



Thinking Big,  
Dreaming Big.

# SOUTHSIDE BANCSHARES, INC.

Southside.com

NASDAQ: SBSI

KBW  
2012

# Forward-Looking Statements

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Certain statements of other than historical fact that are contained in this document and in other 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 about trends in asset quality, liquidity, growth and earnings and certain market risk disclosures, including the impact of interest rate uncertainty, 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, 2011 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.

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# Sam Dawson

President and Chief Executive Officer

# Lee Gibson

Senior Executive Vice President and  
Chief Financial Officer

## Company Profile

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- Total Assets \$3.40 billion
- Total Loans \$1.18 billion
- Total Securities \$1.95 billion
- Total Deposits \$2.40 billion
- Total Equity \$263.4 million

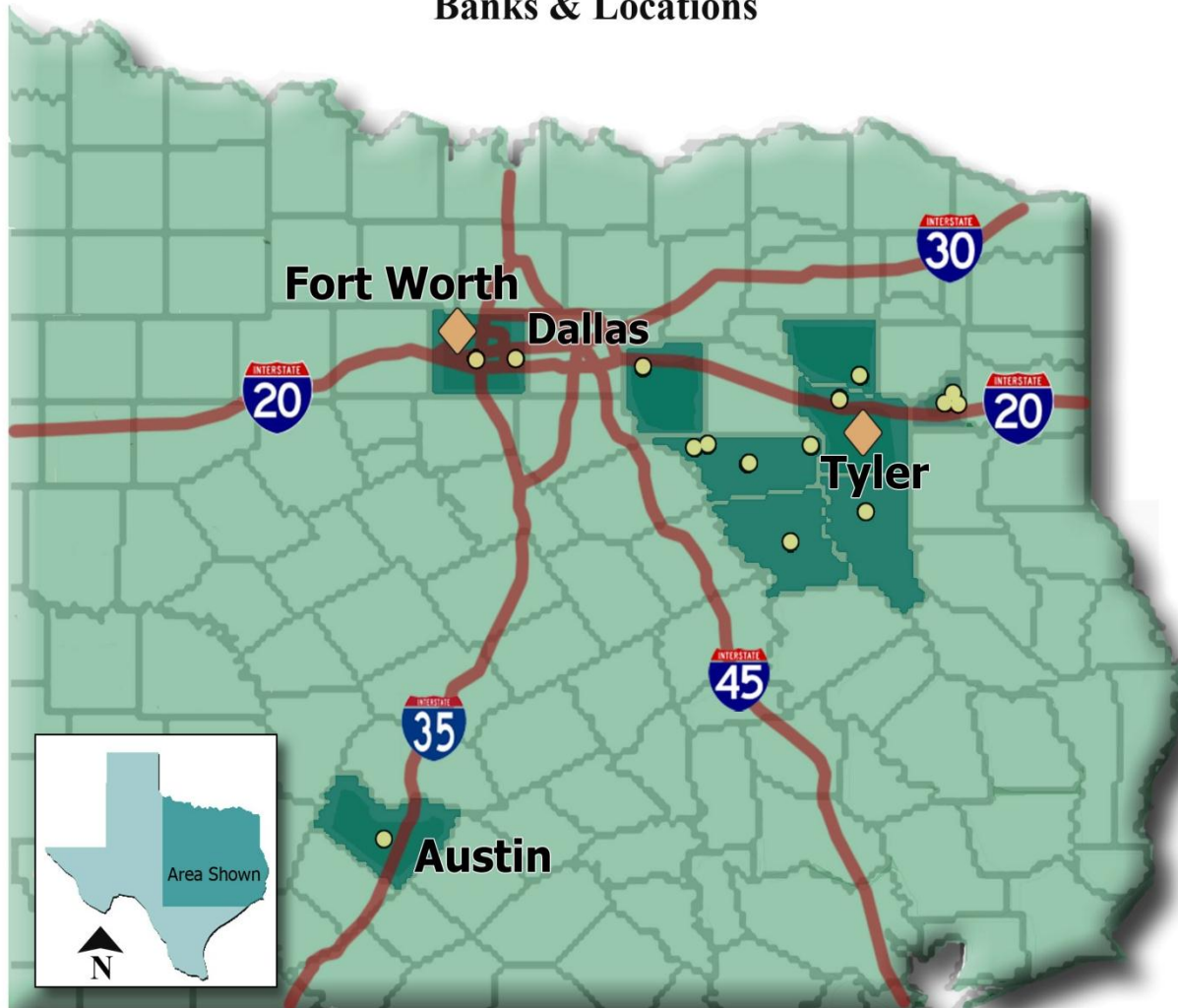
6/30/12

- Market Capitalization \$387.1 million
- Cash Dividend Yield 3.6%
- Insider Ownership 10%
- Institutional Ownership 45.4%

7/24/12

# SOUTHSIDE BANK

## Banks & Locations



### Regional Hubs: ◆

Tyler (Headquarters)(\*13)  
Fort Worth (2)

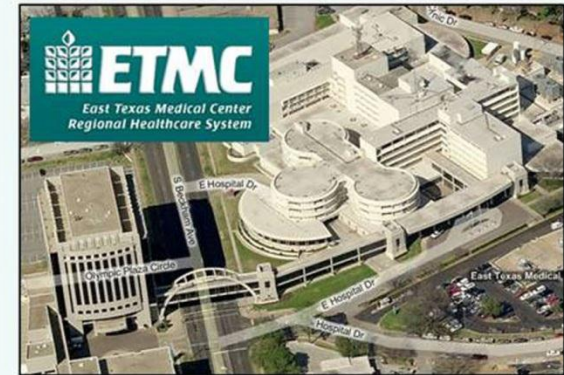
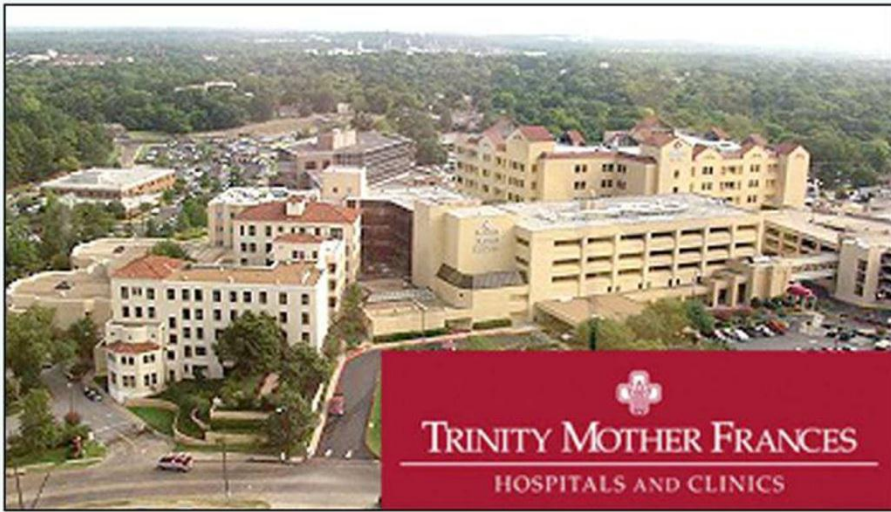
### Branch Locations: ●

Arlington  
Athens  
Austin  
Bullard  
Chandler  
Forney  
Flint  
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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Economic  
Drivers



## Major Employers - Tyler

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Trinity Mother Frances	Medical Care	3,884
East Texas Medical Center	Medical Care	3,725
Brookshires Grocery Company	Grocery Distribution	2,524
Tyler Independent School District	Education	2,464
Wal-Mart	Retail	1,711
The Trane Co.	Air Conditioning Units	1,575
Suddenlink	Cable, Internet, Phone	1,197
UT Health Center at Tyler	Medical Care/ Research	849
Carrier Corp.	Air Conditioning Units	795
Tyler Junior College	Education	786
Smith County	Government	775
City of Tyler	Government	761
Target Distribution Center	Retail Distribution	700
Southside Bank	Banking Services	600
The University of Texas at Tyler	Education	565
John Soules Foods	USDA Meat Processing	470
Tyler Pipe	Cast Iron Pipe	363

# Unemployment Rates

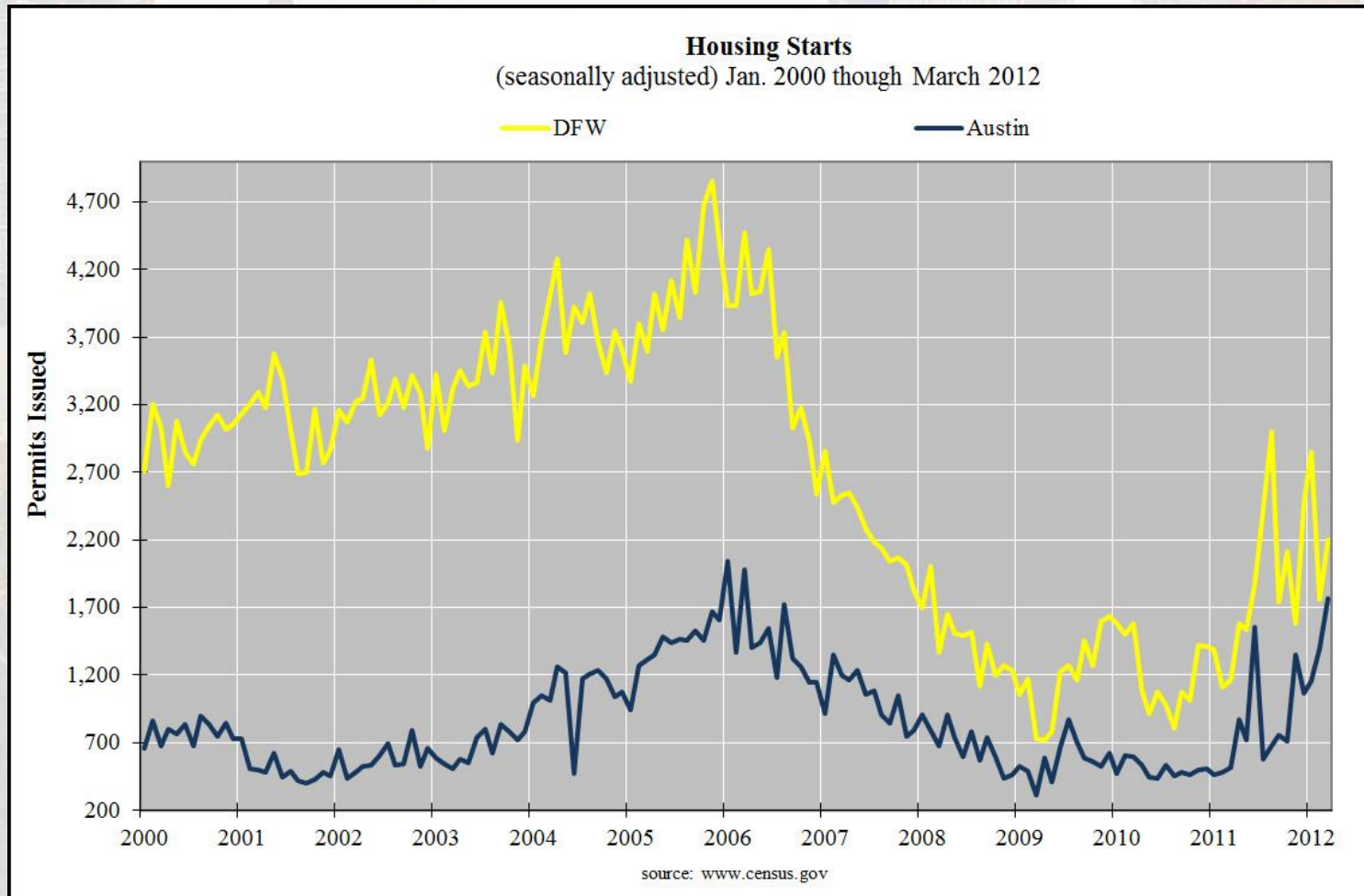
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May 2012

- **Tyler** **6.8%**
- **Longview** **5.9%**
- **Dallas/Ft. Worth** **6.8%**
- **Austin** **5.8%**

# Housing Starts in DFW / Austin

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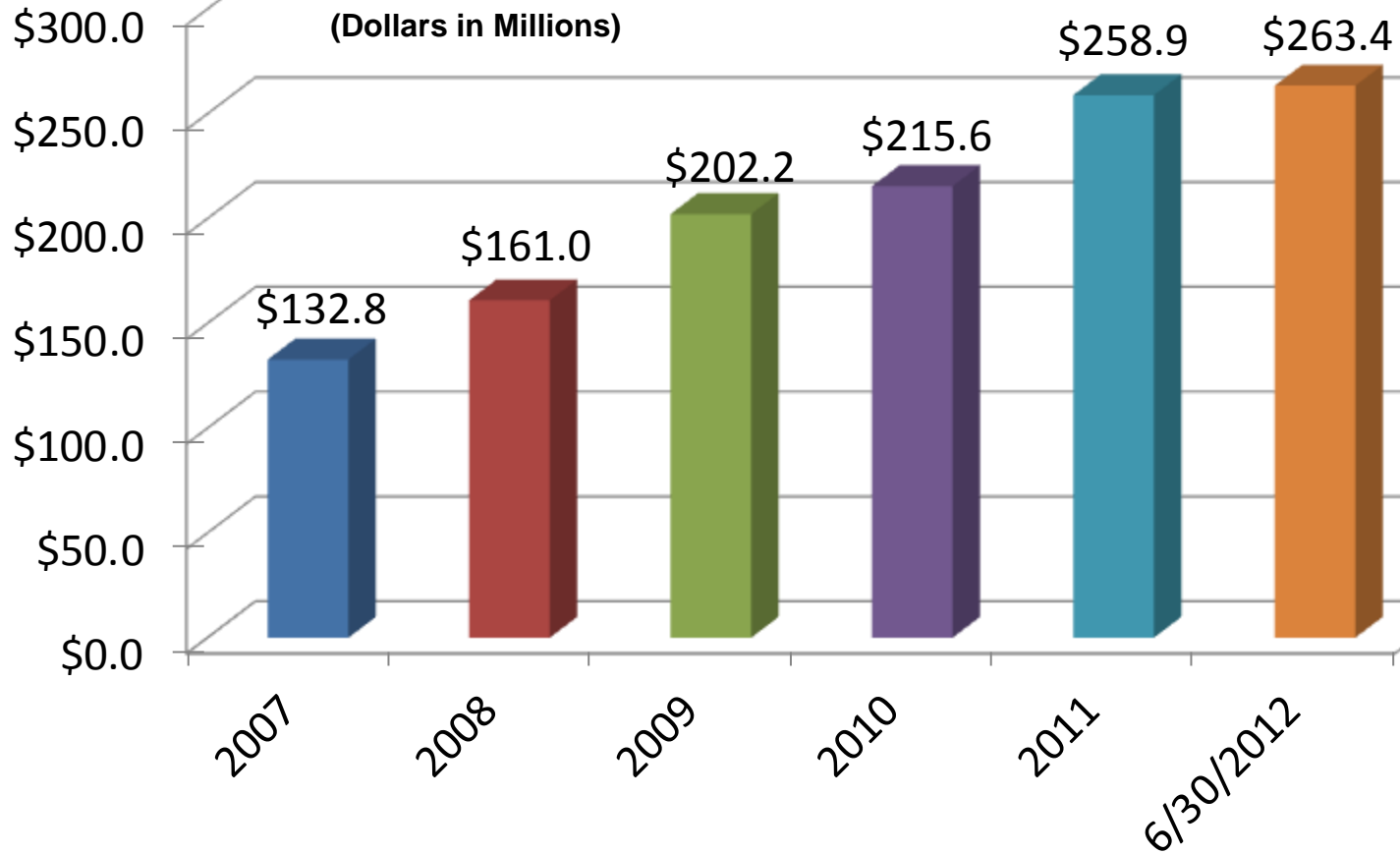


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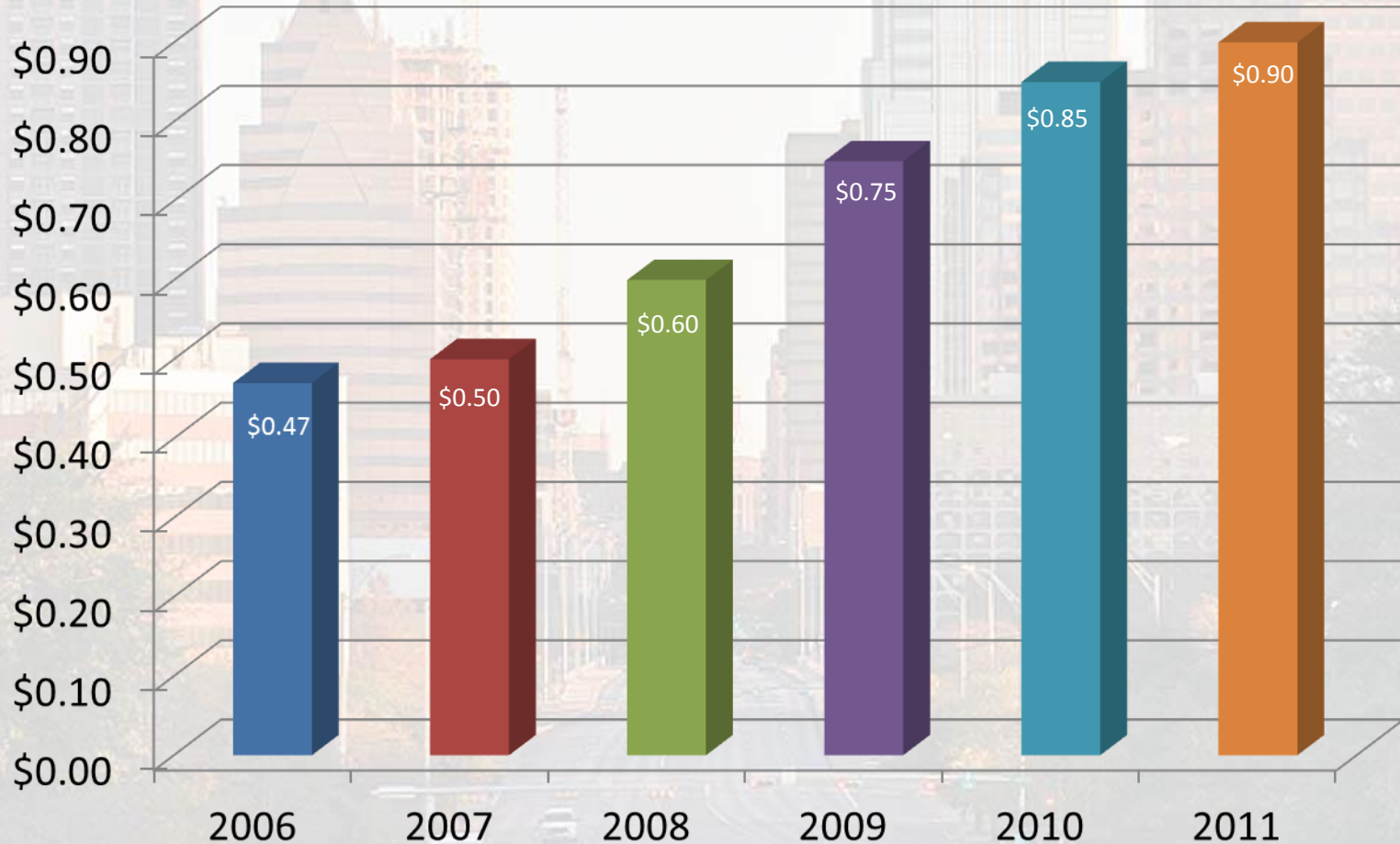
# Total Equity

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# Cash Dividends Per Share

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- Explore strategic franchise expansion
- Regulatory reform
- Continue quality loan growth
- Active balance sheet management
- Improve operating efficiency

## Investment Highlights

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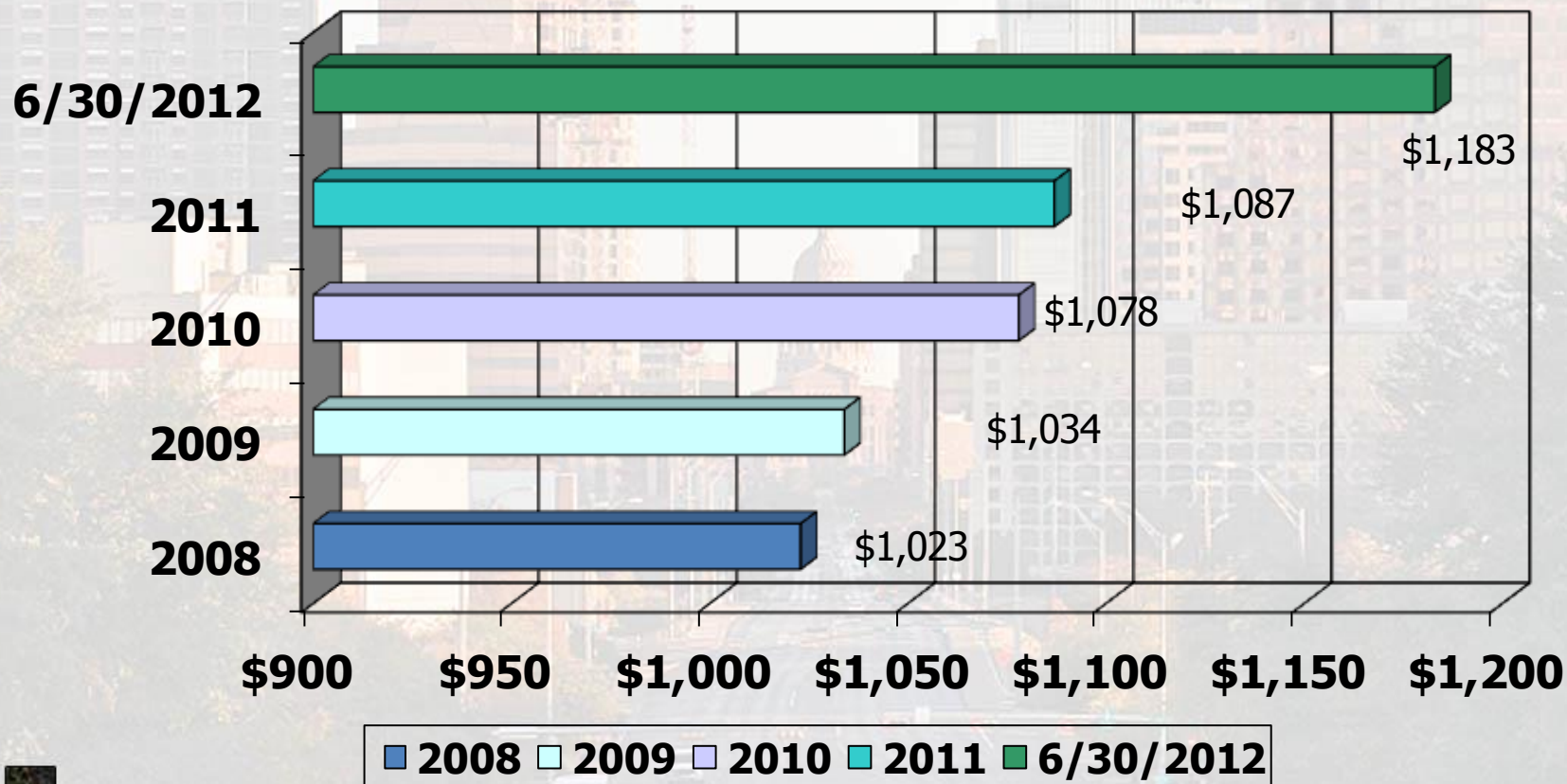
- Strong cash dividend growth
- Track record of stable earnings
- Attractive markets and branch network
- Continued core deposit and loan growth
- Dynamic balance sheet management
- Seasoned management team

# Loan Growth

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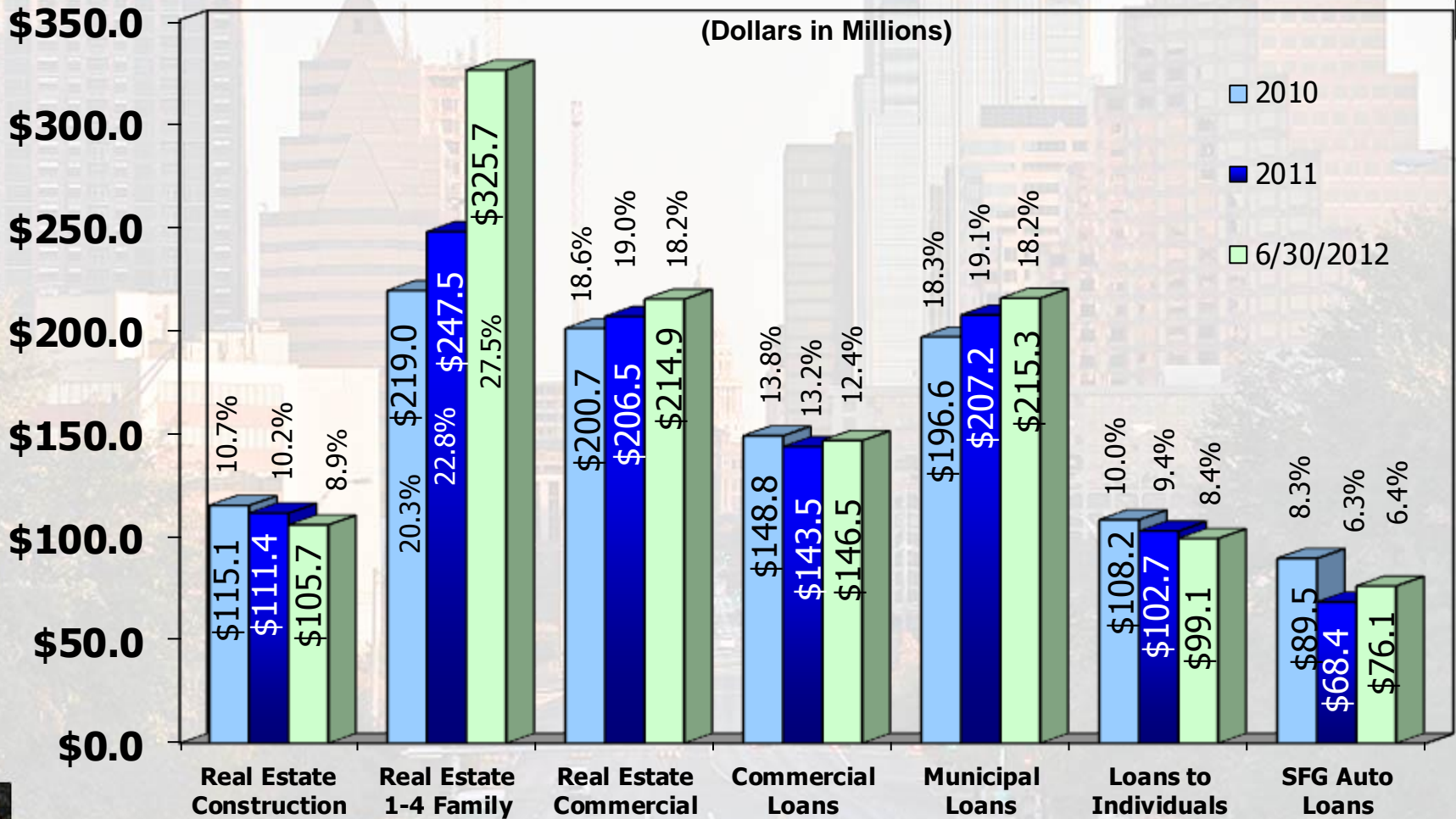
## Total Loans Outstanding

(Dollars in Millions)



# Loan Portfolio Composition

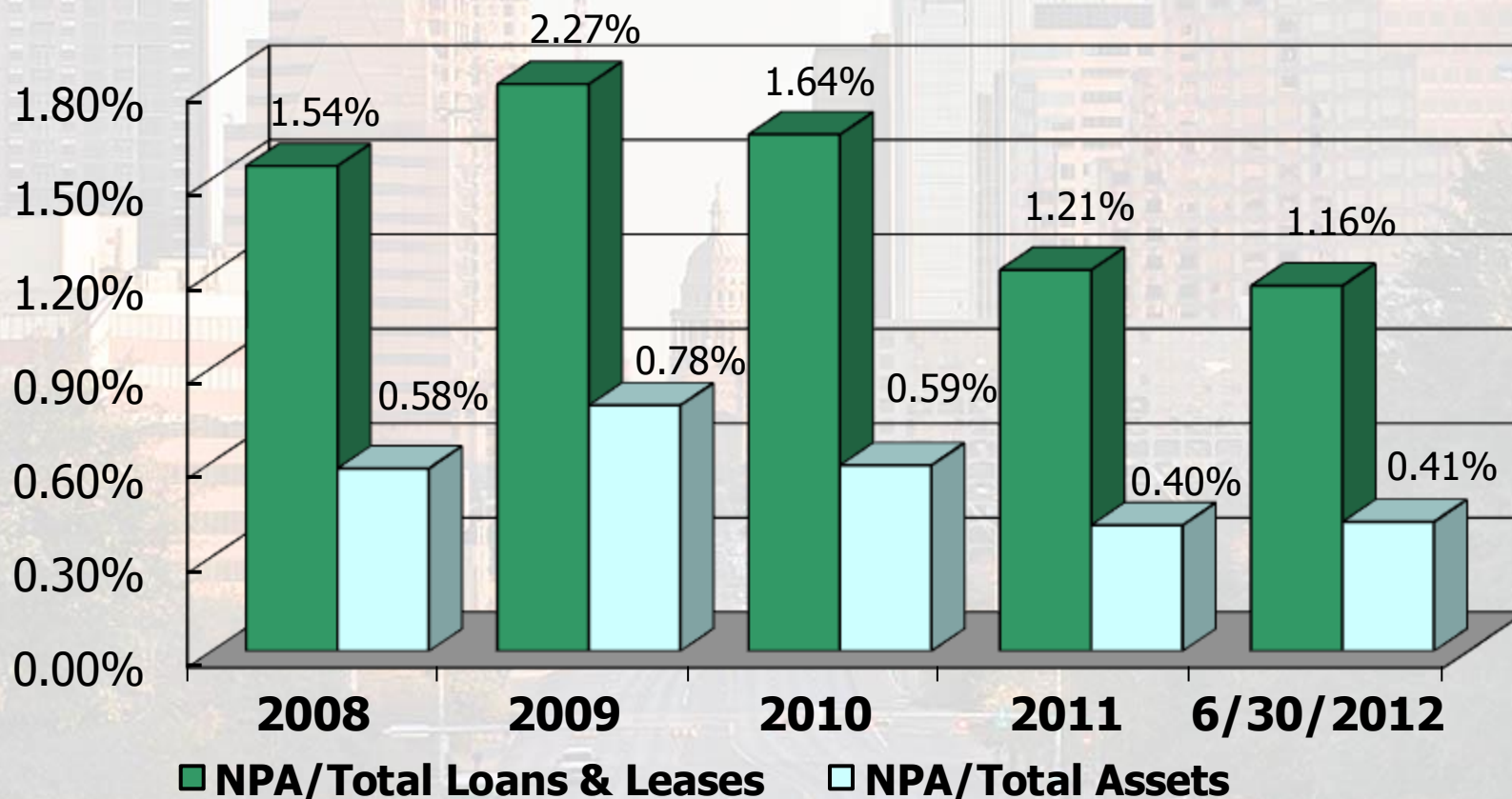
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# Asset Quality

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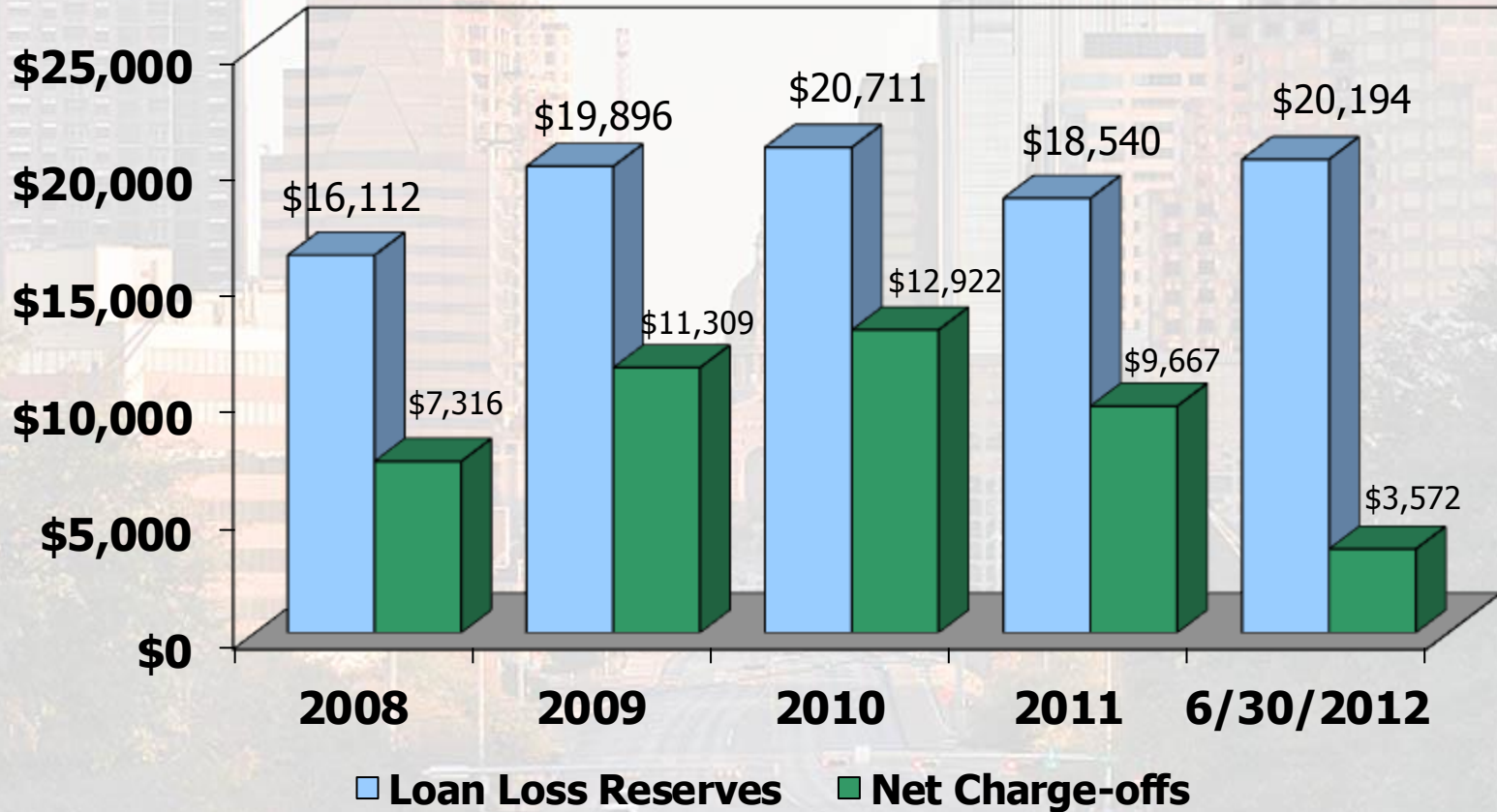
Non-Performing Assets/  
NPA As A Percentage



# Asset Quality

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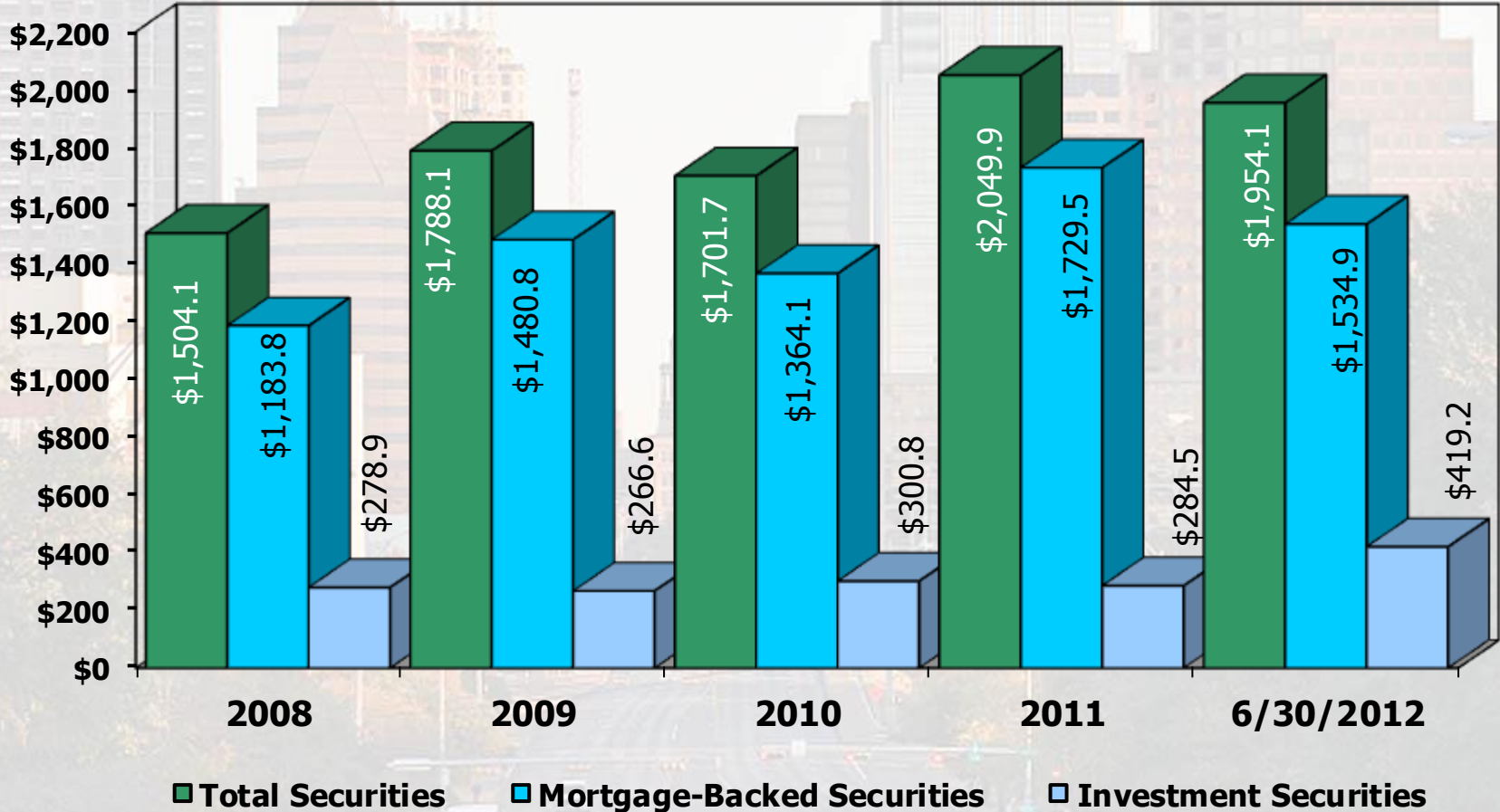
(Dollars in Thousands)



# Securities Portfolio

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(Dollars in Millions)



Southside Bank Performance

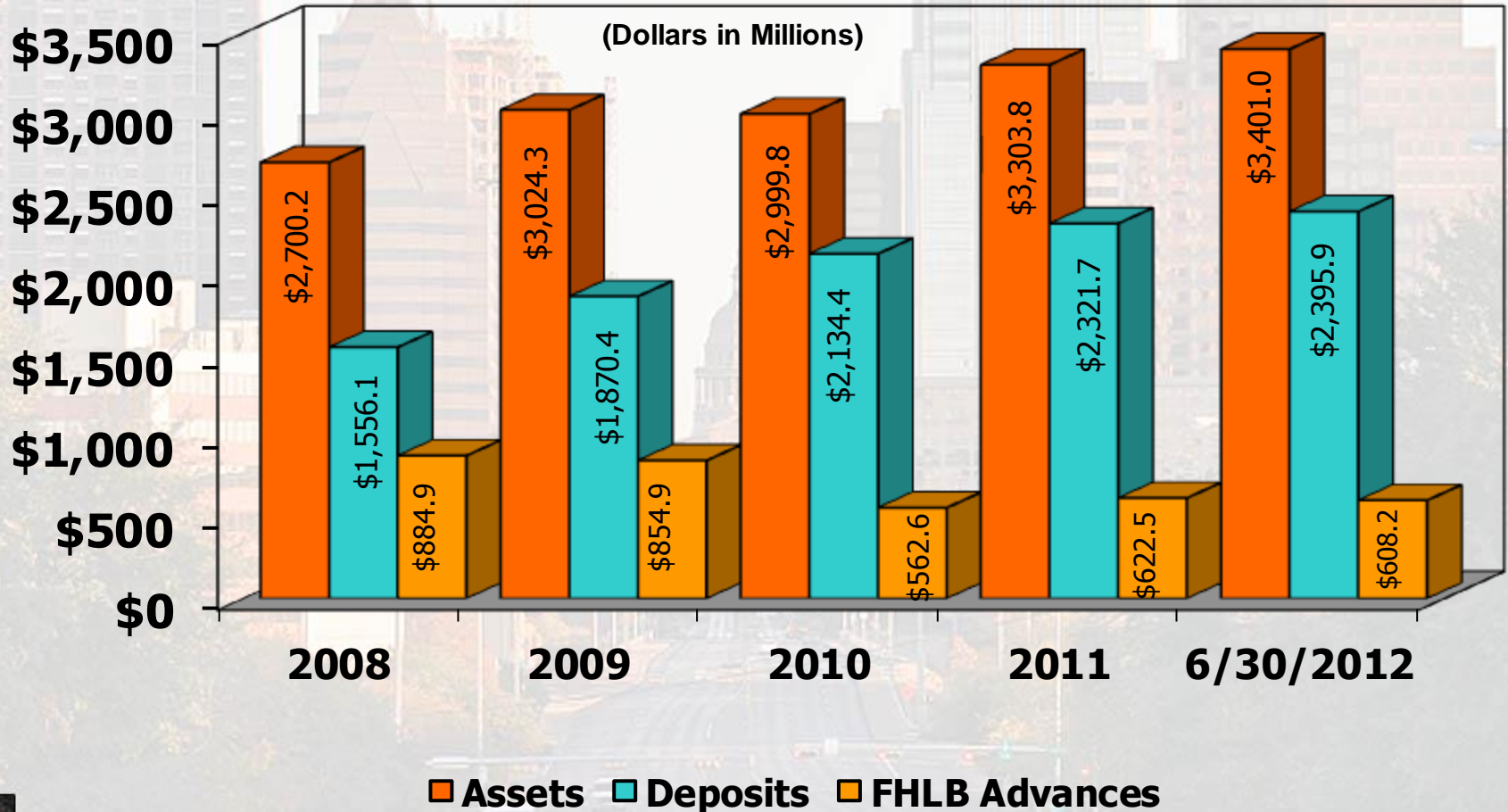
One Year	93 <sup>rd</sup> Percentile
Three Year	91 <sup>st</sup> Percentile
Five Year	98 <sup>th</sup> Percentile
Overall Rank	98 <sup>th</sup> Percentile

Distributions by percentile for the 893 largest banks in the U.S. based on total return; all investments marked-to-market.

Source: IDC Report Period 3/31/2012

# Balance Sheet Growth - Liabilities

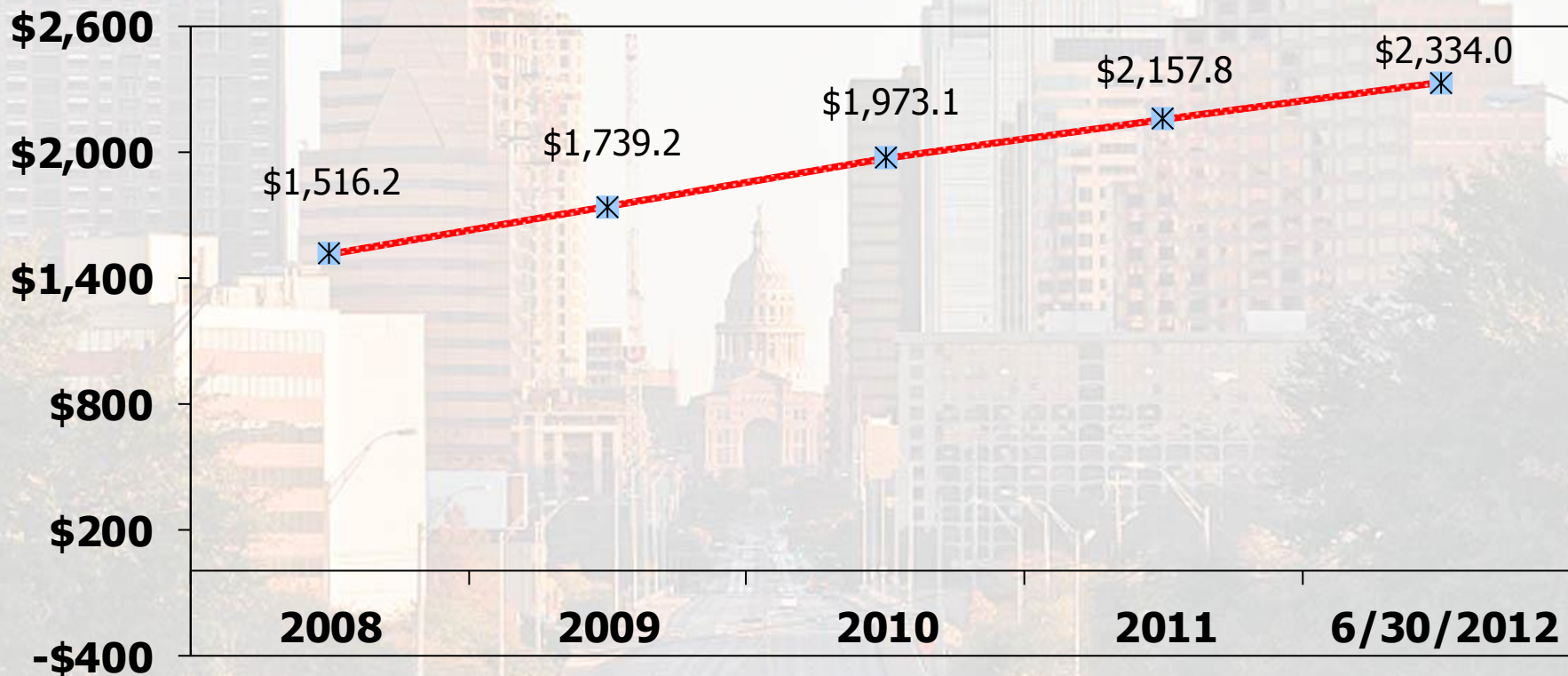
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# Deposit Growth (Net of brokered CDs)

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(Dollars in Millions)

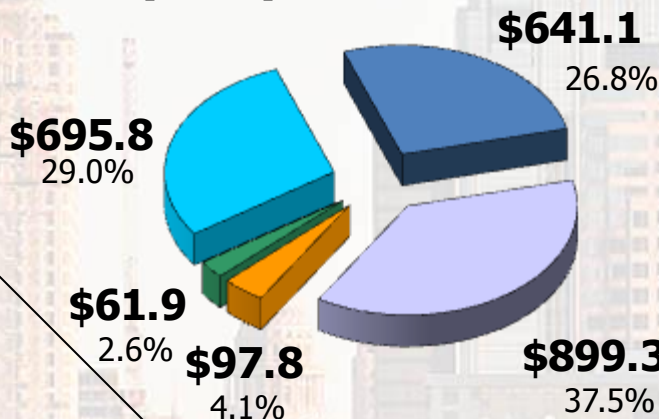


# Composition of Deposits

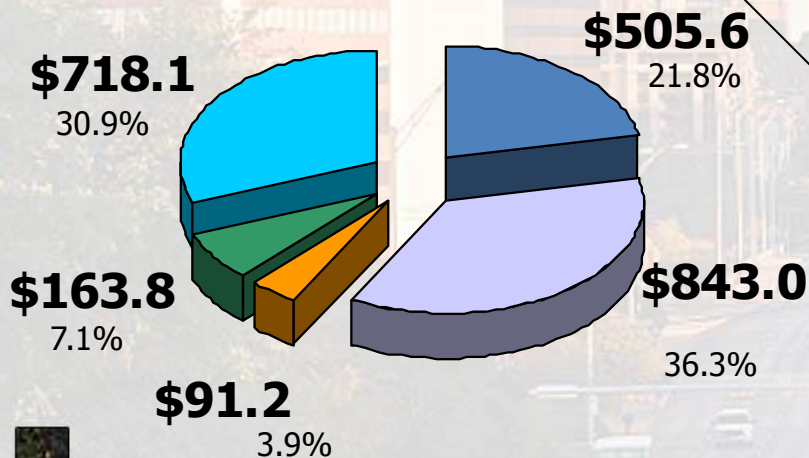
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**6/30/2012**

- Non-interest Bearing Demand Deposits
- Interest Bearing Demand Deposits
- Savings Deposits
- Brokered CDs
- Time Deposits



**2011**

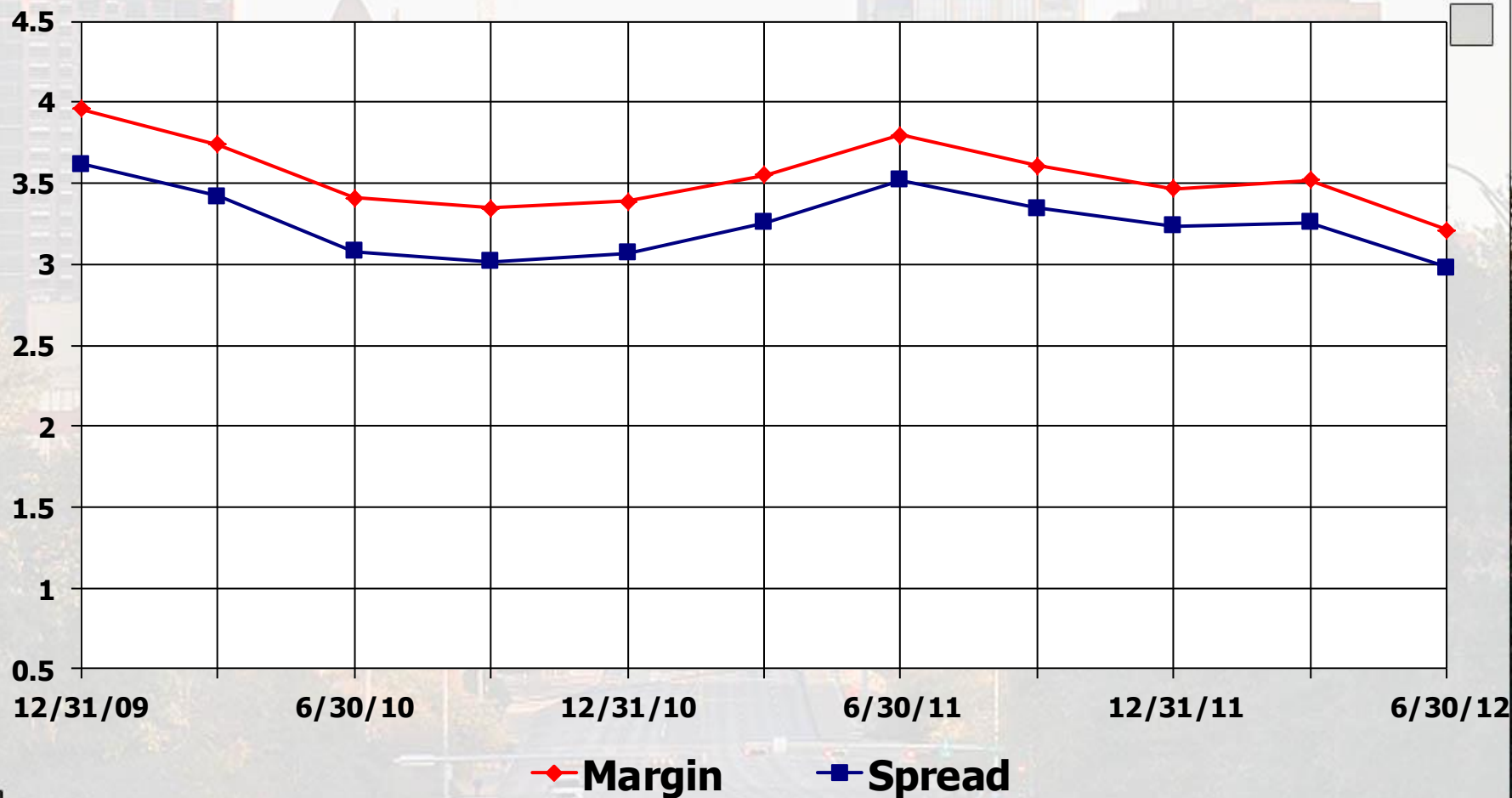


(Dollars in Millions)

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# Net Interest - Spread and Margin

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# End of Quarter Results

(Dollars in Thousands)

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Three Months Ended  
June 30<sup>th</sup>,

Six Months Ended  
June 30<sup>th</sup>,

2012

2011

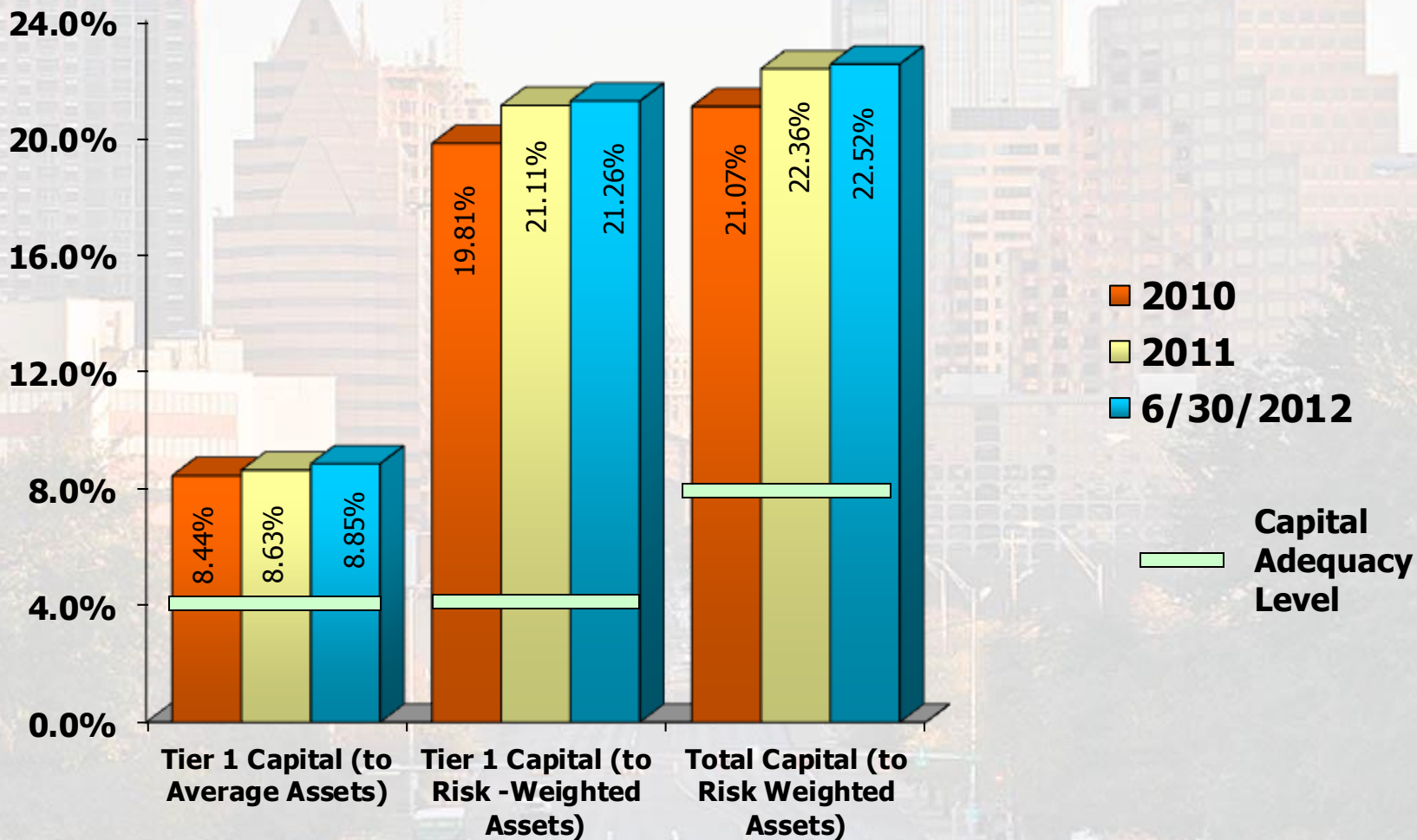
2012

2011

Net Income (in thousands)	\$7,729	\$12,633	\$17,868	\$21,007
EPS (diluted)	\$ 0.45	\$ 0.73	\$ 1.03	\$ 1.22
ROE	11.68%	21.73%	13.51%	18.82%
ROA	0.92%	1.65%	1.09%	1.39%
Efficiency Ratio	60.89%	54.96%	59.00%	57.21%

# Capital Levels

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