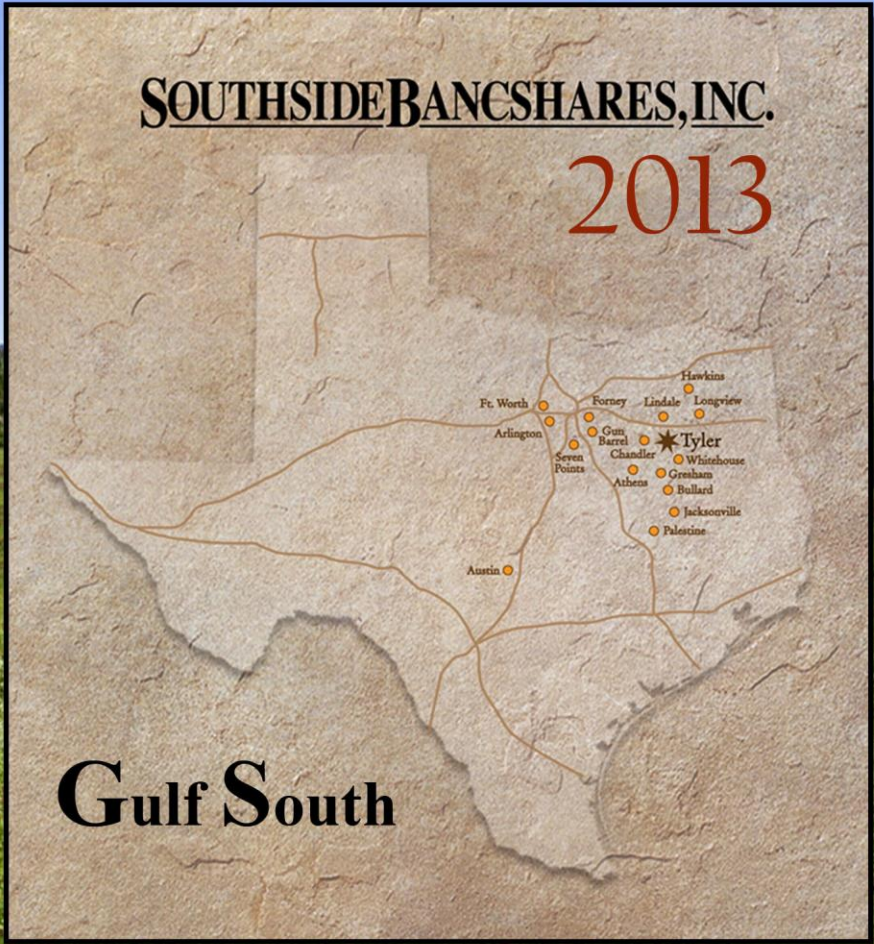




**SOUTHSIDE BANCSHARES, INC.**

**2013**



**Gulf South**



A large, leafy tree stands on the left side of a vast, green grassy field. The sky is a clear, pale blue. In the distance, a line of trees marks the horizon. The entire scene is framed by a decorative, carved wooden border at the top and bottom.

**Sam Dawson**

President & CEO

**Lee Gibson**

Senior EVP & CFO

## Forward-Looking Statements

*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 Southside Bancshares, Inc. ("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," "likely," "intend," "probability," "risk," "target," "objective," "plans," "potential," and similar expressions. Forward-looking statements are statements with respect to our 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 our actual results to differ materially from the results discussed in the forward-looking statements. For example, discussions about our expansion, trends in asset quality, capital, liquidity, growth and earnings for growth and certain market risk disclosures, including the impact of interest rate and other economic 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, 2012 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

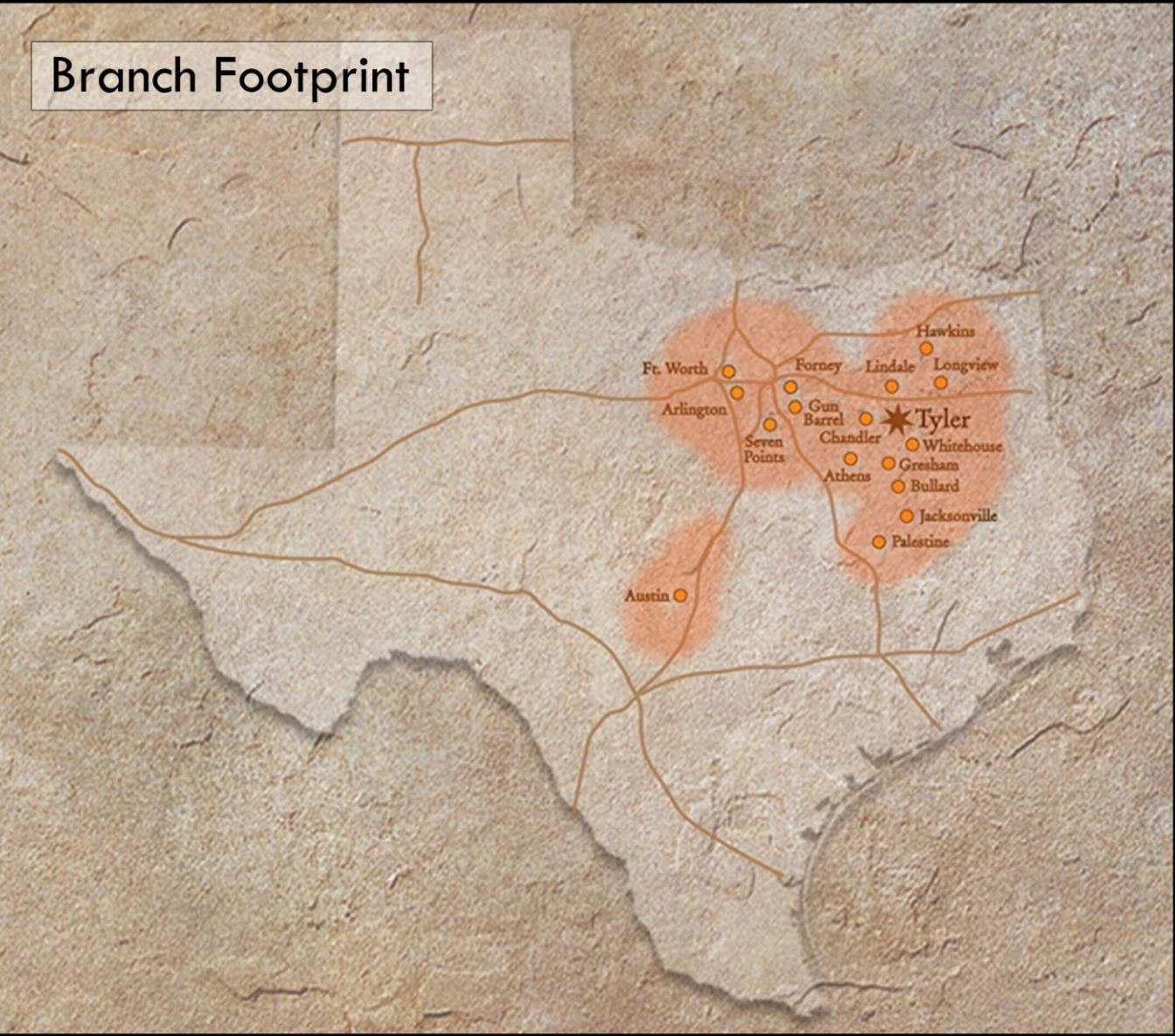
- \$3.2 billion financial holding company based in Tyler, Texas
- 47% market share in Tyler
- Cash dividend paid without interruption since 1970
- Compound annual growth rate - cash dividend 16.4% (5 yrs)
- Market presence in two of the "Top American Boomtowns"
  - Bloomberg.
    - #1. Austin
    - #11. Ft. Worth – Arlington - Dallas

## Company Profile

- Total Loans \$1.28 billion\*
- Total Securities \$1.85 billion\*
- Total Deposits \$2.34 billion\*
- Total Equity \$255.7 million\*
- Market Capitalization \$373.4 million\*\*

\*3/31/13, \*\*5/2/13

# Branch Footprint



## Texas Population Growth

---

July 1, 2011 – July 1, 2012

### Five States with Largest Numeric Increase

- Texas 428,000
- California 358,000
- Florida 235,000
- Georgia 107,000
- North Carolina 101,000

Census Bureau Estimates

## “Top American Boomtowns” - Bloomberg

<u>City:</u>	<u>2011 Pop.</u>	<u>% Growth/2007</u>	<u>GDP/CAGR</u>
- #1. Austin	1,783,000	11.6%	3.26%
- #4. San Antonio	2,194,000	10.2%	1.47%
- #5. Houston	6,086,000	8.1%	1.55%
- #11. Dallas/ Ft. Worth Arlington	6,526,000	6.2%	0.84%

Bloomberg 4/25/13

## Projected Population 2020

<u>City:</u>	<u>Pop. Estimate</u>
- Tyler	226,000
- Longview	218,000
- Ft. Worth/Arlington	2,363,000
- Austin	2,105,000

Wharton - University PA



## 2013 Challenges

- Interest Rate Environment
- Regulatory Reform
- Maintain Credit Quality
- Improve Operating Efficiency




## 2013 Opportunities

- Loan Growth
- Market Expansion
- Mobile Banking
- Trust Services

## Senior Management

## Years with Southside

- Sam Dawson - President, CEO 38
- Lee Gibson – CFO 28
- Jeryl Story – CLO 33
- Tim Alexander – Regional President 7
- Peter Boyd – Regional President 14
- Randy Hendrix – Regional President 29



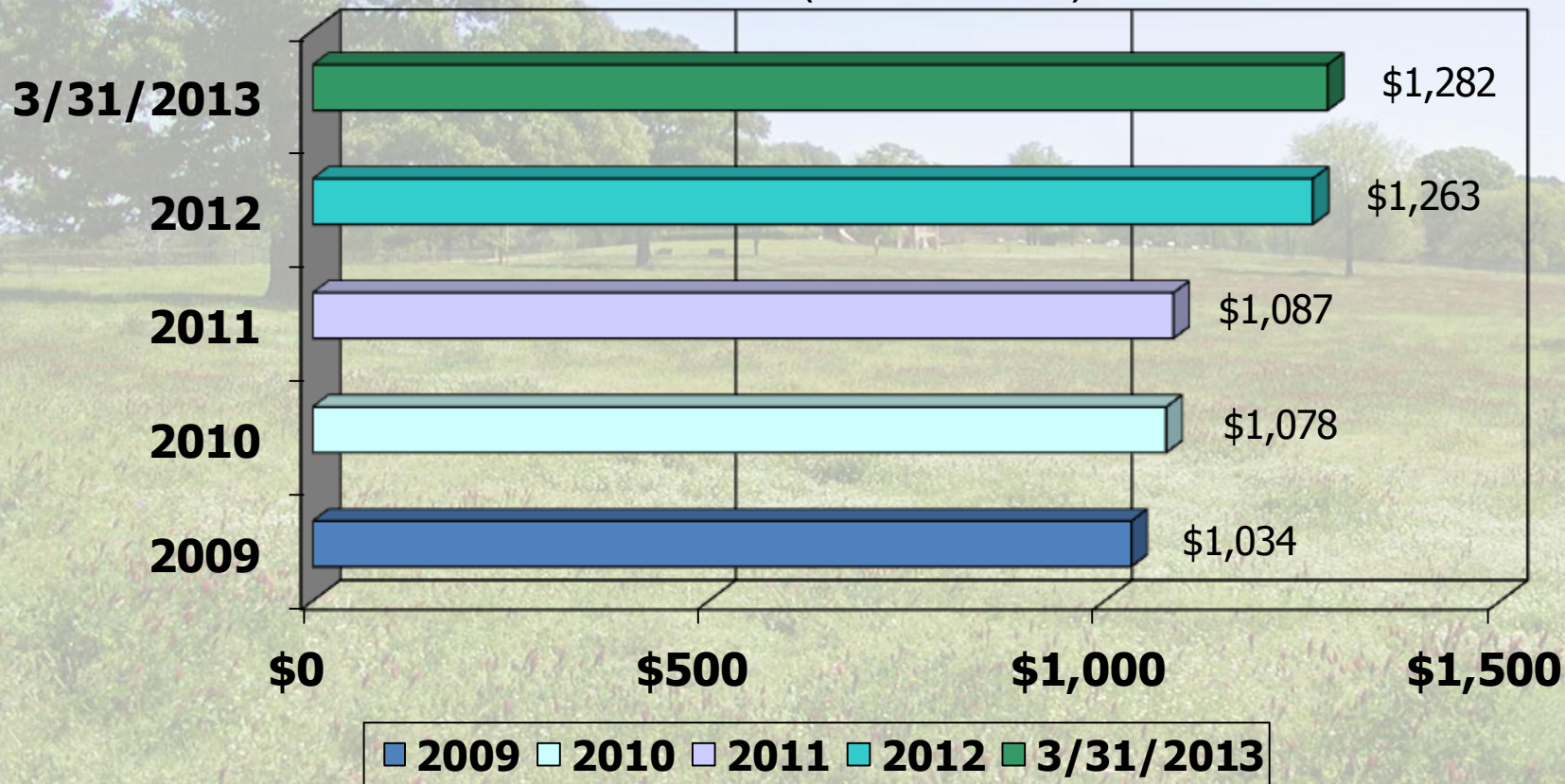
## Investment Recap

- Strong Loan Growth
- Dynamic Markets
- Sound Asset Quality
- Seasoned Management Team

# Loan Growth

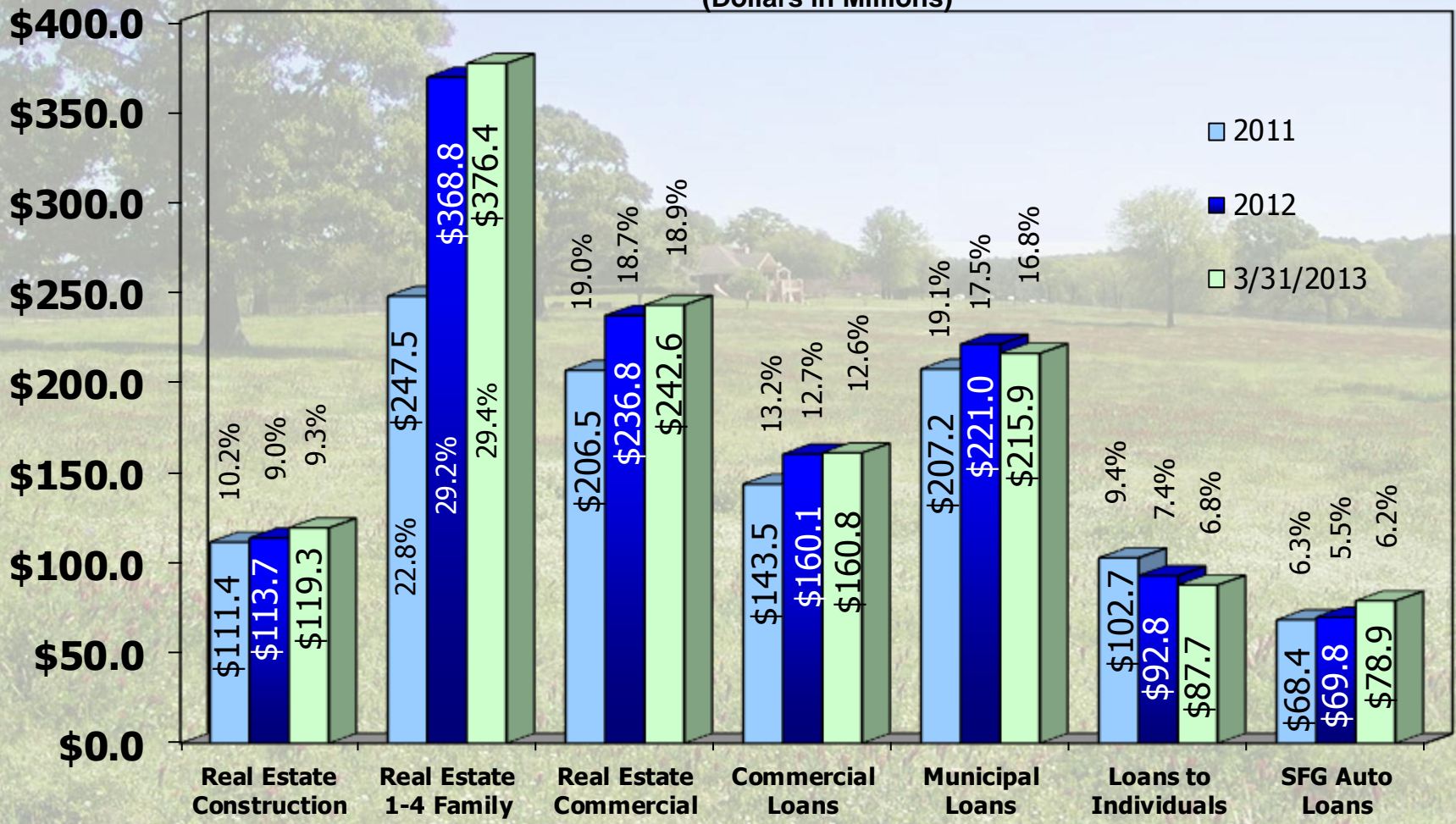
## Total Loans Outstanding

(Dollars in Millions)



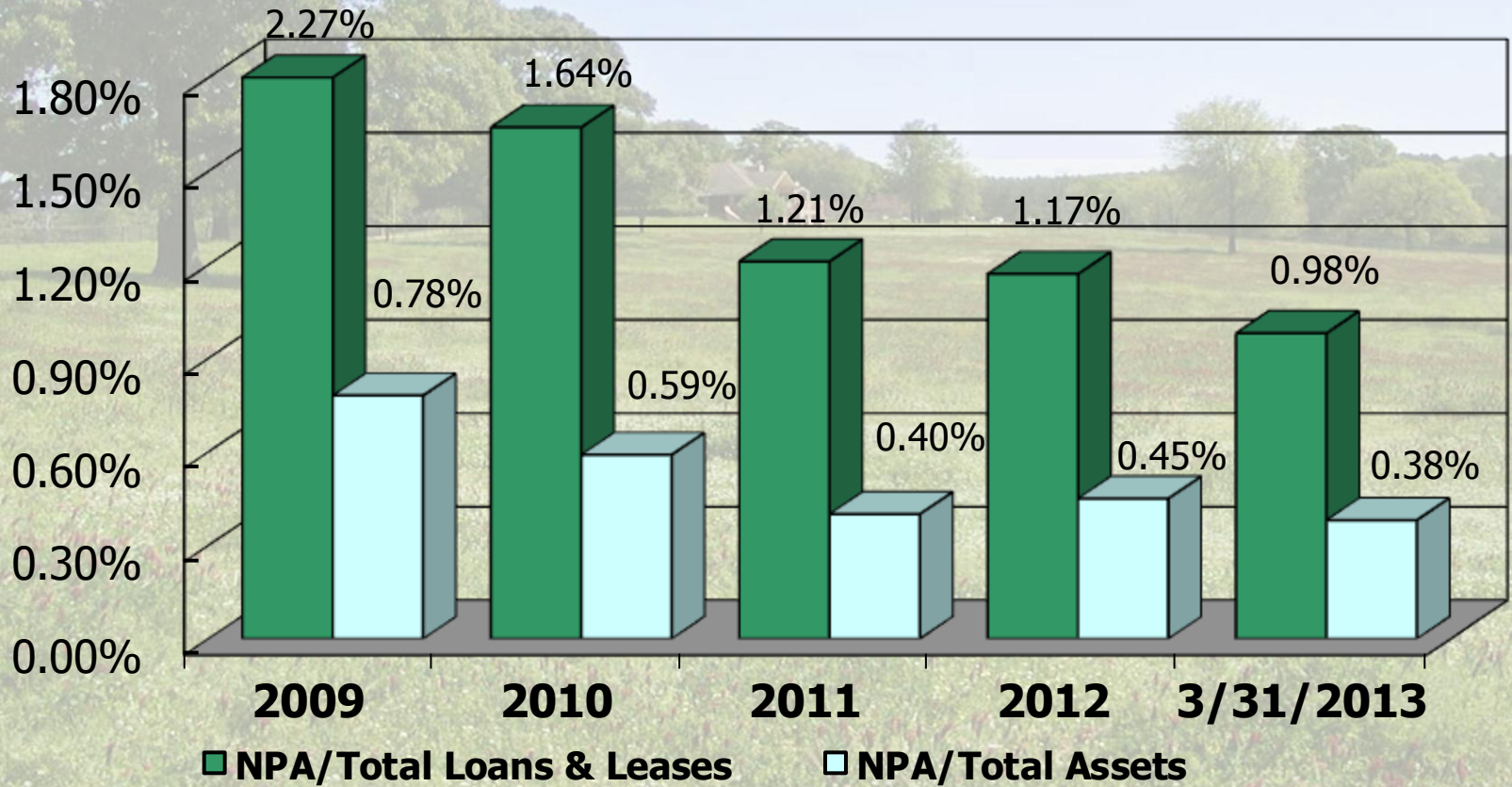
# Loan Portfolio Composition

(Dollars in Millions)



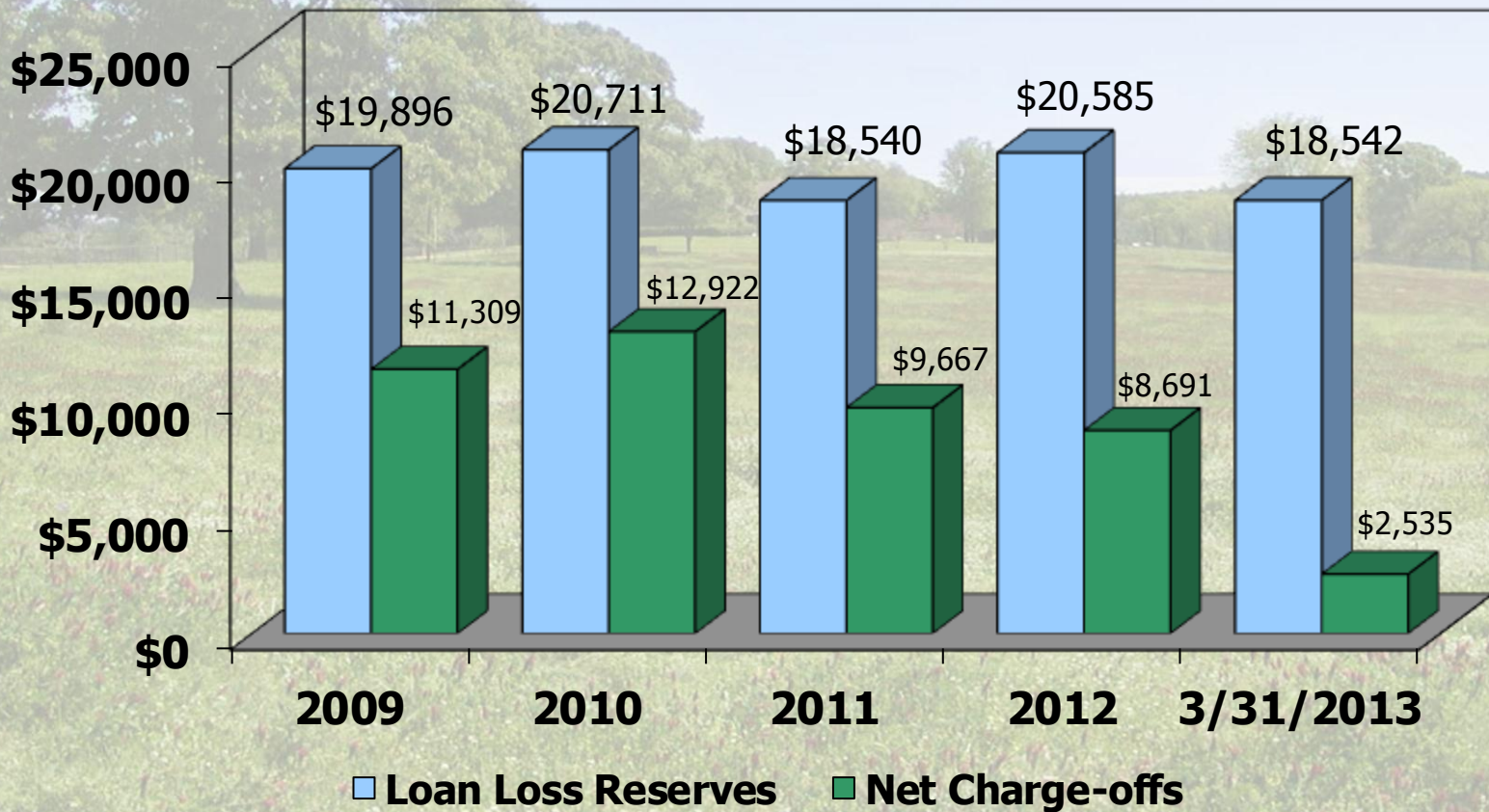
## Asset Quality

Non-Performing Assets/  
(NPA As A Percentage)



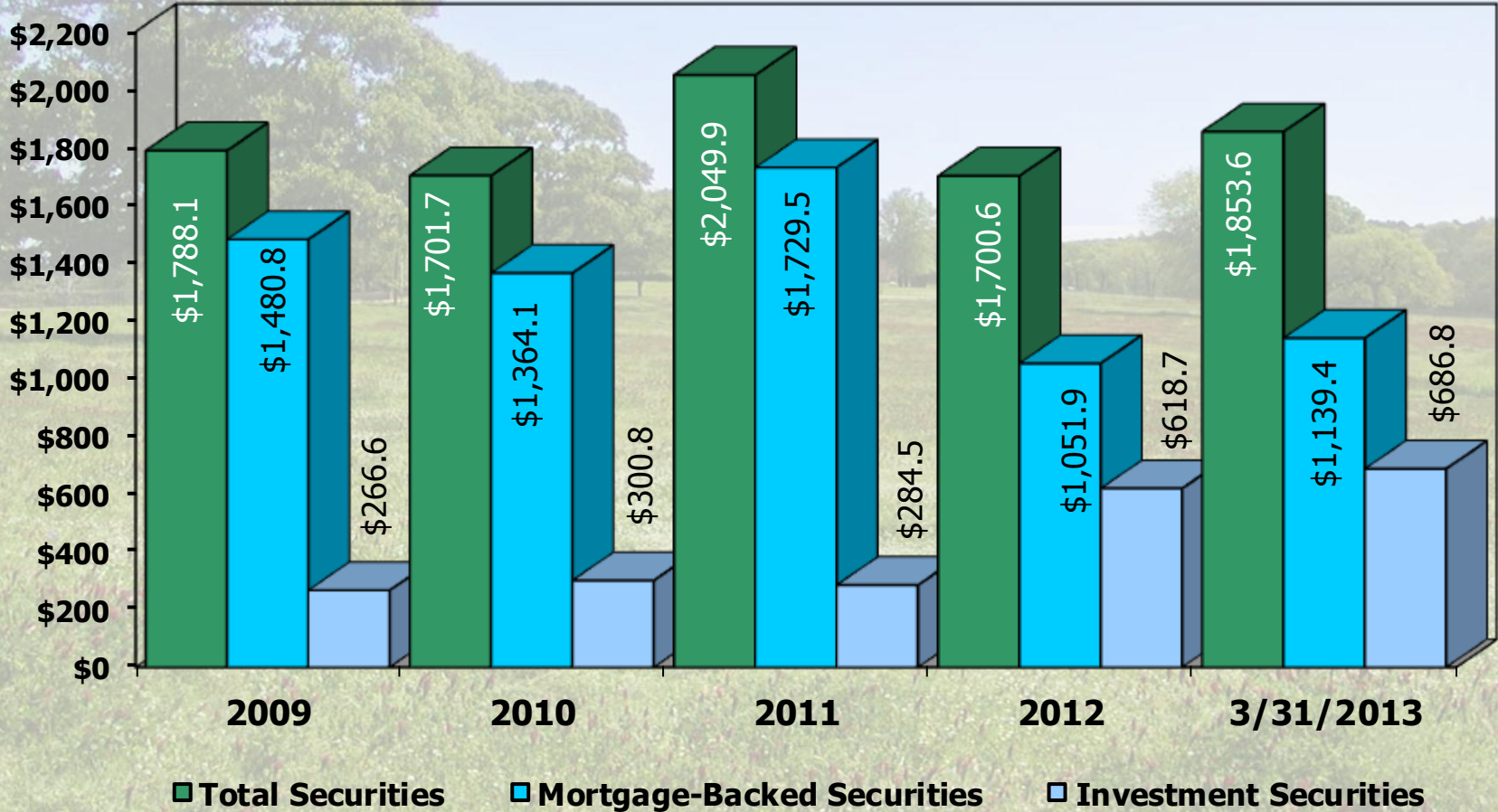
# Asset Quality

(Dollars in Thousands)



# Securities Portfolio

(Dollars in Millions)



## Investment Portfolio Performance

### Southside Bank Performance

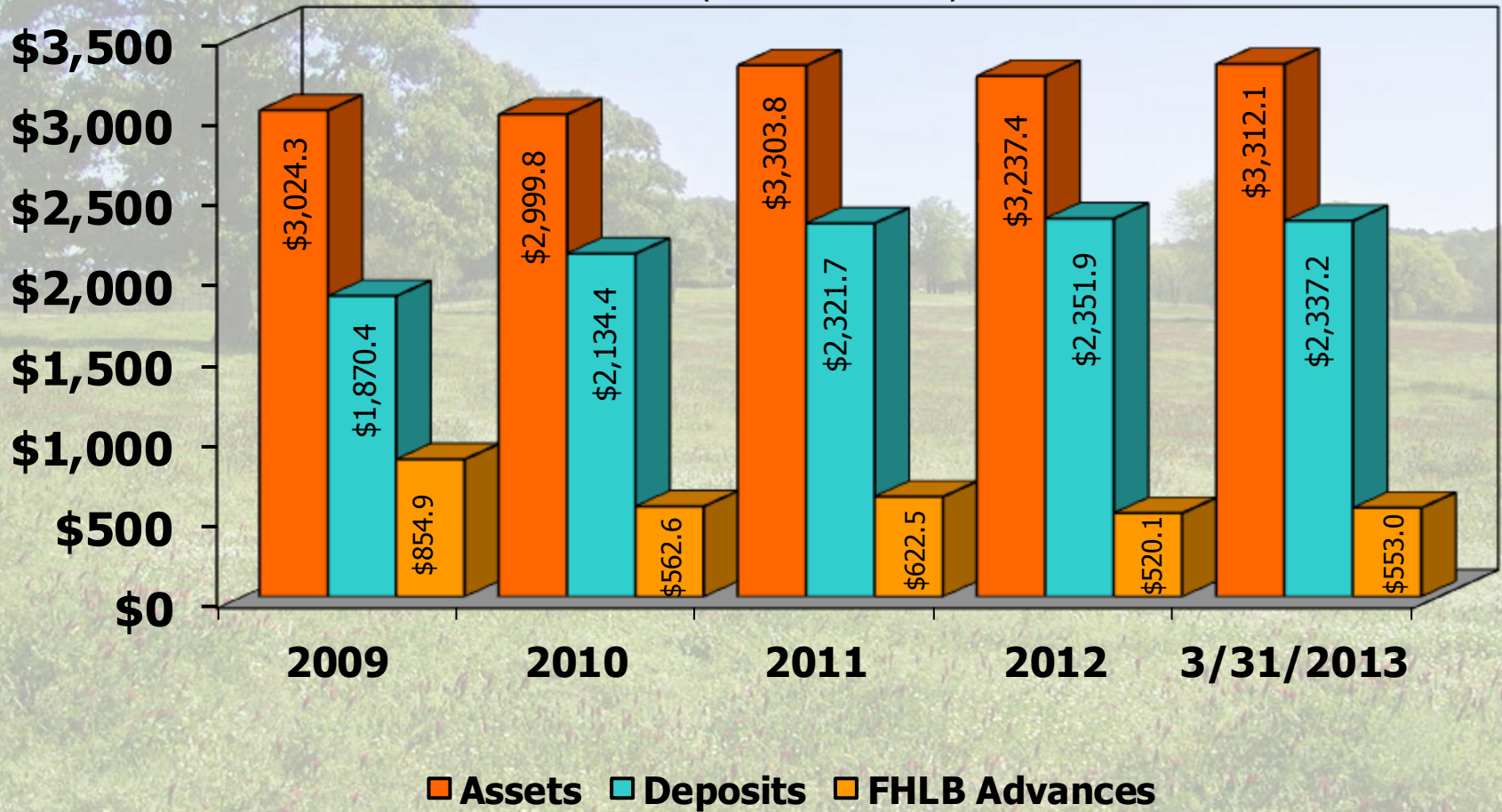
One Year	64 <sup>th</sup> Percentile
Three Year	90 <sup>th</sup> Percentile
Five Year	97 <sup>th</sup> Percentile
Overall Rank	86 <sup>th</sup> Percentile

Distributions by percentile of 5,868 banks in the  
U.S. based on total return; all investments marked-to-market.

Source: IDC Report Period 12/31/2012

## Balance Sheet Growth - Liabilities

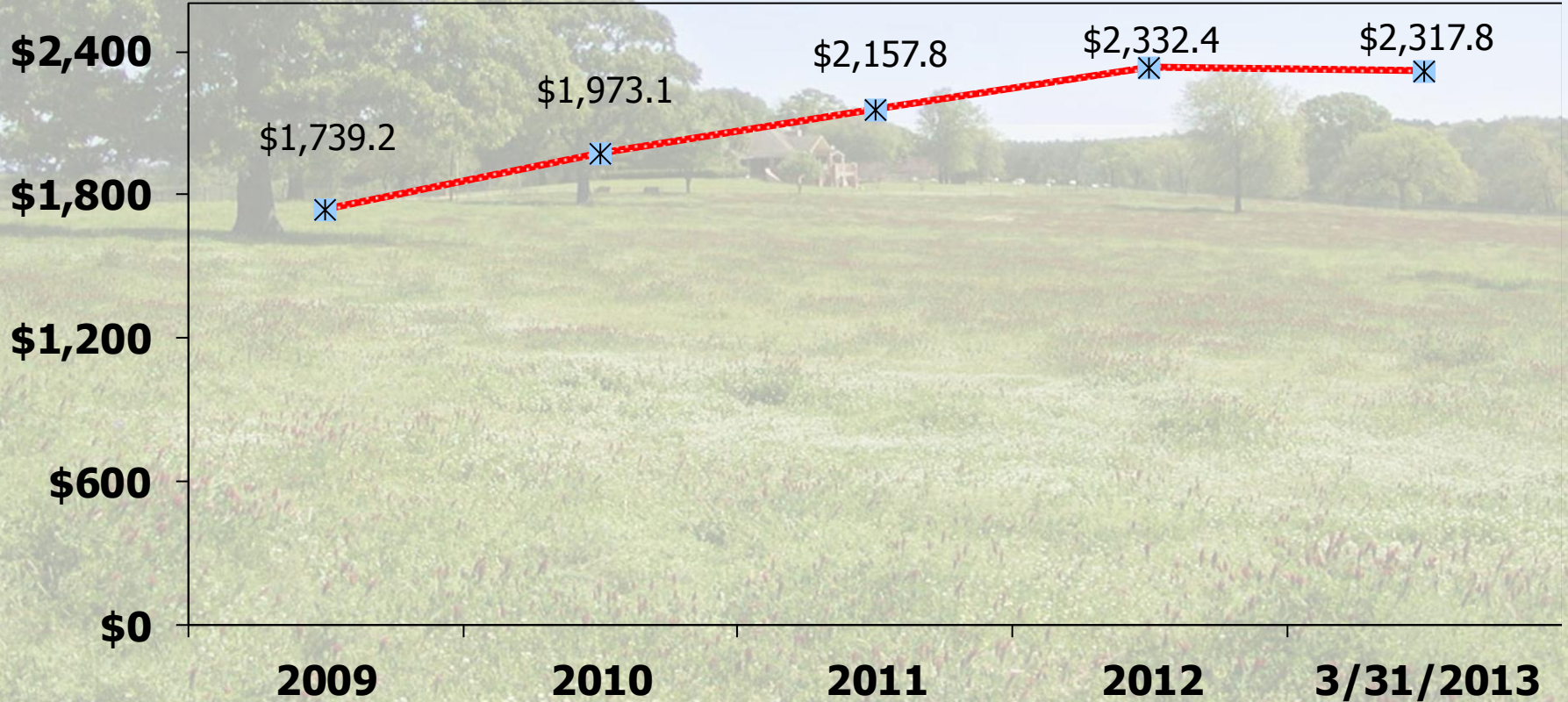
(Dollars in Millions)



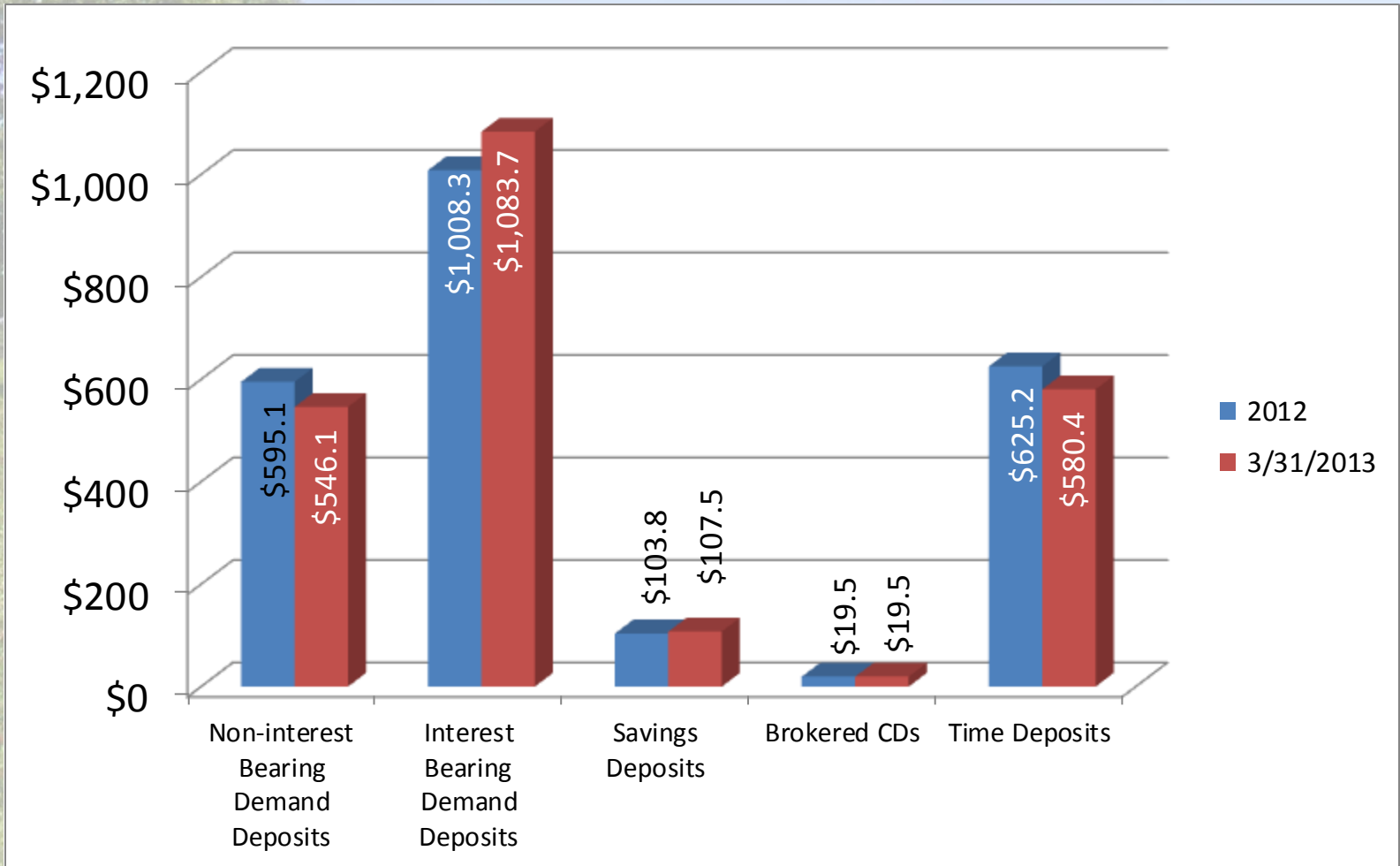
# Deposit Growth

(Net of brokered CDs)

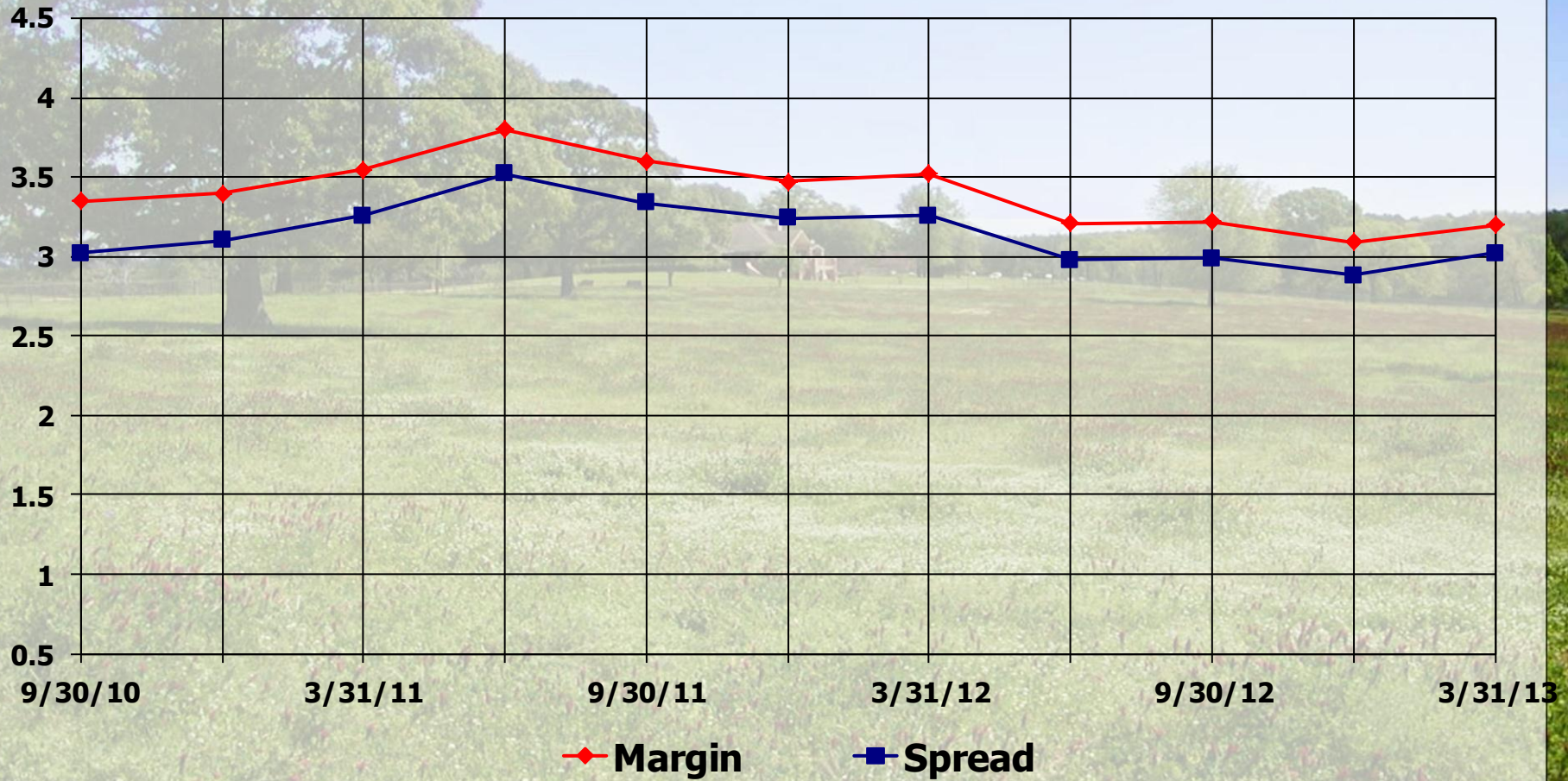
(Dollars in Millions)



## Composition of Deposits (Dollars in Millions)



## Net Interest - Spread and Margin



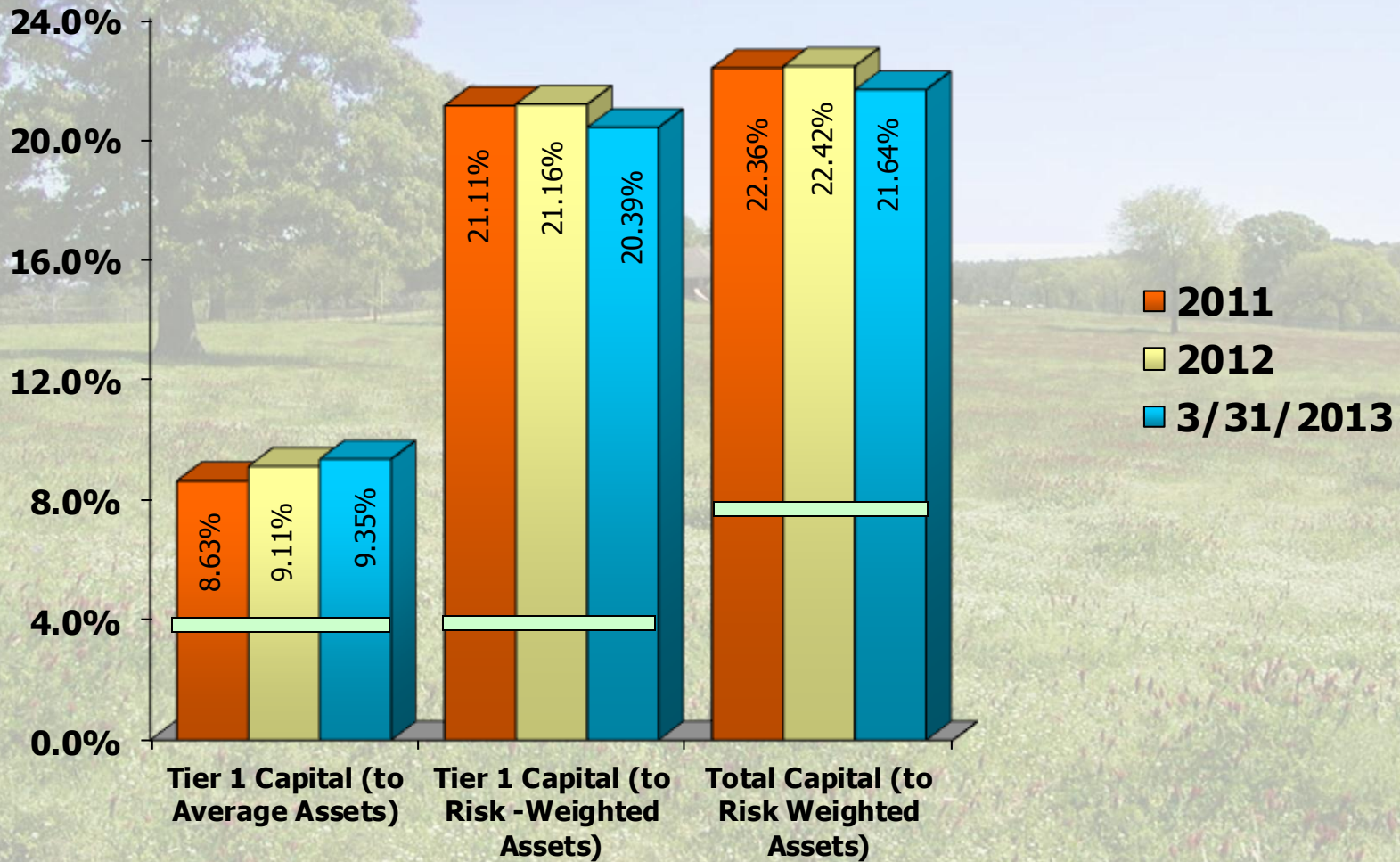
**Years Ended  
December 31,**

	<b><u>2012</u></b>	<b><u>2011</u></b>
Net Income (in thousands)	\$34,695	\$39,133
EPS (diluted)	\$ 1.91	\$ 2.16
ROE	12.83%	16.20%
ROA	1.05%	1.25%
Efficiency Ratio	60.59%	55.21%

**Quarters Ended  
March 31st,**

	<b><u>2013</u></b>	<b><u>2012</u></b>
Net Income (in thousands)	\$8,525	\$10,139
EPS (diluted)	\$ 0.48	\$ 0.56
ROE	13.38%	15.34%
ROA	1.08%	1.26%
Efficiency Ratio	68.21%	57.18%

## Capital Levels



**SOUTHSIDE BANCSHARES, INC.**

**2013**



**Gulf South**

**5/14/2013**