

Super Community

Bank Conference

Midwest 2004
Chicago



SOUTHSIDEBANCSHARES, INC.

Forward-Looking Statements



- **This presentation contains forward-looking statements, regarding Southside Bancshares, Inc. These statements constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995.**
- **Actual results may differ materially from any forward-looking information discussed in this presentation since forward-looking information may involve significant risks and uncertainties. For a discussion of the factors that might cause such differences please refer to Southside Bancshares, Inc.'s January 22, 2004 press release, September 30, 2003 form 10-Q, December 31, 2002 form 10-K and other public filings with the Securities and Exchange Commission which are available online at www.southside.com.**

Location



Company Overview (SBSI)



- **Established 1960 – Headquartered in Tyler, Texas**
- **Continuous Cash Dividend Since 1970**
- **Total Assets: \$1.5 Billion**
- **Shares Outstanding: 10,358,880**
- **Market Capitalization: \$192 Million**
- **Price Earnings Ratio: 14.5X**
- **Price to Book Ratio: 1.9X**
- **Insider Ownership: 17%**

12/31/03

Senior Management Team



<u>Name and Title</u>	<u>Age</u>	<u>Years at Southside</u>
B. G. Hartley Chairman and CEO	74	43
Sam Dawson President and COO	56	30
Jeryl Story Senior Executive VP	52	24
Lee Gibson CFO	47	20

Four Year Price Performance



The Texas Economy



- **2003 Population Estimate: 21 Million**
- **Nation's Leading Exporter in 2002**
- **Population Growth Rate: 5.9% vs. 3.2% for U.S.**
- **Health Services Employs 10% of Total Texas Workers**

Source: The Perryman Group

East Texas Demographics



Population:

Tyler Area 178,855

Longview Area 112,397

Employment Concentrations for the Largest 20 Employers:

Medical Care 9,924

Manufacturing 7,948

Education 5,029

Local Government 2,348

Major Employers East Texas

<u>Company Name</u>	<u>Product</u>	<u>Employees</u>
• Trinity Mother Francis Hospital	Medical Care	3,384
• East Texas Medical Center	Medical Care	3,284
• Brookshire Grocery Company	Grocery Distribution	2,576
• Tyler Independent School District	Education	2,228
• Good Shepherd Medical Systems	Medical Care	2,009
• The Trane Company	Air Conditioning Units	2,000
• Texas Eastman Company	Chemicals	1,793
• Longview Independent School District	Public Schools	1,296
• University of Texas Health Center at Tyler	Medical Care & Research	1,247
• The Kelly-Springfield Tire Company	Passenger Tires	1,206
• Tyler Pipe	Cast Iron Pipe, Iron Fittings	1,100
• Carrier Corporation	Commercial Air Conditioners	1,000
• Target Distribution Center	Retail Distribution	929
• LeTourneau, Inc.	Heavy Equipment	849
• City of Longview	Government	808
• City of Tyler	Government	770
• Smith County	Government	770
• Tyler Junior College	Education	755
• The University of Texas at Tyler	Education	750
• Howe-Baker Engineers	Engineering/Contractor	695

Market Share Tyler



<u>Name</u>	<u>Deposits (000's)</u>	<u>Market Share</u>
• Southside Bank	699,427	31.6%
• Bank of America	444,120	20.0%
• Regions Bank	293,504	13.2%
• Bank One	193,864	8.7%
• Guaranty Bank	108,725	4.9%

6/30/03

Market Share Longview



<u>Name</u>	<u>Deposits (000's)</u>	<u>Market Share</u>
• Texas Bank & Trust	371,967	30.4%
• Bank One	246,114	20.1%
• Regions Bank	182,042	14.8%
• Guaranty Bank	83,396	6.8%
• Southside Bank	68,516	5.6%

6/30/03

Management Team Staff



<u>Name & Title</u>	<u>Age</u>	<u>Years at Southside</u>
• Andy Wall, EVP – Commercial Lending	63	35
• Cayla Washburn, EVP – Retail Banking	54	30
• Kathy Hayden, Senior VP – Trust	51	23
• Lonny Uzzell, EVP – Marketing	50	22
• Julie Shamburger, Senior VP – Controller	40	21
• Brian McCabe, Senior VP – Electronic Banking	43	20
• Randy Hendrix, EVP – Commercial Lending	53	20
• Jane Coker, Senior VP – Loan Administration	40	17
• Charlott Mapes, Senior VP – Branch Manager	54	17
• Randy Brown, Senior VP – Information Technology	51	11

Former Bank Presidents



<u>Name</u>	<u>Age</u>	<u>Years Banking Experience</u>
Peter Boyd	48	22
Bill Clawater	50	25
Jim Deakins	70	46
Barham Fulmer	52	29
George Hall	71	48
Bruce Mehlenbacher	50	30
Mike Northcutt	53	29
Bill Sullivan	52	20

Bottom Line: How Did We Perform in 2003?

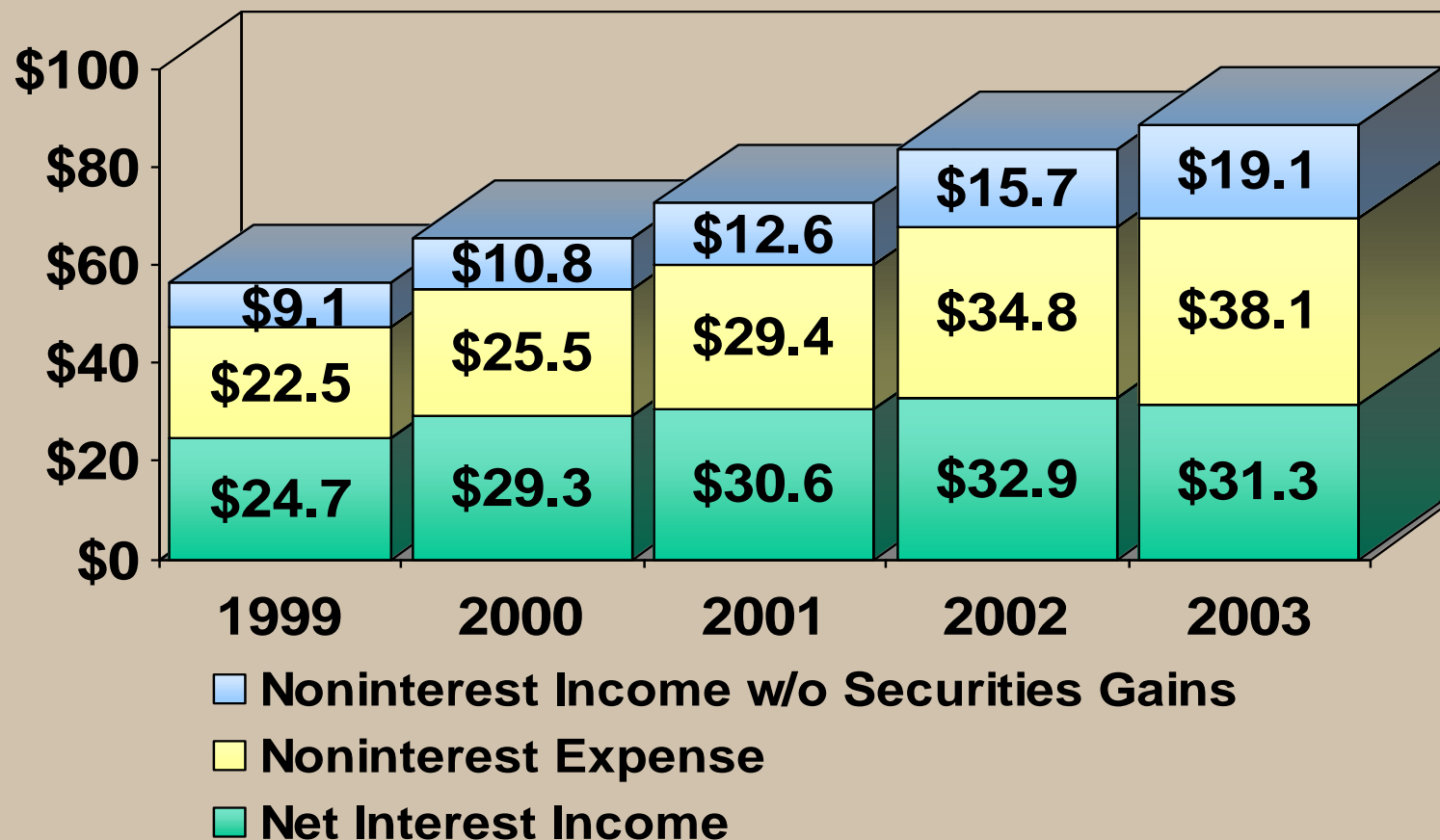


December 31, 2003

- **Net Income** **\$13,564,000**
- **EPS** **\$1.28**
- **ROE** **15.65%**
- **ROA** **1.00%**

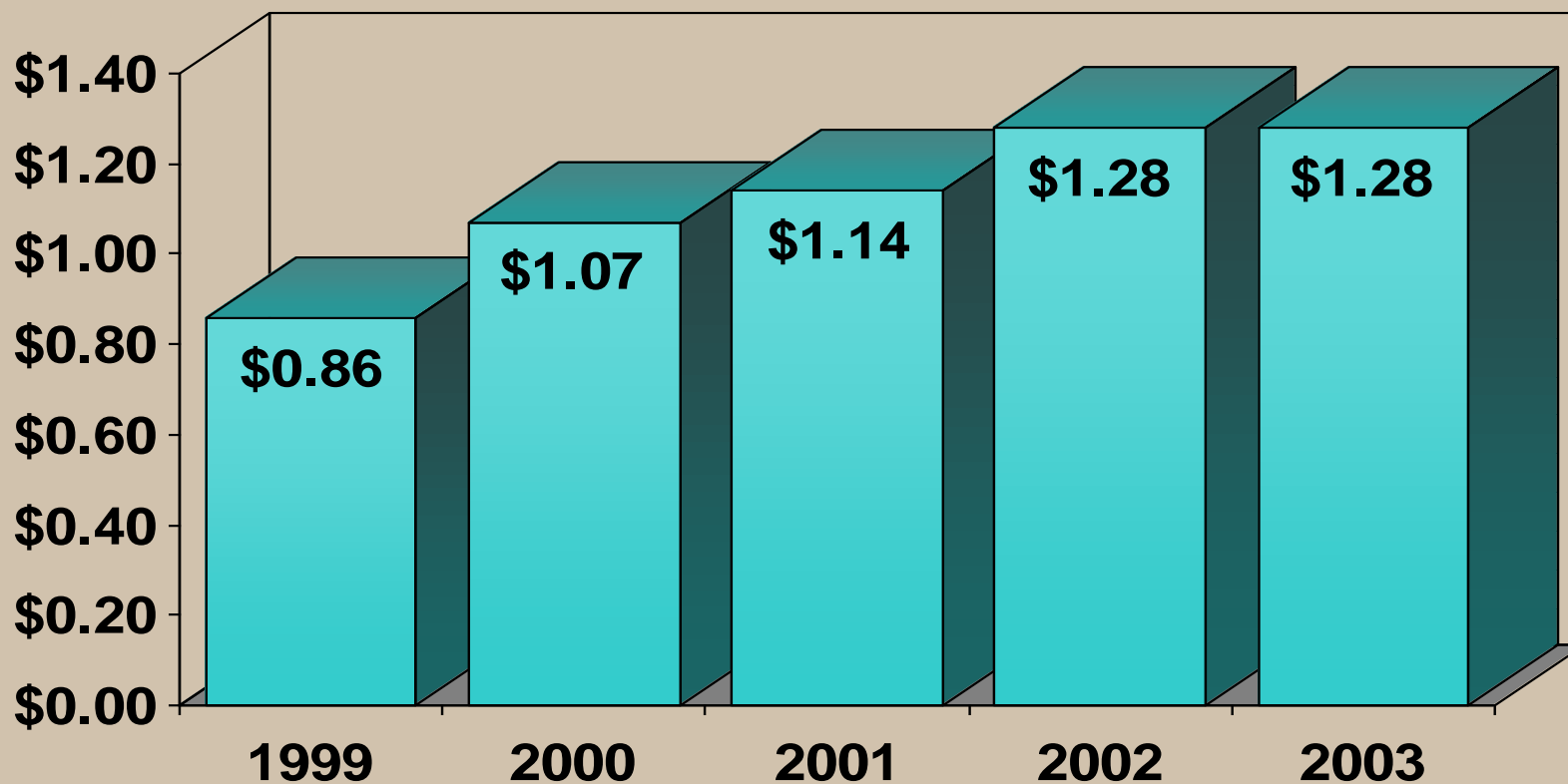
Income Components

Dollars in Millions



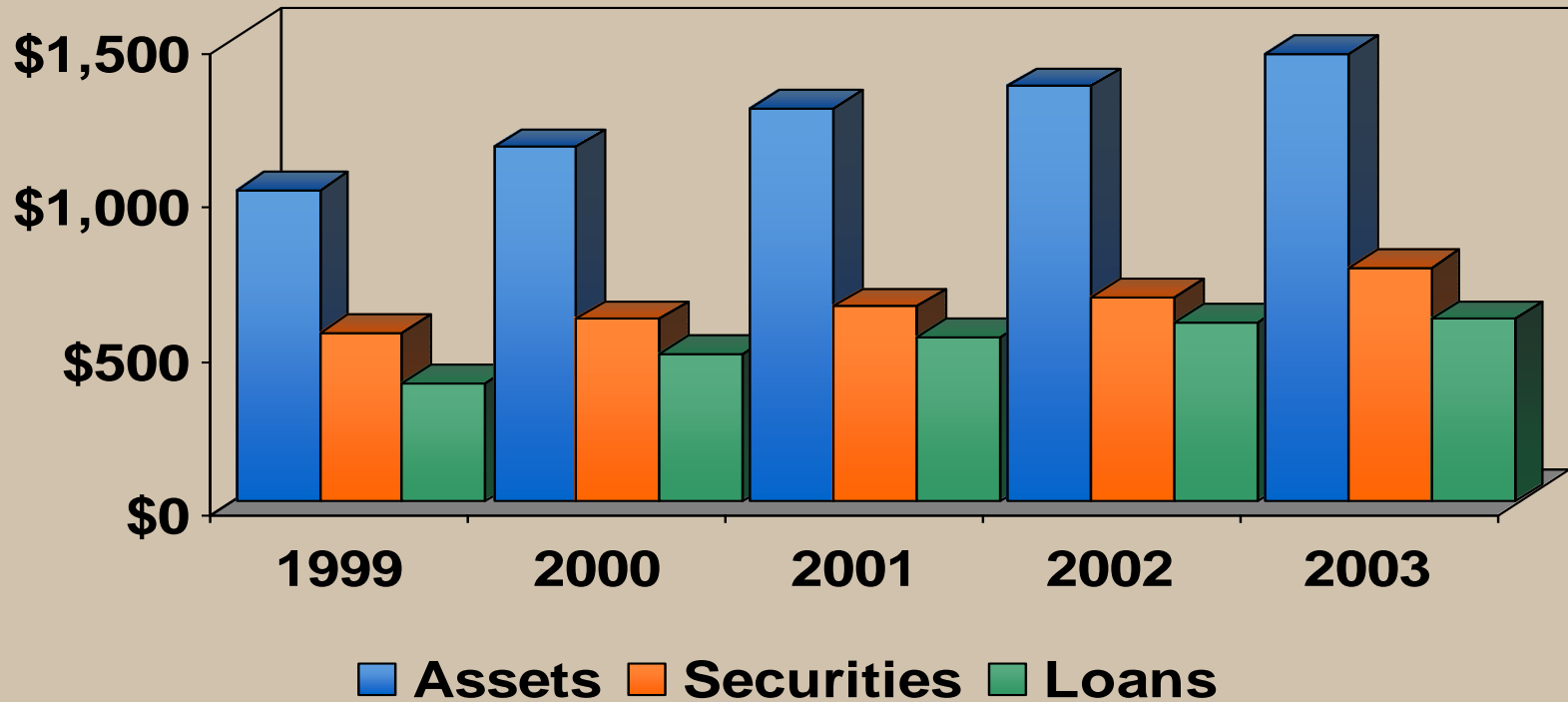
Earnings Per Share Fully Diluted

CAGR - 10.45%



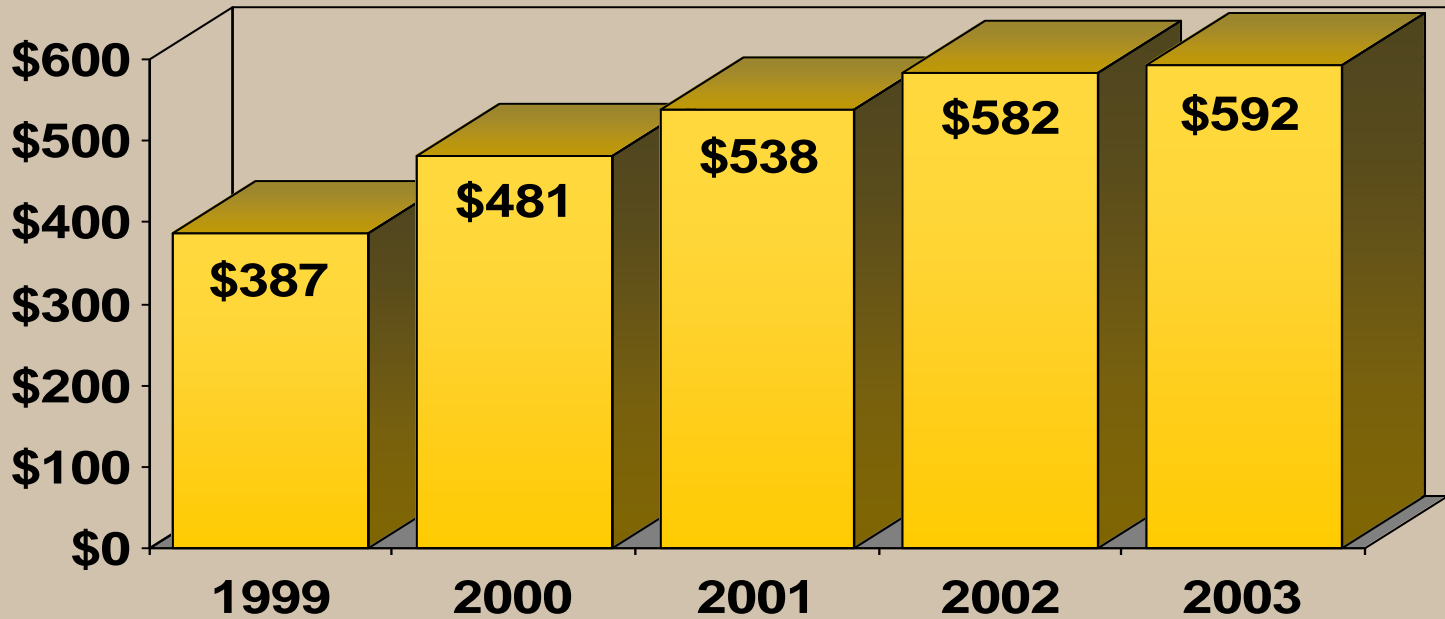
Balance Sheet Growth - Assets

CAGR - Assets - 9.47%
(Dollars in Millions)



Loan Growth

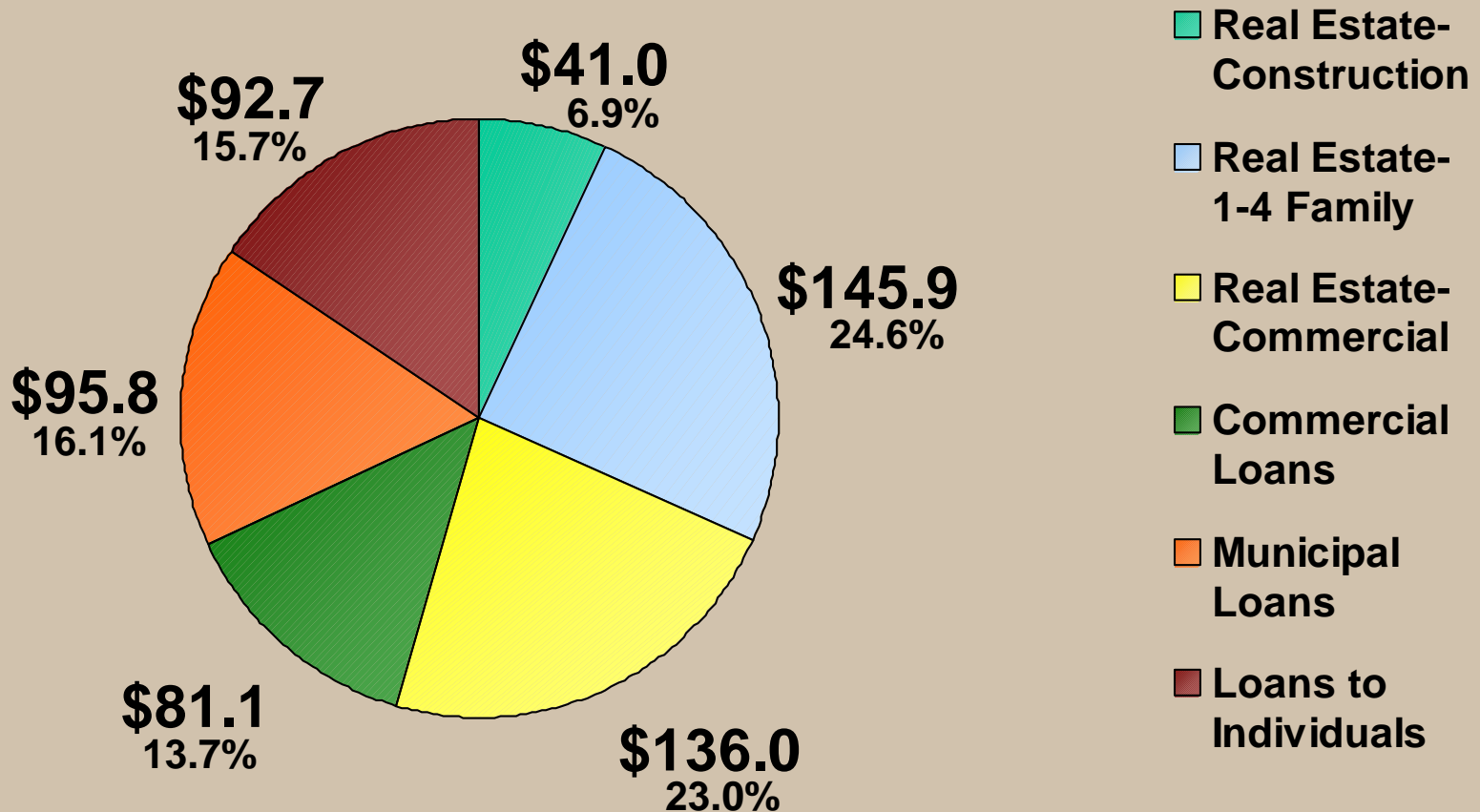
Loans Outstanding Net of Unearned Discount (Dollars in Millions)



All loan types have grown over the last five years.

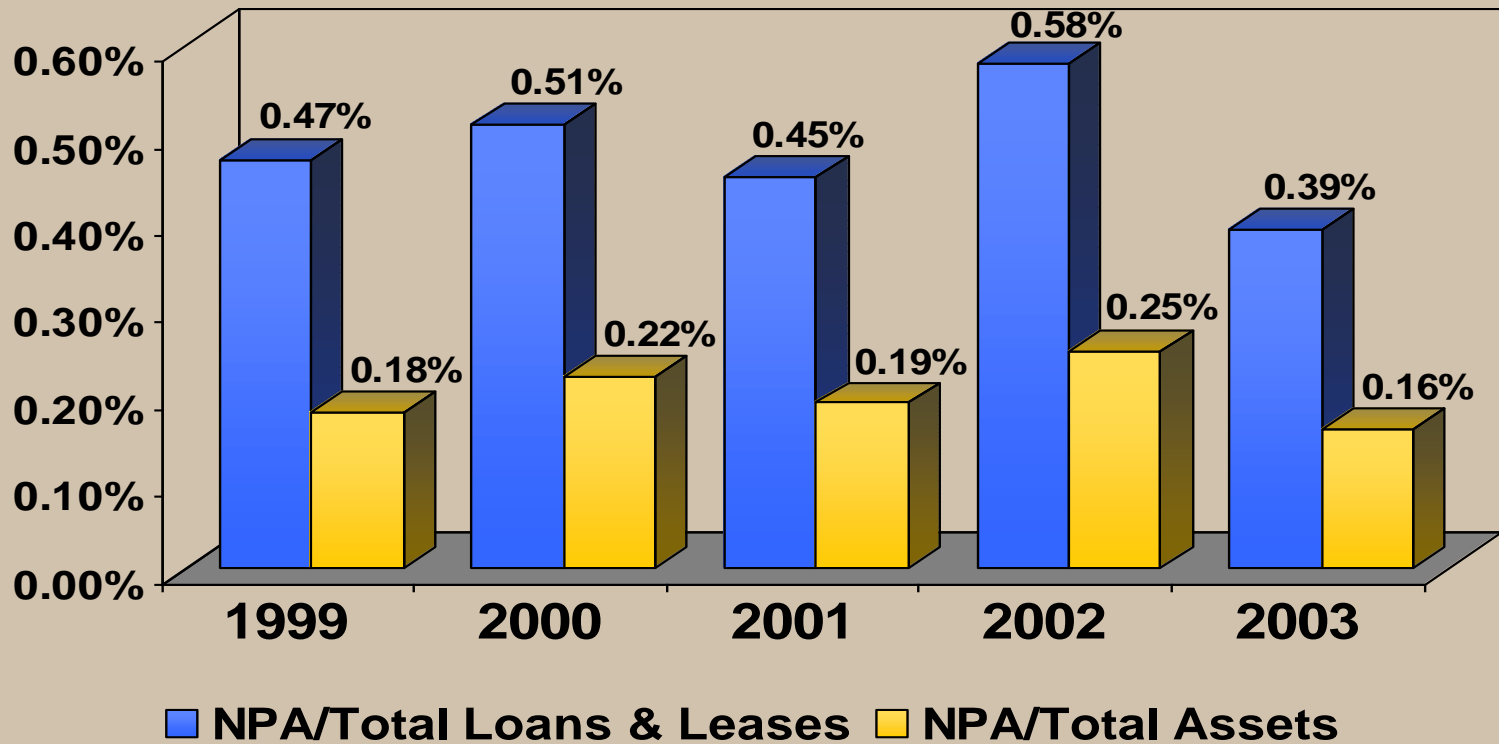
Loan Portfolio Composition

Dollars in Millions



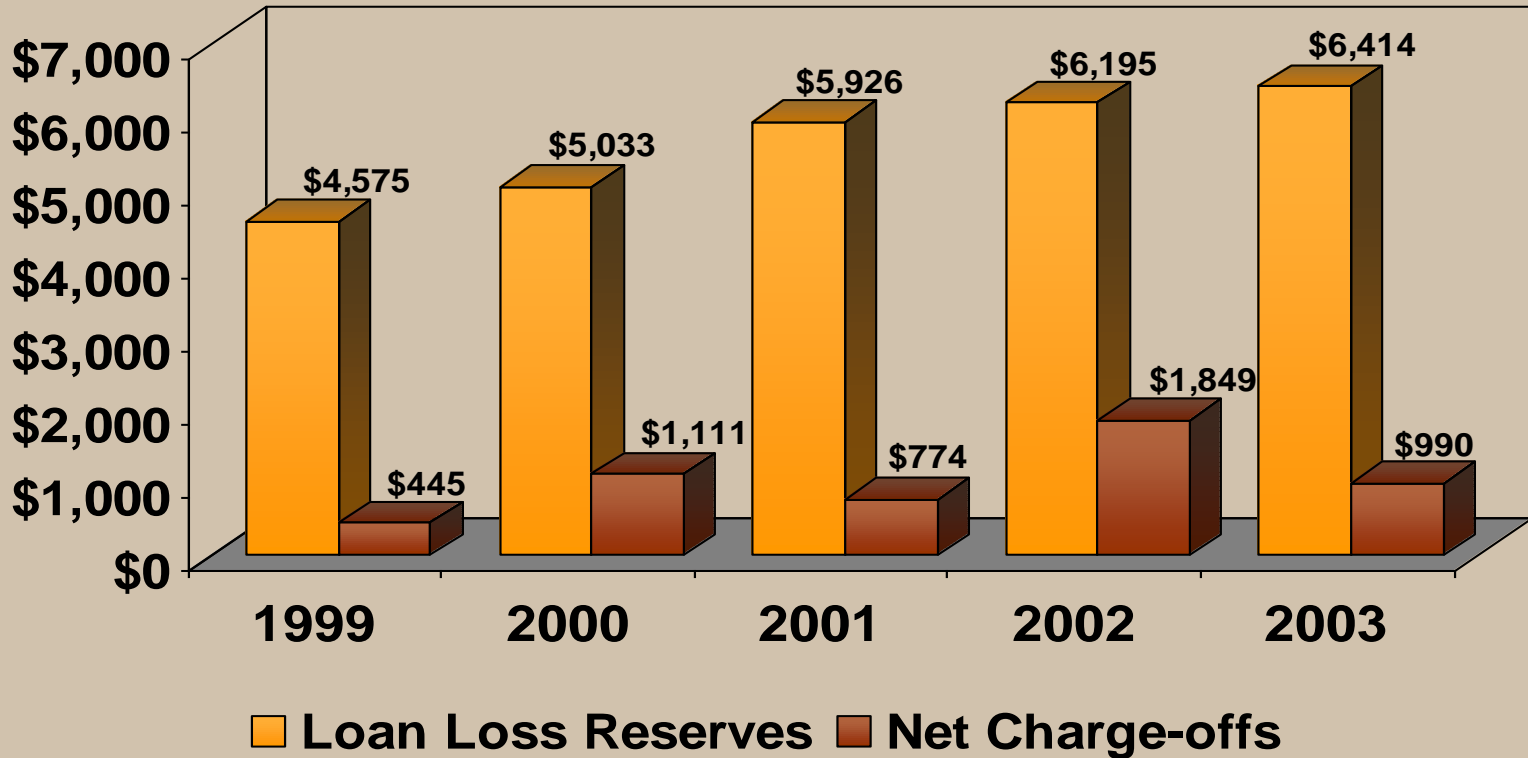
Asset Quality

Non-Performing Assets/ NPA As A Percentage



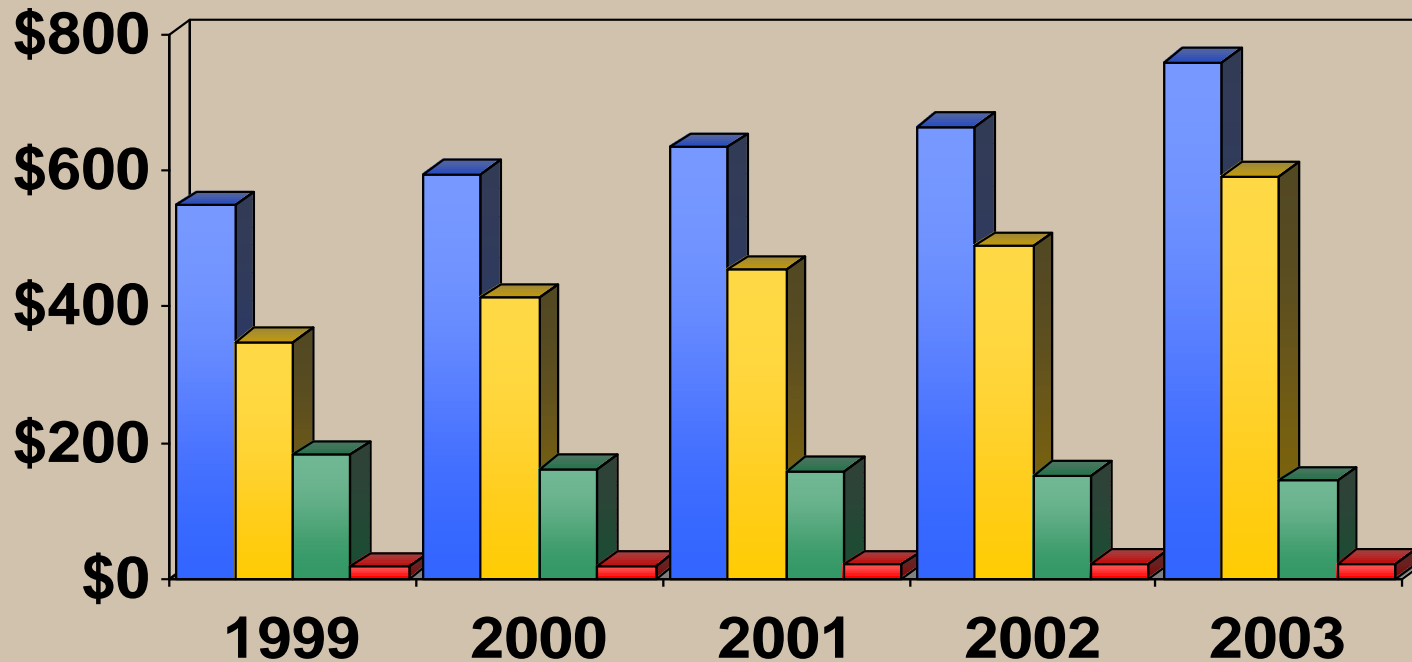
Asset Quality

Dollars in Millions



Securities Portfolio

Dollars in Millions



■ Total Securities

■ Investment Securities

■ Mortgage-Backed Securities

■ Marketable Equity Securities

Investment Portfolio Performance



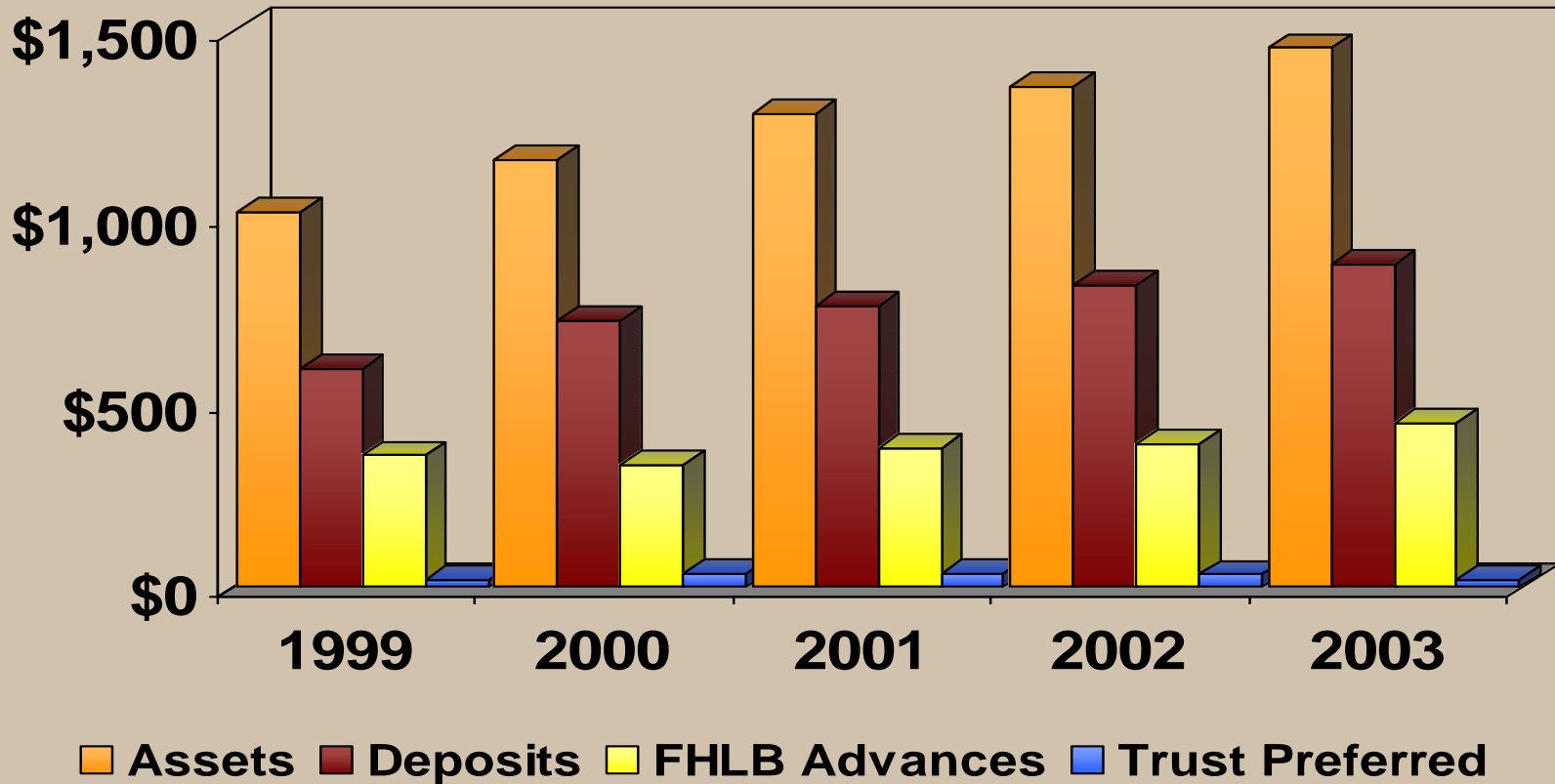
Southside Bank Performance

- **One Year** 92nd percentile
- **Three Year** 82nd percentile
- **Five Year** 91st percentile

Distributions by percentile for the 1,230 largest banks in the U.S. based on total return all investments market-to-market. Source: IDC Report 9/30/03

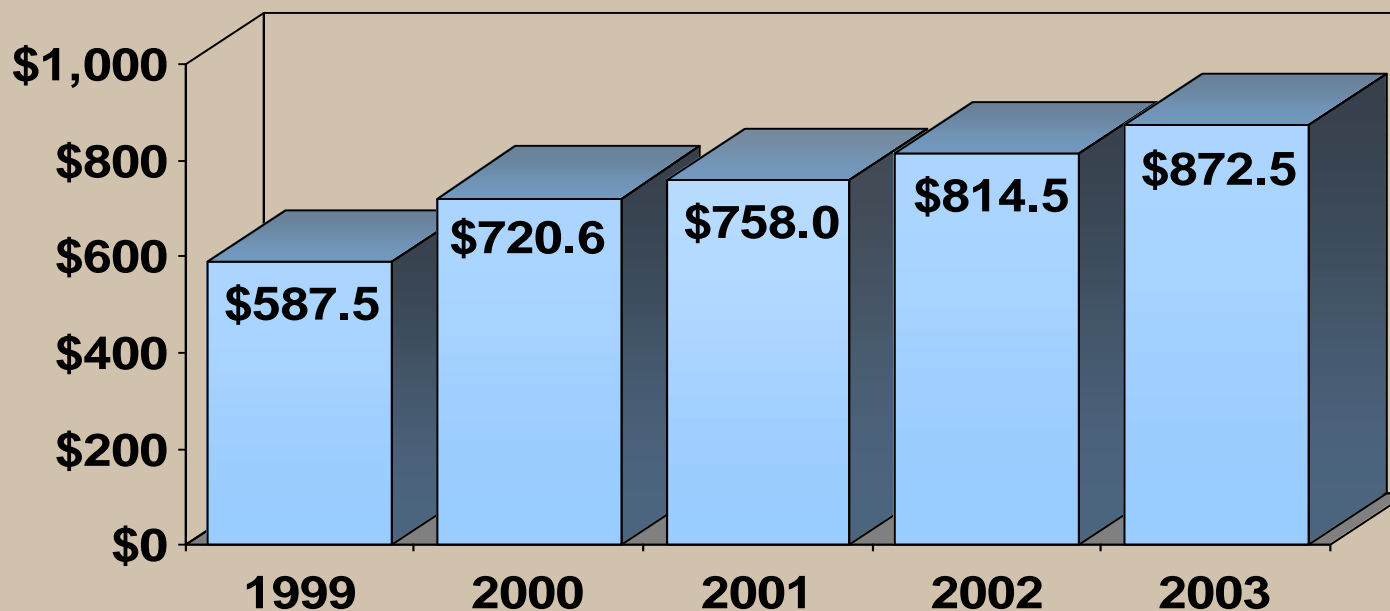
Balance Sheet Growth - Liabilities

Dollars in Millions



Deposit Growth

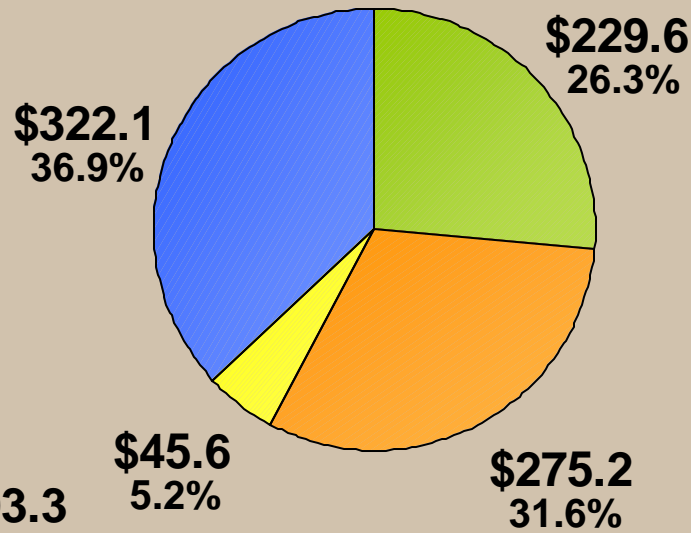
CAGR - 10.39%
(Dollars in Millions)



Contributors: Core Deposit Growth & Increased Market Share

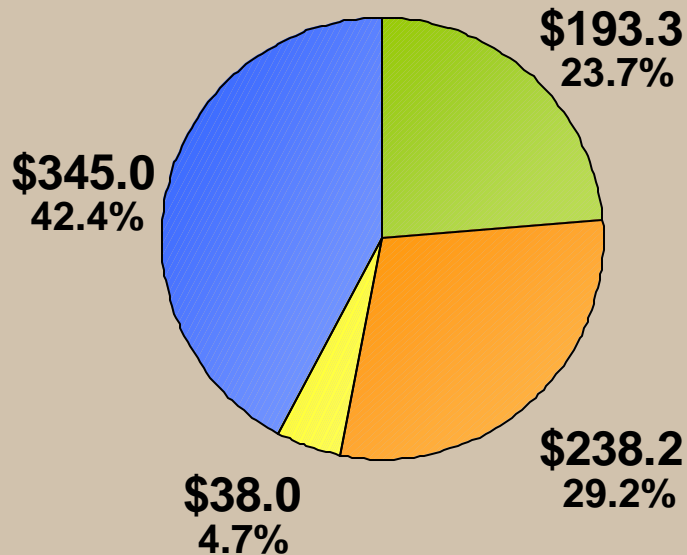
Composition of Deposits

2003



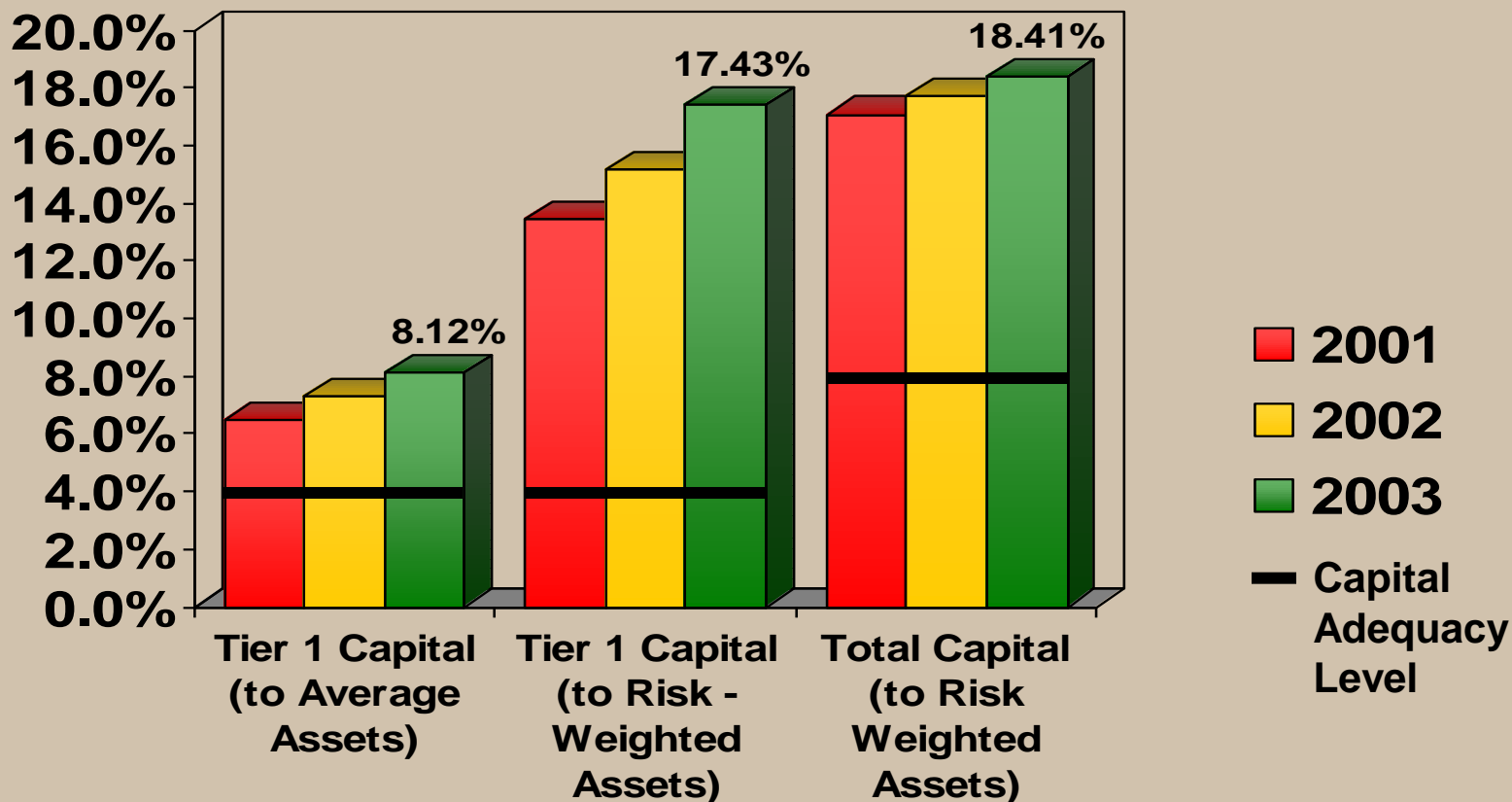
- Noninterest Bearing Demand Deposits
- Interest Bearing Demand Deposits
- Savings Deposits
- Time Deposits

2002

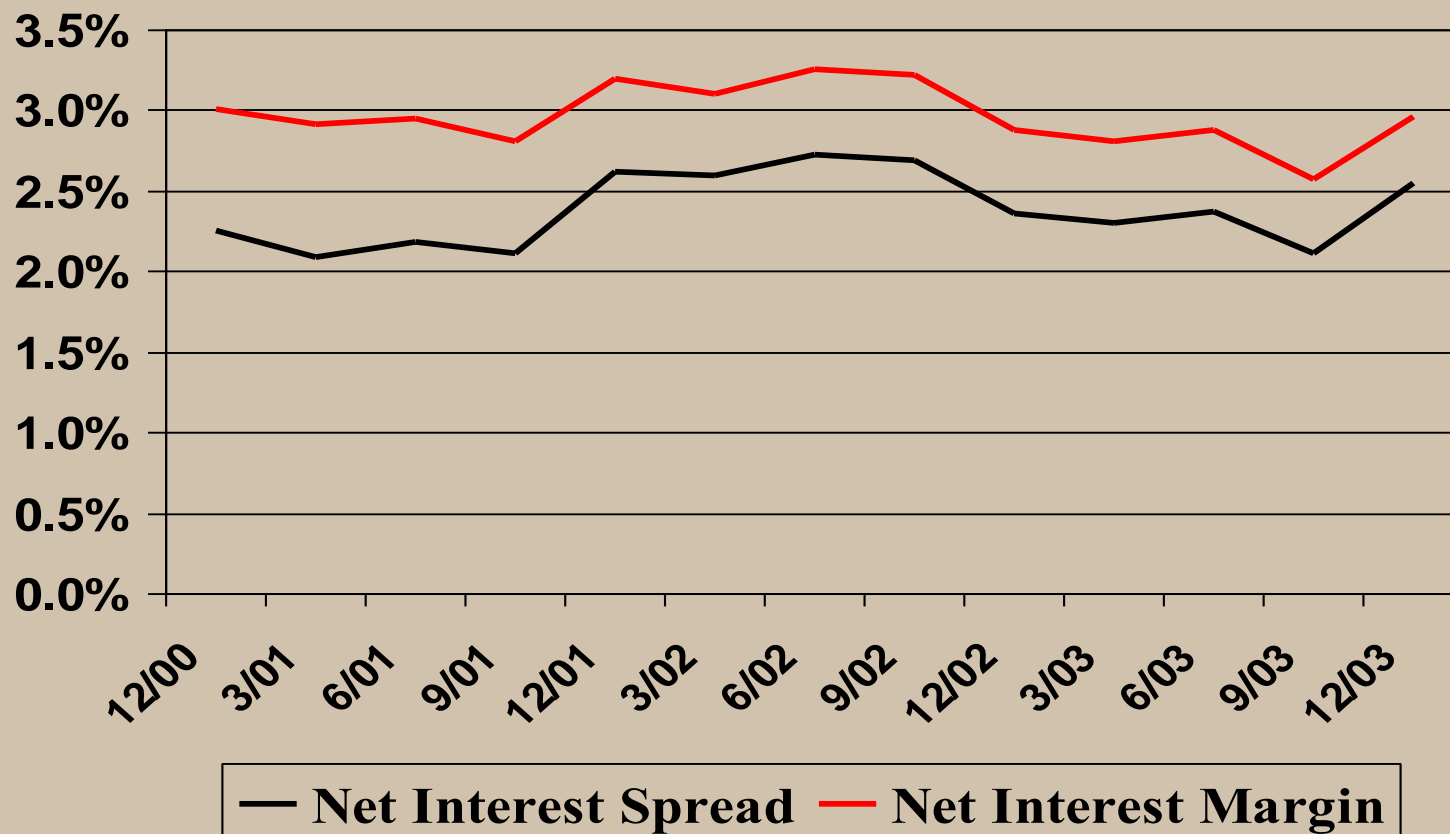


Dollars in Millions

Capital Levels



Net Interest Spread/Margin



The 21st Century



- **Survived the 80s**
 - “Enough Said”
- **Flourished in the 90s**
 - **Market Share Growth**
- **Poised for the 21st Century**
 - **E Banking Growth**
 - **Instore Branches**
 - **Branch Expansion**

Why Southside Bancshares, Inc?

Premier Location

- The highly desirable, growing, diverse East Texas market
- Market share leader

Strong Asset Quality

- Experience combined with high standards has led to consistent loan quality

Why Southside Bancshares, Inc?

Optimization of Capital

- Seven consecutive years of record net income
- Return on average equity above 15% for each of the last five years...average ROE 18.83%
- Active stock repurchase plan
- Uninterrupted payment of cash dividends for 34 years

Vision

- Continuity of an experienced, strong management team

**Contact Southside
Bancshares, Inc.
(SBSI)**

B. G. Hartley

Chairman of the Board & Chief Executive Officer

Sam Dawson

President & Chief Operating Officer

Lee Gibson

Executive Vice President & Chief Financial Officer

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