NEWS RELEASE

Southside Bancshares, Inc. Declares Cash Dividend and 5% Stock Dividend

8/12/2004

Tyler, Texas August 12, 2004 (PRNewswire-FirstCall)
The Board of Directors of Southside Bancshares, Inc., (SBSI), parent company of Southside Bank, declared a regular quarterly cash dividend of $0.10 per share payable to common stock shareholders of record September 2, 2004. The cash dividend is scheduled for payment on September 16, 2004.

In a separate action, the Board of Directors approved a 5% common stock dividend payable on September 16, 2004, immediately after the payment of the cash dividend to common stock shareholders of record September 2, 2004.

Southside Bancshares, Inc. is a $1.5 billion bank holding company that owns 100% of Southside Bank. The bank currently has twenty-six banking centers in the East Texas area.

To learn more about Southside Bancshares, Inc., please visit our investor relations website at www.southside.com/investor . That site provides a detailed overview of activities, financial information, and historical stock price data. To receive e-mail notification of company news, events, and stock activity, please register on the e-mail notification portion of the web site. Questions or comments may be directed to Susan Hill at (903) 531-7220, or SusanH@southside.com .

Certain statements of other than historical fact that are contained in this document and in written material, press releases and oral statements issued by or on behalf of Southside Bancshares, Inc., (the "Company") a bank holding company, may be considered to be "forward-looking statements" as that term is defined in the Private Securities

Litigation Reform Act of 1995. These statements may include words such as "expect," "estimate," "project," "anticipate," "believe," "could," "should," "may," "intend," "probability," "risk," "target," "objective" and similar expressions. Forward-looking statements are subject to significant risks and uncertainties and the Company's actual results may differ materially from the results discussed in the forward-looking statements. For example, certain market risk disclosures 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. As a result, actual income gains and losses could materially differ from those that have been estimated. Other factors that could cause actual results to differ materially from forward- looking statements include, but are not limited to general economic conditions, either nationally or in the State of Texas, legislation or regulatory changes which adversely affect the businesses in which the Company is engaged, economic or other disruptions caused by military actions in Iraq, Afghanistan or other areas, changes in the interest rate yield curve or interest rate environment which reduce interest margins and may impact prepayments on the mortgage-backed securities portfolio, changes effecting the leverage strategy, significant increases in competition in the banking and financial services industry, changes in consumer spending, borrowing and saving habits, technological changes, the Company's ability to increase market share and control expenses, the effect of compliance with legislation or regulatory changes, the effect of changes in accounting policies and practices and the costs and effects of unanticipated litigation.

SOURCE Southside Bancshares, Inc.

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