

SOUTHSIDE BANCSHARES INC

Form 10-Q

November 07, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

OR

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

For the transition period from _____ to _____

Commission file number 0-12247

SOUTHSIDE BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

TEXAS

(State or other jurisdiction of incorporation or
organization)

75-1848732

(I.R.S. Employer Identification No.)

1201 S. Beckham, Tyler, Texas

(Address of principal executive offices)

903-531-7111

(Registrant's telephone number, including area code)

75701

(Zip Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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):

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the issuer's common stock, par value \$1.25, outstanding as of October 31, 2012 was 17,373,835 shares.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
SOUTHSIDE BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share amounts)

	September 30, 2012	December 31, 2011
ASSETS		
Cash and due from banks	\$44,670	\$40,989
Interest earning deposits	87,302	2,249
Total cash and cash equivalents	131,972	43,238
Investment securities:		
Available for sale, at estimated fair value	558,634	282,956
Held to maturity, at amortized cost	1,009	1,496
Mortgage-backed and related securities:		
Available for sale, at estimated fair value	865,952	716,126
Securities carried at fair value through income	—	647,759
Held to maturity, at amortized cost	293,300	365,631
FHLB stock, at cost	33,939	33,869
Other investments, at cost	2,064	2,064
Loans held for sale	1,158	3,552
Loans:		
Loans	1,221,595	1,087,230
Less: Allowance for loan losses	(20,848) (18,540)
Net Loans	1,200,747	1,068,690
Premises and equipment, net	49,925	50,595
Goodwill	22,034	22,034
Other intangible assets, net	369	522
Interest receivable	14,728	19,426
Other assets	45,254	45,859
TOTAL ASSETS	\$3,221,085	\$3,303,817
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	\$567,062	\$505,594
Interest bearing	1,734,755	1,816,077
Total deposits	2,301,817	2,321,671
Short-term obligations:		
Federal funds purchased and repurchase agreements	1,468	2,945
FHLB advances	151,315	361,811
Other obligations	219	219
Total short-term obligations	153,002	364,975
Long-term obligations:		
FHLB advances	381,868	260,724
Long-term debt	60,311	60,311
Total long-term obligations	442,179	321,035
Deferred tax liability	1,359	3,458
Unsettled trades to purchase securities	17,326	1,196

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Other liabilities	28,829	32,555
TOTAL LIABILITIES	2,944,512	3,044,890

Off-Balance-Sheet Arrangements, Commitments and Contingencies (Note 10)

Shareholders' equity:

Common stock - (\$1.25 par, 40,000,000 shares authorized, 19,397,673 shares issued in 2012 and 18,517,101 shares issued in 2011)	24,247	23,146
Paid-in capital	194,485	176,791
Retained earnings	71,691	72,646
Treasury stock (2,023,838 shares at cost)	(28,377) (28,377
Accumulated other comprehensive income	14,527	14,721
TOTAL SHAREHOLDERS' EQUITY	276,573	258,927
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,221,085	\$3,303,817

The accompanying notes are an integral part of these consolidated financial statements.

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SOUTHSIDE BANCSHARES, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Interest income				
Loans	\$17,847	\$16,229	\$52,143	\$50,630
Investment securities – taxable	22	11	73	49
Investment securities – tax-exempt	3,839	3,069	9,467	9,507
Mortgage-backed and related securities	6,695	13,292	27,730	37,899
FHLB stock and other investments	57	50	190	182
Other interest earning assets	4	2	19	15
Total interest income				