

SOUTHSIDE BANCSHARES, INC.

Southside.com — NASDAQ: SBSI

2009



Investor Presentation

Sam Dawson

President and Chief Operating Officer

Lee Gibson

Senior Executive Vice President and
Chief Financial Officer

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, 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.

Company Profile

- 
- Total Assets \$2.7 billion
 - Total Loans \$1.0 billion
 - Total Deposits \$1.7 billion
 - Headquarters Tyler, TX

6/30/09

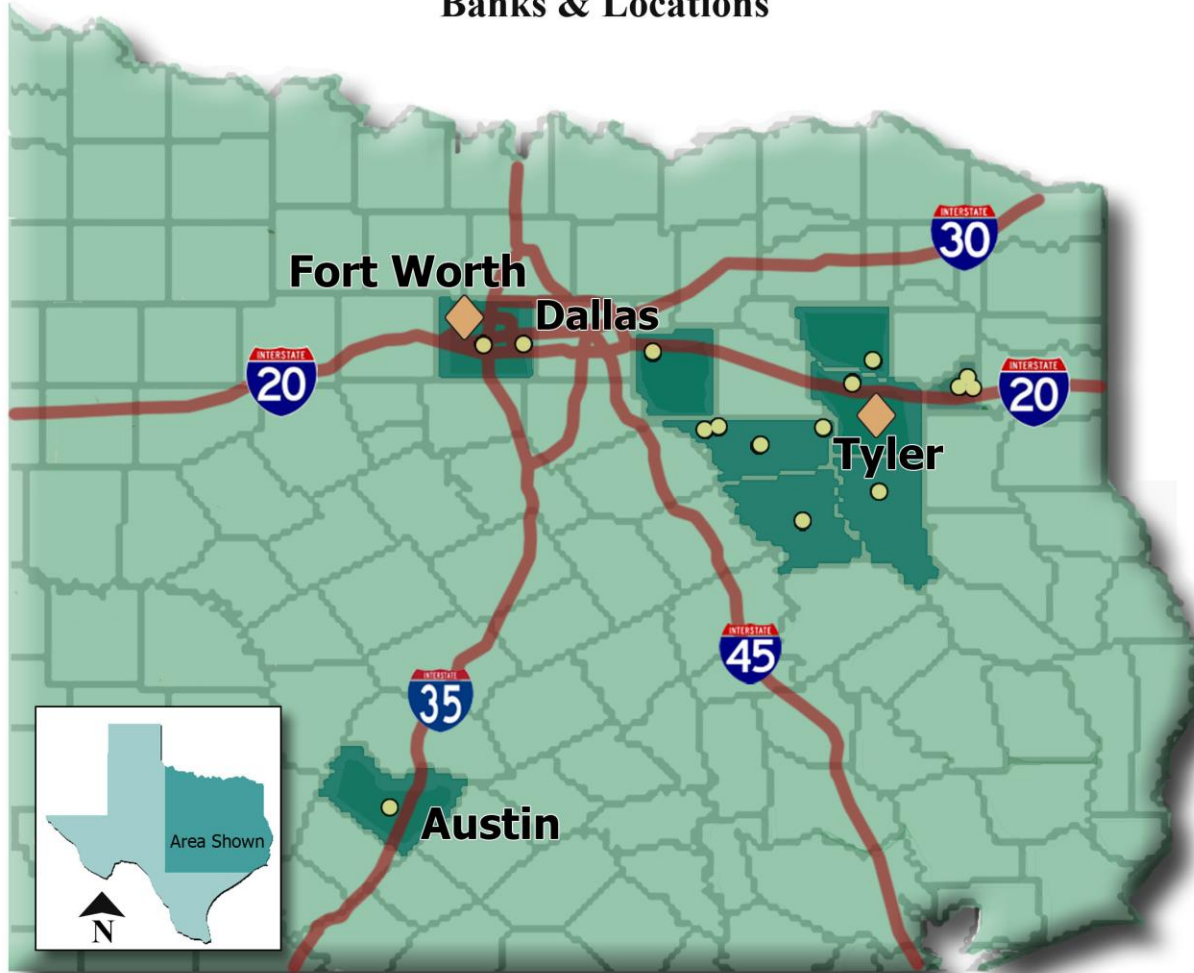
Company Profile

- Market Capitalization \$319 million
- Cash Dividend Yield 2.6%
- Insider Ownership 13.4%
- Institutional Ownership 33.5%

7/17/09

SOUTHSIDE BANK

Banks & Locations



Regional Hubs: ◆

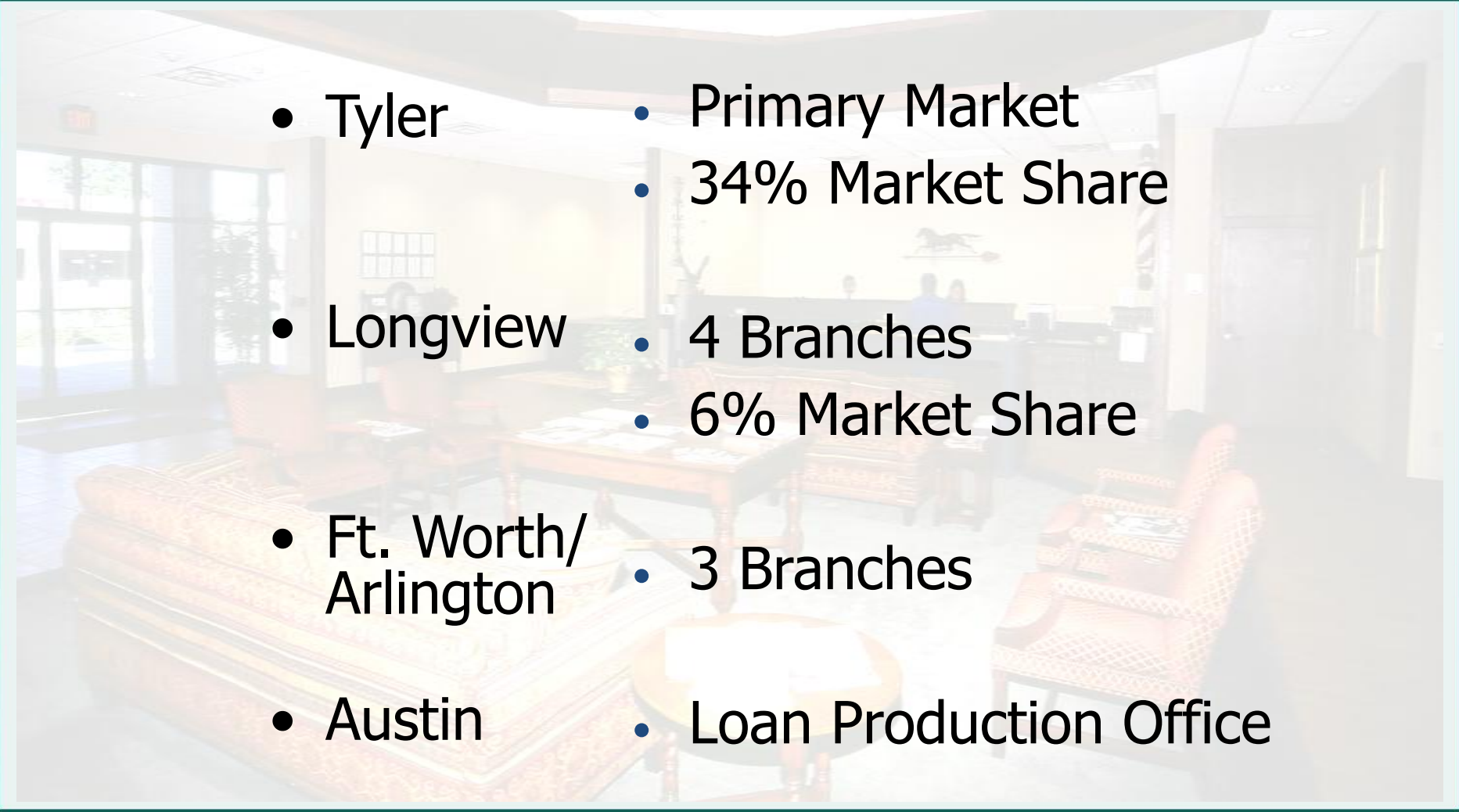
Tyler (Headquarters)(*11)
Fort Worth (2)

Branch Locations: ●

Arlington
Athens
Austin
Bullard
Chandler
Forney
Gresham
Gun Barrel City
Hawkins
Jacksonville
Lindale (2)
Longview (4)
Palestine
Seven Points
Whitehouse (2)

*Note: Number of branches in city.

Our Markets

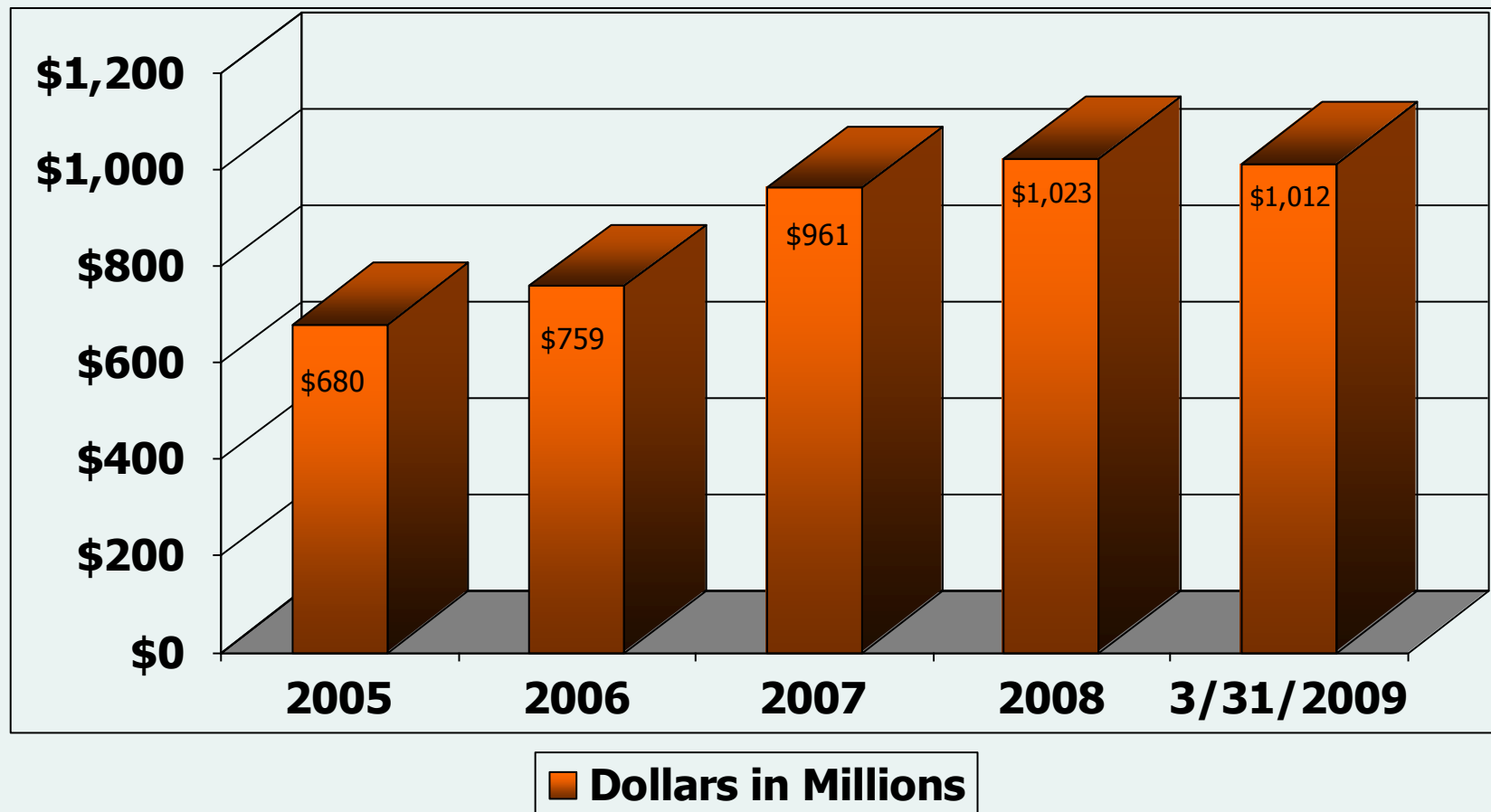
- 
- Tyler
 - Primary Market
 - 34% Market Share
 - Longview
 - 4 Branches
 - 6% Market Share
 - Ft. Worth/
Arlington
 - 3 Branches
 - Austin
 - Loan Production Office

Investment Highlights

- Record earnings – 6/30/09 & 2008
- Proactive balance sheet management
- Well positioned in attractive markets
- Seasoned management team

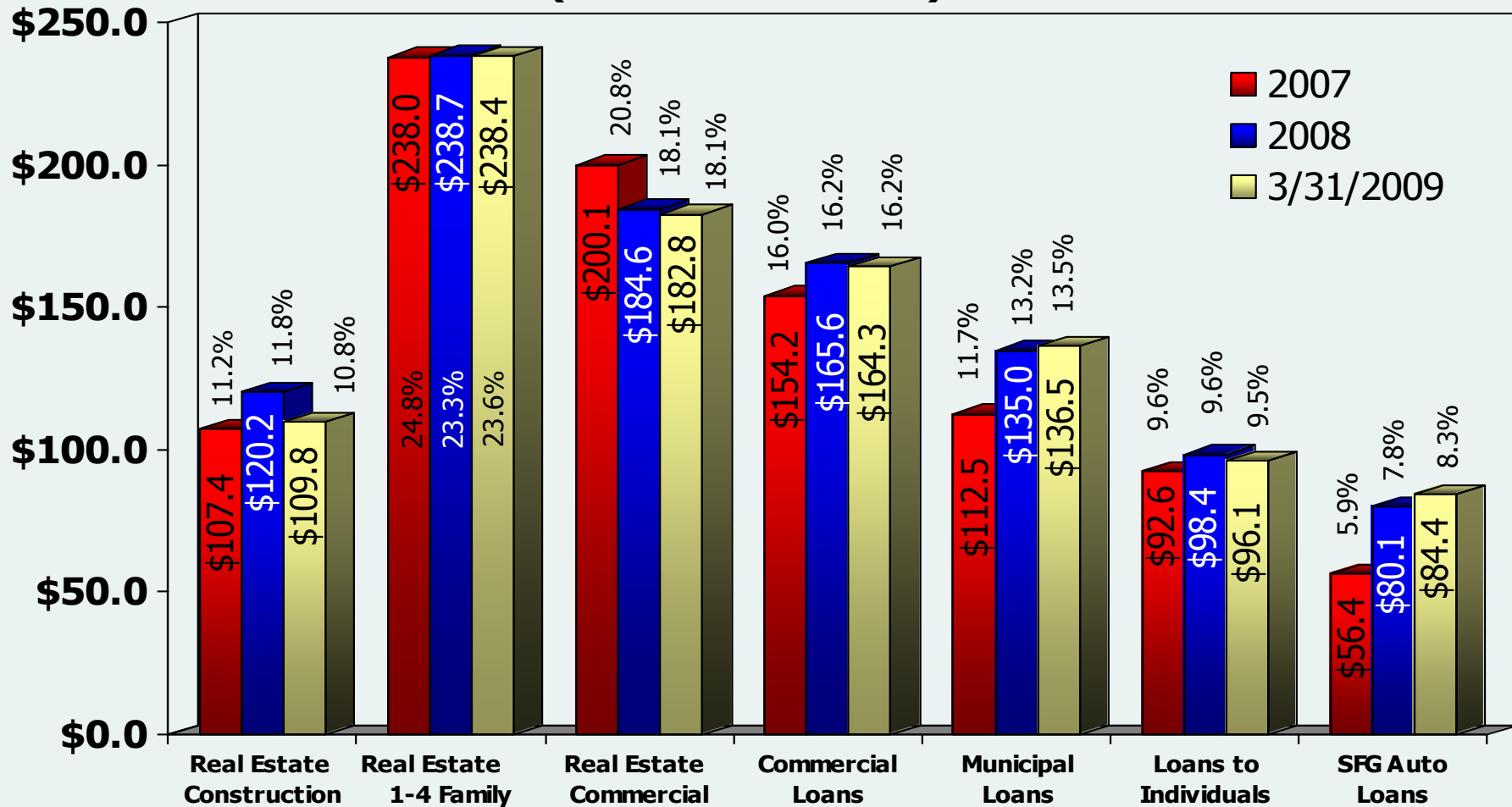
Loan Growth

Total Loans Outstanding



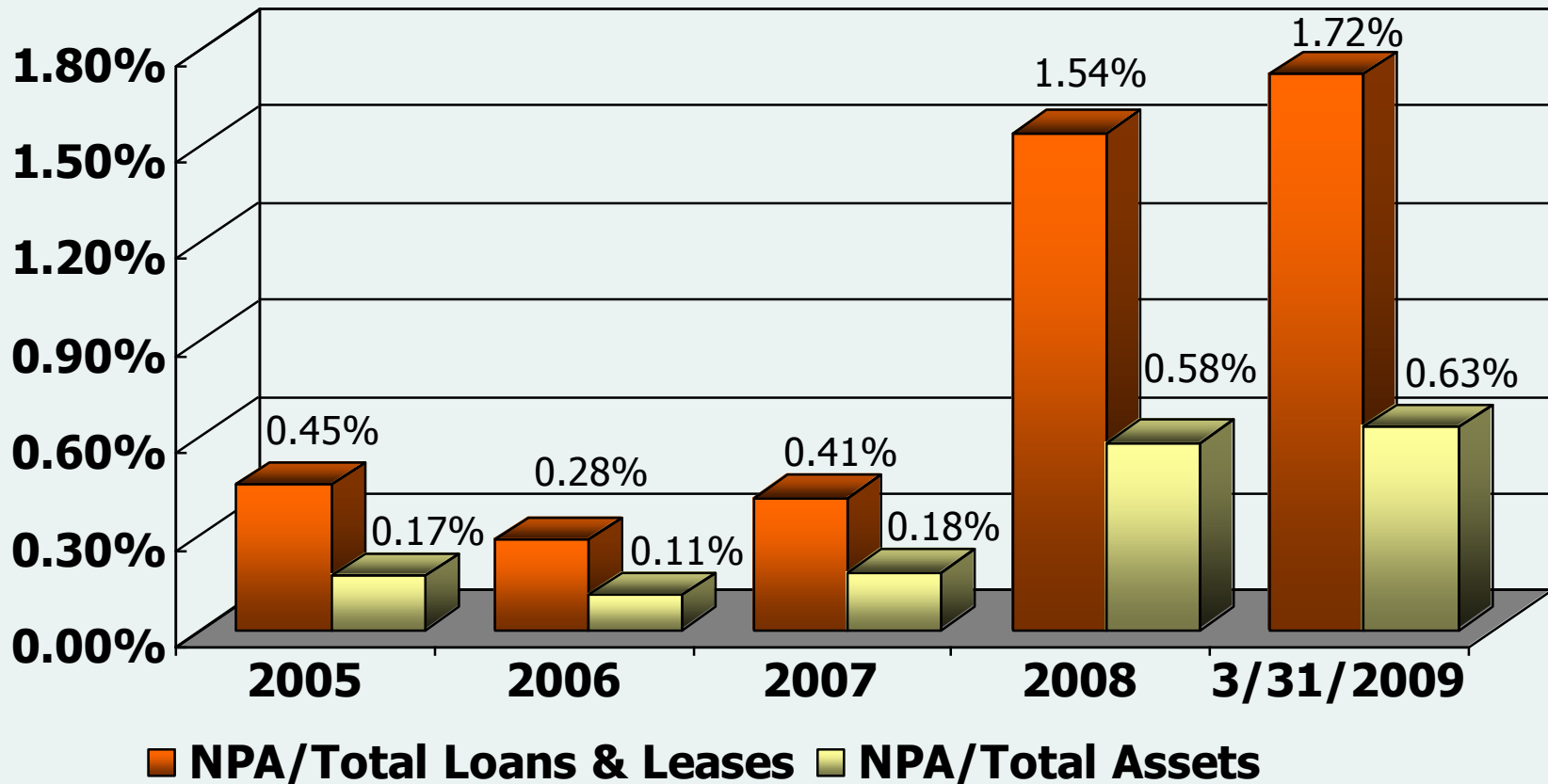
Loan Portfolio Composition

(Dollars in Millions)



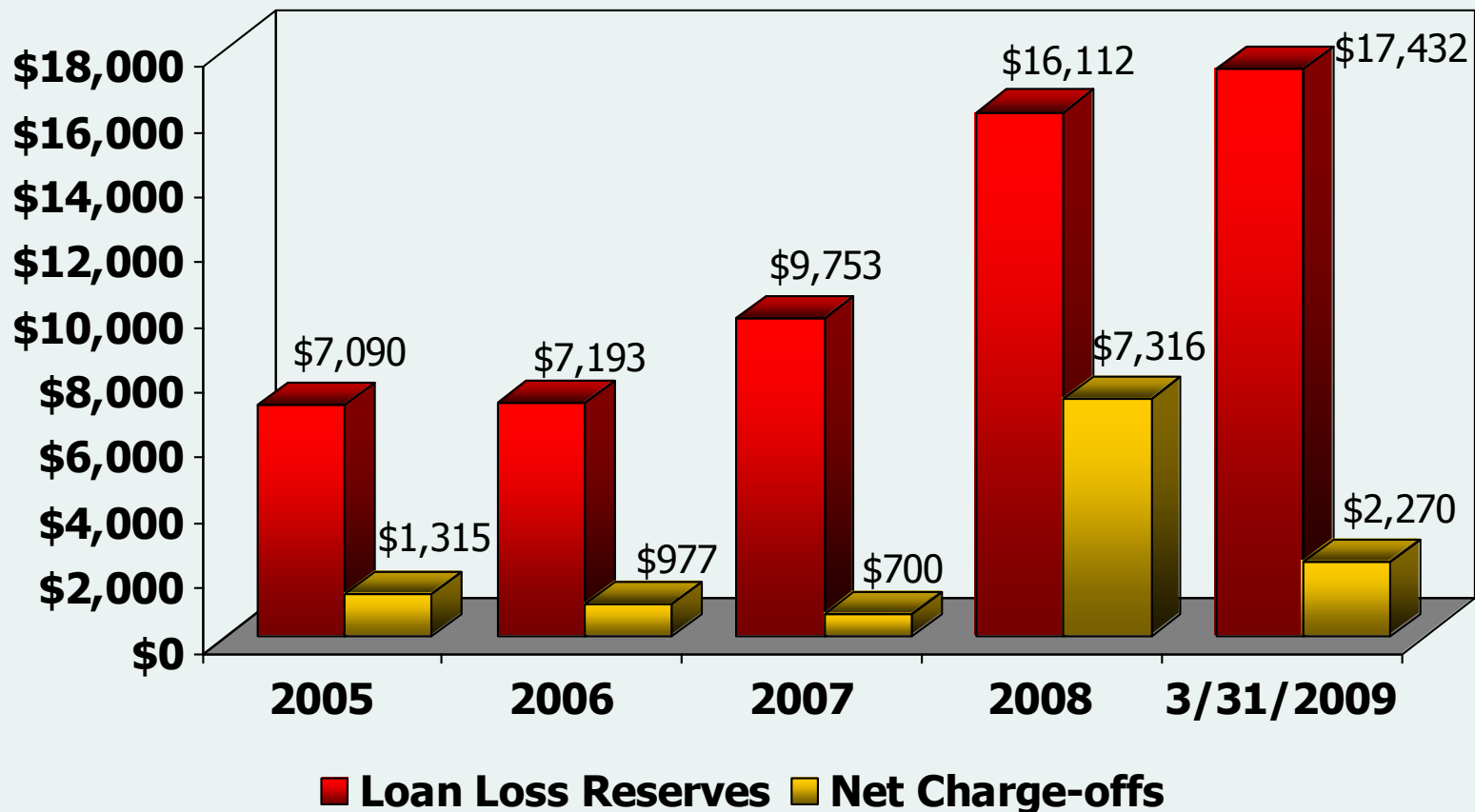
Asset Quality

Non-Performing Assets/ NPA As A Percentage



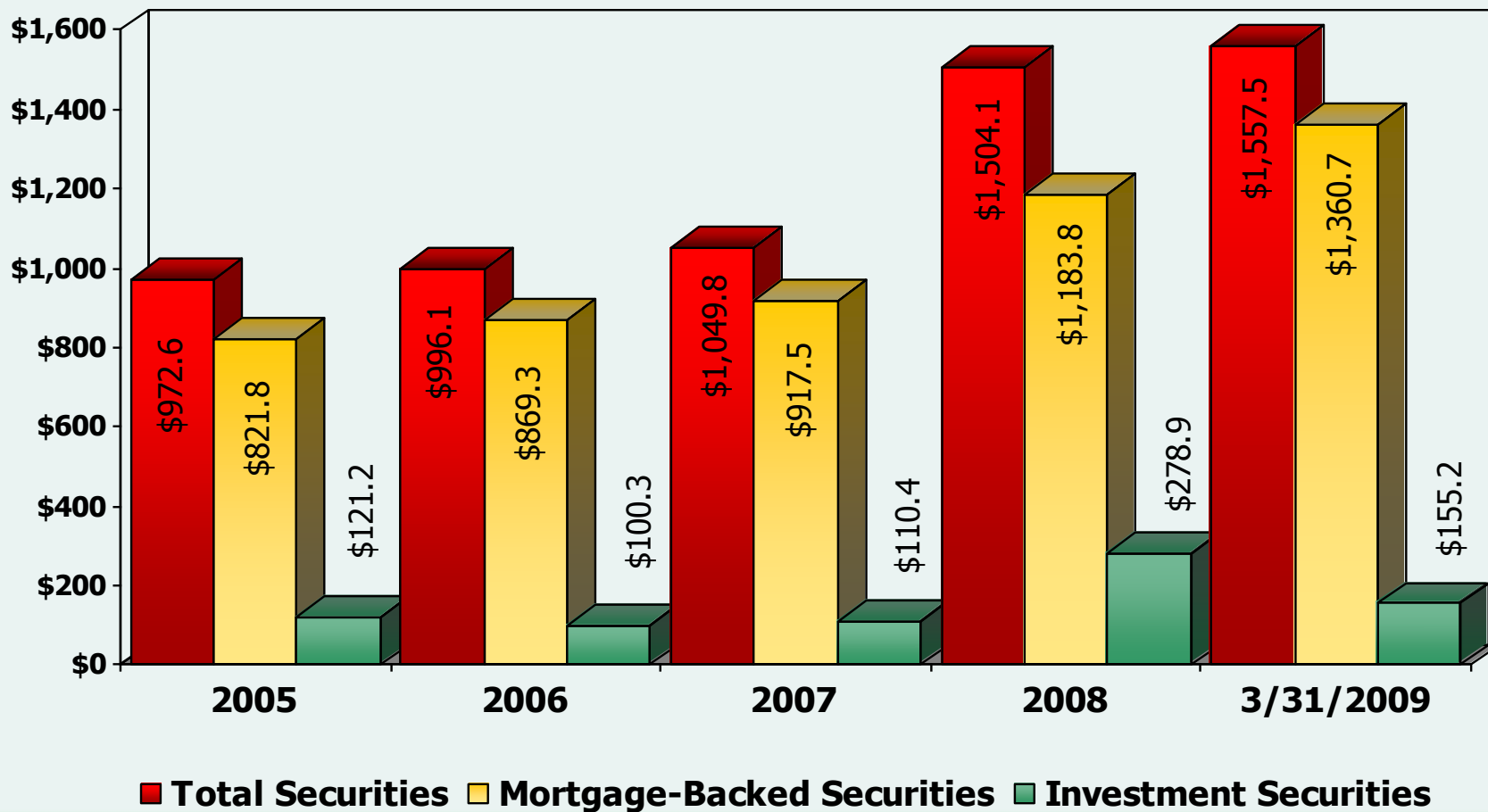
Asset Quality

(Dollars in Thousands)



Securities Portfolio

(Dollars in Millions)



Investment Portfolio Performance

Southside Bank Performance

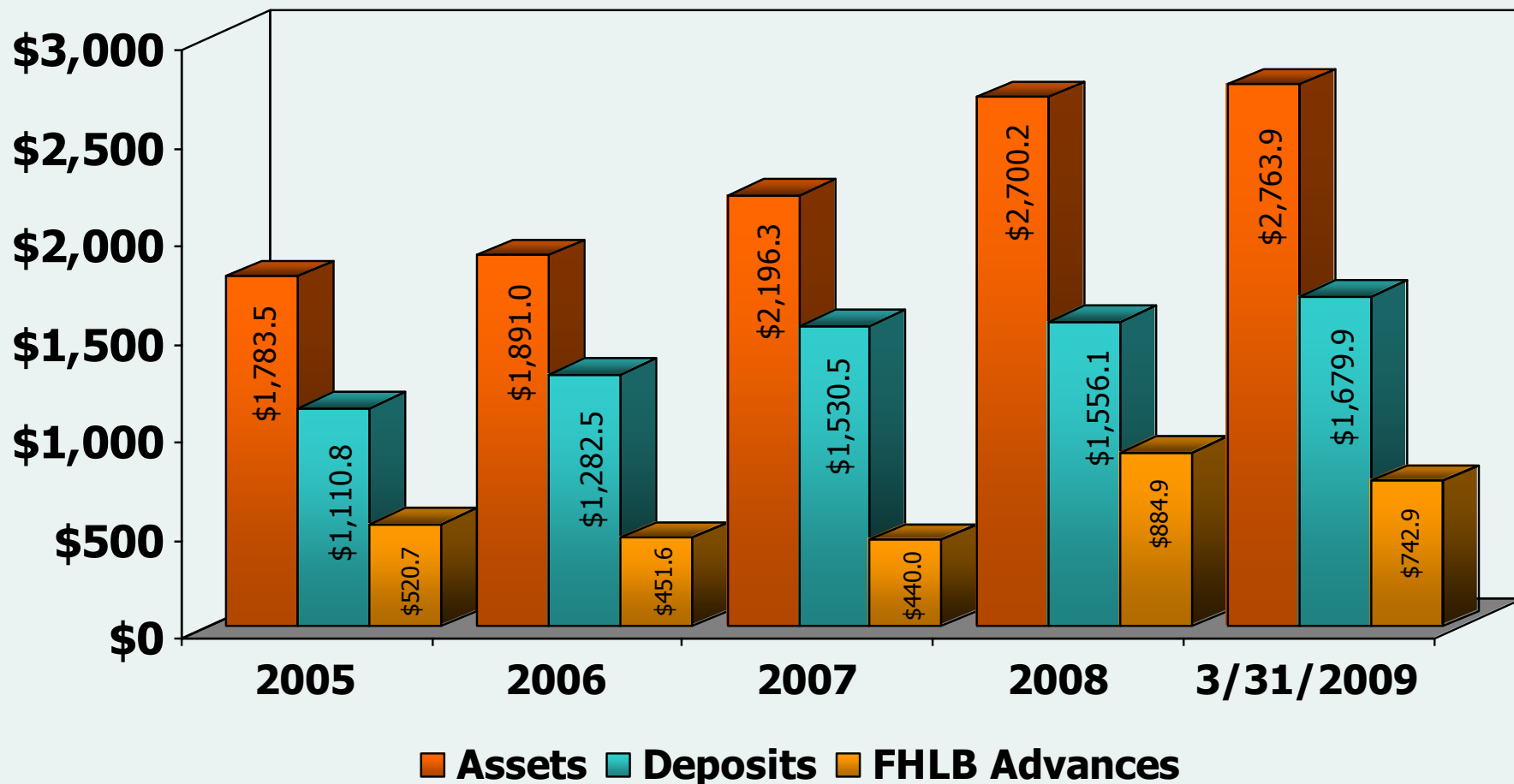
| | |
|--------------|-----------------------------|
| One Year | 99 th percentile |
| Three Year | 99 th percentile |
| Five Year | 98 th percentile |
| Overall Rank | 99 th percentile |

Distributions by percentile for the 960 largest banks in the U.S. based on total return; all investments marked-to-market.

Source: IDC Report Period 03/31/09

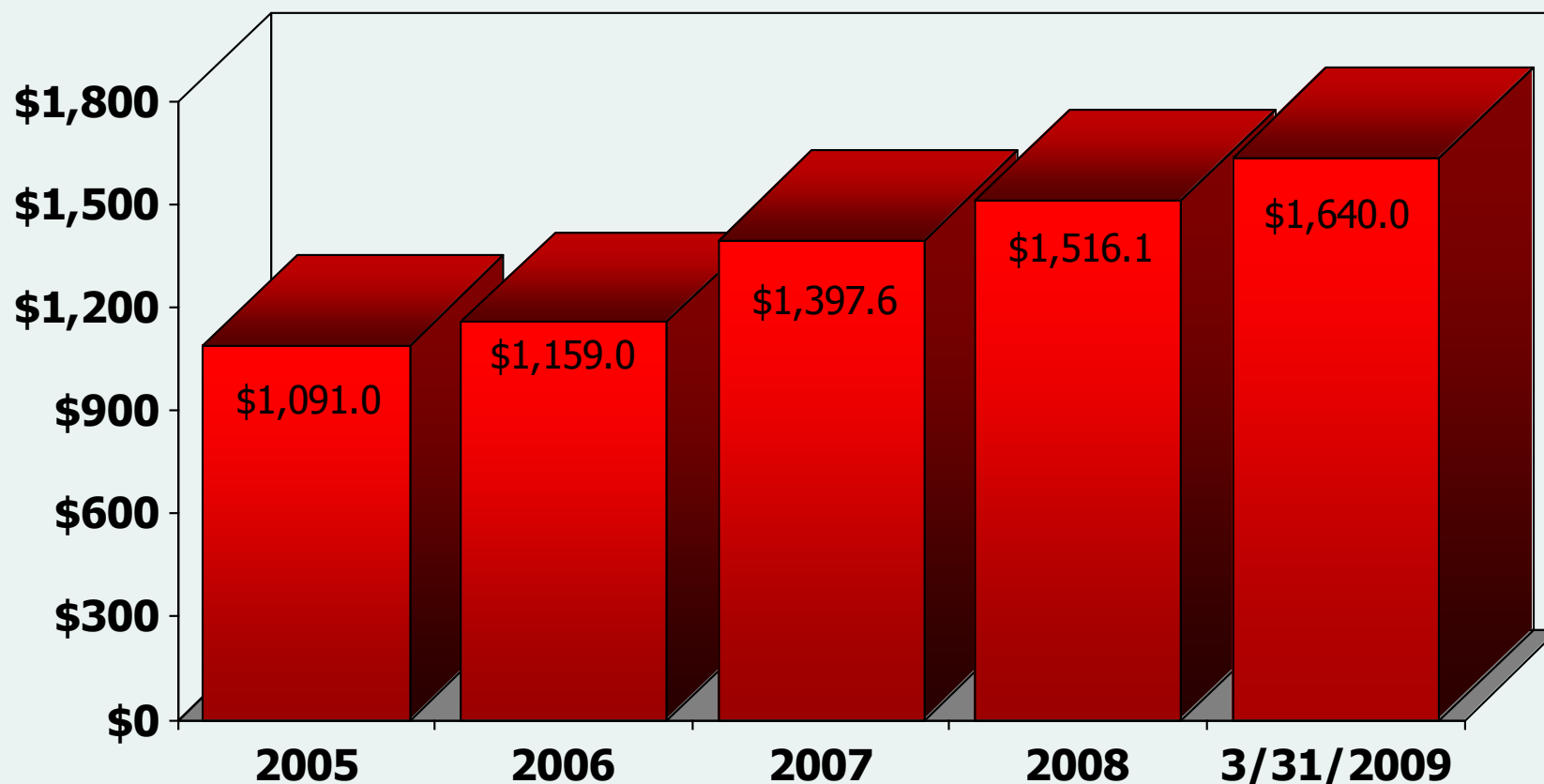
Balance Sheet Growth - Liabilities

(Dollars in Millions)

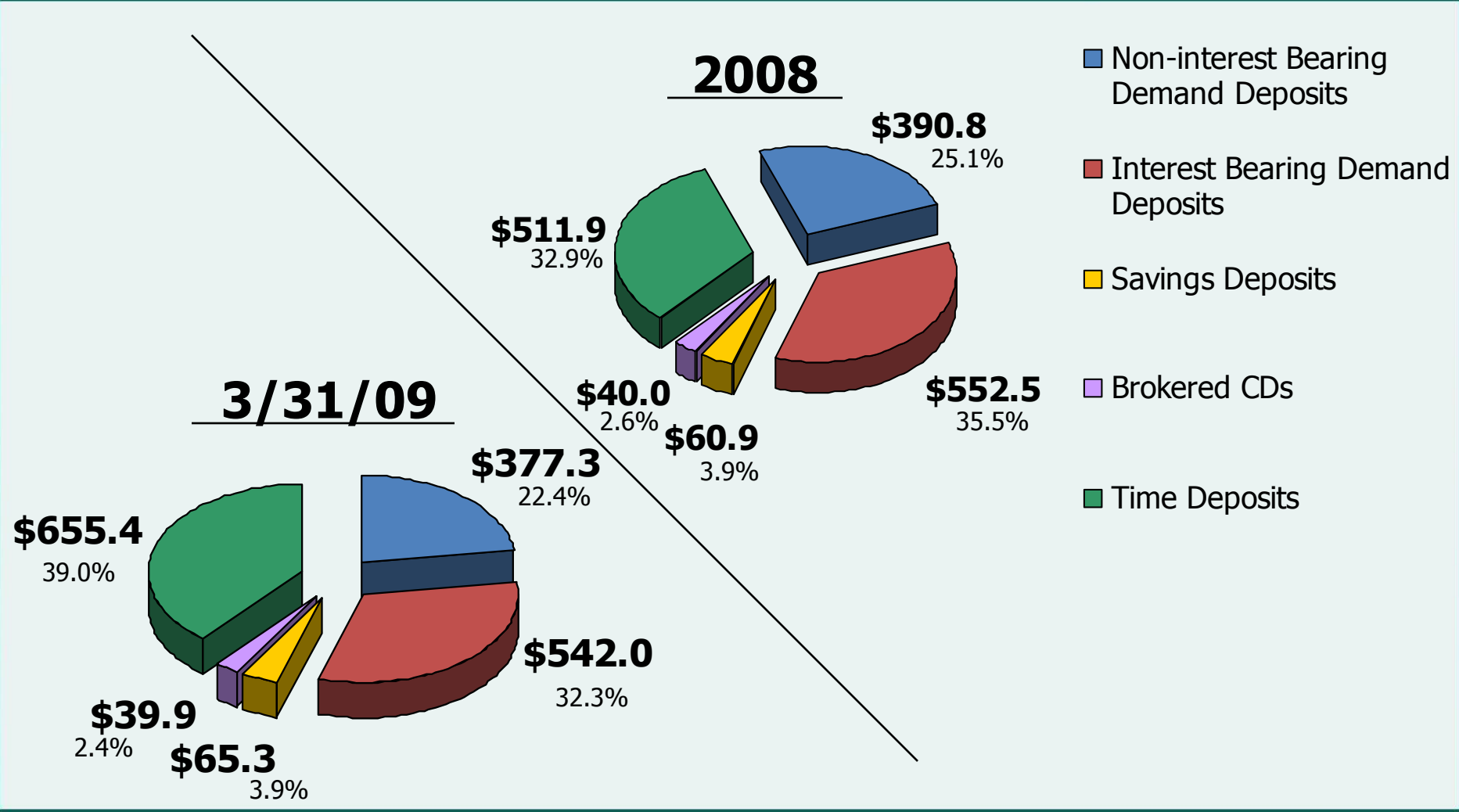


Deposit Growth (Net of brokered CDs)

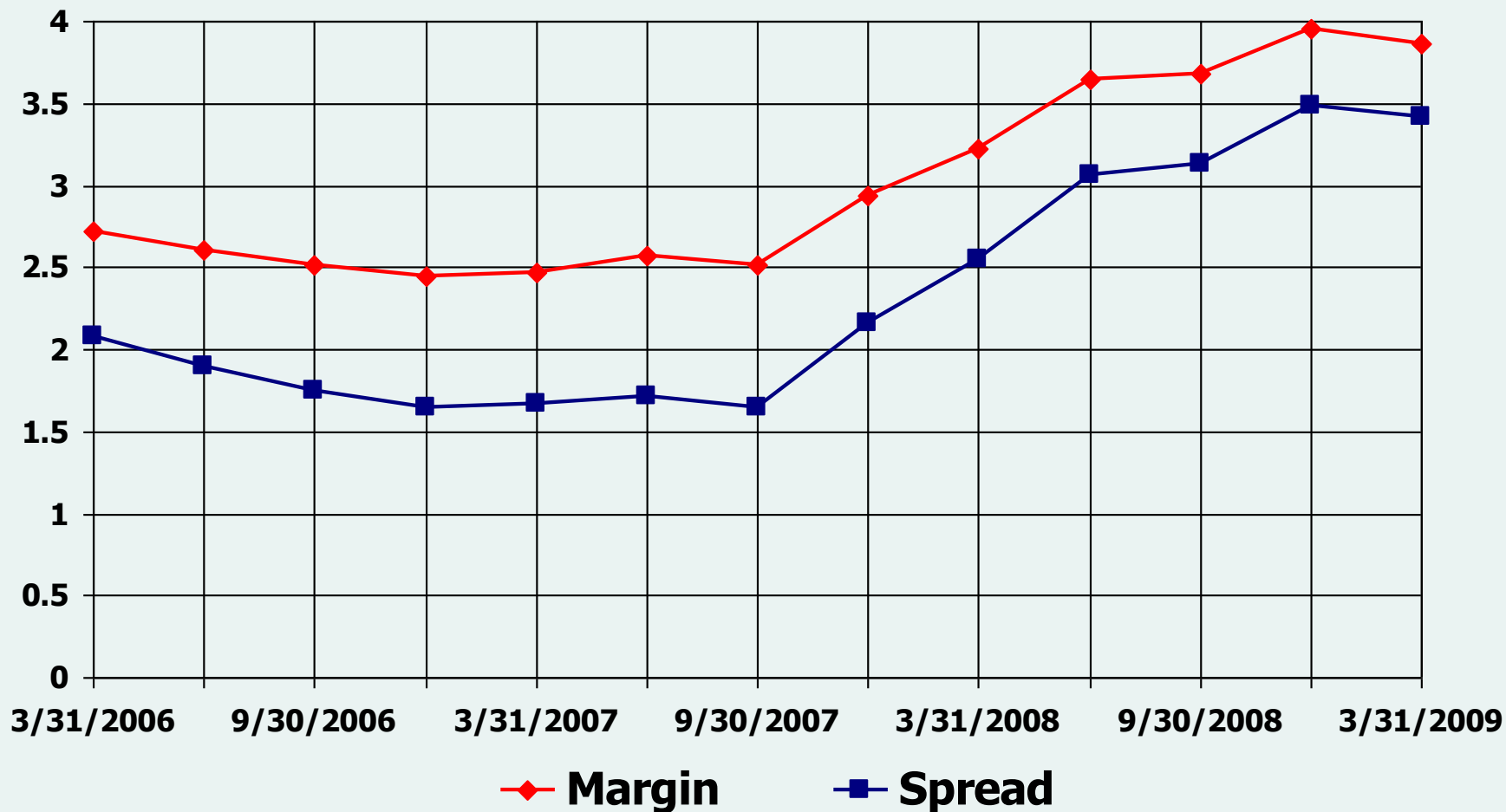
(Dollars in Millions)



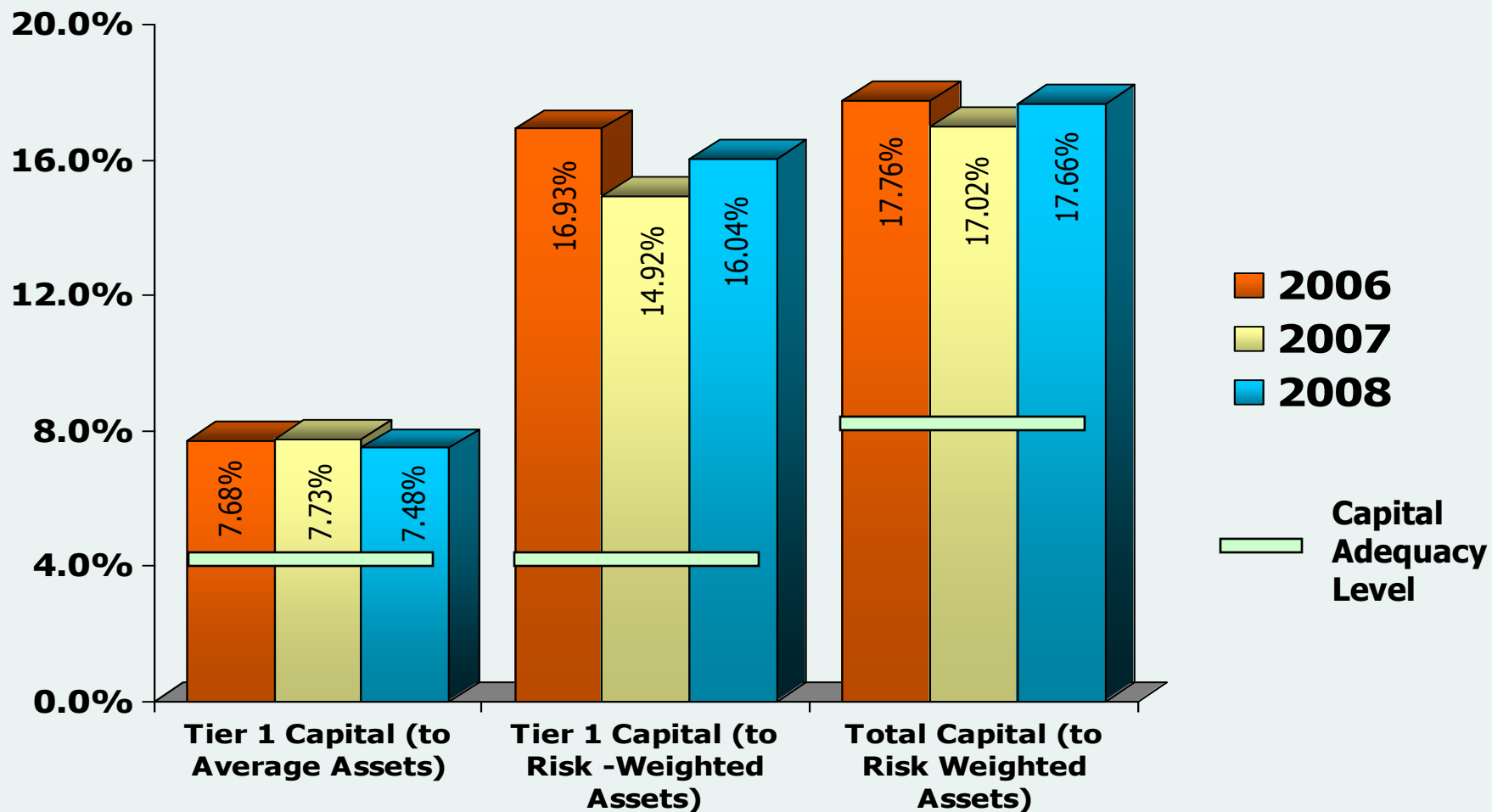
Composition of Deposits



Net Interest Spread and Margin



Capital Levels



Bottom Line: 2008 Performance

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

Second Quarter Results

| Six Months Ended June 30, | <u>2009</u> | <u>2008</u> | <u>% Chg</u> |
|--------------------------------------|--------------------|--------------------|---------------------|
| Net Income (in thousands) | \$23,522 | \$14,077 | 67.1% |
| EPS (diluted) | \$ 1.57 | \$ 0.94 | 67.0% |
| ROE | 27.00% | 20.06% | |
| ROA | 1.74% | 1.27% | |
| Efficiency Ratio | 56.94% | 56.77% | |

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