

# Annual Meeting of Shareholders

April 15, 2004



SOUTHSIDEBANCSHARES, INC.



# **B. G. Hartley**

**Chairman of the Board  
and Chief Executive Officer**

# 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 April 15, 2004 press release, December 31, 2003 Form 10-K and other public filings with the Securities and Exchange Commission which are available online at [www.southside.com](http://www.southside.com).**



# Sam Dawson

President and  
Chief Operating Officer

# 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

# Three Year Price Performance



2001

2002

2003

2004

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

# Executive Management Team



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

# Senior Management Team



## Name & Title

## Years at Southside

- **Andy Wall, EVP – Commercial Lending** 35
- **Cayla Washburn, EVP – Retail Banking** 30
- **Kathy Hayden, Senior VP – Trust** 23
- **Lonny Uzzell, EVP – Marketing** 22
- **Julie Shamburger, Senior VP – Controller** 21
- **Brian McCabe, Senior VP – Electronic Banking** 20
- **Randy Hendrix, EVP – Commercial Lending** 20
- **Jane Coker, Senior VP – Loan Administration** 17
- **Charlott Mapes, Senior VP – Branch Manager** 17
- **Randy Brown, Senior VP – Information Technology** 11

# Senior Management Team



**SOUTHSIDE BANK**

<u>Name &amp; Position</u>	<u>Years at Southside</u>
• Susan Ashley, VP – Executive Administration	30
• Judy Clark, VP – Customer Service	30
• Cris Pinkerton, Senior VP – Real Estate Inspection	29
• Trudy Smith, VP - Training	25
• Glen Greeney, Senior VP – Retail Lending	24
• Doreen Sweeney, VP – Retail Lending	23
• Jim Wood, Senior VP – Retail Lending	23
• James Shaw, VP – Community Reinvestment	20
• Susan Hill, VP – Investor Relations	19
• Jon Carole Gilbreath, VP – Retail Lending	18
• Steve Manley, EVP – Branch Manager	17

## Former Bank Presidents



<u>Name</u>	<u>Years Banking Experience</u>
<b>Peter Boyd</b>	<b>22</b>
<b>Bill Clawwater</b>	<b>25</b>
<b>Jim Deakins</b>	<b>46</b>
<b>Barham Fulmer</b>	<b>29</b>
<b>George Hall</b>	<b>48</b>
<b>Bruce Mehlenbacher</b>	<b>30</b>
<b>Mike Northcutt</b>	<b>29</b>
<b>Bill Sullivan</b>	<b>20</b>



# **Lee R. Gibson, CPA**

**Executive Vice President  
and Chief Financial Officer**

# Bottom Line: How Did We Perform in 2003?



## December 31, 2003

- **Net Income**                    **\$13,564,000**
- **EPS**                                **\$1.28**
- **ROE**                                **15.99%**
- **ROA**                                **1.00%**

# First Quarter Results

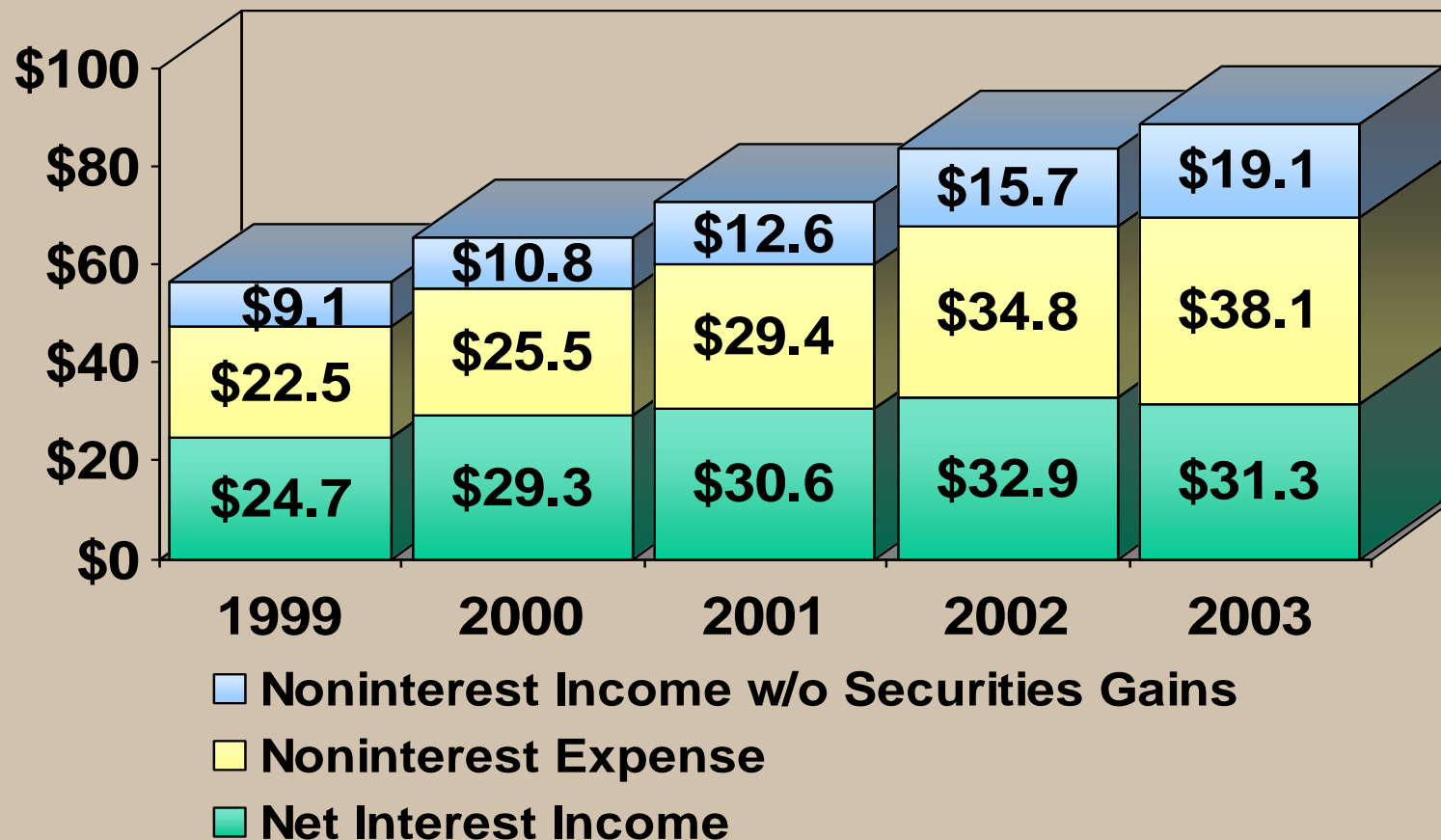


**March 31,**

	<u><i>2004</i></u>	<u><i>2003</i></u>
<b>Net Income</b>	<b>\$4,495,000</b>	<b>\$3,357,000</b>
<b>EPS</b>	<b>\$0.41</b>	<b>\$0.32</b>
<b>ROE</b>	<b>17.25%</b>	<b>16.55%</b>
<b>ROA</b>	<b>1.26%</b>	<b>1.03%</b>

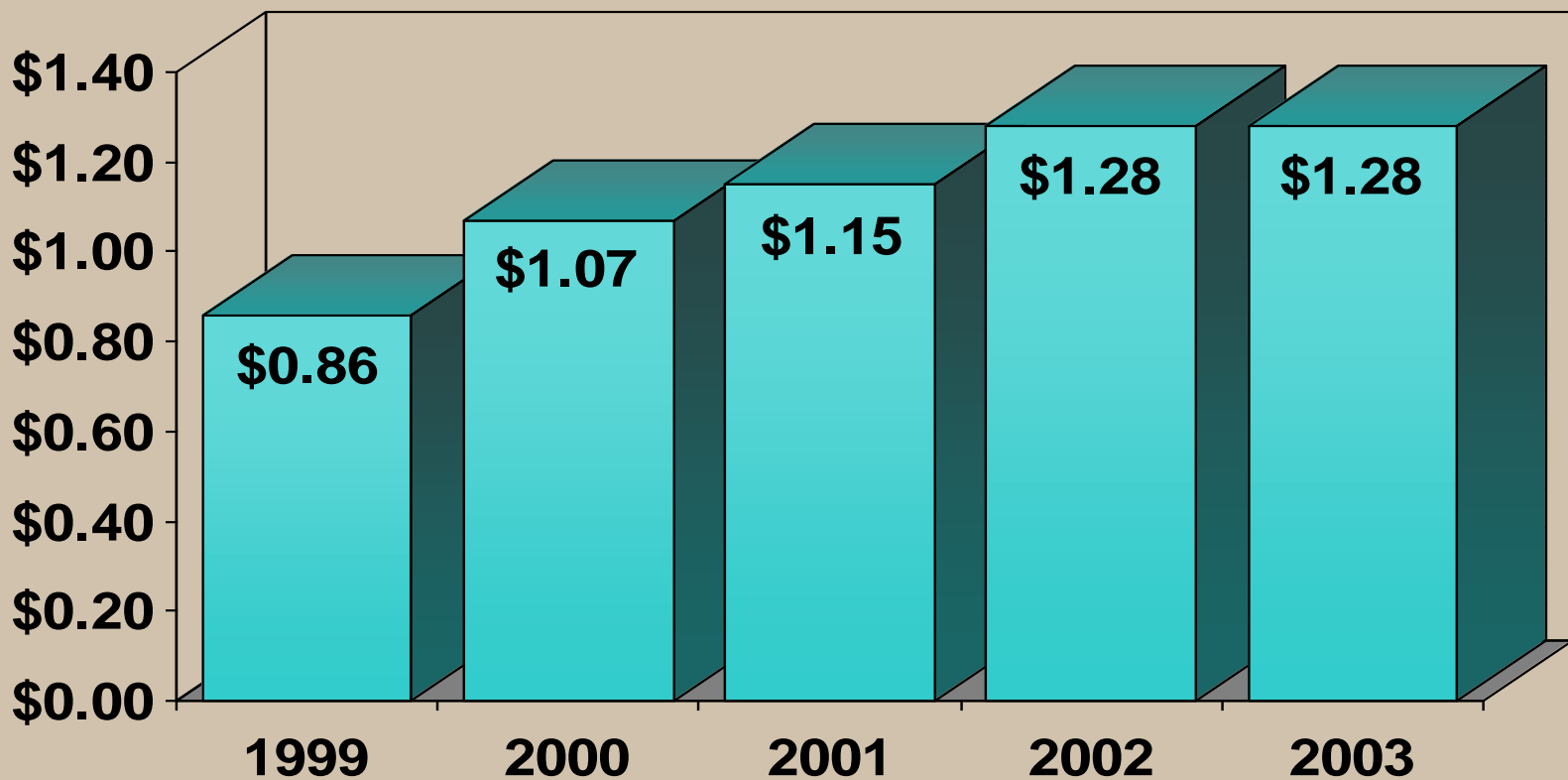
# Income Components

Dollars in Millions



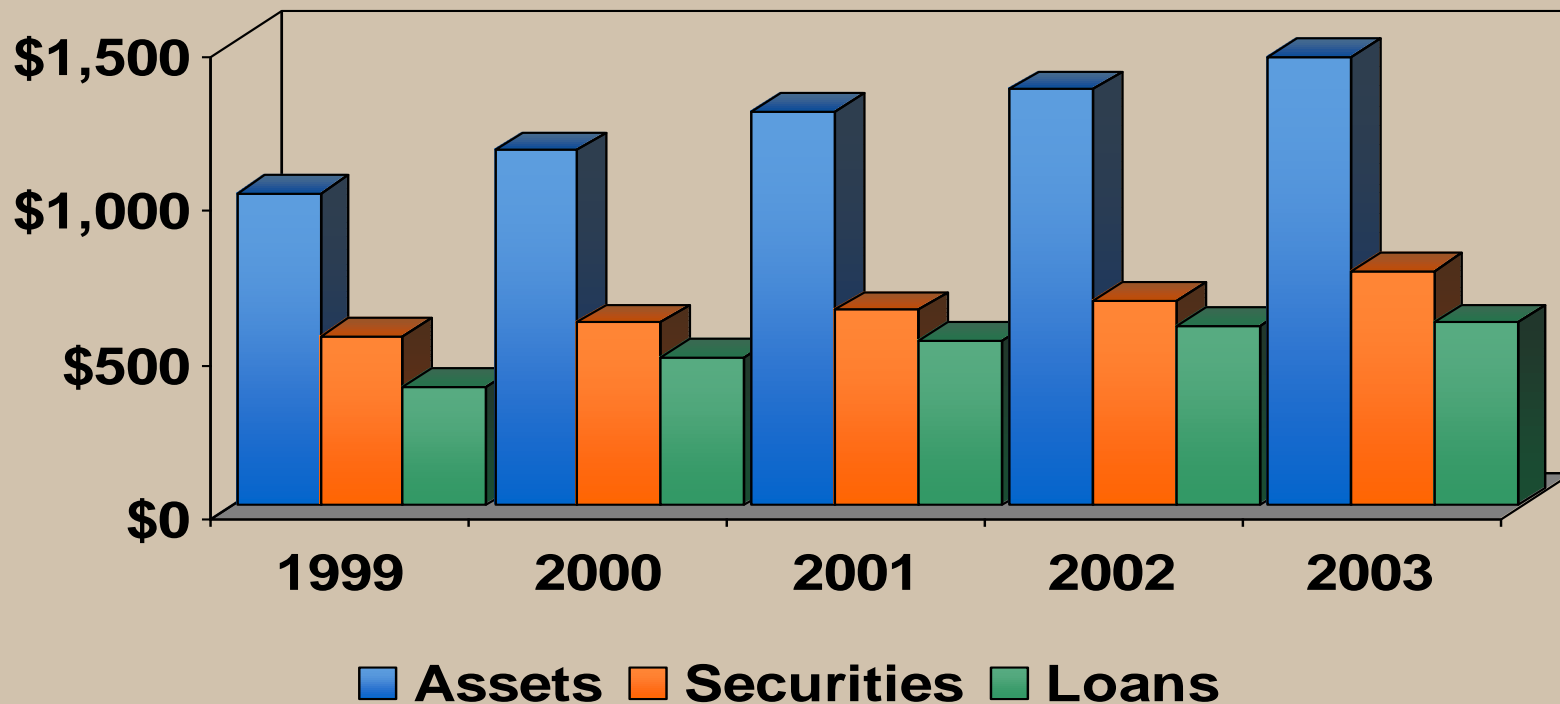
# Earnings Per Share Fully Diluted

**CAGR - 10.45%**



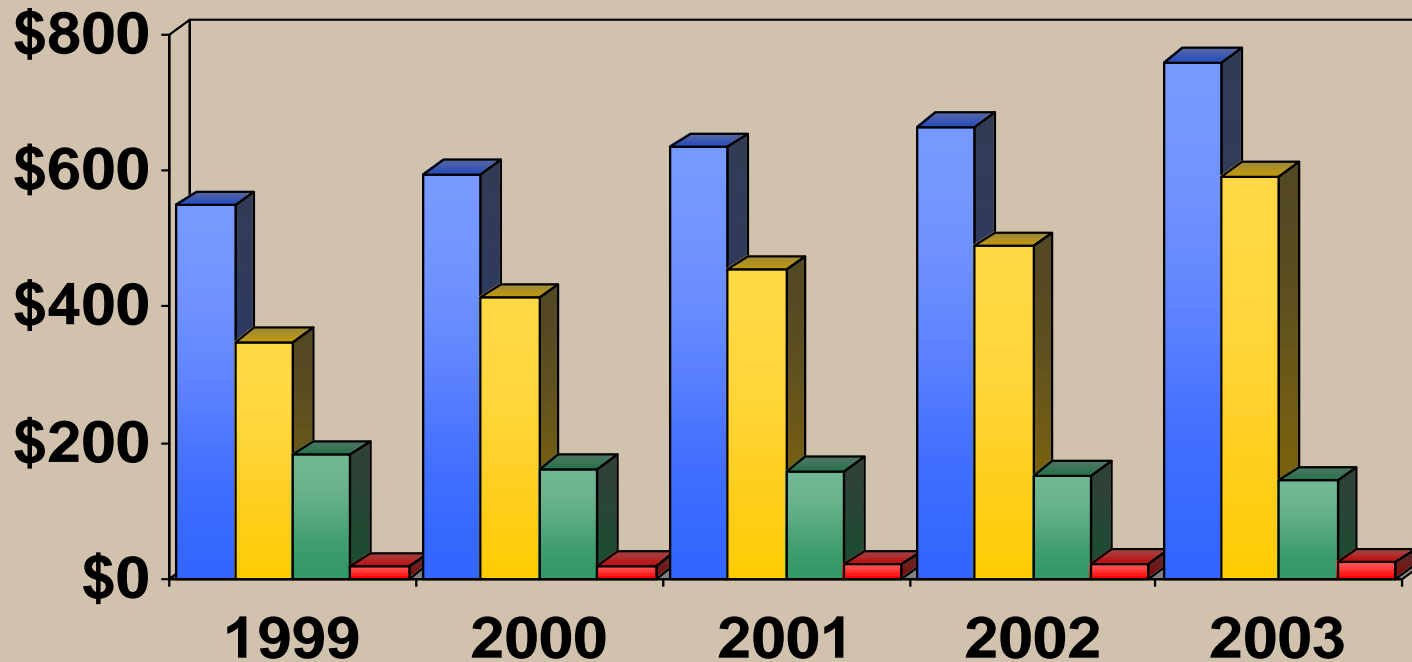
# Balance Sheet Growth - Assets

**CAGR - Assets - 9.47%**  
**(Dollars in Millions)**



# Securities Portfolio

Dollars in Millions



■ Total Securities

■ Investment Securities

■ Mortgage-Backed Securities

■ Marketable Equity Securities

# Investment Portfolio Performance



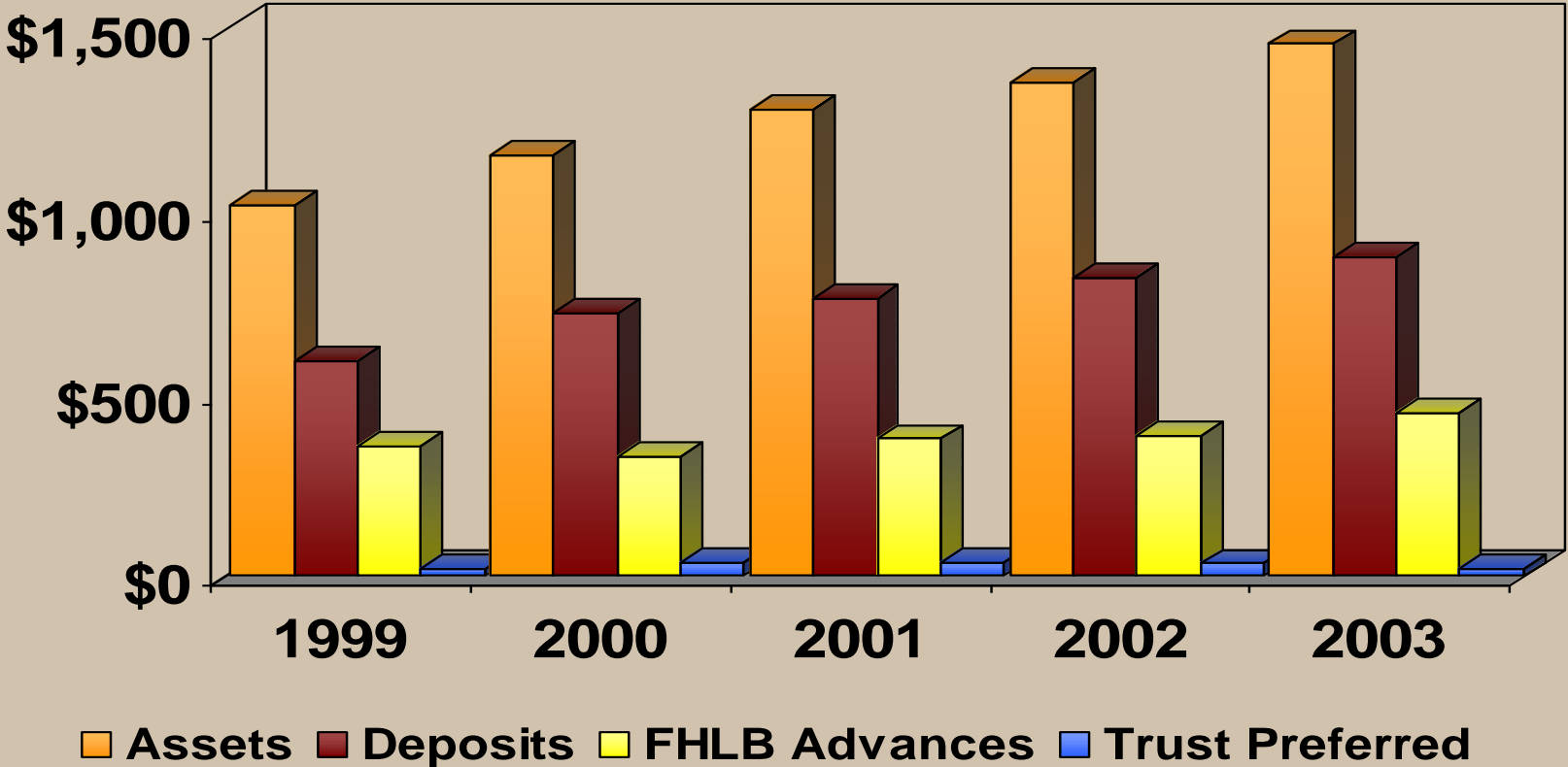
## Southside Bank Performance

- **One Year** 92<sup>nd</sup> percentile
- **Three Year** 82<sup>nd</sup> percentile
- **Five Year** 91<sup>st</sup> 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

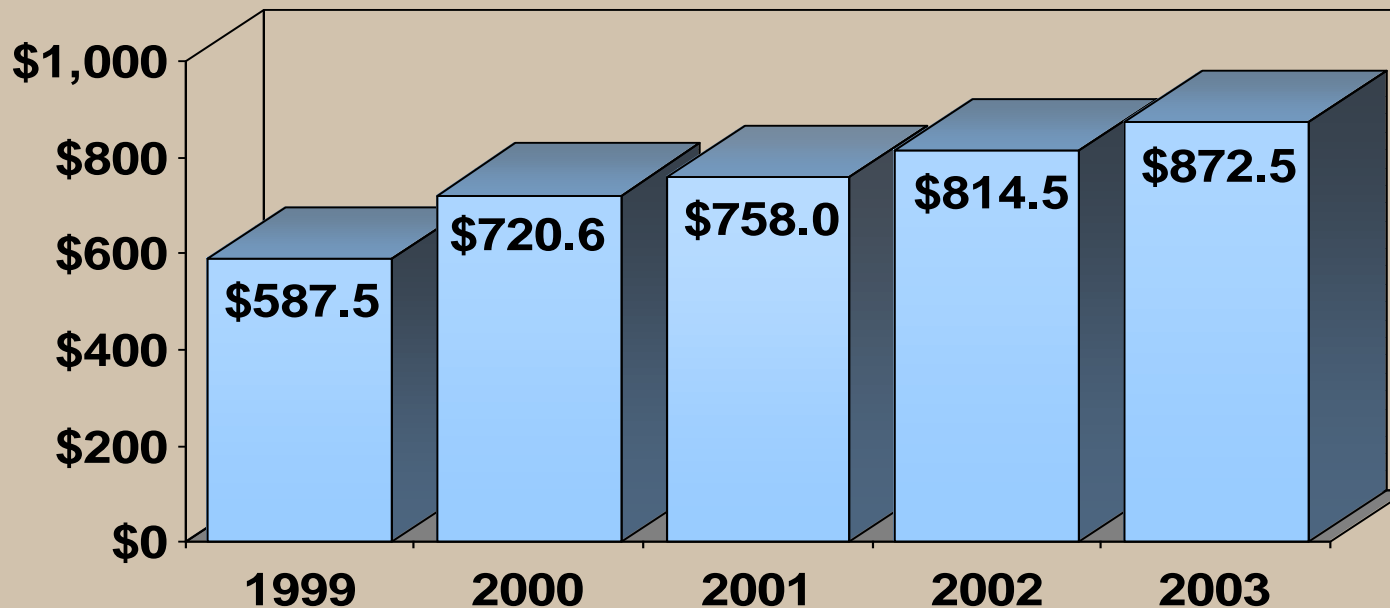
# Balance Sheet Growth - Liabilities

Dollars in Millions



# Deposit Growth

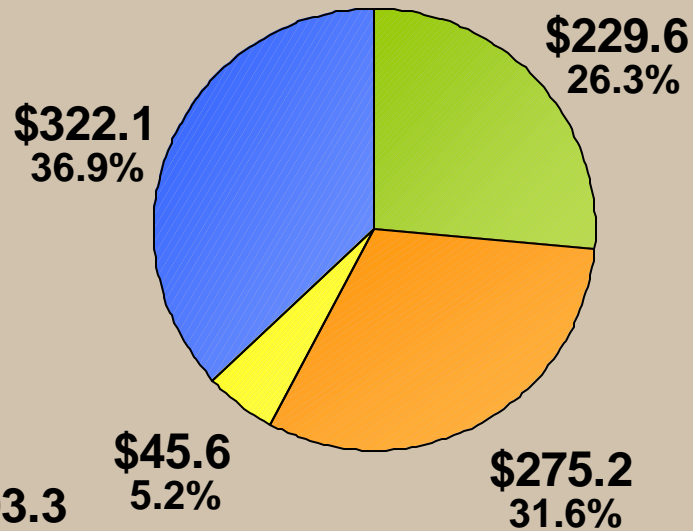
**CAGR - 10.39%**  
**(Dollars in Millions)**



**Contributors: Core Deposit Growth & Increased Market Share**

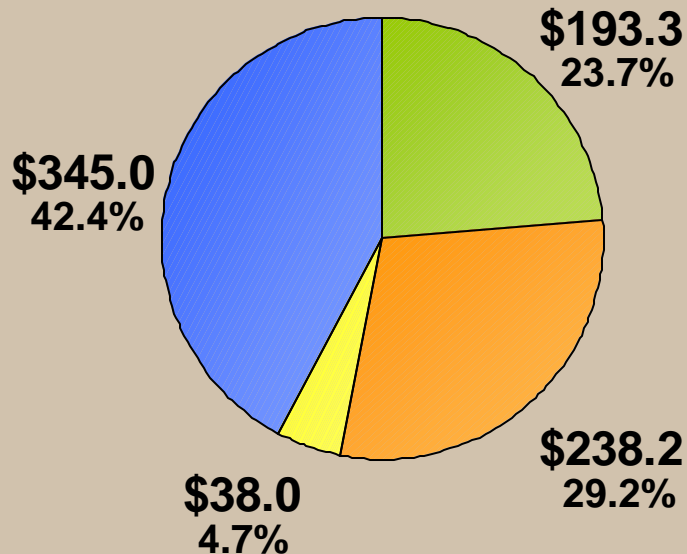
# Composition of Deposits

## 2003



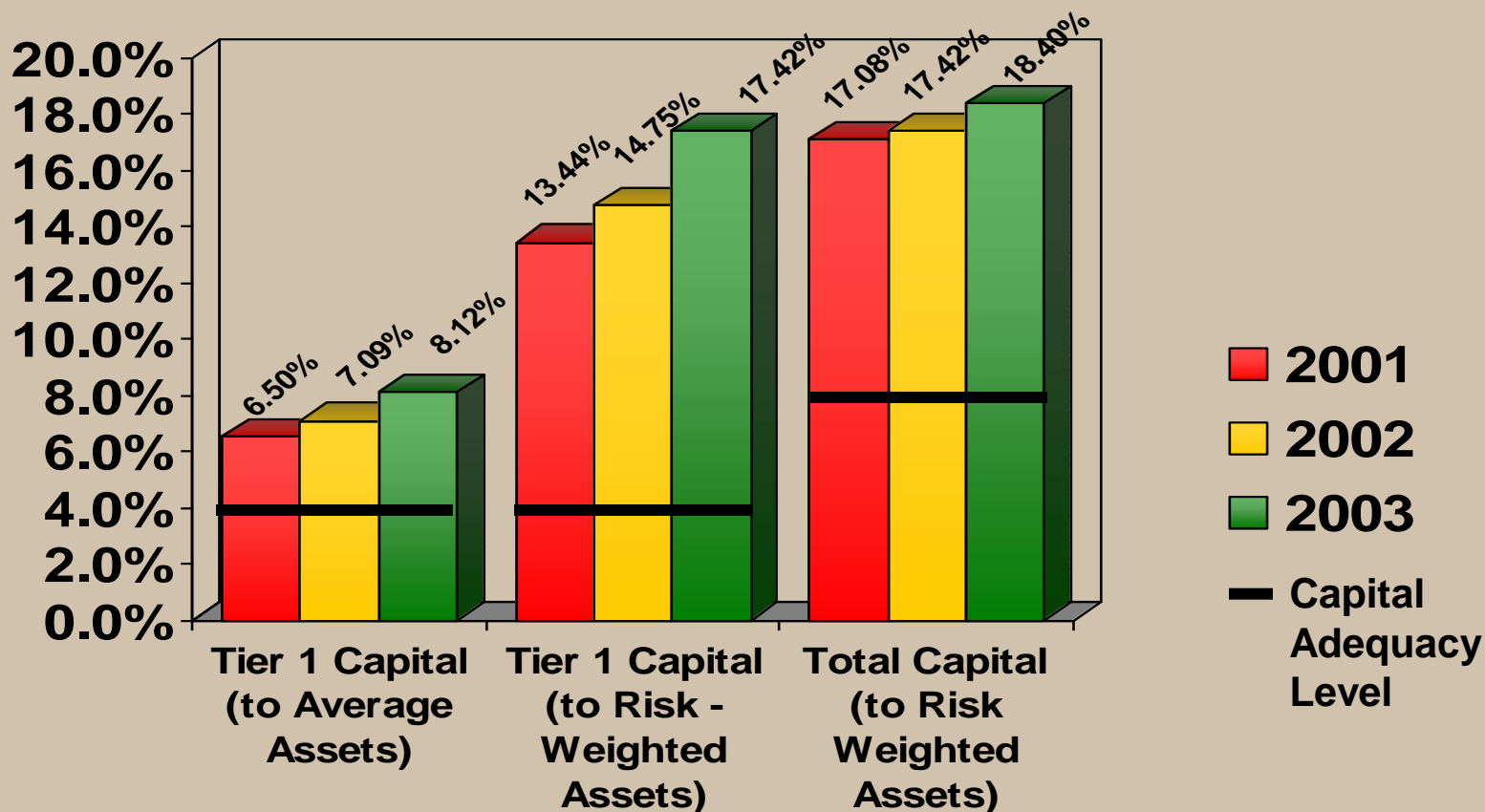
- Noninterest Bearing Demand Deposits
- Interest Bearing Demand Deposits
- Savings Deposits
- Time Deposits

## 2002

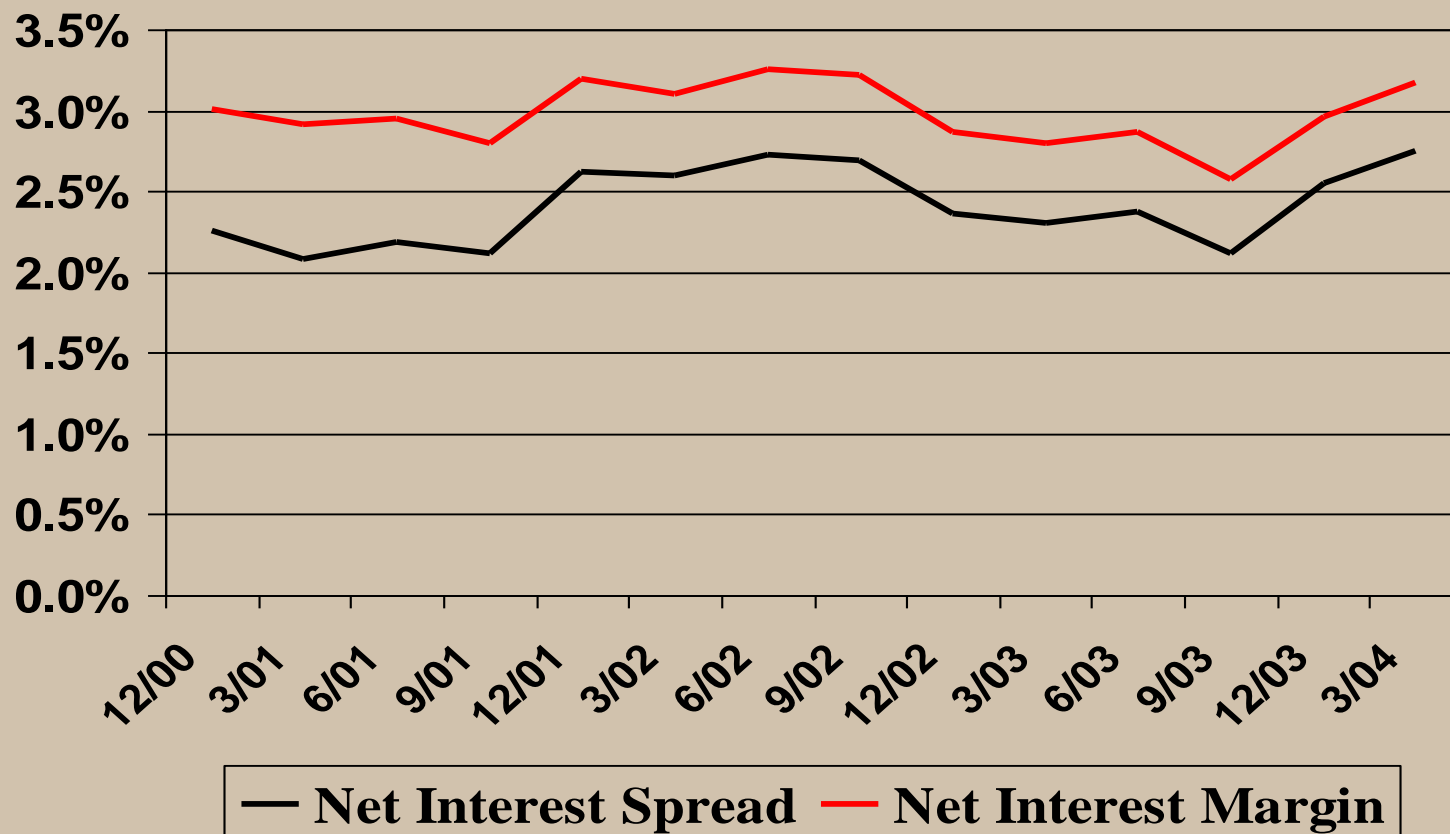


## Dollars in Millions

# Capital Levels



# Net Interest Spread/Margin



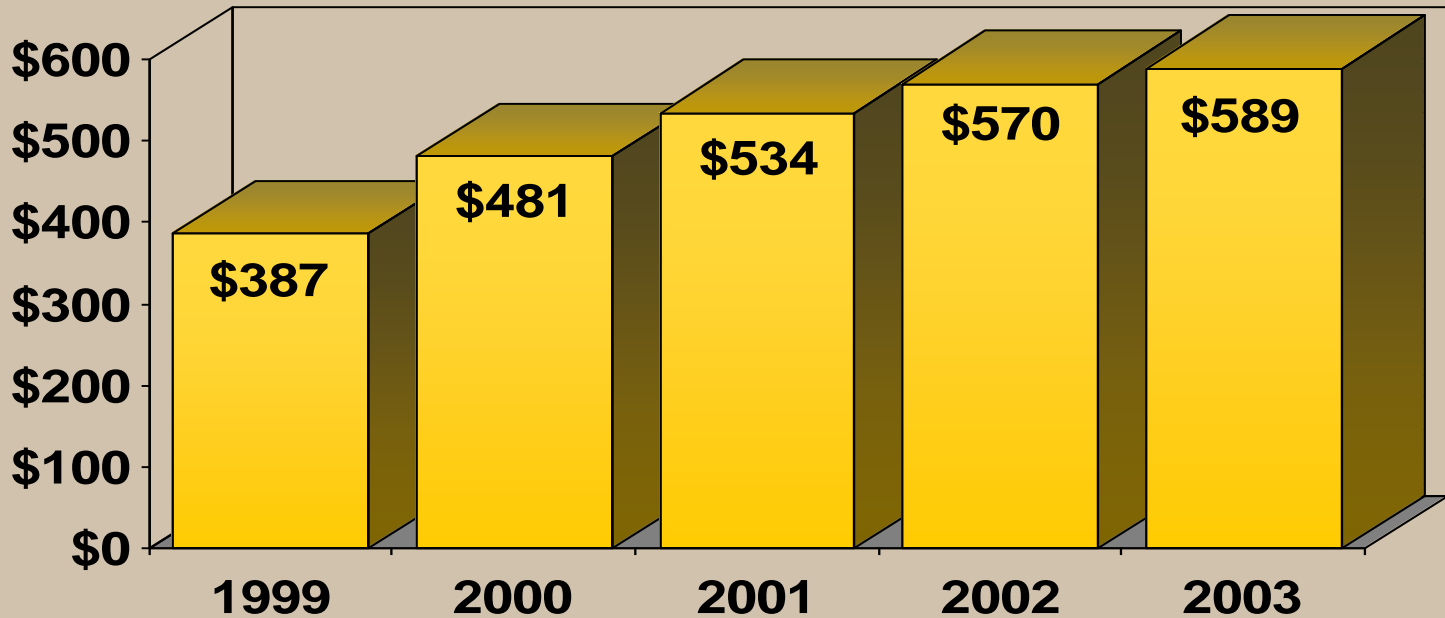


# Jeryl Story

Senior Executive Vice President

# Loan Growth

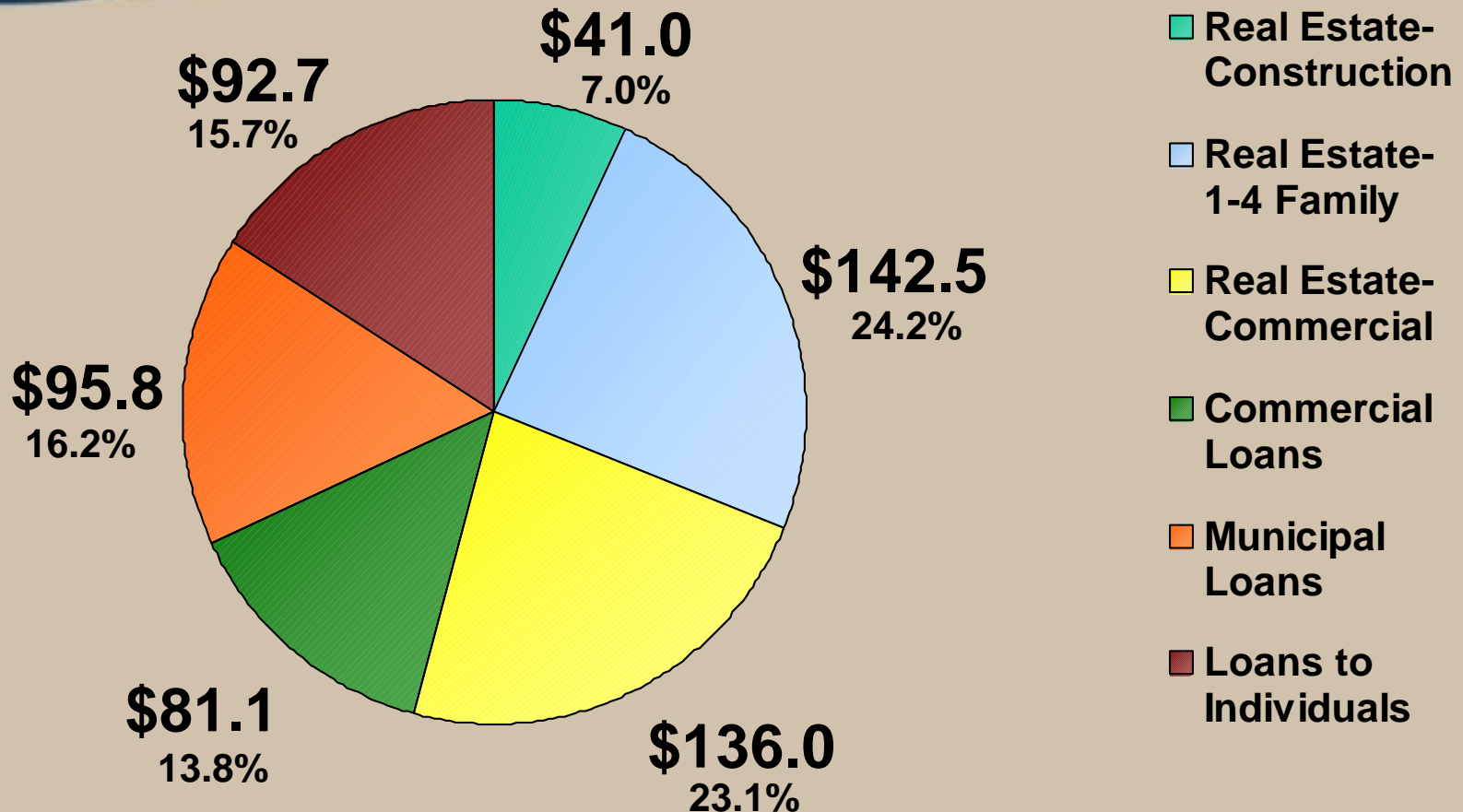
## Loans Outstanding Net of Unearned Discount (Dollars in Millions)



All loan types have grown over the last five years.

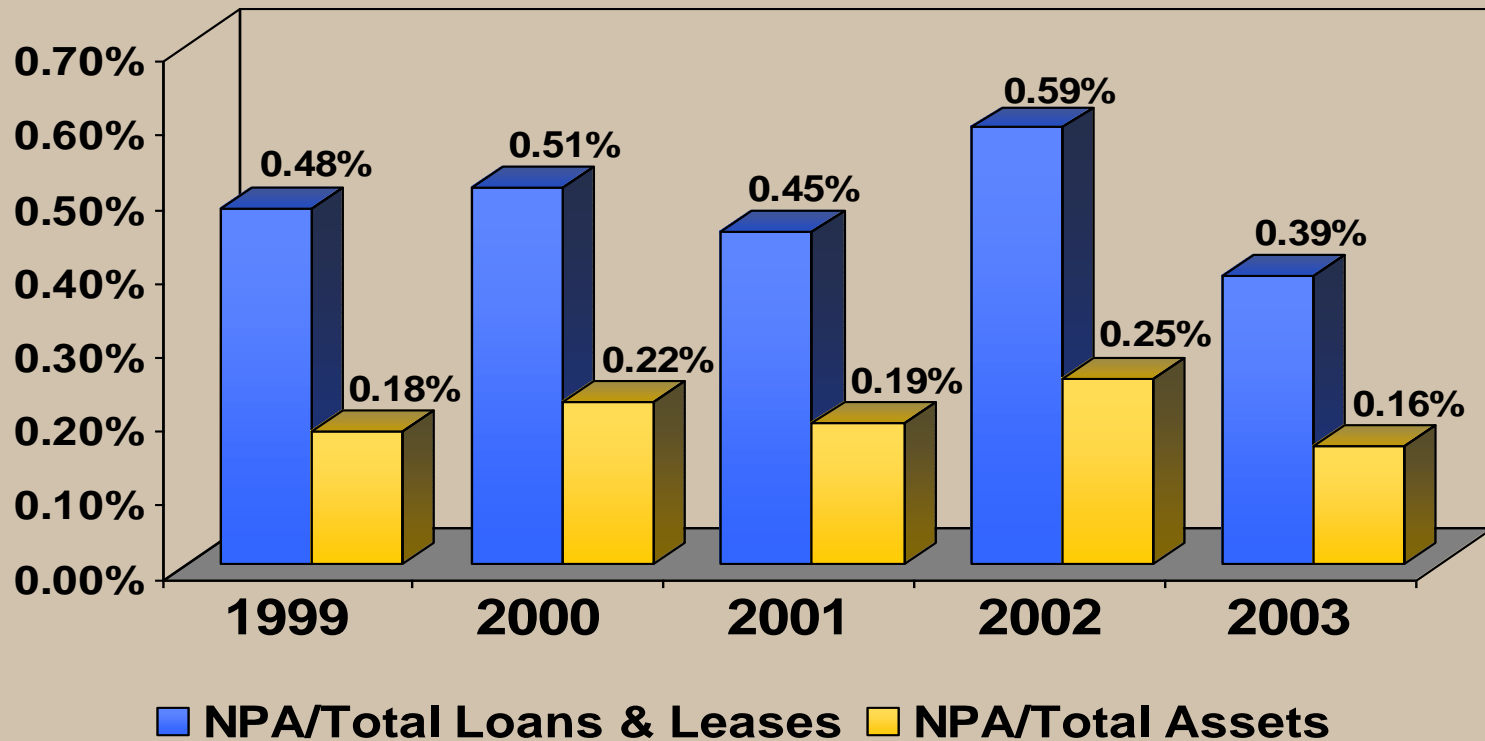
# Loan Portfolio Composition

Dollars in Millions



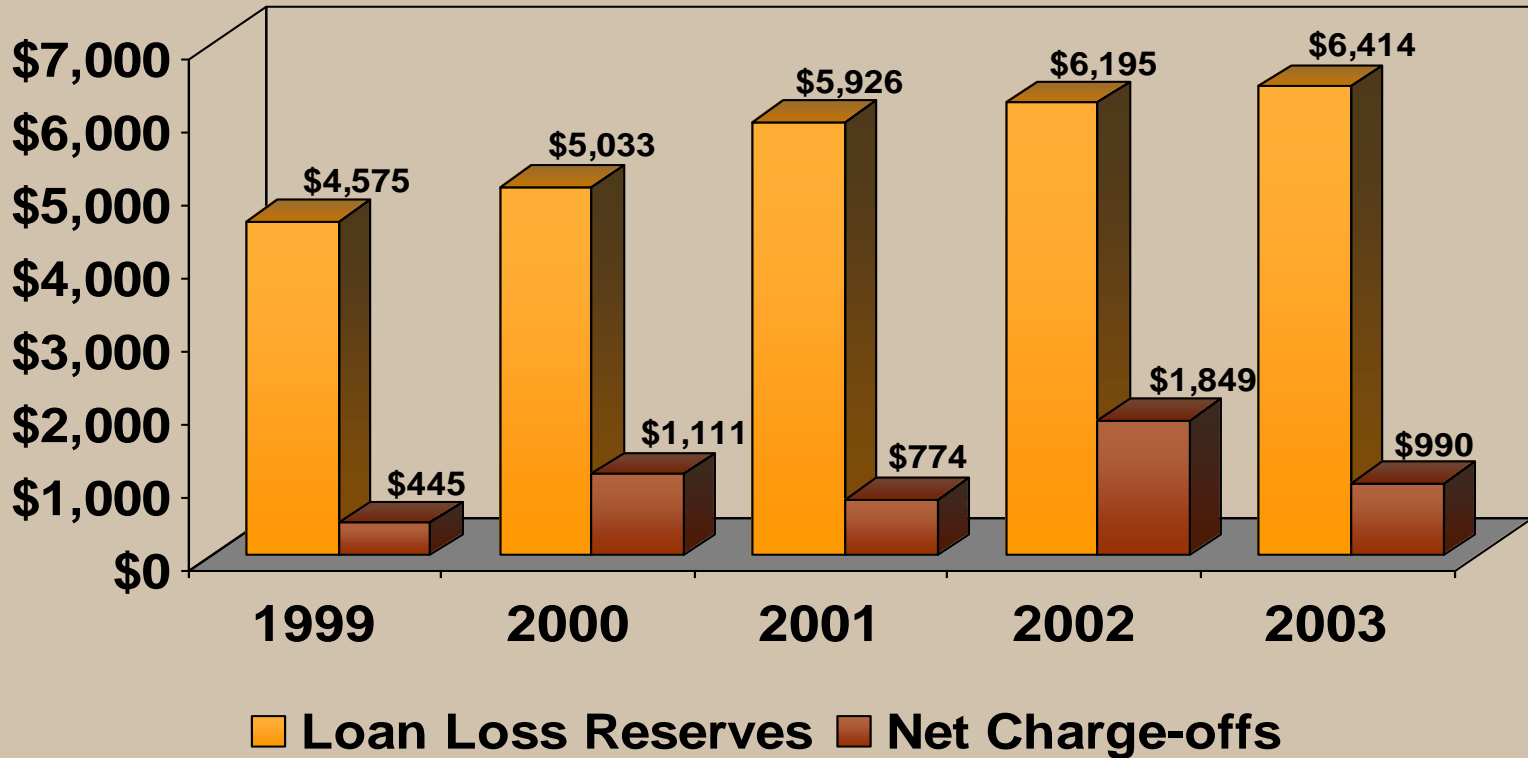
# Asset Quality

## Non-Performing Assets/ NPA As A Percentage



# Asset Quality

Dollars in Millions



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