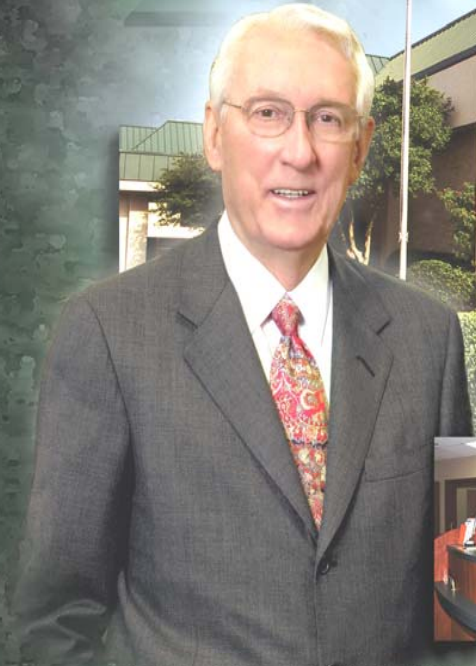
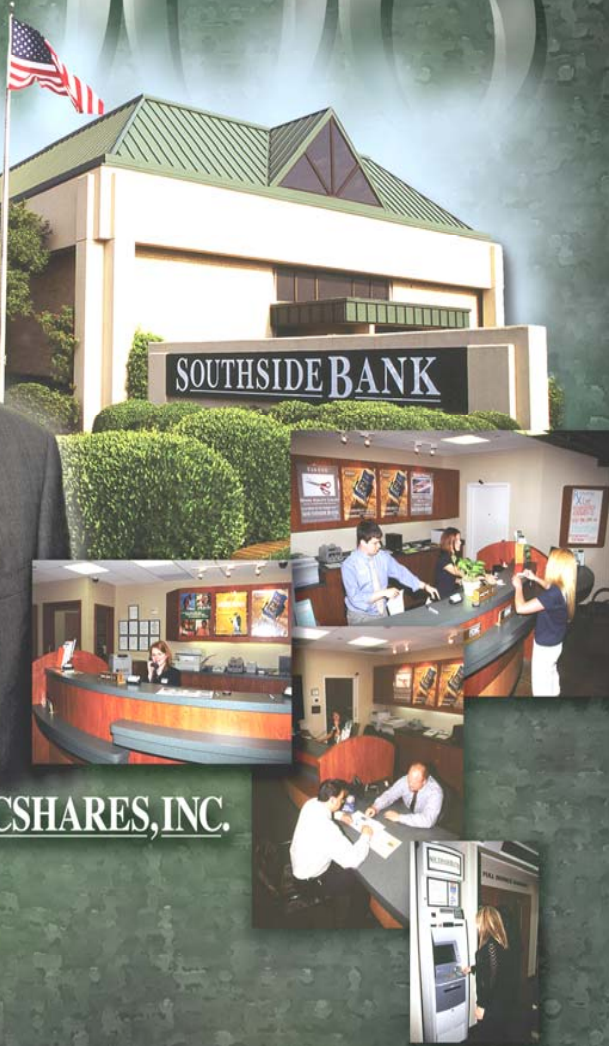


2006



SOUTHSIDE BANCSHARES, INC.



*Annual  
Shareholders'  
Meeting*

*April 19, 2007*

# Forward-Looking Statements

*Certain statements based on other than historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events. 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," "believe," "could," "should," "may," "intend," "probability," "risk," "target," "objective," "plans," "potential," and similar expressions. Forward-looking statements are subject to significant risks and uncertainties and the Company's actual results may differ materially from the results discussed in the forward-looking statements. For example, certain market risk disclosures 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.*

**SOUTHSIDEBANCSHARES, INC.**

# Forward-Looking Statements

(continued)

*Other factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, the following:*

- general economic conditions, either globally, nationally, in the State of Texas, or in the specific markets in which the Company operates;*
- legislation or regulatory changes which adversely affect the businesses in which the Company is engaged;*
- adverse changes in Government Sponsored Enterprises (the "GSE") status or financial condition impacting the GSE guarantees or ability to pay or issue debt;*
- economic or other disruptions caused by acts of terrorism in the United States, Europe or other areas;*
- changes in the interest rate yield curve such as flat, inverted or steep yield curves, or changes in the interest rate environment which impact interest margins and may impact prepayments on the mortgage-backed securities portfolio;*
- changes impacting the leverage strategy;*
- significant increases in competition in the banking and financial services industry;*
- changes in consumer spending, borrowing and saving habits;*
- technological changes;*
- the Company's ability to increase market share and control expenses;*
- the effect of changes in federal or state tax laws;*
- the effect of compliance with legislation or regulatory changes;*
- the effect of changes in accounting policies and practices; and*
- the costs and effects of unanticipated litigation.*

*The Company disclaims any obligation to update any factors, information, or to announce publicly the result of revisions to any of the forward-looking statements included in this presentation made on April 19, 2007 to reflect future events or developments.*

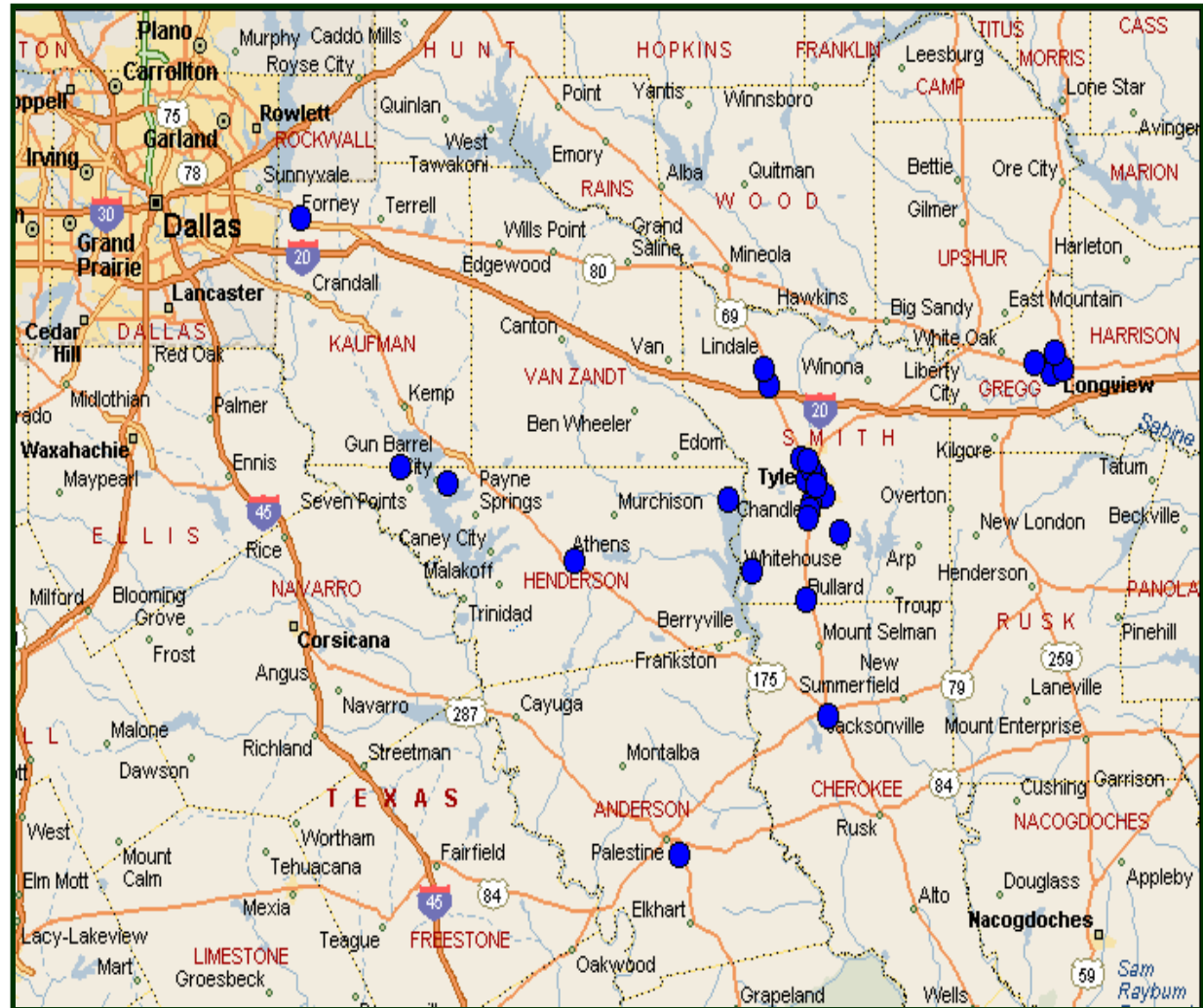
**SOUTHSIDEBANCSHARES, INC.**

# Company Profile

- Traded on NASDAQ: SBSI
- Total Assets: \$1.8 billion
- Market Capitalization: \$290 million
- Cash Dividend Yield: 1.9 %
- Insider ownership: 12.4 %
- Institutional ownership: 17.0 %

**SOUTHSIDEBANCSHARES, INC.**

# Our Markets



**SOUTHSIDE BANCSHARES, INC.**

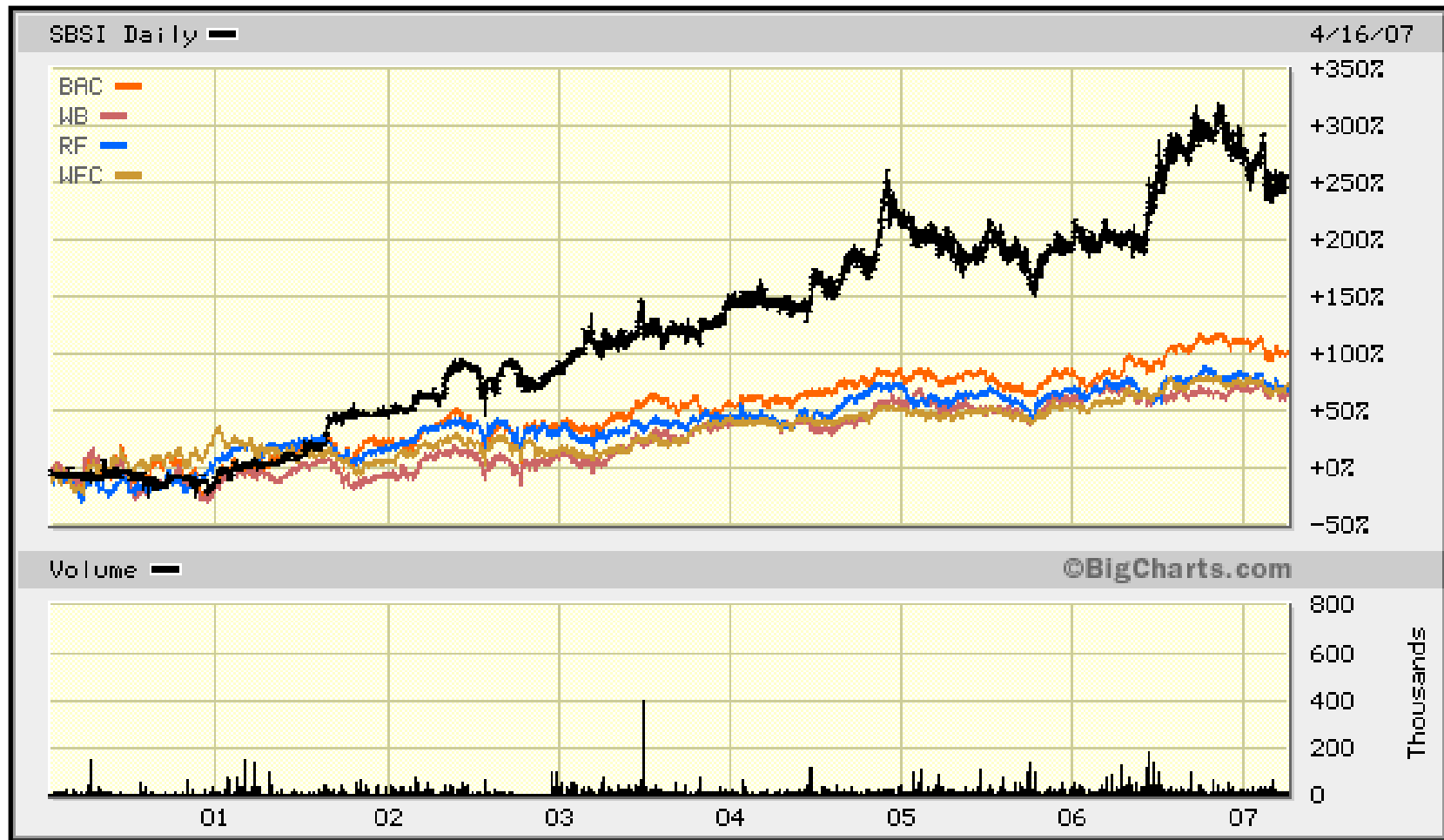
# Market Share - Tyler

<u>Name</u>	<u>Deposits (000's)</u>	<u>Market Share</u>
• Southside Bank	\$ 926,000	37 %
• Bank of America	\$ 328,000	13 %
• Regions Bank	\$ 270,000	11 %
• JP Morgan/Chase	\$ 209,000	8 %
• Guaranty Bank	\$ 114,000	5 %

**SOUTHSIDEBANCSHARES, INC.**

# Price Performance

1/1/2000 through 4/16/2007

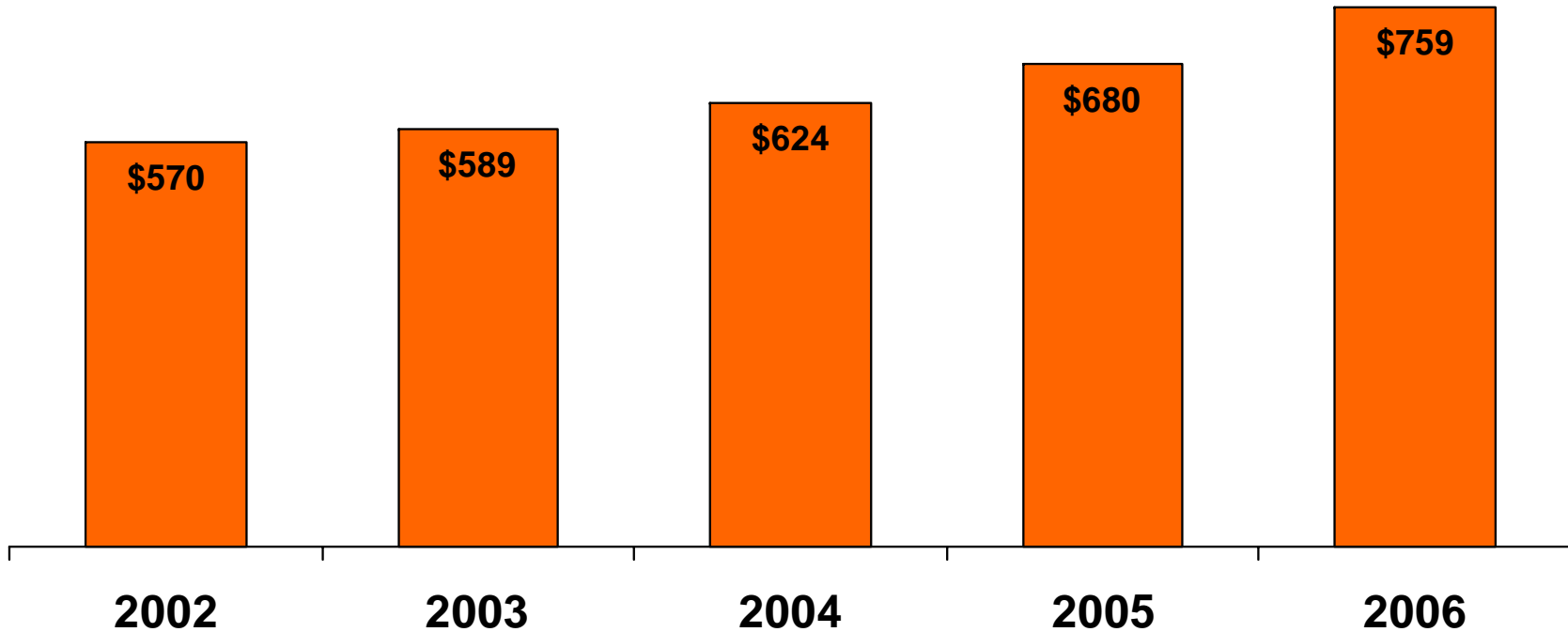


**SOUTHSIDE BANCSHARES, INC.**

# Loan Growth

(Dollars in Millions)

**Total Loans Outstanding  
Net of Unearned Discount**

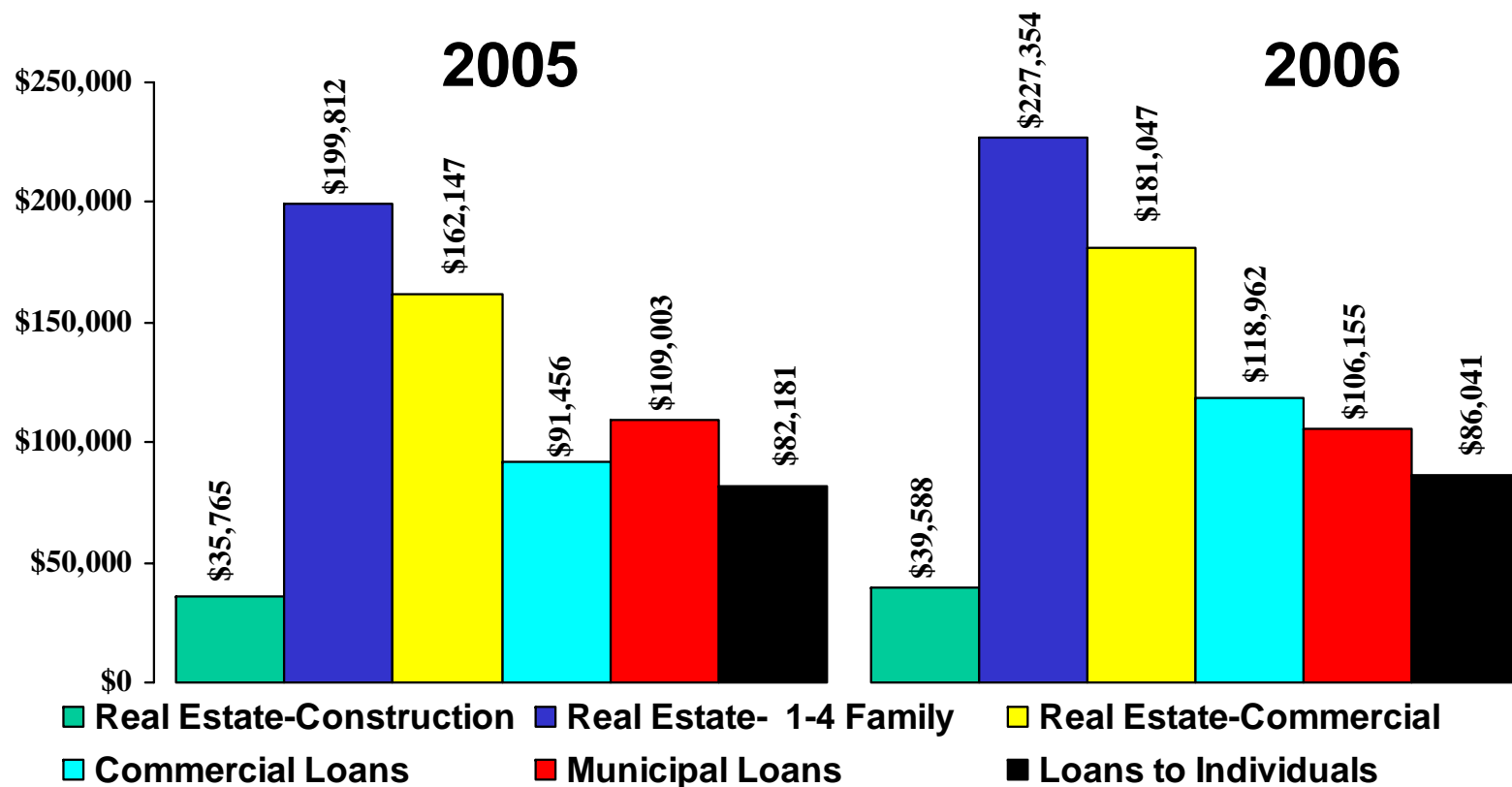


**SOUTHSIDE BANCSHARES, INC.**



# Loan Portfolio Composition

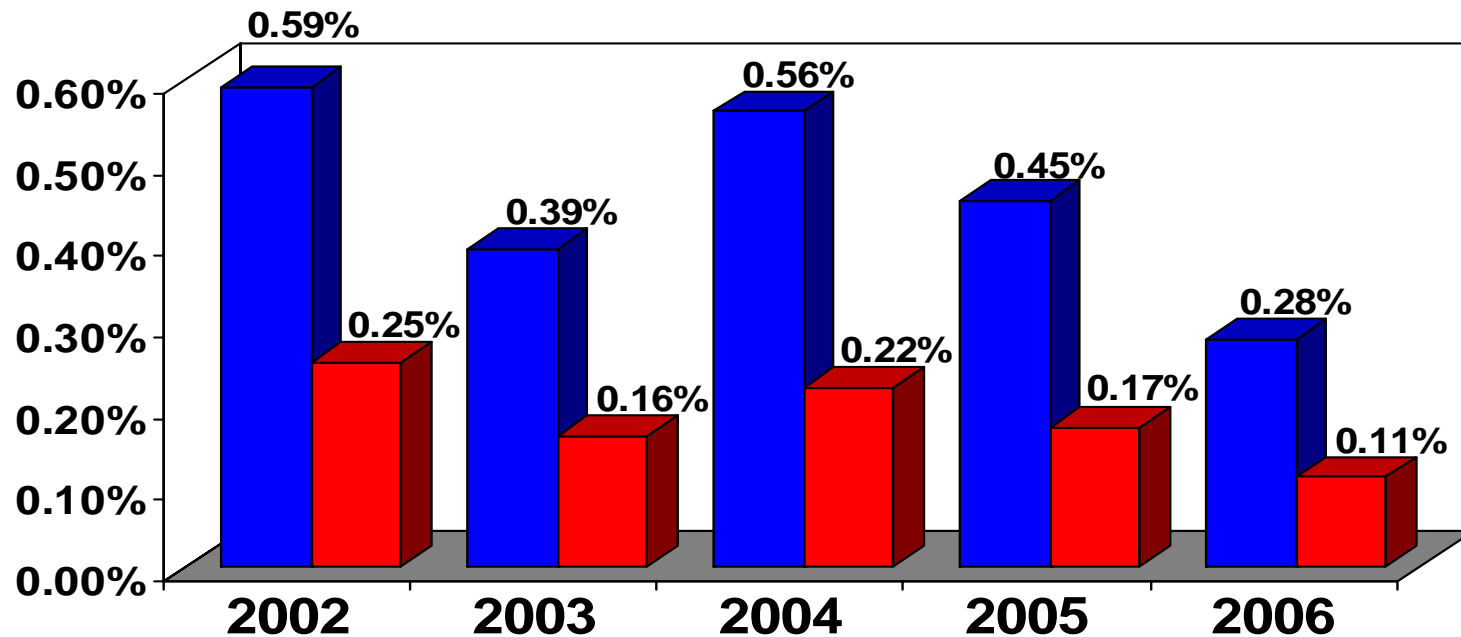
(Dollars in thousands)



**SOUTHSIDE BANCSHARES, INC.**

# Asset Quality

## Non-Performing Assets

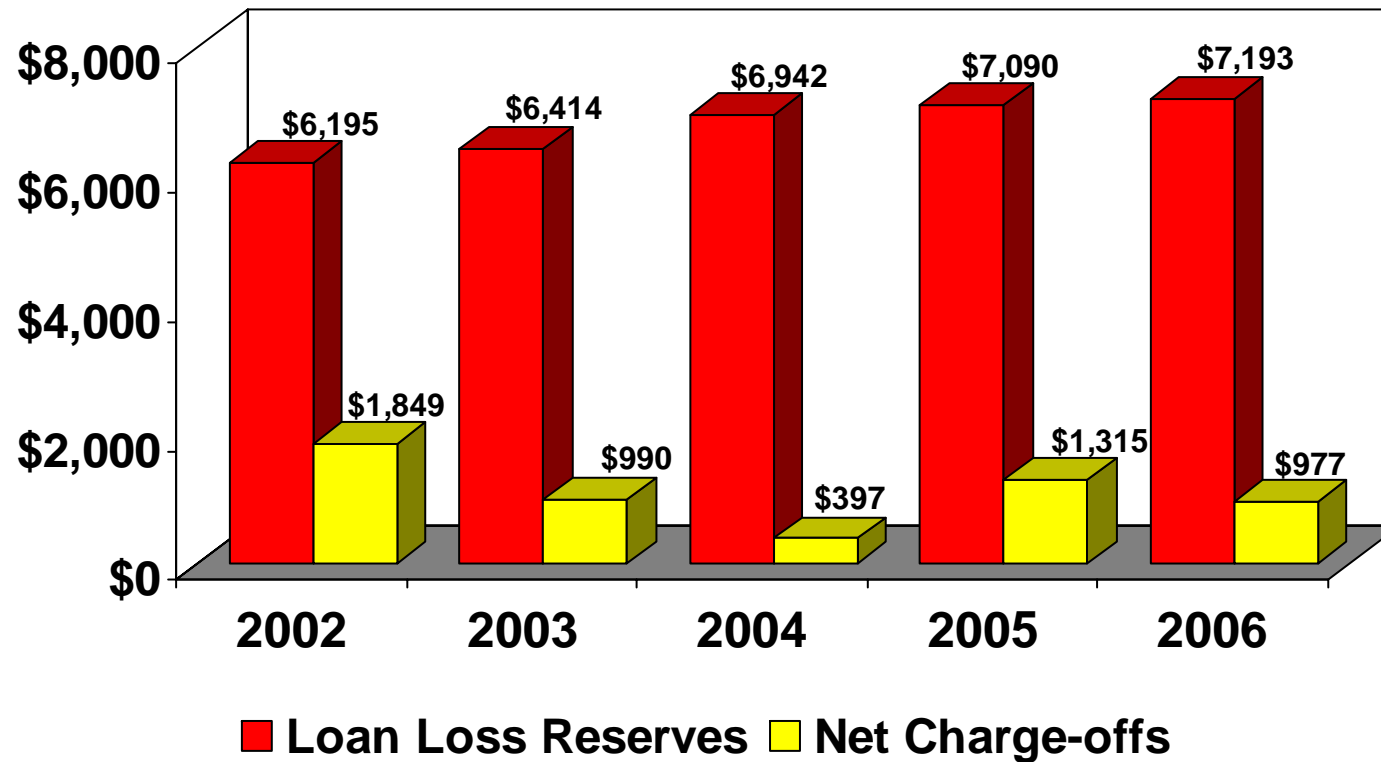


■ NPA/Total Loans & Leases ■ NPA/Total Assets

**SOUTHSIDE BANCSHARES, INC.**

# Asset Quality

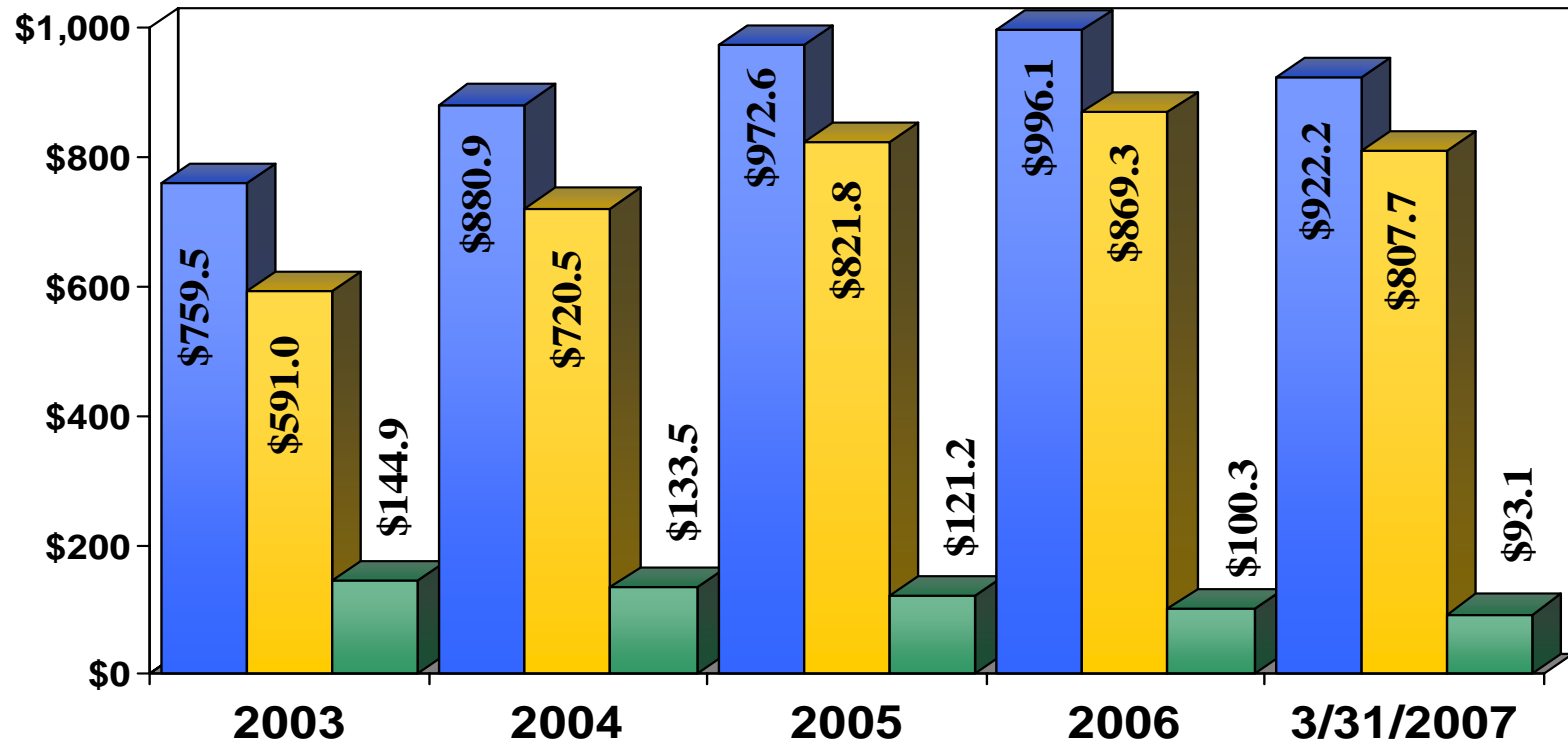
## Reserves & Charge-Offs (Dollars in Thousands)



**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	72 <sup>nd</sup> percentile
Three Year	78 <sup>th</sup> percentile
Five Year	84 <sup>th</sup> percentile
Overall Rank	90 <sup>th</sup> percentile

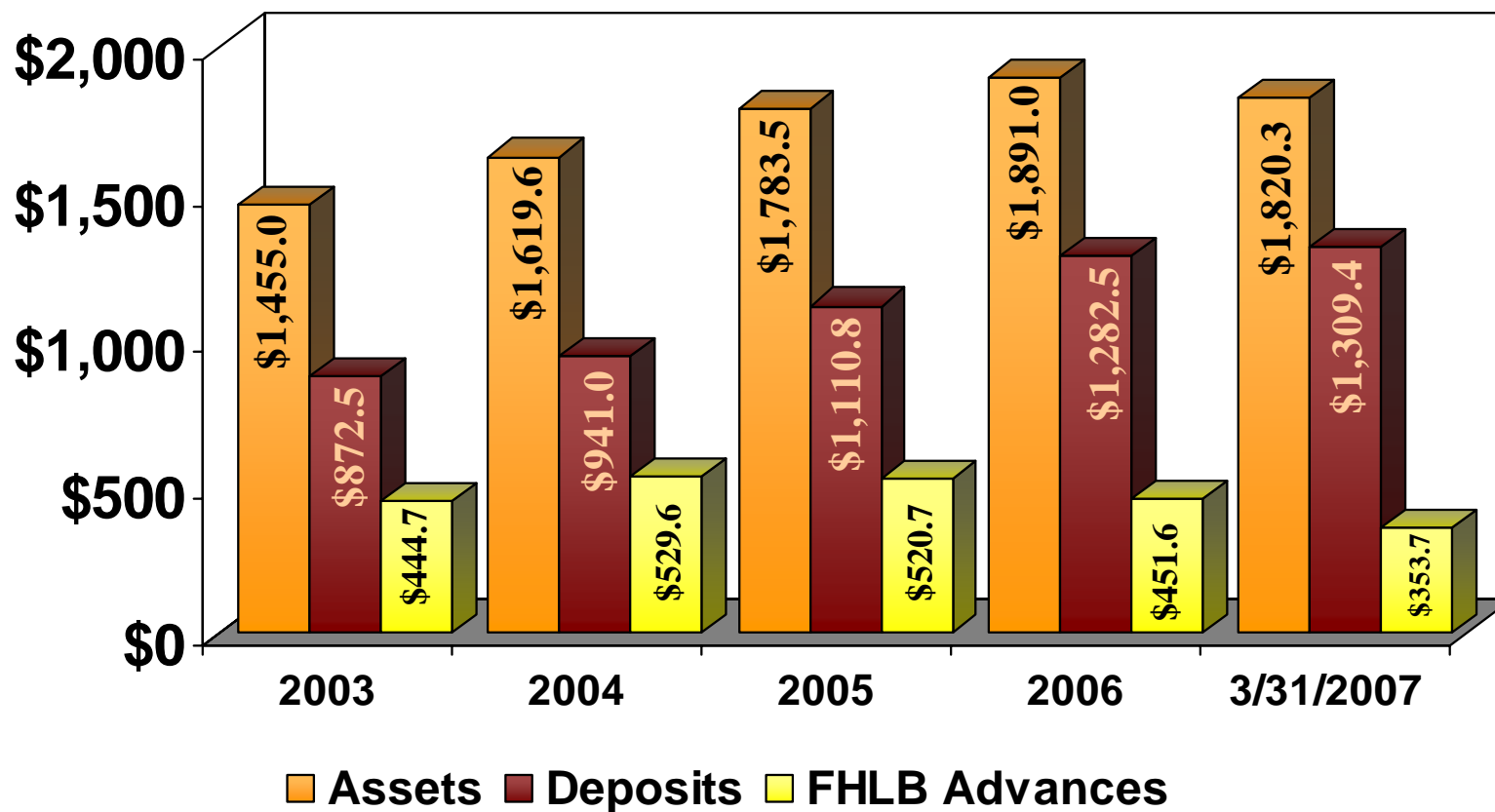
**Distributions by percentile for the 1,043 largest banks in the U.S.  
based on total return; all investments market-to-market.**

**Source: IDC Report 9/30/06**

**SOUTHSIDEBANCSHARES, INC.**

# Balance Sheet Growth - Liabilities

Dollars in Millions

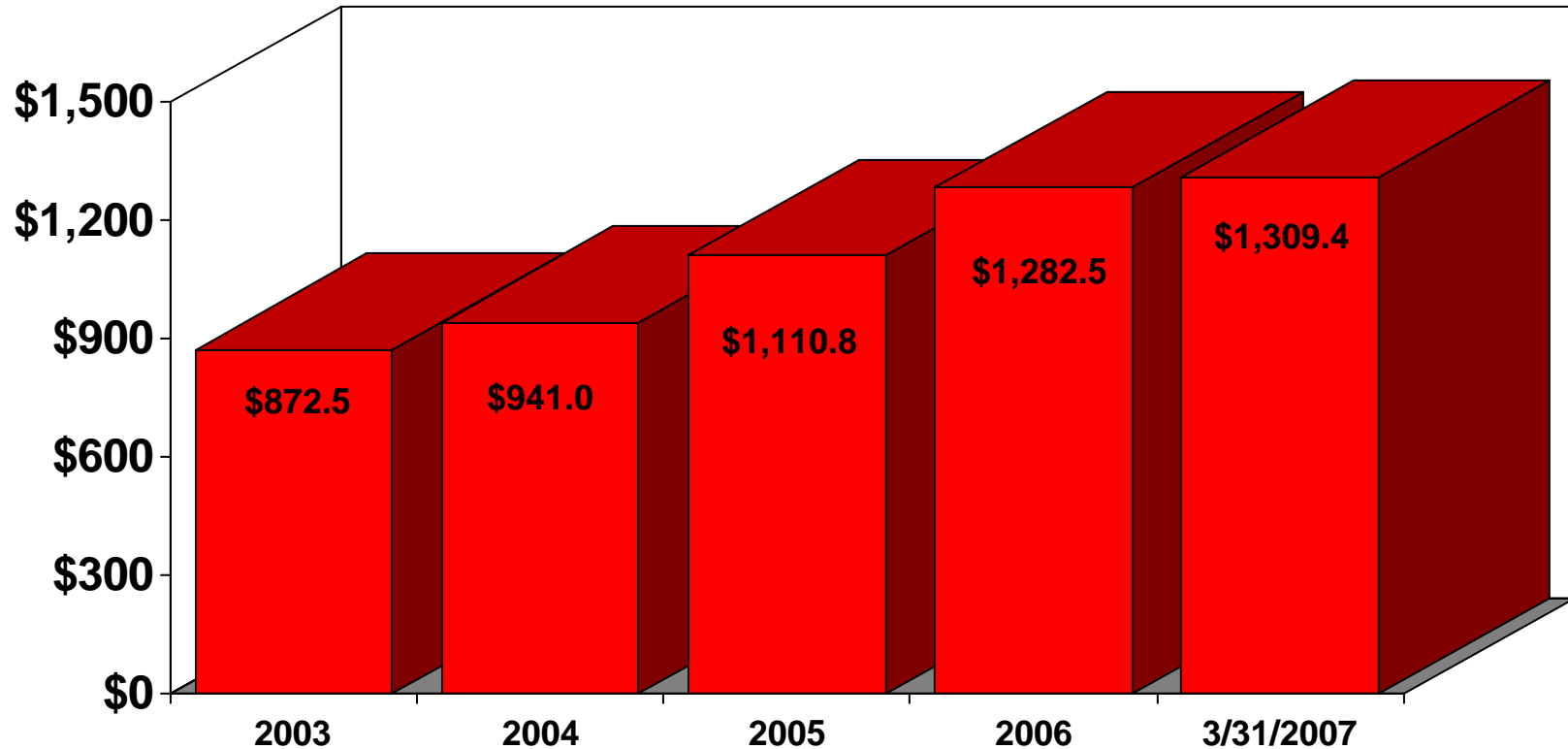


**SOUTHSIDE BANCSHARES, INC.**

# Deposit Growth

CAGR 13.25%

(Dollars in Millions)

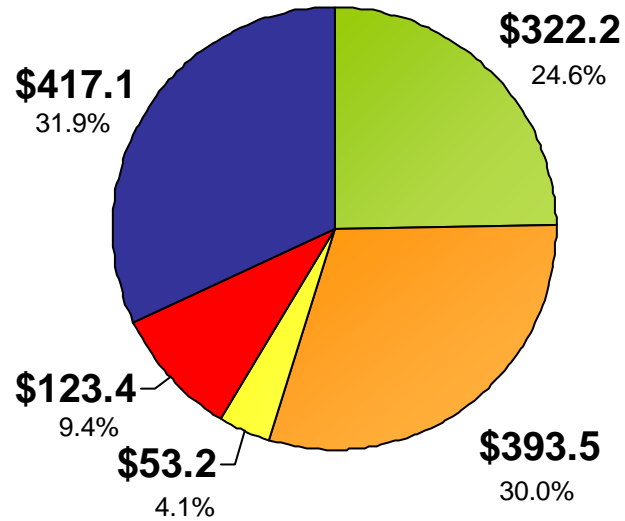


**SOUTHSIDE BANCSHARES, INC.**

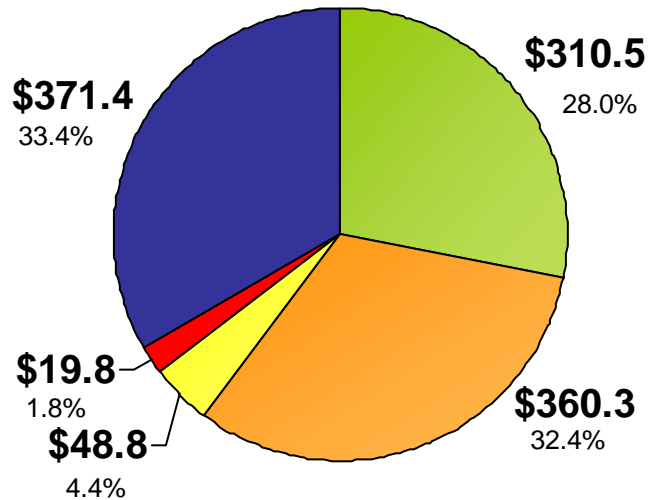
# Composition of Deposits

**3/31/07**

- Noninterest Bearing Demand Deposits
- Interest Bearing Demand Deposits
- Savings Deposits
- Brokered CDs
- Time Deposits



**12/31/05**



**Dollars in Millions**

**SOUTHSIDEBANCSHARES, INC.**



# Bottom Line: 2006 Performance

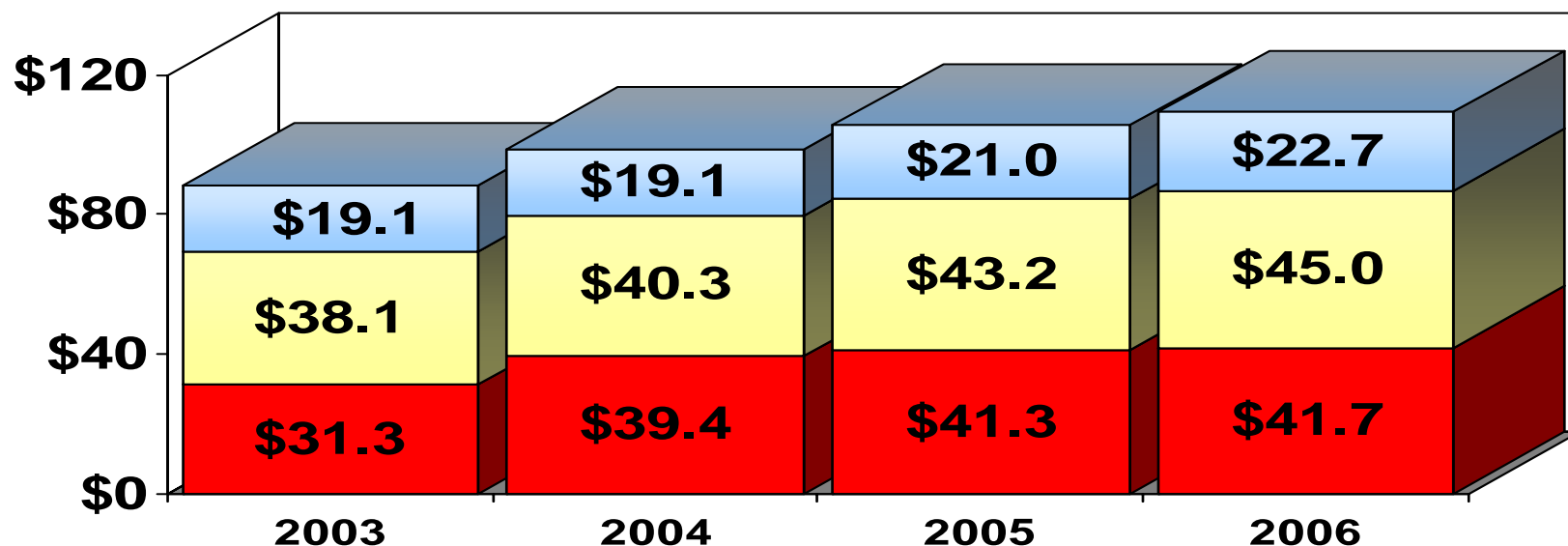
	<u>2006</u>	<u>2005</u>
Net Income (mm)	\$15.0	\$14.6
EPS	\$1.18	\$1.15
ROE	13.5%	13.9%

**SOUTHSIDEBANCSHARES, INC.**

# Income Components

(Dollars in Millions)

## Annual Comparisons



- Noninterest Income w/o Securities Gains
- Noninterest Expense
- Net Interest Income

**SOUTHSIDE BANCSHARES, INC.**

# First Quarter Results

## March 31, 2007

(dollars in thousands, except per share amounts)

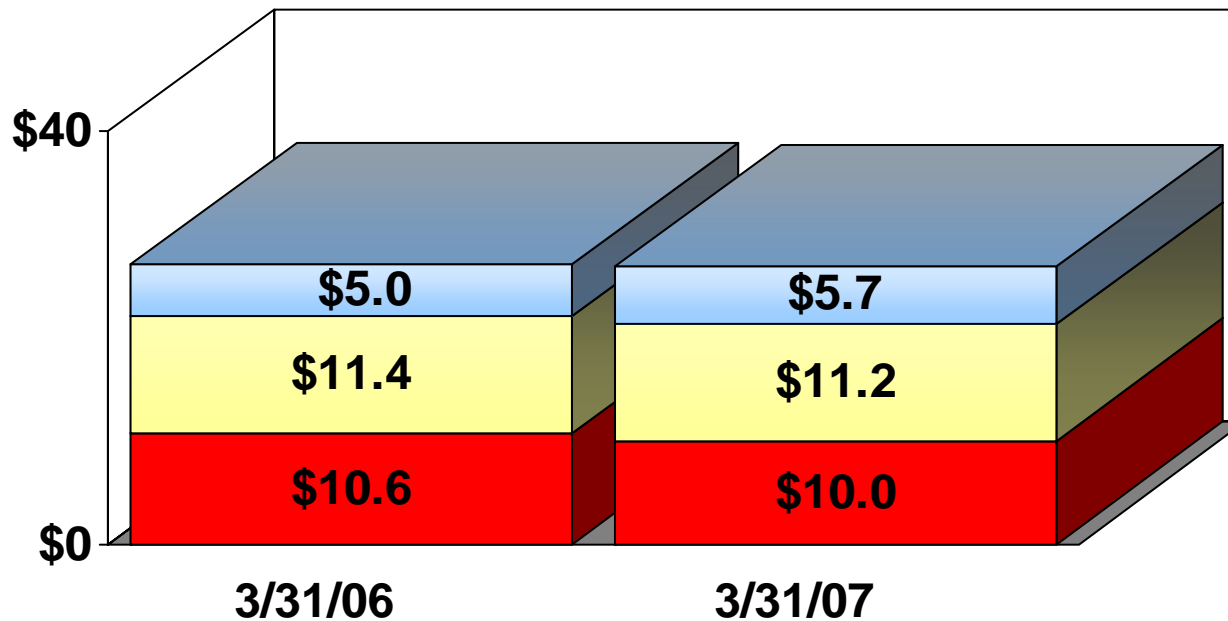
	<u>3/31/2007</u>	<u>3/31/2006</u>
<b>Net Income</b>	<b>\$ 3,763</b>	<b>\$ 3,228</b>
<b>EPS</b>	<b>\$ 0.29</b>	<b>\$ 0.25</b>
<b>ROE</b>	<b>13.5%</b>	<b>11.8%</b>
<b>ROA</b>	<b>0.81%</b>	<b>0.72%</b>

**SOUTHSIDEBANCSHARES, INC.**

# Income Components

(Dollars in Millions)

## 1st Quarter Comparisons



- Noninterest Income w/o Securities Gains
- Noninterest Expense
- Net Interest Income

**SOUTHSIDE BANCSHARES, INC.**

# 1<sup>st</sup> Quarter Core Income – (Net of Income from Sale of Securities)

(in thousands)

	<u>3/31/2007</u>	<u>3/31/2006</u>
<b>Net Income</b>	<b>\$ 3,763</b>	<b>\$ 3,228</b>
<b>Gain on sale of securities, net of tax</b>	<b>\$ 283</b>	<b>\$ 81</b>
<b>Income not including sales of securities, net of tax</b>	<b>\$ 3,480</b>	<b>\$3,147</b>

**SOUTHSIDEBANCSHARES, INC.**