

KBW – Texas Field Trip
Dallas, Texas
February 20, 2008

SOUTHSIDE BANCSHARES, INC.

Sam Dawson

President and Chief Operating Officer

Lee Gibson

Executive Vice President and Chief Financial Officer

SOUTHSIDE BANCSHARES, INC.

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, 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 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/A for the year ended December 31, 2006 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.

SOUTHSIDE BANCSHARES, INC.

Company Profile

- NASDAQ SBSI
- Total Assets \$2.2 billion
- Headquarters Tyler, TX
- Primary Market Tyler/Longview
- New Markets Ft. Worth/Arlington
- Banking Facilities in Texas 44

SOUTHSIDEBANCSHARES, INC.

Company Profile

(2/11/08)

- Market Capitalization \$263 million
- Cash Dividend Yield 2.4 %
- Inside ownership 15.0 %
- Institutional ownership 17.2 %
- Average Daily Volume (3 mos) 34,600
- Shares Outstanding (12/31/07) 13,140,277

SOUTHSIDE BANCSHARES, INC.

The Leadership Team

Years @ Southside

B.G. Hartley

47

Chairman & CEO

Sam Dawson

34

President & COO

Jeryl Story

27

Sr. Exec. VP

Lee Gibson

24

Exec. VP & CFO

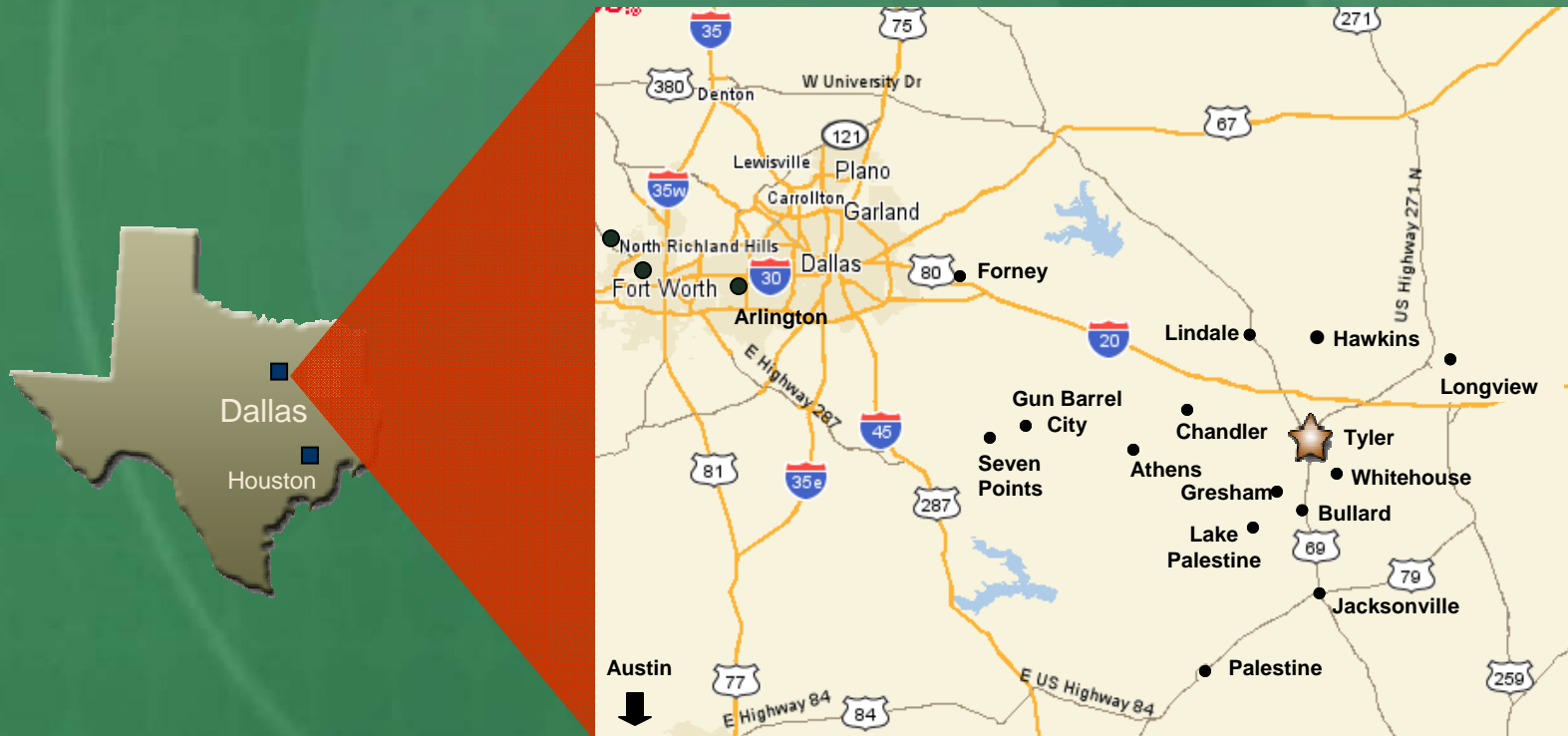
SOUTHSIDE BANCSHARES, INC.

Growth Strategy

- Strategic expansion of branch network
- Enhance presence in Ft. Worth
- Expand regional lending focus
- Bias toward organic growth
- Manage balance sheet to complement growth strategy

SOUTHSIDE BANCSHARES, INC.

Our Markets



SOUTHSIDE BANCSHARES, INC.

East Texas Markets

- Population (MSA)
 - Tyler 195,000
 - Longview 208,000
- Medical & Educational Center
- Tyler & East Texas Economy Currently Resilient

SOUTHSIDE BANCSHARES, INC.

Market Share - Tyler

Southside Bank	38%
Bank of America	12%
Regions Bank	10%
JP Morgan Chase	8%
Guaranty Bank	5%

SOUTHSIDE BANCSHARES, INC.

New Markets

- Acquired Fort Worth National Bank – Oct 2007

Offices

- Fort Worth 2
- Arlington 1
- Austin 1

- DFW Population 5.8 Million
- Unemployment (9/07) 4.2%
- Diversified Economy
 - Barnett Shale
 - Education
 - Tourism

SOUTHSIDE BANCSHARES, INC.

New Markets

Austin

- Population (MSA 2005 est.) 1.4 million
- Unemployment (12/07) 3.6%
- Diversified Economy
 - Education
 - Government
 - High-Tech

Southside Financial Group

- Purchase Existing Used Auto Portfolios
- Experienced Operating Partner
- Limit Portfolio Purchase Threshold - 3% of Assets
- Market-driven Disciplined Methodology

SOUTHSIDE BANCSHARES, INC.

One Year Performance

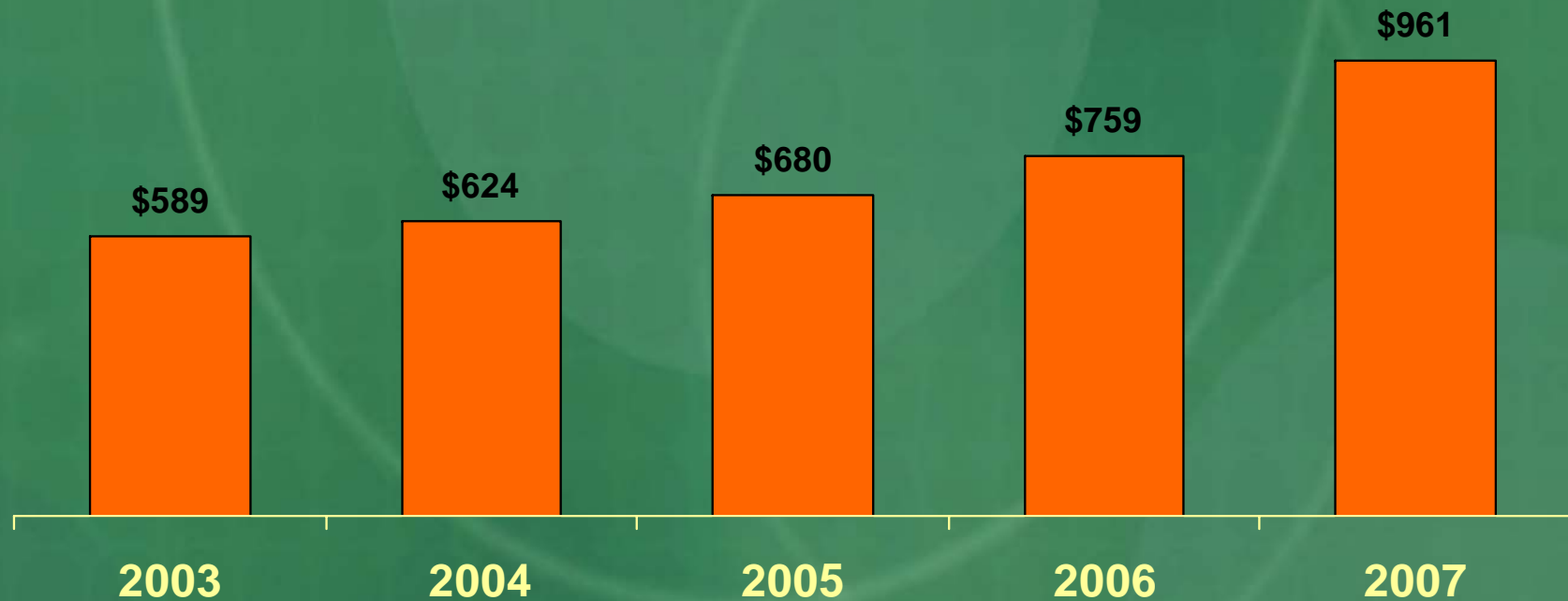


SOUTHSIDE BANCSHARES, INC.

Loan Growth

(Dollars in Millions)

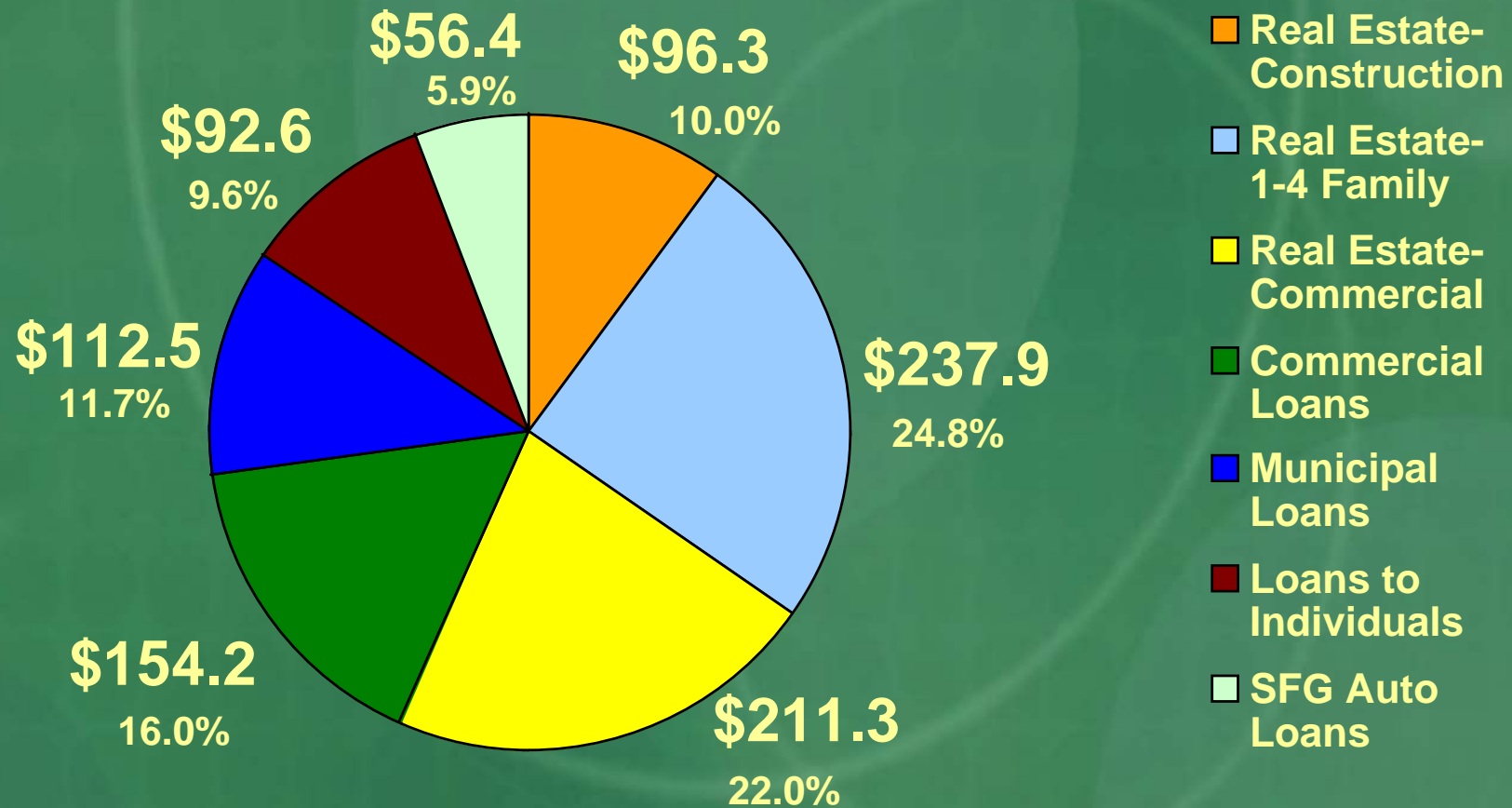
Total Loans Outstanding
Net of Unearned Discount



SOUTHSIDE BANCSHARES, INC.

Loan Portfolio Composition

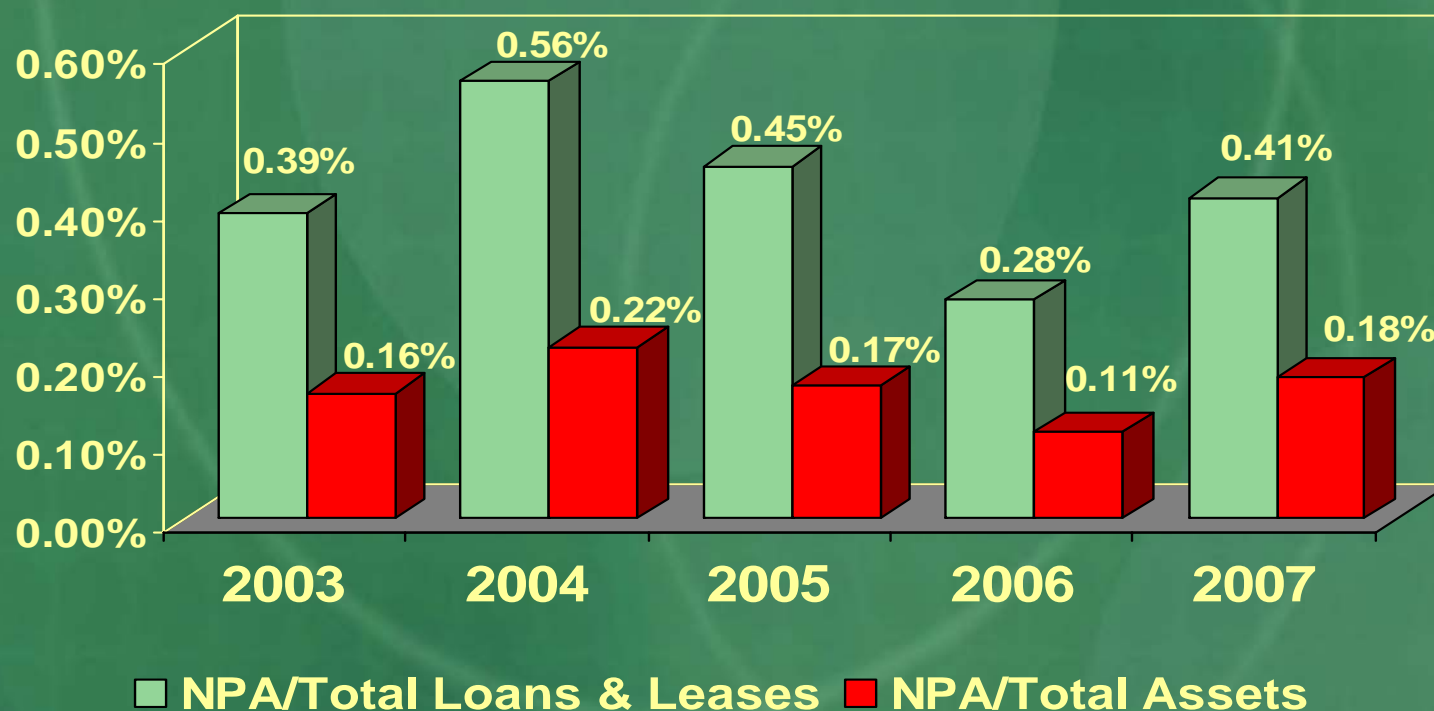
(Dollars in Millions) 2007



SOUTHSIDE BANCSHARES, INC.

Asset Quality

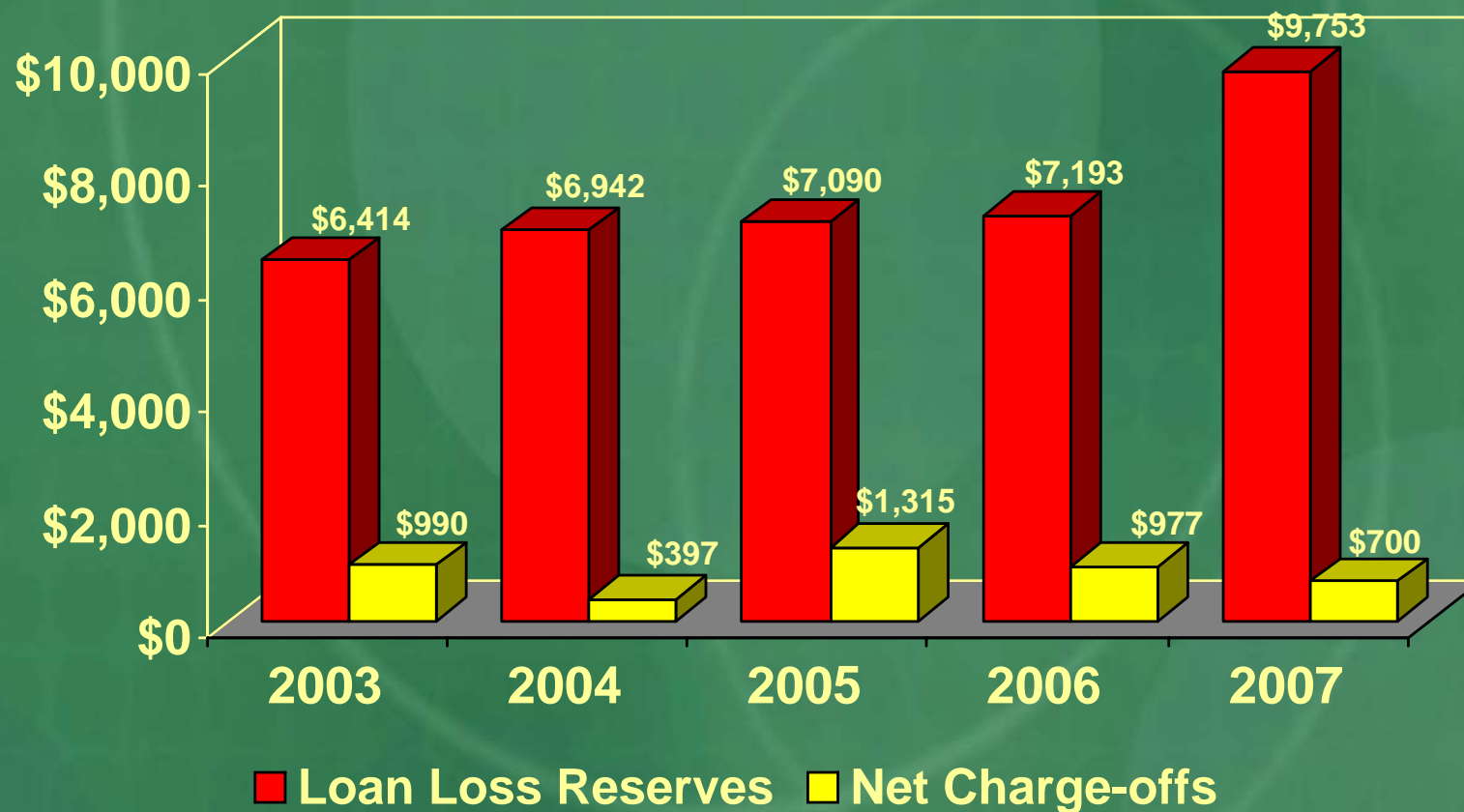
Non-Performing Assets/ NPA As A Percentage



SOUTHSIDE BANCSHARES, INC.

Asset Quality

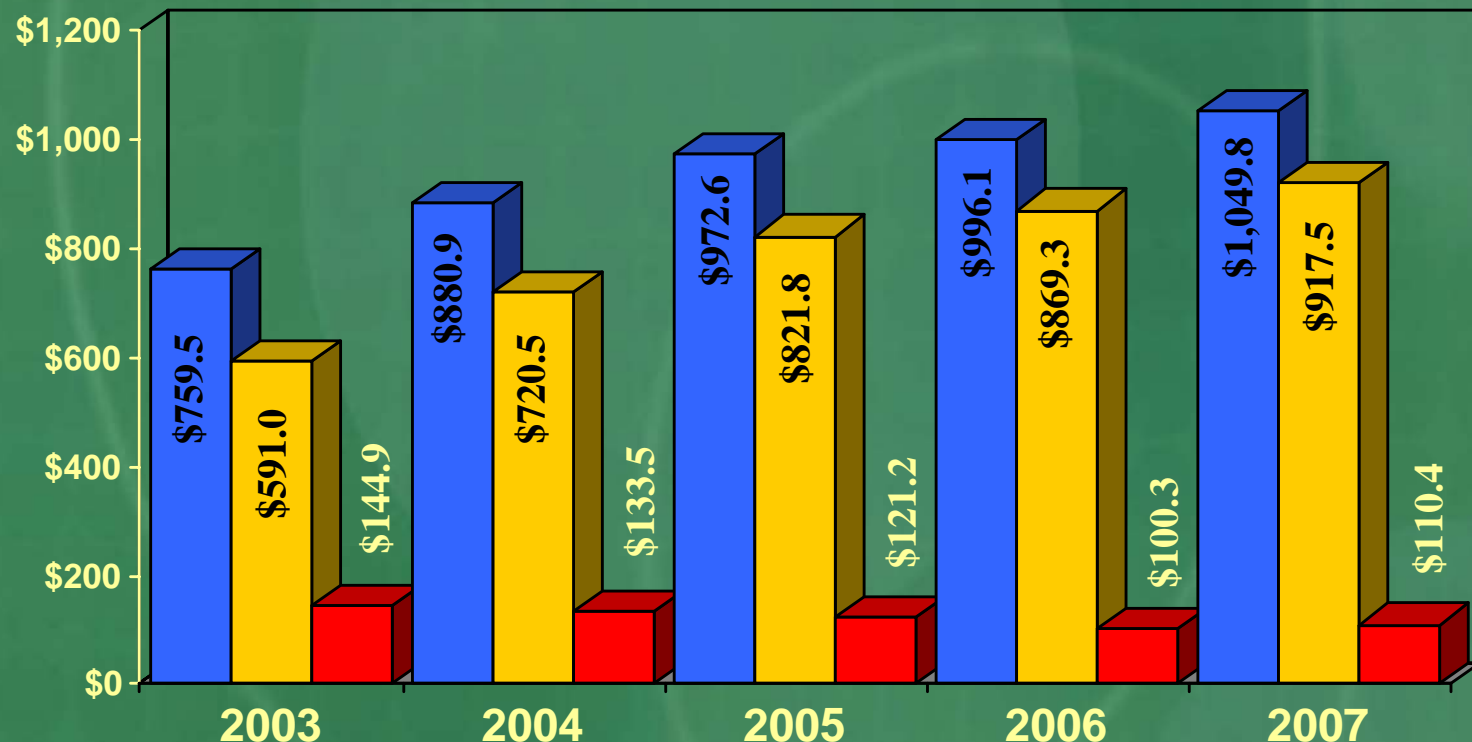
Dollars in Thousands



SOUTHSIDE BANCSHARES, INC.

Securities Portfolio

Dollars in Millions



■ Total Securities ■ Mortgage-Backed Securities ■ Investment Securities

All but \$5 million agency MBS, currently 100% agency MBS

SOUTHSIDE BANCSHARES, INC.

Investment Portfolio Performance

Southside Bank Performance

One Year	84 th percentile
Three Year	77 th percentile
Five Year	86 th percentile
Overall Rank	94 th percentile

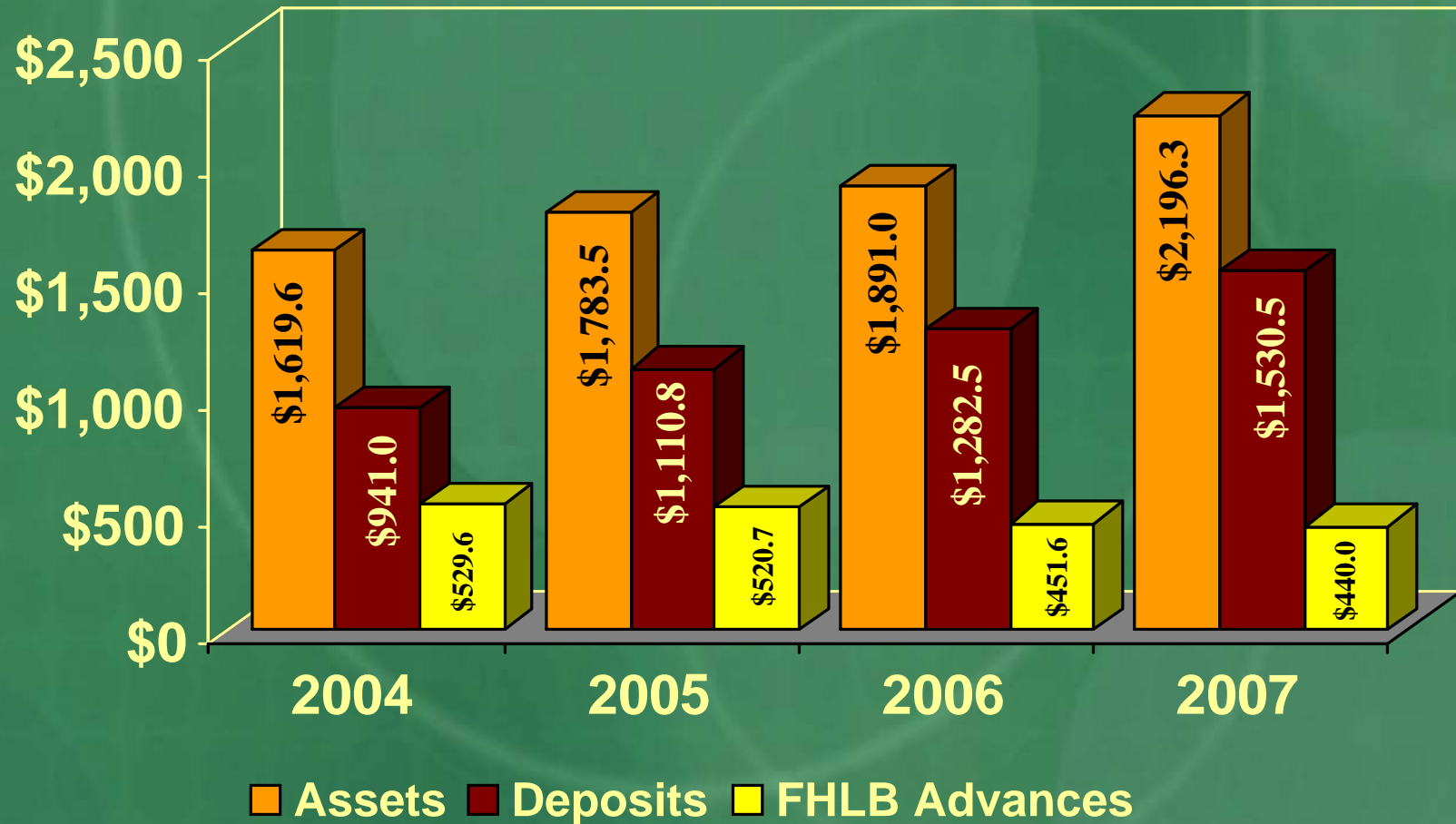
Distributions by percentile for the 1,006 largest banks in the U.S.
based on total return all investments market-to-market.

Source: IDC Report 9/30/07

SOUTHSIDEBANCSHARES, INC.

Balance Sheet Growth - Liabilities

Dollars in Millions

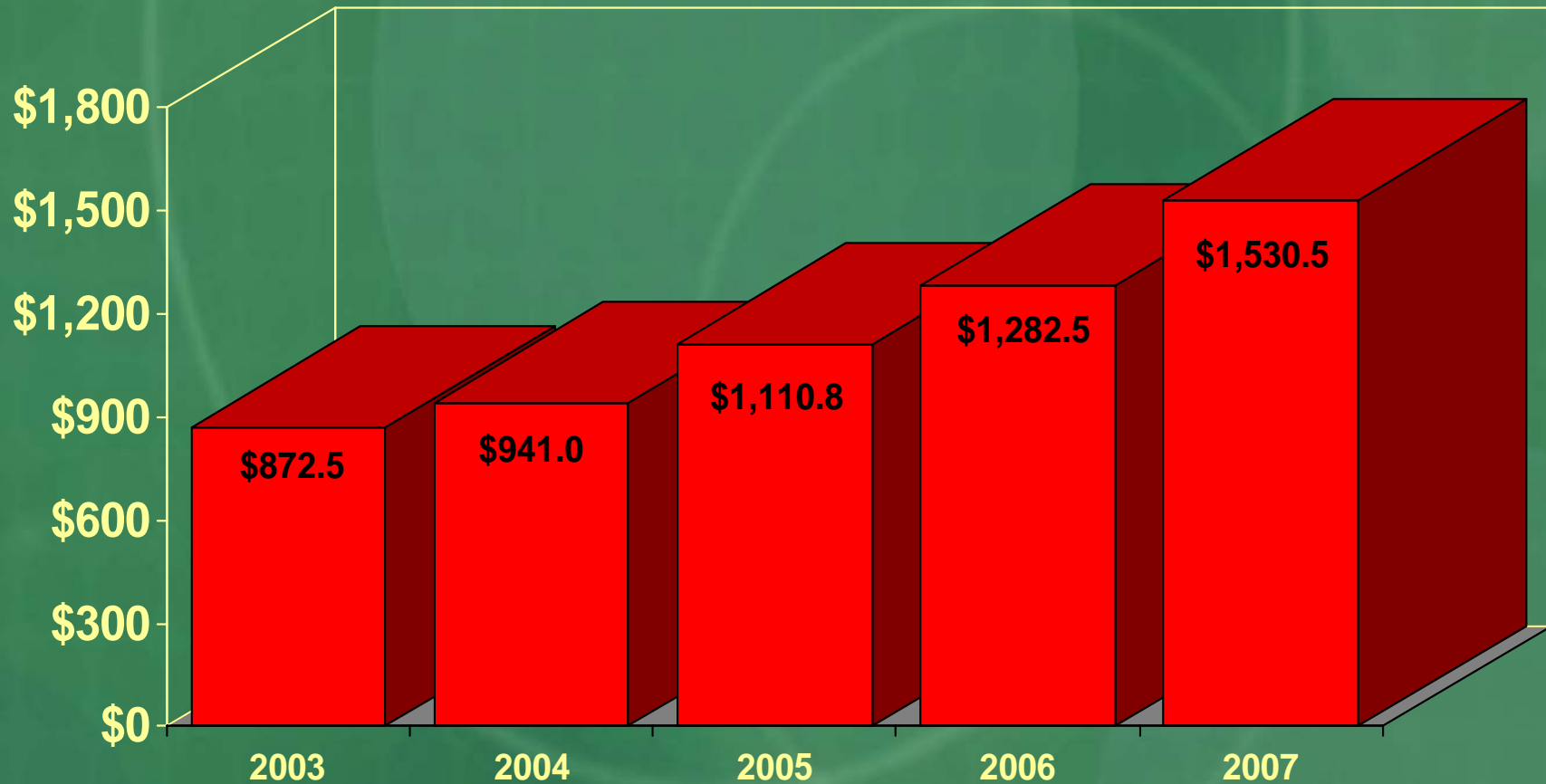


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Deposit Growth

CAGR – 11.47%

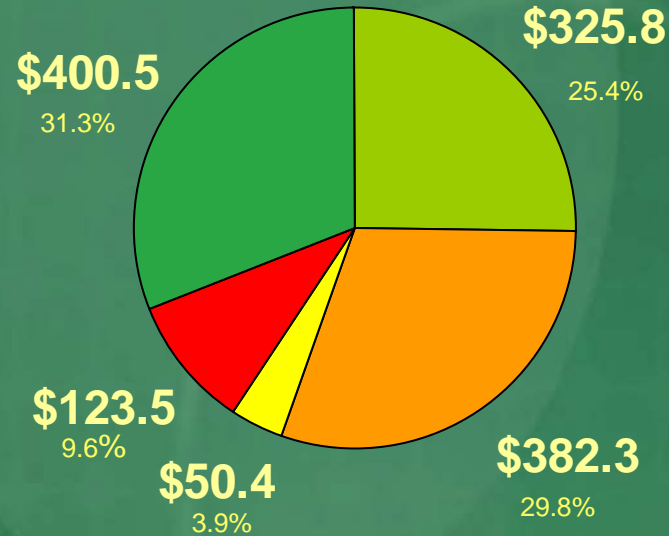
(Dollars in Millions)



SOUTHSIDE BANCSHARES, INC.

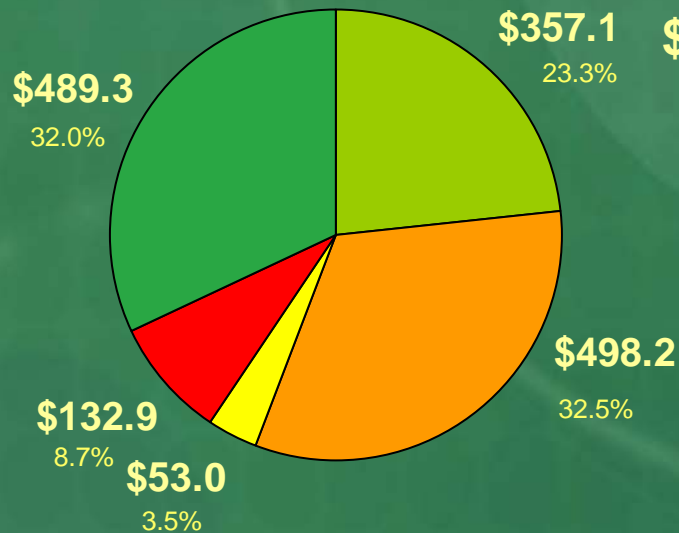
Composition of Deposits

2006



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

2007



Dollars in Millions

SOUTHSIDE BANCSHARES, INC.

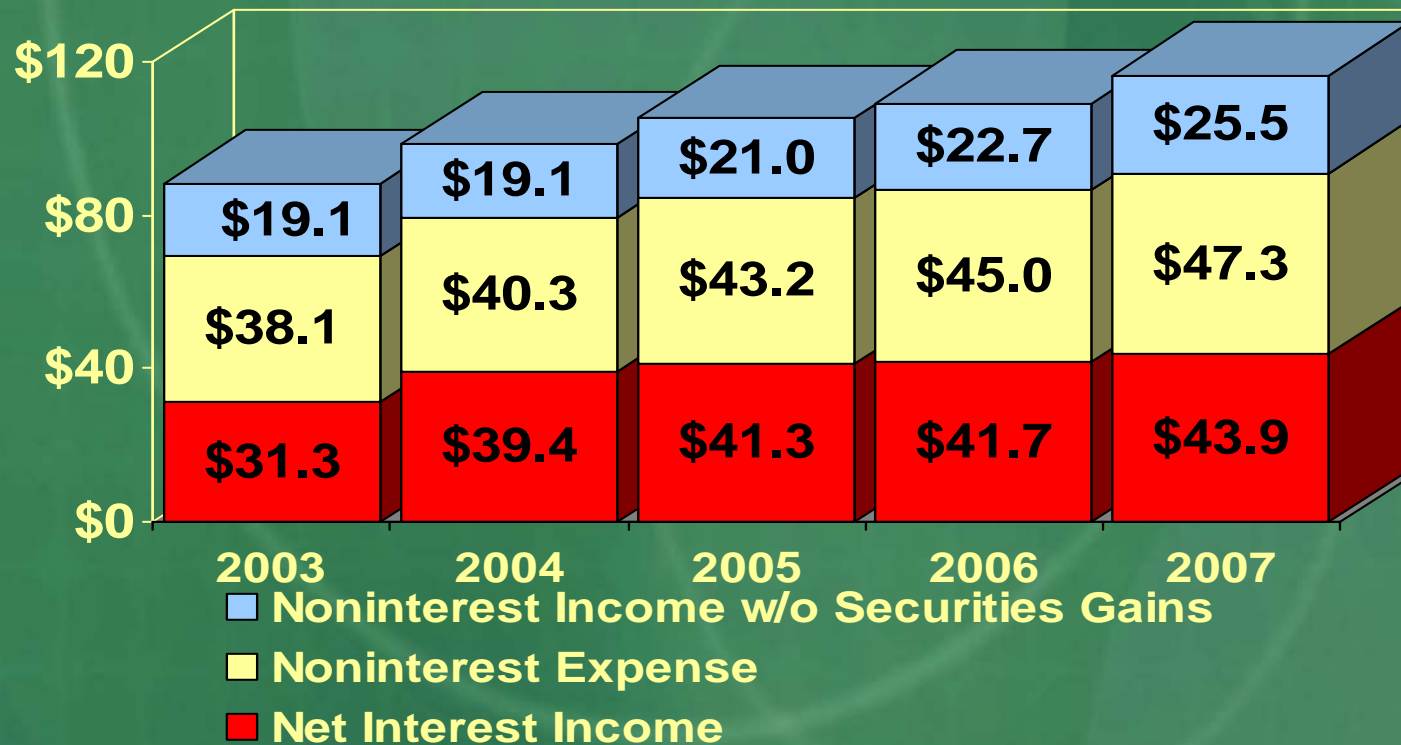
Bottom Line: 2007 Performance

	<u>2007</u>	<u>2006</u>	<u>% Chg</u>
Net Income (mm)	\$16.7	\$15.0	11.2%
EPS (fully diluted)	\$1.24	\$1.12	10.7%
ROE	14.1%	13.5%	

SOUTHSIDEBANCSHARES, INC.

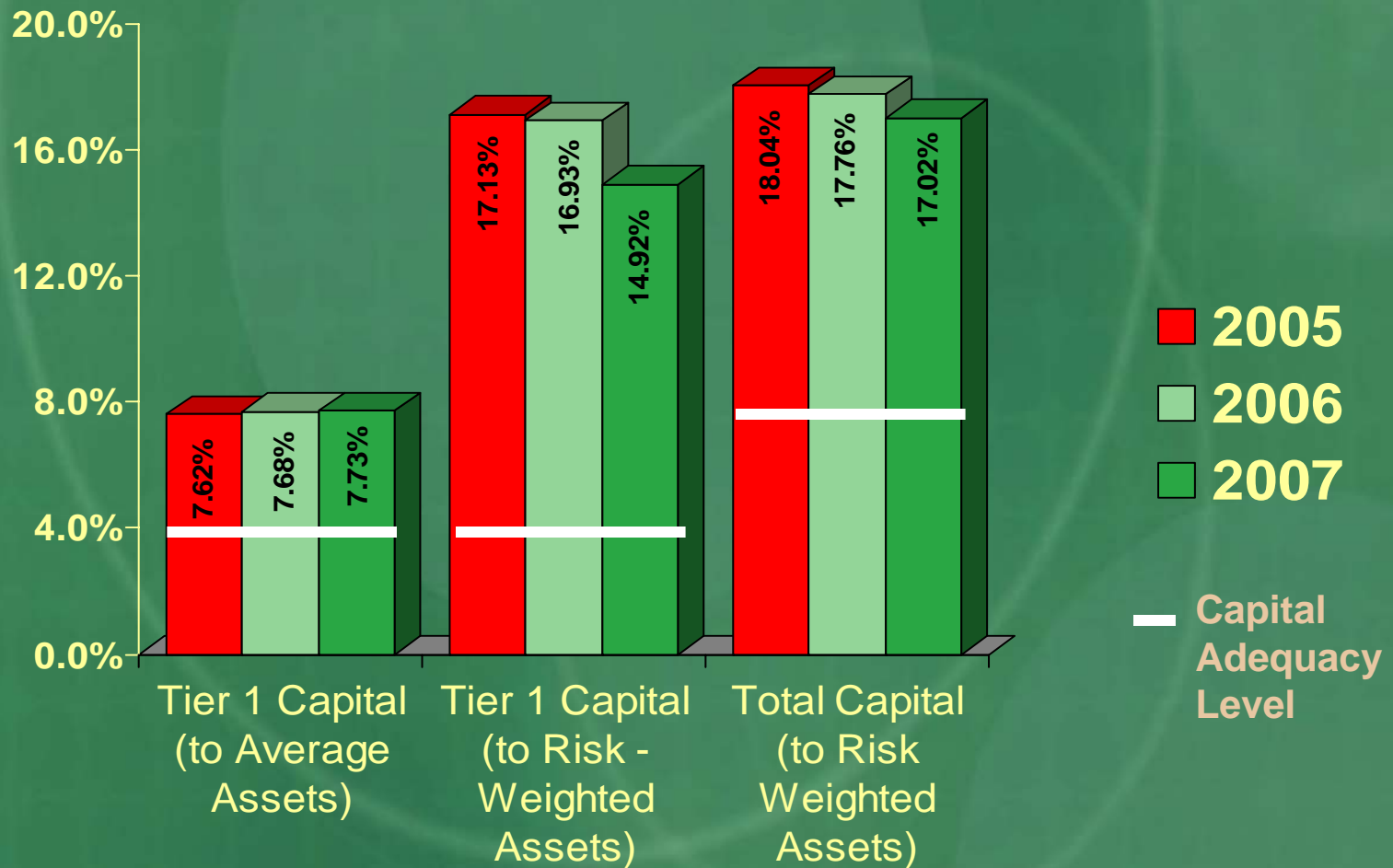
Income Components

Dollars in Millions



SOUTHSIDE BANCSHARES, INC.

Capital Levels



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Investment Summary

- Attractive, growing Texas markets
- Proven de novo expansion expertise
- Consistent core deposit growth
- Seasoned management team with significant knowledge of local markets
- Track record of stable earnings and conservative balance sheet management
- Focus on long-term franchise value

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