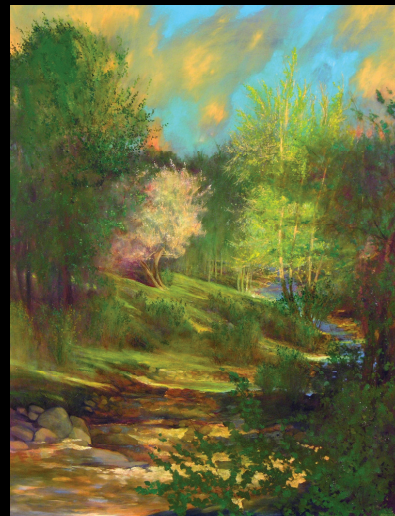


# SOUTHSIDE BANCSHARES, INC.

## Annual Shareholders' Meeting



April 16, 2009

# Forward-Looking Statements

*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 the Company, a bank holding company, may be considered to be “forward-looking statements” within the meaning of and subject to the protections of the Private Securities Litigation Reform Act of 1995. 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,” “appear,” “believe,” “could,” “should,” “may,” “intend,” “probability,” “risk,” “target,” “objective,” “plans,” “potential,” and similar expressions. Forward-looking statements are statements with respect to the Company’s beliefs, plans, expectations, objectives, goals, anticipations, assumptions, estimates, intentions and future performance and are subject to significant known and unknown risks and uncertainties, which could cause the Company’s actual results to differ materially from the results discussed in the forward-looking statements. For example, discussions of the effect of the Company’s expansion, including expectations of the costs and profitability of such expansion, trends in asset quality and earnings from growth, and certain market risk disclosures are based upon information presently available to management and 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.*

*Additional information concerning the Company and its business, including additional factors that could materially affect the Company’s financial results, is included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 under “Forward-Looking Information” and Item 1A. “Risk Factors,” and in the Company’s other filings with the Securities and Exchange Commission. 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.*

**SOUTHSIDE BANCSHARES, INC.**

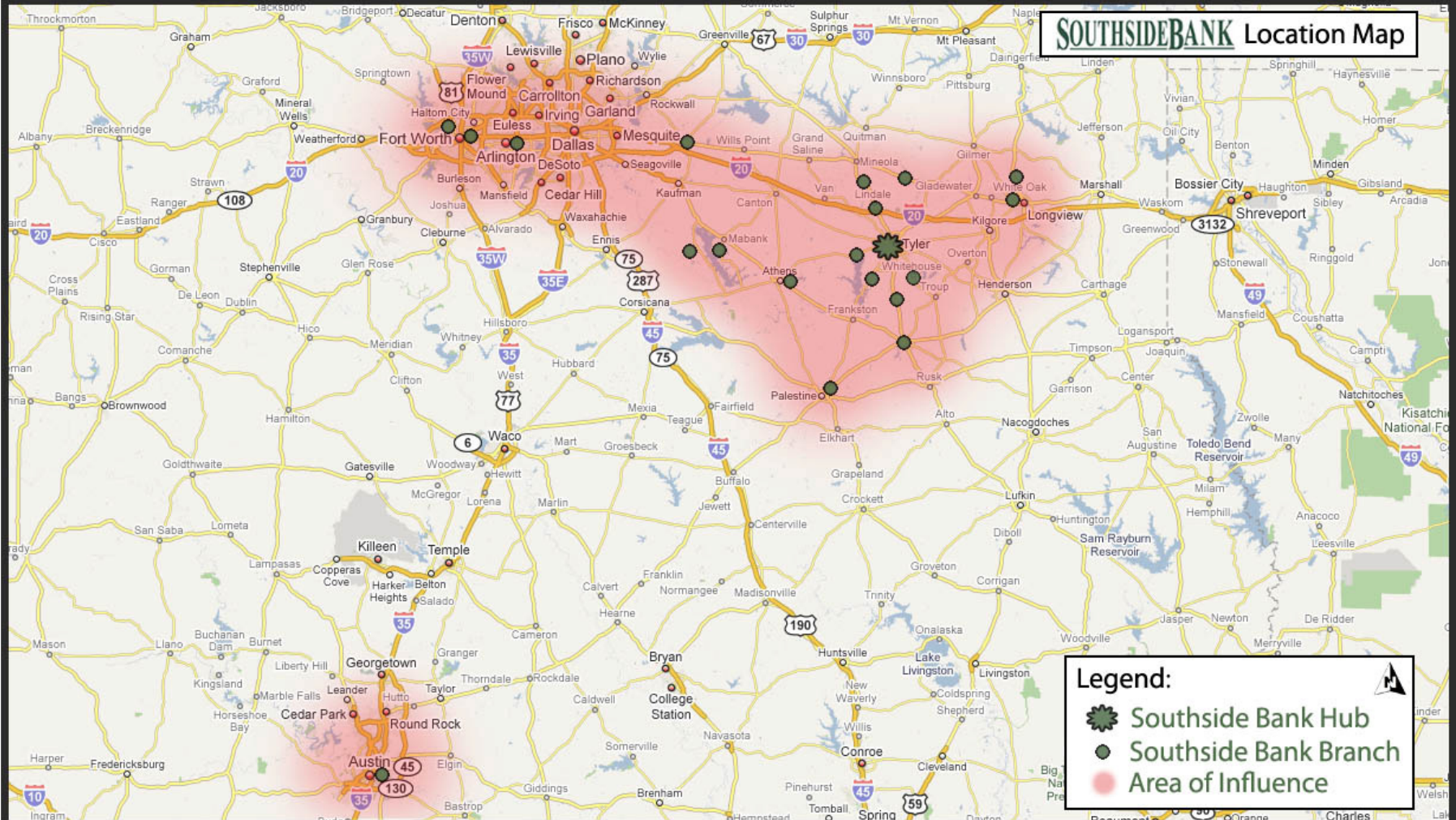
# Company Profile

- Cash Dividend Yield 2.6%
- Insider Ownership 10.3%
- Institutional Ownership 32.9%
- Average Daily Volume (3 mos) 40,500
- Total Assets \$2.8 billion
- Banking Facilities 44

4/13/09

**SOUTHSIDE BANCSHARES, INC.**

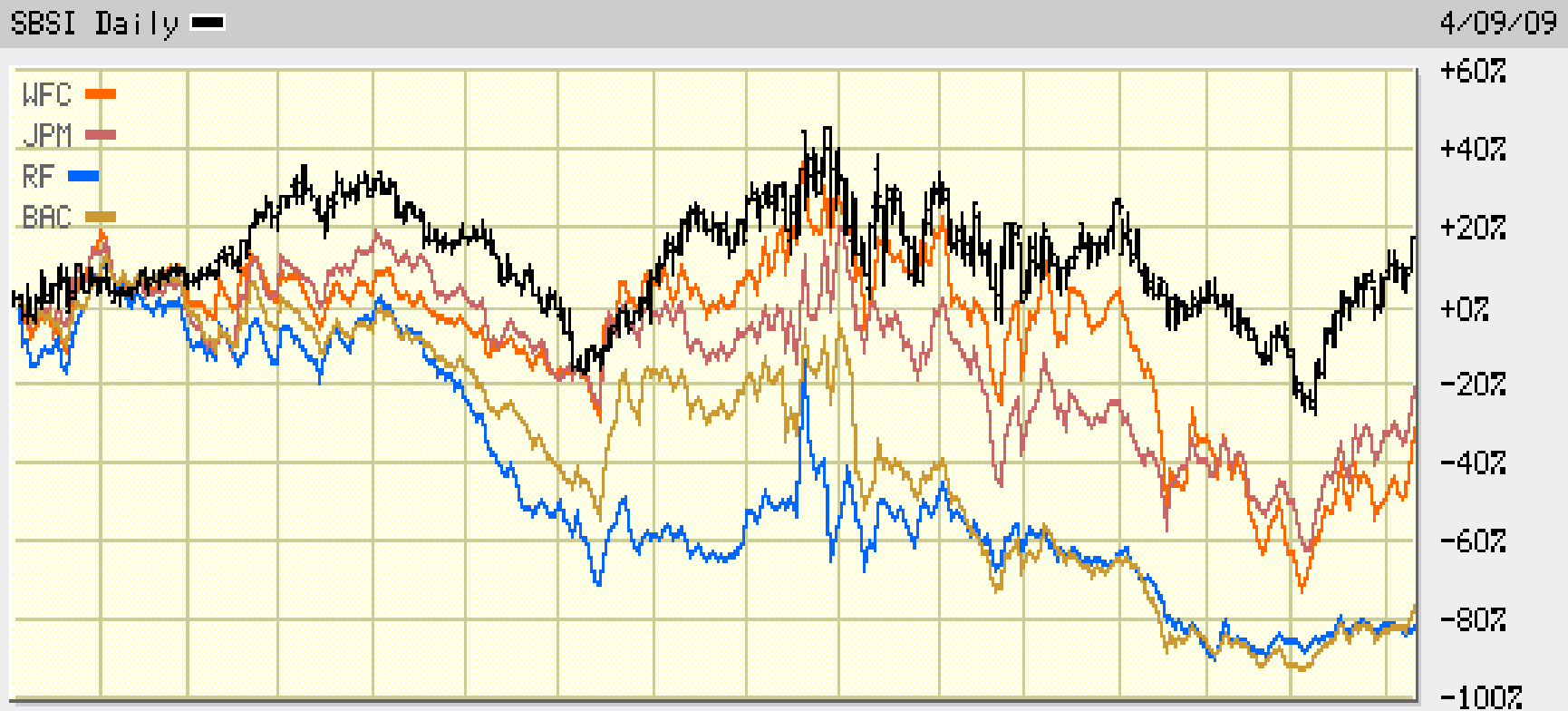
# Branch Network



**SOUTHSIDEBANCSHARES, INC.**

# Price Performance Comparison

(Wells-Fargo, JP Morgan Chase, Regions Bank, Bank of America)



**SOUTHSIDE BANCSHARES, INC.**

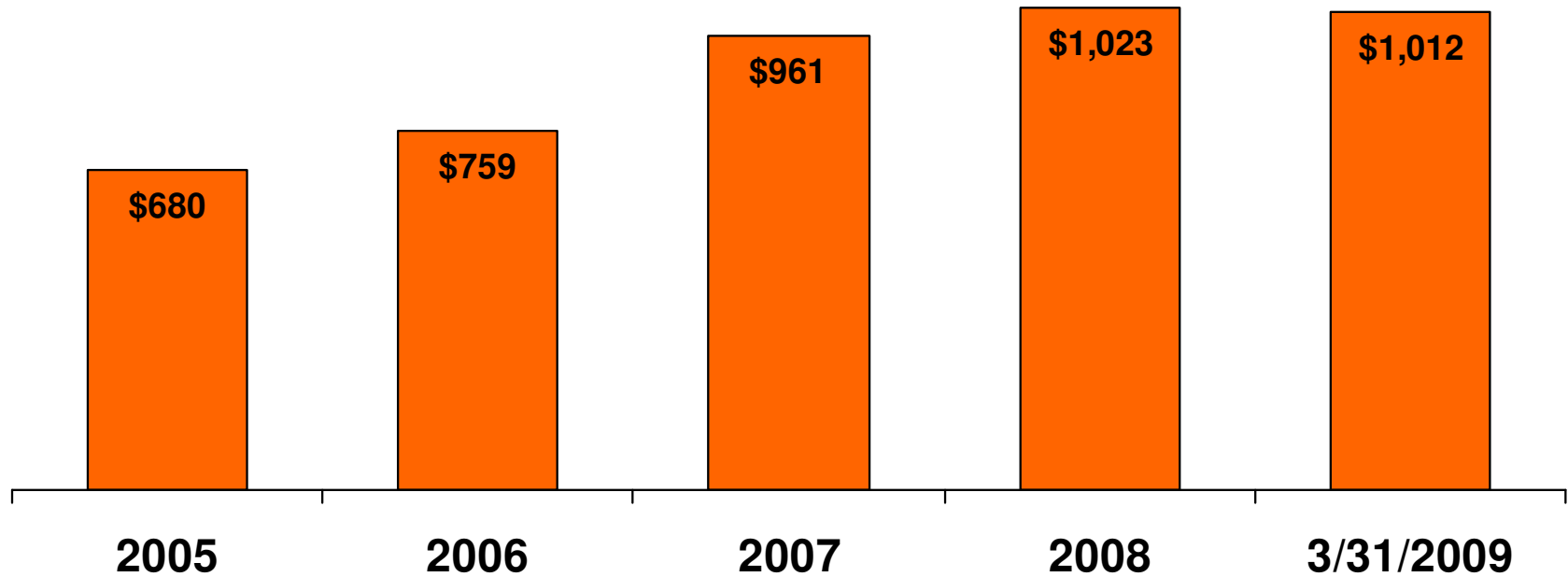
# Investment Highlights

- History of stable earnings
- Continuous cash dividend since 1970
- Proactive balance sheet management
- Well positioned in attractive markets
- Seasoned management team

**SOUTHSIDE BANCSHARES, INC.**

# Loan Growth

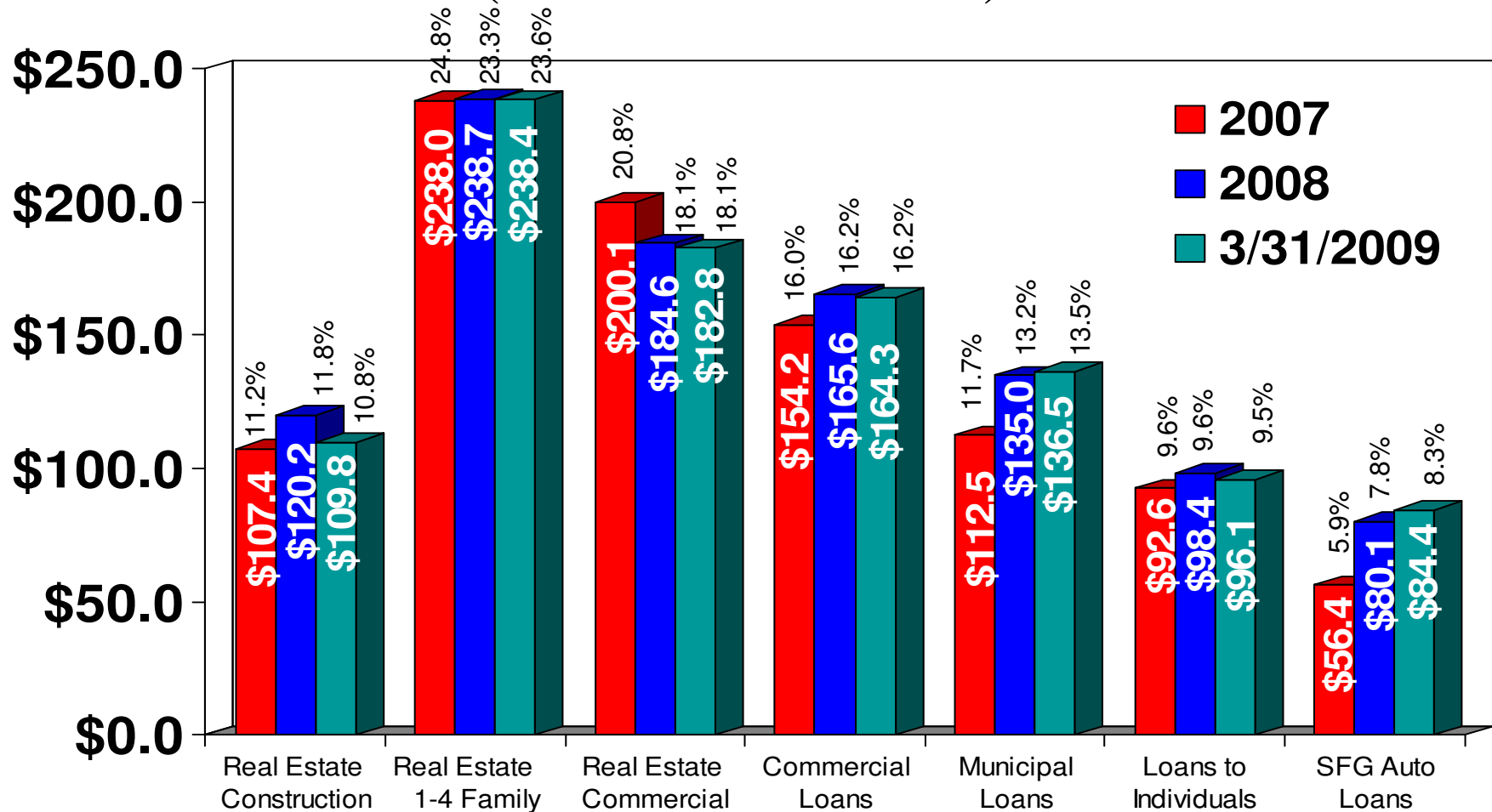
(Dollars in Millions)  
**Total Loans Outstanding**



**SOUTHSIDE BANCSHARES, INC.**

# Loan Portfolio Composition

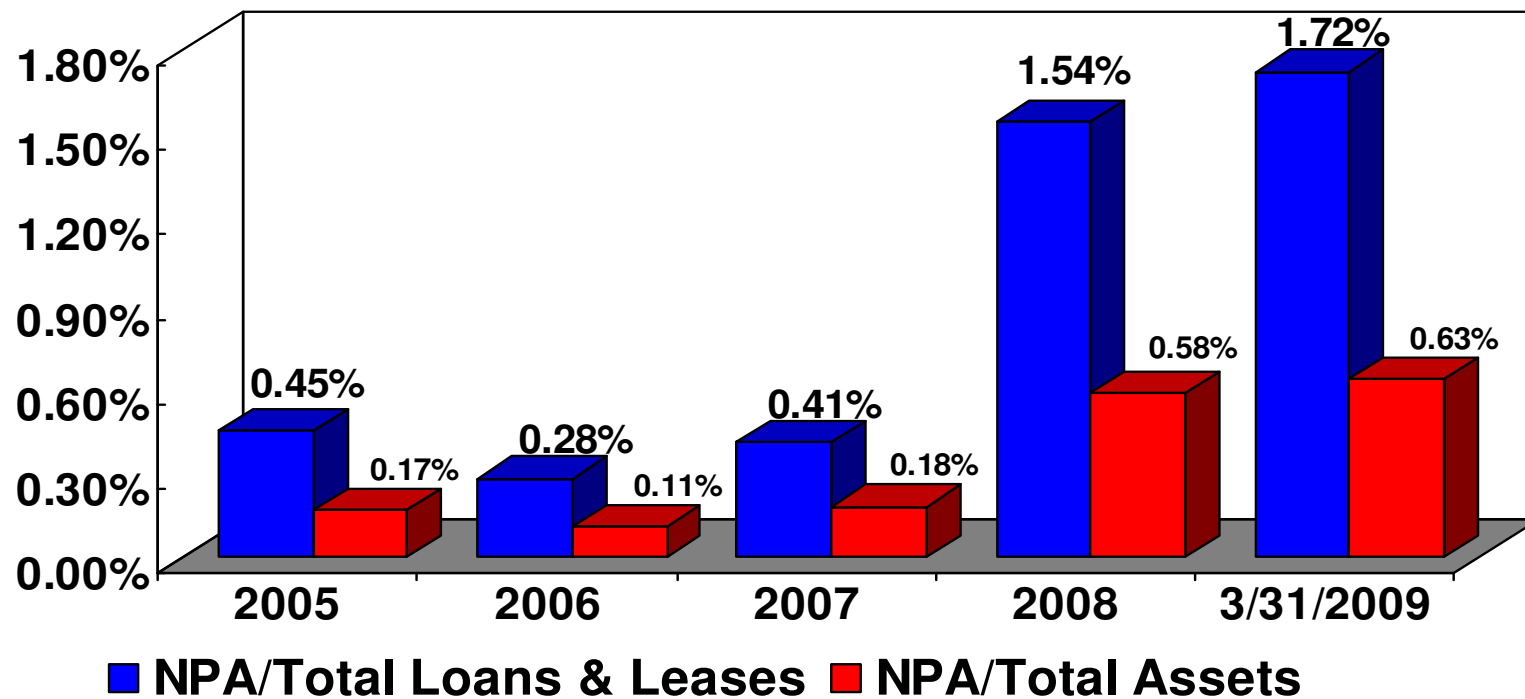
(Dollars in Millions)



**SOUTHSIDE BANCSHARES, INC.**

# Asset Quality

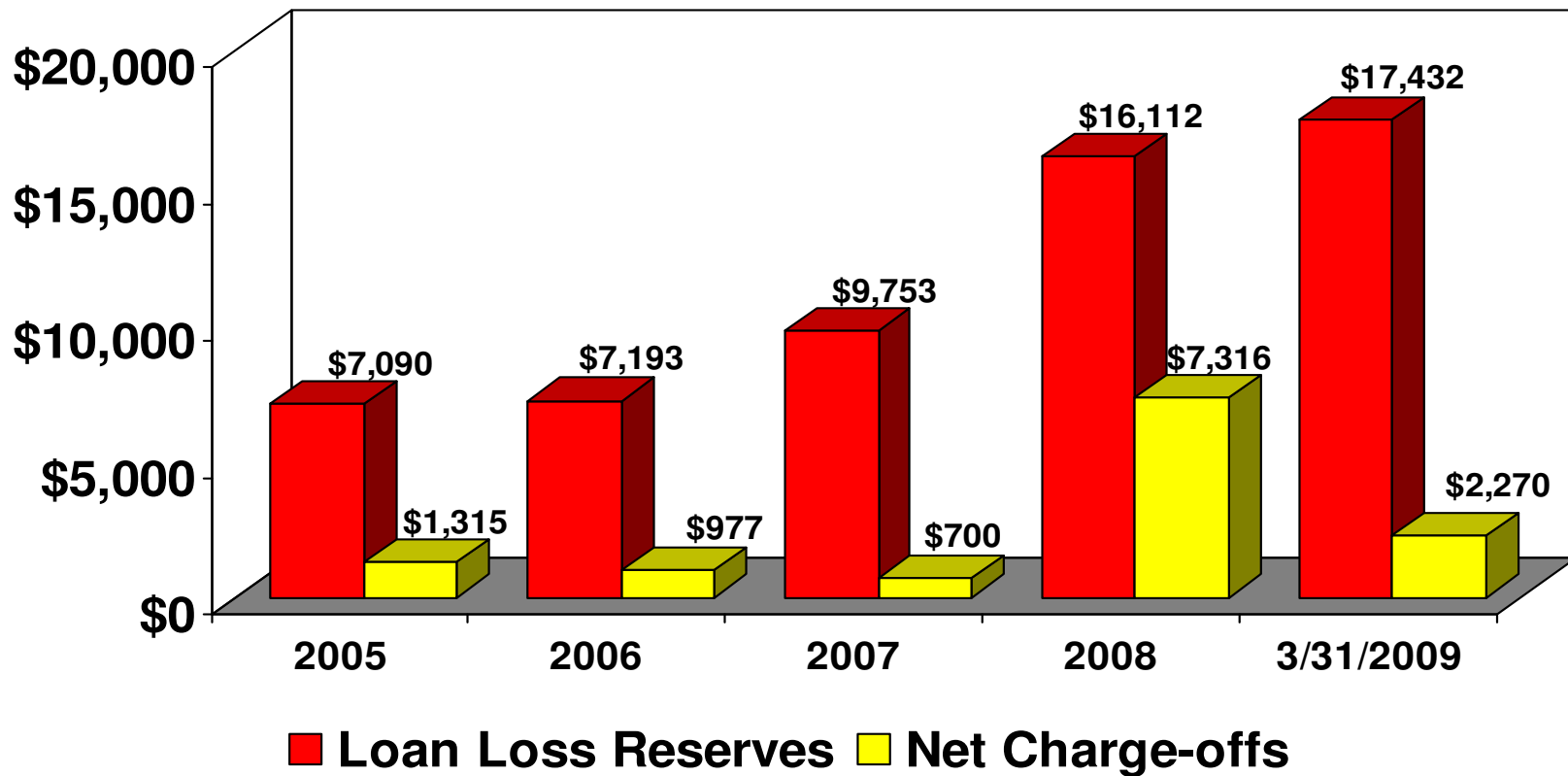
## Non-Performing Assets/ NPA As A Percentage



**SOUTHSIDE BANCSHARES, INC.**

# Asset Quality

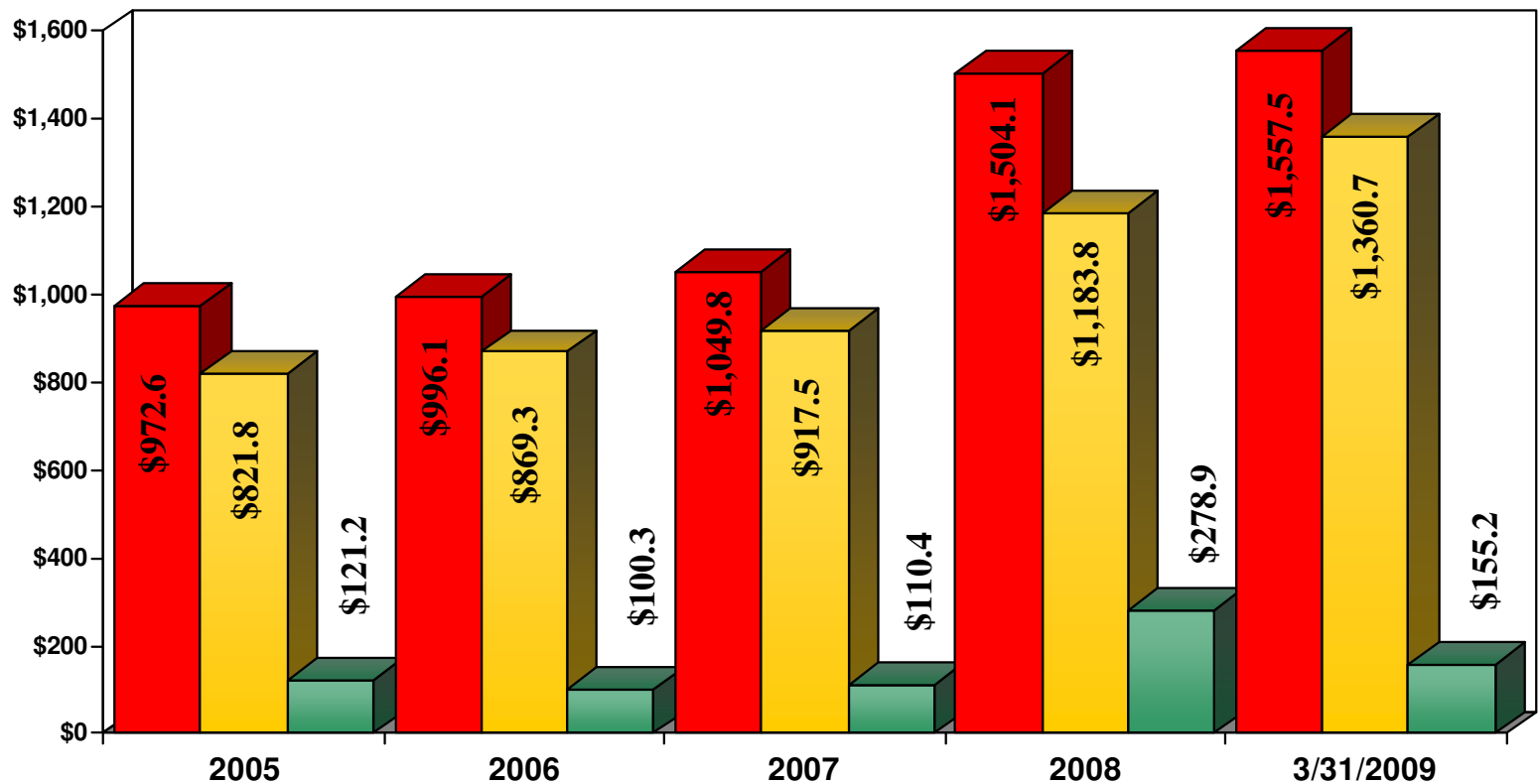
Dollars in Thousands



**SOUTHSIDE BANCSHARES, INC.**

# Securities Portfolio

(Dollars in Millions)



■ Total Securities ■ Mortgage-Backed Securities ■ Investment Securities

**SOUTHSIDE BANCSHARES, INC.**

# Investment Portfolio Performance

## Southside Bank Performance

One Year	98 <sup>th</sup> percentile
Three Year	98 <sup>th</sup> percentile
Five Year	97 <sup>th</sup> percentile
Overall Rank	99 <sup>th</sup> percentile

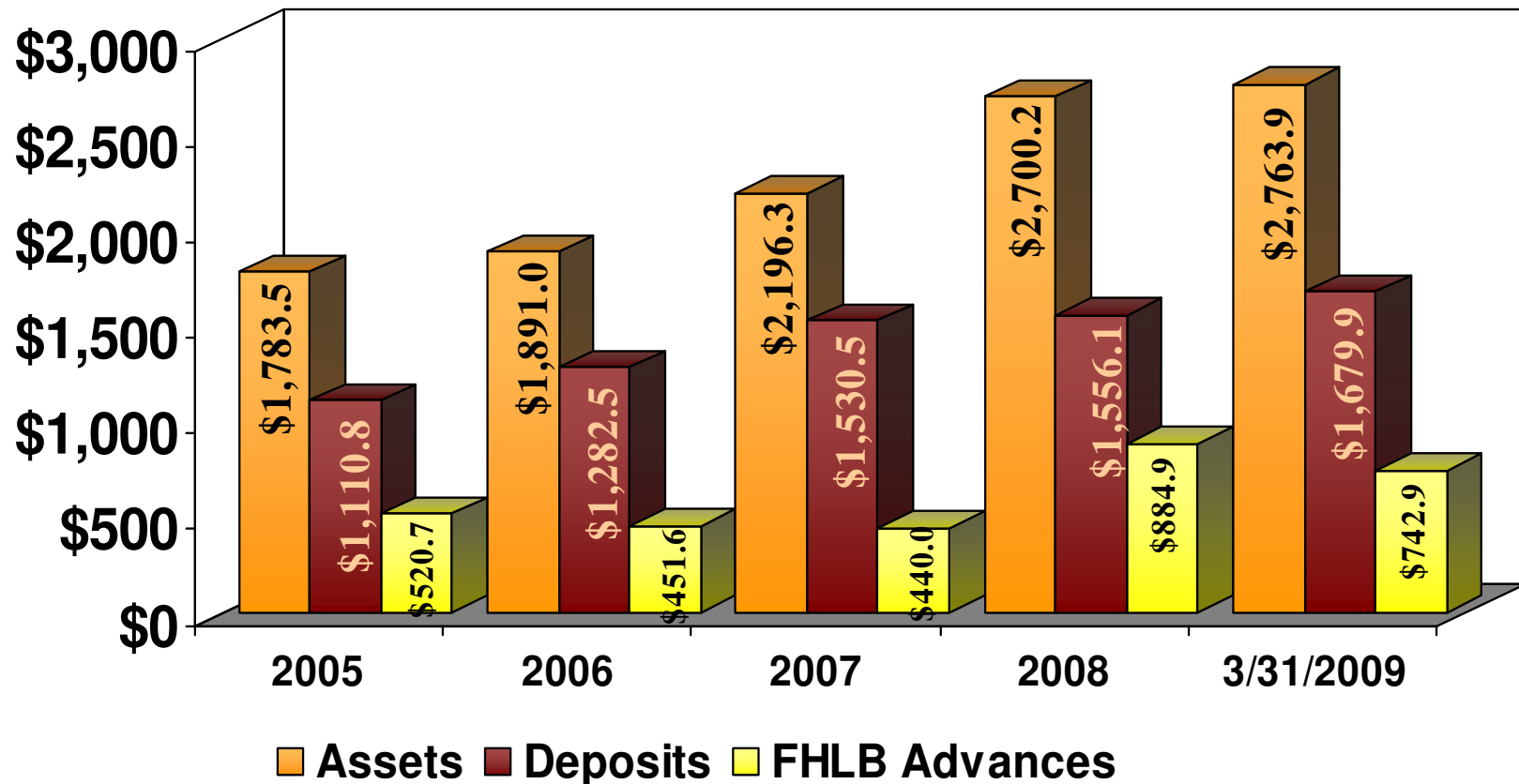
Distributions by percentile for the 966 largest banks in the U.S. based on total return; all investments marked-to-market.

Source: IDC Report 12/31/08

**SOUTHSIDE BANCSHARES, INC.**

# Balance Sheet Growth - Liabilities

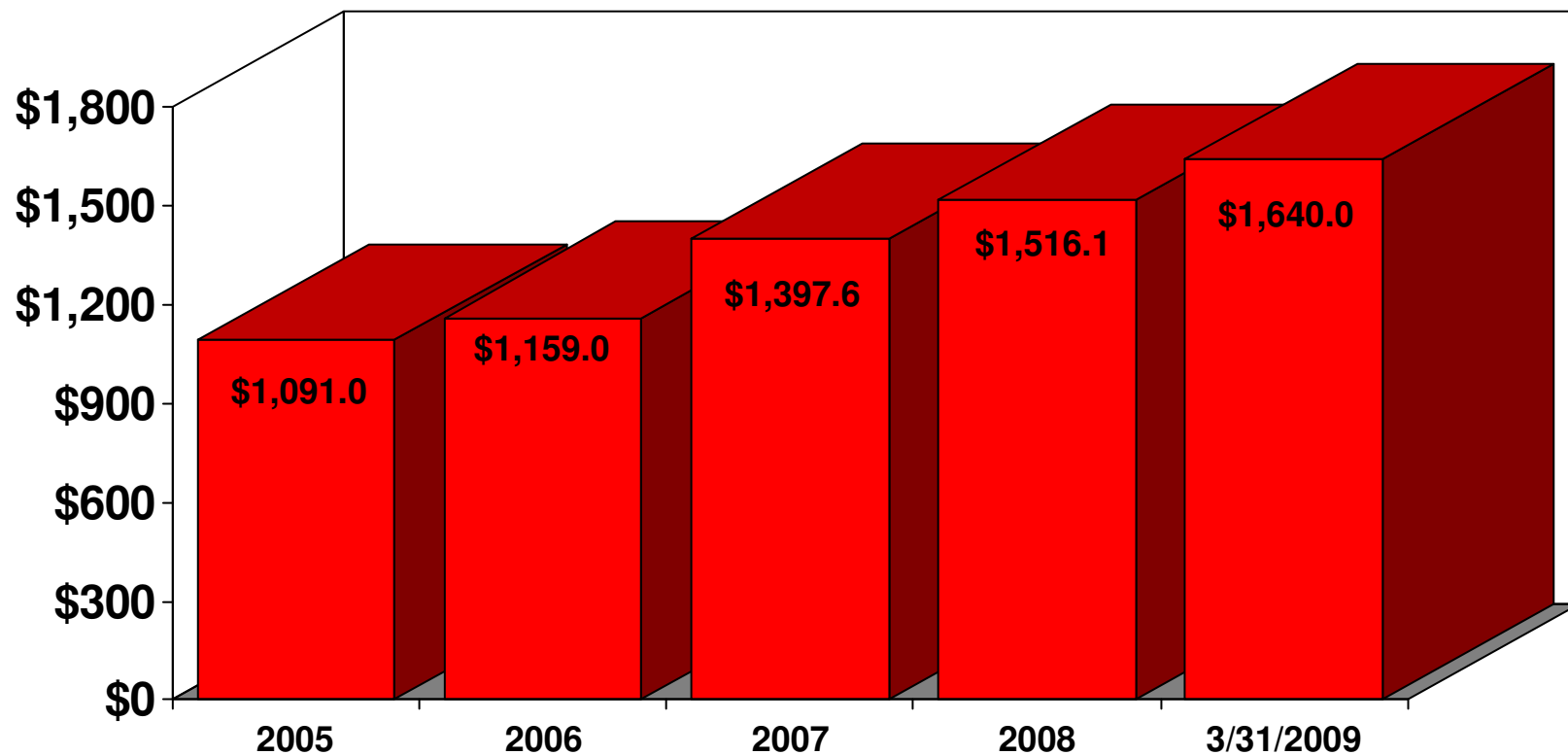
Dollars in Millions



**SOUTHSIDE BANCSHARES, INC.**

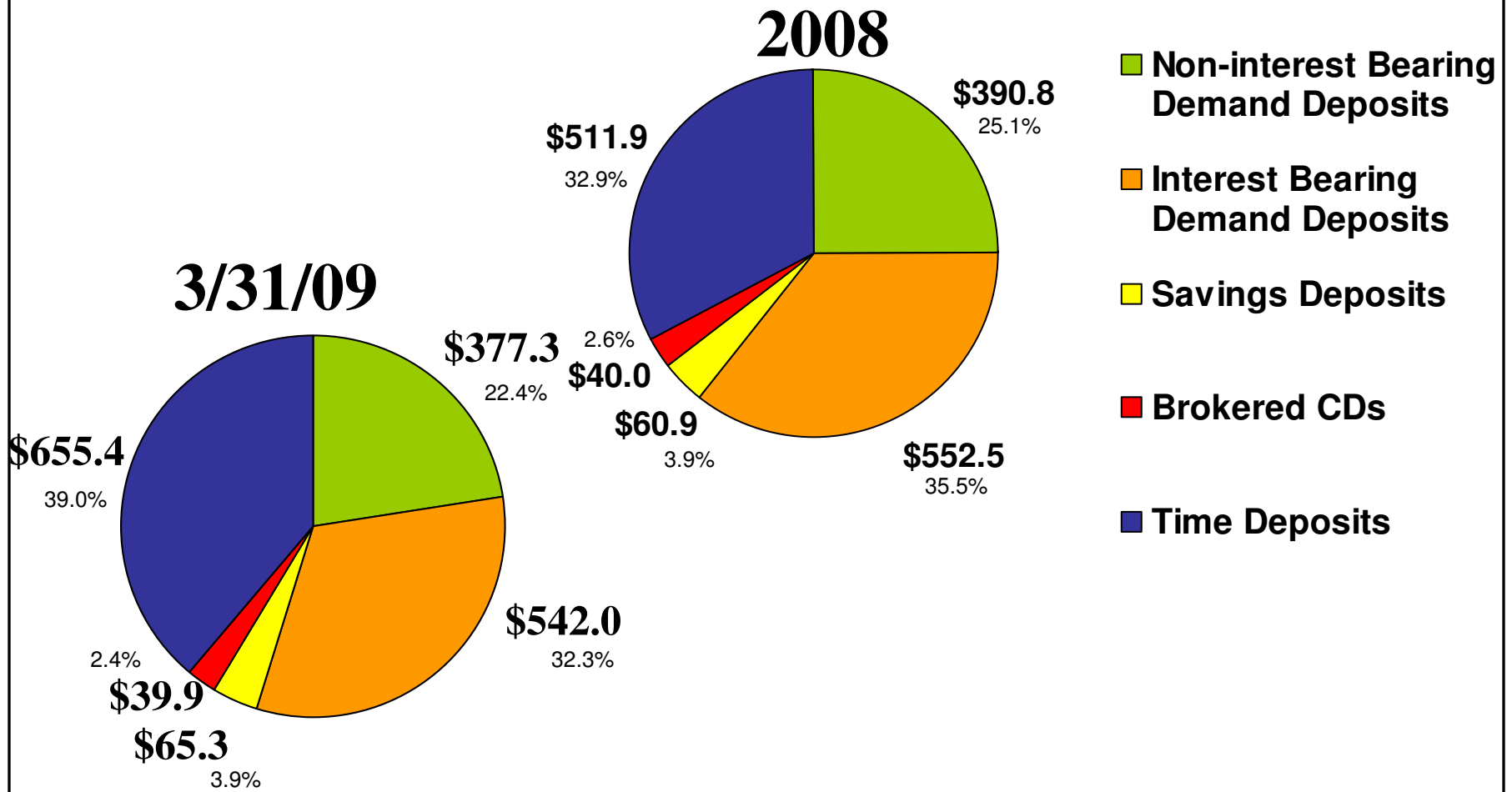
# Deposit Growth (Net of brokered CDs)

(Dollars in Millions)



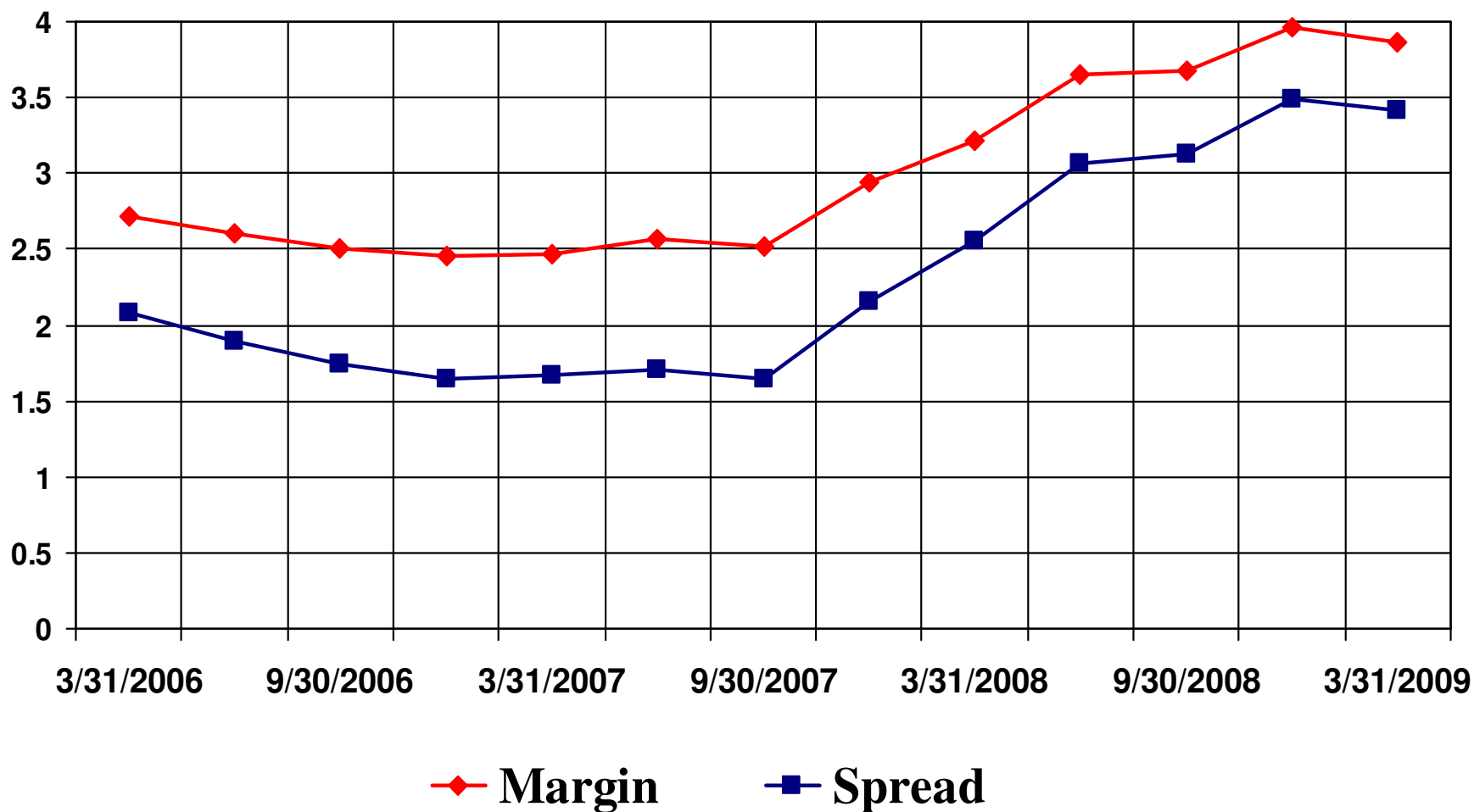
**SOUTHSIDE BANCSHARES, INC.**

# Composition of Deposits



**SOUTHSIDE BANCSHARES, INC.**

# Net Interest Spread and Margin



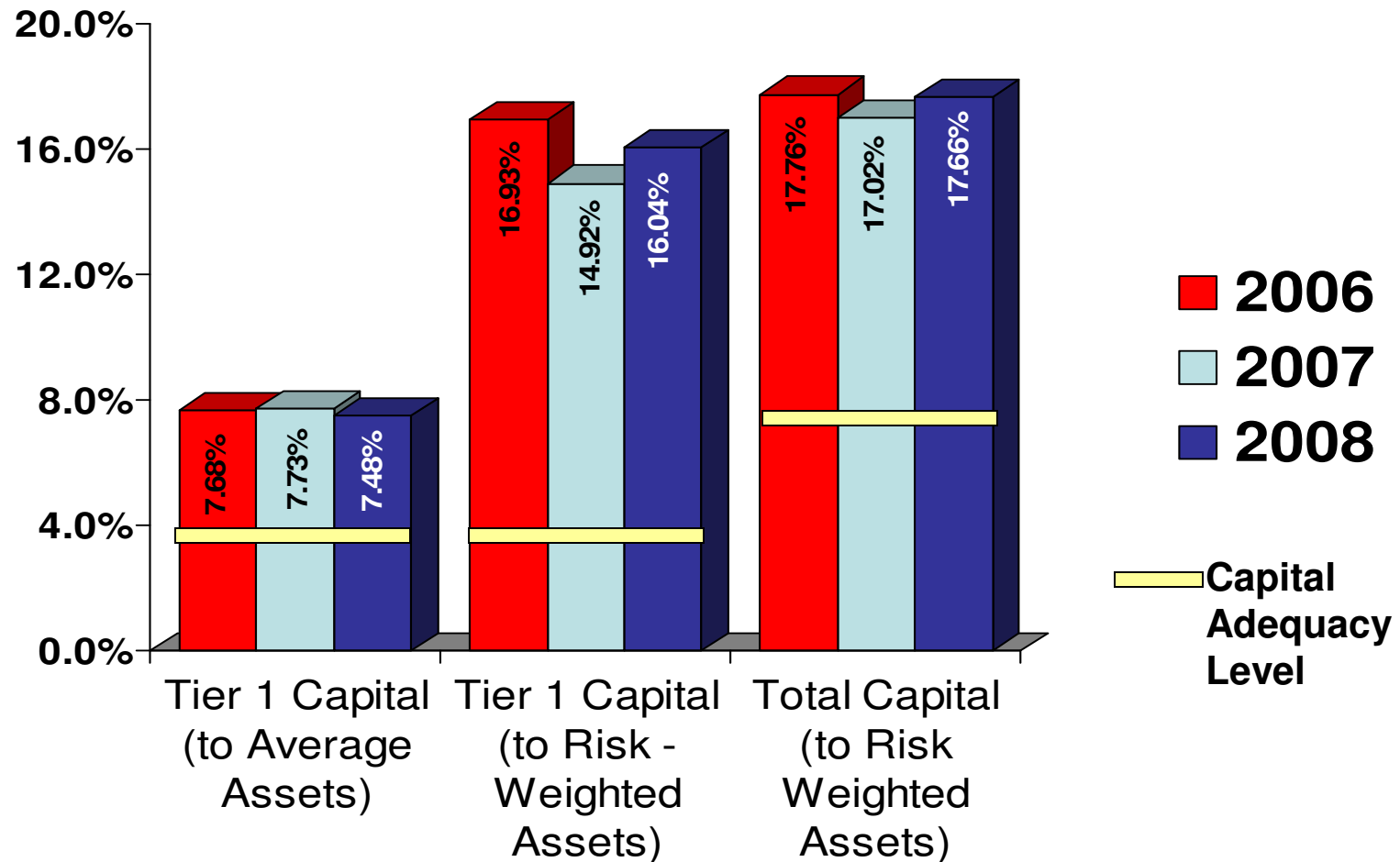
**SOUTHSIDE BANCSHARES, INC.**

# Bottom Line: 2008 Performance

	<u>2008</u>	<u>2007</u>	<u>% Chg</u>
<b>Net Income</b> (in thousands)	<b>\$30,696</b>	<b>\$16,684</b>	<b>84.0%</b>
<b>EPS</b> (diluted)	<b>\$ 2.06</b>	<b>\$ 1.12</b>	<b>83.9%</b>
<b>ROE</b>	<b>21.44%</b>	<b>14.05%</b>	
<b>ROA</b>	<b>1.29%</b>	<b>0.87%</b>	
<b>Efficiency Ratio</b>	<b>54.85%</b>	<b>64.86%</b>	

**SOUTHSIDE BANCSHARES, INC.**

# Capital Levels



**SOUTHSIDE BANCSHARES, INC.**

# First Quarter Results

Three Months Ended  
March 31,  
(in thousands)

	<u>2009</u>	<u>2008</u>	<u>% Chg</u>
Core Income, net of tax	\$ 5,763	\$ 4,186	37.7%
Net Security Gains, net of tax	<u>8,382</u>	<u>1,360</u>	
Net Income	\$14,145	\$ 5,546	155.0%

**SOUTHSIDE BANCSHARES, INC.**

# First Quarter Results

Three Months Ended  
March 31,

	<u>2009</u>	<u>2008</u>	<u>% Chg</u>
<b>Net Income</b> (in thousands)	<b>\$14,145</b>	<b>\$ 5,546</b>	<b>155.0%</b>
<b>EPS</b> (diluted)	<b>\$ 0.95</b>	<b>\$ 0.37</b>	<b>156.8%</b>
<b>ROE</b>	<b>33.78%</b>	<b>16.14%</b>	
<b>ROA</b>	<b>2.14%</b>	<b>1.00%</b>	
<b>Efficiency Ratio</b>	<b>55.41%</b>	<b>61.08%</b>	

**SOUTHSIDE BANCSHARES, INC.**

# Investment Summary

- Attractive, growing Texas markets
- Proven de novo expansion expertise
- Consistent core deposit growth
- Seasoned management team
- Track record of stable earnings and cash dividends
- Focus on long-term franchise value

**SOUTHSIDE BANCSHARES, INC.**