

Texas State Bankshares, Inc. (Private; Harlingen, TX) Closes Private Placement of \$35.0 Million of 5.750% Subordinated Notes due 2029

Sandler O'Neill + Partners, L.P. served as the sole placement agent for this offering.

This transaction is the 115th subordinated note or senior note transaction for a community bank since January 1, 2016 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner or initial purchaser.¹ These transactions have raised approximately \$6.3 billion for our clients, representing 61.2% market share of announced transactions.¹

About the Offering:

HARLINGEN, TX., June 3, 2019 – Texas State Bankshares, Inc. (the “Company”), the holding company for Texas Regional Bank (the “Bank”), today announced the completion of its private placement of \$35.0 million in fixed-to-floating rate subordinated notes due 2029 (the “Notes”). The Notes bear a fixed rate of 5.750% for the first five years and will reset quarterly thereafter to the then current three-month LIBOR rate plus 355 basis points. The Company intends to use the net proceeds from the offering to fund organic growth, finance potential acquisitions, pay off an existing Company note, and for general corporate purposes.

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:

Established in 2010 and headquartered in Harlingen, TX, Texas Regional Bank is the wholly-owned subsidiary of Texas State Bankshares, Inc. The Bank has 19 branch offices in Harlingen, Lakeway, Wimberley, McAllen, Edinburg, Spring Branch, Mission, San Marcos, Brownsville, Dripping Springs, Weslaco, Falfurrias, Blanco and Fredericksburg, Texas. The Bank offers businesses and individuals a full suite of traditional commercial banking products as well as trust & wealth management, private client, and mortgage banking services.

(1) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes subordinated debt or senior note offerings for Community Banks reported by Bloomberg; Community Banks defined as banks or bank holding companies with less than \$35 billion in assets; Excludes transactions less than \$5 million in offering size

(2) Financial data is not pro forma for the offering

June 3, 2019

5.750% Fixed-to-Floating Rate
Subordinated Notes due 2029

\$35.0 Million

**Texas State
Bankshares, Inc.**

Sole Placement Agent
SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2019²

(Dollars in thousands)

Total Assets	\$950,289
Total Net Loans	\$538,440
Total Deposits	\$841,667
Total Equity	\$82,529
TCE / TA	7.63%

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