

SOUTHSIDE BANCSHARES, INC.

COMPENSATION COMMITTEE CHARTER

I. COMPOSITION

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Southside Bancshares, Inc. (“Southside”) shall consist of three or more members of the Board, each of whom the Board has determined is “independent” under the then-existing rules of the NASDAQ Stock Market. Additionally, members of the Committee must qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code.

The members of the Committee shall be appointed or removed by the Nominating Committee and approved by the Board. A term shall consist of one calendar year. Additional terms will be at the discretion of the Nominating Committee and the Board.

II. PURPOSE AND RESPONSIBILITIES

The Committee’s purpose shall be to perform the following responsibilities, which may be supplemented from time to time by any responsibilities expressly delegated to the Committee by the Board:

- A. In consultation with senior management, to review Southside’s general compensation philosophy, and oversee the development of Southside’s compensation and benefit programs.
- B. To review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer (“CEO”) and named executive officers (“NEO”), evaluate the performance of the CEO and NEOs in light of those goals and objectives and set the CEO and NEO compensation level based on this evaluation. The CEO shall not be present during any Compensation Committee deliberations or voting with respect to his or her compensation.
- C. To make recommendations to the Board with respect to, and, if appropriate under the circumstances approve on behalf of the Board, non-CEO Executive Officer compensation and any adoption of or amendment to a material compensation or benefit plan, including any incentive-compensation plan or equity-based plan.

- D. To review, as necessary, the components and amount of Board compensation in relation to other similarly situated companies.

- E. To review and recommend for approval by the Board (a) the approach with respect to the advisory vote on executive compensation (a "say-on-pay") and (b) how frequently Southside should permit shareowners to have a say-on-pay, taking into account the results of shareowner votes on the frequency of say-on-pay resolutions. The Committee also shall review the results of say-on-pay resolutions and consider any implications.

- F. To prepare an annual Report of the Compensation Committee on Executive Compensation for inclusion in annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission.

- G. To prepare a summary of the actions taken at each Committee meeting, which shall be presented to the Board.

III. STRUCTURE AND OPERATIONS

The Nominating Committee shall designate one member of the Compensation Committee as its chairperson. The Committee chairperson will determine the frequency, dates, times and places for meeting of the Committee. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment.

The Committee may invite such members of management to its meetings, as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions.

IV. PERFORMANCE EVALUATION

The Committee shall perform a self-evaluation, annually, of the Committee performance. The performance evaluation should compare the performance of the Committee with the requirements of this Charter, and it should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee.

V. RESOURCES AND AUTHORITY

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. Southside must provide for appropriate funding of any consultants retained by the Committee.

In reviewing and selecting any such advisors, the Committee shall consider the independence factors as listed in the NASDAQ Listing Rule 5605(d) (3) (or any successor rule).

10/17/2013