

SOUTHSIDE BANCSHARES INC
Form 10-Q
August 02, 2006

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 June 30, 2006

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)

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TEXAS

(State or other jurisdiction of
incorporation or organization)

1201 S. Beckham, Tyler, Texas

75-1848732

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

75701

903-531-7111

(Registrant's telephone number, including area 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 July 25, 2006 was 12,265,061 shares.

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Certification Pursuant to Section 302

Certification Pursuant to Section 302

Certification Pursuant to Section 906

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SOUTHSIDE BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share amounts)

	June 30, 2006	December 31, 2005
ASSETS		
Cash and due from banks	\$ 43,677	\$ 51,279
Interest earning deposits	550	550
Total cash and cash equivalents	44,227	51,829
Federal funds sold	3,350	
Investment securities:		
Available for sale, at estimated fair value	88,598	121,240
Held to maturity, at cost	1,348	
Mortgage-backed and related securities:		
Available for sale, at estimated fair value	653,046	592,435
Held to maturity, at cost	245,812	229,321
Federal Home Loan Bank stock, at cost	27,364	28,729
Other investments, at cost	881	878
Loans held for sale	7,120	4,281
Loans:		
Loans	723,924	680,364
Less: allowance for loan losses	(7,346)	(7,090)
Net Loans	716,578	673,274
Premises and equipment, net	33,411	33,610
Interest receivable	9,963	9,304
Deferred tax asset	8,124	3,226
Other assets	35,854	35,335
TOTAL ASSETS	\$ 1,875,676	\$ 1,783,462
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest bearing	\$ 328,489	\$ 310,541
Interest bearing	866,569	800,272
Total Deposits	1,195,058	1,110,813
Short-term obligations:		
Federal funds purchased	13,000	2,400
FHLB Dallas advances	389,377	312,271
Other obligations	2,500	2,174
Total Short-term obligations	404,877	316,845
Long-term obligations:		
FHLB Dallas advances	136,850	208,413
Long-term debt	20,619	20,619
Total Long-term obligations	157,469	229,032
Other liabilities	13,116	17,482
TOTAL LIABILITIES	1,770,520	1,674,172

Off-Balance-Sheet Arrangements, Commitments and Contingencies (Note 8)

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Shareholders' equity:		
Common stock: (\$1.25 par, 20,000,000 shares authorized, 13,983,798 and 13,306,241 shares issued)	17,480	16,633
Paid-in capital	99,709	87,962
Retained earnings	24,493	32,054
Treasury stock (1,718,737 shares at cost)	(22,850)	(22,850)
Accumulated other comprehensive loss	(13,676)	(4,509)
TOTAL SHAREHOLDERS' EQUITY	105,156	109,290
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,875,676	\$ 1,783,462

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 June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Interest income				
Loans	\$ 11,328	\$ 9,429	\$ 21,956	\$ 18,418
Investment securities taxable	594	470	1,337	978
Investment securities tax-exempt	490	831	1,089	1,744
Mortgage-backed and related securities	11,149			