refreshed. | What is the cost of waiting if management believes the shares are attractively priced? |

These are student-designed policies, not announced company plans. They can be combined; none implies that a dollar of repurchases otherwise funds a specific loan or transaction.

### Assignment

Prepare a one-page recommendation for management. State whether and how to use the authorization; propose a small set of measurable gates and pause conditions; address the strongest counterargument; and identify which internal data should be reviewed. Clearly label any proposed threshold as your recommendation, not company guidance. Do not assume a binding capital ceiling, excess capital, an optimal share price, or a dollar-for-dollar lending tradeoff.

## **Discussion questions**

1. What decision remains after the board has authorized the program, and what discretion does management retain?
2. Which June 30 measures inform resilience, funding, credit exposure, and growth capacity? What does each fail to establish?
3. What conditions would justify using part of the authorization, and which should trigger a pause or review?
4. How should management weigh shareholder-return arguments against the option to retain capital for lending, resilience, or a future opportunity?

## Sources

- **S1.** Southside Bancshares, Q2 2026 Form 10-Q, filed July 24, 2026. [SEC filing](#), Item 2, printed pp. 66-67; capital pp. 61-63; financial condition pp. 47-49; asset quality pp. 58-59.
- **S2.** Southside Bancshares, Q2 2026 results, July 24, 2026. [SEC Exhibit 99.1](#).
- **S3.** Southside Bancshares, Raymond James investor presentation, September 9, 2026. [Official presentation archive](#); [PDF](#), slides 4-6; market-position data attributed in the deck to FDIC as of June 30, 2025.
- **S4.** Southside Bancshares Q2 2026 earnings-call transcript, July 24, 2026. [Issuer IR presentations archive](#); [S&P Global Market Intelligence transcript PDF](#). Third-party transcript; management remarks are attributed as transcribed and are not treated as filed facts.
- **S5.** Southside Bancshares, dividend increase announcement, August 6, 2026. [Issuer release](#).