

**Southside Bancshares, Inc. (NASDAQ: SBSI; Tyler, TX) Completes Offering of \$100.0 Million of Subordinated Notes due 2026**

Sandler O'Neill + Partners, L.P. served as the sole book-running manager for this offering.

This transaction is the 80<sup>th</sup> subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner, or initial purchaser.<sup>1</sup> Since May 20, 2016, Sandler O'Neill has raised over \$1.62 Billion for its clients in 23 transactions as the lead or sole book running manager, capturing an 82.1% market share of announced transactions.<sup>2</sup>

**About the Offering:**

**TYLER, TX.** – Southside Bancshares, Inc. (NASDAQ: SBSI) (“Southside” or the “Company”), the holding company for Southside Bank, today announced the closing of its public offering of \$100 million aggregate principal amount of its Fixed-to-Floating Rate Subordinated Notes due 2026 (the “Notes”). Due to market demand, Southside increased the aggregate principal amount of the Notes to \$100 million from the original announced amount of \$75 million. The Notes will mature on September 30, 2026. From and including the date of issuance to, but excluding September 30, 2021, the Notes will bear interest at an initial rate of 5.50% per annum, payable semi-annually. From and including September 30, 2021 to, but excluding the maturity date or the date of earlier redemption, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 4.297%, payable quarterly in arrears.

*This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.*

**About the Company:**

Southside Bancshares, Inc. is a bank holding company with approximately \$5.04 billion in assets that owns 100% of Southside Bank. Southside Bank currently has 61 banking centers in Texas and operates a network of over 71 ATMs.

- (1) Source: Sandler O'Neill + Partners. Deal count includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets.
- (2) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes \$1,000 par subordinated debt and senior note offerings for Community Banks; Community Banks defined as banks or bank holding companies with less than \$25 billion in assets.
- (3) Financial data not pro forma for the offering.

September 19, 2016

5.50% Fixed-to-Floating Rate  
Subordinated Notes due 2026  
**\$100.0 Million**

**SOUTHSIDE  
BANCSHARES, INC.**

Sole Book-Running Manager

SANDLER O'NEILL + PARTNERS

**Financial Highlights as of June 30, 2016<sup>3</sup>**

(\$ in thousands)

Total Assets	\$5,035,005
Net Loans	2,375,296
Total Deposits	3,570,249
Total Equity	472,300
Tier 1 Leverage Ratio	8.60%
Tier 1 Risk-Based Capital Ratio	14.47%
Total Risk-Based Capital Ratio	15.01%
TCE / TA	7.60%

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