

## **SOUTHSIDE BANCSHARES, INC.**

### **COMPENSATION COMMITTEE CHARTER**

#### **I. PURPOSE**

The Compensation Committee (the "Committee") is appointed by the Board of Directors (the "Board") to discharge the Board's responsibilities relating to compensation of Southside Bancshares, Inc. ("Southside") Chief Executive Officer (the "CEO") and Southside's other executive officers (collectively, including the CEO, the "Executive Officers"). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of Southside as they affect the Executive Officers.

#### **II. COMPOSITION**

The Committee (shall consist of three or more members of the Board, each of whom the Board has determined is "independent" under the then-existing rules of the NASDAQ Stock Market. Additionally, members of the Committee must qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

The members of the Committee shall be appointed or removed by the Corporate Governance and Nominating Committee and approved by the Board. A term shall consist of one calendar year. Additional terms will be at the discretion of the Corporate Governance and Nominating Committee and the Board.

#### **II. PURPOSE AND RESPONSIBILITIES**

The Committee's purpose shall be to perform the following responsibilities, which may be supplemented from time to time by any responsibilities expressly delegated to the Committee by the Board:

- A. In consultation with senior management, to review Southside's general compensation philosophy, and oversee the development of Southside's compensation and benefit programs.
- B. To review and approve the corporate goals and objectives relevant to the compensation of the Executive Officers, evaluate the performance of the Executive Officers in light of those goals and objectives and set the Executive Officers compensation level based on this evaluation. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation.

- C. The Committee shall, periodically and as and when appropriate, review and approve the following as they affect the Executive Officers: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangements; (c) any change in control agreements and severance protection plans and change in control provisions affecting any elements of compensation and benefits; and (d) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
- D. The Committee shall monitor Southside's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits
- E. To review, as necessary, the components and amount of Board compensation in relation to other similarly situated companies.
- F. The Committee shall oversee Southside's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, shareholders approve equity compensation plans.
- G. The Committee shall review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in Southside's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "SEC") with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included. 4.
- H. The Committee shall prepare an annual Report of the Compensation Committee on Executive Compensation for inclusion in annual proxy statement in accordance with applicable rules and regulations promulgated by the SEC. B-3 5.
- I. To prepare a summary of the actions taken at each Committee meeting, which shall be presented to the Board.
- J. The Committee may form and delegate authority and duties to subcommittees as it deems appropriate

### III. STRUCTURE AND OPERATIONS

The Corporate Governance and Nominating Committee shall designate

one member of the Compensation Committee as its chairperson. The Committee chairperson will determine the frequency, dates, times and places for meeting of the Committee. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment.

The Committee may invite such members of management to its meetings, as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions.

#### IV. PERFORMANCE EVALUTION

The Committee shall perform a self-evaluation, annually, of the Committee performance. The performance evaluation should compare the performance of the Committee with the requirements of this Charter, and it should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee.

#### V. RESOURCES AND AUTHORITY

The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any advisor to assist it in the performance of its duties. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisor retained by the Committee, and shall have sole authority to approve the advisor's fees and the other terms and conditions of the advisor's retention must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.

In reviewing and selecting any such advisors, the Committee shall consider the independence factors as listed in the NASDAQ Listing Rule 5605(d) (3) (or any successor rule).