SOUTHSIDE BANCSHARES CORP
Form 10-K
March 30, 2001

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000.

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ---------- to ----------

Commission File Number 0-10849

SOUTHSIDE BANCSHARES CORP.
(Exact Name of Registrant as Specified in Its Charter)

MISSOURI	43-12
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Id
3606 GRAVOIS AVENUE, ST. LOUIS, MISSOURI	631
(Address of Principal Executive Offices)	(Zip

Registrant's Telephone Number, Including Area Code: (314) 776-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
NONE	NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, $1.00 PAR VALUE
(Title of Class)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ______

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by references in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 23, 2001, the aggregate market value, computed by the average bid and asked prices, of the voting stock held by non-affiliates of the Registrant was approximately $47,663,000.

As of March 23, 2001, the number of shares outstanding of the Registrant's common stock, $1.00 par value, was 8,415,528.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference herein include portions of the Registrant's Annual Report to Shareholders for the fiscal year ended December 31, 2000 (Part I and Part II).

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PART I

ITEM 1. BUSINESS

(a) General

Southside Bancshares Corp. ("Southside") was incorporated under the laws of the State of Missouri on January 25, 1982. Southside became a registered bank holding company on January 3, 1983 when South Side National Bank in St. Louis merged with a wholly-owned subsidiary of Southside. The wholly-owned subsidiary of Southside now continues banking operations under the name "South Side National Bank in St. Louis." Prior to such merger, Southside was not actively involved in any banking operations. Southside's principal office is located at 3606 Gravois Avenue, St. Louis, Missouri 63116.

Southside, through its subsidiary banks, is primarily engaged in commercial banking and providing trust services. Southside and its subsidiaries had, at December 31, 2000, consolidated total assets of approximately $737 million. The following table shows the year of acquisition, total assets, total loans and total deposits at December 31, 2000, before elimination of intercompany accounts, of each of Southside's wholly-owned subsidiary banks, all of which are located in Missouri.

		(in thousands)	
Bank	Year of Acquisition	Total Assets	Total Loans
South Side National Bank in St. Louis	1983	$ 498,300	$ 307,350
State Bank of Jefferson County	1983	$ 73,806	$ 55,048
Bank of Ste. Genevieve	1985	$ 95,528	$ 58,153
The Bank of St. Charles County	1986	$ 63,060	$ 42,855

Southside's subsidiary banks, which operated 17 banking offices in Missouri during 2000, are engaged in the general banking business of accepting funds for deposit, making loans, renting safe deposit boxes and performing such other banking services as are usual and customary in banks of similar size and character. All of the subsidiary banks offer real estate, commercial and consumer loans. Customers of all subsidiary banks are offered regular checking, interest-bearing checking, money market, savings, certificates of deposit and IRA accounts. South Side National Bank in St. Louis, State Bank of Jefferson County and The Bank of St. Charles County also provide Star and CIRRUS 24-hour automated teller machines. Bank of Ste. Genevieve has two 24-hour banking machines on the Shazam and CIRRUS automated teller networks. South Side National Bank in St. Louis also provides 24-hour automated teller machines at its Customer-Bank Communications Terminal branches in St. Anthony's Medical Center located at 10010 Kennerly Road, St. Louis County, Missouri 63128 and 1408 North Kingshighway, St. Louis, Missouri 63113.

Customers of all of the subsidiary banks are also offered the services of the trust department of South Side National Bank in St. Louis. At December 31, 2000, the combined market value of trust assets, including fiduciary and custodial accounts was approximately $223 million, which are not included in the consolidated assets of Southside as they do not represent assets of Southside.

The responsibility for the management of the subsidiary banks remains with the officers and directors of the respective banks. Southside provides the subsidiary banks with assistance and

service in auditing, record keeping, tax planning, trust operations, new business development, lending, regulatory compliance and human resources management.

Southside has seven officers. Southside utilizes, to the extent necessary, the officers, employees and services of its banking subsidiaries. On December 31, 2000, Southside and its wholly-owned subsidiaries had 250 full-time employees and 37 part-time employees.

The information on page 3 and pages 47-50 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

(b) Supervision and Regulation

Southside is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "BHCA"), and, as such, is subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Registered bank holding companies are required to file quarterly and annual reports with the Federal Reserve Board and to provide the Federal Reserve Board with such additional information as the Federal Reserve Board may require pursuant to the BHCA.

The BHCA requires bank holding companies to obtain prior approval from the Federal Reserve Board before (1) acquiring (except in certain limited circumstances) direct or indirect ownership or control of more than 5% of the voting shares of any bank, (2) acquiring all or substantially all of the assets of any bank, or (3) merging or consolidating with any other bank holding company. In determining whether to approve a proposed acquisition, merger or consolidation, the Federal Reserve Board is required to take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served.

Missouri law provides that a bank holding company may not obtain control of any bank or depository financial institution if as a result of the acquisition the total deposits in such bank or institution together with the total deposits of all banks and depository financial institutions located in the State of Missouri controlled by the bank holding company would exceed 13% of the total deposits of all depository financial institutions in the state, including banks, thrifts and credit unions. In computing the total deposits in all banks controlled by the bank holding company and the bank which the holding company seeks to acquire, certificates of deposit in the face amount of $100,000 or more, deposits from sources outside the United States and deposits of banks other than banks controlled by the bank holding company are to be deducted.

The BHCA further prohibits a bank holding company, with certain exceptions, from engaging in and from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company engaged in a business other than that of banking, managing and controlling banks, or furnishing services to its affiliated banks. An exception to this prohibition provides that a bank holding company may engage in, and may own shares of companies engaged in, certain businesses which the Federal Reserve Board has determined to be so closely related to banking as to be a proper incident thereto. The Federal Reserve Board has adopted regulations specifying areas of activity which it regards as so closely related to banking or the managing of banks as to be permissible for bank holding companies under the law, subject to Board approval in individual cases. Southside is not engaged in any such non-banking activities.

Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, bank holding companies have the right to expand, by acquiring existing banks, into all states, even those which had theretofore restricted entry, subject to state deposit caps and a 10% nationwide deposit cap. This legislation also provides that, subject to future action by individual states, a holding company has the right to convert the banks which it owns in different states to branches of a single bank. States were permitted to "opt out" of this full interstate branching provision prior to the effective date, but could not "opt out" of the law allowing bank holding companies from other states to enter such states. Missouri, in which all of Southside's subsidiary banks are located, did not "opt out" of the interstate branching provisions of this legislation.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, identifies the following capital standards for depository institutions: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. A depository institution is "well capitalized" if it significantly exceeds the minimum level required by regulation for each relevant capital measure, "adequately capitalized" if it meets each such measure, "undercapitalized" if it fails to meet any such measure, "significantly undercapitalized" if it is significantly below any such measure, and "critically undercapitalized" if it fails to meet any critical capital level set forth in the regulations. The FDICIA requires a bank that is determined to be undercapitalized to submit a capital restoration plan, and the bank's holding company must guarantee that the bank will meet its capital plan, subject to certain limitations. The FDICIA also prohibits banks from making any capital distribution or paying any management fee if the bank would thereafter be undercapitalized.

The FDICIA grants the Federal Deposit Insurance Corporation ("FDIC") authority to impose special assessments on insured depository institutions to repay FDIC borrowings from the United States Treasury or other sources and to establish semiannual assessment rates on Bank Insurance Fund ("BIF") member banks so as to maintain the BIF at the designated reserve ratio defined in FDICIA. FDICIA also requires the FDIC to implement a risk-based insurance assessment system pursuant to which the premiums paid by a depository institution are based on the probability that the BIF will incur a loss in respect of such institution. The FDIC has adopted a deposit insurance assessment system that places each insured institution in one of nine risk categories based on the level of its capital, evaluation of its risks by its primary state or federal supervisor, statistical analysis and other information.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 ("EGRPRA") streamlined the non-banking activities application process for well-capitalized and well-managed bank holding companies. Under EGRPRA, qualified bank holding companies may commence a regulatory approved non-banking activity without prior notice to the Federal Reserve Board. Written notice is required within ten days after commencing the activity. Under EGRPRA, the prior notice period is reduced to 12 days in the event of any non-banking acquisition or share purchase, assuming the size of the acquisition does not exceed 10% of risk-weighted assets of the acquiring bank holding company and the consideration does not exceed 15% of Tier I capital. The foregoing prior notice requirement also applies to commencing non-banking activity de novo which has been previously approved by order of the Federal Reserve Board, but not yet implemented by regulations.

Subsidiary banks of a bank holding company are subject to certain restrictions imposed by the Federal Reserve Act on any extensions of credit to the bank holding company or any of its other subsidiaries, on investments in the stock or other securities thereof, and on the taking of such stock or securities as collateral for loans to any borrower. Further, under the BHCA and regulations of the

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Federal Reserve Board, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit, lease or sale of property, or furnishing of services.

The primary subsidiary of Southside, South Side National Bank in St. Louis, is a national bank and, as such, its primary bank regulatory authority is the Office of the Comptroller of the Currency. A national bank is also subject to regulations of the Federal Reserve Board and the FDIC. Banks organized under state law which are members of the Federal Reserve System are regulated and examined primarily by the Federal Reserve Board and state banking authorities, while banks organized under state law which are not members of the Federal Reserve System are regulated and examined primarily by the Federal Deposit Insurance Corporation and state banking authorities. The Bank of Ste. Genevieve is a state-chartered bank which is a member of the Federal Reserve System, while State Bank of Jefferson County and The Bank of St. Charles County are state-chartered banks which are not members of the Federal Reserve System. Regulation by the federal and state banking authorities is designed to protect depositors rather than shareholders.

Subsidiary bank dividends are the principal source of revenue to Southside, although management fees may be charged to cover services rendered to such subsidiary banks. The ability of each subsidiary bank to pay such dividends to Southside is subject to limitations established by various state and federal laws and regulations. Banks organized under either federal or state laws are limited in the amount of dividends that they may declare, depending upon the amount of their capital and surplus, and in certain instances must obtain regulatory approval before declaring dividends. Under the National Banking Act, until a national bank's surplus equals or exceeds the amount of its capital, no dividend may be declared unless at least one-tenth of the national bank's net profit earned since declaration of the last dividend has been transferred to surplus. Under federal law, regulatory approval is required for any dividend by a national bank or a state-chartered bank which is a member of the Federal Reserve System if the total of all dividends declared by the bank in any calendar year would exceed the total of its net income for that year combined with its retained net income for the preceding two years, less any required transfers to surplus. Under Missouri law, a state-chartered bank which is not a member of the Federal Reserve System whose surplus account for each dividend period does not equal at least 40% of the amount of its capital stock is required to transfer to its surplus account 10% of its net income for such dividend period. Retained earnings in excess of any such required transfer to surplus are available for dividends. In addition, sound banking practices require the maintenance of adequate levels of capital. Federal regulatory authorities have adopted standards for the maintenance of capital by banks, and adherence to such standards may further limit the ability of banks to pay dividends.

The Gramm-Leach-Bliley Act (the "GLB Act") repealed certain restrictions of the Glass-Steagall Act relating to banks affiliating with securities firms. The GLB Act also permits bank holding companies to engage in a statutorily provided list of financial activities, including insurance and securities underwriting and agency activities, and authorizes activities that are "complementary" to financial activities and "financial in nature." Activities that are expressly deemed to be financial in nature include, among other things, securities and insurance underwriting and agency, investment management and merchant banking. The Federal Reserve Board and the Treasury Department, in cooperation with one another, must determine what additional activities are "financial in nature." With certain exceptions, the GLB Act similarly expands the authorized activities of subsidiaries of national banks.

Bank holding companies that intend to engage in the newly authorized activities under the Financial Services Act must elect to become "financial holding companies." Financial holding company status is only available to a bank holding company if all of its affiliated depository institutions are "well capitalized" and "well managed," based on applicable banking regulations, and have a Community Reinvestment Act rating of at least "a satisfactory record of meeting community credit needs." Financial holding companies and banks may continue to engage in activities that are financial in nature only if they continue to satisfy the well capitalized and well managed requirements. Bank holding companies that do not elect to be financial holding companies or that do not qualify for financial holding company status may engage only in non-banking activities deemed "closely related to banking" prior to adoption of the Financial Services Act.

The Financial Services Act is likely to be the subject of extensive rule making by federal banking regulators and others. The effects of this legislation will only begin to be understood over the next several years and at this time cannot be predicted with any certainty.

The references in this section to various aspects of supervision and regulation are brief summaries which do not purport to be complete and which are qualified in their entirety by reference to applicable laws, rules and regulations. Any change in applicable laws or regulations may have a material effect on the business and prospects of Southside. The operations of Southside may be affected by legislative changes and by the policies of various regulatory authorities. Southside is unable to predict the nature or the extent of the effects on its business and earnings that fiscal or monetary policies, economic controls or new federal or state legislation may have in the future.

The information contained in note 12 of the Notes to Consolidated Financial Statements on pages 41 and 42 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

(c) Competition

Southside and its subsidiaries encounter substantial competition in all aspects of their banking activities. New banks may be established in the market areas of the subsidiary banks, and the location of existing banks may be moved on occasion. In addition, competing banks and competing bank holding companies are continuing to establish separate banking facilities or branches which have been permitted under Missouri law since 1972. Any such new or relocated banks and facilities may have a tendency to increase the competition faced by the subsidiary banks. Missouri law permits unlimited, state-wide branching for both national and state-chartered banks, subject to certain criteria.

As lenders, the subsidiary banks compete not only with other banks but also with savings and loans associations, credit unions, finance companies, insurance companies and other non-banking financial institutions that offer credit. The subsidiary banks also compete for savings and time deposits with other banks, savings and loan associations, credit unions, money market and mutual funds, and issuers of commercial paper, securities and various forms of fixed and variable income investments. The principal competitive factors in the markets for deposits and loans are interest rates paid and interest rates charged, along with related services; accessibility to customers is also a substantial factor.

(d) Monetary Policy and Economic Conditions

The principal sources of funds to banks and bank holding companies are deposits, stockholders' equity and borrowed funds. Stockholders' equity is represented by common stock, surplus and retained earnings, as well as current net income. Borrowed funds include short, intermediate and long-term debt, as well as federal funds purchased and securities sold under agreements to repurchase. The availability of these various sources of funds and other potential sources, such as preferred stock, convertible securities and commercial paper, and the extent to which they are utilized, depends on many factors, the most important of which are the monetary policies of the Federal Reserve Board and the relative costs of different types of funds.

An important function of the Federal Reserve Board is to regulate the national supply of bank credit. Among the instruments of monetary policy used by the Federal Reserve Board to implement these objectives are open market operations in United States Government Securities, changes in the discount rate on bank borrowings and changes in reserve requirements against bank deposits. The foregoing means are used in varying combinations to influence overall growth of bank loans. Investments and deposits may also affect interest rates charged on loans and paid for deposits. The availability and cost of various sources of funds are also affected by fiscal policies of the United States Government.

The monetary policies of the Federal Reserve Board and the fiscal policies of the United States Government have had a significant effect on operating results of commercial banks in the past and are expected to continue to do so in the future. No prediction can be made as to future changes in interest rates, credit availability, deposit levels, loan demand or the overall performance of banks generally and the subsidiaries of Southside in particular.

(e) Statistical Information

The selected statistical information set forth below relative to Southside and its subsidiaries should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, the Consolidated Financial Statements and Notes to Consolidated Financial Statements included in the Southside Bancshares Corp. 2000 Annual Report to Shareholders, incorporated herein by reference.

(f) Forward-Looking Statements

Statements contained in this Report and in future filings by Southside with the Securities and Exchange Commission, in Southside's press releases and in oral statements made with the approval of an authorized executive officer which are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). There can be no assurance, in light of these risks and uncertainties, that such forward-looking statements will in fact transpire. The following important factors, risks and uncertainties, among others, could cause actual results to differ materially from such forward-looking statements:

- Credit risk: While Southside has had good credit quality in recent years, approximately 51% of its loans as of December 31, 2000 were commercial (including

commercial real estate), financial, and agricultural loans, changes in local economic conditions could adversely affect credit quality in Southside's loan portfolio.

- Interest rate risk: Although Southside actively manages its interest rate sensitivity, such management is not an exact science. Rapid increases or decreases in interest rates could adversely impact Southside's net interest margin if changes in its cost of funds do not correspond to the changes in income yields.

- Competition: Southside's activities involve competition with other banks as well as other financial institutions and enterprises. Also, the financial service markets have and likely will continue to experience substantial changes which could significantly change Southside's competitive environment in the future.

- Legislative and regulatory environment: Southside operates in a rapidly changing legislative and regulatory environment. It cannot be predicted how or to what extent future developments in these areas will affect Southside. These developments could negatively impact Southside through increased operating expenses for compliance with new laws and regulations, restricted access to new products and markets, reduced barriers for new entrants in the markets in which Southside competes, or in other ways.

- General business and economic trends: These factors, including the impact of inflation levels, influence Southside's results in numerous ways, including operating expense levels, deposit and loan activity, and availability of trained individuals needed for future growth.

The foregoing list should not be construed as exhaustive and Southside disclaims any obligation to subsequently update or revise any forward-looking statements after the date of this Report.

SELECTED STATISTICAL INFORMATION

I. Loan Portfolio

A. Types of Loans

The following table shows the classification of loans by major category at December 31 for the years shown.

	(in thousands)			
	2000	1999	1998	1
Commercial, financial and agricultural..........................	$ 78,586	$ 73,943	$ 68,166	$
Real estate-commercial.....................	$ 157,771	$ 136,697	$ 115,214	$
Real estate-construction...................	$ 28,808	$ 19,078	$ 21,993	$
Real estate-residential....................	$ 161,252	$ 131,074	$ 119,917	$
Consumer...................................	$ 27,189	$ 23,130	$ 22,219	$
Industrial revenue bonds...................	$ 5,339	$ 3,879	$ 4,717	$
Other loans................................	$ 4,461	$ 4,636	$ 4,762	$
TOTAL LOANS..............................	$ 463,406	$ 392,437	$ 356,988	$ 3

B. Maturities and Sensitivities of Loans to Changes in Interest Rates

The following table shows the remaining maturities of selected loan categories at December 31, 2000.

(in thousands)

	One year or less*	Over one up to 5 years	Over 5 years
Commercial, financial and agricultural..........................	$51,635	$22,365	$4
Real estate-construction...................	$16,644	$ 9,655	$2
Other loans................................	$ 651	$ 3,810	
TOTAL.................................	$68,930	$35,830	$7

* Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due "One year or less."

The following table shows the amount of loans above having maturities over one year which have predetermined interest rates, and the amount which have floating or adjustable interest rates at December 31, 2000 (in thousands).

Loans with predetermined interest rates......................................	$31,394
Loans with floating or adjustable interest rates............................	$11,531
TOTAL...	$42,925

C. Risk Elements

The nonaccrual, past due and restructured loan information included in the Southside Bancshares Corp. 2000 Annual Report to Shareholders on pages 8 and 9. Southside had no other potential problem loans at December 31, 2000.

II. Summary of Loan Loss Experience

The information under the caption Allowance for Loan Losses and Risk Elements on pages 7-9 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

The following table analyzes the loan loss experience of Southside for the periods indicated:

	Years Ended December 31, (dollars in t			
	2000	1999	1998	
Average loans outstanding, net of unearned discount...........................	$ 430,819	$ 355,874	$ 345,902	$ 3
Allowance at beginning of year.............	$ 5,830	$ 6,192	$ 6,120	$
Loans charged off:				
Commercial, financial and Agricultural.....................	1,279	249	296	
Real estate - commercial..............	---	---	---	
Real estate - construction............	---	---	---	
Real estate - residential.............	36	95	2	
Consumer..............................	147	291	223	
Industrial revenue bonds..............	---	---	---	
Other.................................	25	35	15	
Total loans charged off................	1,487	670	536	
Recoveries:				
Commercial, financial and Agricultural.....................	259	116	152	
Real estate - commercial..............	---	---	---	
Real estate - construction............	7	14	14	
Real estate - residential.............	36	33	38	
Consumer..............................	158	95	80	
Industrial revenue bonds..............	---	---	---	
Other.................................	15	5	5	
Total Recoveries......................	475	263	289	
Net loans charged off (recovered)...........	1,012	407	247	
Provisions charged to operating expense.....................	361	45	62	
Allowance of PSB at acquisition............	---	---	257	
Allowance at end of year...................	$5,179	$5,830	$6,192	
Ratio of net charge-offs during year to average loan outstanding.......	0.23%	0.11%	0.07%	

* Ratio is not applicable for 1997, as recoveries exceeded charge-offs for the year.

The following table sets forth at the end of each reported period, a breakdown of the allowance for loan losses by major categories of loans and the percentage of loans in each category to total loans at the dates indicated:

	Years Ended December 31, (dollars in thousands)						
	2000		1999		1998		1997
	Allowance	Percent of Loans in Each Category To Total Loans	Allowance	Percent of Loans in Each Category To Total Loans	Allowance	Percent of Loans in Each Category To Total Loans	Allowance
Commercial, financial and agricultural....	$1,479	16.9%	$2,030	18.8%	$2,392	19.1%	$2,320
Real estate- Commercial......	$1,500	34.1%	$1,500	34.8%	$1,500	32.3%	$1,500
Real estate- Construction....	$ 500	6.2%	$ 500	4.9%	$ 500	6.2%	$ 500
Real estate- Residential.....	$1,000	34.8%	$1,000	33.4%	$1,000	33.6%	$1,000
Consumer loans to individuals..	$ 500	5.9%	$ 500	5.9%	$ 500	6.2%	$ 500
Industrial Revenue Bonds..........	$ 100	1.1%	$ 100	1.0%	$ 100	1.3%	$ 100
Other loans (Unallocated)....	$ 100	1.0%	$ 200	1.2%	$ 200	1.3%	$ 200
Totals..........	$5,179	100.0%	$5,830	100.0%	$6,192	100.0%	$6,120

III. Investment Portfolio

The information contained on page 9 and 10 and in note 2 of the Notes to Consolidated Financial Statements on pages 34 and 35 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference. The following table summarizes the carrying values and weighted average yields of investments in debt securities by contractual maturities. Actual maturities will differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties. A maturity distribution for mortgage-backed securities has not been prepared due to their accelerated prepayment characteristics.

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(dollars in thousan
DECEMBER 31, 200

	AVAILABLE FOR SALE		
	CARRYING VALUE	AVERAGE YIELD*	CA
U.S. TREASURY SECURITIES AND OBLIGATIONS OF U.S. GOVERNMENT AGENCIES AND CORPORATIONS:			
Within 1 year....................................	$ 11,801	6.09%	$
After 1 but within 5 years.......................	$ 43,672	6.78%	$
After 5 but within 10 years......................	$ 6,747	6.63%	$
After 10 years...................................	$ 920	7.16%	
Total..........................	$ 63,140	6.64%	$
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS:			

Within 1 year....................................	---	---	$
After 1 but within 5 years.......................	$ 666	6.35%	$
After 5 but within 10 years......................	$ 3,430	6.79%	$
After 10 years...................................	$ 5,314	7.20%	$
Total..........................	$ 9,410	7.00%	$
OTHER DEBT SECURITIES:			
Within 1 year....................................	---	---	
After 1 but within 5 years.......................	---	---	
After 5 but within 10 years......................	$ 100	6.28%	
After 10 years...................................	---		
Total..........................	$ 100	6.28%	
TOTAL INVESTMENT SECURITIES (EXCLUDING MORTGAGE-BACKED AND OTHER SECURITIES):			
Within 1 year....................................	$ 11,801	6.09%	$
After 1 but within 5 years.......................	$ 44,338	6.77%	$
After 5 but within 10 years......................	$ 10,277	6.82%	$
After 10 years...................................	$ 6,234	7.19%	$
Total..........................	$ 72,650	6.71%	$
OTHER SECURITIES - NO STATED MATURITY EQUITY	$ 5,158	6.75%	
MORTGAGE-BACKED SECURITIES	$ 80,220	6.98%	$
Total..........................	$ 158,028	6.85%	$

* The weighted average yield for each maturity range was calculated using the yield on each security within that range, weighted by the amortized cost of each security at December 31, 2000. The yields for obligations of states and political subdivisions exempt from federal income taxes have been adjusted to a fully tax-equivalent basis at a maximum tax rate of 34% for 2000, adjusted for the disallowance of interest cost to carry nontaxable securities.

ITEM 2. PROPERTIES

Southside owned the following physical properties as of December 31, 2000:

South Side National Bank in St. Louis, a subsidiary of Southside, owns a nine-story banking and office building at 3606 Gravois Avenue, St. Louis, Missouri 63116, and the adjacent drive-up facilities and three parking lots. This subsidiary leases a portion of the 9th floor and space on the roof to a tenant for an annual rental of approximately $17,000. This subsidiary of Southside owns the land and bank building located at its branch facility at 10330 Gravois Road, St. Louis, Missouri 63126. This is a two story building and the lower level and a portion of the main level are leased to tenants for an annual rental of approximately $34,000. This subsidiary owns the land and bank building at 9914 Kennerly Road in St. Louis County upon which its South County branch is located. This is a two-story building and the second floor is leased to tenants for an annual rental of approximately $80,000. This subsidiary also owns the land and bank building located at 6025 Chippewa, St. Louis, Missouri 63109. This is a three-story building, and the second and third floors are leased to tenants for an annual rental of approximately $60,000. This subsidiary also owns the land and bank buildings at 10385 West Florissant, Ferguson, Missouri 63136, 8440 Morganford Road, St. Louis County, Missouri 63123, 840 Meramec Station Road, St. Louis, Missouri 63088, and 3420 Iowa Street, St. Louis, Missouri 63118. In addition, this subsidiary owns land and the building at 4111 Telegraph Road, St. Louis County, Missouri 63129.

State Bank of Jefferson County owns the land and a two-story building at its main banking office at 224 S. Main Street, DeSoto, Missouri 63020. The State Bank of Jefferson County owns the land and a one-story building housing its facility located at 2000 Rock Road, DeSoto, Missouri 63020. The State Bank of Jefferson County also owns a third banking facility located at 100 Scenic Plaza Drive, Herculaneum, Missouri 63048. A portion of the 2nd floor of this facility is leased to tenants for an annual rental of approximately $5,000.

Bank of Ste. Genevieve owns the land, a one-story building and an adjacent parking lot at its main banking office at Second and Market Streets, Ste. Genevieve, Missouri 63670 and the land and one-story building at its facility at 710 Parkwood Drive, Ste. Genevieve, Missouri 63670.

The Bank of St. Charles County owns the land and a two-story building at its banking facility at 6004 Highway 94 South, St. Charles, Missouri 63304. This subsidiary bank owns the land and a one-story building at its facility located at 750 First Capitol Drive, St. Charles, Missouri 63301.

In the opinion of Southside's management, the physical properties of the subsidiary banks are suitable and adequate and are being productively utilized.

ITEM 3. LEGAL PROCEEDINGS

The information contained in note 14 of the Notes to Consolidated Financial Statements on page 43 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF SOUTHSIDE

The following is a list of the names and ages of the executive officers of Southside and their business history for the past five years:

NAME, AGE AND POSITION WITH SOUTHSIDE	PRINCIPAL OCCUPATIONS OR EMPLOYMENT SINCE JA
Thomas M. Teschner (44) President and Chief Executive Officer	President and Chief Executive Officer, South Corp.; President and Chief Executive Officer Bank in St. Louis.
Joseph W. Pope (35) Senior Vice President and Chief Financial Officer	Chief Financial Officer and Senior Vice Pres Bancshares Corp.; Senior Vice President, Sou in St. Louis.

PART II

ITEM 5. MARKET FOR SOUTHSIDE'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The only class of Southside's common equity is its common stock, $1.00 par value (the "Common Stock"). The number of shares of Common Stock of Southside outstanding as of March 23, 2001 was 8,415,528 shares, and the market price for the Common Stock on March 23, 2001 was $10.875 bid; $11.625 asked.

The information on page 25 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information on page 4 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The information on pages 5-25 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information on pages 14-17 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information on pages 27-46 of the Southside Bancshares Corp. 2000 Annual Report to Shareholders is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF SOUTHSIDE

CLASS I DIRECTORS:

NAME	AGE	PRINCIPAL OCCUPATION	OTHER DIRECTORSHI
Norville K. McClain	71	President, Essex Contracting, Inc. (building contractor and developer)	South Side Na Bank in St. L (subsidiary o Southside)
Richard G. Schroeder, Sr.	60	President, St. Louis Fabrication Services, Inc. (steel fabrication company) (February, 1980 - July, 2000)	South Side Na Bank in St. L (subsidiary o Southside)
Thomas M. Teschner	44	President and Chief Executive Officer, Southside Bancshares Corp. President and Chief Executive Officer, South Side National Bank in St. Louis	Chairman, Sou National Bank Louis; Bank o Genevieve; Th St. Charles C and State Ban Jefferson Cou (subsidiaries Southside)

CLASS II DIRECTORS:

NAME	AGE	PRINCIPAL OCCUPATION	OTHER DIRECTORS
Joseph W. Beetz	72	President, Joseph H. Beetz Plumbing Company, Inc. (plumbing contractor)	--
Howard F. Etling	86	Publisher Emeritus, Journal Newspapers	--
Joseph W. Pope	35	Senior Vice President and Chief Financial Officer, Southside Bancshares Corp. Senior Vice President, South Side National Bank in St. Louis	--

CLASS III DIRECTORS:

NAME	AGE	PRINCIPAL OCCUPATION	OTHER DIRECTORSHIP
Douglas P. Helein	49	Insurance Broker, Welsch, Flatness & Lutz, Inc. (insurance agency)	--
Earle J. Kennedy, Jr.	72	Retired	--
Daniel J. Queen	60	President, Highland Diversified, Inc. (operates grocery stores)	State Bank of Jefferson Coun (subsidiary of Southside)
Steven C. Roberts	48	President and Chief Operating Officer, Roberts Broadcasting Company	South Side Nat Bank in St. Lo (subsidiary of Southside)

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To Southside's knowledge, based solely upon review of the Forms 3 and 4 and amendments thereto furnished to Southside and written representations that no other reports were required during the year ended December 31, 2000, its directors, executive officers and greater than 10% shareholders complied with applicable Section 16(a) filing requirements, except that First Banks, Inc. has filed a late report on Form 4 involving ten transactions.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation paid or accrued in 2000, 1999 and 1998 for Southside's Chief Executive Officer and for Southside's other named executive officer.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary ($)1	Annual Compensation Bonus ($)2	O Compe (
Thomas M. Teschner President, Chief Executive Officer	2000	$227,000	$105,000	$10
and Director	1999	$215,000	$115,000	$10
	1998	$215,000	$100,000	$10
Joseph W. Pope Senior Vice President,	2000	$ 95,000	$ 22,500	$ 1
Chief Financial Officer and Director	1999	$ 90,000	$ 25,000	$ 1
	1998	$ 85,000	$ 25,000	$

1. Includes deferred compensation contributed by Mr. Teschner and Mr. Pope to the employee stock ownership plan.

2. Includes amounts paid in accordance with the executive compensation program.

3. Consists of Southside's contributions and allocations to the employee stock ownership plan ($12,079 in 2000, $12,433 in 1999 and $13,009 in 1998 for Mr. Teschner, and $8,520 in 2000, $9,504 in 1999 and $8,861 in 1998 for Mr. Pope), director's fees from Southside and its subsidiaries ($55,850 in 2000, of which $35,400 was deferred, $53,600 in 1999, of which $44,000 was deferred, and $47,550 in 1998, of which $39,550 was deferred for Mr. Teschner and $8,000 in 2000 for Mr. Pope), life insurance premiums ($4,083 in 2000, $4,249 in 1999 and $4,438 in 1998 for Mr. Teschner, and $931 in 2000, $914 in 1999 and $910 in 1998 for Mr. Pope). Such amounts also reflect $32,873, $39,715 and $38,127 paid to Mr. Teschner in 2000, 1999 and 1998, respectively, as grants of performance stock awards under the deferred compensation agreement.

The following table sets forth information concerning (1) the number of shares of Southside's stock acquired last year upon the exercise of stock options and (2) the number of shares of Southside's stock that may be acquired upon the exercise of stock options outstanding and the value of such options.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND
FISCAL YEAR END OPTION/SAR VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year End(1)		Valu i Optio Y
			Exercisable (#)	Unexercisable (#)	Exercisabl ($)
Thomas M. Teschner	-0-	-0-	258,000(3)	132,000(4)	$161,310
Joseph W. Pope	-0-	-0-	42,000(5)	6,000(6)	$ 91,770

1. All amounts represent shares of stock underlying stock options at December 31, 2000.

2. Pre-tax gain. The value of the unexercised in-the-money stock options is based upon a December 31, 2000 closing bid price of $7.375 for shares of stock.

3. Includes 30,000 shares of common stock underlying stock options having an exercise price of $3.67 per share, 48,000 shares of common stock underlying stock options having an exercise price of $6.33 per share, and 180,000 shares of common stock underlying stock options having an exercise price of $8.00 per share.

4. Includes 12,000 shares of common stock underlying stock options having an exercise price of $6.33 per share and 120,000 shares of common stock underlying stock options having an exercise price of $8.00 per share.

5. Includes 18,000 shares of common stock underlying stock options having an exercise price of $3.67 per share and 24,000 shares of common stock underlying stock options having an exercise price of $6.33 per share.

6. The shares of common stock underlying such stock options have an exercise price of $6.33 per share.

EXECUTIVE CONTRACTS

MR. TESCHNER'S EMPLOYMENT CONTRACT

Southside and South Side National Bank in St. Louis (the "Bank") have entered into an employment agreement with Thomas M. Teschner, President and Chief Executive Officer of Southside and the Bank. Mr. Teschner's employment agreement is effective through April 27, 2003 and automatically renews each year on the employment agreement's anniversary date for a new three-year term unless notice not to renew is delivered on or before the anniversary date.

Under the employment agreement, Southside or the Bank may terminate Mr. Teschner's employment at any time for cause or disability. The agreement defines cause as willful misconduct resulting in indictment for an alleged felony, violation of any material provision of the agreement or any willful failure to substantially perform any reasonable directions of Southside or the Bank's Board of Directors within 60 days after written demand. Removal for cause requires the affirmative

vote of at least two-thirds of each of Southside's and the Bank's Board of Directors. A disability is defined as the inability of Mr. Teschner to perform his duties under the employment agreement due to illness or injury as determined by a physician acceptable to Southside, the Bank and Mr. Teschner.

Upon termination for cause or disability, Mr. Teschner is entitled to receive a severance payment equal to the greater of (1) one-third of his current annual base salary or (2) a severance payment computed in accordance with Southside's or the Bank's then existing severance policy. After termination of employment for cause or if Mr. Teschner improperly terminates his own employment Mr. Teschner will not, for a period of six months after termination, solicit customers or clients of Southside, the Bank or any of their subsidiaries without the prior approval of the Board of Directors.

Upon Mr. Teschner's death during the term of the agreement, his beneficiary or estate is entitled to the benefits payable under the accidental death, life insurance and similar plans for employees of Southside and the Bank. In the event that such death benefit plans are amended to reduce or terminate benefits, Mr. Teschner's beneficiary or estate is entitled to a lump sum payment equal to the difference between the sum which would have been payable under the death benefit plans as of the date of the agreement and the sum payable under the amended plans.

Upon a change of control of Southside or the Bank, if Mr. Teschner's employment is terminated by Southside and the Bank other than for cause, death or disability within six months prior to or within three years following the change in control, or if Mr. Teschner voluntary terminates his employment within two years following a change of control, Mr. Teschner is entitled to the following severance benefits in lieu of all other benefits: (1) three times his highest annual salary in effect at any time during the term of the agreement, (2) three times his highest annual bonus prior to the termination, (3) his unpaid annual salary and accrued vacation, and (4) a continuation of his welfare benefits of health and medical insurance for three full years, except that such welfare benefits will be discontinued prior to the end of three years in the event that Mr. Teschner has available substantially similar welfare benefits from a subsequent employer. If Southside's legal counsel determines that any of the severance benefits received by Mr. Teschner constitute a parachute payment subject to an excise tax under the Internal Revenue Code, Mr. Teschner will be entitled to receive from Southside and the Bank a lump sum cash payment sufficient to place Mr. Teschner in the same net after tax position that he would have been in had such payment not been subject to such excise tax.

MR. TESCHNER'S SALARY CONTINUATION AGREEMENT

Southside and Thomas M. Teschner have also entered into a salary continuation agreement which provides for payments to Mr. Teschner in the event he retires, is terminated or Southside experiences a change in control. If Mr.

Teschner retires at age 65 or later, Southside will pay him an annual benefit equal to 90% of his annual salary on the date the plan was established, increased each plan year by 3.5% compounded annually. The plan also provides for early retirement between the ages of 55 and 64. If Mr. Teschner retires at age 55, he will receive 50% of the normal retirement benefit. If Mr. Teschner retires after reaching age 55, he will receive an additional 5% of the normal retirement benefit for each year of employment until the percentage equals 100% at age 65.

If Mr. Teschner's employment is terminated, voluntarily or involuntarily, before he reaches age 55 for reasons other than his death or disability, Southside will pay him a lump sum between $0 and approximately $730,000, depending on the number of completed plan years and the applicable

vesting percentage when such termination occurs. If Mr. Teschner's employment with Southside is terminated before he reaches age 55 and while he suffers a disability, Mr. Teschner may elect to receive reduced benefit payments at age 65 or a lump sum payment similar to a voluntary termination of employment.

If Southside experiences a change in control and (1) thereafter terminates Mr. Teschner or (2) Mr. Teschner terminates his employment after either a change in job responsibilities or a reduction in his annual compensation before he reaches age 55, Southside will pay him a lump sum of approximately $32,000 to approximately $730,000, depending on the number of completed plan years when such events occur. If any amount to be received by Mr. Teschner constitutes a parachute payment subject to an excise tax under the Internal Revenue Code, Mr. Teschner will receive a lump sum cash payment sufficient to put him in the same net after tax position he would have been in had such excise tax not applied.

Southside is not required to make any payments under the agreement if Mr. Teschner's employment is terminated by Southside for gross negligence or gross neglect of duties, commission of a felony involving moral turpitude or fraud, dishonesty or willful violation of any law committed in connection with his employment and resulting in his personal financial benefit to Southside's detriment.

MR. TESCHNER'S LIFE INSURANCE AGREEMENT

Southside and Thomas M. Teschner through his irrevocable insurance trust have entered into a split dollar agreement pursuant to which Southside has agreed to share with the trust the proceeds of a life insurance policy on Mr. Teschner's life in lieu of the benefits payable under the salary continuation plan. Specifically, the trust will receive $3,474,940 from the insurance policy if Mr. Teschner dies before reaching age 65. The proceeds payable to the trust decrease on an annual basis by the amount of any retirement payments received by Mr. Teschner pursuant to the salary continuation agreement. Southside pays the premiums on the policy, and the cost of the insurance is included in Mr. Teschner's gross income for federal income tax purposes.

MR. POPE'S SALARY CONTINUATION AGREEMENT

Southside and Joseph W. Pope have entered into a salary continuation agreement which provides for payments to Mr. Pope in the event he retires, is terminated or Southside experiences a change in control. If Mr. Pope retires at age 65 or later, Southside will pay him an annual benefit equal to 90% of his annual salary on the date the plan was established, increased each plan year by

3.5% compounded annually. The plan also provides for early retirement between the ages of 55 and 64. If Mr. Pope retires at age 55, he will receive 50% of the normal retirement benefit. If Mr. Pope retires after reaching age 55, he will receive an additional 5% of the normal retirement benefit for each year of employment until the percentage equals 100% at age 65.

If Mr. Pope's employment is terminated, voluntarily or involuntarily, before he reaches age 55 for reasons other than his death or disability, Southside will pay him a lump sum between $0 and approximately $470,000, depending on the number of completed plan years and the applicable vesting percentage when such termination occurs. If Mr. Pope's employment with Southside is terminated before he reaches age 55 and while he suffers a disability, Mr. Pope may elect to receive reduced benefit payment at age 65 or a lump sum payment similar to a voluntary termination of employment.

If Southside experiences a change in control and (1) thereafter terminates Mr. Pope or (2) Mr. Pope terminates his employment after either a change in job responsibilities or a reduction in his annual compensation before he reaches age 55, Southside will pay him a lump sum of approximately $5,900 to approximately $470,000, depending on the number of completed plan years when such events occur. The agreement with Mr. Pope also provides that if Mr. Pope dies while employed with Southside, Southside will pay his beneficiary the full projected annual benefit for 15 years. Southside will not be obligated to make any payment to Mr. Pope which is a non-deductible parachute payment under the Internal Revenue Code.

Southside is not required to make any payments under the agreement if Mr. Pope's employment is terminated by Southside for gross negligence or gross neglect of duties, commission of a felony involving moral turpitude or fraud, dishonesty or willful violation of any law committed in connection with his employment and resulting in his personal financial benefit to Southside's detriment. In addition, Southside is not obligated to make any payments to Mr. Pope under the agreement, except in the event of a change of control, until he has been employed with Southside or its subsidiaries for ten years.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth as of March 23, 2001 the number of shares of common stock owned beneficially by (1) each director (including nominees for director), (2) each executive officer named in the summary compensation table on page 8, (3) directors and executive officers as a group, and (4) any person Southside knows to be the beneficial owner of more than 5% of Southside's outstanding shares of stock.

	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	
DIRECTORS AND EXECUTIVE OFFICERS	SOLE VOTING AND INVESTMENT POWER	OTHER BENEFICIAL OWNERSHIP

Joseph W. Beetz	57,390	-
Howard F. Etling	166,142	-
Douglas P. Helein	398,320	
Earle J. Kennedy, Jr.	10,020	143,670(3
Norville K. McClain	291,091	1,029,539(4
Joseph W. Pope	66,472(5)	-
Daniel J. Queen	235,946	-
Steven C. Roberts	15,500	-
Richard G. Schroeder, Sr.	-	99,000(6
Thomas M. Teschner	407,254(7)	1,097,743(4
Directors (including nominees) and Executive Officers as a group (10 persons)	1,648,135(9)	1,325,251(4

* less than 1%

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NAME AND ADDRESS OF OTHER PRINCIPAL SECURITY HOLDERS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1) SOLE VOTING AND INVESTMENT POWER	OTHER BENEFICIAL OWNERSHIP
Southside Bancshares Corp.(4) Employee Stock Ownership Plan (With 401(k) Provisions) 3606 Gravois Avenue St. Louis, Missouri 63116	-	1,029,539
First Banks, Inc.(10) 135 North Meramec Clayton, Missouri 63105	1,583,460	-

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1. The information set forth is based upon information furnished to Southside by the named persons or entities. Beneficial ownership is determined under Securities and Exchange Commission rules and includes shares of stock for which a person directly or indirectly has or shares voting power or investment power or both and shares of stock which may be acquired upon the exercise of stock options that are exercisable or will become exercisable within 60 days.

2. The percentages are based on the total number of outstanding shares of

stock, 8,415,528, plus the total number of shares of stock for which beneficial ownership may be acquired pursuant to stock options that are exercisable or that will become exercisable within 60 days, 446,000, for a total of 8,861,528 shares.

3. Shares for which Mr. Kennedy has shared voting and investment power.

4. Includes 1,029,539 shares held by the Southside Bancshares Corp. Employee Stock Ownership Plan With 401(k) Provisions. Mr. McClain and Mr. Teschner are trustees of the plan. Participants in the plan have voting power over shares of stock allocated to their plan accounts. The trustees will vote these shares of stock as directed by the participants. If a participant fails to provide direction, the trustees will vote those shares in their discretion. Except for 74,254 shares of stock allocated to Mr. Teschner's account under the plan, Mr. Teschner and Mr. McClain disclaim any personal interest in all of the shares of stock held by the plan.

5. Includes 15,162 shares of stock allocated to Mr. Pope's account under the employee stock ownership plan and 48,000 shares of stock that Mr. Pope may acquire beneficial ownership of pursuant to stock options that are exercisable or will become exercisable within 60 days.

6. Shares for which Mr. Schroeder has shared voting and investment power.

7. Includes 74,254 shares of stock allocated to Mr. Teschner's account under the employee stock ownership plan and 330,000 shares of stock that Mr. Teschner may acquire beneficial ownership of pursuant to stock options that are exercisable or will become exercisable within 60 days.

8. Includes 142,458 shares of stock for which Mr. Teschner has shared voting and investment power.

9. Includes 89,416 shares of stock allocated to the accounts of the executive officers of Southside under the employee stock ownership plan and 378,000 shares of stock that the executive officers and directors may acquire beneficial ownership of pursuant to stock options that are exercisable or will become exercisable within 60 days.

10. Not included are 16,920 shares of stock owned by James F. Dierberg and 371,760 shares of stock owned by Investors of America, L.P. The directors and executive officers of First Securities America, Inc., the general partners of Investors of America, L.P., and other members of their families, including James F. Dierberg, control First Banks, Inc. directly or indirectly.

To the knowledge of the Board of Directors, no change of control of Southside has occurred since the beginning of the last fiscal year, and there are no contractual arrangements that could give rise to a change of control of Southside in the future.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Southside and its subsidiary Banks have had, and expect to have in the future, loans and other banking transactions in the ordinary course of business with a number of their officers and directors and their associates. Such transactions were made, and will be made, in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not, and will not, involve more than normal risk of collectibility or present other unfavorable features.

During the previous fiscal year, Southside's subsidiaries had commercial transactions in the ordinary course of business with companies with which certain of Southside's directors are affiliated. No significant business or personal relationships with Southside's subsidiaries existed by virtue of a person's position with Southside or with Southside's subsidiaries or ownership interest in Southside.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following financial statements of Southside and its consolidated subsidiaries, and the accountants' report thereon are incorporated herein by reference in Item 8.

1. Financial Statements:

Independent Auditors' Report

Consolidated Balance Sheets -
December 31, 2000 and 1999

Consolidated Statements of Income -
Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Shareholders' Equity and
Comprehensive Income -
Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows -
Years Ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

All other schedules are omitted because they are not applicable, not required, or the information is included elsewhere in the Consolidated Financial Statements or notes thereto.

3. Exhibits:

3(a) Restated Articles of Incorporation of Southside filed as Exhibit 3(a) to Southside's Registration Statement on Form S-4/A on May 8, 1998, incorporated herein by reference.

3(b) Restated Bylaws of Southside with amendments through December 28, 1995 filed as Exhibit 4(b) to Southside's Registration Statement on Form S-8 on January 31, 1996, incorporated herein by reference.

4(a) Rights Agreement dated as of May 27, 1993 between Southside and Boatmen's Trust Company filed as Exhibits 1 and 2 to Southside's Registration Statement on Form 8-A on May 27, 1993, incorporated herein by reference.

10(a) Employment Agreement dated April 27, 1995 between Southside Bancshares Corp., South Side National Bank in St. Louis and Thomas M. Teschner, as amended, filed as Exhibit 10(a) to Southside's Report on Form 10-Q for the quarterly period ended June 30, 1998, incorporated herein by reference.

10(b) Southside Bancshares Corp. 1993 Non-Qualified Stock Option Plan, filed as Exhibit 10(e) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1994, incorporated herein by reference.

10(c) Deferred Compensation Agreement dated April 25, 1996 between Thomas M. Teschner and Southside, as amended, filed as Exhibit 10(c) to Southside's Report on Form 10-Q for the quarterly period ended September 30, 1998, incorporated herein by reference.

10(d) Southside Bancshares Corp. Deferred Compensation Plan for Directors filed as Exhibit 10(d) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1996, incorporated herein by reference.

10(e) Southside Bancshares Corp. 1998 Stock Option Plan, filed as Exhibit 10(e) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1998, incorporated herein by reference.

10(f) Salary Continuation Agreement dated December 1, 1999 between Thomas M. Teschner and Southside, filed as Exhibit 10(f) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(g) Salary Continuation Agreement dated December 1, 1999 between Joseph W. Pope and Southside, filed as Exhibit 10(g) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(h) First Amendment to Southside Bancshares Corp. Deferred Compensation Plan for Directors dated December 1, 1999 between Southside and Thomas M. Teschner, filed as Exhibit 10(h) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(i) First Amendment to Southside Bancshares Corp. Deferred Compensation Plan for Directors dated December 1, 1999 between Southside and Daniel J. Queen, filed as Exhibit 10(i) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(j) First Amendment to Southside Bancshares Corp. Deferred Compensation Plan for Directors dated December 1, 1999 between Southside and

Earle J. Kennedy, Jr., filed as Exhibit 10(j) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(k) First Amendment to Southside Bancshares Corp. Deferred Compensation Plan for Directors dated December 1, 1999 between Southside and Norville K. McClain, filed as Exhibit 10(k) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(l) Southside Bancshares Corp. Split Dollar Agreement dated December 1, 1999 between Southside and the Thomas M. Teschner Irrevocable Trust, dated November 18, 1999, filed as Exhibit 10(l) to Southside's Report on Form 10-K for the fiscal year ended December 31, 1999, incorporated herein by reference.

10(m) Deferred Compensation Agreement dated January 1, 2000 between Joseph W. Beetz and Southside, as amended, filed as Exhibit 10(m) to Southside's Report on Form 10-Q for the quarterly period ended March 31, 2000, incorporated herein by reference.

11 Computation of Net Income Per Common Share incorporated by reference to Note 11 of the Notes to the Consolidated Financial Statements, on page 41 of Southside Bancshares Corp. 2000 Annual Report to Shareholders.

13 Portions of the Annual Report to Shareholders of Southside for the fiscal year ended December 31, 2000.

21 List of Subsidiaries.

23 Independent Auditors' Consent of KPMG LLP.

(b) Reports filed on Form 8-K:

No reports on Form 8-K were filed for the three months ended December 31, 2000.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Southside has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHSIDE BANCSHARES CORP.

By /s/ Thomas M. Teschner

Thomas M. Teschner
President and Chief Executive Officer
(Principal Executive Officer)

March 29, 2001

By /s/ Joseph W. Pope

Joseph W. Pope
Senior Vice President and Chief Financial Officer
(Principal Financial Officer, Controller and Principal Accounting Officer)

March 29, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of Southside and in the capacities and on the dates indicated.

/s/ Howard F. Etling	/s/ Joseph W. Beetz
Howard F. Etling, Director Date: March 29, 2001	Joseph W. Beetz, Director Date: March 29, 2001
/s/ Thomas M. Teschner	/s/ Douglas P. Helein
Thomas M. Teschner, President, Chief Executive Officer and Director Date: March 29, 2001	Douglas P. Helein, Director Date: March 29, 2001
/s/ Norville K. McClain	/s/ Earle J. Kennedy, Jr.
Norville K. McClain, Chairman of the Board Date: March 29, 2001	Earle J. Kennedy, Jr., Director Date: March 29, 2001
/s/ Daniel J. Queen	/s/ Richard G. Schroeder

Daniel J. Queen, Director Date: March 29, 2001	Richard G. Schroeder, Sr., Director Date: March 29, 2001
/s/ Steven Roberts	/s/ Joseph W. Pope
Steven Roberts, Director Date: March 29, 2001	Joseph W. Pope Senior Vice President and Chief Financial Officer (Principal Financial Officer, Controller and Principal Accounting Officer) Date: March 29, 2001

EXHIBIT INDEX

REGULATION
S-K

EXHIBIT NO.	DESCRIPTION
3(a)	Restated Articles of Incorporation of Southside filed as Exhibit 3(a) t Registration Statement on Form S-4/A on May 8, 1998, incorporated herei reference.
3(b)	Restated Bylaws of Southside with amendments through July 1, 1999 filed 3(b) to Southside's Report on Form 10-Q on August 13, 1999, incorporate reference.
4(a)	Rights Agreement dated as of May 27, 1993 between Southside and Boatmen Company filed as Exhibits 1 and 2 to Southside's Registration Statement on June 1, 1993, incorporated herein by reference.
10(a)	Employment Agreement dated April 27, 1995 between Southside, South Side Bank in St. Louis and Thomas M. Teschner, as amended, filed as Exhibit Southside's Report on Form 10-Q for the quarterly period ended June 30, incorporated herein by reference.
10(b)	Southside Bancshares Corp. 1993 Non-Qualified Stock Option Plan, filed Exhibit 10(e) to Southside's Report on Form 10-K for the fiscal year en December 31, 1994, incorporated herein by reference.
10(c)	Deferred Compensation Agreement dated April 25, 1996 between Thomas M. and Southside, as amended, filed as Exhibit 10(c) to Southside's Report for the quarterly period ended September 30, 1998, incorporated herein
10(d)	Southside Bancshares Corp. Deferred Compensation Plan for Directors fil Exhibit 10(d) to Southside's Report on Form 10-K for the fiscal year en December 31, 1996, incorporated herein by reference.

10(e)	Southside Bancshares Corp. 1998 Stock Option Plan, filed as Exhibit 10(Southside's Report on Form 10-K for the fiscal year ended December 31, incorporated hereby by reference.
10(f)	Salary Continuation Agreement dated December 1, 1999 between Thomas M. and Southside, filed as Exhibit 10(f) to Southside's Report on Form 10- year ended December 31, 1999, incorporated herein by reference.
10(g)	Salary Continuation Agreement dated December 1, 1999 between Joseph W. Southside, filed as Exhibit 10(g) to Southside's Report on Form 10-K fo ended December 31, 1999, incorporated herein by reference.
10(h)	First Amendment to Southside Bancshares Corp. Deferred Compensation Pla Directors dated December 1, 1999 between Southside and Thomas M. Teschn Exhibit 10(h) to Southside's Report on Form 10-K for the fiscal year en December 31, 1999, incorporated herein by reference.

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EXHIBIT INDEX

REGULATION
S-K

EXHIBIT NO.	DESCRIPTION
10(i)	First Amendment to Southside Bancshares Corp. Deferred Compensation Pla Directors dated December 1, 1999 between Southside and Daniel J. Queen, Exhibit 10(i) to Southside's Report on Form 10-K for the fiscal year en December 31, 1999, incorporated herein by reference.
10(j)	First Amendment to Southside Bancshares Corp. Deferred Compensation Pla Directors dated December 1, 1999 between Southside and Earle J. Kennedy Exhibit 10(j) to Southside's Report on Form 10-K for the fiscal year en December 31, 1999, incorporated herein by reference.
10(k)	First Amendment to Southside Bancshares Corp. Deferred Compensation Pla Directors dated December 1, 1999 between Southside and Norville K. McCl Exhibit 10(k) to Southside's Report on Form 10-K for the fiscal year en December 31, 1999, incorporated herein by reference.
10(l)	Southside Bancshares Corp. Split Dollar Agreement dated December 1, 199 Southside and the Thomas M. Teschner Irrevocable Trust, dated November filed as Exhibit 10(l) to Southside's Report on Form 10-K for the fisca December 31, 1999, incorporated herein by reference.
11	Computation of Net Income Per Common Share incorporated by reference t the Notes to the Consolidated Financial Statements.
13	Portions of the Annual Report to Shareholders of Southside for the fisc December 31, 2000.
21	List of Subsidiaries.

23	Independent Auditors' Consent of KPMG LLP.