

Texas Banking Roundup

February 3 & 4, 2005



Sandler O'Neill
& Partners, L.P.
A CULTURE of RESULTS



SOUTHSIDEBANCSHARES, 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 Southside Bancshares, Inc., (the "Company") a bank holding company, may be considered to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements may include words such as "expect," "estimate," "project," "anticipate," "believe," "could," "should," "may," "intend," "probability," "risk," "target," "objective" 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. Other factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to general economic conditions, either globally, nationally or in the State of Texas, legislation or regulatory changes which adversely affect the businesses in which the Company is engaged, adverse changes in Government Sponsored Enterprises (the "GSE's") status or financial condition impacting the GSE's guarantees or ability to pay or issue debt, economic or other disruptions caused by acts of terrorism or military actions in Iraq, Afghanistan or other areas, changes in the interest rate yield curve or interest rate environment which reduce interest margins and may impact prepayments on the mortgage-backed securities portfolio, changes effecting 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 compliance with legislation or regulatory changes, the effect of changes in accounting policies and practices and the costs and effects of unanticipated litigation.



Company Overview (SBSI)

- Bank Chartered 1960
- Total Assets \$1.6 Billion
- Market Capitalization \$257 Million
- Insider Ownership 15%
- Institutional Ownership 11%
- Continuous Cash Dividend Since 1970



28 East Texas Locations





East Texas Demographics

Population:	Tyler -	300,000
	Longview Area	
Employment Concentrations for the Largest 20 Employers:	Manufacturing	12,028
	Medical Care	11,692
	Education	6,401
	Local Government	2,446



Deposit Market Share

<u>Bank</u>	<u>Tyler</u>	<u>Tyler/Longview</u>
Southside Bank	33.0%	20.4%
Bank of America	17.8%	9.5%
Regions Bank	12.1%	12.6%
Bank One	8.9%	10.6%



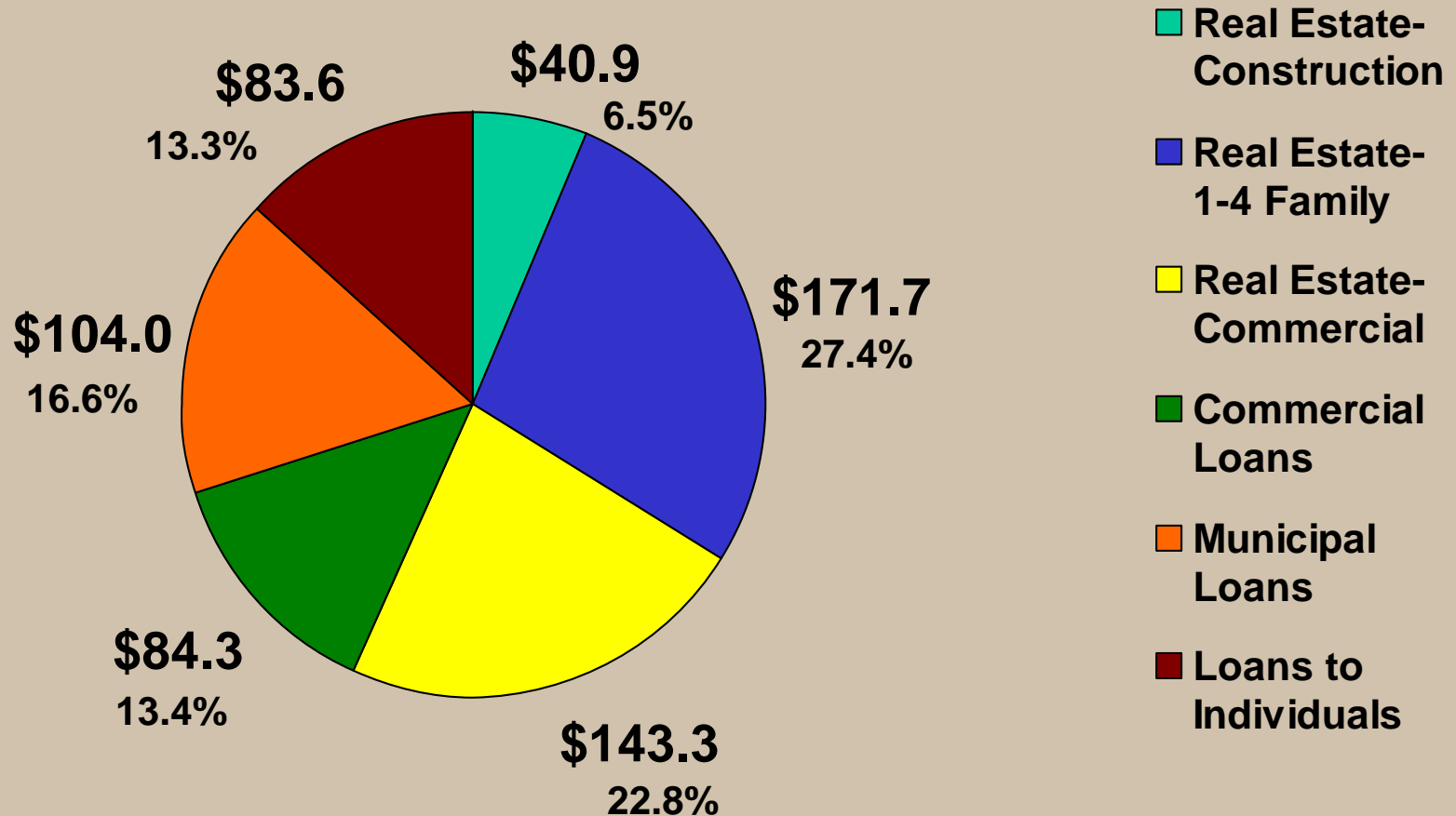
Management Team

<u>Name and Title</u>	<u>Years at Southside</u>
B. G. Hartley Chairman and CEO	44
Sam Dawson President and COO	31
Jeryl Story Senior Executive VP	25
Lee Gibson CFO	21
10 EVP/SVP's	24
9 Former Bank Presidents	30



Loan Portfolio Composition

Dollars in Millions





The Bottom Line

	2003	2004	% Increase Over 2003
Net Income	\$13.6MM	\$16.1MM	18.7%
EPS	\$1.22	\$1.39	13.9%
ROE	15.99%	15.31%	
ROA	1.00%	1.07%	
Net Charge Offs/ Avg. Loans	0.17%	0.07%	



Investment Summary

- **A history of solid profitability and earnings growth**
- **Largest community bank in East Texas**
- **Continuity of an experienced, strong management team**
- **Success at organic growth in highly competitive East Texas marketplace**
- **Excellent asset quality**