NEWS RELEASE

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

2/23/2006

TYLER, Texas, Feb. 23 /PRNewswire-FirstCall/ -- The Board of Directors of Southside Bancshares, Inc., (Nasdaq: SBSI), parent company of Southside Bank declared a regular quarterly cash dividend of $0.11 per share payable to common stock shareholders of record March 9, 2006. The cash dividend is scheduled for payment on March 23, 2006.

In a separate action, the Board of Directors approved a 5% common stock dividend to common stock shareholders of record March 9, 2006, payable on March 23, 2006, immediately after the payment of the cash dividend.

Southside Bancshares, Inc. is a $1.8 billion bank holding company that owns 100% of Southside Bank. The bank currently has thirty-two banking centers in Texas.

To learn more about Southside Bancshares, Inc., please visit our investor relations website at **http://www.southside.com/investor** . The 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** .

Forward Looking Information

Statements in this news release that are based on other than historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements provide

current expectations of future events. 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," "believe," "could," "should," "may," "intend," "probability," "risk," "target," "objective," "plans," "potential," 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, the following:

* general economic conditions, either globally, nationally, in the State of Texas, or in the specific markets in which the Company operates;
* legislation or regulatory changes which adversely affect the businesses in which the Company is engaged;
* adverse changes in Government Sponsored Enterprises (the "GSE") status or financial condition impacting the GSE guarantees or ability to pay or issue debt;
* economic or other disruptions caused by acts of terrorism in the United States, Europe or other areas;
* changes in the interest rate yield curve such as flat, inverted or steep yield curves, or changes in the interest rate environment which impact interest margins and may impact prepayments on the mortgage-backed securities portfolio;
* changes impacting 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 changes in federal or state tax laws;
* 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.

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.

SOURCE Southside Bancshares, Inc.
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/CONTACT: Lee Gibson of Southside Bancshares, Inc., +1-903-531-7221/
/Web site: http://www.southside.comhttp://www.southside.com/investor /
(SBSI)

CO: Southside Bancshares, Inc.
ST: Texas
IN: FIN
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