

SOUTHSIDE BANCSHARES INC
Form 10-Q
May 09, 2008

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 March 31, 2008

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)

75701
(Zip Code)

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 or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
Non-accelerated filer

Accelerated filer
Small reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the issuer's common stock, par value \$1.25, outstanding as of April 25, 2008 was 13,818,622 shares.

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Master Software License Maintenance and Services Agreement dated February 4, 2008, by and between Southside Bank and Jack Henry & Associates, Inc.

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)

	ASSETS	March 31, 2008	December 31, 2007
Cash and due from banks		\$ 52,318	\$ 74,040
Interest earning deposits		725	1,414
Federal funds sold		9,325	550
Total cash and cash equivalents		62,368	76,004
Investment securities:			
Available for sale, at estimated fair value		179,430	109,928
Held to maturity, at cost		476	475
Mortgage-backed and related securities:			
Available for sale, at estimated fair value		702,928	727,553
Held to maturity, at cost		183,555	189,965
Federal Home Loan Bank and FRB stock, at cost		26,175	19,850
Other investments, at cost		2,069	2,069
Loans held for sale		3,416	3,361
Loans:			
Loans		980,879	961,230
Less: allowance for loan losses		(10,611)	(9,753)
Net Loans		970,268	951,477
Premises and equipment, net		39,937	40,249
Goodwill		22,034	21,639
Other intangible assets, net		1,808	1,925
Interest receivable		12,369	11,784
Deferred tax asset		1,305	4,320
Other assets		54,733	35,723
TOTAL ASSETS		\$ 2,262,871	\$ 2,196,322
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Noninterest bearing		\$ 367,835	\$ 357,083
Interest bearing		1,074,834	1,173,408
Total Deposits		1,442,669	1,530,491
Short-term obligations:			
Federal funds purchased and repurchase agreements		9,020	7,023
FHLB advances		325,404	353,792
Other obligations		1,240	2,500
Total Short-term obligations		335,664	363,315
Long-term obligations:			
FHLB advances		255,562	86,247
Long-term debt		60,311	60,311
Total Long-term obligations		315,873	146,558
Other liabilities		26,258	23,132
TOTAL LIABILITIES		2,120,464	2,063,496

Off-Balance-Sheet Arrangements, Commitments and Contingencies (Note 12)

Minority interest in Southside Financial Group	260	498
Shareholders' equity:		
Common stock - \$1.25 par, 20,000,000 shares authorized, 15,543,029 shares issued in 2008 (including 659,261 shares issued on April 28, 2008 as a stock dividend) and 14,865,134 shares issued in 2007	19,428	18,581
Paid-in capital	128,934	115,250
Retained earnings	15,559	26,187
Treasury stock (1,724,857 shares at cost)	(22,983)	(22,983)
Accumulated other comprehensive income (loss)	1,209	(4,707)
TOTAL SHAREHOLDERS' EQUITY	142,147	132,328
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,262,871	\$ 2,196,322

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

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

(in thousands, except per share data)

	2008	Three Months Ended March 31,	2007
Interest income			
Loans	\$	18,296	\$ 12,514
Investment securities – taxable		680	836
Investment securities – tax-exempt		818	507
Mortgage-backed and related securities		11,973	10,934
Federal Home Loan Bank stock and other investments		Credit Agreement, dated March 6, 2018, by and among QUALCOMM Incorporated, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on March 9, 2018).	

(b)(12) Amendment No. 1, dated as of April 20, 2018, among QUALCOMM Incorporated, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent, to the Credit Agreement dated as of November 8, 2016, among QUALCOMM Incorporated, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on April 24, 2018).

(b)(13) Amendment No. 1, dated as of April 20, 2018, among QUALCOMM Incorporated, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent, to the Credit Agreement dated as of March 6, 2018, among QUALCOMM Incorporated, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on April 24, 2018).

(c) Not applicable.

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- (d)(1) Purchase Agreement, dated as of October 27, 2016, by and between Qualcomm River Holdings B.V. and NXP Semiconductors N.V. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on October 27, 2016).
- (d)(2) Letter Agreement, dated as of October 27, 2016, by and between QUALCOMM Incorporated and Qualcomm River Holdings B.V. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on October 27, 2016).
- (d)(3) Pledge, Assignment and Security Agreement, dated as of October 27, 2016, by and between NXP Semiconductors N.V. and Qualcomm River Holdings B.V. (incorporated by reference to Exhibit A of Exhibit 10.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on October 27, 2016).
- (d)(4) Disclosed Pledge of Receivables, dated as of October 27, 2016, by and between NXP Semiconductors N.V. and Qualcomm River Holdings B.V. (incorporated by reference to Exhibit B of Exhibit 10.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on October 27, 2016).
- (d)(5) Confidentiality Agreement, effective as of July 4, 2016, by and between QUALCOMM Incorporated and NXP B.V.*
- (d)(6) Exclusivity Agreement, dated as of October 6, 2016, by and between QUALCOMM Incorporated and NXP Semiconductors N.V.*
- (d)(7) Power of Attorney, dated as of November 18, 2016.*
- (d)(8) Amendment No. 1, dated February 20, 2018, to Purchase Agreement, dated as of October 27, 2016, by and between Qualcomm River Holdings B.V. and

NXP (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).

(d)(9) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., Arrowgrass Master Fund Ltd. and Arrowgrass Customised Solutions I Limited (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).

(d)(10) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., D. E. Shaw Valence Portfolios, L.L.C., D. E. Shaw Kalon Portfolios, L.L.C., D. E. Shaw Orienteer Portfolios, L.L.C., D. E. Shaw Oculus Portfolios, L.L.C., D. E. Shaw Orienteer X Portfolios, L.L.C. and D. E. Shaw Asymptote Portfolios, L.L.C. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States

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Securities and Exchange Commission on February 20, 2018).

- (d)(11) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., Davidson Kempner International Ltd., Davidson Kempner Institutional Partners, L.P., Davidson Kempner Partners and M.H. Davidson & Co. (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(12) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., Elliott Associates, L.P., Elliott Associates International, L.P. and Elliott International Capital Advisors Inc. (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(13) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners V, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Offshore Investors II, L.P., Farallon Capital F5 Master I, L.P., Farallon Capital (AM) Investors, L.P. and Farallon Capital Institutional Partners III, L.P. (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(14) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., HBK Master Fund L.P. and HBK Merger Strategies Master Fund L.P. (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(15) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., Pentwater Capital Management LP. (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(16) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., Soroban Master Fund LP and Soroban Opportunities Master Fund LP. (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(17) Tender and Support Agreement, dated as of February 20, 2018, by and among Qualcomm River Holdings B.V., TIG Advisors, LLC. (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on February 20, 2018).
- (d)(18) Amendment No. 2, dated April 19, 2018, to the Purchase Agreement, dated as of October 27, 2016, by and between Qualcomm River Holdings B.V. and NXP Semiconductors N.V., as amended by Amendment No. 1 to the Purchase Agreement, dated as of February 20, 2018, by and between Qualcomm River Holdings B.V. and NXP Semiconductors N.V. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by QUALCOMM Incorporated with the United States Securities and Exchange Commission on April 19, 2018).
- (g) Not applicable.
- (h) Not applicable.

* Previously filed.