SOUTHSIDE BANCSHARES CORP
Form 424B3
August 07, 2001

Rule 424(b)(3) Prospectus (Reg. No. 333-63212)

ALLEGIANT BANCORP, INC. | SOUTHSIDE BANCSHARES CORP.

MERGER PROPOSED--YOUR VOTE IS VERY IMPORTANT

Allegiant Bancorp, Inc. has agreed to acquire Southside Bancshares Corp. This proposed strategic business combination will create the fifth largest banking institution headquartered in the State of Missouri. Following the merger, the merged company will have assets of $2.0 billion, $1.3 billion in loans and over $1.5 billion in deposits, with total shareholders' equity of $139.5 million.

In the merger, each share of Southside common stock that you hold will be converted into the right to receive either 1.39 shares of common stock of the merged company, $14.00 in cash, or a combination of the two. Each Southside shareholder will have the opportunity to elect the form of consideration to be received, subject to a reallocation, so that one-half of the Southside common stock outstanding is converted into cash and the remainder is converted into common stock of the merged company. We expect that the merger will be tax-free for all Allegiant Bancorp shareholders and for Southside shareholders with respect to the stock of the merged company they receive. Southside shareholders who receive cash in the merger may have to recognize income or gain.

THE EXCHANGE RATIO IS FIXED, MEANING THAT IT WILL NOT BE ADJUSTED BASED ON CHANGES IN THE PRICES OF THE COMMON STOCK OF ALLEGIANT BANCORP OR SOUTHSIDE PRIOR TO THE CLOSING. Therefore, the value of the merged company's common stock, if any, which you will receive in the merger is not fixed.

Based on the closing price of Allegiant Bancorp common stock of $14.25 on July 31, 2001, the 1.39 exchange ratio represented approximately $19.81 in value for each share of Southside common stock to be converted into shares of the merged company's common stock in the merger. We urge you to obtain current market price quotations for Allegiant Bancorp and Southside common stock. The common stock of Allegiant Bancorp is traded on the Nasdaq National Market under the symbol "ALLE." The common stock of Southside is traded on the Nasdaq Small Cap Market under the symbol "SBCO."

For tax reasons which are discussed in this joint proxy statement/prospectus, the form of the transaction calls for Allegiant Bancorp to merge into Southside. However, simultaneously with the merger, the merged company will change its name to "Allegiant Bancorp, Inc." and the board of directors and executive officers of Allegiant Bancorp will be the board of directors and executive officers of the merged company, except that Southside will designate two persons to serve on the merged company's board of directors. In addition, the articles of incorporation and bylaws of the merged company will be substantially similar to those of Allegiant Bancorp, as described in this joint proxy statement/prospectus. Accordingly, the merged company will effectively be Allegiant Bancorp. Immediately after the merger, Allegiant Bancorp's and Southside's shareholders will hold approximately 61% and 39%, respectively, of the merged company's common stock.

Each company will hold a meeting of its shareholders to vote on this

merger proposal. Whether or not you plan to attend your meeting, please take the time to vote by completing and mailing the enclosed proxy card. The date of both the Allegiant Bancorp and Southside meetings is September 12, 2001. We enthusiastically join the other members of our respective boards of directors in unanimously recommending that our respective shareholders vote "FOR" the merger.

/s/ Marvin S. Wool	/s/ Norville K. McClain
Marvin S. Wool	Norville K. McClain
Chairman of the Board Allegiant Bancorp, Inc.	Chairman of the Board Southside Bancshares Corp.

FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER IN EVALUATING THE MERGER, SEE "RISK FACTORS" BEGINNING ON PAGE 18.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED UNDER THIS DOCUMENT OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED THROUGH THIS DOCUMENT ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF ANY BANK OR NON-BANK SUBSIDIARY OF EITHER OF OUR COMPANIES, AND THEY ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BANK INSURANCE FUND OR ANY OTHER FEDERAL OR STATE GOVERNMENTAL AGENCY.

This joint proxy statement/prospectus is dated August 1, 2001 and is being first mailed on or about August 8, 2001.

SOUTHSIDE BANCSHARES CORP.
3606 GRAVOIS AVENUE
ST. LOUIS, MISSOURI 63116

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 12, 2001

NOTICE IS HEREBY GIVEN that we will hold the annual meeting of shareholders of Southside Bancshares Corp. at South Side National Bank's Telegraph Road facility, located at 4111 Telegraph Road in South St. Louis County, Missouri 63129, at 3:00 p.m. on September 12, 2001. The purpose of the meeting is:

1. To elect four directors, each to serve for a three-year term or until their earlier resignation or removal.

2. To consider a proposal to approve the acquisition of Southside by Allegiant Bancorp, Inc. under the plan of merger set forth in the merger agreement between Southside and Allegiant Bancorp and the transactions contemplated by that agreement. For tax reasons

described in this joint proxy statement/prospectus, the form of the transaction calls for Allegiant Bancorp to merge into Southside, however, Allegiant Bancorp will effectively be the surviving company in the merger. The merged company will be called Allegiant Bancorp, Inc. and Allegiant Bancorp's current board of directors and executive officers generally will serve as the directors and executive officers of the merged company.

3. To act upon any other business that may properly come before the annual meeting or any adjournment thereof.

These items of business are described in the accompanying joint proxy statement/prospectus. You may vote your shares at the annual meeting if you are a shareholder of record on August 1, 2001.

By Order of the Board of Directors

/s/ Laura L. Thomas
Laura L. Thomas
Secretary to the Board

St. Louis, Missouri
August 3, 2001

Please sign, date and return the enclosed proxy as soon as possible, whether or not you plan to attend the meeting. We have enclosed a postage-paid return envelope for your convenience. You may withdraw your proxy at any time prior to or at the meeting.

If your shares are not registered in your own name, please advise the shareholder of record (your bank, broker, etc.) that you wish to attend. The shareholder of record must provide you with evidence of your ownership so that you may be admitted to the meeting.

Shareholders representing a majority of the shares of Southside's outstanding common stock must be present or represented by proxy at the annual meeting for a quorum to be present. To ensure the presence of a quorum at the annual meeting, please return your proxy early.

A majority of your board of directors recommends that you vote "FOR" the nominees for director, and your board of directors unanimously recommends that you vote "FOR" approval of the plan of merger.

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Annex A -- Agreement and Plan of Merger, dated as of April 30, 2001, by and between, Allegiant Bancorp and Southside, as amended

Annex B -- Opinion of Legg Mason Wood Walker, Incorporated to the Board of Directors of Allegiant Bancorp

Annex C -- Opinion of Stifel, Nicolaus & Company, Incorporated to the Board of Directors of Southside

Annex D -- Section 351.455, R.S.Mo. Concerning Dissenters' Rights

Annex E -- Amended and Restated Articles of Incorporation of the Merged Company

Annex F -- Amended and Restated Bylaws of the Merged Company

Annex G -- Southside Audit Committee Charter

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Allegiant Bancorp and Southside from other documents filed with the SEC that are not delivered with or included in this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this joint proxy statement/prospectus, including our respective Annual Reports on Form 10-K, without charge, by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Allegiant Bancorp, Inc.	Southside Bancshares Corp.
2122 Kratky Road	3606 Gravois Avenue
St. Louis, Missouri 63114	St. Louis, Missouri 63116
Attention: Thomas A. Daiber	Attention: Joseph W. Pope
Telephone: (314) 692-8200	Telephone: (314) 416-4111

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY SEPTEMBER 5, 2001 IN ORDER TO RECEIVE THEM BEFORE THE MEETINGS.

See "Where You Can Find More Information" on page 131.

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SHAREHOLDERS' MEETINGS

Q: WHY ARE THE TWO COMPANIES PROPOSING TO MERGE?

A: We believe the merger is in the best interests of both companies and our respective shareholders. Allegiant Bancorp's board of directors believes that the acquisition of Southside will bring together two complementary institutions to create a strategically, operationally and financially strong company that is positioned for further growth. Southside's board of directors believes that merging with Allegiant Bancorp provides significant value to Southside shareholders and the option to participate in the opportunities for growth offered by the merged company.

You should review the reasons for the merger described in greater detail at pages 34 through 41.

Q: WHAT DO I NEED TO DO NOW?

A: You should carefully read and consider the information contained in this document. Then, please fill out, sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at your meeting. If a returned card is signed but does not specify a choice, your proxy will be voted "FOR" the matters being considered at the meeting.

Q: WHAT IF I DON'T VOTE OR I ABSTAIN FROM VOTING?

A: If you do not vote or you abstain from voting, your abstention will count as a "NO" vote on the merger and the related transactions.

Q: IF MY SHARES ARE HELD BY MY BROKER IN "STREET NAME," WILL MY BROKER VOTE MY SHARES FOR ME?

A: Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker to vote your shares. If you do not provide your broker with instructions on how to vote your shares held in "street name," your broker will not be permitted to vote your shares, which will have the effect of a "NO" vote on the merger and the related transactions.

Q: HOW DO SOUTHSIDE SHAREHOLDERS DESIGNATE THE FORM OF MERGER CONSIDERATION THEY DESIRE TO RECEIVE?

A: Each Southside shareholder will have the opportunity to request to receive the form of merger consideration in all cash, all common stock of the merged company or a combination of the two. Once the merger is completed, an election form will be mailed to the Southside shareholders requesting that you designate the form of merger consideration you wish to receive. If you do not return your election form by the date designated on the election form, then you will receive the merger consideration in the form allocated to you in accordance with the merger agreement, which could be cash, common stock of the merged company or a combination of cash and common stock of the merged company.

Q: ARE SOUTHSIDE SHAREHOLDERS GUARANTEED TO RECEIVE THE FORM OF MERGER CONSIDERATION - CASH, COMMON STOCK OR A COMBINATION - THEY REQUEST ON THEIR ELECTION FORMS?

A: No. Because 50% of Southside's outstanding shares will be converted into cash and the other 50% into common stock of the merged company, some shareholders likely will receive a form of consideration they did not

elect or a different proportion of cash and common stock than they elected. For example, if you elect a combination of cash and common stock of the merged company and the holders of more than 50% of the outstanding shares of Southside's common stock elect to receive all stock, you will receive all cash, notwithstanding your election to receive a combination of cash and common stock of the merged company. Alternatively, if you elect a combination of cash and common stock of the merged company and the holders of more than 50% of the outstanding shares of Southside's common stock elect to receive all cash, you will receive all stock, notwithstanding your election to receive a combination of cash and stock. The reallocation procedures are described in greater detail in this joint proxy statement/prospectus.

Q: MAY I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. You may change your vote at any time before your proxy is voted at the meeting. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card. If you choose either of these two methods you must submit your notice of revocation or your new proxy card to your company before its meeting. If you are an Allegiant Bancorp shareholder, submit your

notice of revocation or new proxy card to Allegiant Bancorp, Inc., 2122 Kratky Road, St. Louis, Missouri 63114, Attention: Corporate Secretary. If you are a Southside shareholder, submit your notice of revocation or new proxy card to Southside Bancshares Corp., 4111 Telegraph Road, St. Louis, Missouri 63129, Attention: Laura L. Thomas. Third, you may attend the meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy. You must request a ballot and vote the ballot at the meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: SHOULD I SEND IN MY STOCK CERTIFICATE NOW?

A: No. After the merger is completed, Southside shareholders will receive written instructions for designating the form of merger consideration they wish to receive and exchanging their stock certificates for the consideration to be received by them in the merger. Unless otherwise requested, Allegiant Bancorp shareholders need not do anything with their stock certificates as their stock certificates will automatically represent shares of common stock of the merged company.

SUMMARY

This brief summary highlights selected information from this document.

It does not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which this document refers to fully understand the merger. Many items in this summary include a page reference directing you to a more complete description of that item.

THE MERGER (PAGES 29 - 67)

In the merger, Allegiant Bancorp will acquire Southside. For tax reasons discussed below, the form of the transaction calls for Allegiant Bancorp to merge into Southside. However, the merged company will be called Allegiant Bancorp, Inc. and the existing board of directors and executive officers of Allegiant Bancorp will be the board of directors and executive officers of the merged company, except that Southside will designate two persons to serve on the merged company's board of directors. Accordingly, Allegiant Bancorp effectively will be the merged company. We expect to complete the merger at the end of the third quarter of 2001.

We have attached a copy of the merger agreement to this joint proxy statement/prospectus as Annex A.

OUR REASONS FOR THE MERGER (PAGES 34 - 41)

We are proposing the merger because we believe that:

- the merged company will have an opportunity to grow and compete successfully in a consolidating financial services industry and will be able to achieve financial performance beyond what our two companies could achieve separately;
- we can combine our two operations successfully and manage them more efficiently to create cost savings our two companies could not achieve separately; and
- the combination will permit us to further enhance our presence in our markets and in our core businesses, including those that generate fee income.

WHAT SOUTHSIDE'S SHAREHOLDERS WILL RECEIVE (PAGES 56 - 58)

Upon completion of the merger, each share of Southside common stock will automatically be converted into the right to receive either 1.39 shares of common stock of the merged company, $14.00 in cash, or a combination of the two. On the election form, which will be mailed to Southside shareholders upon completion of the merger, Southside shareholders will have the opportunity to elect the form of merger consideration they prefer to receive. The merger consideration Southside shareholders elect to receive likely will be reallocated so that 50% of the Southside shares will be converted into cash and the other 50% will be converted into common stock of the merged company.

Generally, if a reallocation is necessary:

- first, shares for which election forms were not received will be designated, to the extent necessary on a pro rata basis, to receive the undersubscribed consideration;

- then, if necessary, holders who elected to receive a combination of cash and common stock as merger consideration will be designated, to the extent necessary on a pro rata basis, to receive the undersubscribed consideration; and

- then, if necessary, holders who elected to receive only the oversubscribed consideration will be designated, to the extent necessary on a pro rata basis, to receive the undersubscribed consideration.

The merged company will not issue any fractional shares in the merger. Instead, Southside shareholders will receive cash for any fractional share of common stock owed to them. The amount of cash Southside shareholders will receive for any fractional shares will be calculated by multiplying the fractional share interest by $14.00.

After we complete the merger, Southside shareholders will receive instructions to designate the form of merger consideration they wish to receive and surrender their Southside common stock certificates to receive the cash consideration and/or new certificates representing the merged company's common stock.

Because the exchange ratio is fixed and because the market price of the common stock of the merged company will fluctuate, the market value of the stock

of the merged company you will receive in the merger is not fixed.

WHAT ALLEGIANT BANCORP SHAREHOLDERS WILL RECEIVE (PAGE 30)

Each share of Allegiant Bancorp common stock will be converted into one share of common stock of the merged company. Unless otherwise notified, Allegiant Bancorp shareholders will not need to surrender their stock certificates or exchange them for new ones.

RECOMMENDATIONS (PAGES 39 - 41)

Allegiant Bancorp shareholders. The Allegiant Bancorp board of directors believes that the merger is fair to the Allegiant Bancorp shareholders and in their best interests. Allegiant Bancorp's board unanimously recommends that Allegiant Bancorp shareholders vote "FOR" the merger agreement and the related transactions.

Southside shareholders. The Southside board of directors believes that the merger is fair to Southside shareholders and in their best interests. Southside's board unanimously recommends that Southside shareholders vote "FOR" the merger agreement and the related transactions.

OPINIONS OF FINANCIAL ADVISORS (PAGES 41 - 52)

Allegiant Bancorp shareholders. Legg Mason Wood Walker, Incorporated has delivered a written opinion to the Allegiant Bancorp board of directors

that, as of August 1, 2001, the consideration to be paid in the merger to Southside's shareholders is fair to Allegiant Bancorp, from a financial point of view. We have attached this opinion to this joint proxy statement/prospectus as Annex B. Allegiant Bancorp shareholders should read it completely to understand the assumptions made, matters considered and limitations of the review undertaken by Legg Mason in providing its opinion.

Southside shareholders. Stifel, Nicolaus & Company, Incorporated has delivered a written opinion to the Southside board of directors that, as of August 1, 2001, the consideration payable to Southside's shareholders under the merger agreement is fair to the Southside shareholders, from a financial point of view. We have attached this opinion to this joint proxy statement/prospectus as Annex C. Southside shareholders should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Stifel, Nicolaus in providing its opinion.

DISSENTERS' RIGHTS (PAGES 58 - 60)

You have the right under Missouri law to dissent from the merger and obtain payment in cash of the fair value of your Allegiant Bancorp and/or Southside common stock as of the day prior to your shareholders' meeting. To exercise dissenters' rights, you must:

- if you are an Allegiant Bancorp shareholder, deliver a written objection to Allegiant Bancorp prior to or at the Allegiant Bancorp shareholders' meeting;
- if you are a Southside shareholder, deliver a written objection to Southside prior to or at the Southside shareholders' meeting;
- not vote in favor of approving the merger agreement; and
- deliver to the merged company within 20 days after the merger a written demand for payment of the fair value of your common stock, which may or may not be more than what you would have received in the merger.

We have attached a copy of Missouri's dissenters' rights statute to this joint proxy statement/prospectus as Annex D.

ACCOUNTING TREATMENT (PAGE 62)

We intend to account for the merger under the purchase method of accounting.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES (PAGES 62 - 67)

You generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of the conversion of your Allegiant Bancorp or Southside common stock into shares of the merged company common stock. However, Southside shareholders who receive cash in the conversion may have to recognize income or gain. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to

you.

Southside will not be required to complete the merger unless it receives a legal opinion that the merger will qualify for federal income tax purposes as a reorganization within the meaning of

Section 368(a)(1)(A) of the Internal Revenue Code. The Internal Revenue Service may, however, disagree with this opinion.

Both Allegiant Bancorp and Southside shareholders will also be required to file certain information with their federal income tax returns and to retain certain records with regard to the merger.

THE DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE IS FOR GENERAL INFORMATION ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX EFFECTS THAT MAY APPLY TO A HOLDER OF SOUTHSIDE COMMON STOCK. SHAREHOLDERS OF SOUTHSIDE ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICATION AND EFFECT OF FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

TAX REASONS FOR THE STRUCTURE OF THE MERGER (PAGES 34 - 41)

The form of the merger calls for Allegiant Bancorp to merge into Southside, however, the merged company will be called Allegiant Bancorp, Inc. and Allegiant Bancorp effectively will be the merged company. Allegiant Bancorp proposed this form of merger to Southside to afford future flexibility for a possible transaction in which First Banks, Inc., Southside's largest shareholder, could exchange stock in the merged company to acquire certain of Southside's bank subsidiaries. The transaction structure makes it possible, under certain circumstances, for that exchange to be completed generally on a tax-free basis to First Banks and, possibly, to the merged company. Allegiant believes that this structure makes it more likely that First Banks will vote its shares of Southside common stock in favor of the merger. Although before the parties entered into the merger agreement Allegiant Bancorp and First Banks discussed a possible exchange, the discussions were terminated at the request of Southside, and there currently is no agreement, arrangement, or understanding with respect to any post-merger transaction with First Banks.

THE COMPANIES (PAGES 73 - 76)

Allegiant Bancorp Inc.
2122 Kratky Road
St. Louis, Missouri 63114
(314) 692-8200
(314) 692-8500 (fax)

Allegiant Bancorp is a bank holding company organized under the laws of Missouri and registered under the federal Bank Holding Company Act. Through its bank subsidiary, Allegiant Bank, Allegiant Bancorp offers full-service community banking and personal trust services to individuals, businesses and

municipalities in the St. Louis metropolitan area. Allegiant Bank's services include commercial, real estate and installment loans, checking, savings and time deposit accounts, personal trust and other fiduciary services and other financial services such as securities brokerage, insurance and safe deposit boxes.

As of March 31, 2001, Allegiant Bancorp reported, on a consolidated basis, total assets of $1.1 billion, loans of $855.1 million, deposits of $893.5 million and shareholders' equity of $80.6 million.

Southside Bancshares Corp.
3606 Gravois Avenue
St. Louis, Missouri 63101
(314) 776-7000
(314) 776-2332 (fax)

Southside Bancshares Corp. is a bank holding company organized under the laws of Missouri and registered under the federal Bank Holding Company Act. Southside operates through its subsidiary banks, South Side National Bank in St. Louis, State Bank of Jefferson County, Bank of Ste. Genevieve and The Bank of St. Charles County. Southside is primarily engaged in offering commercial, real estate and installment lending, checking, savings and time deposit accounts, personal trust and other fiduciary services and other financial services such as securities brokerage, insurance and safe deposit boxes.

As of March 31, 2001, Southside reported, on a consolidated basis, total assets of $772.7 million, loans of $474.3 million, deposits of $614.1 million and shareholders' equity of $72.1 million.

THE MEETINGS (PAGES 26 - 29)

Allegiant Bancorp shareholders. The Allegiant Bancorp special meeting will be held on September 12, 2001 at 3:00 p.m., local time, at Allegiant Bancorp's headquarters, 2122 Kratky Road, St. Louis, Missouri 63114. At the Allegiant Bancorp special meeting, Allegiant Bancorp's shareholders will be asked:

- to approve the merger agreement and the related transactions; and

- to act on other matters that may properly be submitted to a vote at the Allegiant Bancorp special meeting.

Southside shareholders. The Southside annual meeting will be held on September 12, 2001 at 3:00 p.m., local time, at Southside's Telegraph Road facility located at 4111 Telegraph Road, St. Louis, Missouri 63129. At the Southside annual meeting, Southside's shareholders will be asked:

- to elect four directors;

- to approve the merger agreement and the related transactions; and

- to act on other matters that may properly be submitted to a vote at

the Southside annual meeting.

RECORD DATES; VOTES REQUIRED (PAGES 27 AND 28 - 29)

Allegiant Bancorp shareholders. You can vote at the Allegiant Bancorp special meeting if you owned Allegiant Bancorp common stock at the close of business on August 1, 2001. On that date, there were approximately 9.0 million shares of Allegiant Bancorp common stock outstanding and entitled to vote. You can cast one vote for each share of Allegiant Bancorp common stock that you owned on that date. Approval of the merger agreement and the related transactions requires the approval of the holders of at least two-thirds of Allegiant Bancorp's outstanding shares.

As of July 31, 2001, Allegiant Bancorp directors and executive officers had sole voting power over approximately 15.5% of the outstanding shares of Allegiant Bancorp common stock entitled to vote at the Allegiant Bancorp special meeting. The Allegiant Bancorp directors and executive officers have agreed to vote their shares of Allegiant Bancorp common stock for approval of the merger agreement. As a result, in order to approve the merger agreement, holders of approximately 60.5% of the remaining outstanding shares of Allegiant Bancorp common stock must vote in favor of approving the merger agreement for the merger agreement to be approved.

Southside shareholders. You can vote at the Southside annual meeting if you owned Southside common stock at the close of business on August 1, 2001. On that date, Southside had approximately 8.4 million shares of common stock outstanding and entitled to vote. You can cast one vote for each share of Southside common stock you owned on that date. In order to approve the merger agreement and the related transactions, the holders of at least two-thirds of Southside's outstanding shares must vote in favor of approval of the merger agreement.

As of July 31, 2001, Southside's directors and executive officers had sole voting power over approximately 19.5% of the outstanding shares of Southside common stock entitled to vote at the Southside meeting. The Southside directors and executive officers have agreed to vote those shares of Southside common stock for approval of the merger agreement. As a result, in order to approve the merger agreement, holders of approximately 59.0% of the remaining outstanding shares of Southside common stock must vote in favor of approving the merger agreement for the merger agreement to be approved.

CONDITIONS TO COMPLETION OF THE MERGER (PAGES 52 - 53)

Our obligations to complete the merger depend on a number of conditions being met. These include:

- Allegiant Bancorp shareholders' approval of the merger;
- Southside shareholders' approval of the merger;
- approval of the merger by the necessary federal and state regulatory authorities;
- the absence of any order, injunction, decree, law or regulation that would prohibit the merger or make it illegal; and
- receipt by Southside of an opinion, subject to various limitations, that, for U.S. federal income tax purposes, Southside shareholders who receive their merger consideration in common stock of the merged

company will not recognize any gain or loss as a result of the merger, except in connection with the receipt of cash instead of fractional shares.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger even though that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived or that the merger will be completed.

REGULATORY APPROVALS (PAGE 60)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System. Once the Federal Reserve Board approves the merger, we have to wait from 15 to 30 days before we can complete it. During that time, the Department of Justice may challenge the merger.

As of the date of this document, we have not yet received the required approvals. While we do not know of any reason why we would not be able to obtain the necessary approvals in a timely manner, we cannot be certain when or if we will receive them.

TERMINATION OF THE MERGER AGREEMENT; EXPENSES (PAGES 54 - 55)

We can mutually agree at any time to terminate the merger agreement without completing the merger, even if our respective shareholders have approved it. Also, either of us may terminate the merger agreement in a number of other situations, including:

- the final denial of a required regulatory approval;
- the failure of either party to obtain the required shareholder vote;
- an unremedied breach of the merger agreement by the other party, so long as the party that is seeking to terminate the merger agreement has not itself breached the merger agreement; and
- the failure to complete the merger by March 31, 2002.

In addition, Southside may terminate the merger agreement if Southside's board of directors determines that it has a fiduciary obligation to its shareholders to accept a tender offer or any written offer with respect to a merger, share exchange, sale of a material portion of its assets or other business combination proposal by a party other than Allegiant Bancorp. Southside may also terminate the merger agreement if holders of 10% or more of its outstanding shares provide the required notice of intent to exercise their dissenters' rights and do not vote for the merger.

If the merger agreement is terminated under certain circumstances, a party may be entitled to receive a termination fee from the other party equal to the greater of either 5% of the merger consideration or $5 million.

WAIVER AND AMENDMENT (PAGES 55 - 56)

We may jointly amend the merger agreement, and each of us may waive our right to require the other party to adhere to the terms and conditions of the merger agreement. However, we may not do so after our shareholders approve the merger if the amendment or waiver reduces or changes the consideration that you will receive or adversely affects the tax consequences of the merger consideration you will receive.

INTERESTS OF DIRECTORS AND OFFICERS IN THE MERGER THAT DIFFER FROM YOUR INTERESTS (PAGES 31 - 34)

Some of the directors and officers of Southside have interests in the merger that may differ from, or that may be in addition to, the interests of other shareholders of Southside. These interests exist because of employment or severance agreements that the officers entered into with Southside and rights that Southside officers and directors have under Southside's benefit plans. These employment and severance agreements provide the officers with severance benefits if their employment is terminated following the merger, and the merger causes the accelerated vesting of certain benefits under the plans.

The members of each of Allegiant Bancorp's and Southside's board of directors knew about these additional interests and considered them when they agreed to the merger.

STOCK OPTIONS (PAGES 32 - 33)

Under the merger agreement, each stock option to buy Southside common stock granted under Southside's stock option plans that is outstanding and not yet exercised immediately before completion of the merger will become an option to buy the merged company's common stock. The number of shares of the merged company's common stock subject to each new stock option, as well as the exercise price of that stock option, will be adjusted to reflect the exchange ratio in the merger. Each stock option to buy Allegiant Bancorp common stock under Allegiant Bancorp's stock option plans that is outstanding and not yet exercised immediately before completing the merger will become an option to buy the merged company's common stock under the terms of and at the price set forth in the Allegiant Bancorp stock option.

MATERIAL DIFFERENCES IN THE RIGHTS OF ALLEGIANT BANCORP SHAREHOLDERS AND SOUTHSIDE SHAREHOLDERS (PAGES 118 - 124)

The rights of Allegiant Bancorp shareholders are governed by Missouri law and by Allegiant Bancorp's articles of incorporation and bylaws. The rights of Southside shareholders are governed by Missouri law and by Southside's articles of incorporation and bylaws. Upon completion of the merger, the rights of the merged company's shareholders will be governed by Missouri law and the articles of incorporation and bylaws of the merged company, which will be based upon those of Allegiant Bancorp. We have attached copies of the articles of incorporation and bylaws of the merged company as Annexes E and F, respectively.

RECENT DEVELOPMENTS

On July 17, 2001, Allegiant Bancorp reported that net interest income increased by 17% to $8.7 million for the three months ended June 30, 2001 compared to $7.5 million for the corresponding quarter of 2000. Net income for the three months ended June 30, 2001 increased by 77% to $2.8 million compared to $1.6 million in the second quarter of 2000. Diluted earnings per share for the quarter increased 19% to $0.31 in 2001 compared to $0.26 in the second quarter of 2000. Net interest income for the six months ended June 30, 2001 increased by 21% to $17.7 million compared to $14.7 million for the six months ended June 30, 2001. Net income for the six months ended June 30, 2001 increased by 67% to $5.4 million compared to $3.2 million for the six months ended June 30, 2000. Diluted earnings per share for the first six months of 2001 increased 15% to $0.60 compared to $0.52 for the corresponding period of 2000.

On July 17, 2001, Southside reported that net interest income remained unchanged at $5.9 million for the three months ended June 30, 2001 compared to the corresponding quarter of 2000. Net income for the three months ended June 30, 2001 decreased by 28% to $1.2 million compared to $1.7 million in the second quarter of 2000. Diluted earnings per share for the quarter decreased by 26% to $0.14 in 2001 compared to $0.19 in the second quarter of 2000. Net interest income for the six months ended June 30, 2001 remained unchanged at $11.7 million compared to the six months ended June 30, 2001. Net income for the six months ended June 30, 2001 decreased by 18% to $2.7 million compared to $3.3 million for the six months ended June 30, 2000. Diluted earnings per share for the first six months of 2001 decreased 18% to $0.32 compared to $0.39 for the corresponding period of 2000. The decline in both the first half and second quarter earnings can largely be attributed to approximately $0.5 million in merger related expenses.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Allegiant Bancorp common stock is traded on the Nasdaq National Market under the symbol "ALLE." The closing sale per share price reported for Allegiant Bancorp common stock on April 30, 2001, the last trading date preceding the public announcement of the merger, was $10.45. Southside common stock is traded on the Nasdaq Small Cap Market under the symbol "SBCO." The closing per share bid price reported for Southside common stock on April 30, 2001, the last date on which Southside common stock traded preceding the public announcement of the merger, was $12.00.

The following table sets forth for the periods indicated the high and low sales prices and bid prices per share, respectively, of Allegiant Bancorp and Southside common stock as reported on the Nasdaq National Market and Nasdaq Small Cap Market, respectively, along with the quarterly cash dividends per share declared. The per share prices do not include adjustments for markups, markdowns or commissions.

	ALLEGIANT BANCORP			SOUTHS	
	SALES PRICE			BID PRICE	
	HIGH	LOW	CASH DIVIDEND DECLARED	HIGH	LOW
1999					
First Quarter	$ 12.875	$ 8.958	$ 0.050	$ 13.000	$ 10.750
Second Quarter	12.000	8.500	0.050	11.630	10.000
Third Quarter	11.500	9.000	0.050	11.310	9.000
Fourth Quarter	10.000	8.500	0.050	9.750	8.310
2000					
First Quarter	$ 12.000	$ 6.750	$ 0.050	$ 10.000	$ 7.500
Second Quarter	9.938	8.250	0.055	9.250	6.500
Third Quarter	10.500	8.625	0.055	10.000	7.375
Fourth Quarter	9.895	8.000	0.055	8.500	6.875
2001					
First Quarter	$ 11.313	$ 8.875	$ 0.055	$ 11.500	$ 7.375
Second Quarter	14.480	12.150	0.060	15.000	10.870
Third Quarter (through July 31, 2001)	14.480	12.150	(1)	16.250	14.750