

SOUTHSIDE BANCSHARES INC

Form S-4/A

August 22, 2014

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As filed with the Securities and Exchange Commission on August 22, 2014

Registration No. 333-196817

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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Amendment No. 2  
to

**Form S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**Southside Bancshares, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Texas**  
(State or other jurisdiction of  
incorporation or organization)

**6022**  
(Primary Standard Industrial  
Classification Code Number)  
**1201 South Beckham Avenue**  
**Tyler, Texas 75701**  
**(903) 531-7111**

**75-1848732**  
(I.R.S. Employer  
Identification No.)

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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**Sam Dawson**  
**President & Chief Executive Officer**  
**Southside Bancshares, Inc.**  
**1201 South Beckham Avenue**  
**Tyler, Texas 75701**

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(903) 531-7111

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

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With copies to:

Lesley H. Solomon  
David E. Brown, Jr.  
Alston & Bird, LLP  
1201 West Peachtree Street  
Atlanta, Georgia 30309  
(404) 881-7000

Tim Carter  
President & Chief Executive Officer  
OmniAmerican Bancorp, Inc.  
1320 South University Drive, Suite 900  
Fort Worth, Texas 76107  
(817) 367-4640

---

Brian D. Barnard  
Haynes and Boone, LLP  
201 Main Street, Suite 2299  
Fort Worth, Texas 76102  
(817) 347-6605

**Approximate date of commencement of the proposed sale of the securities to the public:  
As soon as practicable after this registration statement becomes effective and all other conditions  
to the proposed merger described herein have been satisfied or waived.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a  
smaller reporting company)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and is subject to change. Southside Bancshares, Inc. may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction where the offer or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED AUGUST 22, 2014**

**Joint Proxy Statement/Prospectus**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

To the Shareholders of Southside Bancshares, Inc. and the Stockholders of OmniAmerican Bancorp, Inc.:

On April 28, 2014, Southside Bancshares, Inc., or Southside, Omega Merger Sub, Inc., a wholly owned subsidiary of Southside, or Merger Sub, and OmniAmerican Bancorp, Inc., or OmniAmerican, entered into an Agreement and Plan of Merger, which we refer to as the merger agreement. Pursuant to the merger agreement, Merger Sub will merge with and into OmniAmerican, with OmniAmerican as the surviving corporation, which we refer to as the first merger. Immediately after the first merger, OmniAmerican will merge with and into Southside, with Southside as the surviving corporation, which we refer to as the second merger. Immediately after the second merger, OmniAmerican Bank, a wholly owned bank subsidiary of OmniAmerican, will merge with and into Southside's wholly owned bank subsidiary, Southside Bank, with Southside Bank as the surviving bank, which we refer to as the bank merger. We refer to the first merger, the second merger and the bank merger collectively as the mergers.

If the first merger is completed, each share of OmniAmerican common stock will be converted into the right to receive: (1) 0.4459 of a share of Southside common stock, which we refer to as the stock consideration, and (2) \$13.125 in cash, which we refer to as the cash consideration. We collectively refer to the stock consideration and the cash consideration as the merger consideration. The number of shares of Southside common stock currently expected to be delivered to holders of shares of OmniAmerican common stock upon completion of the first merger is approximately [ ] shares, based on the number of shares of OmniAmerican common stock outstanding as of [ ], 2014 and assuming the exercise in full of all outstanding and unexercised stock options. OmniAmerican stockholders will own approximately 21% of Southside if the first merger is completed.

The market value of the merger consideration will fluctuate with the market price of Southside common stock and will not be known at the time OmniAmerican stockholders vote on the first merger. Southside common stock is currently quoted on the NASDAQ Global Select Market under the symbol "SBSI." On April 28, 2014, the last trading day before the announcement of the mergers, the last reported sale price of Southside common stock was \$30.46 per share, and, on [ ], 2014, the last trading day before the date of this joint proxy statement/prospectus, the last reported sale price of Southside common stock was \$[ ] per share. **We urge you to obtain current market quotations for the price of Southside and OmniAmerican common stock.**

Each of Southside and OmniAmerican expects that the first merger and the second merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, with the result that the portion of OmniAmerican common stock exchanged for Southside shares will generally be tax-free and the portion of the OmniAmerican common stock exchanged for cash will generally be taxable as capital gain.

Southside and OmniAmerican will each hold a special meeting of its shareholders and stockholders, respectively, in connection with the mergers. OmniAmerican stockholders will be asked to consider and vote upon (1) a proposal to approve the first merger, (2) a proposal to approve, on an advisory (non-binding) basis, certain compensation that will or may become payable to OmniAmerican's named executive officers in connection with the first merger, and (3) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the first merger. Southside shareholders will be asked to vote on a proposal to approve the issuance of shares of Southside common stock to OmniAmerican stockholders in connection with the first merger (which we refer to as the Southside share issuance proposal) and will also be asked to approve a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Southside share issuance proposal.

The special meeting of Southside shareholders will be held on [ ], 2014 at Southside's headquarters located at 1201 South Beckham Avenue, Tyler, Texas, at [ ] p.m. local time. The special meeting of OmniAmerican stockholders will be held on [ ], 2014 at OmniAmerican's headquarters located at 1320 South University Drive, Fort Worth, Texas, at [ ] a.m. local time.

**Your vote is important.** We cannot complete the mergers unless OmniAmerican's stockholders approve the first merger and Southside's shareholders approve the Southside share issuance proposal as described in this joint proxy statement/prospectus. **Regardless of whether or not you plan to attend your special meeting, please take the time to authorize a proxy to vote your shares in accordance with the instructions contained in this joint proxy statement/prospectus.**

**OmniAmerican's board of directors has determined that the merger agreement and transactions contemplated thereby, including the mergers, are advisable and in the best interests of OmniAmerican's stockholders, has unanimously approved the merger agreement and the mergers and unanimously recommends that OmniAmerican stockholders vote "FOR" a proposal to approve the first merger, "FOR" a proposal to approve, on an advisory**

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(non-binding) basis, certain compensation that will or may become payable to OmniAmerican's named executive officers in connection with the first merger and "FOR" a proposal to adjourn the OmniAmerican special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the first merger.

Southside's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the mergers and the share issuance, are advisable and in the best interests of Southside and its shareholders, has unanimously approved the merger agreement and unanimously recommends that Southside shareholders vote "FOR" a proposal to approve the share issuance and "FOR" a proposal to adjourn the Southside special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the share issuance.

This joint proxy statement/prospectus describes the special meetings, the mergers, the documents related to the mergers and other related matters. **Please carefully read this entire joint proxy statement/prospectus, including "Risk Factors," beginning on page 25, for a discussion of the risks relating to the proposed mergers.** You also can obtain information about Southside and OmniAmerican from documents that they have filed with the Securities and Exchange Commission.

If you have any questions concerning the mergers, OmniAmerican stockholders should please contact Keishi High, Investor Relations, 1320 South University Drive, Suite 900, Fort Worth, Texas 76107 at (817) 367-4640, and Southside shareholders should please contact Lee Gibson, Senior Executive Vice President and Chief Financial Officer, 1201 South Beckham Avenue, Tyler, Texas 75711 at (903) 533-7221. We look forward to seeing you at the meetings.

Sam Dawson

*President and Chief Executive Officer*  
Southside Bancshares, Inc.

Tim Carter

*President and Chief Executive Officer*  
OmniAmerican Bancorp, Inc.

**Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, nor any state securities commission or any other bank regulatory agency has approved or disapproved the securities to be issued in the first merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the first merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either Southside or OmniAmerican, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The date of this joint proxy statement/prospectus is [                      ], 2014, and it is first being mailed or otherwise delivered to the shareholders of Southside and the stockholders of OmniAmerican on or about [                      ], 2014.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the Shareholders of Southside Bancshares, Inc.:

Southside Bancshares, Inc., a Texas corporation, or Southside, will hold a special meeting of shareholders at [ ] p.m. local time, on [ ], 2014, at Southside's headquarters located at 1201 South Beckham Avenue, Tyler, Texas 75701 to consider and vote upon the following matters:

1. a proposal to approve the issuance of shares of Southside common stock to the stockholders of OmniAmerican Bancorp, Inc., a Maryland corporation, or OmniAmerican, in connection with the merger of Omega Merger Sub, Inc., a Maryland corporation and wholly owned subsidiary of Southside, with and into OmniAmerican, with OmniAmerican as the surviving corporation, which we refer to as the first merger, as more fully described in the accompanying joint proxy statement/prospectus. We refer to this proposal as the Southside share issuance proposal; and
2. a proposal to approve one or more adjournments of the Southside special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Southside share issuance proposal, if there are insufficient votes at the time of such adjournment to approve the Southside share issuance proposal, which we refer to as the Southside adjournment proposal.

We have fixed the close of business on August 29, 2014 as the record date for the Southside special meeting. Only holders of record of Southside common stock at that time are entitled to notice of, and to vote at, the Southside special meeting, or any adjournment or postponement of the Southside special meeting. The approval of the Southside share issuance proposal requires the affirmative vote of holders of at least a majority of Southside's common stock entitled to vote and represented in person or by proxy at the Southside special meeting, assuming a quorum is present.

Immediately after the first merger, OmniAmerican will merge with and into Southside, with Southside as the surviving corporation, which we refer to as the second merger. Immediately after the second merger, OmniAmerican Bank, a wholly owned bank subsidiary of OmniAmerican, will merge with and into Southside Bank, Southside's wholly owned bank subsidiary, with Southside Bank as the surviving bank, which we refer to as the bank merger. We refer to the first merger, the second merger and the bank merger collectively as the mergers.

**Southside's board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the mergers and the share issuance, are advisable and in the best interests of Southside and its shareholders, and unanimously recommends that Southside shareholders vote "FOR" the Southside share issuance proposal and "FOR" the Southside adjournment proposal.**

**Your vote is very important.** We cannot complete the mergers unless Southside's common shareholders approve the share issuance.

**Regardless of whether you plan to attend the Southside special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Southside, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. If you hold your stock in "street name" through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the mergers, the documents related to the mergers and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety. If you have any questions concerning the mergers or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of Southside common stock,

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please contact Susan Hill, Investor Relations, 1201 South Beckham Avenue, Tyler, Texas 75701 at (903) 531-7220 or susan.hill@southside.com.

**BY ORDER OF THE BOARD OF DIRECTORS,**

---

B.G. Hartley  
*Chairman of the Board*

Tyler, Texas

[     ], 2014

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**OMNIAMERICAN BANCORP, INC.**

**1320 South University Drive, Suite 900  
Fort Worth, Texas 76107  
(817) 367-4640**

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held on [        ], 2014**

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To the Stockholders of OmniAmerican Bancorp, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of OmniAmerican Bancorp, Inc., a Maryland corporation, referred to as OmniAmerican, will be held at OmniAmerican's headquarters located at 1320 South University Drive, Fort Worth, Texas, on [        ], 2014, at [        ] a.m. local time, to consider and vote upon the following matters:

1. a proposal to approve the merger of Omega Merger Sub, Inc., a Maryland corporation and wholly owned subsidiary of Southside Bancshares, Inc., a Texas corporation, or Southside, with and into OmniAmerican, with OmniAmerican as the surviving corporation, which we refer to as the first merger, as more fully described in the attached joint proxy statement/prospectus. We refer to this proposal as the OmniAmerican merger proposal;
2. a proposal to approve, on an advisory (non-binding) basis, certain compensation that will or may become payable to OmniAmerican's named executive officers in connection with the first merger, which we refer to as the OmniAmerican compensation proposal; and
3. a proposal to approve one or more adjournments of the OmniAmerican special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment to approve the OmniAmerican merger proposal, which we refer to as the OmniAmerican adjournment proposal.

OmniAmerican will transact no other business at the special meeting or any adjournment or postponement thereof. Only holders of record of OmniAmerican common stock at the close of business on August 29, 2014, the record date established for the OmniAmerican special meeting, are entitled to notice of, and to vote at, the special meeting or at any adjournment or postponement thereof.

Immediately after the first merger, OmniAmerican will merge with and into Southside, with Southside as the surviving corporation, which we refer to as the second merger. Immediately after the second merger, OmniAmerican Bank, a wholly owned bank subsidiary of OmniAmerican, will merge with and into Southside's wholly owned bank subsidiary, Southside Bank, with Southside Bank as the surviving bank, which we refer to as the bank merger. We refer to the first merger, the second merger and the bank merger collectively as the mergers.

We encourage you to read carefully the accompanying joint proxy statement/prospectus, including its annexes and any documents incorporated in the joint proxy statement/prospectus by reference, as it sets forth detailed information about the OmniAmerican merger proposal, the OmniAmerican compensation proposal, the OmniAmerican adjournment proposal and other important information related to the merger. A copy of the merger agreement is included as Annex A to the attached joint proxy statement/prospectus.

**Your vote is very important, regardless of the number of shares you own.** If you hold stock in your name as a stockholder of record of OmniAmerican, we encourage you to authorize a proxy to vote your shares at the special meeting by telephone or on the Internet, or by completing, signing, dating and returning your proxy card as promptly as possible in the accompanying reply envelope, whether or not you plan

to attend the special meeting. If you are unable to attend in person and you

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return your properly executed proxy card in time for the special meeting, your shares will be voted at the special meeting in accordance with your instructions as reflected in your proxy. Properly executed proxies that do not contain voting instructions will be voted "FOR" the OmniAmerican merger proposal, "FOR" the OmniAmerican compensation proposal and "FOR" the OmniAmerican adjournment proposal, if necessary or appropriate. If you attend the OmniAmerican special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. If you hold stock in "street name" through a bank, brokerage firm or other nominee, please follow the instructions on the voting instruction card furnished by the bank, brokerage firm or other nominee.

**OmniAmerican's board of directors has unanimously recommended that you vote "FOR" the OmniAmerican merger proposal, "FOR" the OmniAmerican compensation proposal and "FOR" the OmniAmerican adjournment proposal, if necessary or appropriate.**

You will not be entitled to exercise appraisal rights under Maryland law in connection with the first merger and the transactions contemplated by the merger agreement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE OMNIAMERICAN SPECIAL MEETING TO BE HELD ON [        ], 2014:** The Notice and the Joint Proxy Statement/Prospectus are available at [www.omniamerican.com/proxy](http://www.omniamerican.com/proxy).

*By Order of the Board of Directors,*

Mary-Margaret Lemons  
*Corporate Secretary*

[        ], 2014

**A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.**

**If you have questions about the proposals or about voting your shares, please call OmniAmerican Investor Relations at (817) 367-4640.**

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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Southside and OmniAmerican from documents filed with or furnished to the Securities and Exchange Commission, or SEC, that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Southside or OmniAmerican at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting the appropriate company at the following address:

**Southside Bancshares, Inc.**  
1201 South Beckham Avenue  
Tyler, Texas 75701  
Attention: Secretary  
Telephone: (877) 639-3511

**OmniAmerican Bancorp, Inc.**  
1320 South University Drive  
Fort Worth, Texas 76107  
Attention: Investor Relations  
Telephone: (817) 367-4640

**You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of your special meeting. This means that Southside shareholders requesting documents must do so by [ ], 2014, in order to receive them before the Southside special meeting and OmniAmerican stockholders requesting documents must do so by [ ], 2014, in order to receive them before the OmniAmerican special meeting.**

If you are a Southside shareholder and have questions about the share issuance or the Southside special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Susan Hill, Investor Relations, at the address and telephone number listed above or (903) 531-7220 or at [susan.hill@southside.com](mailto:susan.hill@southside.com).

In addition, if you are an OmniAmerican stockholder and have questions about the first merger or the OmniAmerican special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Keishi High, Investor Relations, at the address and telephone number listed above.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated [ ], 2014, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document. Neither the mailing of this document to OmniAmerican stockholders or Southside shareholders nor the issuance by Southside of shares of Southside common stock in connection with the first merger will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding OmniAmerican has been provided by OmniAmerican and information contained in this document regarding Southside has been provided by Southside. See "Where You Can Find More Information" for more details.**

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**QUESTIONS AND ANSWERS**

*The following are answers to some questions that Southside shareholders and OmniAmerican stockholders may have regarding the proposed transaction between Southside and OmniAmerican and the other proposals being considered at the Southside and OmniAmerican special meetings. Southside and OmniAmerican urge you to read carefully this entire joint proxy statement/prospectus, including the Annexes, and the documents incorporated by reference into this joint proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you.*

*Unless the context otherwise requires, references in this joint proxy statement/prospectus to (1) "Southside" refer to Southside Bancshares, Inc., a Texas corporation, and its affiliates, (2) "Merger Sub" refer to Omega Merger Sub, Inc., a Maryland corporation and a wholly owned subsidiary of Southside; and (3) "OmniAmerican" refer to OmniAmerican Bancorp, Inc., a Maryland corporation, and its affiliates.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A:

Southside, Merger Sub and OmniAmerican have entered into an Agreement and Plan of Merger, dated as of April 28, 2014, which we refer to as the merger agreement. Pursuant to the merger agreement, Merger Sub will be merged with and into OmniAmerican, with OmniAmerican as the surviving company, which we refer to as the first merger. Immediately after the first merger, OmniAmerican will be merged with and into Southside, with Southside as the surviving company, which we refer to as the second merger. Immediately after the second merger, OmniAmerican Bank, a wholly owned subsidiary of OmniAmerican, will merge with and into Southside's wholly owned subsidiary, Southside Bank, with Southside Bank as the surviving bank, which we refer to as the bank merger. We refer to the first merger, the second merger and the bank merger collectively as the mergers. A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

The mergers cannot be completed unless, among other things:

the holders of a majority of the outstanding shares of Southside common stock entitled to vote and represented in person or by proxy at the Southside special meeting vote in favor of the proposal to approve the issuance of shares of Southside common stock to OmniAmerican stockholders in connection with the first merger, which we refer to as the Southside share issuance proposal; and

the holders of a majority of the outstanding shares of OmniAmerican common stock entitled to vote on the first merger vote in favor of the proposal to approve the first merger, which we refer to as the OmniAmerican merger proposal.

In addition, Southside is soliciting proxies from its shareholders with respect to one additional proposal, although the completion of the mergers is not conditioned upon shareholder approval of this proposal:

a proposal to approve one or more adjournments of the Southside special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Southside share issuance proposal if there are insufficient votes at the time of such adjournment to approve such proposal, which we refer to as the Southside adjournment proposal.

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Furthermore, OmniAmerican is soliciting proxies from its stockholders with respect to two additional proposals, although the completion of the mergers is not conditioned upon stockholder approval of those proposals:

a proposal to approve, on an advisory (non-binding) basis, certain compensation that will or may become payable to OmniAmerican's named executive officers in connection with the first merger, which we refer to as the OmniAmerican compensation proposal; and

a proposal to approve one or more adjournments of the OmniAmerican special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment to approve the OmniAmerican merger proposal, which we refer to as the OmniAmerican adjournment proposal.

Each of Southside and OmniAmerican will hold separate special meetings to consider the proposals, which we refer to as the Southside special meeting and the OmniAmerican special meeting, respectively. This joint proxy statement/prospectus contains important information about the mergers and the other proposals being voted on at the special meetings, and you should read it carefully. It is a joint proxy statement because both the Southside and OmniAmerican boards of directors are soliciting proxies from their respective shareholders and stockholders. It is a prospectus because Southside will issue shares of Southside common stock to holders of OmniAmerican common stock in connection with the first merger. The enclosed materials allow you to authorize a proxy to vote your shares without attending your respective meeting. Your vote is important. We encourage you to authorize your proxy as soon as possible.

**Q: What will I receive in the mergers?**

A:

*Southside shareholders:* If the mergers are completed, Southside shareholders will not receive any merger consideration and will continue to hold the shares of Southside common stock that they currently hold. Following the mergers, shares of Southside common stock will continue to be traded on the NASDAQ Global Select Market under the symbol "SBSI."

*OmniAmerican stockholders:* If the first merger is completed, for each share of OmniAmerican common stock that OmniAmerican stockholders hold immediately prior to the first merger, OmniAmerican stockholders will receive: (1) 0.4459 of a share of Southside common stock, which we refer to as the stock consideration and (2) \$13.125 in cash, which we refer to as the cash consideration. The stock consideration and the cash consideration are collectively referred to as the merger consideration. Southside will not issue any fractional shares of Southside common stock in the first merger. OmniAmerican stockholders who would otherwise be entitled to a fractional share of Southside common stock upon the completion of the first merger will instead receive an amount in cash based on the volume weighted average price per share of Southside common stock for the five trading days immediately preceding (but not including) the day on which the first merger is completed, which we refer to as the Southside closing share value.

**Q: Will the value of the stock consideration change between the date of this joint proxy statement/prospectus and the time the first merger is completed?**

A:

Yes. The value of the stock consideration may fluctuate between the date of this joint proxy statement/prospectus and the completion of the first merger based upon the market value for Southside common stock. In the first merger, OmniAmerican stockholders will receive a fraction of a share of Southside common stock for each share of OmniAmerican common stock they hold. Any fluctuation in the market price of Southside common stock after the date of this joint proxy statement/prospectus will change the value of the shares of Southside common stock that OmniAmerican stockholders will receive.

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**Q: What will happen to OmniAmerican equity awards in the mergers?**

A:

At the effective time of the first merger, each option to purchase shares of OmniAmerican common stock granted under the OmniAmerican Bancorp., Inc. 2011 Equity Incentive Plan that is outstanding immediately prior to the effective time of the first merger, whether vested or unvested, will be automatically cancelled (conditioned upon completion of the first merger) in exchange for the right to receive a cash payment as specified under the merger agreement. Holders of options to purchase shares of OmniAmerican's common stock will not be entitled to receive any shares of Southside common stock in exchange for their options.

At the effective time of the first merger, each issued and outstanding restricted share of OmniAmerican common stock, including unvested shares which will become vested immediately prior to the effective time of the first merger, will be converted into the right to receive the merger consideration.

**Q: How does Southside's board of directors recommend that I vote at the special meeting?**

A:

Southside's board of directors unanimously recommends that you vote "FOR" the Southside share issuance proposal and "FOR" the Southside adjournment proposal.

**Q: How does OmniAmerican's board of directors recommend that I vote at the special meeting?**

A:

OmniAmerican's board of directors unanimously recommends that you vote "FOR" the OmniAmerican merger proposal, "FOR" the OmniAmerican compensation proposal and "FOR" the OmniAmerican adjournment proposal.

**Q: When and where are the special meetings?**

A:

The Southside special meeting will be held at Southside's headquarters located at 1201 South Beckham Avenue, Tyler, Texas on [     ], 2014 at [     ] p.m. local time.

The OmniAmerican special meeting will be held at OmniAmerican's headquarters located at 1320 South University Drive, Fort Worth, Texas on [     ], 2014, at [     ] a.m. local time.

**Q: What do I need to do now?**

A:

After you have carefully read this joint proxy statement/prospectus and have decided how you wish to vote your shares, please authorize a proxy to vote your shares promptly so that your shares are represented and voted at the applicable special meeting.

**Q: What constitutes a quorum for the Southside special meeting?**

A:

The presence at the Southside special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Southside common stock that are entitled to vote at the Southside special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What constitutes a quorum for the OmniAmerican special meeting?**

A:

The presence at the OmniAmerican special meeting, in person or by proxy, of holders of record of outstanding shares of OmniAmerican common stock that are entitled to cast a majority of the votes entitled to be cast at the OmniAmerican special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining





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the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What is the vote required to approve each proposal?**

A:

*Southside special meeting:* Approval of each of the Southside share issuance proposal and the Southside adjournment proposal requires the affirmative vote of a majority of the shares of Southside common stock entitled to vote and represented in person or by proxy at the Southside special meeting, assuming a quorum is present.

*OmniAmerican special meeting:* Approval of the OmniAmerican merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of OmniAmerican common stock entitled to vote on such proposal. Approval of each of the OmniAmerican compensation proposal and the OmniAmerican adjournment proposal requires the affirmative vote of a majority of the votes cast on each such proposal by the holders of shares of OmniAmerican common stock entitled to vote thereon.

**Q: What will happen if OmniAmerican stockholders do not approve the OmniAmerican compensation proposal?**

A:

The SEC, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, adopted rules that require OmniAmerican to seek an advisory (non-binding) vote with respect to certain compensation that will or may become payable to OmniAmerican's named executive officers in connection with the first merger. The vote on the OmniAmerican compensation proposal is a vote separate and apart from the vote to approve the OmniAmerican merger proposal. You may vote for this proposal and against the OmniAmerican merger proposal, or vice versa. Because the vote on the OmniAmerican compensation proposal is advisory only, it will not be binding on OmniAmerican or Southside and will have no impact on whether the first merger is completed or on whether any contractually obligated payments are made to OmniAmerican's named executive officers.

**Q: Why is my vote important?**

A:

If you do not submit a proxy or vote in person, it may be more difficult for Southside and OmniAmerican to obtain the necessary quorum to hold their special meetings. In addition, if you are an OmniAmerican stockholder, your failure to submit a proxy or vote in person, or failure to instruct your bank or broker how to vote, or abstention will have the same effect as a vote against approval of the first merger. The first merger must be approved by the affirmative vote of the holders of at least a majority of the outstanding shares of OmniAmerican's common stock. OmniAmerican's board of directors unanimously recommends that you vote "FOR" the proposal to approve the first merger.

**Q: How many votes do I have?**

A:

*Southside shareholders:* You are entitled to one vote on each proposal to be considered at the Southside special meeting for each share of Southside common stock that you owned as of the close of business on August 29, 2014, which is the Southside record date.

*OmniAmerican stockholders:* You are entitled to one vote on each proposal to be considered at the OmniAmerican special meeting for each share of OmniAmerican common stock that you owned as of the close of business on August 29, 2014, which is the OmniAmerican record date.

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**Q: How do I vote?**

A:

*Southside shareholders:* If you are a shareholder of record, you may have your shares of Southside common stock voted on the matters to be presented at the Southside special meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or by Internet. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

in person you may attend the special meeting and cast your vote there.

If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Your bank, brokerage firm or other nominee cannot vote your shares without instructions from you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

*OmniAmerican stockholders:* If you are a stockholder of record, you may have your shares of OmniAmerican common stock voted on the matters to be presented at the OmniAmerican special meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or by Internet. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

in person you may attend the special meeting and cast your vote there.

If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Your bank, brokerage firm or other nominee cannot vote your shares without instructions from you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

**Q: What if I abstain from voting or fail to instruct my bank or broker?**

A:

*Southside shareholders:* If you mark "ABSTAIN" on your proxy with respect to the Southside share issuance proposal or the Southside adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you fail to submit a proxy or vote in person at the Southside special meeting or fail to instruct your bank or broker how to vote with respect to the Southside share issuance proposal or the Southside adjournment proposal, it will have no effect on the proposals.

*OmniAmerican stockholders:* If you mark "ABSTAIN" on your proxy with respect to the OmniAmerican merger proposal, fail to authorize a proxy or vote in person at the OmniAmerican special meeting, or fail to instruct your bank or broker how to vote, it will have the same effect as a vote "AGAINST" the proposal.

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If you mark "ABSTAIN" on your proxy, fail to authorize a proxy or vote in person at the OmniAmerican special meeting or fail to instruct your bank or broker how to vote with respect to the OmniAmerican compensation proposal or the OmniAmerican adjournment proposal, your shares will not be counted as votes cast and will have no effect on these proposals.

**Q: How do I vote if I own shares through the OmniAmerican ESOP or the OmniAmerican stock fund of the OmniAmerican 401(k) Plan?**

**A:** If you participate in the OmniAmerican Bank Employee Stock Ownership Plan, or the OmniAmerican ESOP, or if you hold OmniAmerican common stock through the OmniAmerican Bank 401(k) Profit Sharing Plan, or the OmniAmerican 401(k) Plan, you will receive vote authorization forms for the plans that reflect all shares you may direct the trustees to vote on your behalf under the plans. Under the terms of the OmniAmerican ESOP, the trustee votes all shares held by the OmniAmerican ESOP, but each OmniAmerican ESOP participant may direct the trustee how to vote the shares of OmniAmerican common stock allocated to his or her account. The trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated shares of OmniAmerican common stock held by the OmniAmerican ESOP, deemed allocated shares for which no voting instructions are received and stock for which OmniAmerican ESOP participants have voted to abstain in the same proportion as shares for which it has received timely voting instructions. Under the terms of the OmniAmerican 401(k) Plan, a participant is entitled to provide instructions for all shares of OmniAmerican common stock credited to his or her OmniAmerican 401(k) Plan account. Shares for which no voting instructions are given or for which instructions were not timely received will be voted in the same proportion as shares for which voting instructions were received.

**Q: Can I attend the special meeting and vote my shares in person?**

**A:** Yes. All shareholders of Southside and stockholders of OmniAmerican as of the record date, including shareholders and stockholders of record and shareholders and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend their respective special meetings. Holders of record of Southside and OmniAmerican common stock can vote in person at the Southside special meeting and OmniAmerican special meeting, respectively. If you are not a shareholder or stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meetings. If you plan to attend your special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Southside and OmniAmerican reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the Southside or OmniAmerican special meeting is prohibited without Southside or OmniAmerican's express written consent, respectively.

**Q: Can I change my vote?**

**A:** *Southside shareholders:* Yes. If you are a holder of record of Southside common stock, you may revoke your proxy prior to the Southside special meeting by providing notice in writing to Southside's Corporate Secretary at Southside's principal office, located at 1201 South Beckham Avenue, Tyler, Texas 75701, at any time prior to the meeting, or by advising the Southside Corporate Secretary at the special meeting that you wish to revoke your proxy and vote your shares in person. Your attendance at the Southside special meeting will not constitute automatic

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revocation of the proxy. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

*OmniAmerican stockholders:* Yes. If you are a holder of record of OmniAmerican common stock, you may revoke any proxy at any time prior to the OmniAmerican special meeting by providing notice in writing to OmniAmerican's Corporate Secretary at OmniAmerican's principal office, located at 1320 South University Drive, Suite 900, Fort Worth, Texas 76107, by returning a duly executed proxy bearing a later date by mail, by logging onto the Internet website specified on your proxy card in the same manner you would submit your proxy electronically or by calling the telephone number specified on your proxy card, as described on your proxy card. Your attendance at the OmniAmerican special meeting will not constitute automatic revocation of the proxy unless the stockholder delivers his or her ballot in person at the special meeting or delivers a written revocation to the OmniAmerican Corporate Secretary prior to the voting of such proxy. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker to revoke your proxy.

**Q: Will Southside be required to submit the Southside share issuance proposal to its shareholders even if Southside's board of directors has withdrawn, modified or qualified its recommendation?**

A: Yes. Unless the merger agreement is terminated before the Southside special meeting, Southside is required to submit the Southside share issuance proposal to its shareholders even if Southside's board of directors has withdrawn, modified or qualified its recommendation.

**Q: Will OmniAmerican be required to submit the OmniAmerican merger proposal to its stockholders even if OmniAmerican's board of directors has withdrawn, modified or qualified its recommendation?**

A: Yes. Unless the merger agreement is terminated before the OmniAmerican special meeting, OmniAmerican is required to submit the OmniAmerican merger proposal to its stockholders even if OmniAmerican's board of directors has withdrawn, modified or qualified its recommendation.

**Q: What are the U.S. federal income tax consequences of the mergers to OmniAmerican stockholders?**

Southside and OmniAmerican each expect that the first merger and the second merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, with the result that the portion of OmniAmerican common stock exchanged for Southside shares will generally be tax-free and the portion of the OmniAmerican common stock exchanged for cash will generally be taxable as a capital gain.

For further information, see "The Mergers U.S. Federal Income Tax Considerations."

*The U.S. federal income tax consequences described above may not apply to all holders of OmniAmerican common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the mergers to you.*

**Q: Are OmniAmerican stockholders entitled to exercise appraisal rights?**

A: No. No holder of OmniAmerican common stock is entitled, with respect to the first merger, to exercise any rights of an objecting stockholder provided for under Title 3 Subtitle 2 of the Maryland General Corporation Law, or the MGCL, any successor statute, or any similar appraisal or dissenter's rights. For further information, see "The Mergers No Dissenters' or Appraisal Rights."

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**Q: If I am an OmniAmerican stockholder, should I send in my OmniAmerican stock certificates now?**

A: No. Please do not send in your OmniAmerican stock certificates with your proxy. After the first merger, an exchange agent designated by Southside will send you instructions for exchanging OmniAmerican stock certificates for the merger consideration.

**Q: What should I do if I hold my shares of OmniAmerican common stock in book-entry form?**

A: You are not required to take any specific actions if your shares of OmniAmerican common stock are held in book-entry form. After the completion of the first merger, shares of OmniAmerican common stock held in book-entry form automatically will be exchanged for the merger consideration, including shares of Southside common stock in book-entry form, the cash consideration and any cash to be paid in exchange for fractional shares in the first merger.

**Q: Whom may I contact if I cannot locate my OmniAmerican stock certificate(s)?**

A: If you are unable to locate your original OmniAmerican stock certificate(s), you should contact Registrar and Transfer Company, Attn: Lost Certificate Department at 10 Commerce Drive, Cranford, NJ 07016, or at (800) 368-5948.

**Q: When do you expect to complete the mergers?**

A: Southside and OmniAmerican expect to complete the mergers in the fourth quarter of 2014. However, neither Southside nor OmniAmerican can assure you when or if the mergers will occur. Southside and OmniAmerican must first obtain the approval of Southside shareholders for the Southside share issuance proposal and OmniAmerican stockholders for the OmniAmerican merger proposal, respectively, as well as the necessary regulatory approvals.

**Q: What happens if the mergers are not completed?**

A: If the first merger is not completed, holders of OmniAmerican common stock or equity awards will not receive any consideration for their shares of OmniAmerican common stock or equity awards that otherwise would have been received in connection with the first merger. Instead, OmniAmerican will remain an independent public company and its common stock will continue to be listed and traded on the NASDAQ Global Select Market. If the first merger is completed but, for any reason, the second merger and the bank merger are not completed, it will have no impact on the consideration to be received by holders of OmniAmerican common stock or equity awards.

**Q: Whom should I call with questions?**

A: *Southside shareholders:* If you have any questions concerning the mergers or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Southside common stock, please contact: Susan Hill, Investor Relations, 1201 South Beckham Avenue, Tyler, Texas 75701, at (903) 531-7220 or susan.hill@southside.com.

*OmniAmerican stockholders:* If you have any questions concerning the mergers or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of OmniAmerican common stock, please contact: Keishi High, Investor Relations, 1320 South University Drive, Suite 900, Fort Worth, Texas 76107, at (817) 367-4640.

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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire joint proxy statement/prospectus, including the annexes, and the other documents to which we refer in order to fully understand the mergers. See "Where You Can Find More Information." Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.*

**The Companies (pages [       ] and [       ] )**

*Southside Bancshares, Inc.  
1201 South Beckham Avenue  
Tyler, Texas 75701  
(903) 531-7111*

Southside was incorporated in Texas in 1982 and serves as the bank holding company for Southside Bank, headquartered in Tyler, Texas. Southside Bank has the largest deposit base in the Tyler metropolitan area and is the largest bank, based on asset size, headquartered in East Texas. At June 30, 2014, Southside had consolidated assets of \$3.5 billion, loans of \$1.4 billion, deposits of \$2.6 billion, and stockholders' equity of \$284.0 million.

Additional information about Southside and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information."

*OmniAmerican Bancorp, Inc.  
1320 South University Drive, Suite 900  
Fort Worth, Texas 76107  
(817) 367-4640*

OmniAmerican Bancorp, Inc. was incorporated in Maryland in 2009 and owns all of the outstanding shares of common stock of OmniAmerican Bank headquartered in Fort Worth, Texas. On January 20, 2010, OmniAmerican completed the mutual-to-stock conversion of OmniAmerican Bank and initial public stock offering of OmniAmerican. At June 30, 2014, OmniAmerican had consolidated assets of \$1.4 billion, loans of \$784.1 million, deposits of \$822.0 million, and stockholders' equity of \$214.5 million.

Additional information about OmniAmerican and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information."

**The Mergers**

*The Merger Agreement (page [       ] )*

Southside, Merger Sub and OmniAmerican entered into an Agreement and Plan of Merger, dated as of April 28, 2014, which we refer to as the merger agreement. The merger agreement governs the mergers. The merger agreement is included in this joint proxy statement/prospectus as Annex A. All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the mergers are qualified by reference to the merger agreement. Please read the merger agreement carefully for a more complete understanding of the mergers.

*The Mergers (page [       ] )*

Pursuant to the merger agreement, Merger Sub will merge with and into OmniAmerican, with OmniAmerican as the surviving company, which we refer to as the first merger. Immediately after the first merger, OmniAmerican will merge with and into Southside, with Southside as the surviving





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company, which we refer to as the second merger. Immediately after the second merger, OmniAmerican Bank, a wholly owned subsidiary of OmniAmerican, will merge with and into Southside's wholly owned bank subsidiary, Southside Bank, with Southside Bank as the surviving bank, which we refer to as the bank merger. We refer to the first merger, the second merger and the bank merger collectively as the mergers.

*The Merger Consideration (page [ ])*

If the first merger is completed, OmniAmerican stockholders will receive for each share of OmniAmerican common stock that they hold immediately prior to the first merger: (1) 0.4459 of a share of Southside common stock; and (2) \$13.125 in cash. Southside will not issue any fractional shares of Southside common stock in the first merger. OmniAmerican stockholders who would otherwise be entitled to a fraction of a share of Southside common stock upon the completion of the first merger will instead receive, for the fraction of a share, an amount in cash based on the Southside closing share value. For example, if you hold 100 shares of OmniAmerican common stock, you will receive \$1,312.50 in cash, 44 shares of Southside common stock and an additional cash payment instead of the 0.59 of a share of Southside common stock that you otherwise would have received (100 shares × 0.4459 = 44.59 shares), which payment will equal the product of 0.59 and the volume weighted average price per share of Southside common stock for the five trading days immediately preceding (but not including) the day on which the first merger is completed, which we refer to as the Southside closing share value.

Southside common stock is listed on the NASDAQ Global Select Market under the symbol "SBSI" and OmniAmerican common stock is listed on the NASDAQ Global Select Market under the symbol "OABC." The following table sets forth the closing sale prices of Southside common stock and OmniAmerican common stock as reported on the NASDAQ Global Select Market on April 28, 2014, the last full trading day before the public announcement of the merger agreement, and on [ ], 2014, the latest practicable trading date before the date of this joint proxy statement/prospectus. The following table also includes the equivalent market value per share of OmniAmerican common stock on April 28, 2014 and [ ], 2014, which we calculated by multiplying the closing price of Southside common stock on those dates by the exchange ratio of 0.4459 and adding the cash portion of the merger consideration of \$13.125 per share.

	Southside Common Stock	OmniAmerican Common Stock	Implied Value of Merger Consideration for One Share of OmniAmerican Common Stock
April 28, 2014	\$ 30.46	\$ 22.93	\$ 26.71
[ ], 2014	\$ [ ]	\$ [ ]	\$ [ ]

Southside will fund the cash portion of the merger consideration with regular cash flow from its securities portfolio and with cash from the sale of approximately \$126 million of available for sale mortgage-backed securities prior to the closing of the first merger.

**Ancillary Agreements**

*Voting and Support Agreements (page [ ])*

As a condition to Southside entering into the merger agreement, each of the non-employee directors of OmniAmerican entered into a voting and support agreement pursuant to which each such person agreed, among other things, (1) to vote the shares of OmniAmerican common stock held of record by such person to approve the first merger and (2) for a period of two years following the closing the first merger, to not engage in certain competitive activities with Southside, including not

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soliciting employees and customers of OmniAmerican and not serving as a director or management official of another financial institution in the counties in Texas in which OmniAmerican has branches. The form of voting and support agreement is included in this joint proxy statement/prospectus as Annex D.

*Employment Agreements (page [ ])*

In addition, as a condition to Southside entering into the merger agreement, key employees of OmniAmerican entered into new employment agreements with Southside and Southside Bank, the effectiveness of which is conditioned upon the completion of the mergers.

**Recommendation of the Southside Board (page [ ])**

Southside's board of directors has determined that the mergers, the merger agreement and the transactions contemplated by the merger agreement, including the issuance of shares of Southside common stock in the first merger, are advisable and in the best interests of Southside and its shareholders and has unanimously approved the mergers and the merger agreement, including the share issuance. Southside's board of directors unanimously recommends that Southside shareholders vote "FOR" the Southside share issuance proposal and "FOR" the Southside adjournment proposal. For the factors considered by Southside's board of directors in reaching its decision to approve the mergers, see "The Mergers Southside's Reasons for the Mergers."

**Recommendation of the OmniAmerican Board (page [ ])**

OmniAmerican's board of directors has determined that the mergers, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of OmniAmerican and its stockholders and has unanimously approved the mergers, the merger agreement and the transactions contemplated by the merger agreement. OmniAmerican's board of directors unanimously recommends that OmniAmerican stockholders vote "FOR" the OmniAmerican merger proposal, "FOR" the OmniAmerican compensation proposal and "FOR" the OmniAmerican adjournment proposal. For the factors considered by OmniAmerican's board of directors in reaching its decision to approve the mergers, see "The Mergers OmniAmerican's Reasons for the Mergers."

**Risk Factors Related to the Mergers (page [ ])**

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in the joint proxy statement/prospectus. In particular, you should consider the factors under "Risk Factors."

**The Southside Special Meeting (page [ ])**

The special meeting of Southside shareholders will be held on [ ], 2014, at [ ] p.m. local time, at Southside's headquarters located at 1201 South Beckham Avenue, Tyler, Texas. At the special meeting, Southside shareholders will be asked to:

approve the Southside share issuance proposal; and

approve the Southside adjournment proposal.

Only holders of record at the close of business on August 29, 2014, the Southside record date, will be entitled to vote at the special meeting. Each share of Southside common stock is entitled to one vote on each proposal to be considered at the Southside special meeting. As of the Southside record date, there were [ ] shares of Southside common stock entitled to vote at the special meeting. As of the Southside record date, the directors and executive officers of Southside and their affiliates beneficially owned and were entitled to vote approximately [ ] shares of Southside common stock



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representing approximately [ ]% of the shares of Southside common stock outstanding on that date, and held options to purchase [ ] shares of Southside common stock and [ ] shares underlying restricted stock awards. As of the record date, OmniAmerican and its subsidiaries did not hold any shares of Southside common stock (other than shares held as fiduciary, custodian or agent). Other than Ms. Anderson and Mr. Sammons, who beneficially owned 1,607 shares and 2,000 shares, respectively, of Southside common stock as of the Southside record date, none of OmniAmerican's directors and executive officers or their affiliates held any shares of Southside common stock as of the Southside record date.

To approve the Southside share issuance proposal or the Southside adjournment proposal, a majority of the shares of Southside common stock entitled to vote and represented in person or by proxy at the special meeting must be voted in favor of approving the proposal. If you mark "ABSTAIN" on your proxy with respect to the Southside share issuance proposal or the Southside adjournment proposal, it will have the same effect as a vote "AGAINST" the proposals. However, if you fail to submit a proxy or vote in person at the Southside special meeting or fail to instruct your bank or broker how to vote with respect to the Southside share issuance proposal or the Southside adjournment proposal, it will have no effect on the proposal.

**The OmniAmerican Special Meeting (page [ ])**

The special meeting of OmniAmerican stockholders will be held on [ ], 2014, at [ ] am local time, at OmniAmerican's headquarters located at 1320 South University Drive, Fort Worth, Texas. At the special meeting, OmniAmerican stockholders will be asked to:

approve the OmniAmerican merger proposal;

approve, the OmniAmerican compensation proposal; and

approve the OmniAmerican adjournment proposal.

Only holders of record at the close of business on August 29, 2014, the OmniAmerican record date, will be entitled to vote at the OmniAmerican special meeting. Each share of OmniAmerican common stock is entitled to one vote on each proposal to be considered at the OmniAmerican special meeting. As of the OmniAmerican record date, there were [ ] shares of OmniAmerican common stock entitled to vote at the OmniAmerican special meeting. All of the non-employee directors of OmniAmerican have entered into voting and support agreements with Southside, pursuant to which they have agreed, solely in their capacity as OmniAmerican stockholders, to vote all of their shares of OmniAmerican common stock in favor of the proposals to be presented at the OmniAmerican special meeting. As of the OmniAmerican record date, OmniAmerican non-employee directors who are parties to the voting and support agreements owned and were entitled to vote an aggregate of approximately [ ] shares of OmniAmerican common stock, which represented approximately [ ]% of the shares of OmniAmerican common stock outstanding on that date. As of the OmniAmerican record date, the directors and executive officers of OmniAmerican and their affiliates beneficially owned and were entitled to vote approximately [ ] shares of OmniAmerican common stock, which represented approximately [ ]% of the shares of OmniAmerican common stock outstanding on that date, and held options to purchase [ ] shares of OmniAmerican common stock and [ ] shares underlying unvested restricted stock awards. As of the OmniAmerican record date, Southside and its subsidiaries did not hold any shares of OmniAmerican common stock (other than shares held as fiduciary, custodian or agent), and its directors and executive officers or their affiliates did not hold any shares of OmniAmerican common stock.

To approve the OmniAmerican merger proposal, the holders of at least a majority of the outstanding shares of OmniAmerican common stock entitled to vote on the proposal must vote in favor of the proposal. Your failure to submit a proxy or vote in person at the OmniAmerican special meeting,

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failure to instruct your bank or broker how to vote, or abstention with respect to the OmniAmerican merger proposal will have the same effect as a vote against the proposal.

To approve the OmniAmerican compensation proposal or the OmniAmerican adjournment proposal, a majority of the votes cast by the holders of shares of OmniAmerican common stock entitled to vote on such proposals at the special meeting must be voted in favor of such proposals. For the OmniAmerican compensation proposal and the OmniAmerican adjournment proposal, abstentions from voting and broker non-votes will not be counted as votes cast and will have no effect on the outcome of these proposals. If an OmniAmerican stockholder is not present in person at the OmniAmerican special meeting and does not respond by proxy, it also will have no effect on the outcome of these proposals.

**Board Composition and Management of Southside after the Mergers (page [       ])**

Prior to, and subject to the occurrence of, the effective time of the first merger, the Southside board of directors will be increased by two, and Southside will appoint two individuals who are currently directors of OmniAmerican to serve on the Southside board of directors. At least one of the OmniAmerican directors designated by Southside must be "independent" as determined in accordance with the rules and regulations of NASDAQ, applicable regulations promulgated by the SEC and the standards established by Southside. Neither designee may have been subject to certain legal proceedings that would require disclosure in Southside's filings with the SEC.

Each of the executive officers of Southside immediately prior to the effective time of the mergers will continue as the officers of the surviving corporation from and after the effective time of the mergers.

**Interests of OmniAmerican's Directors and Executive Officers in the Mergers (page [       ])**

OmniAmerican stockholders should be aware that some of OmniAmerican's directors and executive officers have interests in the mergers and have arrangements that are different from, or in addition to, those of OmniAmerican stockholders generally. These interests and arrangements may create potential conflicts of interest. OmniAmerican's board of directors was aware of these interests and considered these interests, among other matters, in adopting and approving the merger agreement and the transactions contemplated by the merger agreement, including the first merger, and in recommending that OmniAmerican stockholders vote in favor of approving the first merger.

These interests include:

Accelerated vesting and settlement of executive officer and director equity awards, in the aggregate amount of approximately \$8,148,263;

Retention bonuses to certain key executive officers of OmniAmerican that are payable on the closing date of the first merger, in the aggregate amount of \$210,000;

In connection with entering into the merger agreement, certain key employees of OmniAmerican entered into employment agreements with Southside that become effective upon the closing of the mergers and provide for a signing bonus and/or severance upon a termination of employment, with possible severance payments in the aggregate equal to \$4,812,001; and

The right to continued indemnification and directors' and officers' liability insurance coverage.

For a more complete description of these interests, see "The Mergers Interests of OmniAmerican's Directors and Executive Officers in the Mergers" and "The Merger Agreement Merger Consideration; Effects of the First Merger Treatment of OmniAmerican Stock Options and Other Equity-Based Awards."



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**Deregistration of OmniAmerican's Common Stock**

If the mergers are completed, OmniAmerican common stock will be deregistered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and OmniAmerican will no longer file periodic reports with the SEC.

**No Appraisal or Dissenters' Rights in the Mergers (page [        ])**

No holder of OmniAmerican common stock is entitled, with respect to the first merger or otherwise, to exercise any rights of an objecting stockholder provided for under Title 3 Subtitle 2 of the Maryland General Corporation Law, or the MGCL, any successor statute, or any similar appraisal or dissenter's rights. For further information, see "The Mergers No Dissenters' or Appraisal Rights."

**Conditions to Completion of the Mergers (page [        ])**

Currently, Southside and OmniAmerican expect to complete the mergers in the fourth quarter of 2014. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the mergers depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval of the first merger by OmniAmerican stockholders, approval of the share issuance by Southside's shareholders, the receipt of certain required regulatory approvals and the receipt of legal opinions by each company regarding the U.S. federal income tax treatment of the first merger and the second merger. Neither Southside nor OmniAmerican can be certain when, or if, the conditions to the mergers will be satisfied or waived, or that the mergers will be completed.

**Regulatory Approvals Required for the Mergers (page [        ])**

Both Southside and OmniAmerican have agreed to use their reasonable best efforts to obtain all regulatory approvals required or advisable to complete the transactions contemplated by the merger agreement. These approvals include, among others, approval from the Board of Governors of the Federal Reserve System, or Federal Reserve Board, the Federal Deposit Insurance Corporation, or FDIC, and the Texas Department of Banking. In addition, Southside and OmniAmerican must provide notice of the transaction to the Office of the Comptroller of the Currency, or the OCC, the Federal Trade Commission and the Antitrust Division of the Department of Justice. Southside and OmniAmerican have submitted applications and notifications to obtain the required regulatory approvals. Although neither Southside nor OmniAmerican knows of any reason why these regulatory approvals cannot be obtained, Southside and OmniAmerican cannot be certain when or if they will be obtained, as the length of the review process may vary based on, among other things, requests by regulators for additional information or materials.

**No Solicitation (page [        ])**

Under the merger agreement, OmniAmerican has agreed that it will not, and will cause its representatives not to, directly or indirectly, (1) solicit, initiate, assist or knowingly take any other action to facilitate or encourage a competing acquisition proposal (including furnishing non-public information), (2) enter into, continue or otherwise participate in any discussions or negotiations regarding a competing acquisition proposal, or (3) approve, recommend, declare advisable or enter into any agreement providing for a competing acquisition proposal or requiring OmniAmerican to abandon, terminate or breach its obligations under the merger agreement or fail to complete the mergers.

However, prior to obtaining OmniAmerican's required stockholder approval, OmniAmerican may, under certain specified circumstances, participate in negotiations or discussions with any third party making an acquisition proposal and provide confidential information to such third party (subject to a

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confidentiality agreement). OmniAmerican must notify Southside promptly (but in no event later than 48 hours) after the receipt of such acquisition proposal.

Additionally, prior to obtaining OmniAmerican's required stockholder approval, OmniAmerican may, under certain specified circumstances, withdraw its recommendation to its stockholders with respect to the first merger and/or terminate the merger agreement in order to enter into an acquisition agreement with respect to a superior acquisition proposal if it determines in good faith, after consultation with outside legal counsel and financial advisors, that such acquisition proposal is a superior proposal and that failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law. However, OmniAmerican cannot take any of those actions in response to a superior proposal unless it provides Southside with a three-day period to negotiate in good faith to enable Southside to adjust the terms and conditions of the merger agreement such that it would cause the superior proposal to no longer constitute a superior proposal.

**Termination of the Merger Agreement (page [        ])**

The merger agreement can be terminated at any time prior to completion of the first merger by mutual consent, or by either party in the following circumstances:

if the closing of the first merger is not completed within nine months of the date of the merger agreement, or January 28, 2015, which we refer to as the end date;

if any court or other governmental entity has issued a final and nonappealable judgment, order, injunction, rule or decree, or taken any other action restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the merger agreement;

if either party receives written notice from or is otherwise advised by a governmental entity that it will not grant any required regulatory approval without imposing a materially burdensome regulatory condition on either party;

in the event that approval by the shareholders of Southside or the stockholders of OmniAmerican, respectively, is not obtained at a meeting at which a vote was taken; or

if the other party has breached or is in breach of any representation, warranty, covenant or agreement in any respect, which breach would, individually or together with all such other then-uncured breaches by such party, prevent any closing condition from being satisfied and such breach is not cured by the earlier of (1) the end date and (2) 30<sup>th</sup> business day after written notice of such breach.

In addition, Southside may terminate the merger agreement in the following circumstances:

if OmniAmerican fails to make its required recommendation to stockholders in favor of the first merger, or withdraws, amends, modifies or materially qualifies, in a manner adverse to Southside or Merger Sub, its recommendation, or adopts, approves or publicly recommends any competing acquisition proposal, or makes any public statement inconsistent with its recommendation;

if OmniAmerican fails to comply in all material respects with its obligations pursuant to the no-shop covenant;

if OmniAmerican fails to comply in all material respects with its obligations under the merger agreement by failing to call, give notice of, convene and hold a stockholders meeting; or



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if OmniAmerican approves, recommends or endorses or fails to recommend rejection, within 10 business days after a competing tender or exchange offer is commenced, or proposes or resolves to recommend or endorse a competing acquisition proposal.

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In addition, OmniAmerican may terminate the merger agreement in the following circumstances:

if Southside fails to make its required recommendation to shareholders in favor of the share issuance, or withdraws, modifies or qualifies, or proposes or resolves to withdraw, modify or qualify, such recommendation in a manner adverse to OmniAmerican;

if Southside fails to comply in all material respects with its obligations under the merger agreement by failing to call, give notice of, convene and hold a shareholders meeting; or

if OmniAmerican's board of directors determines to enter into a definitive agreement with respect to a superior proposal in accordance with the terms of the merger agreement but only if substantially concurrently with such termination, OmniAmerican pays to Southside the \$10.0 million termination fee and enters into such definitive agreement.

**Termination Fees and Expenses (page [       ])**

If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by OmniAmerican's board of directors, OmniAmerican may be required to pay Southside a termination fee of \$10.0 million. The termination fee could discourage other companies from seeking to acquire or merge with OmniAmerican.

**U.S. Federal Income Tax Considerations (page [       ])**

The first merger and the second merger are intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and it is a condition to the respective obligations of Southside and OmniAmerican to complete the first merger that each of Southside and OmniAmerican receives a tax opinion to that effect. In addition, counsel to each of Southside and OmniAmerican have delivered opinions, which are filed as exhibits to the registration statement of which this joint proxy statement/prospectus forms a part, that the first merger and the second merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code. Based upon the treatment of the mergers as a "reorganization" within the meaning of Section 368(a) of the Code, a stockholder of OmniAmerican will not recognize gain or loss with respect to the receipt of the stock consideration. As a result of receiving Southside common stock and cash in exchange for OmniAmerican common stock, in general, stockholders of OmniAmerican will recognize gain, but not loss, equal to the lesser of cash received or gain realized in the first merger and the second merger. The amount of gain realized will equal the amount by which the cash plus the fair market value, at the effective time of the first merger, of the Southside common stock exceeds the basis in OmniAmerican common stock to be surrendered in exchange therefor. For further information, see "The Mergers U.S. Federal Income Tax Considerations."

*The U.S. federal income tax consequences described above may not apply to all holders of OmniAmerican common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the mergers to you.*

**Accounting Treatment of the Mergers (page [       ])**

Southside will account for the mergers under the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States of America.

**Opinion of Southside's Financial Advisor (see pages [       ] to [       ] and Annex B)**

On April 28, 2014, at a meeting of the Southside board of directors held to evaluate the mergers, Keefe, Bruyette & Woods, Inc., or KBW, delivered to Southside's board of directors an opinion to the effect that, as of that date and based on and subject to various assumptions, matters considered and



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limitations described in KBW's opinion, the merger consideration in the first merger was fair, from a financial point of view, to Southside.

The full text of KBW's opinion is attached as Annex B to this document. Southside shareholders should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by KBW in rendering its opinion.

**KBW's opinion was for the information of, and was directed to, Southside's board of directors (in its capacity as the board of directors) in connection with its consideration of the financial terms of the first merger and did not address the relative merits of the transactions contemplated by the merger agreement as compared to any alternative transaction or opportunity that might be available to Southside, nor did it address Southside's underlying business decision to engage in the mergers. KBW's opinion does not constitute a recommendation as to how any holder of shares of Southside common stock should vote on the Southside share issuance or any related matter.**

For further information, please see the section entitled "The Mergers Opinion of Southside's Financial Advisor" beginning on page [        ].

**Opinion of OmniAmerican's Financial Advisor (see pages [        ] to [        ] and Annex C)**

On April 28, 2014, Sandler O'Neill & Partners, L.P., referred to as Sandler O'Neill, rendered an opinion to the OmniAmerican board of directors to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Sandler O'Neill as set forth in such opinion, the merger consideration to be paid in the proposed transaction was fair, from a financial point of view, to OmniAmerican stockholders. The full text of the written opinion of Sandler O'Neill is attached as Annex C to this document. OmniAmerican stockholders should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion.

**The opinion of Sandler O'Neill is addressed to the OmniAmerican board of directors, is directed only to the fairness, from a financial point of view, of the merger consideration to be paid to the holders of OmniAmerican stock and does not constitute a recommendation to any OmniAmerican stockholder as to how such stockholder should vote with respect to the first merger or any other matter at the OmniAmerican special meeting.**

For further information, please see the section entitled "The Mergers Opinion of OmniAmerican's Financial Advisor" beginning on page [        ].

Table of Contents**SELECTED HISTORICAL FINANCIAL INFORMATION OF SOUTHSIDE**

The following selected consolidated financial information for the fiscal years ended December 31, 2009 through December 31, 2013 is derived from audited consolidated financial statements of Southside. The consolidated financial information as of and for the six months ended June 30, 2014 and 2013 is derived from unaudited consolidated financial statements and, in the opinion of Southside's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of these data for those dates. The selected consolidated income data for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2014. You should not assume the results of operations for any past periods indicate results for any future period. You should read this information in conjunction with Southside's consolidated financial statements and related notes thereto included in Southside's Annual Report on Form 10-K for the year ended December 31, 2013, and in Southside's Quarterly Report on Form 10-Q for the six months ended June 30, 2014, each of which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

(in thousands)	At June 30,		At December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(unaudited)						
<b>Selected Consolidated Financial Condition Data:</b>							
Total assets	\$ 3,498,662	\$ 3,385,665	\$ 3,445,663	\$ 3,237,403	\$ 3,303,817	\$ 2,999,759	\$ 3,024,288
Investment securities	742,129	791,315	728,981	618,716	284,452	300,839	266,553
Mortgage-backed securities	1,012,399	1,062,274	1,115,827	1,051,898	1,729,516	1,364,117	1,480,847
Loans, net of allowance for loan losses	1,372,877	1,275,059	1,332,396	1,242,392	1,068,690	1,057,209	1,013,680
Deposits	2,601,478	2,499,338	2,527,808	2,351,897	2,321,671	2,134,428	1,870,421
Long-term obligations	566,021	502,119	559,660	429,408	321,035	433,790	592,830
Shareholders' equity	283,960	236,120	259,518	257,763	258,927	214,461	201,781

(in thousands, except per share data)	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(unaudited)						
<b>Selected Consolidated Operating Data:</b>							
Interest income	\$ 64,325	\$ 55,776	\$ 119,602	\$ 116,020	\$ 131,038	\$ 131,374	\$ 145,193
Interest expense	8,577	9,445	17,968	26,895	35,631	45,307	52,672
Net interest income	55,748	46,331	101,634	89,125	95,407	86,067	92,521
Provision for loan losses	6,783	2,513	8,879	10,736	7,496	13,737	15,093
Net interest income after provision for loan losses	48,965	43,818	92,755	78,389	87,911	72,330	77,428
Noninterest income	12,321	21,336	35,245	40,021	35,322	50,798	56,674
Noninterest expense	40,608	41,485	81,713	76,107	72,348	71,314	71,630
Income before income tax expense	20,678	23,669	46,287	42,303	50,885	51,814	62,472
Provision for income tax expense	1,997	3,559	5,097	7,608	10,394	11,756	16,609

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Net income	18,681	20,110	41,190	34,695	40,491	40,058	45,863
Less: Net income attributable to noncontrolling interest					(1,358)	(955)	(1,467)

Net income attributable to Southside Bancshares, Inc.	\$ 18,681	\$ 20,110	\$ 41,190	\$ 34,695	\$ 39,133	\$ 39,103	\$ 44,396
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	At or for the Six Months Ended June 30,		At or for the Years Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
(unaudited)							
<b>Selected Consolidated Financial Ratios and Other Data:</b>							
<b>Performance Ratios:</b>							
Return on average assets (ratio of net income to average total assets)	1.09%	1.24%	1.22%	1.05%	1.25%	1.30%	1.58%
Return on average equity (ratio of net income to average equity)	13.80%	15.69%	16.50%	12.83%	16.20%	17.98%	23.69%
Interest rate spread	3.79%	3.33%	3.54%	3.02%	3.34%	3.07%	3.43%
Net interest margin	3.93%	3.50%	3.69%	3.26%	3.60%	3.39%	3.81%
Efficiency ratio	53.40%	61.86%	55.71%	60.59%	55.21%	58.39%	55.57%
Noninterest expense to average total assets	2.36%	2.55%	2.42%	2.30%	2.30%	2.38%	2.55%
Average interest-earning assets to average interest-bearing liabilities	125.58%	127.59%	126.10%	126.58%	121.91%	119.85%	119.37%
Average equity to average total assets	7.88%	7.89%	7.39%	8.17%	7.69%	7.24%	6.66%
Tangible common equity to tangible assets	7.53%	6.36%	6.93%	7.32%	7.20%	6.48%	5.97%
<b>Per Share Data:</b>							
Basic earnings per share	\$ 0.99	\$ 1.07	\$ 2.19	\$ 1.81	\$ 2.05	\$ 2.04	\$ 2.34
Diluted earnings per share	\$ 0.99	\$ 1.07	\$ 2.19	\$ 1.81	\$ 2.05	\$ 2.04	\$ 2.32
Cash dividends paid	\$ 0.42	\$ 0.40	\$ 0.91	\$ 1.11	\$ 0.90	\$ 0.85	\$ 0.75
Dividend payout ratio Basic	42.42%	37.38%	41.55%	61.33%	43.90%	41.67%	32.05%
Dividend payout ratio Diluted	42.42%	37.38%	41.55%	61.33%	43.90%	41.67%	32.33%
<b>Asset Quality Ratios:</b>							
Non-performing assets to total assets	0.42%	0.36%	0.39%	0.45%	0.40%	0.59%	0.78%
Non-performing assets to total loans	1.04%	0.95%	1.01%	1.17%	1.21%	1.64%	2.27%
Allowance for loan losses to non-performing assets	126.65%	149.71%	138.74%	139.87%	140.58%	116.95%	84.83%
Allowance for loan losses to total loans	1.32%	1.42%	1.40%	1.63%	1.71%	1.92%	1.92%
Net charge-offs to average net loans outstanding	1.07%	0.75%	0.82%	0.74%	0.92%	1.25%	1.11%
<b>Consolidated Capital Ratios:</b>							
Total capital (to risk-weighted assets)	22.04%	21.13%	21.71%	22.42%	22.36%	21.07%	19.12%
Tier 1 capital (to risk-weighted assets)	20.86%	19.92%	20.47%	21.16%	21.11%	19.81%	17.87%
Tier 1 capital (to total average assets)	9.65%	9.24%	9.07%	9.11%	8.63%	8.44%	8.03%

Table of Contents**SELECTED HISTORICAL FINANCIAL INFORMATION OF OMNIAMERICAN**

The following selected consolidated financial information for the fiscal years ended December 31, 2009 through December 31, 2013 is derived from audited consolidated financial statements of OmniAmerican. The consolidated financial information as of and for the six months ended June 30, 2014 and 2013 is derived from unaudited consolidated financial statements and, in the opinion of OmniAmerican's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of these data for those dates. The selected consolidated income data for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2014. You should not assume the results of operations for any past periods indicate results for any future period. You should read this information in conjunction with OmniAmerican's consolidated financial statements and related notes thereto included in OmniAmerican's Annual Report on Form 10-K for the year ended December 31, 2013, and in OmniAmerican's Quarterly Report on Form 10-Q for the six months ended June 30, 2014, each of which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

(in thousands)	At June 30,		At December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(unaudited)						
<b>Selected Consolidated Financial Condition Data:</b>							
Total assets	\$ 1,376,782	\$ 1,315,702	\$ 1,391,313	\$ 1,257,349	\$ 1,336,714	\$ 1,108,419	\$ 1,133,927
Cash and cash equivalents	21,210	21,435	15,880	23,853	21,158	24,597	140,144
Securities available for sale, at fair value	457,956	376,413	430,775	383,909	529,941	317,806	210,421
Other investments	17,106	14,389	19,782	12,867	13,465	3,060	3,850
Loans receivable, net	784,076	801,017	824,881	735,271	683,491	660,425	698,127
Bank-owned life insurance	44,323	42,866	43,606	32,183	21,016	20,078	
Foreclosed assets, net	190	314	850	394	227	207	267
Other real estate owned	785	4,227	177	4,769	6,683	14,793	6,762
Deposits	822,008	818,312	813,574	816,302	807,634	801,158	909,966
Federal Home Loan Bank of Dallas advances	328,667	280,333	362,000	207,000	262,000	41,000	66,400
Repurchase agreements	2,000	2,000	2,000	8,000	58,000	58,000	58,000
Other borrowings				11,000			
Total stockholders' equity	214,530	202,365	207,142	205,578	199,024	198,627	91,156
<b>Selected Consolidated Operating Data:</b>							
Interest income	\$ 23,372	\$ 22,445	\$ 48,266	\$ 50,028	\$ 53,781	\$ 52,847	\$ 53,715
Interest expense	3,370	4,033	7,639	10,844	13,067	13,903	19,674
Net interest income	20,002	18,412	40,627	39,184	40,714	38,944	34,041
Provision for loan losses	1,375	1,600	2,250	1,950	3,230	6,700	5,200
Net interest income after provision for loan losses	18,627	16,812	38,377	37,234	37,484	32,244	28,841
Noninterest income	7,372	9,245	16,359	15,785	13,150	13,699	16,463
Noninterest expense	22,435	22,031	44,983	44,443	44,823	44,001	43,757
Income before income tax expense	3,564	4,026	9,753	8,576	5,811	1,942	1,547
Income tax expense	1,137	1,419	3,326	2,878	1,844	285	892
Net income	\$ 2,427	\$ 2,607	\$ 6,427	\$ 5,698	\$ 3,967	\$ 1,657	\$ 655





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	At or For the Six Months Ended June 30,		At or For the Years Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
(unaudited)							
<b>Selected Consolidated Financial Ratios and Other Data:</b>							
<b>Performance Ratios:</b>							
Return on average assets (ratio of net income to average total assets)(1)	0.35%	0.41%	0.48%	0.43%	0.31%	0.15%	0.06%
Return on average equity (ratio of net income to average equity)(1)	2.20%	2.53%	3.12%	2.81%	1.98%	0.86%	0.72%
Interest rate spread(1)(2)	3.02%	3.05%	3.20%	3.08%	3.24%	3.45%	3.29%
Net interest margin(1)(3)	3.11%	3.15%	3.30%	3.21%	3.45%	3.77%	3.51%
Efficiency ratio(4)	81.96%	79.66%	78.94%	80.85%	83.22%	83.58%	86.64%
Noninterest expense to average total assets(1)	3.23%	3.45%	3.36%	3.36%	3.50%	3.94%	4.18%
Average interest-earning assets to average interest-bearing liabilities	116.56%	115.85%	115.56%	114.46%	118.37%	124.05%	111.49%
Average equity to average total assets	15.86%	16.17%	15.40%	15.36%	15.66%	17.17%	8.73%
Basic earnings per share(5)	\$ 0.23	\$ 0.25	\$ 0.62	\$ 0.55	\$ 0.37	\$ 0.15	N/A
Diluted earnings per share(5)	\$ 0.22	\$ 0.25	\$ 0.61	\$ 0.55	\$ 0.37	\$ 0.15	N/A
Cash dividends declared per share	\$ 0.10						
<b>Asset Quality Ratios:</b>							
Non-performing assets to total assets	0.34%	1.03%	0.39%	1.04%	1.24%	2.19%	1.35%
Non-performing loans to total loans(4)	0.48%	1.12%	0.53%	1.06%	1.40%	1.38%	1.17%
Allowance for loan losses to non-performing loans	170.26%	78.41%	148.37%	87.81%	82.08%	96.55%	100.66%
Allowance for loan losses to total loans	0.81%	0.88%	0.78%	0.93%	1.15%	1.33%	1.18%
Net charge-offs to average loans outstanding(1)	0.36%	0.37%	0.34%	0.40%	0.63%	0.89%	0.71%
<b>Consolidated Capital Ratios:</b>							
Total capital (to risk-weighted assets)	24.58%	23.88%	23.41%	25.47%	24.86%	27.91%	12.03%
Tier I capital (to risk-weighted assets)	23.79%	23.03%	22.66%	24.56%	23.86%	26.89%	11.01%
Tier I capital (to total assets)	15.26%	15.29%	14.86%	15.67%	14.18%	17.40%	7.35%
<b>Other Data:</b>							
Number of full service offices	14	15	14	15	15	15	16
Full-time equivalent employees	280	307	281	332	326	307	330

- (1) Ratios for the six months ended June 30, 2014 and 2013 are annualized.
- (2) The interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.
- (3) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.
- (4) The efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income.
- (5) OmniAmerican completed its mutual-to-stock conversion on January 20, 2010. The earnings per share for the year ended December 31, 2010 is calculated as if the conversion had been completed prior to January 1, 2010.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following tables show summary unaudited pro forma condensed combined financial information about the combined financial condition and operating results of Southside and OmniAmerican after giving effect to the mergers. The unaudited pro forma financial information assumes that the mergers are accounted for under the acquisition method with Southside treated as the acquirer. The unaudited pro forma condensed combined balance sheet data gives effect to the mergers as if they had occurred on June 30, 2014. The unaudited pro forma condensed combined income statements for the year ended December 31, 2013 and the six months ended June 30, 2014 give effect to the mergers as if they had occurred on January 1, 2013. The unaudited pro forma condensed combined financial statements are provided for informational purposes only. The unaudited pro forma condensed combined financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma condensed combined financial statements and related adjustments required management to make certain assumptions and estimates. The summary unaudited pro forma condensed combined financial information listed below has been derived from and should be read in conjunction with (1) the more detailed unaudited pro forma condensed combined financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus and (2) the historical consolidated financial statements and related notes of Southside and OmniAmerican that are incorporated herein by reference.

As of June 30, 2014

(in thousands)	Historical		Pro Forma Adjustments	Pro Forma Combined
	Southside	OmniAmerican		
<b>Balance Sheet Data:</b>				
Cash and cash equivalents	\$ 154,423	\$ 21,210	\$ (40,576)	\$ 135,057
Investment securities	742,129	10,930		753,059
Mortgage-backed securities	1,012,399	447,026	(126,250)	1,333,175
Loans	1,391,285	790,464	(14,876)	2,166,873
Allowance for loan losses	(18,408)	(6,388)	6,388	(18,408)
Premises and equipment, net	53,322	40,630	8,000	101,952
Goodwill	22,034		94,155	116,189
Intangible assets	123	1,552	8,158	9,833
Total assets	3,498,662	1,376,782	(58,617)	4,816,827
Deposits	2,601,478	822,008	10,448	3,433,934
Borrowings	576,491	330,667	(1,516)	905,642
Shareholders' equity	283,960	214,530	(67,549)	430,941

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For the Six Months Ended June 30, 2014

(in thousands)	Historical		Pro Forma	Pro Forma
	Southside	OmniAmerican	Adjustments	Combined
<b>Income Statement Data:</b>				
Interest income	\$ 64,325	\$ 23,372	\$ 478	\$ 88,175
Interest expense	8,577	3,370		11,947
Net interest income	55,748	20,002	478	76,228
Provision for loan loss	6,783	1,375		8,158
Deposit service income	7,432	4,160		11,592
Net gain on sale of securities available for sale	509	607		1,116
Other noninterest income	4,380	2,605		6,985
Noninterest expense	40,608	22,435	875	63,918
Income before income tax expense	20,678	3,564	(397)	23,845
Provision for income tax expense	1,997	1,137	(139)	2,995
Net income	\$ 18,681	\$ 2,427	\$ (258)	\$ 20,850

For the Year Ended December 31, 2013

(in thousands)	Historical		Pro Forma	Pro Forma
	Southside	OmniAmerican	Adjustments	Combined
<b>Income Statement Data:</b>				
Interest income	\$ 119,602	\$ 48,266	\$ 956	\$ 168,824
Interest expense	17,968	7,639		25,607
Net interest income	101,634	40,627	956	143,217
Provision for loan loss	8,879	2,250		11,129
Deposit service income	15,560	9,122		24,682
Net gain on sale of securities available for sale	8,472	1,701		10,173
Other noninterest income	11,213	5,536		16,749
Noninterest expense	81,713	44,983	1,750	128,446
Income before income tax expense	46,287	9,753	(794)	55,246
Provision for income tax expense	5,097	3,326	(278)	8,145
Net income	\$ 41,190	\$ 6,427	\$ (516)	\$ 47,101



Table of Contents**UNAUDITED COMPARATIVE PER SHARE INFORMATION**

The following table shows the historical, unaudited pro forma combined and pro forma equivalent per share financial information for Southside and OmniAmerican as of and for the year ended December 31, 2013 and as of and for the six months ended June 30, 2014. The information presented below should be read together with the historical consolidated financial statements of Southside and OmniAmerican, including the related notes, filed by Southside and OmniAmerican, as applicable, with the SEC and incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."

The unaudited pro forma and pro forma per equivalent share information gives effect to the mergers as if the mergers had occurred on December 31, 2013 or June 30, 2014 in the case of the book value data, and as if the mergers had occurred on January 1, 2013, in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of OmniAmerican and OmniAmerican Bank into Southside's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not necessarily indicative of the financial results of the combined companies had the mergers actually occurred on January 1, 2013.

In addition, the unaudited pro forma data includes adjustments, which are preliminary and may be revised. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the mergers or consider any potential impacts of current market conditions or the mergers on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results.

	Southside		OmniAmerican	
	Historical	Pro Forma Combined	Historical	Pro Forma Combined Equivalent
<b>For the year ended December 31, 2013</b>				
Income (loss) from continuing operations attributable to common stockholders per common share, basic	\$ 2.19	\$ 1.98	\$ 0.62	\$ 0.88
Income (loss) from continuing operations attributable to common stockholders per common share, diluted	2.19	1.98	0.61	0.88
Cash dividends declared per common share	0.91	0.91	n/a	0.41
Book value per common share	13.80	16.76	18.09	n/a
<b>For the six months ended June 30, 2014</b>				
Income (loss) from continuing operations attributable to common stockholders per common share, basic	0.99	0.87	0.23	0.39
Income (loss) from continuing operations attributable to common stockholders per common share, diluted	0.99	0.87	0.22	0.39
Cash dividends declared per common share	0.42	0.42	0.10	0.19
Book value per common share	15.07	18.07	18.58	n/a

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**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the section "Cautionary Statement Concerning Forward-Looking Statements," you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information."*

**Risks Related to the Mergers**

***Because the market price of Southside common stock will fluctuate, OmniAmerican stockholders cannot be certain of the market value of the merger consideration they will receive.***

Upon completion of the first merger, each outstanding share of OmniAmerican common stock will be converted into the right to receive (1) 0.4459 of a share of Southside common stock and payment in cash in lieu of the issuance of any fractional shares, and (2) \$13.125 in cash. The market value of the merger consideration may vary from the closing price of Southside common stock on the date OmniAmerican and Southside announced the mergers, on the date that this joint proxy statement/prospectus is mailed, on the dates of the respective special meetings of the OmniAmerican stockholders and Southside shareholders and on the date the first merger is completed and thereafter. Any change in the market price of Southside common stock prior to the completion of the first merger will affect the market value of the merger consideration that OmniAmerican stockholders will receive following completion of the first merger. Stock price changes may result from a variety of factors that are beyond the control of Southside and OmniAmerican, including but not limited to general market and economic conditions, changes in their respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the OmniAmerican special meeting, OmniAmerican stockholders will not know the precise market value of the consideration they will receive at the effective time of the first merger. OmniAmerican stockholders should obtain current sale prices for shares of Southside common stock before voting their shares at the OmniAmerican special meeting.

***The mergers and related transactions are subject to approval by both OmniAmerican stockholders and Southside shareholders.***

The mergers cannot be completed unless (1) the OmniAmerican stockholders approve the first merger by the affirmative vote of the holders of a majority of the outstanding shares of OmniAmerican's common stock entitled to vote on the first merger, and (2) the Southside shareholders approve the issuance of shares of Southside common stock to OmniAmerican stockholders pursuant to the merger agreement by the affirmative vote of holders of at least a majority of Southside's common stock entitled to vote and represented in person or by proxy at the Southside special meeting, assuming a quorum is present.

***The voting power of Southside shareholders and OmniAmerican stockholders will be diluted by the first merger.***

The first merger will dilute the ownership position of the Southside shareholders and result in OmniAmerican stockholders having an ownership stake in the combined company that is smaller than their current stake in OmniAmerican. Upon completion of the first merger, we estimate that continuing Southside shareholders will own approximately [ ]% of the issued and outstanding shares of common stock of the combined company, and former OmniAmerican stockholders will own approximately [ ]% of the issued and outstanding shares of common stock of the combined company. Consequently, Southside shareholders and OmniAmerican stockholders, as a general matter,

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will have less influence over the management and policies of the combined company after the effective time of the first merger than they currently exercise over the management and policies of Southside and OmniAmerican, respectively.

***Failure to complete the mergers could negatively affect the value of the shares and the future business and financial results of both Southside and OmniAmerican.***

If the mergers are not completed, the ongoing businesses of Southside and OmniAmerican could be adversely affected and each of Southside and OmniAmerican will be subject to a variety of risks associated with the failure to complete the mergers, including the following:

OmniAmerican being required, under certain circumstances, to pay to Southside a termination fee equal to \$10 million;

substantial costs incurred by both companies in connection with the proposed mergers, such as legal, accounting, financial advisor, filing, printing and mailing fees;

diversion of management focus and resources from operational matters and other strategic opportunities while working to implement the mergers; and

reputational harm due to the adverse perception of any failure to successfully complete the mergers.

If the mergers are not completed, these risks could materially affect the business, financial results and stock prices of both Southside and OmniAmerican.

***OmniAmerican will be subject to business uncertainties and contractual restrictions while the mergers are pending.***

Uncertainty about the effect of the mergers on employees and customers may have an adverse effect on OmniAmerican. These uncertainties may impair OmniAmerican's ability to attract, retain and motivate key personnel until the mergers are completed, and could cause customers and others that deal with OmniAmerican to seek to change existing business relationships with OmniAmerican. Retention of certain employees by OmniAmerican may be challenging while the mergers are pending, as certain employees may experience uncertainty about their future roles with OmniAmerican or Southside. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with OmniAmerican or Southside, OmniAmerican's business or OmniAmerican's business assumed by Southside following the mergers could be harmed. In addition, OmniAmerican has agreed to certain contractual restrictions on the operation of its business prior to closing. See "The Merger Agreement Covenants and Agreements" for a description of the restrictive covenants applicable to OmniAmerican.

***The merger agreement limits OmniAmerican's ability to pursue an alternative acquisition proposal and requires OmniAmerican to pay a termination fee of \$10 million under limited circumstances relating to alternative acquisition proposals.***

Under the merger agreement, OmniAmerican has agreed not to solicit, initiate or facilitate any alternative business combination transaction or, subject to certain exceptions, participate in discussions or negotiations regarding, or furnish any non-public information relating to, any alternative business combination transaction. See "The Merger Agreement Covenants and Agreements" on page [ ]. The merger agreement also provides for OmniAmerican to pay to Southside a termination fee in the amount of \$10 million in the event that the merger agreement is terminated for certain reasons. See "The Merger Agreement Termination Fee" on page [ ]. These provisions could discourage a potential competing acquirer that might have an interest in acquiring OmniAmerican from considering or making a competing acquisition proposal, even if the potential competing acquirer was prepared to



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pay consideration with a higher per share cash value than that market value proposed to be received or realized in the first merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances under the merger agreement.

***The merger agreement contains provisions granting both OmniAmerican and Southside the right to terminate the merger agreement in certain circumstances.***

The merger agreement contains certain termination rights, including the right, subject to certain exceptions, of either party to terminate the merger agreement if the first merger is not completed on or prior to January 28, 2015, and the right of OmniAmerican to terminate the merger agreement, subject to certain conditions, to accept a business combination transaction deemed to be superior to the first merger by the OmniAmerican board of directors. If the mergers are not completed, the ongoing businesses of OmniAmerican and Southside could be adversely affected and each of OmniAmerican and Southside will be subject to several risks, including the risks described elsewhere in this "Risk Factors" section.

***The first merger is subject to a number of conditions which, if not satisfied or waived in a timely manner, would delay the first merger or adversely impact the companies' ability to complete the transactions.***

The completion of the first merger is subject to certain conditions, including, among others, the (1) receipt of the requisite approvals of OmniAmerican stockholders and Southside shareholders, (2) termination or expiration of all statutory waiting periods and receipt of all required regulatory approvals for the mergers, without the imposition of any material on-going conditions or restrictions, and (3) other customary closing conditions set forth in the merger agreement. See "The Merger Agreement Conditions to Completion of the First Merger" on page [ ]. While it is currently anticipated that the mergers will be completed during the fourth quarter of 2014, there can be no assurance that such conditions will be satisfied in a timely manner or at all, or that an effect, event, development or change will not transpire that could delay or prevent these conditions from being satisfied. Accordingly, there can be no guarantee with respect to the timing of the closing of the mergers, whether the mergers will be completed at all and when OmniAmerican stockholders would receive the merger consideration, if at all.

***Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.***

Before the transactions contemplated by the merger agreement may be completed, various approvals must be obtained from bank regulatory authorities, which include the Federal Reserve Board, the FDIC and the Texas Department of Banking. These governmental entities may request additional information or materials regarding the regulatory applications and notices submitted by Southside and OmniAmerican, or may impose conditions on the granting of such approvals. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying the completion of the mergers or of imposing additional costs or limitations on the combined company following the mergers. The regulatory approvals may not be received at all, may not be received in a timely fashion, and may contain conditions on the completion of the mergers that are not anticipated or cannot be met. There can be no assurance as to whether these and other regulatory approvals will be received, the timing of those approvals or whether any conditions will be imposed. See "The Mergers Regulatory Approvals Required for the Mergers" on page [ ].

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***Some of the directors and executive officers of OmniAmerican have interests in seeing the mergers completed that are different from, or in addition to, those of the other OmniAmerican stockholders.***

Some of the directors and executive officers of OmniAmerican have arrangements that provide them with interests in the mergers that are different from, or in addition to, those of the stockholders of OmniAmerican generally. These interests and arrangements may create potential conflicts of interest and may influence or may have influenced the directors and executive officers of OmniAmerican to support or approve the mergers. See "The Mergers Interests of OmniAmerican's Directors and Executive Officers in the Mergers" beginning on page [ ].

***Pending litigation against OmniAmerican, the members of OmniAmerican's board of directors, Southside and Merger Sub could result in an injunction preventing completion of the mergers or the payment of damages in the event the mergers are completed.***

On June 25, 2014, a putative stockholder class action lawsuit, *McDougal v. OmniAmerican Bancorp, Inc., et al.*, was filed in the Circuit Court for Baltimore City, Maryland against OmniAmerican, members of OmniAmerican's board of directors, Southside and Merger Sub. The plaintiff asserts direct and derivative claims against the directors of OmniAmerican and alleges that they breached their fiduciary duties and that OmniAmerican, Southside and Merger Sub aided and abetted those alleged breaches. Among other relief, the plaintiff seeks to enjoin the mergers. One of the conditions to the closing of the first merger is that no legal restraint, including an injunction or restraining order, is in effect that would prevent the completion of the mergers or the other transactions contemplated by the merger agreement. If the plaintiff is successful in obtaining an injunction prohibiting the defendants from completing the mergers, then such injunction may prevent the mergers from becoming effective, or from becoming effective within the expected time frame. If completion of the mergers is prevented or delayed, it could result in substantial costs to Southside and OmniAmerican. In addition, Southside and OmniAmerican could incur costs associated with the indemnification of OmniAmerican's directors and executive officers. See "The Merger Litigation Relating to the Merger" on page [ ] and "The Merger Interests of OmniAmerican's Directors and Executive Officers in the Mergers Indemnification of Directors and Executive Officers; Directors' and Executive Officers' Insurance" on page [ ].

***The opinions of OmniAmerican's and Southside's respective financial advisors do not reflect changes in circumstances between the date of the signing of the merger agreement and the completion of the mergers.***

Each of the OmniAmerican and Southside boards of directors received an opinion from its respective financial advisor as to the fairness of the merger consideration from a financial point of view as of the date of such opinion. Subsequent changes in the operation and prospects of OmniAmerican or Southside, general market and economic conditions and other factors that may be beyond the control of OmniAmerican or Southside, may significantly alter the value of OmniAmerican or Southside or the prices of the shares of OmniAmerican common stock or Southside common stock by the time the mergers are completed. The opinions do not address the fairness of the merger consideration from a financial point of view at the time the mergers are completed, or as of any other date other than the date of such opinions. The opinion of OmniAmerican's financial advisor is attached as Annex C to this joint proxy statement/prospectus, and the opinion of Southside's financial advisor is attached as Annex B. For a description of the opinions, see "The Mergers Opinion of OmniAmerican's Financial Advisor" on page [ ] and "The Mergers Opinion of Southside's Financial Advisor" on page [ ].

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**Risks Related to the Combined Company Following the Mergers**

*The combined company expects to incur substantial expenses related to the mergers.*

The combined company expects to incur substantial expenses in connection with completing the mergers and integrating the business and operations of the two companies. Although Southside and OmniAmerican have assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the mergers could, particularly in the near term, exceed the savings that the combined company expects to achieve from the integration of the businesses following the completion of the mergers.

*Following the mergers, the combined company may be unable to integrate OmniAmerican's business with Southside successfully and realize the anticipated synergies and other benefits of the mergers or do so within the anticipated timeframe.*

The mergers involve the combination of two companies that currently operate as independent public companies, as well as the companies' subsidiaries. Although the combined company is expected to benefit from certain synergies, including cost savings, the combined company may encounter potential difficulties in the integration process including:

the inability to successfully combine OmniAmerican's business with Southside in a manner that permits the combined company to achieve the cost savings anticipated to result from the mergers, which would result in the anticipated benefits of the mergers not being realized in the timeframe currently anticipated or at all;

the risk of not realizing all of the anticipated operational efficiencies or other anticipated strategic and financial benefits of the mergers within the expected timeframe or at all;

potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the mergers; and

performance shortfalls as a result of the diversion of management's attention caused by completing the mergers and integrating the companies' operations.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the combined company's management, the disruption of the combined company's ongoing business or inconsistencies in the combined company's operations, any of which could adversely affect the ability of the combined company to maintain relationships with customers and employees or to achieve the anticipated benefits of the mergers, or could otherwise adversely affect the business and financial results of the combined company.

*Following the mergers, the combined company may be unable to retain key employees.*

The success of the combined company after the mergers will depend in part upon its ability to retain key employees. Simultaneous with the execution of the merger agreement, Southside and Southside Bank entered into employment agreements with certain key employees of OmniAmerican, effective upon the completion of the mergers. However, key employees may depart either before or after the mergers because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company following the mergers. Accordingly, no assurance can be given that OmniAmerican or Southside or, following the mergers, the combined company will be able to retain key employees.

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*The mergers will result in changes to the board of directors of the combined company that may affect the strategy of the combined company as compared to that of Southside and OmniAmerican independently.*

Upon completion of the first merger, Southside will increase the size of its board of directors and appoint two then current directors of OmniAmerican to serve as directors of Southside; provided that one of the two designees must (1) meet the definition of "independent director" under the listing rules of NASDAQ and (2) meet the independence standards established by Southside. The new composition of the board of directors may affect the business strategy and operating decisions of the combined company upon the completion of the mergers.

**Risks Related to an Investment in the Combined Company's Common Stock**

*The market price of the shares of common stock of the combined company may be affected by factors different from those affecting the price of shares of Southside common stock before the mergers.*

The results of operations of the combined company, as well as the market price of shares of the common stock of the combined company after the mergers, may be affected by factors in addition to those currently affecting Southside's or OmniAmerican's results of operations and the market prices of shares of Southside common stock. Accordingly, the historical financial results of Southside and OmniAmerican and the historical market prices of shares of Southside common stock may not be indicative of these matters for the combined company after the mergers. For a discussion of the businesses of Southside and OmniAmerican and certain risks to consider in connection with evaluating each company's proposals, see the documents incorporated by reference by Southside and OmniAmerican into this joint proxy statement/prospectus referred to under "Where You Can Find More Information" beginning on page [        ].

*The market price of the combined company's common stock may decline as a result of the mergers.*

The market price of the combined company's common stock may decline as a result of the mergers if the combined company does not achieve the perceived benefits of the mergers or the effect of the mergers on the combined company's financial results is not consistent with the expectations of financial or industry analysts. In addition, upon completion of the first merger, Southside shareholders and OmniAmerican stockholders will own interests in a combined company operating an expanded business with a different mix of assets, risks and liabilities. Current Southside shareholders and OmniAmerican stockholders may not wish to continue to invest in the combined company, or for other reasons may wish to dispose of some or all of their shares of the combined company.

*After the mergers are completed, OmniAmerican stockholders who receive shares of Southside common stock in the first merger will have different rights that may be less favorable than their current rights as OmniAmerican stockholders.*

After the closing of the mergers, OmniAmerican stockholders who receive shares of Southside common stock in the first merger will have different rights than they currently have as OmniAmerican stockholders, which may be less favorable than their current rights as OmniAmerican stockholders. For a detailed discussion of the significant differences between the current rights of a stockholder of OmniAmerican and the rights of a shareholder of the combined company following the mergers, see "Comparison of Rights of Southside Shareholders and OmniAmerican Stockholders" beginning on page [        ].

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*The unaudited pro forma condensed combined financial information included elsewhere in this joint proxy statement/prospectus may not be representative of the combined company's results after the mergers, and accordingly, you have limited financial information on which to evaluate the combined company.*

The unaudited pro forma condensed combined financial information included elsewhere in this joint proxy statement/prospectus has been presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that actually would have occurred had the mergers been completed as of the date indicated, nor is it indicative of the future operating results or financial position of the combined company. The unaudited pro forma condensed combined financial information presented elsewhere in this joint proxy statement/prospectus does not reflect future events that may occur after the mergers. Such information is based in part on certain assumptions regarding the transactions contemplated by the merger agreement that Southside and OmniAmerican believe are reasonable under the circumstances. Southside and OmniAmerican cannot assure you that the assumptions will prove to be accurate over time.

**Risks Related to Tax**

*The mergers may have adverse tax consequences.*

The parties intend that the first merger and the second merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code, and they will receive legal opinions to that effect from their respective tax counsel. These tax opinions represent the legal judgment of counsel rendering the opinion and are not binding on the IRS or the courts. If the first merger and the second merger were to fail to qualify as a reorganization, then an OmniAmerican stockholder generally would recognize gain or loss, as applicable, equal to the difference between (1) the sum of the fair market value of the shares of Southside common stock and cash in lieu of fractional shares of Southside common stock received by the OmniAmerican stockholder in the first merger; and (2) the OmniAmerican stockholder's adjusted tax basis in its OmniAmerican common stock. See "The Mergers U.S. Federal Income Tax Considerations" beginning on page [        ].

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Some of the statements contained or incorporated by reference in this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about the financial condition, results of operations, earnings outlook and business plans, goals, expectations and prospects of Southside, OmniAmerican and the combined company following the proposed mergers and statements for the period after the mergers. Words such as "anticipate," "believe," "feel," "expect," "estimate," "indicate," "seek," "strive," "plan," "intend," "outlook," "forecast," "project," "position," "target," "mission," "contemplate," "assume," "achievable," "potential," "strategy," "goal," "aspiration," "outcome," "continue," "remain," "maintain," "trend," "objective" and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as they relate to Southside, OmniAmerican, the proposed mergers or the combined company following the mergers often identify forward-looking statements.

These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this joint proxy statement/prospectus and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the mergers; the expected timing of the completion of the mergers; the ability to complete the mergers; the ability to obtain any required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, including the execution of integration plans; any statements of expectation or belief and any statements of assumptions underlying any of the foregoing.

The forward-looking statements contained or incorporated by reference in this joint proxy statement/prospectus reflect the view of management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Such risks and uncertainties include, among others, the following possibilities:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including a termination of the merger agreement under circumstances that could require OmniAmerican to pay a termination fee and expenses to Southside;

the inability to complete the mergers contemplated by the merger agreement due to the failure to satisfy conditions necessary to close the mergers, including the receipt of the requisite approvals of OmniAmerican stockholders and Southside shareholders;

the risk that a regulatory approval that may be required for the mergers is not obtained or is obtained subject to conditions that are not anticipated;

risks associated with the timing of the completion of the mergers;

diversion of management time on issues related to the mergers;

the risk that the businesses of Southside and OmniAmerican will not be integrated successfully, or such integration may be more difficult, time-consuming or costly than expected;

potential deposit attrition, higher than expected costs, customer loss and business disruption associated with Southside's integration of OmniAmerican, including, without limitation, potential difficulties in maintaining relationships with key personnel;

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the outcome of any legal proceedings that may be instituted against Southside or OmniAmerican;

general economic conditions, either globally, nationally, in the State of Texas, or in the specific markets in which Southside or OmniAmerican operate;

limitations placed on the ability of OmniAmerican and Southside to operate their respective businesses by the merger agreement;

the effect of the announcement of the mergers on OmniAmerican's and Southside's business relationships, employees, customers, suppliers, vendors, other partners, standing with regulators, operating results and businesses generally;

the amount of any costs, fees, expenses, impairments and charges related to the mergers;

fluctuations in the market price of Southside common stock and the related effect on the market value of the merger consideration that OmniAmerican stockholders will receive upon completion of the first merger;

significant increases in competition in the banking and financial services industry;

legislation, regulatory changes or changes in monetary or fiscal policy that adversely affect the businesses in which Southside or OmniAmerican are engaged, including changes resulting from compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the final Basel III capital rules;

credit risk of borrowers, including any increase in those risks due to changing economic conditions;

changes in consumer spending, borrowing, and savings habits;

competition among depository and other financial institutions;

liquidity risk affecting Southside's or OmniAmerican's banks' ability to meet their obligations when they become due;

interest rate risk involving the effect of a change in interest rates;

compliance risk resulting from violations of, or nonconformance with, laws, rules, regulations, prescribed practices or ethical standards;

strategic risk resulting from adverse business decisions or improper implementation of business decisions;

reputation risk that adversely affects earnings or capital arising from negative public opinion;

terrorist activities risk that results in loss of consumer confidence and economic disruptions; and

other risks and uncertainties detailed from time to time in Southside's or OmniAmerican's SEC filings.

Any forward-looking statements made in this joint proxy statement/prospectus or in any documents incorporated by reference into this joint proxy statement/prospectus, are subject to the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus or the date of any document incorporated by reference in this joint proxy statement/prospectus. Southside and OmniAmerican do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made, unless otherwise required by law. All subsequent written and oral forward-looking statements concerning the mergers or other matters addressed in this joint proxy statement/prospectus and attributable to Southside, OmniAmerican or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this joint proxy statement/prospectus.



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**THE COMPANIES**

**Southside Bancshares, Inc.**

Southside was incorporated in Texas in 1982 and serves as the bank holding company for Southside Bank, a Texas state bank headquartered in Tyler, Texas. Southside Bank has the largest deposit base in the Tyler metropolitan area and is the largest bank, based on asset size, headquartered in East Texas. At June 30, 2014, Southside had total assets of \$3.5 billion, total loans of \$1.4 billion, deposits of \$2.6 billion, and total equity of \$284.0 million. Southside has paid a cash dividend every year since 1970 (including dividends paid by Southside Bank prior to the incorporation of Southside Bancshares). On March 20, 2014 Southside's board of directors declared a 5% stock dividend to holders of record of common stock as of April 10, 2014, which was paid on May 1, 2014.

Southside is a community-focused financial institution that offers a full range of financial services to individuals, businesses, municipal entities, and nonprofit organizations in the communities that it serves. These services include consumer and commercial loans, deposit accounts, trust services, safe deposit services and brokerage services.

Southside and its subsidiaries are subject to comprehensive regulation, examination and supervision by the Federal Reserve Board, the Texas Department of Banking, and the FDIC, and are subject to numerous laws and regulations relating to their operations, including, among other things, permissible activities, capital adequacy, reserve requirements, standards for safety and soundness, internal controls, consumer protection, anti-money laundering, and privacy and data security.

Southside's headquarters are located at 1201 South Beckham Avenue, Tyler, Texas 75701, and its telephone number is (903) 531-7111. Southside's website can be found at [www.southside.com](http://www.southside.com). The contents of Southside's website are not incorporated into this joint proxy statement/prospectus.

**OmniAmerican Bancorp, Inc.**

OmniAmerican is a Maryland corporation that owns all of the outstanding shares of common stock of OmniAmerican Bank following the January 20, 2010 completion of the mutual-to-stock conversion of OmniAmerican Bank and initial public stock offering of OmniAmerican. OmniAmerican has no significant assets other than all of the outstanding shares of common stock of OmniAmerican Bank and the net proceeds that it retained in connection with the offering.

OmniAmerican Bank is a federally chartered savings bank headquartered in Fort Worth, Texas. OmniAmerican Bank was originally chartered in 1956 as a federal credit union serving the active and retired military personnel of Carswell Air Force Base. OmniAmerican Bank converted from a Texas credit union charter to a federal mutual savings bank charter on January 1, 2006. The objective of the charter conversion was to convert to a savings bank charter in order to carry out its business strategy of broadening its banking services into residential real estate and commercial lending, selling loans, and servicing loans for others, which has allowed OmniAmerican to better serve the needs of its customers and the local community.

OmniAmerican's principal business consists primarily of accepting deposits from the general public and investing those deposits, together with funds generated from operations and borrowings, in loans and investments. OmniAmerican's lending activity has focused primarily on mortgage loans secured by residential real estate, consumer loans, consisting primarily of indirect automobile loans (automobile loans referred by automobile dealerships), and to a lesser extent, commercial real estate, real estate construction, commercial business, and direct automobile loans. In recent years, OmniAmerican has increased its residential real estate, real estate construction, commercial real estate and commercial business lending while deemphasizing its consumer lending activities.

OmniAmerican's headquarters are located at 1320 South University Drive, Suite 900, Fort Worth, Texas 76107, and its telephone number is (817) 367-4640. OmniAmerican's website can be found at [www.omniamerican.com](http://www.omniamerican.com). The contents of OmniAmerican's website are not incorporated into this joint proxy statement/prospectus.

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**THE SOUTHSIDE SPECIAL MEETING**

*This section contains information for Southside's shareholders about Southside's special meeting of shareholders that has been called to consider the approval of the Southside share issuance proposal and approval of the Southside adjournment proposal.*

**General**

We are furnishing this joint proxy statement/prospectus to the holders of Southside common stock as of the record date for use at Southside's special meeting and any adjournment or postponement of its special meeting.

**Date, Time and Place**

The Southside special meeting will be at Southside's headquarters located at 1201 South Beckham Avenue, Tyler, Texas, on [        ], [        ], 2014, at [        ] p.m., local time.

**Purpose of the Southside Special Meeting**

At the Southside special meeting, Southside shareholders will be asked to consider and vote upon the following matters:

the Southside share issuance proposal; and

the Southside adjournment proposal.

**Recommendation of the Southside Board of Directors**

After careful consideration, the Southside board of directors has unanimously (1) determined that the terms of the merger agreement and the transactions contemplated thereby, including the mergers and the share issuance, are advisable and in the best interests of Southside and its shareholders, and (2) approved and adopted the merger agreement and the mergers. Certain factors considered by the Southside board of directors in reaching its decision to approve and adopt the merger agreement and the mergers can be found in the section of this joint proxy/statement/prospectus entitled "The Mergers Southside's Reasons for the Mergers" beginning on page [        ].

**The Southside board of directors unanimously recommends that Southside shareholders vote "FOR" the Southside share issuance proposal and "FOR" the Southside adjournment proposal.**

**Southside Record Date; Who Can Vote at the Southside Special Meeting**

Only Southside shareholders of record at the close of business on the record date, August 29, 2014, or their duly appointed proxies, are entitled to receive notice of the Southside special meeting and to vote the shares of Southside common stock that they held on the record date at the Southside special meeting, or any postponement or adjournment of the Southside special meeting. The only class of shares that can be voted at the Southside special meeting is that of the shares of Southside common stock. Each Southside common share is entitled to one vote on all matters that come before the shareholders at the Southside special meeting.

Shareholders who attend the meeting may be asked to present valid photo identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting. Shareholders who hold their shares in "street name" (that is, through a bank, broker or other nominee) will need to bring a copy of the brokerage statement reflecting their stock ownership as of August 29, 2014, the Southside record date.



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On the record date, there were approximately [ ] shares of Southside common stock outstanding and entitled to vote at the Southside special meeting.

**Quorum**

A quorum of Southside shareholders is necessary to hold a valid special meeting. The presence in person or by proxy of shareholders holding a majority of the shares entitled to vote at the Southside special meeting shall constitute a quorum. On the record date, there were [ ] shares of Southside common stock outstanding and entitled to vote. Thus, [ ] shares of Southside common stock must be represented by shareholders present in person or by proxy at the Southside special meeting to have a quorum for the Southside special meeting.

Abstentions and any broker non-votes will be counted towards the quorum requirement. If there is no quorum, the shareholders entitled to vote at such meeting, present in person or in proxy, shall have the power to adjourn the Southside special meeting to another date.

**Abstentions and Broker Non-Votes**

If you are a Southside shareholder and mark "ABSTAIN" on your proxy, it will have the same effect as a vote "AGAINST" the Southside share issuance proposal and the Southside adjournment proposal, although abstentions will be considered present for the purpose of determining the presence of a quorum. If you fail to submit a proxy or vote in person at the Southside special meeting, it will have no effect on either of the proposals.

Banks, brokers and other nominees that hold their customers' shares in street name may not vote their customers' shares on "non-routine" matters without instructions from their customers. As each of the proposals to be voted upon at the Southside special meeting is considered "non-routine," such organizations do not have discretion to vote on any of the proposals. As a result, if you fail to provide your broker, bank or other nominee with any instructions regarding how to vote your shares of Southside common stock, your shares will not be considered present at the Southside special meeting and will not be voted and will have no effect on either of the proposals.

**Voting by Southside Trustees, Executive Officers and Significant Shareholders**

At the close of business on the record date, directors and executive officers of Southside and their affiliates were entitled to vote [ ] shares of Southside common stock, or approximately [ ]% of the issued and outstanding shares of Southside common stock on that date. Southside currently expects that the Southside directors and executive officers will vote their shares of Southside common stock in favor of the Southside share issuance proposal and the Southside adjournment proposal, although none of them is obligated to do so.

**Manner of Submitting Proxy**

Whether you plan to attend the Southside special meeting in person, you should submit your proxy as soon as possible.

If you own shares of Southside common stock in your own name, you are an owner or holder of record. This means that you may use the enclosed proxy card or the Internet or telephone voting options to tell the persons named as proxies how to vote your shares of Southside common stock. You have four voting options:

*In Person.* To vote in person, come to the Southside special meeting and you will be able to vote by ballot. To ensure that your shares of Southside common stock are voted at the Southside special meeting, the Southside board of directors recommends that you submit a proxy even if you plan to attend the Southside special meeting.

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*Mail.* To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the enclosed return envelope. If you return your signed proxy card to Southside before the Southside special meeting, the persons named as proxies will vote your shares of Southside common stock as you direct.

*Telephone.* To vote by telephone, dial the toll-free telephone number located on the enclosed proxy card using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Eastern Time on [        ], 2014 to be counted.

*Internet.* To vote over the Internet, go to the web address located on the enclosed proxy card to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Eastern Time on [        ], 2014 to be counted.

The Internet and telephone voting options available to holders of record are designed to authenticate Southside shareholders' identities, to allow Southside shareholders to give their proxy voting instructions and to confirm that these instructions have been properly recorded. Proxies submitted over the Internet or by telephone through such a program must be received by 11:59 p.m. Eastern Time on [        ], 2014 (or in the event of an adjournment or postponement, such later date as shall be established). Submitting a proxy will not affect your right to vote in person if you decide to attend the Southside special meeting.

If a proxy card is signed and returned without an indication as to how the shares of Southside common stock represented by the proxy are to be voted with regard to a particular proposal, the Southside common stock represented by the proxy will be voted "FOR" each such proposal. As of the date of this joint proxy statement/prospectus, Southside has no knowledge of any business that will be presented for consideration at the Southside special meeting and which would be required to be set forth in this joint proxy statement/prospectus other than the matters set forth in the accompanying Notice of Special Meeting of Shareholders of Southside. In accordance with Southside's amended and restated bylaws and Texas law, business transacted at the Southside special meeting will be limited to those matters set forth in such notice.

**Your vote as a Southside shareholder is important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the Southside special meeting in person.**

**Shares held in "Street Name"**

If a Southside shareholder holds shares of Southside common stock in a stock brokerage account or if its shares are held by a bank or nominee (that is, in "street name"), in order for the shares to be voted, such shareholder must provide the record holder of its shares with instructions on how to vote its shares of Southside common stock. Southside shareholders should follow the voting instructions provided by their broker, bank or nominee. Without such instructions, your shares will NOT be voted on any of the proposals to be voted upon at the Southside special meeting, which will have the same effect as described above under " Abstentions and Broker Non-Votes." Please note that Southside shareholders may not vote shares of Southside common stock held in street name by returning a proxy card directly to Southside or by voting in person at the Southside special meeting unless they provide a "legal proxy," which Southside shareholders must obtain from their broker, bank or nominee. Further, brokers, banks or nominees who hold shares of Southside common stock on behalf of their customers may not give a proxy to Southside to vote those shares without specific instructions from their customers. If a Southside shareholder does not instruct its broker, bank or nominee to vote with respect to a proposal, then the broker, bank or nominee may not vote those shares in respect of that proposal, and it will have the effects described above under " Abstentions and Broker Non-Votes."

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**Revocation of Proxies or Voting Instructions**

Your grant of a proxy on the enclosed proxy card or through one of the alternative methods discussed above does not prevent you from voting in person or otherwise revoking your proxy at any time before it is voted at the Southside special meeting. If your shares of Southside common stock are registered in your own name, you may revoke your proxy in one of the following ways by:

submitting notice in writing to Southside's Secretary at 1201 South Beckham Avenue, Tyler, Texas 75701, that revokes your proxy that bears a date later than the date of the proxy that you are revoking and that is received before the Southside special meeting;

submitting another proxy card bearing a later date and mailing it so that it is received before the Southside special meeting;

submitting another proxy using the Internet or telephone voting procedures; or

attending the Southside special meeting and voting in person, although simply attending the Southside special meeting will not revoke your proxy, as you must deliver a notice of revocation or vote at the Southside special meeting in order to revoke a prior proxy. Your last vote is the vote that will be counted.

If you have instructed a broker, bank or other nominee to vote your shares of Southside common stock, you must follow the directions received from your broker, bank or other nominee if you wish to change your vote.

If you have questions about how to vote or revoke your proxy, you should contact Southside's Investor Relations toll-free at (877) 639-3511.

**Tabulation of Votes**

Southside will appoint an inspector of election for the Southside special meeting to tabulate affirmative and negative votes, broker non-votes and abstentions.

**Solicitation of Proxies; Payment of Solicitation Expenses**

Southside is soliciting proxies for the Southside special meeting from Southside shareholders. Southside will bear the entire cost of soliciting proxies from Southside shareholders. In addition to this mailing, Southside's trustees and officers may solicit proxies by telephone, by facsimile, by mail, over the Internet or in person. They will not be paid any additional amounts for soliciting proxies. Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of shares of Southside common stock held of record by those persons, and Southside will reimburse these brokerage firms, custodians, nominees and fiduciaries for related, reasonable out-of-pocket expenses they incur.

Southside is not utilizing a third-party to assist in the solicitation of proxies for the Southside special meeting. If you have any questions concerning the mergers or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Southside common stock, please contact: Susan Hill, Investor Relations, 1201 South Beckham Avenue, Tyler, Texas 75701, toll-free at (877) 639-3511 or susan.hill@southside.com.

**Adjournment**

In addition to the Southside share issuance proposal being considered at the Southside special meeting, Southside shareholders are also being asked to approve the Southside adjournment proposal, which will give the Southside board of directors authority to adjourn the Southside special meeting, if necessary or appropriate in the view of the Southside board of directors, to solicit additional proxies in



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favor of the Southside share issuance proposal if there are insufficient votes at the time of such adjournment to approve such proposal. If the Southside adjournment proposal is approved, the Southside special meeting could be successively adjourned to any date, not later than 120 days after the record date for the Southside special meeting. In addition, the Southside board of directors could postpone the Southside special meeting before it commences, whether for the purpose of soliciting additional proxies or for other reasons. If the Southside special meeting is adjourned for the purpose of soliciting additional proxies, shareholders who have already submitted their proxies will be able to revoke them at any time prior to their use.

If a quorum does not exist, holders of a majority of the shares entitled to vote at the special meeting shall have the power to adjourn the Southside special meeting to another place, date or time. If a quorum exists, but there are not enough affirmative votes to approve the Southside share issuance proposal, the Southside special meeting may be adjourned if the Southside adjournment proposal receives the affirmative vote of a majority of the shares of Southside common stock entitled to vote and represented in person or by proxy at the Southside special meeting, assuming a quorum is present. In addition, the chairman of the Southside special meeting also has the power to adjourn the Southside special meeting under Southside's bylaws.

**Assistance**

If you need assistance in completing your proxy card or have questions regarding the various voting options with respect to the Southside special meeting, please contact Southside's Investor Relations:

**Southside Bancshares, Inc.**

**Attn: Susan Hill**

**Investor Relations**

1201 South Beckham Avenue

Tyler, Texas 75701

Telephone: (903) 531-7220

Toll-free: (877) 639-3511

susan.hill@southside.com



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**PROPOSALS SUBMITTED TO SOUTHSIDE SHAREHOLDERS**

**Southside Share Issuance Proposal**

*(Proposal 1 on the Southside Proxy Card)*

Southside shareholders are asked to approve the Southside share issuance proposal. For a summary of and detailed information regarding this proposal, see the information about the merger agreement and the issuance of shares of Southside common stock in the first merger throughout this joint proxy statement/prospectus, including the information set forth in sections entitled "The Mergers" beginning on page [ ] and "The Merger Agreement" beginning on page [ ]. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference.

Pursuant to the merger agreement, approval of this proposal is a condition to the closing of the first merger. If this proposal is not approved, the first merger will not be completed.

Approval of the Southside share issuance proposal requires the affirmative vote of a majority of the shares of Southside common stock entitled to vote and represented in person or by proxy at the Southside special meeting, assuming a quorum is present.

**Recommendation of the Southside Board**

**The Southside board of directors unanimously recommends that Southside shareholders vote "FOR" the proposal to approve the issuance of shares of Southside common stock to OmniAmerican stockholders in connection with the first merger.**

**Southside Adjournment Proposal**

*(Proposal 2 on the Southside Proxy Card)*

The Southside special meeting may be adjourned to another time or place to permit, among other things, further solicitation of proxies, if necessary or appropriate in the view of the Southside board of directors, in favor of the Southside share issuance proposal if there are not sufficient votes at the time of such adjournment to approve such proposals.

Approval of the Southside adjournment proposal requires the affirmative vote of a majority of the shares of Southside common stock entitled to vote and represented in person or by proxy at the Southside special meeting, assuming a quorum is present.

**Recommendation of the Southside Board**

**The Southside board of directors unanimously recommends that Southside shareholders vote "FOR" the proposal to approve one or more adjournments of the Southside special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Southside share issuance proposal.**

**Other Business**

As of the date of this joint proxy statement/prospectus, Southside does not intend to bring any other matters before the shareholders at the Southside special meeting, and Southside has no knowledge of any business that will be presented for consideration at the Southside special meeting and which would be required to be set forth in this joint proxy statement/prospectus other than the matters set forth in the accompanying Notice of Special Meeting of Shareholders of Southside. In accordance with Southside's amended and restated bylaws and Texas law, business transacted at the Southside special meeting will be limited to those matters set forth in such notice.

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**THE OMNIAMERICAN SPECIAL MEETING**

*This section contains information for OmniAmerican's stockholders about OmniAmerican's special meeting of stockholders that has been called to consider the approval of the OmniAmerican merger proposal, the approval of the OmniAmerican compensation proposal and approval of the OmniAmerican adjournment proposal.*

**General**

We are furnishing this joint proxy statement/prospectus to the holders of OmniAmerican common stock as of the record date for use at OmniAmerican's special meeting and any adjournment or postponement of its special meeting.

**Date, Time and Place**

The special meeting of OmniAmerican stockholders will be held at OmniAmerican's headquarters located at 1320 South University Drive, Fort Worth, Texas, 76107 at [ ], local time, on [ ], 2014, subject to any adjournment or postponement thereof.

**Purpose of the OmniAmerican Special Meeting**

At the special meeting, OmniAmerican stockholders will be asked to consider and vote upon:

the OmniAmerican merger proposal;

on an advisory (non-binding) basis, the OmniAmerican compensation proposal; and

the OmniAmerican adjournment proposal, if necessary or appropriate.

OmniAmerican stockholders must approve the OmniAmerican merger proposal in order for the mergers to occur. If OmniAmerican stockholders do not approve the OmniAmerican merger proposal, the mergers will not occur. A copy of the merger agreement is attached as **Annex A** to this joint proxy statement/prospectus, and you are encouraged to read the merger agreement carefully and in its entirety.

**Recommendation of the OmniAmerican Board of Directors**

**The OmniAmerican board of directors recommends that you vote "FOR" the OmniAmerican merger proposal, "FOR," on an advisory (non-binding) basis, the OmniAmerican compensation proposal and "FOR" the OmniAmerican adjournment proposal, if necessary or appropriate.** Please see the section entitled "Proposals Submitted to OmniAmerican Stockholders," beginning on page [ ].

**OmniAmerican Record Date and Quorum**

OmniAmerican has set the close of business on August 29, 2014 as the record date for the OmniAmerican special meeting, and only the holders of OmniAmerican common stock on the record date are entitled to receive notice of and to vote at the OmniAmerican special meeting.

As of the record date, there were [ ] shares of OmniAmerican common stock outstanding and entitled to vote at the OmniAmerican special meeting held by approximately [ ] holders of record. Each share of OmniAmerican common stock entitles the holder to one vote at the OmniAmerican special meeting on each proposal to be considered at the OmniAmerican special meeting.

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The presence, in person or by proxy, of shares of OmniAmerican common stock entitling the holders thereof to cast a majority of the votes entitled to be cast is necessary to constitute a quorum at the special meeting. Abstentions will be counted for purposes of determining that a quorum is present. **Based on the number of shares of OmniAmerican common stock issued and outstanding as of the**

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**record date, August 29, 2014, [ ] shares of common stock must be present in person or represented by proxy at the OmniAmerican special meeting to constitute a quorum.**

As of the record date, OmniAmerican's directors and executive officers, and their affiliates, beneficially owned approximately [ ] shares of OmniAmerican common stock, or approximately [ ]% of the outstanding shares of OmniAmerican's common stock entitled to vote at the special meeting. OmniAmerican's non-employee directors have entered into voting and support agreements that obligate each director to vote shares of OmniAmerican common stock over which each such director has sole voting and dispositive power for approval of the OmniAmerican merger proposal. As of the record date, OmniAmerican's non-employee directors, and their affiliates, beneficially owned approximately [ ] shares of OmniAmerican common stock, or approximately [ ]% of the outstanding shares of OmniAmerican's common stock entitled to vote at the special meeting. In addition, Southside beneficially owned [ ] shares of OmniAmerican common stock as of the record date.

**Vote Required for Approval**

The affirmative vote of the holders of a majority of the outstanding shares of OmniAmerican common stock entitled to vote is required to approve the OmniAmerican merger proposal.

The affirmative vote of a majority of the votes cast by the holders of shares of OmniAmerican common stock entitled to vote at the OmniAmerican special meeting is required to approve the OmniAmerican compensation proposal and the OmniAmerican adjournment proposal.

OmniAmerican's board of directors will appoint one or more persons to serve as inspectors of election at the special meeting or any postponement or adjournment thereof and make a written report thereof, in accordance with applicable law. At all meetings of stockholders, the proxies and ballots shall be received, and all questions relating to the qualification of voters and the validity of proxies and the acceptance or rejection of votes will be decided or determined by the inspector of election. Every vote at the OmniAmerican special meeting shall be taken by ballot, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting.

**Abstentions; Failure to Vote**

For the OmniAmerican merger proposal, an abstention from voting and broker non-votes will have the same effect as a vote cast "AGAINST" this proposal. If an OmniAmerican stockholder is not present in person at the OmniAmerican special meeting and does not respond by proxy, it will have the same effect as a vote cast "AGAINST" the OmniAmerican merger proposal.

For the OmniAmerican compensation proposal and the OmniAmerican adjournment proposal, an abstention from voting and broker non-votes, if any, will not be counted as votes cast and will have no effect on the outcome of these proposals. If an OmniAmerican stockholder is not present in person at the OmniAmerican special meeting and does not respond by proxy, it will have no effect on these proposals.

**Voting on Proxies; Incomplete Proxies**

Giving a proxy means that an OmniAmerican stockholder authorizes the persons named in the enclosed OmniAmerican proxy card to vote the shares owned of record by the stockholder at the OmniAmerican special meeting in the manner that the holder directs. An OmniAmerican stockholder of record may vote by authorizing a proxy or voting in person at the OmniAmerican special meeting. If

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you hold your shares of OmniAmerican common stock in your name as a stockholder of record, you can use one of the following manners to submit a proxy:

By telephone through calling the toll-free number that is located on your proxy card, and then follow the directions given.

Through the Internet by visiting the website that is indicated on the proxy card and following the instructions given.

By mail through completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

OmniAmerican requests that OmniAmerican stockholders authorize a proxy to vote your shares by telephone, over the Internet or by completing, dating and signing the accompanying proxy and returning it to OmniAmerican as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of OmniAmerican common stock represented by it will be voted at the OmniAmerican special meeting in accordance with the instructions contained on the proxy card.

If any proxy is returned without indication as to how to vote, the shares of OmniAmerican common stock represented by the proxy will be voted as recommended by the OmniAmerican board of directors.

**Every OmniAmerican stockholder's vote is important. Accordingly, each OmniAmerican stockholder of record should sign, date and return the enclosed proxy card, or authorize a proxy to vote via the Internet or by telephone, whether or not the OmniAmerican stockholder plans to attend the OmniAmerican special meeting in person.**

**Shares Held in Street Name**

If you are an OmniAmerican stockholder and your shares are held in "street name" by a broker, bank or other nominee, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of OmniAmerican common stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted.

You may not vote shares held in street name by returning a proxy card directly to OmniAmerican or by voting in person at the OmniAmerican special meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of OmniAmerican common stock on behalf of their customers may not give a proxy to OmniAmerican to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are an OmniAmerican stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the OmniAmerican merger proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" this proposal; and

your broker, bank or other nominee may not vote your shares on the OmniAmerican compensation proposal or the OmniAmerican adjournment proposal; however, such broker non-votes will have no effect on the vote count for these proposals because the broker non-votes will not be considered to have been "cast."

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**Participants in the OmniAmerican Bank Employee Stock Ownership Plan and the 401(k) Plan**

If you participate in the OmniAmerican ESOP, or if you hold OmniAmerican common stock through the OmniAmerican Bank 401(k) Profit Sharing Plan, or the 401(k) Plan, you will receive vote authorization forms for the plans that reflect all shares you may direct the trustees to vote on your behalf under the plans. Please be aware that the trustee of either plan may establish a deadline for submitting your voting instructions that is before the time of the OmniAmerican special meeting.

Under the terms of the OmniAmerican ESOP, the trustee votes all shares held by the OmniAmerican ESOP, but each OmniAmerican ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated shares of OmniAmerican common stock held by the OmniAmerican ESOP, deemed allocated shares for which no voting instructions are received and stock for which OmniAmerican ESOP participants have voted to abstain in the same proportion as shares for which it has received timely voting instructions.

Under the terms of the 401(k) Plan, a participant is entitled to provide instructions for all shares of OmniAmerican common stock credited to his or her 401(k) Plan account. Each participant is entitled to one vote for each share of OmniAmerican common stock credited to his or her 401(k) Plan account. If some or all participants have not given or timely given voting instructions, the trustee of the plan shall vote such shares of common stock in the same proportion as shares for which voting instructions from participants were received.

**Revocability of Proxies and Changes to an OmniAmerican Stockholder's Vote**

An OmniAmerican stockholder of record has the power to change its vote at any time before its shares of OmniAmerican common stock are voted at the OmniAmerican special meeting by:

sending a notice of revocation to OmniAmerican Bancorp, Inc., 1320 South University Drive, Suite 900, Fort Worth, Texas 76107, Attn: Corporate Secretary, stating that you would like to revoke your proxy;

logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card; or

sending a completed proxy card bearing a later date than your original proxy card by mail.

You must take the described action no later than the beginning of the OmniAmerican special meeting. If you choose to send a completed proxy card bearing a later date than your original proxy card or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the OmniAmerican special meeting.

The presence at the OmniAmerican special meeting of any stockholder who had given a proxy shall not revoke such proxy unless the stockholder votes in person at the OmniAmerican special meeting or delivers a notice of revocation before the beginning of the OmniAmerican special meeting.

If you hold shares in "street name," and you have instructed your bank, brokerage firm or other nominee to vote your shares of OmniAmerican common stock, you must follow the directions you receive from your bank, brokerage firm or other nominee in order to change or revoke your vote.

**Solicitation of Proxies**

The cost of solicitation of proxies from OmniAmerican stockholders will be borne by OmniAmerican. OmniAmerican will reimburse brokerage firms and other custodians, nominees and



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fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, OmniAmerican's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation. OmniAmerican has also engaged [ ], a proxy solicitation firm, to assist in the solicitation of proxies for a fee of \$[ ] plus reimbursement of out-of-pocket expenses.

**Attending the OmniAmerican Special Meeting**

Subject to space availability, all OmniAmerican stockholders as of the record date, or their duly appointed proxies, may attend the OmniAmerican special meeting.

To gain admittance to the OmniAmerican special meeting, you must present valid photo identification, such as a driver's license or passport. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the OmniAmerican special meeting.

If your shares of OmniAmerican common stock are held through a broker, bank or other nominee, please bring to the special meeting a copy of a "legal proxy" from your broker, bank or other nominee.



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**PROPOSALS SUBMITTED TO OMNIAMERICAN STOCKHOLDERS**

**OmniAmerican Merger Proposal**

*(Proposal 1 on the OmniAmerican Proxy Card)*

OmniAmerican is asking its stockholders to approve the OmniAmerican merger proposal. After careful consideration, OmniAmerican's board of directors determined that the mergers, the merger agreement and the transactions contemplated thereby, including the first merger, were advisable and in the best interests of OmniAmerican and OmniAmerican's stockholders. Accordingly, OmniAmerican's board of directors recommends that OmniAmerican stockholders vote "FOR" the OmniAmerican merger proposal.

OmniAmerican stockholders should read carefully this document in its entirety, including the appendices and the documents incorporated by reference, for more detailed information concerning the merger agreement and the mergers. For a detailed discussion of the mergers, including the terms and conditions of the merger agreement, see "The Merger Agreement," beginning on page [ ]. In addition, OmniAmerican stockholders are directed to the merger agreement, a copy of which is attached as Annex A to this document and incorporated in this document by reference.

***Required Vote***

The affirmative vote of the holders of a majority of the outstanding shares of OmniAmerican common stock which are entitled to vote is required to approve the OmniAmerican merger proposal.

***Recommendation of the OmniAmerican Board of Directors***

*The OmniAmerican board of directors recommends a vote "FOR" the OmniAmerican merger proposal.*

**Advisory (Non-Binding) OmniAmerican Compensation Proposal**

*(Proposal 2 on the OmniAmerican Proxy Card)*

In accordance with Section 14A of the Exchange Act, OmniAmerican is providing its stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that is or may be payable by OmniAmerican to OmniAmerican's named executive officers in connection with the first merger. The following table sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation that will or may become payable by OmniAmerican to OmniAmerican's "named executive officers" (as defined under SEC rules) in connection with the first merger.

The amounts reported below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including assumptions described in the section of this document entitled "The Mergers Interests of OmniAmerican's Directors and Executive Officers in the Mergers Golden Parachute Compensation" beginning on page [ ], which is incorporated by reference. The actual amounts, if any, to be received by the named executive officers may differ in material respects from the amounts set forth below. Pursuant to Rule 14a-21(c) under the Exchange Act, compensation payable by Southside and Southside Bank pursuant to new employment agreements

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entered into with OmniAmerican's named executive officers is not subject to the non-binding advisory vote on executive compensation, and therefore is not included in the table below.

Name	Cash \$(1)	Equity \$(2)	Perquisites/ Benefits (\$)	Total (\$)
Terry M. Almon(3)	\$	\$ 4,787	\$	\$ 4,787
T. L. Arnold, Jr.	\$ 30,000	\$ 883,660	\$	\$ 913,660
Tim Carter	\$ 100,000	\$ 2,448,843	\$	\$ 2,548,843
Anne Holland	\$ 50,000	\$ 875,232	\$	\$ 925,232
Deborah Wilkinson	\$ 30,000	\$ 1,059,721	\$	\$ 1,089,721

- (1) Each executive officer, other than Ms. Almon, will receive a lump-sum cash retention bonus, payable on the closing date of the first merger, in the following amounts: Mr. Arnold, \$30,000; Mr. Carter, \$100,000; Ms. Holland, \$50,000; and Ms. Wilkinson, \$30,000. These amounts are "single trigger" benefits payable upon consummation of the first merger. See " Retention Bonuses."
- (2) These amounts represent the accelerated vesting of unvested stock options, the cash-out of all vested stock options and the accelerated vesting of unvested restricted stock and an estimate of the shares of common stock to be credited to an executive officer's OmniAmerican ESOP account. These amounts are all "single trigger" benefits as the vesting and/or cash-out of these equity awards will occur in connection with the first merger. See " Consideration to be Received Pursuant to the First Merger."
- (3) Ms. Almon's employment with OmniAmerican Bank was terminated in October 2013, and Ms. Almon is no longer entitled to receive any bonus or severance payments in connection with the first merger. Ms. Almon's vested stock options will expire on October 9, 2014, unless cancelled and cashed out in connection with the completion of the first merger or exercised prior to such date.

As required by Section 14A of the Exchange Act, OmniAmerican is asking its stockholders to vote on the approval of the following resolution:

"RESOLVED, that the compensation that will or may become payable to OmniAmerican's named executive officers in connection with the first merger, as disclosed in the section of the joint proxy statement/prospectus entitled 'Proposals Submitted to OmniAmerican Stockholders Advisory (Non-Binding) OmniAmerican Compensation Proposal,' including the related table and narrative discussion, is hereby APPROVED."

The vote on executive compensation payable in connection with the first merger is a vote separate and apart from the vote to approve the OmniAmerican merger proposal. A stockholder may vote to approve the OmniAmerican compensation proposal and vote not to approve the OmniAmerican merger proposal and vice versa. Because the vote is advisory in nature only, it will not be binding on either OmniAmerican or Southside. Accordingly, because OmniAmerican and/or Southside is or may be contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the first merger is approved and regardless of the outcome of the advisory vote.

**Required Vote**

The affirmative vote of a majority of the votes cast on the matter by the holders of shares of OmniAmerican common stock entitled to vote at the OmniAmerican special meeting is required to approve the OmniAmerican compensation proposal.

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***Recommendation of the OmniAmerican Board of Directors***

*The OmniAmerican board of directors recommends a vote "FOR" the advisory (non-binding) OmniAmerican compensation proposal.*

**OmniAmerican Adjournment Proposal**

***(Proposal 3 on the OmniAmerican Proxy Card)***

If there are insufficient votes at the time of the OmniAmerican special meeting to approve the OmniAmerican merger proposal, the OmniAmerican special meeting may be adjourned to another time or place, if necessary or appropriate, to permit the solicitation of additional proxies; provided, that the special meeting may not be adjourned, without further notice, to a date that is more than 120 days after the original record date.

If, at the OmniAmerican special meeting, the number of shares of OmniAmerican common stock present or represented and voting in favor of the OmniAmerican merger proposal is insufficient to approve the OmniAmerican merger proposal, OmniAmerican may move to adjourn the OmniAmerican special meeting in order to enable the OmniAmerican board of directors to solicit additional proxies for approval of the OmniAmerican merger proposal. In that event, OmniAmerican's stockholders will be asked to vote upon the OmniAmerican adjournment proposal, may be asked to vote on the OmniAmerican compensation proposal and not the OmniAmerican merger proposal.

In the OmniAmerican adjournment proposal, OmniAmerican is asking its stockholders to authorize the holder of any proxy solicited by its board of directors to vote in favor of granting discretionary authority to the OmniAmerican board of directors to adjourn the OmniAmerican special meeting to another time and place for the purpose of soliciting additional proxies. If OmniAmerican's stockholders approve the OmniAmerican adjournment proposal, OmniAmerican could adjourn the OmniAmerican special meeting and any adjourned session of the OmniAmerican special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from OmniAmerican stockholders who have previously voted.

***Required Vote***

The affirmative vote of a majority of the votes cast on the matter by the holders of shares of OmniAmerican common stock entitled to vote at the OmniAmerican special meeting is required to approve the OmniAmerican adjournment proposal.

***Recommendation of the OmniAmerican Board of Directors***

*The OmniAmerican board of directors recommends a vote "FOR" the OmniAmerican adjournment proposal.*

**Other Matters to Come Before the OmniAmerican Special Meeting**

No other matters may be brought before the OmniAmerican special meeting.

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**THE MERGERS**

*The following discussion contains certain information about the mergers. The discussion is subject, and qualified in its entirety by reference, to the merger agreement attached as Annex A to this joint proxy statement/prospectus. We urge you to read carefully this entire joint proxy statement/prospectus, including the merger agreement attached as Annex A, for a more complete understanding of the mergers.*

**General**

Each of Southside and OmniAmerican's respective boards of directors has unanimously approved the merger agreement. The merger agreement provides for the acquisition of OmniAmerican by Southside pursuant to the merger of Merger Sub with and into OmniAmerican, with OmniAmerican as the surviving corporation, which we refer to as the first merger. Immediately after the first merger, OmniAmerican will merge with and into Southside, with Southside as the surviving corporation, which we refer to as the second merger. Immediately after the second merger, OmniAmerican Bank, a wholly owned subsidiary of OmniAmerican Bancorp, Inc. will be merged with and into Southside Bank, a wholly owned subsidiary of Southside Bancshares, Inc., with Southside Bank as the surviving bank, which we refer to as the bank merger. We collectively refer to the first merger, the second merger and the bank merger as the mergers.

At the effective time of the first merger, each share of OmniAmerican common stock, par value \$0.01 per share, issued and outstanding immediately prior to the effective time of the first merger, except for specified shares of OmniAmerican common stock held by Southside or OmniAmerican, will be converted into the right to receive: (1) 0.4459 of a share of Southside common stock, par value \$1.25 per share, which we refer to as the stock consideration and (2) \$13.125 per share of OmniAmerican common stock in cash, which we refer to as the cash consideration. We collectively refer to the stock consideration and the cash consideration as the merger consideration. No fractional shares of Southside common stock will be issued in connection with the first merger, and holders of OmniAmerican common stock will be entitled to receive cash in lieu thereof.

OmniAmerican stockholders are being asked to approve the merger of Merger Sub with and into OmniAmerican, or the first merger, and Southside shareholders are being asked to approve the share issuance in connection with the first merger. See "The Merger Agreement" for additional and more detailed information regarding the legal documents that govern the mergers, including information about the conditions to the completion of the first merger and the provisions for terminating or amending the merger agreement.

**Background of the Mergers**

The OmniAmerican board of directors regularly reviews OmniAmerican's strategic and financial prospects, and has considered various strategic options potentially available to the company, with the goal of enhancing value for OmniAmerican's stockholders. These strategic discussions have focused on, among other things, the business environment facing financial institutions in general and OmniAmerican in particular, as well as conditions and consolidation in the financial services industry and ways in which to enhance OmniAmerican's competitive position. In order to increase OmniAmerican's capital levels to support future growth, have greater flexibility to structure and finance the expansion of its operations, have a broader platform to offer products and services and provide better capital management tools, including the ability to pay dividends and to repurchase shares of its common stock, the OmniAmerican board determined that it was in the best interests of the stockholders for the company to convert from a mutual to a stock form of organization, and on January 20, 2010, OmniAmerican Bank completed its conversion. Pursuant to applicable regulations, for a period of three years thereafter no person was permitted to offer to acquire or acquire the

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beneficial ownership of more than 10% of OmniAmerican's common stock without prior regulatory approval.

As this three-year period neared an end at a time when the economy continued to be sluggish and financial institutions were facing the prospect of increasing costs to comply with regulatory reform, the OmniAmerican board considered the outlook for long-term organic growth and acquisition strategies. In August of 2012, the OmniAmerican board established the Strategic Review Committee, referred to as the SRC, to review and evaluate, with the assistance of the financial and legal advisors retained by the board and the SRC, various strategic alternatives with a view to enhancing stockholder value, including, without limitation, the sale of all or a portion of OmniAmerican's stock or assets, a merger or other business combination, and strategic acquisitions, as well as continued execution of its long-term business plan involving organic growth, or any combination thereof. The SRC initially consisted of Ms. Elaine Anderson, who served as chair of the SRC, and Messrs. Tim Carter, Wayne Burchfield and John Sammons, Jr.

Throughout the remainder of 2012, the SRC began a review of strategic alternatives and the OmniAmerican board of directors engaged Sandler O'Neill & Partners, L.P., referred to as Sandler O'Neill, as OmniAmerican's financial advisor, to assist the board of directors and the SRC with their ongoing evaluations and discussions.

At a meeting of the SRC on January 17, 2013, representatives of Sandler O'Neill presented an overview of the banking industry and OmniAmerican. Representatives of Sandler O'Neill and the SRC discussed potential alternatives for deploying capital, including by organic growth, the payment of cash dividends, share repurchases and acquisitions of other banks. In addition, representatives of Sandler O'Neill and the SRC discussed various strategic alternatives, including the sale of all or a portion of OmniAmerican's stock or assets, a merger or other business combination, strategic acquisitions, and continued organic growth, or any combination thereof. The SRC discussed the fact that although OmniAmerican was not for sale, in order to determine the strategic alternative that was then in the best interest of OmniAmerican and its stockholders, it would be beneficial for representatives of Sandler O'Neill to determine whether there were potentially interested parties for a strategic transaction with OmniAmerican.

At a meeting of the SRC on February 14, 2013, representatives of Sandler O'Neill identified 15 potential parties who might be interested in a possible transaction with OmniAmerican. The SRC authorized Sandler O'Neill to engage in discussions with these parties to determine the level of interest, if any, in discussing a possible strategic transaction with OmniAmerican.

During March 2013, Sandler O'Neill contacted these 15 potential parties on behalf of OmniAmerican. OmniAmerican entered into non-disclosure agreements with eight of these 15 parties.

At a meeting of the SRC on April 2, 2013, representatives of Sandler O'Neill presented an update of its contacts. At the meeting, Sandler O'Neill indicated that none of the potential parties had plans to pursue a transaction at the current trading levels of OmniAmerican common stock due to various issues including, among others, federal regulatory concerns regarding the indirect auto lending business and industry (a business segment of OmniAmerican at that time), concerns about OmniAmerican's history as a credit union and concerns expressed by some potential parties that adequate cost savings would be difficult to achieve through integration without significant business disruption. The SRC discussed and emphasized the fact that the board and management were committed to preserving and enhancing both long-term and short-term stockholder value; therefore, a potential transaction was only one of several considerations under review. The SRC and representatives of Sandler O'Neill discussed the following additional alternatives that were potentially available given OmniAmerican's strong capitalization: (1) reinvestment in the business through the existing plan for organic growth; (2) payment of cash dividends; (3) the possible acquisition of other banks; and (4) continuing the company's stock buyback program when stock prices became attractive. In addition to SRC discussions,

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routine reports were made to the OmniAmerican board regarding the alternatives under review. The OmniAmerican board of directors also included strategic alternatives for discussion as a part of annual strategic planning sessions.

During the remainder of 2013, OmniAmerican had contact with various parties regarding a potential transaction, some of which were initiated by OmniAmerican and some of which were initiated by the other parties. However, such contacts did not progress beyond preliminary discussions.

The OmniAmerican board of directors subsequently focused on executing OmniAmerican's business plan and strategic focus, including the discontinuance in October 2013 of OmniAmerican Bank's purchase of auto loans originated through auto dealerships in order to strengthen its focus on the bank's commercial, direct retail and mortgage strategies, and reduced costs through related cuts in its work force.

In November and December 2013, Southside management met with representatives of Keefe, Bruyette & Woods, Inc., or KBW, to discuss two potential merger partners, one of which was OmniAmerican.

Beginning in January 2014, management of OmniAmerican and representatives of Sandler O'Neill again began to explore possible strategic alternatives, including transactions with potential strategic partners that had the necessary infrastructure and size to allow OmniAmerican to grow, service its customers and provide a broader array of banking products and services. Financial and strategic analysis was done to determine the advantages and disadvantages of an acquisition versus a merger or sale as a means to enhance stockholder value and achieve an asset size that would make OmniAmerican a stronger institution with enhanced strategic opportunities. Concurrently, the board continued to focus on execution of its strategic business plan to grow loans, maintain asset quality and achieve cost efficiencies. As a part of this process, Sandler O'Neill contacted parties regarding their possible interest in a strategic transaction, including a party referred to as "Party A."

On January 28, 2014, at Southside's request, KBW initiated contact with OmniAmerican regarding a possible transaction between the two companies.

On January 31, 2014, at the request of Party A, Mr. Tim Carter, OmniAmerican's president and chief executive officer, and the chief executive officer of Party A had an introductory meeting in Fort Worth, Texas.

During February 2014, after contacts were made by Sandler O'Neill at the request of the OmniAmerican board, OmniAmerican entered into additional confidentiality agreements with three parties, including Southside and Party A, none of whom had signed confidentiality agreements during the 2013 process.

On February 11, 2014, Mr. Carter, Ms. Anderson and Mr. Sammons and the chief executive officer of Party A met to discuss the businesses of each entity.

On February 13, 2014, Mr. Carter received a nonbinding letter of intent from Party A pursuant to which Party A offered to purchase OmniAmerican's outstanding common stock for \$24.00 per share, consisting of 50% cash and 50% common stock of Party A. In addition, the nonbinding letter of intent included a 10% cap and collar on the stock consideration and a minimum tangible stockholders' equity condition.

On February 19, 2014, Sandler O'Neill reviewed with the SRC the terms of Party A's offer and the ability of various banks to acquire OmniAmerican.

Also on February 19, 2014, OmniAmerican's management had an introductory meeting with Mr. Sam Dawson, Southside's president and chief executive officer, and Mr. Lee Gibson, Southside's chief financial officer, in Fort Worth, Texas, to discuss OmniAmerican's history and operations.

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On February 22, 2014, Mr. Carter met with the chief executive officer of Party A at Party A's headquarters, during which the executives discussed various issues addressed in the non-binding letter of intent proposed by Party A, including the tangible net worth requirement, the purchase price, the equity portion of the consideration and a collar on the stock portion of the consideration. The executives also discussed various cultural issues that would be involved in a transaction. In addition, Mr. Carter told Party A's chief executive officer that there were other parties interested in a possible transaction with OmniAmerican.

At a joint meeting of the boards of OmniAmerican and OmniAmerican Bank on February 27, 2014, representatives of Sandler O'Neill summarized their preliminary analysis with respect to the ability of potential parties identified by them to pay merger consideration to OmniAmerican stockholders in a potential transaction. In addition, the SRC advised the directors that representatives of Sandler O'Neill recently had discussions with nine parties regarding mutually beneficial transactions with OmniAmerican. Ultimately, all but two of these contacts did not advance beyond the preliminary discussion stage. At this meeting, representatives of Sandler O'Neill also discussed with the directors a potential transaction with Party A. The board discussed the nonbinding letter of intent received from Party A and directed the SRC to continue its discussions with Party A. A representative of OmniAmerican's legal counsel, Haynes and Boone, LLP, led the directors in a discussion of their duties as directors, both generally and in connection with the potential sale of a company. In addition, a representative of Haynes and Boone advised the directors that, under Maryland law, OmniAmerican was not required to sell, or even to respond to offers that may be received, and that OmniAmerican could elect to stay independent, pursue its business plan and grow organically, or make acquisitions of its own. In addition, the directors took action to clarify that the SRC continued to be authorized to review strategic alternatives available to OmniAmerican and that the members of the SRC would be paid for their service on the committee \$750 per meeting and the chairperson of the SRC would be entitled to receive in addition a payment of \$2,000 per year.

At a meeting of the SRC of OmniAmerican on March 4, 2014, representatives of Sandler O'Neill provided an update of their discussions with various parties. In addition, on March 4, 2014, the chief executive officer of Party A called Mr. Carter and increased Party A's offer to \$25.00 per share.

On March 7, 2014, Mr. Carter met with Messrs. Dawson and Gibson in Tyler, Texas, to discuss Southside's interest in pursuing a transaction with OmniAmerican. During this meeting, Messrs. Dawson and Gibson submitted a nonbinding letter of intent pursuant to which Southside offered to purchase all of OmniAmerican's outstanding common stock for \$25.50 per share, consisting of 50% cash and 50% Southside common stock. The nonbinding letter of intent also provided that the definitive merger agreement would include a minimum tangible net worth condition that would be negotiated between the parties and the ability for OmniAmerican to nominate two directors to the Southside board of directors. Mr. Carter told Messrs. Dawson and Gibson that the board would consider Southside's offer, but that OmniAmerican was also reviewing other alternatives and potential business combination transactions.

At a meeting of the SRC of OmniAmerican on March 11, 2014, representatives of Sandler O'Neill provided the SRC with a comparison of the terms of the two nonbinding letters of intent received from Southside and Party A, including an analysis of the minimum tangible common equity condition proposed by each of Southside and Party A. Sandler O'Neill also provided the SRC with a comparison of, among other things, the financial profile, loan composition, deposit composition, market share and institutional ownership of Southside and Party A. After the SRC discussed the two offers, the SRC directed representatives of Sandler O'Neill to negotiate with Southside and Party A to receive each party's best offer regarding a transaction with OmniAmerican.

On March 13, 2014, the SRC met with Messrs. Dawson and Gibson in Tyler, Texas, during which the parties discussed the cultures of Southside and OmniAmerican, Southside's general expectations if

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the companies merged, expected transaction costs involved with such a merger and the proposed terms of Southside's non-binding letter of intent. The SRC also disclosed to Southside that OmniAmerican had received a nonbinding letter of intent from a third party.

At a telephonic joint meeting of the boards of OmniAmerican and OmniAmerican Bank on March 17, 2014, the SRC reported about its meeting with Southside and advised that discussions with Southside and Party A were ongoing. The SRC directed Mr. Carter to continue to negotiate the nonbinding letter of intent received from Party A in order to determine if Party A would enhance the terms of its offer. In addition, in connection with the strategic review process, the SRC approved a customary form of indemnification agreement for each of OmniAmerican's directors and executive officers, which agreements were subsequently entered into by such parties.

At a telephonic joint meeting of the boards of OmniAmerican and OmniAmerican Bank on March 19, 2014, the directors continued their discussion of the nonbinding letters of intent presented by Southside and Party A. The SRC directed Mr. Carter to ask Party A if it could increase its offer price. Mr. Carter stated that he and Elaine Anderson, Chairperson of the SRC and the board, planned to meet with Southside management on March 21, 2014 to discuss its offer, which had been revised to remove the minimum tangible net worth condition.

During a telephone call on March 19, 2014 between Mr. Carter and the chief executive officer of Party A, Party A increased its offer to \$26.50 per share, and also indicated this was Party A's best and final offer.

On March 21, 2014, Mr. Carter and Ms. Anderson met with Messrs. Dawson and Gibson in Dallas, Texas, to discuss the terms of Southside's nonbinding letter of intent, during which meeting Southside increased its offer to \$26.25 per share, which was indicated as Southside's best and final offer as to price.

Later on March 21, 2014, a representative of Sandler O'Neill called Party A's chief executive officer and indicated that it was likely that the SRC would make a recommendation to the OmniAmerican board of directors to proceed with merger negotiations with another party (without identifying Southside); there were no further substantive discussions with Party A after such date.

At a joint meeting of the boards of OmniAmerican and OmniAmerican Bank on March 25, 2014, the directors continued their discussion of each of the nonbinding letters of intent received from Southside and Party A, including receipt of Southside's best and final offer of \$26.25 per share and Party A's best and final offer of \$26.50 per share. In addition, the board discussed Southside's offer of two new board seats to be filled by current OmniAmerican directors. Representatives of Sandler O'Neill advised that they contacted a number of other parties that may have an interest in pursuing partnerships with Texas banks, although none of such parties expressed an interest to engage in a transaction with OmniAmerican at price levels approaching what was discussed with Southside and Party A. After further discussion, the directors determined that Southside offered the best opportunity to OmniAmerican stockholders due to several factors, including: (1) Southside's historical strong operating results and stock price performance, (2) Southside's history of paying a 5% annual stock dividend to stockholders over the past 17 years; (3) Southside's history of paying an annual cash dividend over the past 19 years that currently yields 2.7%, as opposed to Party A's dividend yield, which was significantly lower; (4) Southside's lower price to earnings ratio compared to that of Party A; (5) Southside's excellent CRA rating and asset quality; (6) Southside having a smaller percentage of its loan portfolio in commercial real estate than Party A, which segment presents higher risk than other loan segments; (7) Southside's commitment to the retail side of the business, compared to Party A's smaller retail presence; (8) the potential historical volatility of Party A's common stock relative to Southside's; (9) the belief that Southside has a similar culture to that of OmniAmerican and there were potential synergies that could be created in the Tarrant County marketplace; and (10) the SRC's belief that regulatory approvals for a transaction with Southside would be more certain than for a transaction



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with Party A. After further discussion, the directors unanimously agreed that OmniAmerican should enter into a nonbinding letter of intent with Southside.

On March 25, 2014, OmniAmerican executed a nonbinding letter of intent with Southside, pursuant to which Southside would purchase all of the outstanding shares of OmniAmerican's common stock for \$13.125 per share in cash and 0.4246 of a share of Southside common stock for each share of OmniAmerican common stock, which equated to approximately 50% stock and 50% cash consideration. The exchange ratio was calculated based on the Southside closing price per share on March 6, 2014 of \$30.91, the last closing stock price before the initial nonbinding letter of intent was submitted.

On April 1, 2014, Southside's counsel, Alston & Bird LLP, provided an initial draft of the merger agreement to Haynes and Boone. The initial draft of the merger agreement prepared by Southside's counsel did not include several provisions that the SRC, on the advice of its advisors, viewed as important, including that the merger agreement did not contain a fiduciary out provision, which is a provision that would permit OmniAmerican's board of directors to change its recommendation for the merger agreement and terminate the merger agreement if failing to do so would breach its fiduciary duties, or a "window shop" provision, which is a provision that would allow OmniAmerican's board of directors to discuss and negotiate unsolicited third-party offers if not doing so would violate its fiduciary duties. In addition, the initial draft of the merger agreement did not permit OmniAmerican to forego holding a stockholder meeting to vote on the transaction with Southside in the event that OmniAmerican accepted a superior proposal from a third party if the merger agreement had not been terminated. The initial draft of the merger agreement also contained a \$12 million termination fee payable by OmniAmerican in certain circumstances. It also included a provision whereby Southside requested that all of OmniAmerican's directors and executive officers execute a form of voting and support agreement pursuant to which they would agree, among other things, to vote their shares of OmniAmerican common stock in favor of the Southside merger and, for two years after the Southside merger, not to serve as directors or officers of certain financial institutions or solicit certain employees or customers of OmniAmerican. The initial draft of the merger agreement also contained a condition that certain OmniAmerican employees to be designated by Southside enter into employment agreements with Southside to be effective upon the closing of the merger. The initial draft of the merger agreement provided for the accelerated vesting and payout of outstanding shares of unvested restricted OmniAmerican common stock, the accelerated vesting of each unvested option to purchase shares of OmniAmerican common stock, and the cancellation, without payment of any kind, of all options to purchase shares of OmniAmerican common stock that remained unexercised prior to the completion of the merger. The terms of the OmniAmerican Bancorp., Inc. 2011 Equity Incentive Plan, however, would not have permitted the cancellation of options without payment of any kind without the option holder's consent. On April 9, 2014, Haynes and Boone delivered to Alston & Bird LLP a revised draft of the merger agreement and the parties began negotiations over the various provisions. The revised draft of the merger agreement provided that instead of cancelling any unexercised options without payment, all options to purchase shares of OmniAmerican common stock, whether vested or unvested, would be cancelled in exchange for a cash payment equal to the excess, if any, of the merger consideration payable with respect to one share of OmniAmerican stock over the exercise price of the stock option being cancelled, which was consistent with the terms of the OmniAmerican Bancorp., Inc. 2011 Equity Incentive Plan.

Throughout April 2014, Southside and OmniAmerican conducted reciprocal due diligence on each other's businesses, including with respect to regulatory, litigation, tax, financial and other matters.

Throughout April 2014, the SRC held several meetings to discuss the status of due diligence and the negotiation of the merger agreement and various ancillary documents. The SRC discussed the importance of management and employee retention to Southside. In addition, members of the SRC, including Mr. Carter (through April 17) and Ms. Anderson, were significantly involved in negotiations with Southside during this time.

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At a meeting of the SRC on April 10, 2014, the SRC discussed Southside's due diligence process and OmniAmerican's reverse due diligence process. In addition, the SRC and representatives of Haynes and Boone discussed the draft of the merger agreement in its entirety.

On April 15, 2014, Mr. Carter began discussions with Messrs. Dawson and Gibson regarding Southside's compensation of OmniAmerican's executive officers (excluding Mr. Carter) subsequent to the merger.

On April 17, 2014, Mr. Carter, Ms. Anderson and Mr. Sammons met with management of Southside in Dallas, Texas, to negotiate outstanding business issues regarding the merger agreement, including an adjustment to the exchange ratio to take into account the 5% stock dividend to be paid by Southside to its stockholders of record on May 1, 2014, which resulted in the exchange ratio increasing from 0.4246 to 0.4459 of a share of Southside common stock for each share of common stock owned by OmniAmerican stockholders. Following this meeting, Mr. Carter resigned from the SRC and Ms. Anderson assumed responsibilities for on-going negotiations with Southside. Mr. Carter subsequently began discussions with Southside executives regarding his potential future employment arrangements with Southside following the merger.

At a joint meeting of the boards of OmniAmerican and OmniAmerican Bank on April 18, 2014, a representative of Haynes and Boone updated the directors regarding the status of negotiations of the draft merger agreement with Southside's counsel, and the directors discussed the terms of the draft merger agreement in its entirety.

On April 23, 2014, Ms. Anderson and Messrs. Dawson and Gibson, together with their respective legal counsel and financial advisors, discussed outstanding issues with respect to the merger agreement and ultimately resolved several outstanding issues, including OmniAmerican's obligation to hold its stockholder meeting after a change in the board recommendation (as long as the merger agreement had not been terminated). In addition, after further negotiation, Messrs. Dawson and Gibson agreed to remove the closing condition requiring that all of the employees who enter into employment agreements with Southside at the time the merger agreement is signed continue to be employees on the closing date.

At a meeting of OmniAmerican's Compensation Committee on April 24, 2014, the Compensation Committee approved the award of bonuses in the aggregate amount of \$285,000 to certain of its executive officers contingent on the closing of the first merger. In addition, OmniAmerican's compensation consultant, McLagan, advised the Compensation Committee that the total compensation to be payable to certain of OmniAmerican's executive officers in connection with the potential merger, including bonuses to be paid to certain employees upon closing of the merger and employment agreements entered into with Southside to become effective upon the completion of the merger, were market-based and usual and customary.

As a result of the parties' negotiation of the merger agreement during the month of April 2014, Southside agreed to provide OmniAmerican with a fiduciary out, a customary "window shop" provision, and a fiduciary out regarding the requirement to hold a stockholders meeting in the event that OmniAmerican terminated the merger agreement to accept a superior proposal from a third party, although OmniAmerican must hold a stockholders meeting if the board of directors changes its recommendation and the merger agreement is not terminated. In addition, OmniAmerican negotiated a reduction in the termination fee payable by OmniAmerican to \$10 million and the closing condition regarding employment agreements was deleted. However, Southside required that certain employees sign employment agreements prior to executing a definitive merger agreement. The parties also agreed that only non-employee directors would execute voting and support agreements. The SRC had also considered the fact that the value of the merger consideration would be subject to fluctuation due to the stock component, but the SRC believed that the cash component of the merger consideration

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significantly reduced the price risk to OmniAmerican stockholders and the historical trading prices of Southside's common stock had been relatively stable.

At a joint meeting of the SRC and the boards of OmniAmerican and OmniAmerican Bank on April 28, 2014, management and Haynes and Boone updated the directors on the status of the draft merger agreement and the voting and support agreements to be entered into by the non-employee directors of OmniAmerican in connection with the mergers. Haynes and Boone summarized for the directors their duties as directors, as it had done previously, and reviewed in detail the terms of the merger agreement and ancillary documents, including the form of voting and support agreement to be entered into by each of OmniAmerican's non-employee directors. A summary of the results of the due diligence review of Southside was also provided to the directors. The directors engaged in a discussion of the reasons for engaging in a merger with Southside. During its discussion, the board acknowledged potential synergies of a transaction with Southside, including that the combined companies would create a larger and more diversified financial institution, the merger would provide OmniAmerican with a broader range of products and services for its customers and the two companies had complementary cultures and a similar focus on community banking. Representatives of Sandler O'Neill discussed their financial analyses regarding the proposed transaction. After a discussion regarding the merger agreement and the transaction, representatives of Sandler O'Neill rendered an oral opinion (subsequently confirmed in writing) to OmniAmerican that the merger consideration to be received by the holders of OmniAmerican's common stock in connection with the first merger was fair to OmniAmerican stockholders from a financial point of view.

Following the presentation by OmniAmerican's management and advisors and discussion among the members of the SRC, the SRC determined to recommend that the OmniAmerican board of directors approve the merger agreement and the transactions contemplated thereby for the same reasons that the board cited. Immediately thereafter, the OmniAmerican board of directors continued its discussion, including consideration of the factors described under "OmniAmerican's Reasons for the Mergers," and thereafter the OmniAmerican directors unanimously determined that the merger agreement, the mergers and the transactions contemplated thereby were advisable and in the best interest of OmniAmerican and its stockholders, authorized OmniAmerican's management to execute the merger agreement and recommended that OmniAmerican's stockholders approve the first merger.

Also on April 28, 2014, Southside's board of directors held a special meeting to review and discuss the proposed mergers and the merger agreement. At this meeting, Southside's board of directors received presentations from Alston & Bird LLP and KBW. KBW discussed financial aspects of the proposed transaction and KBW rendered an oral opinion (subsequently confirmed in writing) to Southside's board of directors to the effect that, as of that date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the first merger was fair to Southside from a financial point of view. Southside's board of directors asked a series of questions of management and Southside's advisors regarding the terms and conditions of the merger agreement and engaged in a full discussion regarding the proposed transaction. Following this discussion, Southside's board of directors unanimously voted to approve the merger agreement and the other transactions contemplated by the merger agreement, including the mergers, authorized Southside's management to execute the merger agreement and recommended that Southside's stockholders vote in favor of the issuance of common stock to holders of OmniAmerican common stock in the first merger.

Later in the day on April 28, 2014, OmniAmerican and Southside executed the merger agreement, and the non-employee directors of OmniAmerican delivered to Southside their respective voting and support agreements. In connection with the execution of the merger agreement, certain OmniAmerican employees, including the executive officers, executed employment agreements with Southside, conditioned and effective upon completion of the mergers. Before the opening of the trading markets

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on April 29, 2014, Southside and OmniAmerican issued a joint press release announcing the approval, adoption and execution of the merger agreement.

**Southside's Reasons for the Mergers**

In reaching its decision to approve and adopt the merger agreement, the mergers and the other transactions contemplated by the merger agreement, including the share issuance, and to recommend that its shareholders approve the Southside share issuance proposal and the Southside adjournment proposal, the Southside board of directors consulted with Southside management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

each of Southside's and OmniAmerican's business, operations, financial condition, asset quality, earnings and prospects;

the strategic fit of the businesses of the two companies, including their complementary markets, business lines and loan and deposit profiles;

the potential for expansion in the Fort Worth market, which is one of the top five market areas in the state of Texas and which has enjoyed above average population growth and economic performance during the past year;

the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics including earnings and tangible book value and regulatory capital levels, as well the future impact the transaction could have on Southside's earning asset mix to more heavily weight loans and reduce the percentage of the securities portfolio;

its understanding of the current and prospective environment in which Southside and OmniAmerican operate, including national, state and local economic conditions, the competitive environment for financial institutions generally, and the likely effect of these factors on Southside both with and without the proposed transaction;

its review and discussions with Southside's management concerning the due diligence investigation of OmniAmerican, including its review of OmniAmerican's financial condition, results of operation, asset quality, market areas, growth potential (projected potential accretion to earnings per share and the projected payback period of the estimated decrease in tangible book value) and quality of senior management;

the perceived compatibility of the corporate cultures of the two companies, which management believes should facilitate integration and implementation of the transaction;

the structure of the transaction as a combination in which the combined company would operate under the Southside brand and Southside's board of directors and management would have substantial participation in the combined company;

the regulatory and other approvals required in connection with the mergers and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions;

the opinion of KBW, dated April 28, 2014, addressed to the Southside board of directors as to the fairness, from a financial point of view and as of the date of such opinion, to Southside of the merger consideration provided for in the first merger, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken as more fully described below under "Opinion of Southside's Financial Advisor;" and



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the financial and other terms of the merger agreement, including the fixed exchange ratio, expected tax treatment, the deal protection and termination fee provisions, and restrictions on the conduct of OmniAmerican's business between the date of the merger agreement and the date of completion of the mergers, which it reviewed with its outside financial and legal advisors.

Southside's board of directors also considered potential risks relating to the mergers including the following:

Southside management's attention and Southside resources may be diverted from the operation of Southside's business and towards the completion of the mergers;

Southside may not realize all of the anticipated benefits of the mergers, including cost savings, maintenance of existing customer and employee relationships, and minimal disruption in the integration of the OmniAmerican operations with Southside;

the nature and amount of payments and other benefits to be received by OmniAmerican management in connection with the mergers pursuant to existing OmniAmerican plans and compensation arrangements and the merger agreement and the employment agreement executed in connection with the execution of the merger agreement;

the substantial costs that Southside will incur in connection with the mergers even if they are not consummated; and

approvals from regulatory authorities could impose conditions that could have the effect of delaying completion of the mergers or imposing additional costs.

The foregoing discussion of the factors considered by the Southside board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Southside board of directors. In reaching its decision to approve and adopt the merger agreement, the mergers and the other transactions contemplated by the merger agreement, including the share issuance, the Southside board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Southside board of directors considered all these factors as a whole, including discussions with, and questioning of, Southside's management and Southside's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

**OmniAmerican's Reasons for the Mergers**

The board of directors of OmniAmerican created the SRC for administrative purposes to oversee the strategic review process, including to evaluate and negotiate a potential strategic transaction or continue executing OmniAmerican's business plan, including mergers, and to make recommendations to the board to approve or reject a strategic transaction. The OmniAmerican board of directors authorized the SRC to make recommendations to the board, but the SRC did not have authority to approve or reject a strategic transaction.

The SRC, by unanimous vote at a meeting held on April 28, 2014, and after consideration of the factors described below, resolved that the merger agreement and the transactions contemplated thereby, including the mergers, were advisable and in the best interests of, OmniAmerican's stockholders, and resolved to recommend that (1) the board determine that the merger agreement and the transactions contemplated thereby, including the mergers, are advisable and in the best interests of, OmniAmerican's stockholders, and (2) the board recommend that OmniAmerican's stockholders vote to approve the first merger.

On April 28, 2014, after extensive discussion and based on the recommendations of the SRC and the factors considered by the SRC as described above, the board, by unanimous vote, (1) determined that the merger agreement and the transactions contemplated thereby, including the mergers, are

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advisable and in the best interests of, OmniAmerican's stockholders and (2) recommended that OmniAmerican stockholders vote to approve the first merger.

In determining that the merger agreement is advisable and in the best interests of, OmniAmerican's stockholders, and approving the merger agreement and the transactions contemplated thereby, including the mergers; the board considered a number of factors, including the following material factors:

the recommendations of the SRC; and

the factors described below that were considered by the SRC, which the board adopted in determining that the merger agreement is advisable and in the best interests of OmniAmerican's stockholders.

In addition, the SRC and the OmniAmerican board of directors carefully considered the terms of the merger agreement and the value of the merger consideration to be received by the common stockholders of OmniAmerican, including the ability to receive cash dividends on their shares of Southside common stock. In reviewing the merger agreement and the value of the merger consideration, the SRC and the OmniAmerican board of directors also took into consideration other issues, including the potential synergies of a transaction with Southside, including the fact that the combined company would create a larger and more diversified financial institution, the mergers would provide OmniAmerican's customers with a broader range of products and services and the two companies had complementary cultures and a similar focus on community banking.

The SRC and the OmniAmerican board of directors believe that the mergers will provide the combined company with the additional resources necessary to compete more effectively in the Dallas/Fort Worth Metroplex, East Texas and Central Texas. In addition, the SRC and the OmniAmerican board of directors believe that the OmniAmerican stockholders will have the ability to benefit from the potential increase in the long-term value of Southside common stock as a result of the combined company's ability to provide OmniAmerican customers and their communities with a broader range of products and services.

In reaching the decision to adopt and approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, and recommend that the OmniAmerican stockholders approve the OmniAmerican merger proposal, the SRC and the OmniAmerican board of directors consulted with management, as well as its legal and financial advisors, and considered a number of factors, including:

the SRC's and the board's knowledge and understanding of the business, operations, financial condition, asset quality, earnings and prospects of OmniAmerican, Southside and the combined company, including as a result of OmniAmerican's due diligence examination of Southside and the presentations made by Southside's officers;

their understanding of the current environment in the financial services industry in which OmniAmerican and Southside operate, including national, regional and local economic conditions and the interest rate environment, continued consolidation, increased operating costs resulting from regulatory initiatives and compliance mandates, increasing competition, the current environment for community banks (particularly in Texas) and current financial market conditions and the likely effects of these factors on OmniAmerican's potential for growth, development, productivity and strategic options;

their belief that combining the companies would create a larger and more diversified financial institution that is better equipped to respond to economic and industry developments and better positioned to develop and build on its market share in certain regions in Texas;

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the complementary aspects of OmniAmerican's and Southside's businesses and corporate cultures, including customer focus, geographic coverage and business orientation, which management believes should facilitate integration and implementation of the transaction;

the potential operating synergies, including expense-saving and revenue-enhancing opportunities in connection with the mergers, the potential impact on the combined company's earnings and the fact that the nature of the merger consideration provides former OmniAmerican stockholders the opportunity to participate as Southside stockholders in the benefits of such savings opportunities and the future performance of the combined company;

based on Southside's historic payment of dividends, the expected future receipt by OmniAmerican stockholders of dividends as Southside stockholders;

the geographic fit and increased customer convenience of the branch networks of the combined company;

the additional products offered by Southside to its customers, including trust services and enhanced management services, and the ability of the resulting institution to provide comprehensive financial services to its customers and cross market services and products;

the process conducted by Sandler O'Neill to assist the SRC and the OmniAmerican board in a review of strategic alternatives;

the financial analyses and opinion of Sandler O'Neill presented to the SRC and the OmniAmerican board of directors on April 28, 2014, to the effect that, as of that date, and subject to and based on the qualifications and assumptions set forth in the opinion, the consideration to be received by the OmniAmerican stockholders in the first merger was fair, from a financial point of view, to such stockholders (as more fully described in the section entitled "Opinion of Sandler O'Neill" beginning on page [        ]);

the financial terms of the first merger, including the fact that, based on the closing price on the NASDAQ Global Select Market of \$30.26 of Southside common stock on April 25, 2014 (the last trading day prior to the execution and announcement of the merger agreement), the total per share merger consideration of \$26.62 represented:

a multiple to OmniAmerican's trailing 12 months earnings per share of 43.6 times;

a multiple to book value per share as of December 31, 2013 of 147%;

a multiple to tangible book value per share and adjusted tangible book value per share as of December 31, 2013 of 147% and 202%, respectively;

a premium of approximately 17% over the closing price of OmniAmerican common stock on the NASDAQ Global Select Market of \$22.75 as of that date; and

a premium to core deposits of 14.5%;



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the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics, including earnings, and OmniAmerican management's expectation that the combined company will retain a strong capital position upon completion of the transaction;

the fact that OmniAmerican's executive management team will remain in place following the mergers to lead the combined company's North Texas Region operations;

the structure of the mergers and the terms of the merger agreement, including the ability of the OmniAmerican board of directors, under certain circumstances, to withdraw or adversely modify its recommendation to OmniAmerican stockholders, and to terminate the merger agreement in

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order to enter into a definitive agreement with respect to a superior proposal (subject to payment of a \$10.0 million termination fee);

that some of OmniAmerican's directors and executive officers have other financial interests in the first merger in addition to their interests as OmniAmerican stockholders, including financial interests that are the result of compensation arrangements with OmniAmerican, the manner in which such interests would be affected by the mergers, as well as the new employment agreements that certain of these persons entered into with Southside in connection with the mergers; and

the treatment of the first merger and the second merger as a "reorganization" under Section 368(a) for United States federal income tax purposes with respect to the exchange of OmniAmerican common stock for Southside common stock.

The SRC and the OmniAmerican board of directors also considered potential risks and a variety of potentially negative factors in connection with its deliberations concerning the merger agreement and the mergers, including:

the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the mergers;

the fact that the interests of some of the directors and officers of OmniAmerican may be different from those of OmniAmerican stockholders, and directors and officers of OmniAmerican may be participants in arrangements that are different from, or are in addition to, those of OmniAmerican stockholders;

the fact that the merger agreement prohibits OmniAmerican and its subsidiaries and their officers, directors, agents, advisors and affiliates from soliciting acquisition proposals or, subject to certain exceptions, engaging in negotiations concerning or providing nonpublic information to any person relating to an acquisition proposal;

the fact that, as a result of the fixed exchange ratio, the implied value per share of Southside stock consideration payable as a component of the merger consideration would decrease if the trading price of Southside common stock falls prior to the closing date;

the risk that the mergers will not be completed;

the risk that the anticipated benefits of the mergers, including the realization of synergies and cost savings, may not be realized or may take longer than expected to be realized;

the restrictions on the conduct of OmniAmerican's business prior to the completion of the mergers; and

the possible effects of the pendency or completion of the transaction contemplated by the merger agreement, including any suit, action or proceeding initiated in respect of the mergers.

The foregoing discussion of the factors considered by the SRC and the OmniAmerican board of directors is not intended to be exhaustive, but, rather, includes certain factors considered by them. In reaching its decision to recommend the approval of the first merger, neither the SRC nor the OmniAmerican board of directors quantified or assigned any relative weights to the factors considered, and individual directors may have given different weights to different factors. The SRC and the OmniAmerican board of directors considered all these factors as a whole, including discussions with, and questioning of, OmniAmerican management and OmniAmerican's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination. The SRC and the OmniAmerican board of directors also relied on the experience of Sandler O'Neill, its financial advisor, for analyses of the financial terms of the first merger and for its opinion as to the fairness from a financial point of view of the consideration payable in the first merger to OmniAmerican's stockholders.



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In connection with the execution of the merger agreement, each of the non-employee directors of OmniAmerican has entered into a voting and support agreement pursuant to which he or she has agreed to vote in favor of the OmniAmerican merger proposal and otherwise in favor of the transactions contemplated by the merger agreement. For more information regarding the OmniAmerican voting and support agreements, please see the section entitled "The Mergers Interests of OmniAmerican's Directors and Executive Officers in the Mergers Voting and Support Agreements" beginning on page [ ].

**For the reasons set forth above, the OmniAmerican board of directors has approved the merger agreement and the transactions contemplated thereby and recommends that OmniAmerican stockholders vote "FOR" the OmniAmerican merger proposal, "FOR" the OmniAmerican advisory (non-binding) proposal on specified compensation and "FOR" the OmniAmerican adjournment proposal (if necessary or appropriate).**

**Opinion of Southside's Financial Advisor**

Southside engaged KBW to render financial advisory and investment banking services to Southside, including an opinion to the Southside board of directors as to the fairness, from a financial point of view, to Southside of the merger consideration in the first merger. Southside selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the mergers. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

At the meeting of the Southside board held on April 28, 2014 at which the Southside board evaluated the proposed mergers, KBW reviewed the financial aspects of the proposed merger and rendered an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the first merger was fair, from a financial point of view, to Southside. The Southside board approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex B to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

**KBW's opinion speaks only as of the date of the opinion, and was necessarily based only on conditions as they existed and could be evaluated on the date of such opinion and on information made available to KBW through the date of such opinion. The opinion was for the information of, and was directed to, the Southside board of directors (in its capacity as the board of directors) in connection with its consideration of the financial terms of the first merger. The opinion addressed only the fairness, from a financial point of view, to Southside of the merger consideration in the first merger. It did not address the underlying business decision of Southside to proceed with the mergers or enter into the merger agreement or constitute a recommendation to the Southside board in connection with the mergers, and it did not and does not constitute a recommendation to any holder of Southside common stock or any shareholder of any other entity as to how such shareholder should vote in connection with the mergers or whether or not any such shareholder should enter into a voting, shareholders', or affiliates' agreement with respect to the mergers or exercise any dissenters' or appraisal rights that may be available to such shareholder.**

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

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In connection with rendering the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of Southside and OmniAmerican and the mergers, including, among other things:

a draft, dated April 27, 2014, of the merger agreement (the most recent draft then made available to KBW);

the audited financial statements and annual reports on Form 10-K for the three years ended December 31, 2013 of Southside and OmniAmerican;

internally generated monthly financial statements for each of the months ending January 31, 2014, February 28, 2014, and March 31, 2014 for Southside and OmniAmerican;

certain other interim reports to shareholders and other communications of Southside and OmniAmerican to their respective shareholders; and

other financial information concerning the businesses and operations of Southside and OmniAmerican furnished to KBW by Southside and OmniAmerican or which KBW was otherwise directed to use for purposes of its analysis.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of Southside and OmniAmerican;

the assets and liabilities of Southside and OmniAmerican;

the nature and terms of certain other mergers and business combinations in the banking industry;

a comparison of certain financial and stock market information for each of Southside and OmniAmerican with similar information for certain other companies the securities of which are publicly traded;

the publicly available consensus "street estimates" of Southside and OmniAmerican for 2014 and 2015, as well as assumed long term growth rates based thereon that were prepared and provided to KBW by management of Southside, all of which information was discussed with KBW by the management of Southside and used and relied upon by KBW at the direction of such management with the consent of the Southside board; and

estimates of certain pro forma financial effects of the mergers on Southside that were prepared and provided to KBW by Southside management.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with senior management of Southside and OmniAmerican regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters that KBW deemed relevant to its inquiry.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of Southside as to

the reasonableness and achievability of the forecasts, projections and estimates regarding assumed long term growth rates for Southside and OmniAmerican and potential

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cost savings and operating synergies and other potential pro forma effects assumed or estimated with respect to the mergers (and the assumptions and bases therefor) that were prepared by Southside management and provided to KBW and as to the reasonableness and achievability of the publicly available "street estimates" of Southside and OmniAmerican that KBW was directed by such management to use. KBW assumed, at the direction of Southside, that all of such forecasts, projections and estimates reflect, or in the case of the publicly available consensus "street estimates" are consistent with, the best currently available estimates and judgments of Southside management and that such forecasts, projections and estimates will be realized in the amounts and in the time periods estimated. The publicly available consensus "street estimates" of OmniAmerican that KBW was directed by Southside to use reflected differences from the financial and operating forecasts and projections of OmniAmerican that were prepared by management of OmniAmerican and provided to KBW. Accordingly, at the direction of Southside and with the consent of the Southside board, in rendering its opinion KBW also relied upon the management of Southside as to the reasonableness and achievability of such consensus "street estimates" of OmniAmerican, which included reliance upon the judgments and assessments of Southside with respect to such differences.

Any forecasts, projections and estimates of Southside and OmniAmerican prepared by management of Southside and provided to KBW by Southside were not prepared with the expectation of public disclosure. Such forecasts, projections and estimates, together with the publicly available consensus "street estimates" of Southside and OmniAmerican referred to above, are based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. KBW assumed, based on discussions with management of Southside and at the direction of such management and with the consent of the Southside board, that all such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Southside or OmniAmerican since the date of the last financial statements made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and it assumed, without independent verification and with Southside's consent, that the aggregate allowances for loan and lease losses for Southside and OmniAmerican were adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Southside or OmniAmerican, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files or evaluate the solvency, financial capability or fair value of Southside or OmniAmerican under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed that, in all respects material to its analysis:

the mergers and any related transactions described in or contemplated by the merger agreement (including the bank merger described in the merger agreement) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed by KBW) with no additional payments or adjustments to the merger consideration;

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the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;

each party to the merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

there are no factors that would delay, or subject to any adverse conditions, any necessary regulatory or governmental approval for the mergers and related transactions and that all conditions to the completion of the mergers and related transactions would be satisfied without any waivers or modifications to the merger agreement; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the mergers and related transactions, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of Southside, OmniAmerican or the combined entity or the contemplated benefits of the mergers, including the cost savings, revenue enhancements and related expenses expected to result from the mergers.

KBW assumed that the mergers and related transactions would be completed in a manner that complied with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. KBW further assumed that Southside relied upon the advice of its counsel, independent accountants and other advisors (other than KBW) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Southside, OmniAmerican, the mergers and any related transactions (including the bank merger) and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, of the merger consideration in the first merger to Southside. KBW expressed no view or opinion as to any terms or other aspects of the mergers or any related transaction (including the bank merger), including, without limitation, the form or structure of the mergers (including the form of the merger consideration or the allocation thereof among cash consideration and stock consideration), any consequences of the mergers to Southside, its stockholders, creditors or otherwise, or any voting, support, stockholder, employment or other agreements, arrangements or understandings contemplated or entered into in connection with the mergers or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and that KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of Southside to engage in the mergers or enter into the merger agreement;

the relative merits of the mergers as compared to any strategic alternatives that are, have been or may be available to or contemplated by Southside or the Southside board;

the fairness of the amount or nature of any compensation to any of Southside's officers, directors or employees, or any class of such persons, relative to any compensation to the holders of Southside common stock or relative to the merger consideration;

the effect of the mergers on, or the fairness of the consideration to be received by, holders of any class of securities of Southside or OmniAmerican, or any other party to any transaction contemplated by the merger agreement;



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whether Southside has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate cash consideration to the holders of OmniAmerican common stock at the closing of the first merger;

the actual value of the Southside common stock to be issued in the first merger;

the prices, trading range or volume at which Southside common stock or OmniAmerican common stock would trade following the public announcement of the mergers or the prices, trading range or volume at which Southside common stock would trade following completion of the mergers;

any advice or opinions provided by any other advisor to any of the parties to the mergers or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to Southside, OmniAmerican, their respective shareholders, or relating to or arising out of or as a consequence of the mergers or any related transaction (including the bank merger), including whether or not the first merger and the second merger would qualify as a tax-free reorganization.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Southside, and OmniAmerican. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Southside board in making its determination to approve the merger agreement and the mergers. Consequently, the analyses described below should not be viewed as determinative of the decision of the Southside board with respect to the fairness of the merger consideration. The merger consideration (including both form and amount) payable in the first merger was determined through negotiation between Southside and OmniAmerican and the decision to enter into the merger agreement was solely that of the Southside board.

The following is a summary of the material financial analyses presented by KBW to the Southside board. The summary is not a complete description of the financial analysis underlying the opinion, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses. For purposes of the financial analyses described below, KBW utilized an implied value of the merger consideration of \$26.62 per share of OmniAmerican common stock, consisting of (i) \$13.125 in cash and (ii) the implied value of 0.4459 of a share of Southside common stock to be issued in the first merger for each share of OmniAmerican based on the closing price of Southside common stock on April 25, 2014 of \$30.26.

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*Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance, financial condition and market performance of OmniAmerican to 11 depositories traded on NASDAQ or the New York Stock Exchange with total assets between \$500 million and \$5 billion, tangible common equity to tangible assets ratios of at least 10%, last-twelve-month return on assets between 0.00% and 1.00% and nonperforming assets divided by loans plus other real estate owned less than 3.0%. Targets of publicly announced merger transactions and mutual holding companies were excluded from the "peer" group.

The selected companies included in the "peer" group were:

First Internet Bancorp  
Heritage Commerce Corp  
NB&T Financial Group, Inc.  
Northeast Bancorp  
Pacific Continental Corporation  
Park Sterling Corporation  
Peoples Financial Services Corp.  
State Bank Financial Corporation  
TriState Capital Holdings, Inc.  
Univest Corporation of Pennsylvania  
ViewPoint Financial Group, Inc.

To perform this analysis, KBW used financial information as of or for the 12-month period ended December 31, 2013 and market price information as of April 25, 2014. Earnings estimates for 2014 and 2015 were consensus "street" estimates for OmniAmerican (which reflected the estimates of the sole public research analyst covering OmniAmerican) and the selected companies. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in OmniAmerican's historical financial statements or the data prepared by Sandler O'Neill presented under the section "The Mergers Opinion of OmniAmerican's Financial Advisor," as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance for the last-twelve-months ("LTM") of OmniAmerican and the selected companies in the "peer" group:

	Peer Group				
	OmniAmerican	Minimum	Mean	Median	Maximum
LTM Return on Average Assets	0.48%	0.49%	0.72%	0.67%	0.96%
LTM Return on Average Equity	3.12%	2.98%	5.59%	5.92%	7.61%
LTM Net Interest Margin	3.30%	2.67%	4.18%	3.84%	8.33%
LTM Fee Income / Revenue(1)	26.0%	(63.5)%	13.0%	15.9%	37.5%
LTM Efficiency Ratio	81.5%	58.7%	70.0%	69.7%	84.8%

(1) Excludes gain/loss on sale of securities

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KBW's analysis also showed the following ratios concerning the financial condition of OmniAmerican and the selected companies in the "peer" group:

	Peer Group				
	OmniAmerican	Minimum	Mean	Median	Maximum
Tangible Common Equity / Tangible Assets	14.89%	10.01%	11.74%	10.81%	16.41%
Tier 1 Risk-Based Capital / Risk-Weighted Assets	22.66%	12.63%	16.61%	14.90%	27.85%
Total Risk-Based Capital / Risk-Weighted Assets	23.41%	13.25%	17.60%	16.15%	29.11%
Loan Loss Reserve / Gross Loans	0.77%	0.27%	1.20%	1.02%	2.47%
Nonperforming Assets(1) / Loans + OREO	1.59%	0.29%	1.62%	1.58%	2.77%
LTM Net-Charge Offs / Average Loans	0.34%	(0.11)%	0.24%	0.10%	0.87%

(1) NPAs include nonaccrual loans, renegotiated loans, loans 90+ days past due and other real estate owned

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of the selected companies in the "peer" group:

	Peer Group				
	OmniAmerican	Minimum	Mean	Median	Maximum
One-Year Stock Price Change	(10.3)%	(3.1)%	22.2%	21.6%	45.1%
Year-to-Date Price Change	6.4%	(14.2)%	(0.9)%	(2.4)%	27.1%
Stock Price / Book Value Per Share	1.26x	0.85x	1.25x	1.23x	1.80x
Stock Price / Tangible Book Value Per Share	1.26x	0.88x	1.46x	1.30x	2.56x
Stock Price / LTM EPS	37.3x	14.6x	25.0x	22.9x	44.1x
Stock Price / 2014 EPS	27.7x	14.4x	19.4x	18.5x	26.3x
Stock Price / 2015 EPS	28.4x	12.4x	14.4x	13.8x	16.6x
Dividend Yield	0.9%	0.0%	2.1%	1.8%	6.2%
LTM Dividend Payout Ratio	0.0%	0.0%	50.1%	38.6%	105.9%

Using publicly available information, KBW compared the financial performance, financial condition and market performance of Southside and OmniAmerican to 8 depositories headquartered in Texas, traded on NASDAQ or the New York Stock Exchange, and with total assets between \$1.0 billion and \$30.0 billion. Targets of publicly announced merger transactions and mutual holding companies were excluded from the "peer" group.

The selected companies included in the "peer" group were:

Cullen/Frost Bankers, Inc.  
 Prosperity Bancshares, Inc.  
 Hilltop Holdings Inc.  
 International Bancshares Corporation  
 Texas Capital Bancshares, Inc.  
 ViewPoint Financial Group, Inc.  
 First Financial Bankshares, Inc.  
 Independent Bank Group, Inc.

To perform this analysis, KBW used financial information as of or for the 12-month period ended December 31, 2013 and market price information as of April 25, 2014. Earnings estimates for 2014 and 2015 were consensus "street" estimates for OmniAmerican (which reflected the estimates of the sole public research analyst covering OmniAmerican), Southside and the selected companies. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in OmniAmerican's or Southside's historical financial statements or the data

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prepared by Sandler O'Neill presented under the section "The Mergers Opinion of OmniAmerican's Financial Advisor," as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance for the last-twelve-months of OmniAmerican, Southside and the selected companies in the "peer" group:

	Peer Group					
	OmniAmerican	Southside	Minimum	Mean	Median	Maximum
LTM Return on Average Assets	0.48%	1.22%	0.94%	1.24%	1.12%	1.66%
LTM Return on Average Equity	3.12%	16.50%	5.92%	10.02%	9.79%	13.75%
LTM Net Interest Margin	3.30%	3.69%	2.99%	3.85%	3.95%	4.47%
LTM Fee Income / Revenue(1)	26.0%	19.7%	9.5%	27.7%	21.3%	73.8%
LTM Efficiency Ratio	81.5%	57.3%	39.3%	57.7%	57.6%	79.6%

(1) Excludes gain/loss on sale of securities

KBW's analysis also showed the following ratios concerning the financial condition of OmniAmerican, Southside and the selected companies in the "peer" group:

	Peer Group					
	OmniAmerican	Southside	Minimum	Mean	Median	Maximum
Tangible Common Equity / Tangible Assets	14.89%	6.93%	5.91%	8.40%	8.78%	9.66%
Tier 1 Risk-Based Capital / Risk-Weighted Assets	22.66%	20.47%	10.24%	14.08%	13.35%	19.33%
Total Risk-Based Capital / Risk-Weighted Assets	23.41%	21.71%	11.07%	15.00%	14.13%	20.36%
Loan Loss Reserve / Gross Loans	0.77%	1.40%	0.61%	0.92%	0.84%	1.35%
Nonperforming Assets(1) / Loans + OREO	1.59%	1.01%	0.29%	1.00%	0.73%	3.18%
LTM Net-Charge Offs / Average Loans	0.34%	0.82%	0.04%	0.14%	0.12%	0.35%

(1) NPAs include nonaccrual loans, renegotiated loans, loans 90+ days past due and other real estate owned

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of OmniAmerican, Southside and the selected companies in the "peer" group:

	Peer Group					
	OmniAmerican	Southside	Minimum	Mean	Median	Maximum
One-Year Stock Price Change	(10.3)%	51.7%	19.5%	44.5%	34.7%	95.7%
Year-to-Date Price Change	6.4%	16.2%	(12.8)%	(3.3)%	(5.8)%	12.8%
Stock Price / Book Value Per Share	1.26x	2.19x	1.08x	1.94x	1.85x	3.24x
Stock Price / Tangible Book Value Per Share	1.26x	2.40x	1.36x	2.81x	2.60x	4.00x
Stock Price / LTM EPS	37.3x	13.8x	12.2x	21.6x	20.4x	31.6x
Stock Price / 2014 EPS(1)	27.7x	14.5x	14.2x	19.5x	18.8x	24.5x
Stock Price / 2015 EPS(1)	28.4x	14.0x	13.1x	16.2x	16.6x	19.4x
Dividend Yield	0.9%	2.8%	0.0%	1.3%	1.7%	2.6%
LTM Dividend Payout Ratio	0.0%	39.2%	0.0%	23.3%	23.6%	52.1%

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No company used as a comparison in the above selected companies analyses is identical to Southside or OmniAmerican. Accordingly, an analysis of these results is not mathematical. Rather, it

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involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Select Transactions Analysis.* KBW reviewed publicly available information related to 11 bank and thrift transactions announced since December 31, 2010 with transaction values greater than \$50 million and acquired company tangible common equity / tangible assets greater than 10%, LTM ROAA between 0.00% and 0.75%, and acquired company nonperforming assets to assets less than 3%. The transactions exclude terminated transactions and mergers of equals. The selected transactions included in the group were:

<b>Acquiror:</b>	<b>Acquired Company:</b>
CB Financial Services, Inc.	FedFirst Financial Corporation
F.N.B. Corporation	OBA Financial Services, Inc.
CVB Financial Corp.	American Security Bank
TriCo Bancshares	North Valley Bancorp
Cascade Bancorp	Home Federal Bancorp, Inc.
East West Bancorp, Inc.	MetroCorp Bancshares, Inc.
Wilshire Bancorp, Inc.	Saehan Bancorp
SI Financial Group, Inc.	Newport Bancorp, Inc.
Investors Bancorp, Inc. (MHC)	Marathon Banking Corporation
ViewPoint Financial Group, Inc.	Highlands Bancshares, Inc.
People's United Financial, Inc.	Danvers Bancorp, Inc.

For each selected transaction, KBW derived the ratio of the transaction consideration value per common share paid for the acquired company to the following, in each case based on the latest publicly available financial statements of the acquired company available prior to the announcement of the acquisition:

Tangible book value per share of the acquired company;

Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000); and

LTM EPS of the acquired company

KBW also reviewed, to the extent publicly available, the price per common share paid for the acquired company for each selected transaction as a premium to the closing price of the acquired company one day and 30 days prior to the announcement of the acquisition (expressed as a percentage and referred to as the one-day market premium and the 30-day market premium). The above transaction multiples and market premiums for the selected transactions were compared with the corresponding transaction multiples and market premiums for the proposed mergers based on the implied value of the merger consideration of \$26.62 per share of OmniAmerican common stock and using historical financial information for OmniAmerican as of December 31, 2013 and the closing price of OmniAmerican common stock on April 25, 2014. KBW also derived implied transaction multiples of 32.5x and 33.3x for the proposed mergers based on 2014 and 2015 consensus "street" EPS estimates for OmniAmerican (which reflected the estimates of the sole public research analyst covering OmniAmerican).

The results of the analysis, excluding the impact of certain selected transaction LTM EPS multiples considered to be not meaningful, are set forth in the following table:

Transaction Price to:	OmniAmerican	Minimum	Peer Group		
			Mean	Median	Maximum
Tangible Book Value Per Share	1.47x	1.07x	1.47x	1.51x	1.88x
Core Deposit Premium	14.1%	2.4%	8.5%	11.0%	13.4%
LTM EPS	43.6x	23.8x	36.0x	28.7x	64.3x
One-Day Market Premium	16.8%	1.6%	25.1%	31.8%	39.2%
30-Day Market Premium	17.7%	5.4%	26.6%	30.7%	43.6%

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KBW also reviewed publicly available information related to 8 bank and thrift transactions announced in the last twelve months prior to April 25, 2014 with targets headquartered in Texas, positive LTM earnings per share and transaction values between \$50 million and \$500 million. The transactions exclude terminated transactions and mergers of equals. The selected transactions included in the group were:

<b>Acquiror:</b>	<b>Acquired Company:</b>
CBFH, Inc.	MC Bancshares, Inc.
IBERIABANK Corporation	First Private Holdings, Inc.
BancorpSouth, Inc.	Central Community Corporation
ViewPoint Financial Group, Inc.	LegacyTexas Group, Inc.
Independent Bank Group, Inc.	BOH Holdings, Inc.
East West Bancorp, Inc.	MetroCorp Bancshares, Inc.
Cullen/Frost Bankers, Inc.	WNB Bancshares, Inc.
Prosperity Bancshares, Inc.	FVNB Corp.

For each selected transaction, KBW derived the ratio of the transaction consideration value per common share paid for the acquired company to the following, in each case based on the latest publicly available financial statements of the acquired company available prior to the announcement of the acquisition:

Tangible book value per share of the acquired company;

Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000); and

LTM EPS of the acquired company

The above transaction multiples for the selected transactions were compared with the corresponding transaction multiples for the proposed mergers based on the implied value of the merger consideration of \$26.62 per share of OmniAmerican common stock and using historical financial information for OmniAmerican as of December 31, 2013.

The results of the analysis are set forth in the following table:

Transaction Price to:	OmniAmerican	Minimum	Peer Group		
			Mean	Median	Maximum
Tangible Book Value Per Share	1.47x	1.64x	2.18x	2.13x	2.84x
Core Deposit Premium	14.1%	10.9%	13.4%	12.6%	18.4%
LTM EPS	43.6x	12.8x	23.1x	17.6x	44.4x

No company or transaction used as a comparison in the above selected transaction analyses is identical to OmniAmerican or the proposed first merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Relative Contribution Analysis.* KBW analyzed the relative standalone contribution of Southside and OmniAmerican to various pro forma balance sheet and income statement items and the pro forma market capitalization of the combined entity. This analysis excluded purchase accounting adjustments. To perform this analysis, KBW used (i) balance sheet data for Southside and OmniAmerican as of December 31, 2013, (ii) consensus "street" estimates for 2014 and 2015 EPS estimates for Southside and OmniAmerican (which, in the case of OmniAmerican, reflected the sole public research analyst covering OmniAmerican) and (iii) market price data as of April 25, 2014. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the

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implied pro forma ownership percentages of Southside and OmniAmerican shareholders in the combined company based on the 0.4459x actual exchange ratio of the stock consideration in the first merger and an 0.8918x hypothetical exchange ratio assuming 100% stock consideration:

	Southside as a % of total	OmniAmerican as a % of total
<b>Ownership:</b>		
At Effective Exchange Ratio (0.4459x)	79%	21%
At 100% Stock Exchange Ratio (0.8918x)	66%	34%
<b>Balance Sheet:</b>		
Assets	71%	29%
Gross Loans Held for Investment	62%	38%
Deposits	76%	24%
Tangible Common Equity	53%	47%
<b>Income Statement:</b>		
2014 GAAP Net Income	82%	18%
2015 GAAP Net Income	83%	17%
<b>Market Capitalization:</b>		
Market Capitalization on 4/25/2014	69%	31%

- (1) Per Southside management, included reduction in number of outstanding shares of OmniAmerican common stock at closing by number of shares required to retire the existing OmniAmerican ESOP loan.

*Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of OmniAmerican, taking into account merger-related cost savings estimates, loan credit mark adjustments, other acquisition adjustments and restructuring charges. In this analysis, KBW used financial forecasts and projections relating to the earnings and assets of OmniAmerican based on consensus "street" estimates (which reflected the estimates of the sole public research analyst covering OmniAmerican) for 2014 and 2015 earnings at the direction of Southside management and assumed long-term growth rates that were prepared, and provided to KBW, by Southside management. KBW assumed discount rates ranging from 9.0% to 13.0. The ranges of values were derived by adding (i) the present value of the estimated free cash flows that OmniAmerican could generate over the period from 2014 to 2020, (ii) the present value of OmniAmerican's implied terminal value at the end of such period, and (iii) the present value of cost savings estimates, loan credit mark adjustments, other acquisition adjustments and restructuring charges provided to KBW by Southside management. KBW assumed that OmniAmerican would maintain a tangible common equity ratio of 8.00% and would retain sufficient earnings to maintain that level based on these assumptions. Any free cash flows in excess of what would need to be retained were assumed to represent dividendable cash flows for OmniAmerican. In calculating the terminal value of OmniAmerican, KBW applied a range of 13.0x to 16.0x estimated 2020 earnings. This discounted cash flow analysis resulted in a range of implied values per share of OmniAmerican common stock of approximately \$26.54 per share to \$33.52 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of OmniAmerican.



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*Pro Forma Financial Impact Analysis.* KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Southside and OmniAmerican. Using closing balance sheet estimates as of December 31, 2014 for Southside and OmniAmerican based on publicly available consensus "street" estimates at the direction of Southside management, 2015 consensus "street" earnings estimates for Southside and OmniAmerican (which, in the case of OmniAmerican, reflected the estimate of the sole public research analyst covering OmniAmerican), 2016 earnings estimates based on assumed long term growth rates of 5.0% for Southside and 7.0% for OmniAmerican that were prepared, and provided to KBW, by Southside management, and pro forma assumptions (including purchase accounting assumptions, cost savings and related expenses) provided by Southside management, KBW analyzed the potential financial impact of the mergers on certain projected financial results of Southside. Per Southside management, this analysis included the reduction in the number of outstanding shares of OmniAmerican common stock at closing by the number of shares required to retire the existing OmniAmerican ESOP loan. This analysis indicated the mergers could be accretive to Southside's 2015 and 2016 estimated EPS and dilutive to Southside's estimated tangible book value per share as of December 31, 2014. Furthermore, the analysis indicated that, pro forma for the proposed mergers, each of Southside's tangible common equity to tangible assets ratio, leverage ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of December 31, 2014 could be lower. For all of the above (including the specific long term growth rates indicated above that were prepared, and provided to KBW, by Southside management and that KBW was directed by Southside management to use), the actual results achieved by Southside following the mergers may vary from the projected results, and the variations may be material.

*Miscellaneous.* KBW acted as financial advisor to Southside in connection with the proposed mergers, and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, or sell securities to, Southside and OmniAmerican. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Southside and OmniAmerican for its own account and for the accounts of its customers. KBW's proprietary and aggregate employee positions in Southside and OmniAmerican as of the date of the KBW opinion were disclosed to Southside.

Pursuant to KBW's engagement agreement, Southside agreed to pay KBW a cash fee equal to 1.0% of the aggregate merger consideration, of which \$25,000 became payable to KBW in connection with its engagement, \$250,000 of which became payable to KBW upon the rendering of the opinion, and the balance of which is contingent upon the completion of the first merger. In addition, Southside agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities, including liabilities under the federal securities laws. Other than in connection with this present engagement, during the two years preceding the date of its opinion, KBW did not provide investment banking and financial advisory services to Southside. During the two years preceding the date of its opinion, KBW did not provide investment banking and financial advisory services to OmniAmerican. KBW may in the future provide investment banking and financial advisory services to Southside and OmniAmerican and receive compensation for such services.

**Opinion of OmniAmerican's Financial Advisor**

By letter dated December 20, 2012, OmniAmerican retained Sandler O'Neill to act as its financial advisor in the event of a sale of OmniAmerican. OmniAmerican engaged Sandler O'Neill because it is

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a nationally recognized investment banking firm whose principal business specialty is financial institutions. As part of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

At a meeting of the board of directors of OmniAmerican on April 28, 2014, Sandler O'Neill delivered to the board of directors its oral opinion, subsequently followed by delivery of its written opinion, that, as of such date, the merger consideration was fair to the holders of OmniAmerican common stock from a financial point of view. **The full text of Sandler O'Neill's written opinion dated April 28, 2014 is attached as Annex C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. OmniAmerican stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed first merger.**

Sandler O'Neill's opinion speaks only as of the date of its opinion. The opinion was directed to OmniAmerican's board and is directed only to the fairness of the merger consideration to OmniAmerican's stockholders from a financial point of view. It does not address the underlying business decision of OmniAmerican to engage in the first merger or any other aspect of the first merger and is not a recommendation to any OmniAmerican stockholder as to how such stockholder should vote at the special meeting with respect to the first merger or any other matter.

In connection with rendering its April 28, 2014 opinion, Sandler O'Neill reviewed and considered, among other things:

the merger agreement;

certain publicly available financial statements and other historical financial information of OmniAmerican that Sandler O'Neill deemed relevant;

certain publicly available financial statements and other historical financial information of Southside that Sandler O'Neill deemed relevant;

publicly available analyst earnings estimates for OmniAmerican for the years ending December 31, 2014 and December 31, 2015, and a long-term earnings per share growth rate for the years thereafter as provided by and discussed with the senior management of OmniAmerican;

publicly available median analyst earnings estimates for Southside for the years ending December 31, 2014 and December 31, 2015, and a long-term earnings per share growth rate for the years thereafter as provided by and discussed with the senior management of Southside;

the pro forma financial impact of the first merger on Southside based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies as prepared by and/or reviewed and discussed with the senior management of Southside;

a comparison of certain financial and other information for OmniAmerican and Southside, including relevant stock trading information, with similar publicly available information for certain other commercial banks, the securities of which are publicly traded;

the terms and structures of other recent mergers and acquisition transactions in the commercial banking sector;

the current market environment generally and the commercial banking environment in particular; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

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Sandler O'Neill also discussed with certain members of senior management of OmniAmerican the business, financial condition, results of operations and prospects of OmniAmerican and held similar discussions with certain members of senior management of Southside regarding the business, financial condition, results of operations and prospects of Southside.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O'Neill from public sources, that was provided to Sandler O'Neill by OmniAmerican and Southside or their respective representatives or that was otherwise reviewed by Sandler O'Neill and has assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill has further relied on the assurances of the respective managements of OmniAmerican and Southside that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill has not been asked to and has not undertaken an independent verification of any of such information and Sandler O'Neill does not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of OmniAmerican and Southside or any of their respective subsidiaries. Sandler O'Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of OmniAmerican and Southside. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of OmniAmerican and Southside, or the combined entity after the mergers and Sandler O'Neill has not reviewed any individual credit files relating to OmniAmerican and Southside. Sandler O'Neill assumed, with the consent of OmniAmerican, that the respective allowances for loan losses for both OmniAmerican and Southside are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler O'Neill used publicly available earnings projections and long-term earnings per share growth rates for the years thereafter as provided by and discussed with the senior managements of OmniAmerican and Southside. Sandler O'Neill also received and used in its analyses certain projections of transaction costs, purchase accounting adjustments, expected cost savings and other synergies which were prepared by and/or reviewed with the senior management of Southside. With respect to those projections, estimates and judgments, the respective managements of OmniAmerican and Southside confirmed to Sandler O'Neill that those projections, estimates and judgments reflected the best currently available projections, estimates and judgments of those respective managements of the future financial performance of OmniAmerican and Southside, respectively, and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expresses no opinion as to such estimates or the assumptions on which they are based. Sandler O'Neill has also assumed that there has been no material change in OmniAmerican's and Southside's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill has assumed in all respects material to its analysis that OmniAmerican and Southside will remain as going concerns for all periods relevant to its analyses, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to the agreements will perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the merger agreement are not waived and that the mergers will qualify as a tax-free reorganization for federal income tax purposes. Finally, with OmniAmerican's consent, Sandler O'Neill has relied upon the advice OmniAmerican has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the mergers and the other transactions contemplated by the merger agreement.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date of its opinion. Events occurring after the date of the opinion could materially affect the opinion. Sandler O'Neill has

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not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of the opinion.

Sandler O'Neill's opinion is directed to the board of directors of OmniAmerican in connection with its consideration of the first merger and does not constitute a recommendation to any stockholder of either OmniAmerican or Southside as to how any such stockholder should vote at any meeting of stockholders called to consider and vote upon the first merger. Sandler O'Neill's opinion is directed only to the fairness, from a financial point of view, of the per share merger consideration to holders of OmniAmerican common stock and does not address the underlying business decision of OmniAmerican to engage in the first merger, the relative merits of the first merger as compared to any other alternative business strategies that might exist for OmniAmerican or the effect of any other transaction in which OmniAmerican might engage. The opinion shall not be reproduced or used for any other purposes, without Sandler O'Neill's prior written consent; provided that Sandler O'Neill has consented to its inclusion in any regulatory filings or mailings to stockholders to be completed in connection with the first merger including this joint proxy statement/prospectus. The opinion has been approved by Sandler O'Neill's fairness opinion committee. Sandler O'Neill's does not express any opinion as to the fairness of the amount or nature of the compensation to be received in the first merger by any officer, director, or employees, or class of such persons, relative to the compensation to be received in the first merger by any other stockholder.

In rendering its April 28, 2014 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather Sandler O'Neill made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to OmniAmerican and Southside and no transaction is identical to the first merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of OmniAmerican and Southside and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of OmniAmerican, Southside and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to

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OmniAmerican at the board's April 28, 2014 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. The analysis and opinion of Sandler O'Neill was among a number of factors taken into consideration by OmniAmerican's board in making its determination to approve the merger agreement and the transactions contemplated by the merger agreement (including the first merger) and the analyses described below should not be viewed as determinative of the decision OmniAmerican's board or management with respect to the fairness of the first merger.

At the April 28, 2014 meeting of the OmniAmerican board of directors, Sandler O'Neill presented certain financial analyses of the first merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler O'Neill or the presentation made by Sandler O'Neill to the OmniAmerican board of directors, but is instead a summary of the material analyses performed and presented in connection with the opinion.

*Summary of Proposal*

Sandler O'Neill reviewed the financial terms of the proposed transaction. Stockholders will receive an amount equal to (i) \$13.125 in cash (ii) 0.4459x shares of Southside common stock. The aggregate transaction value of approximately \$313.9 million; \$306.2 million OmniAmerican ESOP adjusted(1), referenced in Sandler O'Neill's opinion, is based upon Southside's closing stock price of \$29.44 on March 6, 2014, the indication of interest submission date and adjusted for Southside's 5.0% stock dividend that was paid on May 1, 2014. Based upon financial information as or for the twelve month period ended December 31, 2013, Sandler O'Neill calculated the following transaction ratios:

Transaction Value per Share / Last Twelve Months Earnings per Share:	43.6x
Transaction Value per Share / 2014 Analyst Estimated Earnings per Share:	32.5x
Transaction Value per Share / 2015 Analyst Estimated Earnings per Share:	33.3x
Transaction Value per Share / Book Value per Share:	147%
Transaction Value per Share / Tangible Book Value per Share:	147%
Transaction Value per Share / Adjusted(2) Tangible Book Value per Share:	202%
Tangible Book Premium / Core Deposits(3):	14.5%
Market Premium as of April 25, 2014:	17.0%

- (1) Aggregate transaction value based on the number of common shares outstanding after the OmniAmerican ESOP loan is retired using unallocated OmniAmerican ESOP shares
- (2) Based on a "normalized" TCE/TA ratio of 7.49% (median seller's TCE/TA ratio in comparable Southwest region merger transactions). Assumes paying dollar for dollar on all excess and a multiple on "normalized" common equity. TCE/TA is defined as the ratio achieved from dividing a company's tangible common equity by the company's tangible assets.
- (3) Core deposits exclude CD accounts greater than \$100,000

*OmniAmerican: Share Trading History*

Sandler O'Neill reviewed the history of the reported trading prices and volume of OmniAmerican's common shares and the relationship between the movements in the prices of OmniAmerican's common shares to movements in certain stock indices, including the S&P Bank Index, NASDAQ Bank Index and S&P 500 Index.

As reflected in the table shown below, OmniAmerican's common shares underperformed the various indices to which it was compared over a one year horizon.

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## OmniAmerican's One Year Stock Performance

	Beginning Index Value April 25, 2013	Ending Index Value April 25, 2014
OmniAmerican	100.0%	89.7%
S&P Bank Index	100.0%	123.4%
NASDAQ Bank Index	100.0%	123.4%
S&P 500 Index	100.0%	117.4%

As reflected in the table shown below, OmniAmerican's common shares outperformed most of the various indices to which it was compared over a three year horizon.

## OmniAmerican's Three Year Stock Performance

	Beginning Index Value April 25, 2011	Ending Index Value April 25, 2014
OmniAmerican	100.0%	151.2%
S&P Bank Index	100.0%	153.0%
NASDAQ Bank Index	100.0%	139.4%
S&P 500 Index	100.0%	139.6%

*Southside: Stock Trading History*

Sandler O'Neill reviewed the history of the reported trading prices and volume of Southside's common shares and the relationship between the movements in the prices of Southside's common shares to movements in certain stock indices, including the S&P Bank Index, NASDAQ Bank Index and S&P 500 Index.

As reflected in the table shown below, Southside's common shares outperformed the various indices to which it was compared over a one year horizon.

## Southside's One Year Stock Performance

	Beginning Index Value April 25, 2013	Ending Index Value April 25, 2014
Southside	100.0%	152.3%
S&P Bank Index	100.0%	123.4%
NASDAQ Bank Index	100.0%	123.4%
S&P 500 Index	100.0%	117.4%

As reflected in the table shown below, Southside's common shares outperformed the various indices to which it was compared over a three year horizon.

## Southside's Three Year Stock Performance

	Beginning Index Value April 25, 2011	Ending Index Value April 25, 2014
Southside	100.0%	168.6%
S&P Bank Index	100.0%	153.0%
NASDAQ Bank Index	100.0%	139.6%
S&P 500 Index	100.0%	139.4%

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*OmniAmerican: Comparable Company Analysis*

Sandler O'Neill used publicly available information to compare selected financial and market trading information for OmniAmerican and a group of regional banks and thrifts selected by Sandler O'Neill.

The OmniAmerican Peer Group consisted of all publicly traded commercial banks and thrifts headquartered in the Southwest region with total assets between \$500 million and \$3.5 billion, but excludes targets of announced transactions:

Citizens National Bancshares of Bossier, Inc.	Independent Bank Group, Inc.
CoBiz Financial Inc.	Jeff Davis Bancshares, Inc.
First Guaranty Bancshares, Inc.	MidSouth Bancorp, Inc.
First NBC Bank Holding Company	North Dallas Bank & Trust Co.
Guaranty Bancorp	Southside Bancshares, Inc.
Home Bancorp, Inc.	Southwest Bancorp, Inc.

The analysis compared publicly available financial and market trading information for OmniAmerican and the median financial and market trading information for the OmniAmerican peer group for the twelve-month period ended December 31, 2013, unless otherwise noted as information for the twelve-month period ended March 31, 2014. The table below sets forth the data for OmniAmerican and the median data for the OmniAmerican peer group as of and for the twelve-month period ended December 31, 2013, with pricing data as of April 25, 2014.

OmniAmerican Comparable Group Analysis

	<b>Omni- American</b>	<b>Peer Group Mean/Median</b>
Total Assets (in millions)	\$ 1,391	\$1,892 / \$1,906
Tangible Common Equity / Tangible Assets	14.89%	9.28% / 9.44%
Return on Average Assets	0.48%	0.92% / 0.92%
Return on Average Tangible Common Equity	3.1%	10.8% / 10.8%
Net Interest Margin	3.30%	3.73% / 3.77%
Efficiency Ratio	78.94%	67.8% / 67.9%
Loan Loss Reserve / Gross Loans	0.78%	1.38% / 1.38%
Nonperforming Assets / Total Assets(1)	0.53%	1.11% / 0.68%
Net Charge-offs / Average Loans	0.34%	0.13% / 0.07%
Price / Tangible Book Value	126%	167% / 143%
Price / Last Twelve Months Earnings per Share	37.3x	17.1x / 14.8x
Price / Est. 2014 Earnings per Share(2)	27.7x	16.5x / 14.5x
Price / Est. 2015 Earnings per Share(3)	28.4x	14.3x / 14.0x
Current Dividend Yield	0.9%	2.1% / 1.6%
Last Twelve Months Dividend Ratio	8.2%	22.9% / 18.5%
Market Capitalization (in millions)	\$ 263	\$320 / \$224

(1) Nonperforming assets include nonaccrual loans and leases, renegotiated loans and leases, and foreclosed or repossessed assets

(2) Closing price divided by median analyst estimate for 2014 as of April 25, 2014; Source: FactSet First Call

(3) Closing price divided by median analyst estimate for 2015 as of April 25, 2014; Source: FactSet First Call



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*Southside: Comparable Company Analysis*

Sandler O'Neill used publicly available information to compare selected financial and market trading information for Southside and a group of nationwide commercial banks selected by Sandler O'Neill.

The Southside Peer Group consisted of all publicly traded banks and thrifts headquartered in the Southwest region with assets between \$1.0 and \$6.0 billion, but excluded targets of announced transactions:

CoBiz Financial Inc.	MidSouth Bancorp, Inc.
First Financial Bankshares, Inc.	National Bank Holdings Corporation
First Guaranty Bancshares, Inc.	North Dallas Bank & Trust Co.
First NBC Bank Holding Company	OmniAmerican Bancorp, Inc.
Guaranty Bancorp	Southwest Bancorp, Inc.
Independent Bank Group, Inc.	ViewPoint Financial Group, Inc.

The analysis compared publicly available financial and market trading information for Southside and the median financial and market trading information for the Southwest peer group for the twelve-month period ended December 31, 2013, unless otherwise noted as information for the twelve-month period ended March 31, 2014. The table below sets forth the data for Southside and the median data for the Southside peer group as of and for the twelve-month period ended December 31, 2013, with pricing data as of April 25, 2014. Please note the peer financials are not pro forma for any pending acquisitions.

Southside Comparable Group Analysis

	Southside	Peer Group Mean / Median
Total Assets (in millions)	\$ 3,446	\$2,665 / \$2,088
Tangible Common Equity / Tangible Assets	6.93%	10.67% / 10.07%
Return on Average Assets	1.22%	0.85% / 0.87%
Return on Average Tangible Common Equity	18.2%	9.3% / 9.6%
Net Interest Margin	3.69%	3.59% / 3.72%
Efficiency Ratio	57.3%	69.0% / 68.4%
Loan Loss Reserve / Gross Loans	1.40%	1.30% / 1.32%
Nonperforming Assets / Total Assets(1)	0.39%	1.09% / 0.81%
Net Chargeoffs / Average Loans	0.96%	0.08% / 0.07%
Price / Tangible Book Value	240%	183% / 163%
Price / Last Twelve Months Earnings per Share	13.8x	21.8x / 18.0x
Price / Est. 2014 Earnings per Share(2)	14.5x	19.3x / 20.8x
Price / Est. 2015 Earnings per Share(3)	14.0x	17.7x / 17.5x
Current Dividend Yield	2.6%	1.6% / 1.4%
Last Twelve Months Dividend Ratio	40.0%	36.7% / 19.7%
Market Capitalization (in millions)	\$ 569	\$582 / \$372

(1) Nonperforming assets include nonaccrual loans and leases, renegotiated loans and leases, and foreclosed or repossessed assets

(2) Closing price divided by median analyst estimate for 2014 as of April 25, 2014; Source: FactSet First Call

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- (3) Closing price divided by median analyst estimate for 2015 as of April 25, 2014; Source: FactSet First Call

#### *Analysis of Selected Merger Transactions*

Sandler O'Neill reviewed 13 merger transactions announced from January 1, 2011 through April 25, 2014 involving banks and thrifts headquartered in the Southwest region with an announced deal value between \$100 million and \$500 million where target Most Recent Quarter Nonperforming Assets / Total Assets were less than 4.0% at announcement.

BancorpSouth, Inc./ Central Community Corporation	Cullen/Frost Bankers, Inc./ WNB Bancshares, Inc.
IBERIABANK Corporation/ Teche Holding Company	Prosperity Bancshares, Inc./ FVNB Corp.
BancorpSouth, Inc./ Ouachita Bancshares Corp.	Cadence Bancorp, LLC/ Encore Bancshares, Inc.
ViewPoint Financial Group, Inc./ LegacyTexas Group, Inc.	Prosperity Bancshares, Inc./ Coppermark Bancshares, Inc.
Independent Bank Group, Inc./ BOH Holdings, Inc.	Carlisle Bancshares, Inc./ Northstar Financial Corporation
East West Bancorp, Inc./ MetroCorp Bancshares, Inc.	IBERIABANK Corporation/ Cameron Bancshares, Inc.
Prosperity Bancshares, Inc./ F & M Bancorporation Inc.	

Additionally, Sandler O'Neill reviewed 22 merger transactions announced from January 1, 2011 through April 25, 2014 involving nationwide banks and thrifts with an announced deal value between \$200 - \$400 million and target Most Recent Quarter Nonperforming Assets / Total Assets were less than 4.0% at announcement.

Bank of the Ozarks, Inc./ Summit Bancorp, Inc.	Prosperity Bancshares, Inc./ FVNB Corp.
Yadkin Financial Corporation/ VantageSouth Bancshares, Inc.	Home BancShares, Inc./ Liberty Bancshares, Inc.
BancorpSouth, Inc./ Central Community Corporation	Provident New York Bancorp/ Sterling Bancorp
Center Bancorp, Inc./ ConnectOne Bancorp, Inc.	SCBT Financial Corporation/ First Financial Holdings, Inc.
ViewPoint Financial Group, Inc./ LegacyTexas Group, Inc.	PacWest Bancorp/ First California Financial Group, Inc.
Rockville Financial, Inc./ United Financial Bancorp, Inc.	NBT Bancorp Inc./ Alliance Financial Corporation
Heritage Financial Corporation/ Washington Banking Company	Cadence Bancorp, LLC/ Encore Bancshares, Inc.
Cascade Bancorp/ Home Federal Bancorp, Inc.	Susquehanna Bancshares, Inc./ Tower Bancorp, Inc.
East West Bancorp, Inc./ MetroCorp Bancshares, Inc.	Valley National Bancorp/ State Bancorp, Inc.
Prosperity Bancshares, Inc./ F & M Bancorporation Inc.	Brookline Bancorp, Inc./ Bancorp Rhode Island, Inc.
Cullen/Frost Bankers, Inc./ WNB Bancshares, Inc.	Susquehanna Bancshares, Inc./ Abington Bancorp, Inc.

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Sandler O'Neill reviewed the following multiples: transaction price to last twelve months' earnings per share, transaction price to estimated earnings per share, transaction price to stated book value, transaction price to stated tangible book value, core deposit premium, and transaction price to seller price two days before announcement. As illustrated in the following table, Sandler O'Neill compared the proposed merger multiples to the median multiples of comparable transactions.

## Comparable Merger Transactions

	Southside/ OmniAmerican	Southwest Mean / Median Result	Nationwide Mean / Median Result
Transaction Price / Last Twelve Months Earnings per Share	43.6x	16.8x / 16.6x	21.9x / 17.8x
Price per Share / Current Year Median Analyst Estimated Earnings per Share:	32.5x	22.7x / 23.9x	20.6x / 20.5x
Transaction Price / Book Value	147%	197% / 185%	162% / 155%
Transaction Price / Tangible Book Value	147%	211% / 212%	182% / 169%
Tangible Book Premium / Core Deposits	14.5%	12.4% / 12.5%	10.3% / 10.8%
Transaction Price / Seller Price 2 Days Before Announcement(1)	17.0%	37.7% / 37.7%	25.1% / 19.0%

(1)

Based on OmniAmerican's market premium reflecting closing price of \$22.75 as of April 25, 2014

*OmniAmerican: Net Present Value Analysis*

Sandler O'Neill performed an analysis that estimated the present value per OmniAmerican common shares through December 31, 2018, assuming that OmniAmerican performed in accordance with publicly available analyst earnings estimates for the years ending December 31, 2014 and December 31, 2015, and a long-term earnings per share growth rate of 7.00% for the years thereafter provided by and discussed with the senior management of OmniAmerican. To approximate the terminal value of OmniAmerican common shares at December 31, 2018, Sandler O'Neill applied price to current year estimated earnings multiples of 12.0x to 22.0x and multiples of tangible book value ranging from 100% to 225%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 9.5% to 15.5%, which were assumed deviations, as selected by Sandler O'Neill based on OmniAmerican's discount rate of 15.38% as determined by Sandler O'Neill. The discount rate is determined by adding the 10 year Treasury Bond rate as of April 25, 2014 (2.67%), the published Ibbotson 60 year equity risk premium (5.70%), the published Ibbotson size premium for companies with a market value between \$1.0 million to \$514.2 million (3.81%), and the published Ibbotson Industry Premium (3.20%) for depository institutions.

Sandler O'Neill also considered and discussed with the OmniAmerican board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming OmniAmerican's net income varied from 25% above projections to 25% below projections, using a discount rate of 12.5% for the tabular analysis.

As illustrated in the following tables, this analysis indicated an imputed range of values per share for OmniAmerican common shares of \$6.61 to \$14.80 when applying the price/earnings multiples to the matched budget, \$12.11 to \$33.92 when applying multiples of tangible book value to the matched

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budget, and \$5.76 to \$16.14 when applying the price/earnings multiples to the -25% / +25% budget range and assuming the discount rate midpoint of 12.5%.

Discount Rate	Earnings Per Share Multiples					
	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
9.5%	\$ 8.42	\$ 9.70	\$ 10.97	\$ 12.25	\$ 13.52	\$ 14.80
10.5%	\$ 8.08	\$ 9.30	\$ 10.52	\$ 11.74	\$ 12.96	\$ 14.18
11.5%	\$ 7.75	\$ 8.92	\$ 10.09	\$ 11.26	\$ 12.43	\$ 13.60
12.5%	\$ 7.45	\$ 8.57	\$ 9.69	\$ 10.81	\$ 11.93	\$ 13.05
13.5%	\$ 7.15	\$ 8.23	\$ 9.30	\$ 10.38	\$ 11.45	\$ 12.53
14.5%	\$ 6.87	\$ 7.90	\$ 8.94	\$ 9.97	\$ 11.00	\$ 12.03
15.5%	\$ 6.61	\$ 7.60	\$ 8.59	\$ 9.58	\$ 10.57	\$ 11.56

Discount Rate	Tangible Book Value Multiples					
	100%	125%	150%	175%	200%	225%
9.5%	\$ 15.51	\$ 19.19	\$ 22.88	\$ 26.56	\$ 30.24	\$ 33.92
10.5%	\$ 14.87	\$ 18.40	\$ 21.92	\$ 25.45	\$ 28.98	\$ 32.51
11.5%	\$ 14.26	\$ 17.64	\$ 21.02	\$ 24.40	\$ 27.78	\$ 31.16
12.5%	\$ 13.68	\$ 16.92	\$ 20.16	\$ 23.40	\$ 26.64	\$ 29.88
13.5%	\$ 13.13	\$ 16.24	\$ 19.34	\$ 22.45	\$ 25.55	\$ 28.66
14.5%	\$ 12.61	\$ 15.59	\$ 18.57	\$ 21.55	\$ 24.52	\$ 27.50
15.5%	\$ 12.11	\$ 14.97	\$ 17.83	\$ 20.69	\$ 23.55	\$ 26.40

Over/(Under) Budget Rate	Earnings Per Share Multiples					
	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
(25.0)%	\$ 5.76	\$ 6.60	\$ 7.45	\$ 8.29	\$ 9.13	\$ 9.97
(20.0)%	\$ 6.10	\$ 7.00	\$ 7.89	\$ 8.79	\$ 9.69	\$ 10.49
(15.0)%	\$ 6.44	\$ 7.39	\$ 8.34	\$ 9.30	\$ 10.25	\$ 11.20
(10.0)%	\$ 6.77	\$ 7.78	\$ 8.79	\$ 9.80	\$ 10.81	\$ 11.82
(5.0)%	\$ 7.11	\$ 8.17	\$ 9.24	\$ 10.31	\$ 11.37	\$ 12.44
0.0%	\$ 7.45	\$ 8.57	\$ 9.69	\$ 10.81	\$ 11.93	\$ 13.05
5.0%	\$ 7.78	\$ 8.96	\$ 10.14	\$ 11.31	\$ 12.49	\$ 13.67
10.0%	\$ 8.12	\$ 9.35	\$ 10.59	\$ 11.82	\$ 13.05	\$ 14.29
15.0%	\$ 8.45	\$ 9.74	\$ 11.03	\$ 12.32	\$ 13.61	\$ 14.90
20.0%	\$ 8.79	\$ 10.14	\$ 11.48	\$ 12.83	\$ 14.17	\$ 15.52
25.0%	\$ 9.13	\$ 10.53	\$ 11.93	\$ 13.33	\$ 14.73	\$ 16.14

#### *Southside: Net Present Value Analysis*

Sandler O'Neill performed an analysis that estimated the present value per common share of Southside through December 31, 2018, assuming that Southside performed in accordance with publicly available median analyst earnings estimates for the years ending December 31, 2014 and December 31, 2015, and a long-term earnings per share growth rate of 5.00% for the years thereafter as provided by and discussed with the senior management of Southside. To approximate the terminal value of Southside common stock at December 31, 2018, Sandler O'Neill applied price to current year estimated earnings multiples of 14.0x to 24.0x and multiples of tangible book value ranging from 125% to 250%. The terminal values were then discounted to present values using different discount rates ranging from 6.0% to 9.0%, which were assumed deviations, as selected by Sandler O'Neill based on the Southside discount rate of 7.32% as determined by Sandler O'Neill. The discount rate is determined by adding the 10 year Treasury Bond rate as of April 25, 2014 (2.67%) to the product of the published Ibbotson

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60 year equity risk premium (5.70%) and 2 year beta of Southside's stock (81.50%) as of April 25, 2014.

Sandler O'Neill also considered and discussed with the OmniAmerican board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming Southside's net income varied from 25% above projections to 25% below projections, using a discount rate of 7.32% for the tabular analysis.

As illustrated in the following tables, this analysis indicated an imputed range of values per share for Southside common stock of \$26.31 to \$48.77 when applying the price/earnings multiples to the matched budget, \$19.45 to \$40.46 when applying multiples of tangible book value to the matched budget, and \$22.15 to \$56.52 when applying the price/earnings multiples to the -25% / +25% budget range and assuming a discount rate of 7.32%.

		<b>Earnings Per Share Multiples</b>					
<b>Discount Rate</b>		<b>14.0x</b>	<b>16.0x</b>	<b>18.0x</b>	<b>20.0x</b>	<b>22.0x</b>	<b>24.0x</b>
6.0%	\$	30.02	33.77	37.52	41.27	45.02	48.77
6.5%	\$	29.36	33.02	36.68	40.34	44.01	47.67
7.0%	\$	28.71	32.29	35.87	39.45	43.02	46.60
7.5%	\$	28.09	31.58	35.08	38.57	42.07	45.56
8.0%	\$	27.48	30.89	34.31	37.72	41.14	44.55
8.5%	\$	26.89	30.22	33.56	36.90	40.23	44.57
9.0%	\$	26.31	29.57	32.83	36.09	39.25	42.62

		<b>Tangible Book Value Multiples</b>					
<b>Discount Rate</b>		<b>125%</b>	<b>150%</b>	<b>175%</b>	<b>200%</b>	<b>225%</b>	<b>250%</b>
6.0%	\$	22.12	25.79	29.46	33.12	36.79	40.46
6.5%	\$	21.65	25.23	28.81	32.39	35.97	39.55
7.0%	\$	21.18	24.68	28.18	31.68	35.18	38.67
7.5%	\$	20.73	24.15	27.57	30.98	34.40	37.82
8.0%	\$	20.29	23.63	26.97	30.31	33.65	36.99
8.5%	\$	19.86	23.13	26.39	29.65	32.91	36.18
9.0%	\$	19.45	22.64	25.82	29.01	32.20	35.39

		<b>Earnings Per Share Multiples</b>					
<b>Over/(Under) Budget Rate</b>		<b>14.0x</b>	<b>16.0x</b>	<b>18.0x</b>	<b>20.0x</b>	<b>22.0x</b>	<b>24.0x</b>