

**KBW**  
**Presentation**  
**2010**

**SOUTHSIDE BANCSHARES, INC.**



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## 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, 2009 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 \$3.0 billion
  - Total Securities \$1.7 billion
  - Total Loans \$1.0 billion
  - Total Deposits \$1.9 billion
  - Total Equity \$219 million

6/30/10

NASDAQ: SBSI  
Southside.com

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# Company Profile



- Market Capitalization \$301 million
- Cash Dividend Yield 3.5%
- Insider Ownership 9.1%
- Institutional Ownership 35.8%

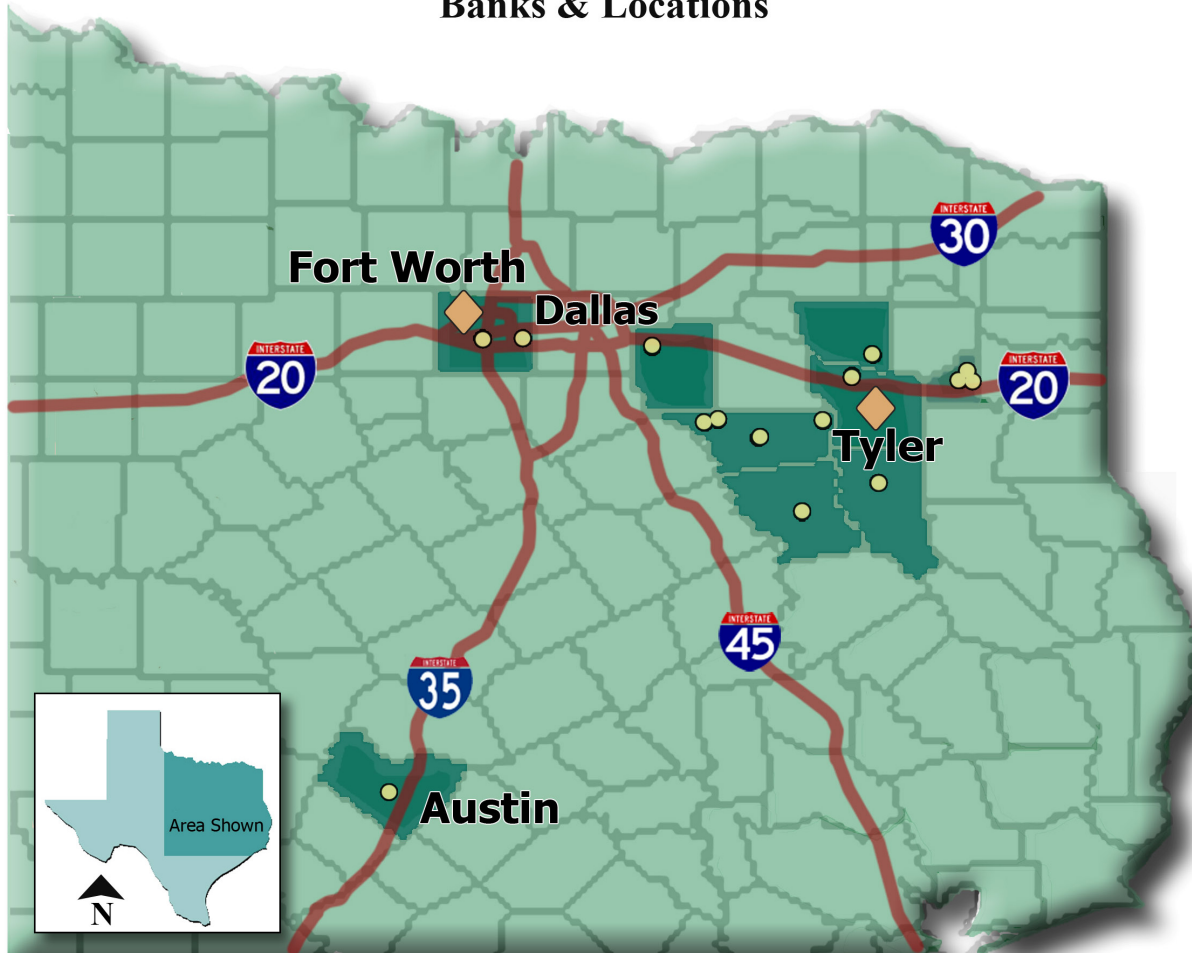
7/19/10

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# SOUTHSIDE BANK

## Banks & Locations



### Regional Hubs: ◆

Tyler (Headquarters)(\*12)  
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.

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# SOUTHSIDE BANCSHARES, INC.



Images of East Texas





Economic  
Drivers



# Leadership & People



## - Seasoned Executive Management Team

<u>Executive</u>	<u>Position</u>	<u>Years with Company</u>
Bill Hartley	Chairman/CEO	50
Sam Dawson	President/COO	36
Jeryl Story	SEVP/CLO	31
Lee Gibson	SEVP/CFO	26

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# 2010 Outlook



- Strategic expansion of branch network
- Monitor credit underwriting standards given current economic situation
- Manage balance sheet to complement organic growth strategy

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# Investment Highlights



- Track record for stable earnings & cash dividend growth
- Attractive markets
- Seasoned management team

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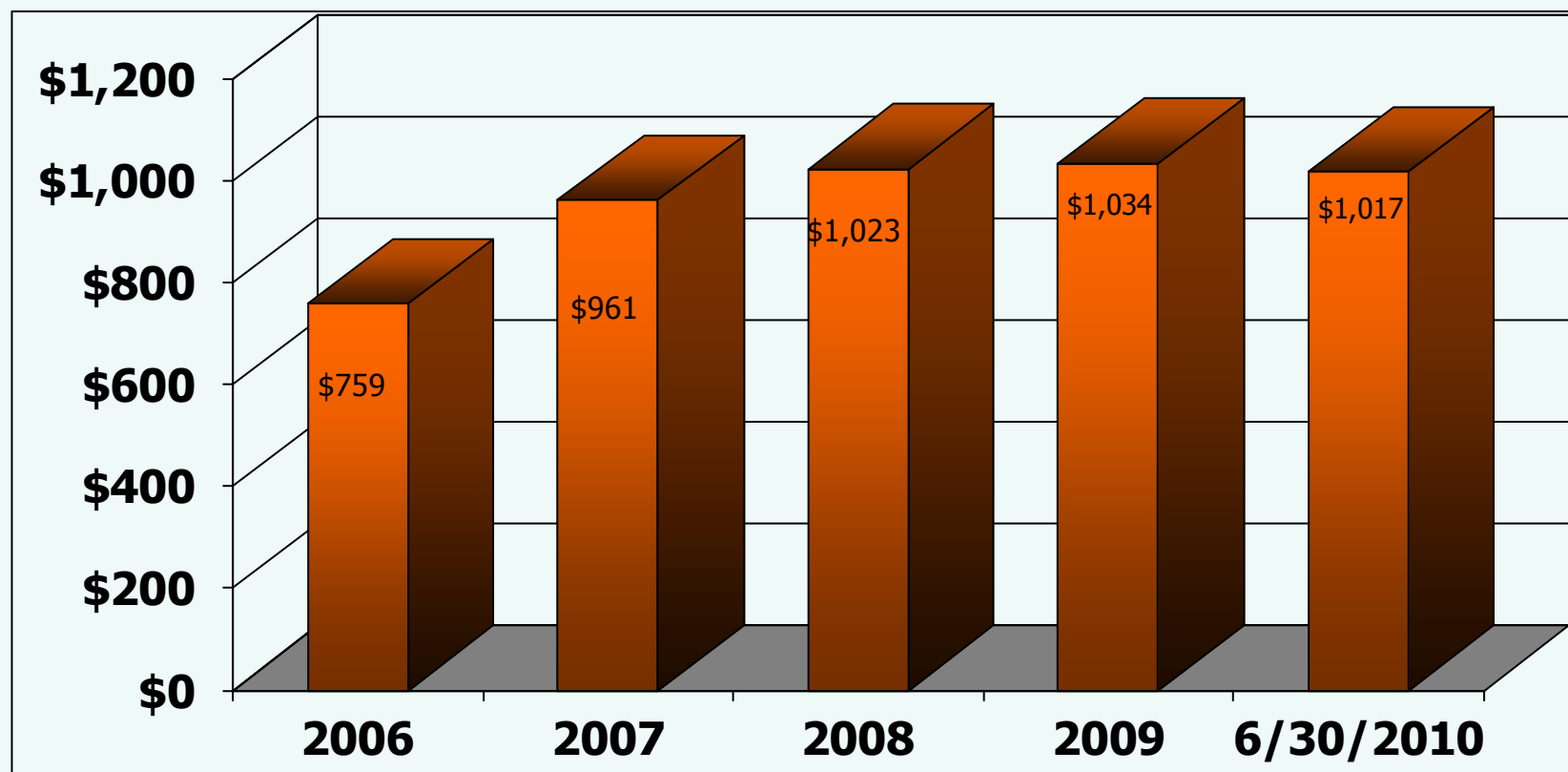


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# Loan Growth

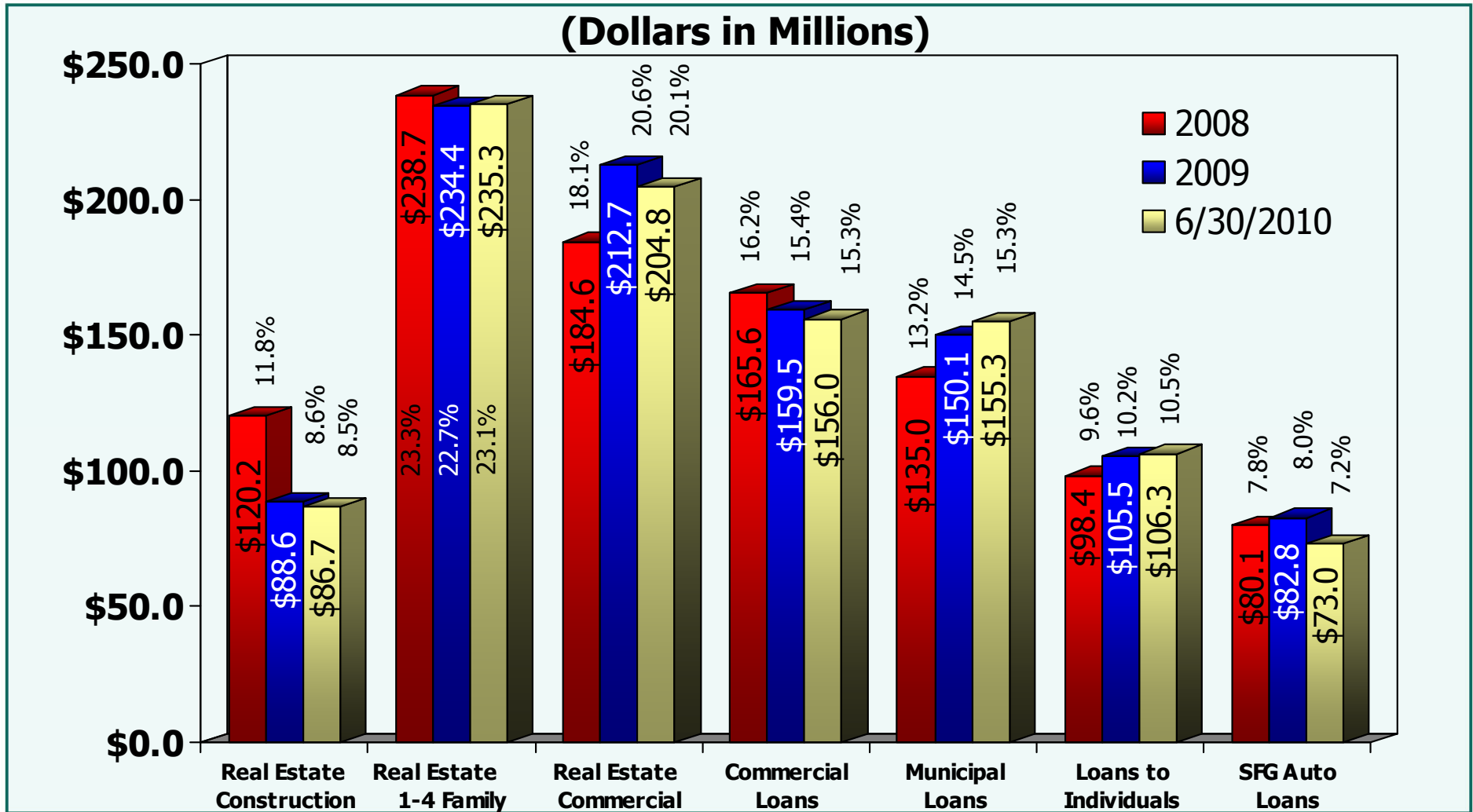


Total Loans Outstanding

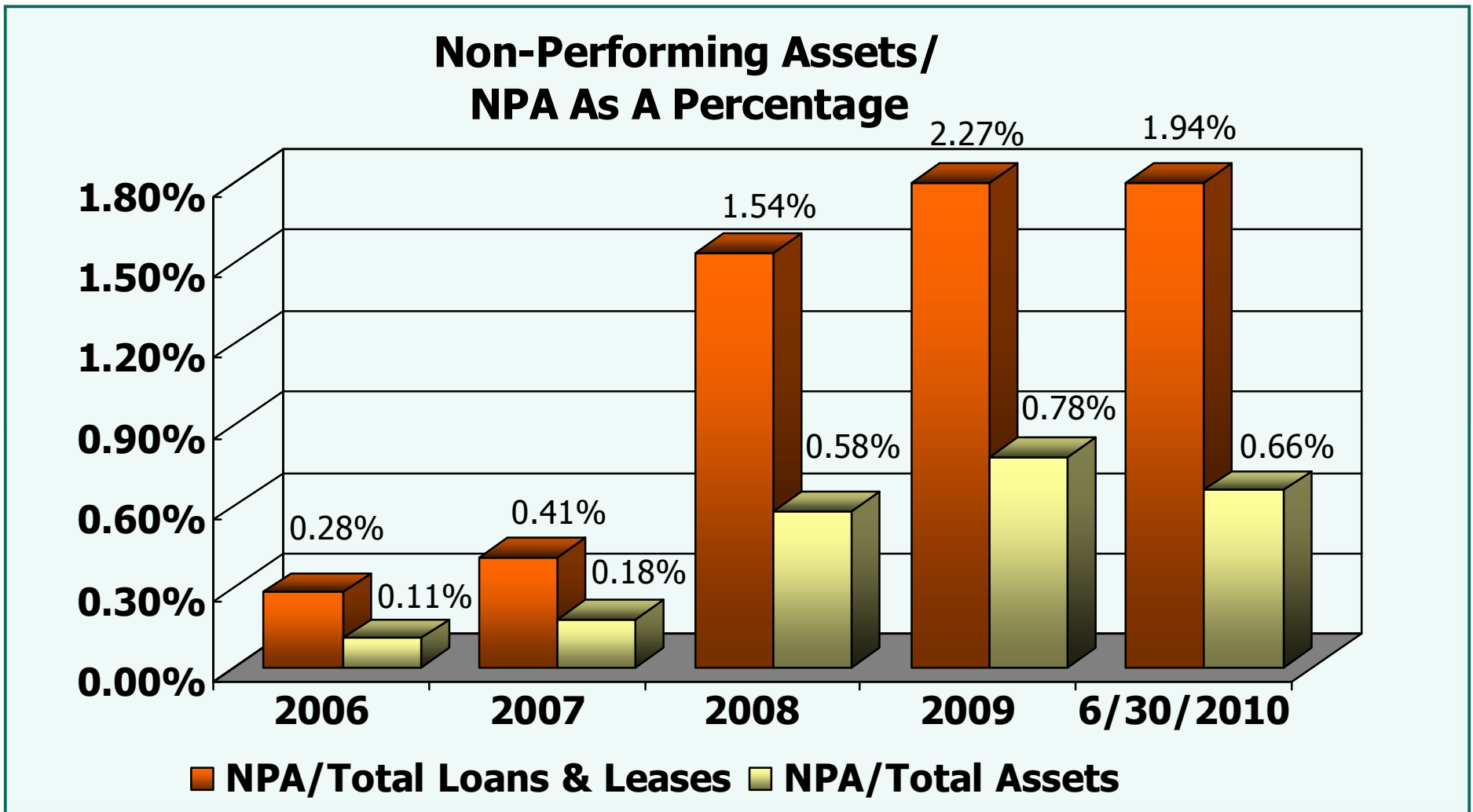


■ Dollars in Millions

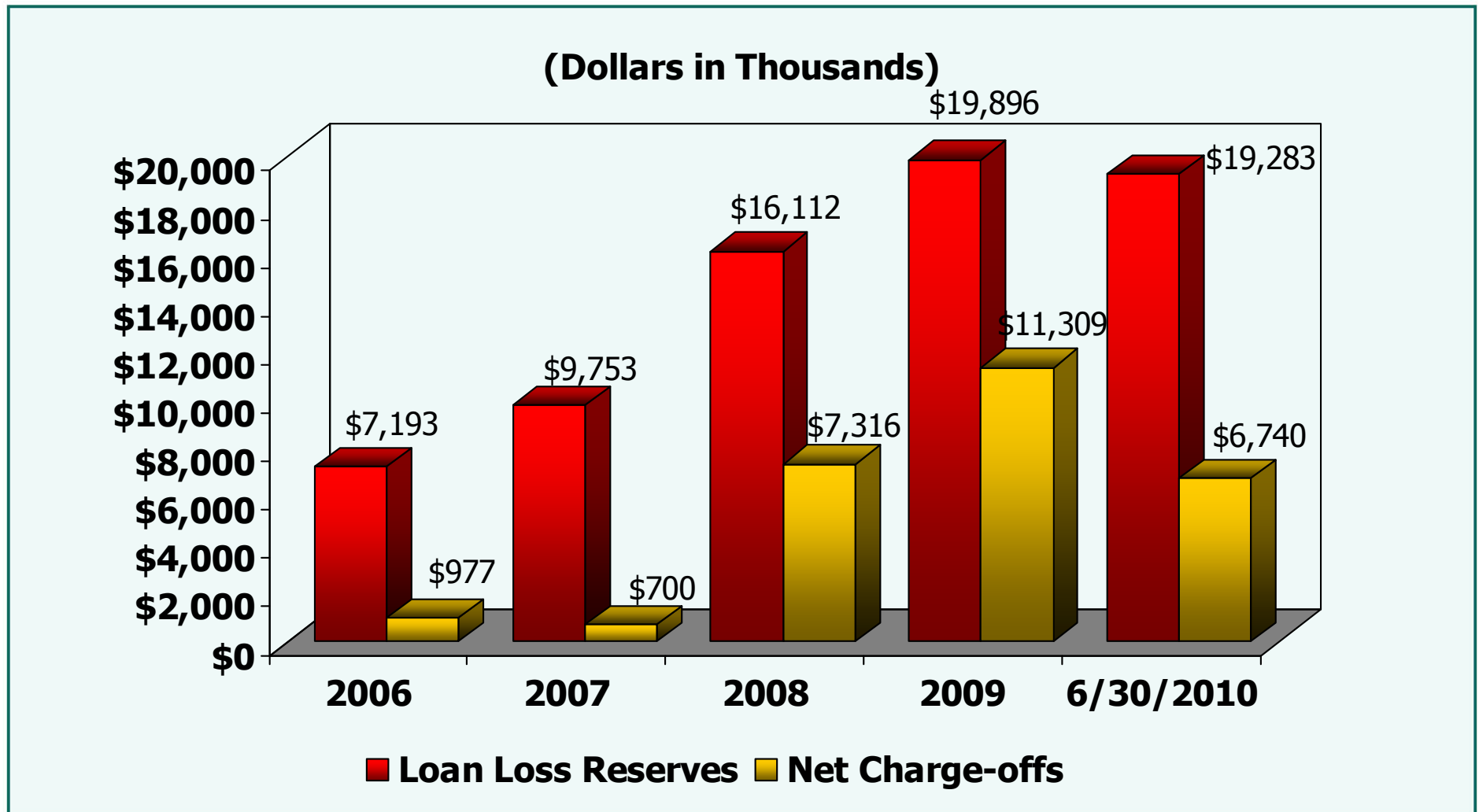
# Loan Portfolio Composition



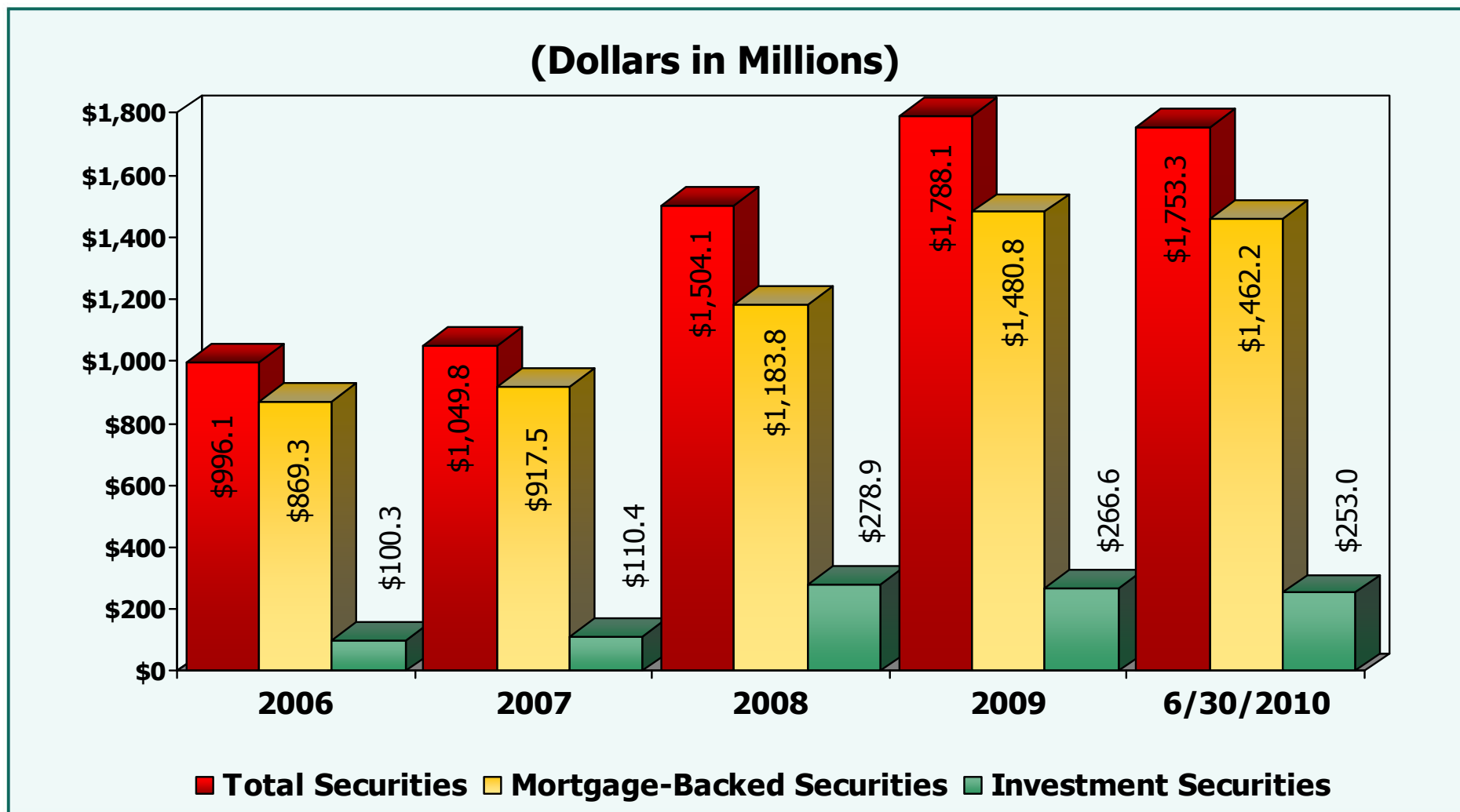
# Asset Quality



# Asset Quality



# Securities Portfolio



# Investment Portfolio Performance



## Southside Bank Performance

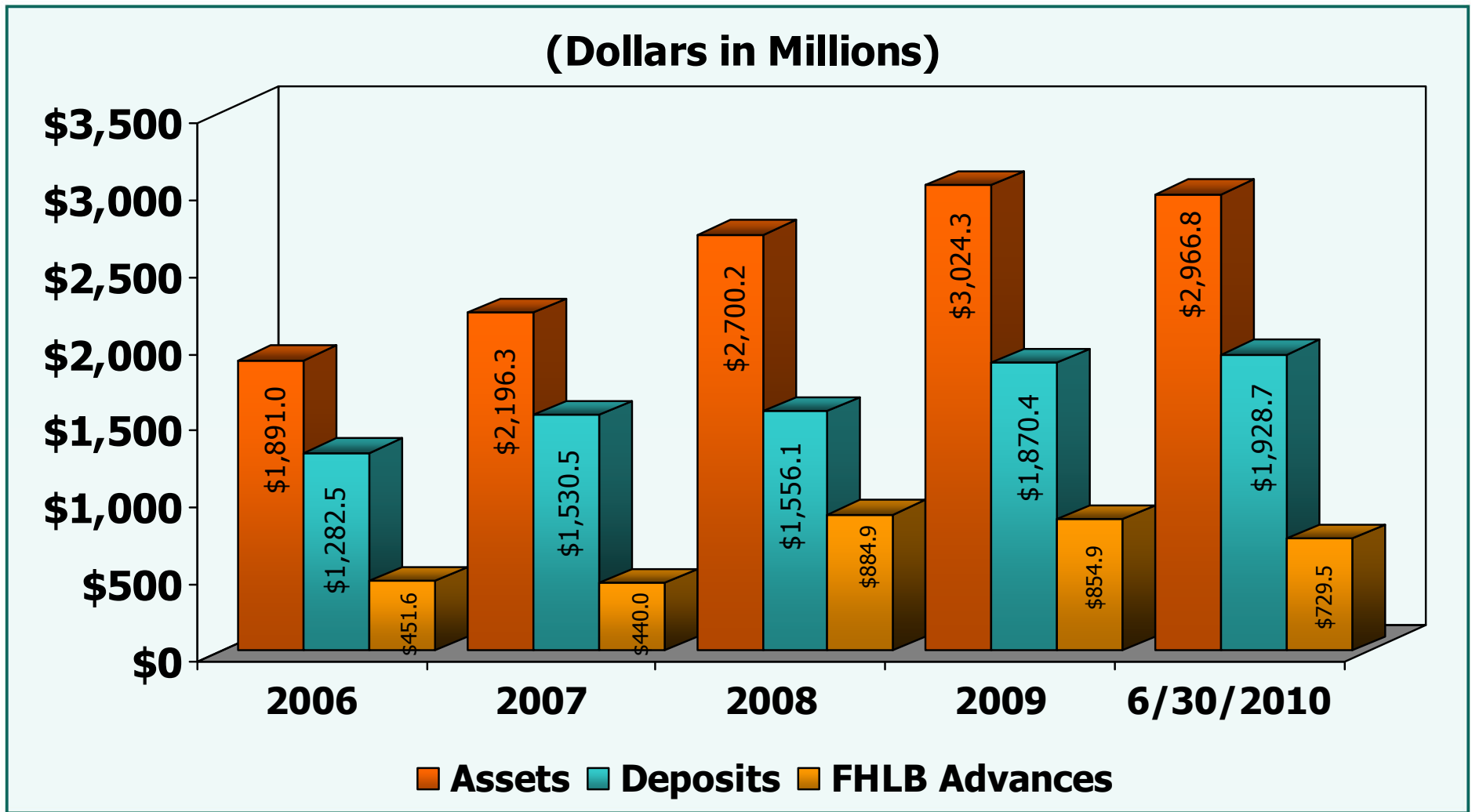
One Year	87 <sup>th</sup> percentile
Three Year	99 <sup>th</sup> percentile
Five Year	98 <sup>th</sup> percentile
Overall Rank	99 <sup>th</sup> percentile

Distributions by percentile for the 956 largest banks in the U.S. based on total return; all investments marked-to-market.  
Source: IDC Report Period 12/31/09

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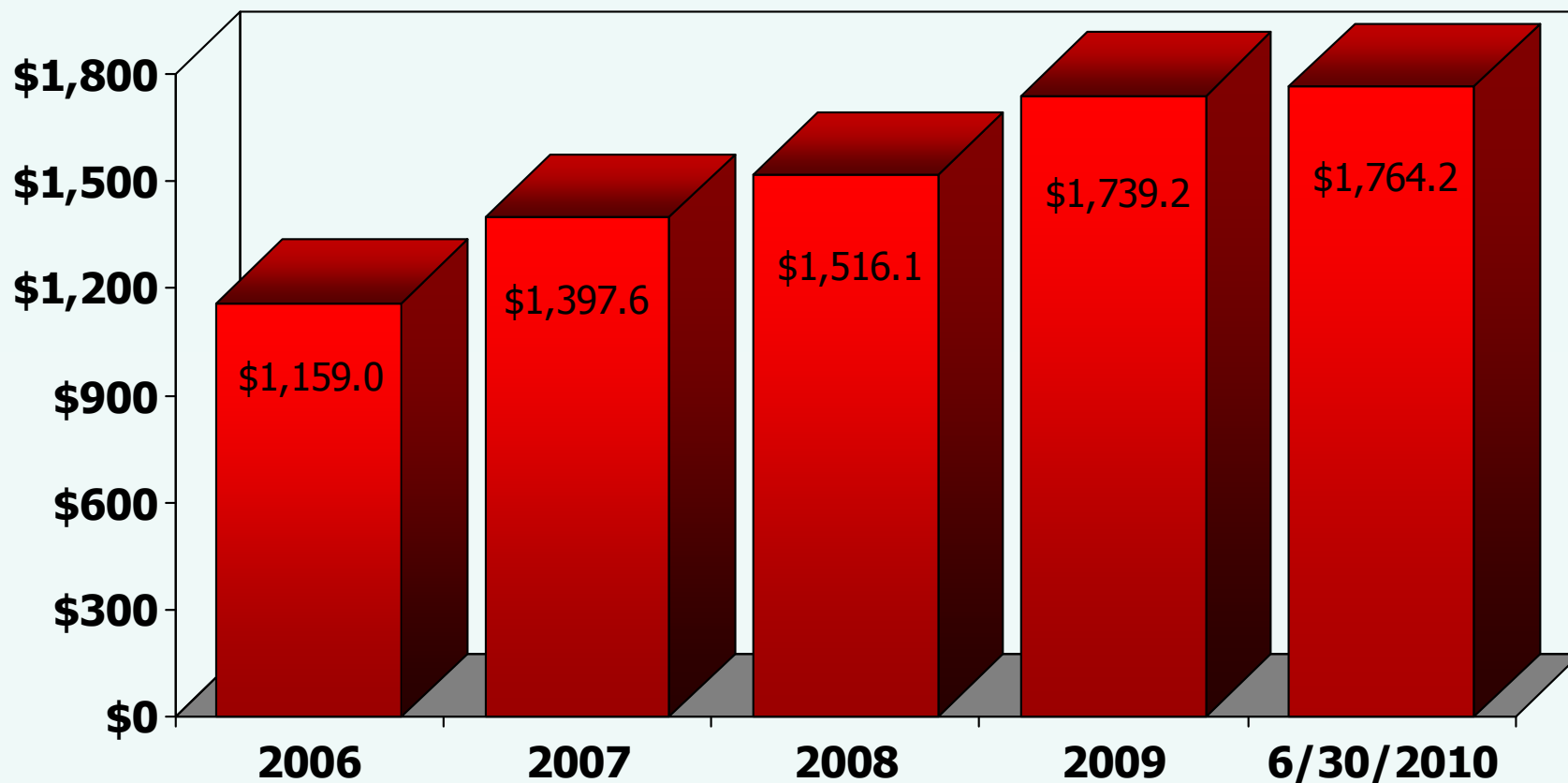
# Balance Sheet Growth - Liabilities



# Deposit Growth (Net of brokered CDs)



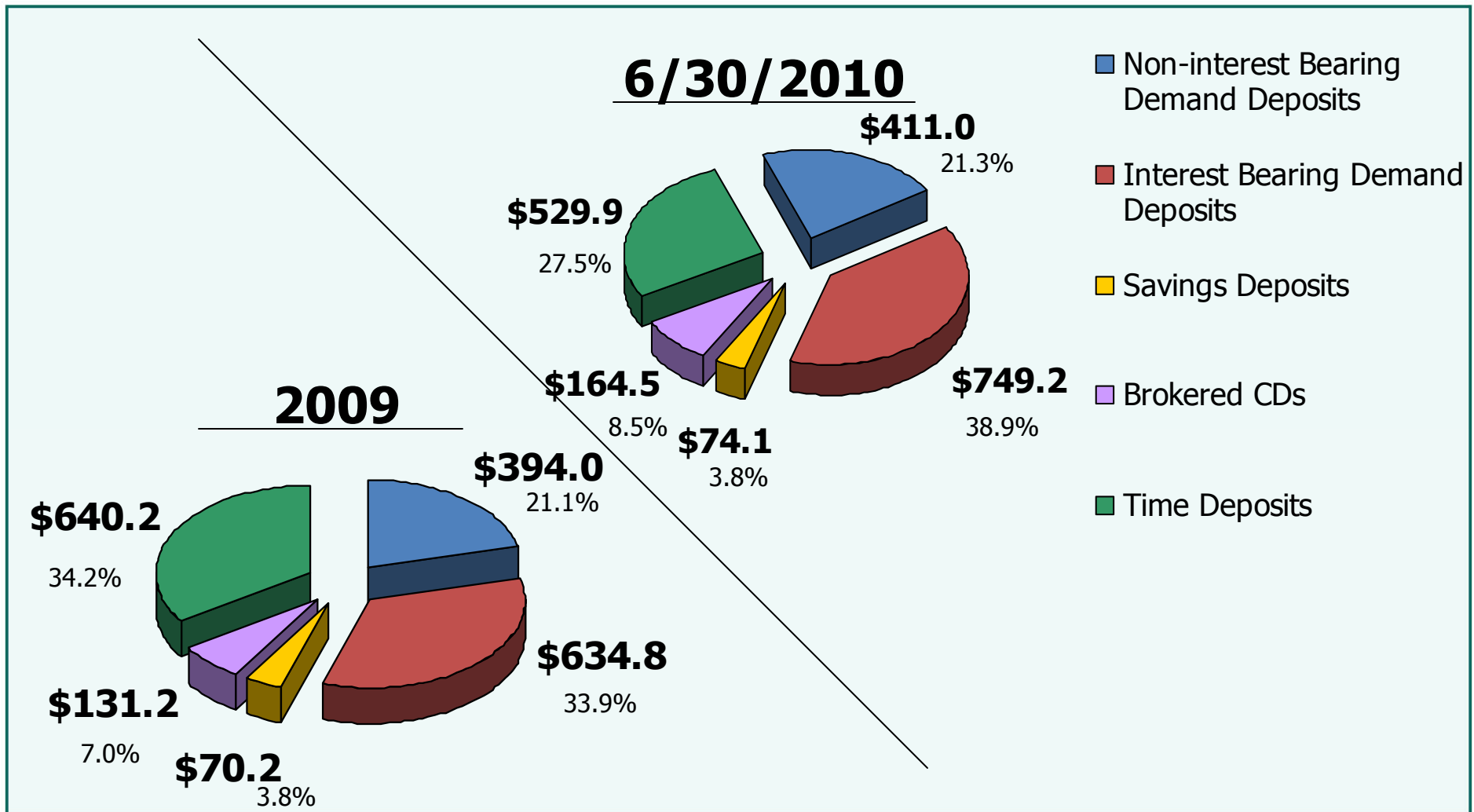
(Dollars in Millions)



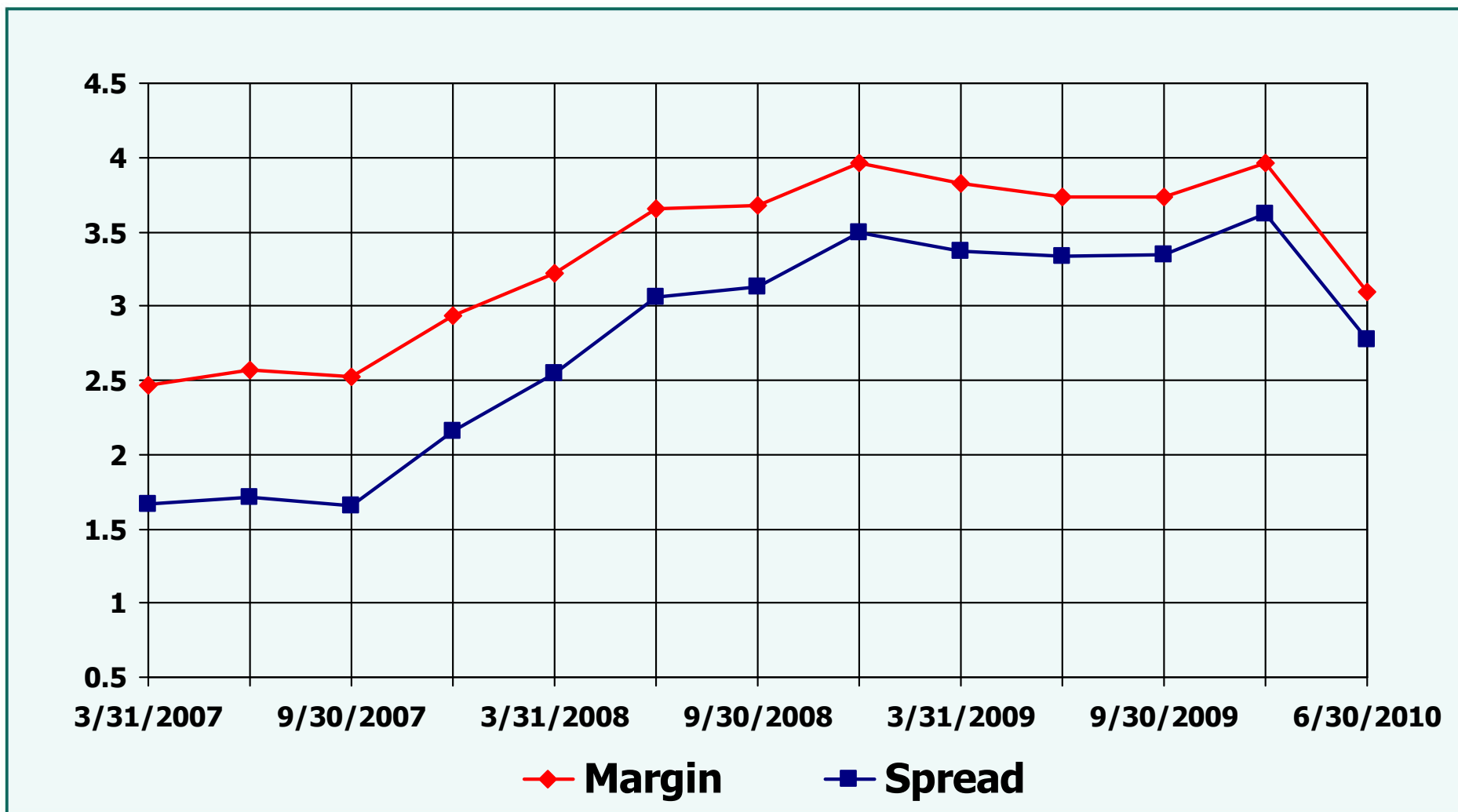
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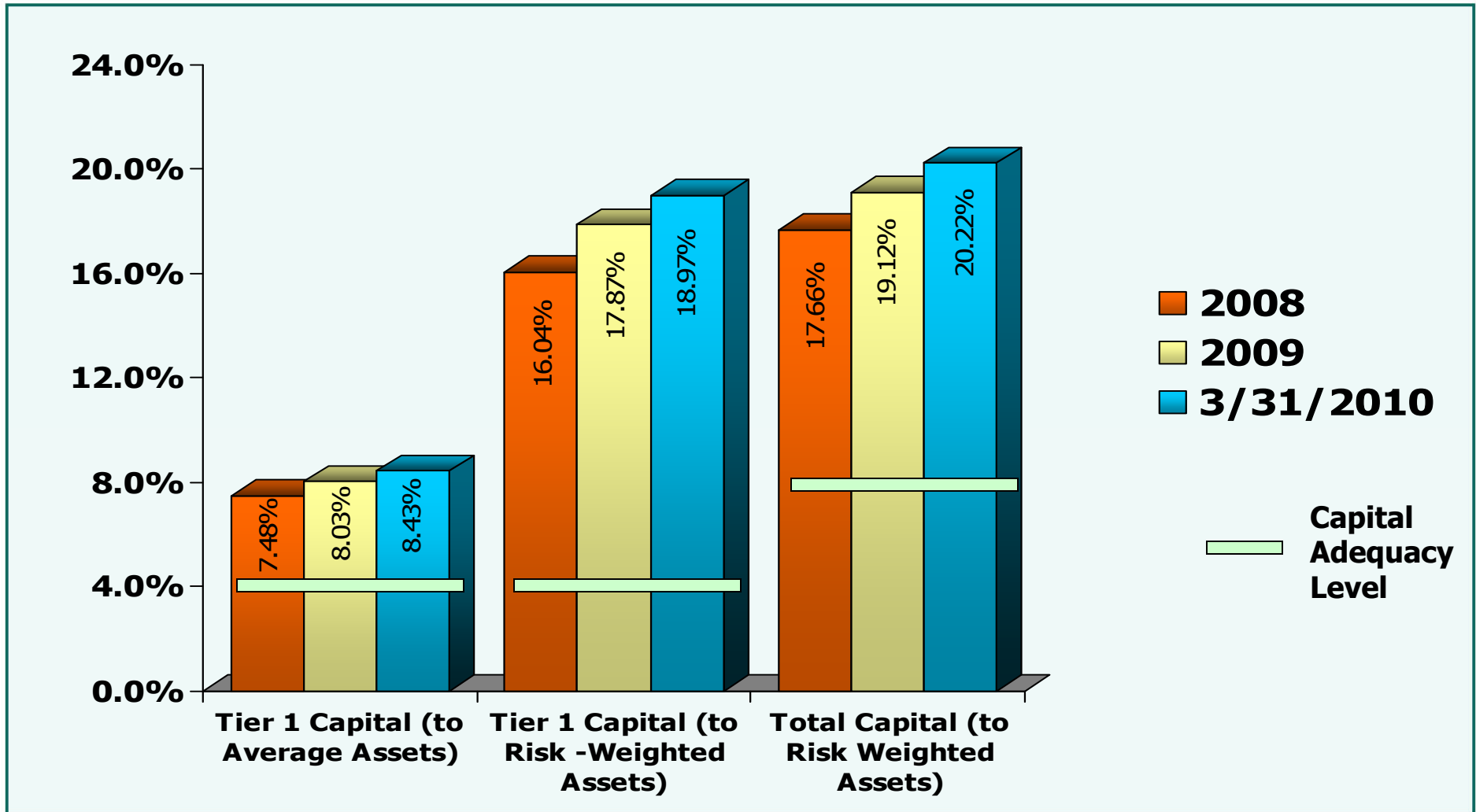
# Composition of Deposits



# Net Interest Spread and Margin



# Capital Levels



## Bottom Line: 2009 Performance



	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>% Chg</u></b>
Net Income (in thousands)	\$44,396	\$30,696	44.6%
EPS (diluted)	\$ 2.82	\$ 1.96	43.9%
ROE	23.69%	21.44%	
ROA	1.58%	1.29%	
Efficiency Ratio	55.57%	54.85%	

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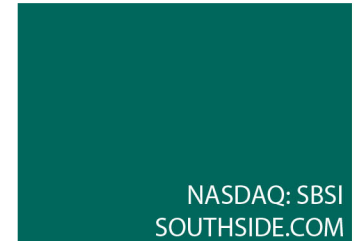
# 2010 Performance First Six Months



<b>Six Months Ended June 30,</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Net Income (in thousands)	\$20,897	\$23,522
EPS (diluted)	\$ 1.32	\$ 1.50
ROE	20.00%	27.00%
ROA	1.42%	1.74%
Efficiency Ratio	58.87%	56.94%

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