



Annual Shareholders' Meeting

April 21, 2005

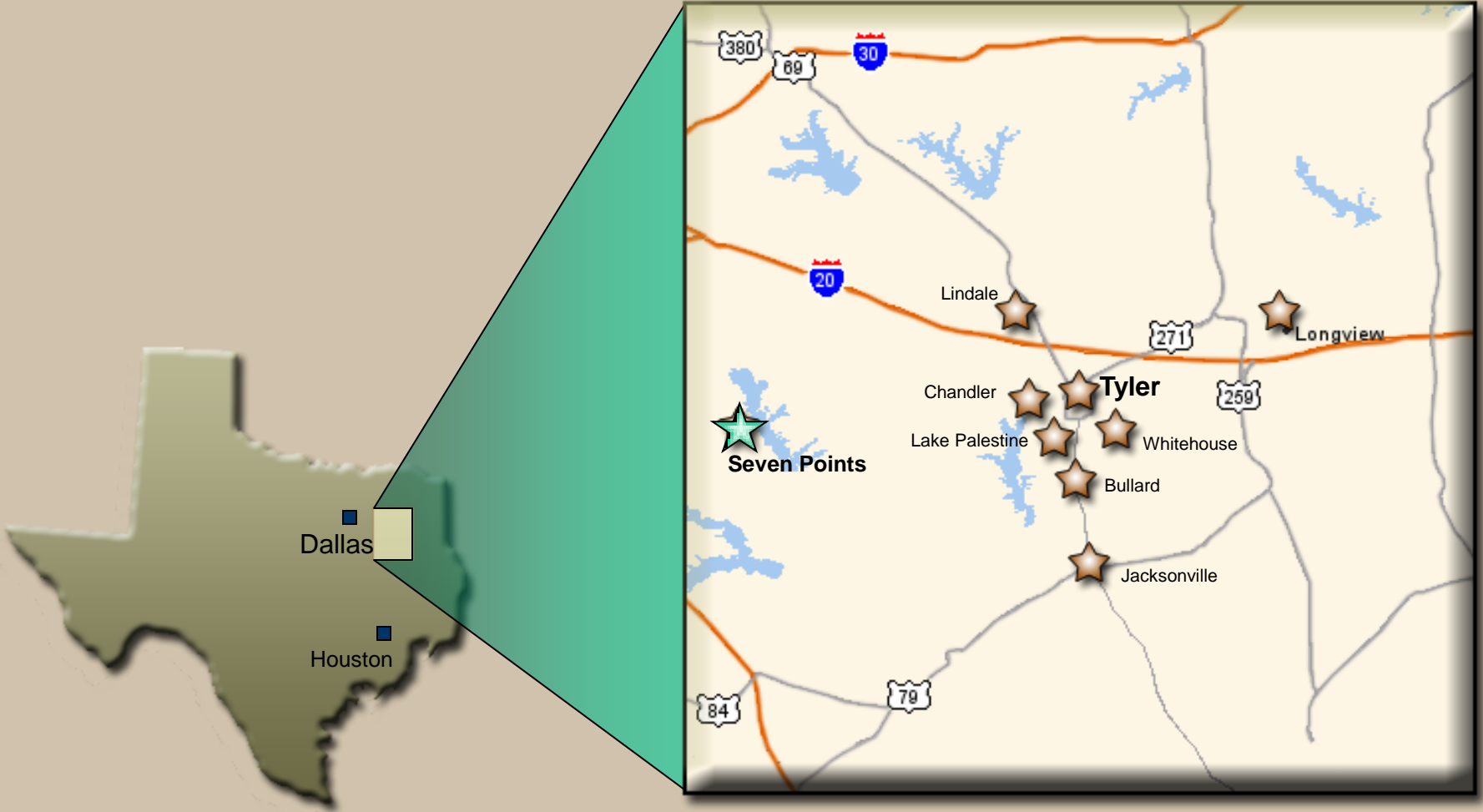
SOUTHSIDE BANCSHARES, INC.

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 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. The Company undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Branch Locations



Stock Profile [4/18/2005]



- **Shares outstanding:** 11.4 million
- **Market capitalization:** \$225 million
- **Price/ Earnings Ratio:** 15.0X
- **Price-to-Book Ratio:** 2.15X
- **Insider ownership:** 13%
- **Institutional ownership:** 11%
- **Trades on Nasdaq under SBSI**

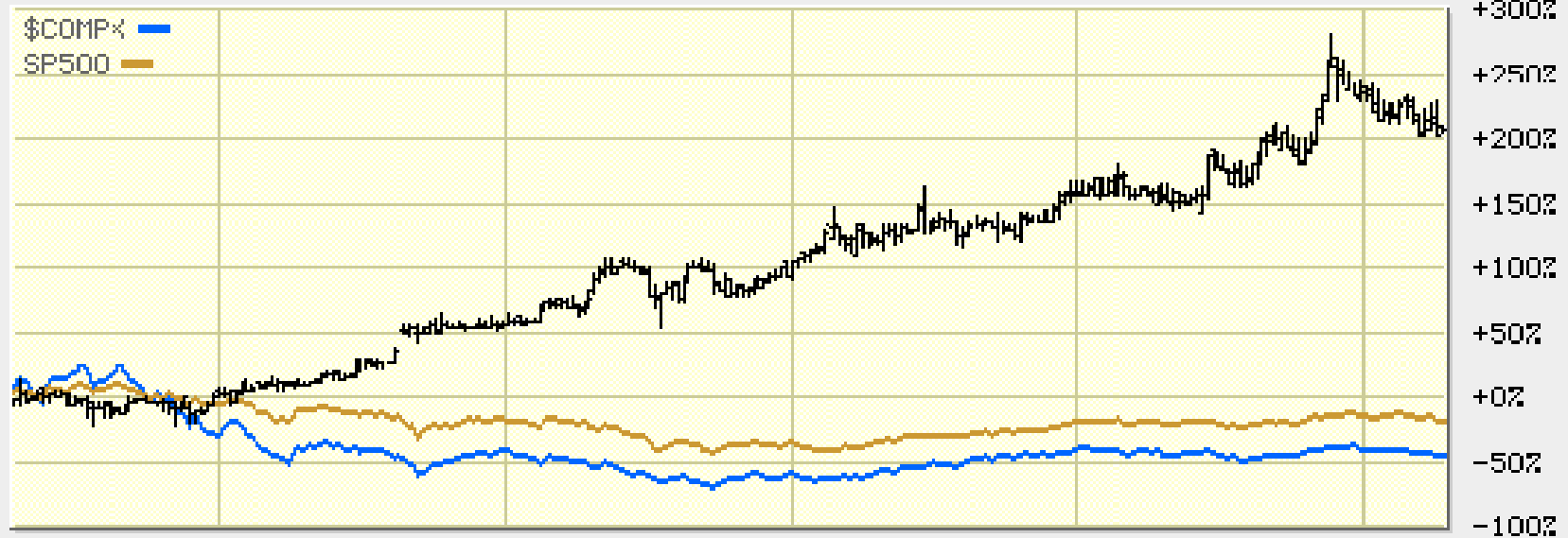
Five Year Performance



SBSI weekly —

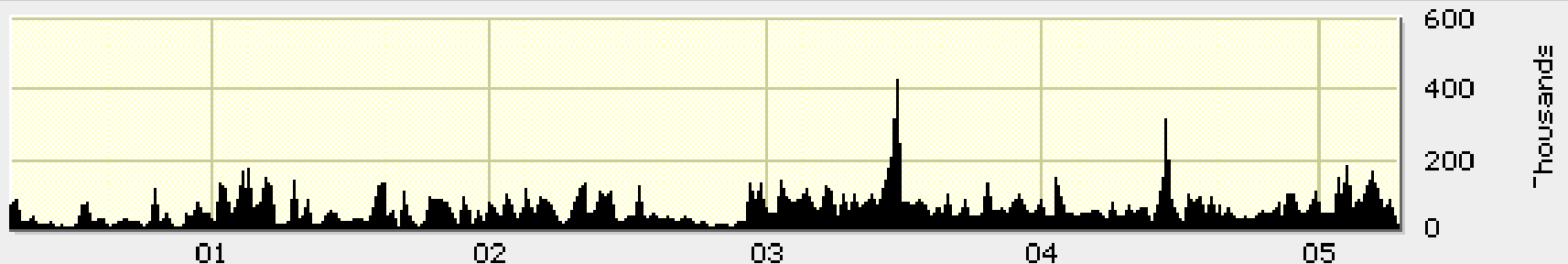
4/18/05

\$COMPX —
SP500 —



Volume —

©BigCharts.com



SOUTHSIDE BANCSHARES, INC.

One Year Comparison S & P 500



SOUTHSIDE BANCSHARES, INC.

Deposit Market Share



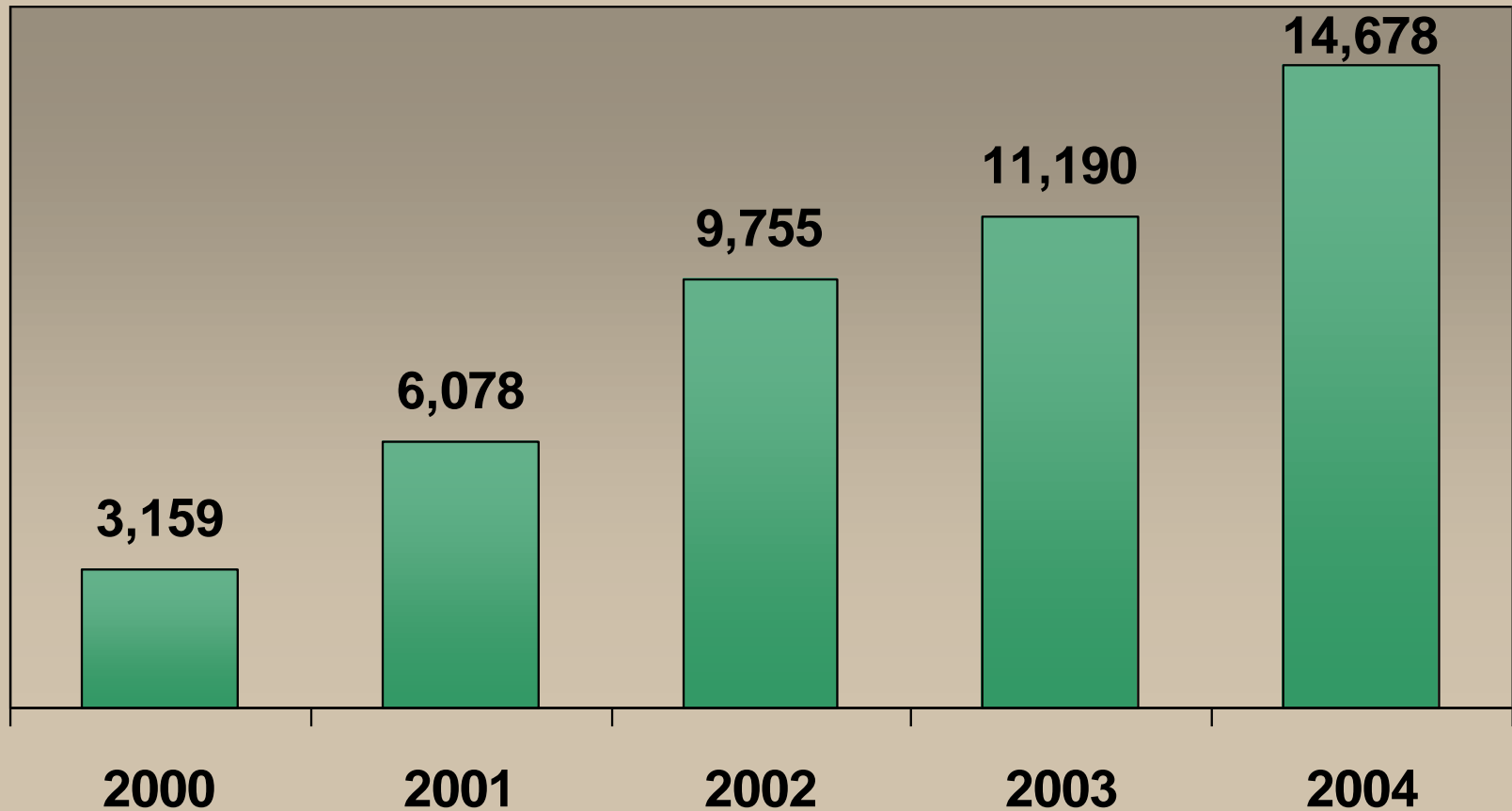
Bank	Tyler	Tyler/Longview
Southside Bank	33.0%	20.4%
Bank of America	17.8%	9.5%
Regions Bank	12.1%	12.6%
Bank One	8.9%	10.6%



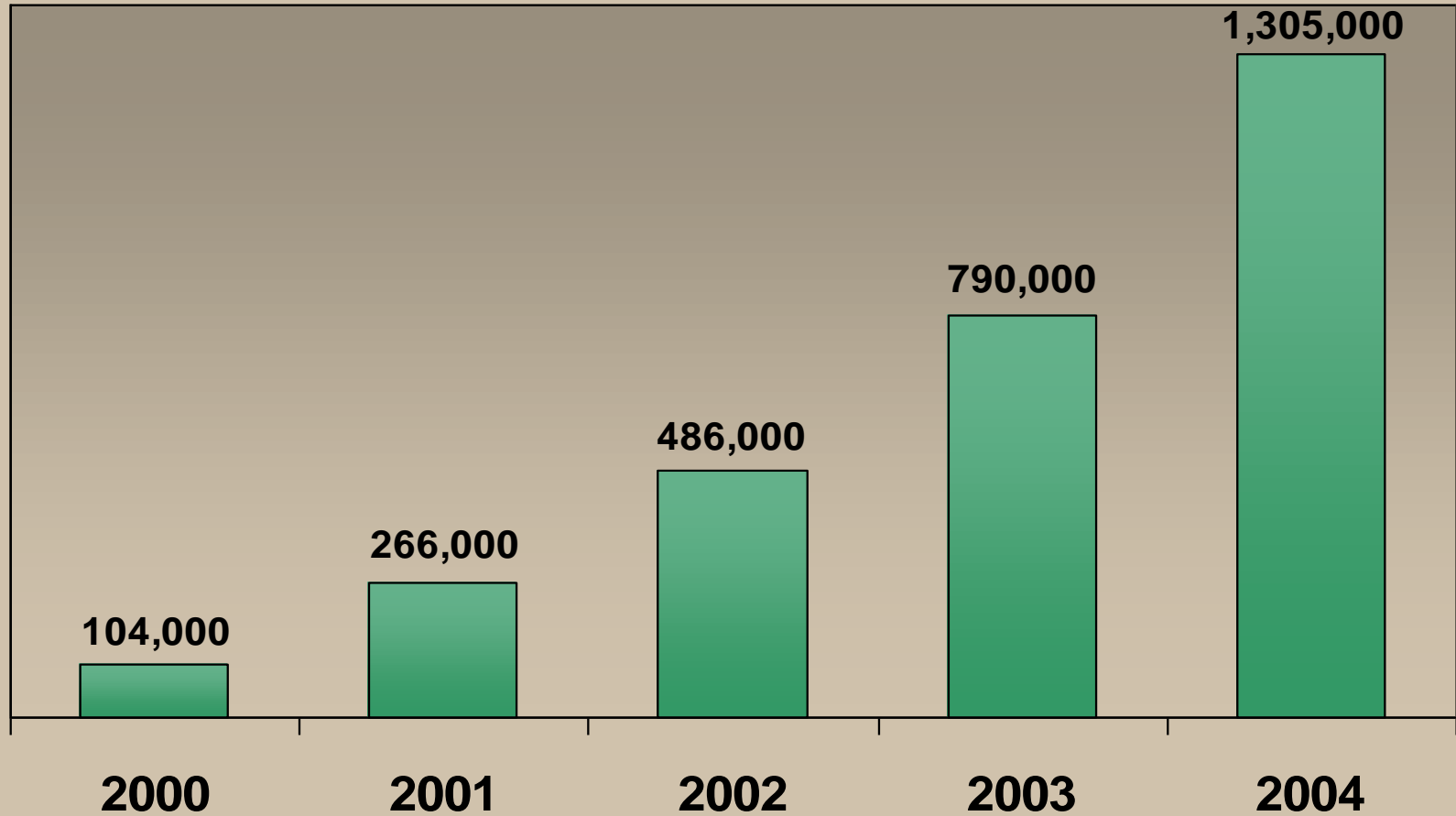
Electronic Banking

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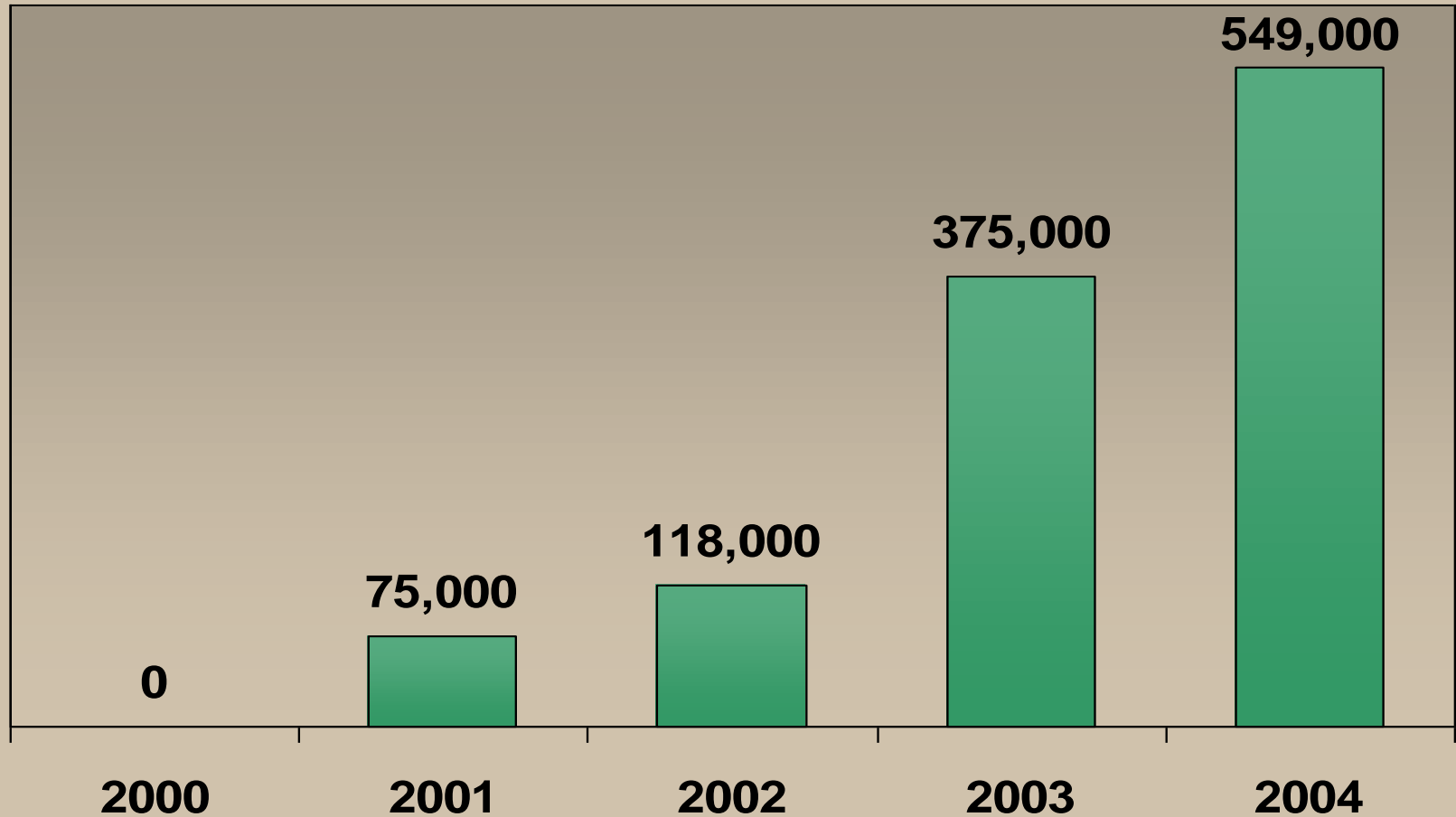
Home Banker Customers



Home Banker Website “Hits”



Check Images Viewed

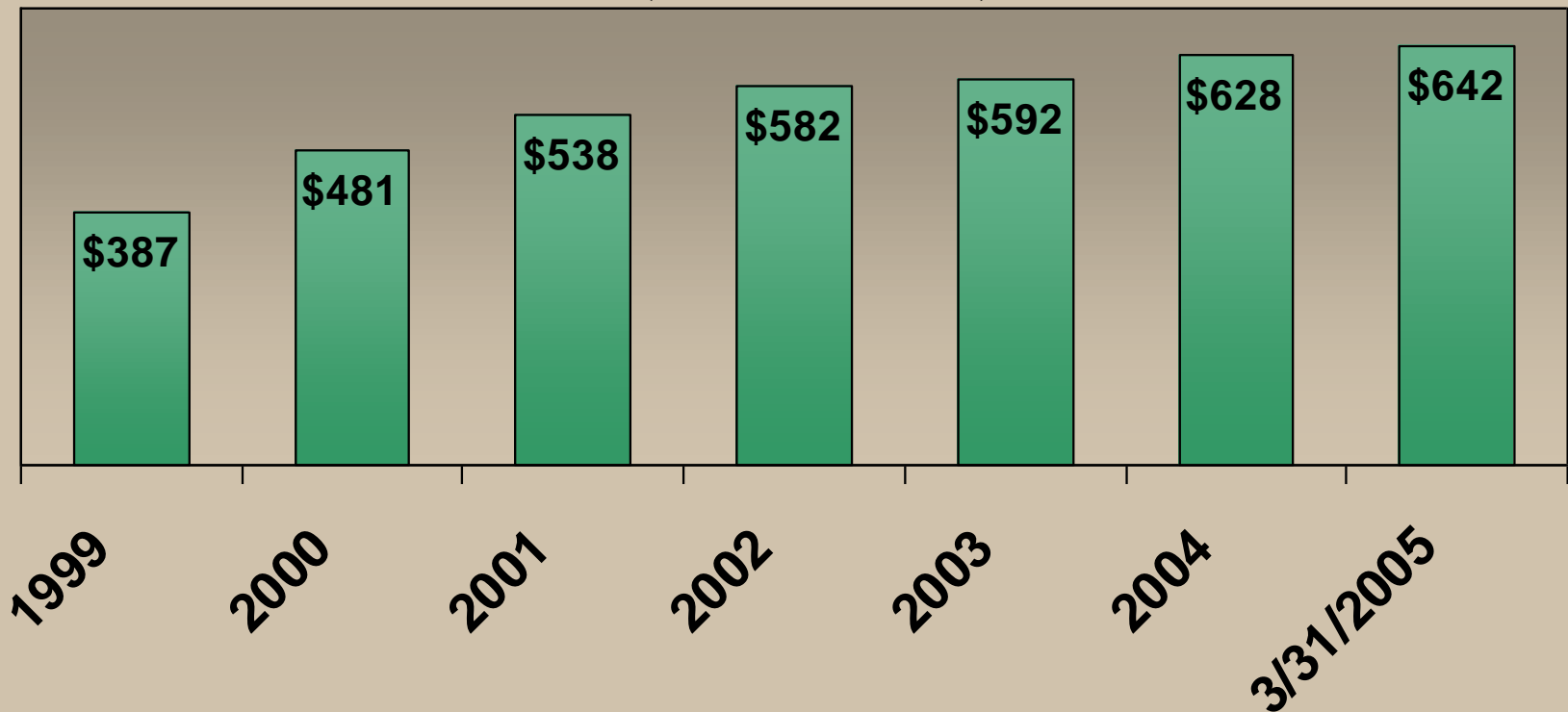


Loan Growth



Total Loans Outstanding Net of Unearned Discount

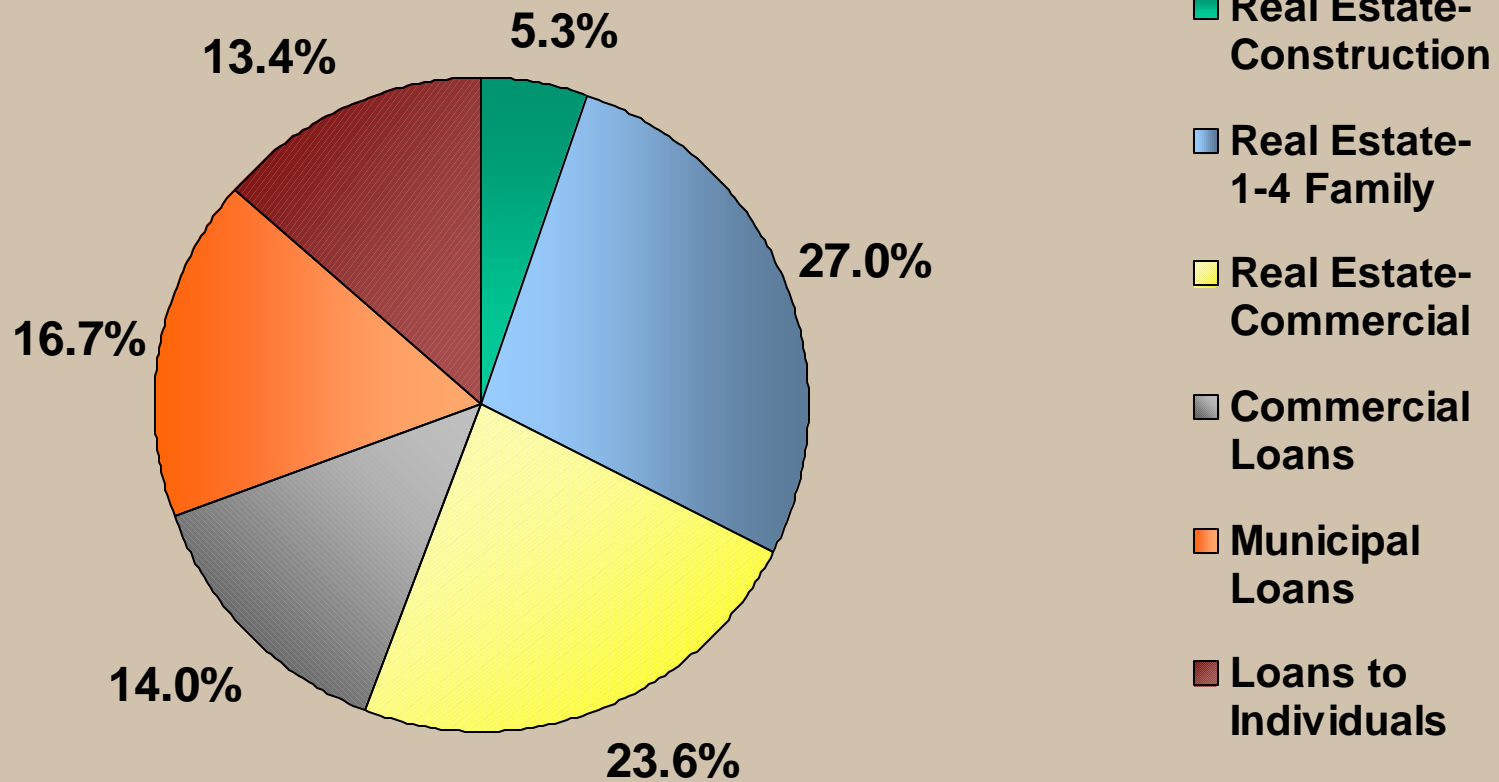
(Dollars in Millions)



Loan Portfolio Composition



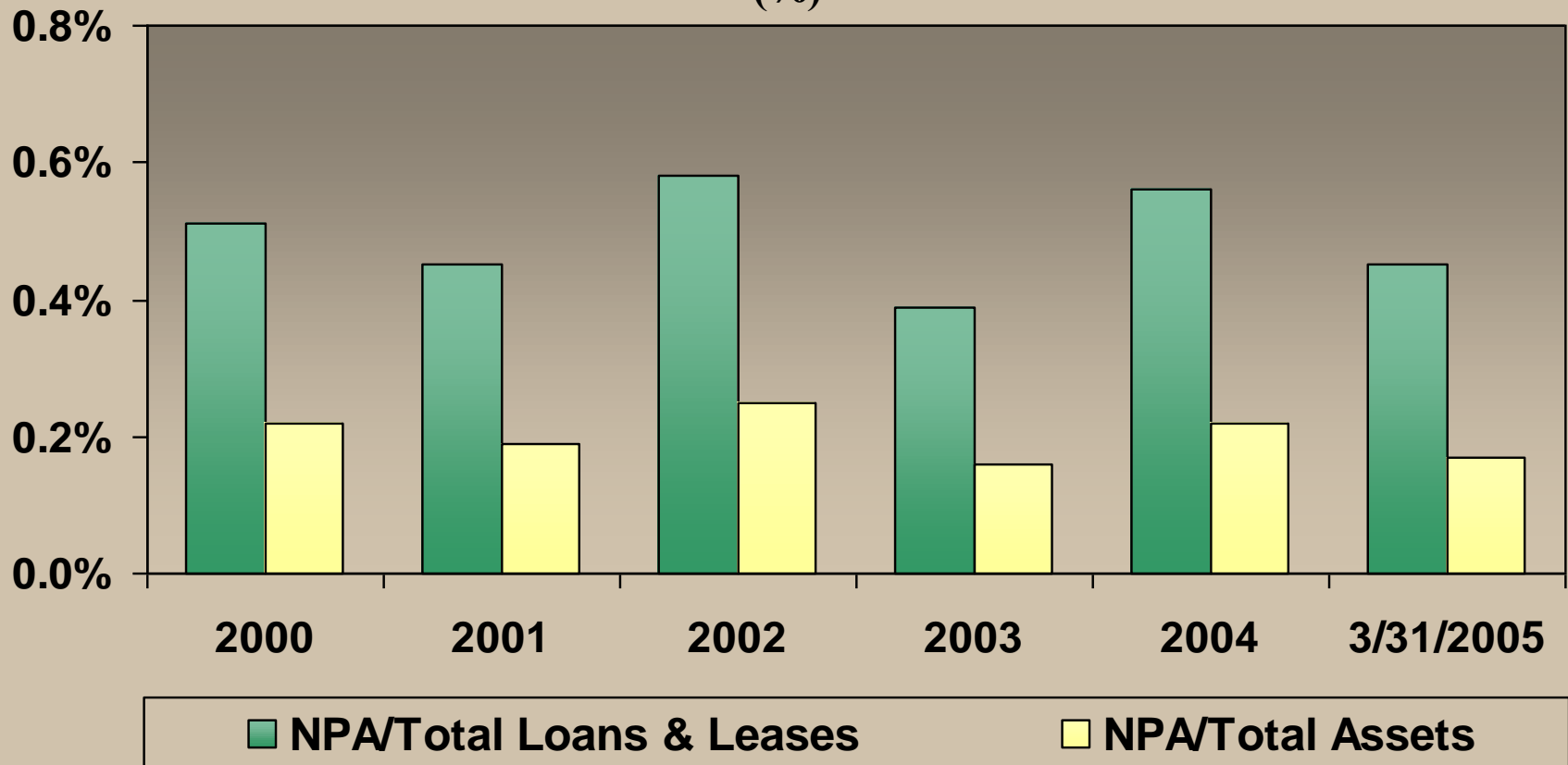
12/31/2004



Asset Quality



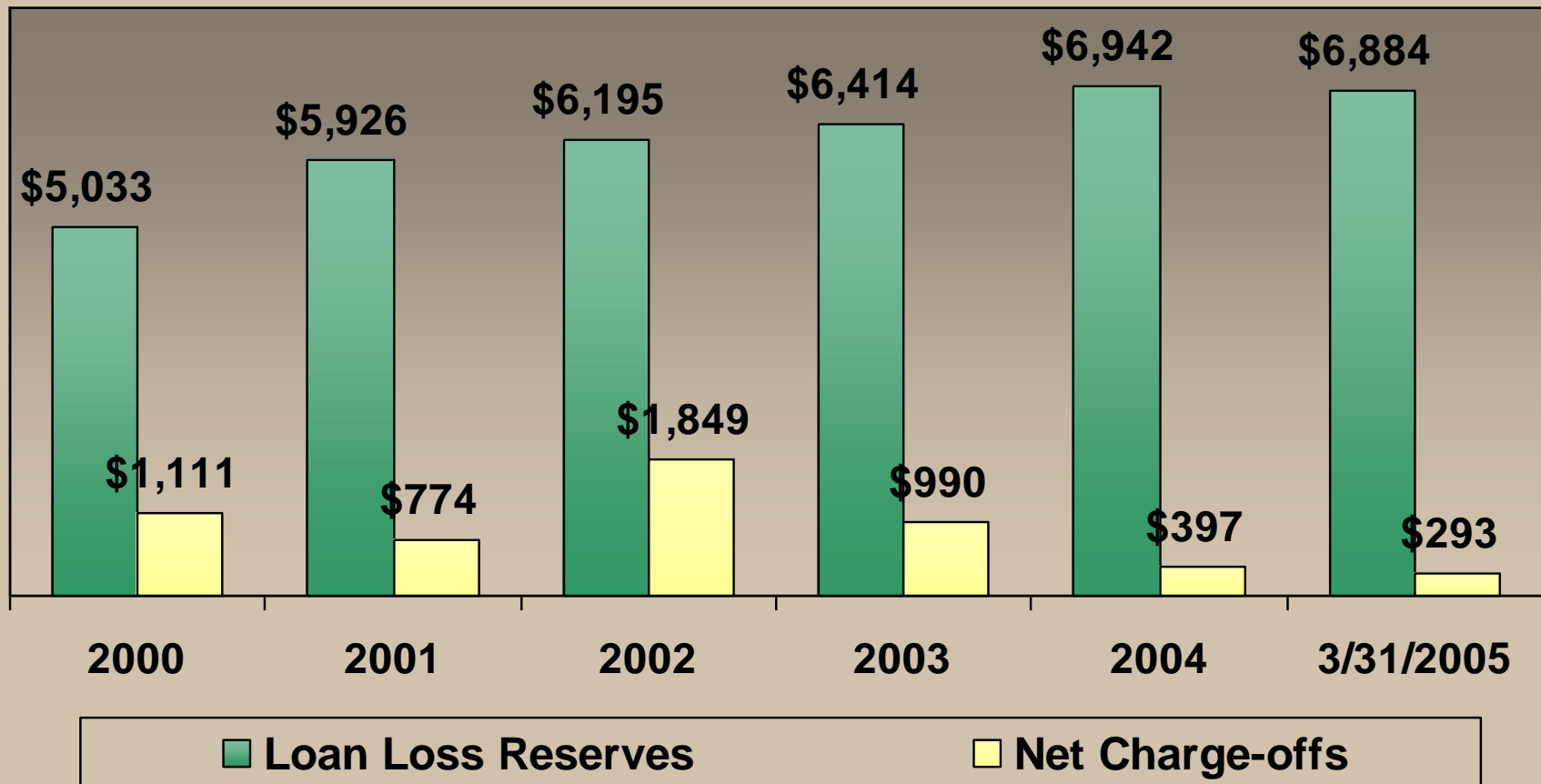
Non-Performing Assets (%)



Asset Quality



Dollars in Millions



Balance Sheet Strategy

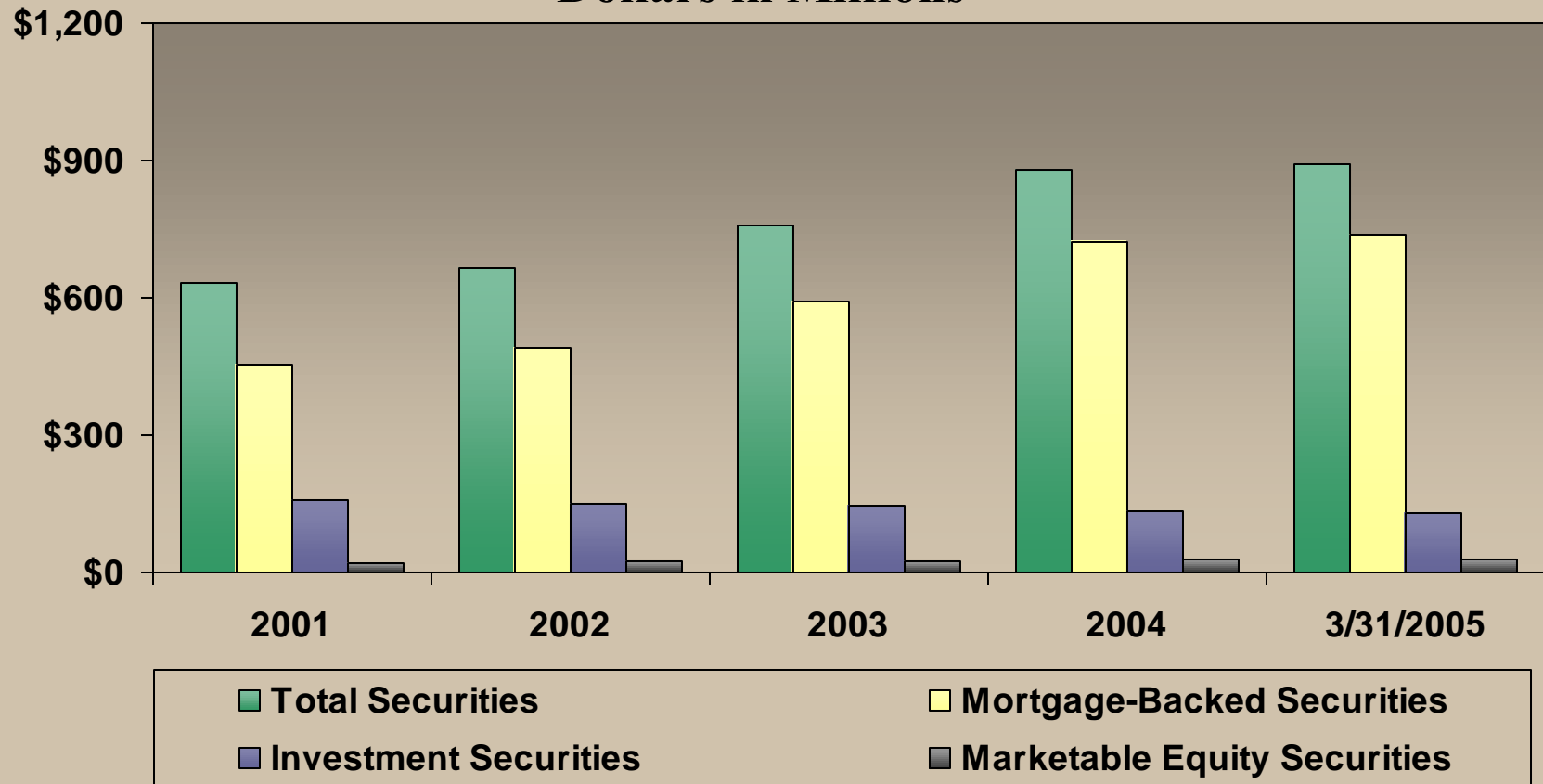


- **Diversified mix of retail, commercial, municipal and residential lending**
- **Optimize capital utilizing active investment strategy**
- **Carefully manage liabilities: deposits and FHLB advances**

Securities Portfolio



Dollars in Millions



Investment Portfolio Performance



Southside Bank Performance

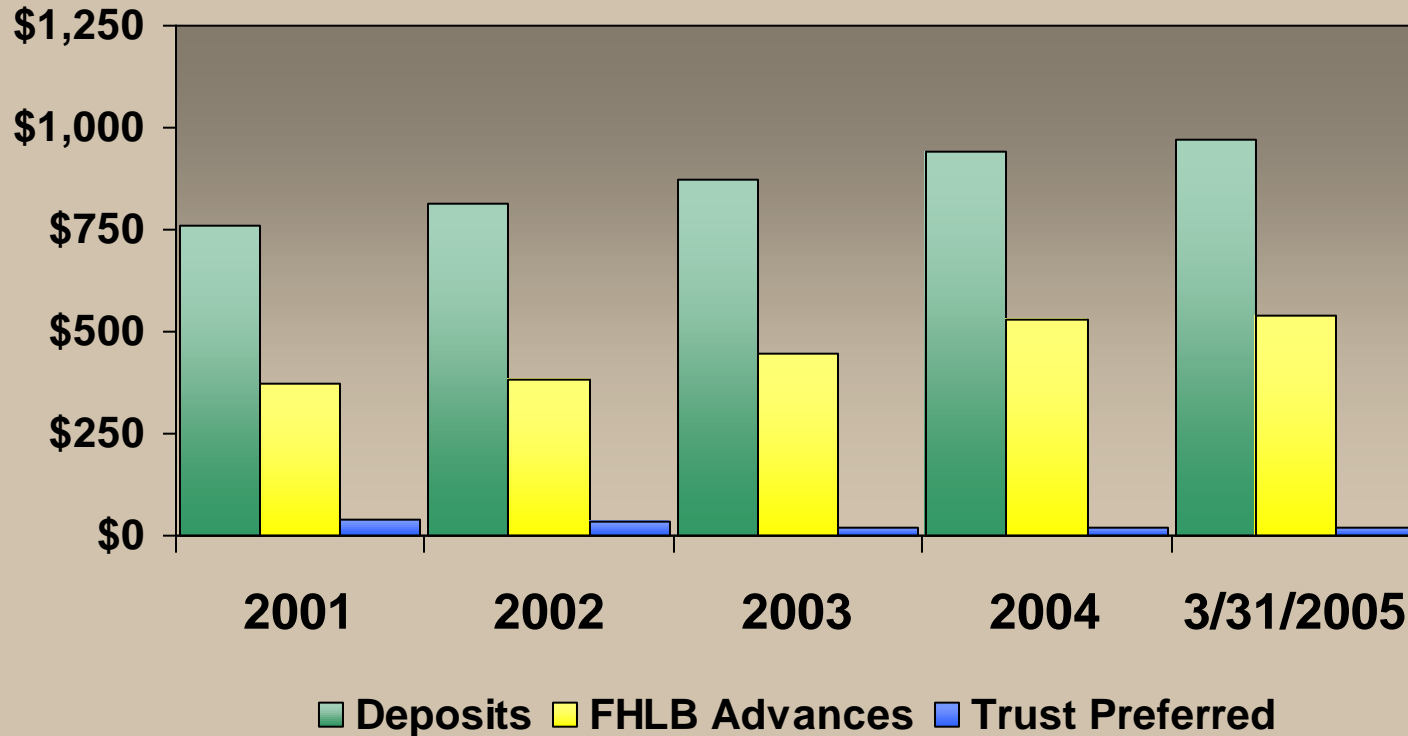
One Year	86th percentile
Three Year	84th percentile
Five Year	88th percentile
Overall rank	99th percentile

Distributions by percentile for the 1,222 largest banks in the U.S. based on total return all investments marked-to-market. Source: IDC Report 12/31/04

Balance Sheet Funding



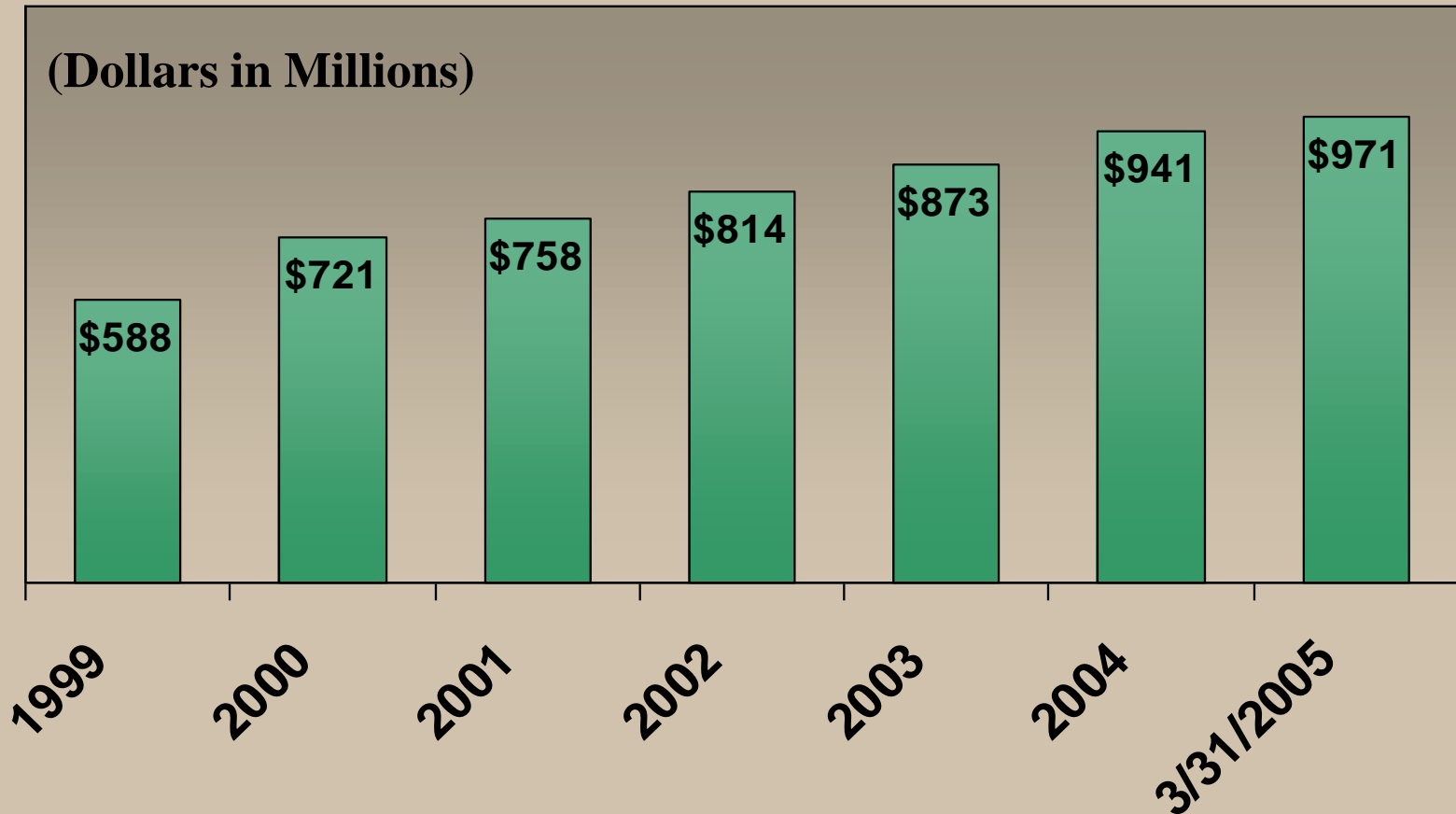
Dollars in Millions



Deposit Growth



CAGR - 10%

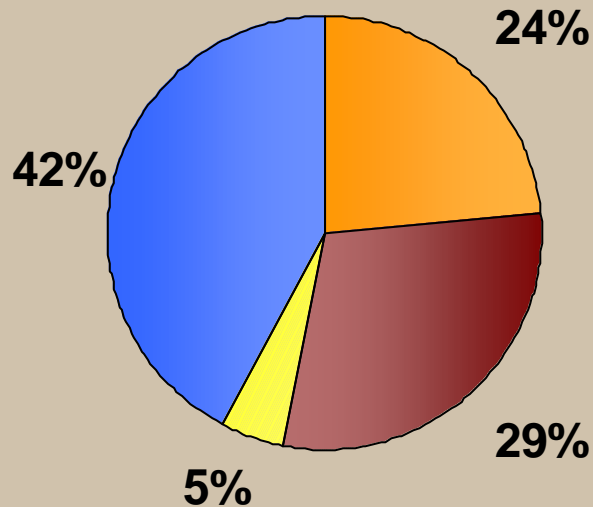


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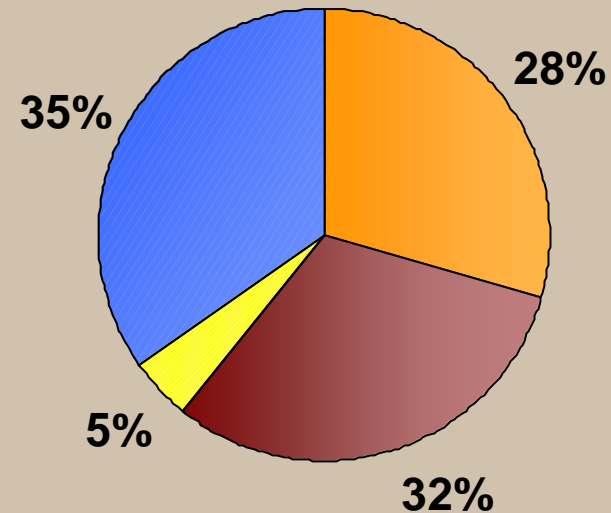
Composition of Deposits



12/31/2002

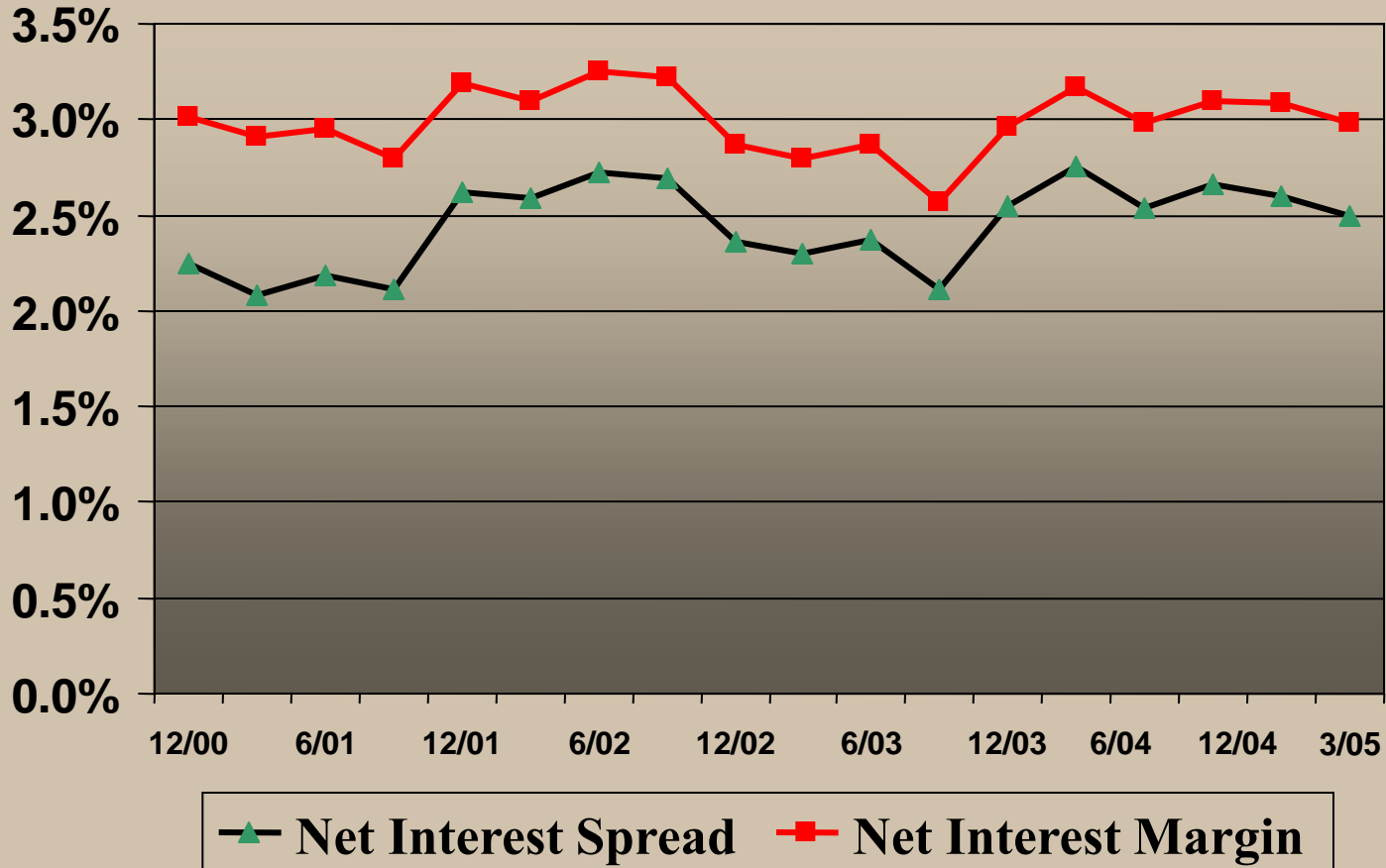


3/31/2005



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

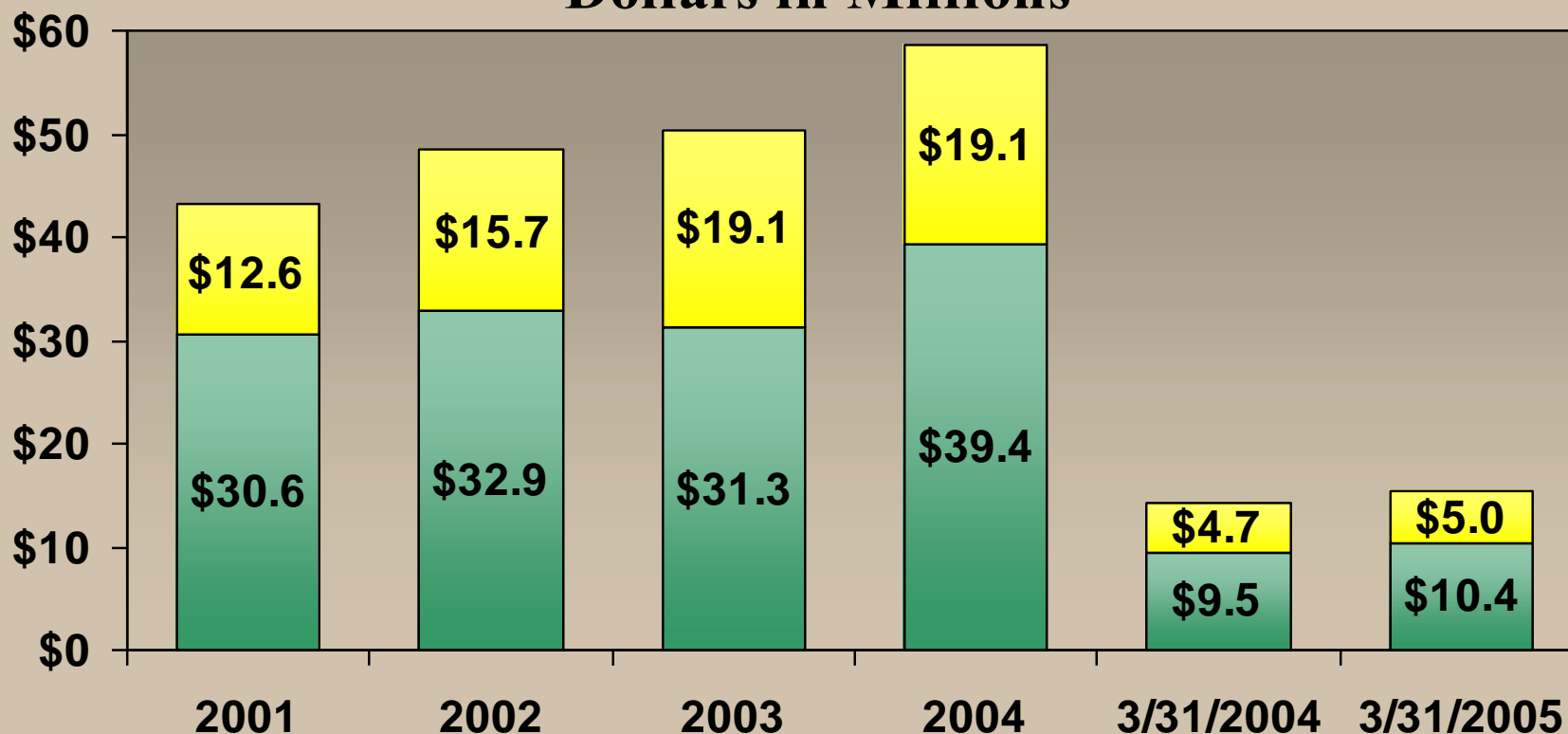
Net Interest Spread/Margin



Revenue Components



Dollars in Millions



■ Net Interest Income

■ Noninterest Income w/o Securities Gains

Bottom Line: 2004 Performance

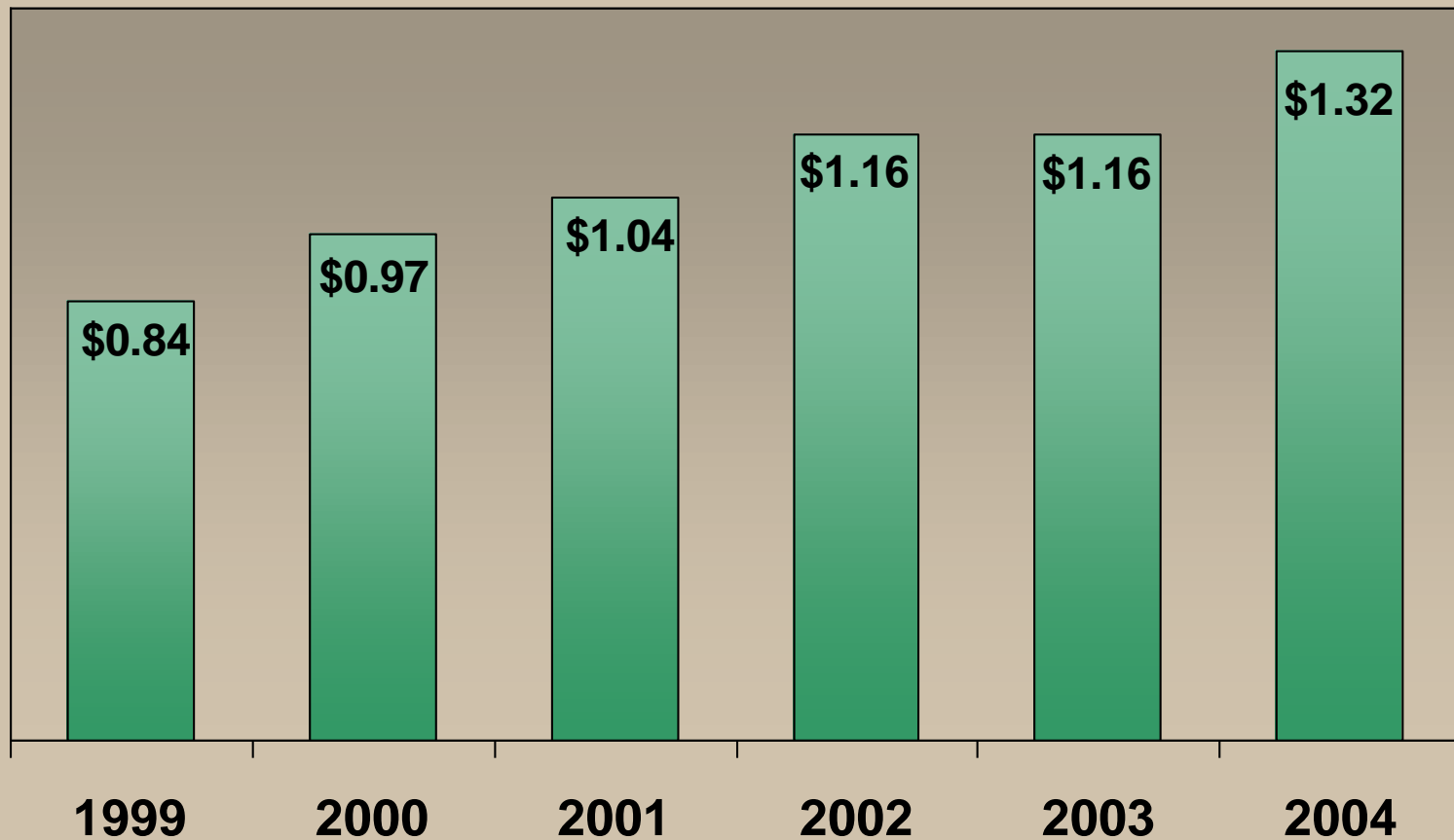


	2004	2003	% Δ
Net Income (MM)	\$16.1	\$13.6	18.7%
EPS	\$1.32	\$1.16	13.8%
ROE	15.3%	16.0%	
ROA	1.07%	1.00%	

Earnings Per Share Fully Diluted



CAGR - 11.1%



SOUTHSIDE BANCSHARES, INC.

First Quarter Results

March 31, 2005



(in thousands)	3/31/2005	3/31/2004	% Δ
Net Income	\$3,575	\$4,495	< 20.5% >
<Loss> Gain sale of securities, net of tax	<\$143 >	\$1,199	<111.9%>
Income not including sales of securities, net of tax	\$3,718	\$3,296	12.8%
<hr/>			
ROE	13.81%	17.25%	
ROA	0.88%	1.26%	

First Quarter Results

March 31, 2005



	3/31/2005	3/31/2004
Fully Diluted Earnings per Share	\$0.30	\$0.37
<Loss> Earnings per Share attributable to sales of securities, net of tax	<\$0.01>	\$0.10
Earnings per Share, not including sales of securities, net of tax	\$0.31	\$0.27

Investment Summary



- **Excellent asset quality**
- **Success at organic growth in highly competitive East Texas marketplace**
- **Strong and growing core deposit base**
- **Largest community bank in East Texas**
- **Optimize capital**
- **Continuity of an experienced, strong management team**
- **A history of solid profitability**