

SOUTHSIDE BANCSHARES INC

Form S-3

August 17, 2012

AS FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ON AUGUST 17,
2012

REGISTRATION NO. 333-_____

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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 South Beckham

Tyler, Texas 75701

(903) 531-7111

(Address, including zip code, and
telephone number, including area code, of
registrant's principal executive offices)

Southside Bancshares, Inc. Dividend Reinvestment Plan

(Full Title of the Plan)

Sam Dawson

President & Chief Executive Officer

1201 South Beckham

Tyler, Texas 75701

(903) 531-7111

(Name, address, including zip code, and
telephone number, including area code,
of registrant's agent for service)

Copies to:

Lesley H. Solomon

Alston & Bird, LLP

1201 West Peachtree Street

Atlanta, Georgia 30309-3424

(404) 881-7364

Approximate Date of Commencement of Proposed sale to the Public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered in connection with dividend or interest reimbursement plans, 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, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) 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.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SECURITY (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$1.25 par value per share	1,000,000	\$21.25	\$21,250,000	\$2,435.25

(1) In accordance with Rule 416 of the Securities Act of 1933, as amended, this registration statement shall be deemed to cover any additional securities that may from time to time be offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) and based upon the average of the high and low prices for the Common Stock on the NASDAQ Global Select Market on August 13, 2012 (i.e., as of a date within five business days prior to filing).

PROSPECTUS

SOUTHSIDE BANCSHARES, INC.

Dividend Reinvestment Plan

1,000,000 Shares of Common Stock

This Prospectus relates to 1,000,000 authorized shares of our common stock, par value \$1.25 per share (“Common Stock”), offered for purchase under our Dividend Reinvestment Plan (the “Plan”). Shareholders who elect to participate in the Plan (“Participants”) will be able to reinvest their cash dividends in shares of our Common Stock at the market value determined as provided in the Plan. Our Transfer Agent will use dividend payments for the accounts of Participants to acquire on behalf of Participants shares of our Common Stock. This Prospectus relates to dividends reinvested on dividend payment dates subsequent to the date of this Prospectus. It is suggested that this Prospectus be retained for future reference.

The Plan provides holders of Common Stock with a simple, convenient, and economical method of purchasing additional shares of Common Stock. Current holders of Common Stock of record are eligible to join and become a Participant in the Plan. Participation in the Plan is entirely voluntarily and may be terminated at any time. The Plan offers shareholders the following Investment options:

- Full Dividend Reinvestment - Shareholders may automatically reinvest all cash dividends paid on all shares of Common Stock registered in their name, including subsequent cash dividends paid on shares acquired under the Plan.
- Partial Dividend Reinvestment - Shareholders may automatically reinvest cash dividends paid on a specified portion of shares of Common Stock registered in their name, including subsequent cash dividends paid on shares acquired under the Plan, and continue to receive cash dividends paid on the remaining shares.

Holders of Common Stock may enroll and become Participants in the Plan by completing an Authorization Form and forwarding it to our Transfer Agent at the address shown under “Description of Dividend Reinvestment Plan - Enrollment” in exhibit 99. No service fees or brokerage commissions will be charged to Participants for purchases.

Our Common Stock is traded on the NASDAQ Global Select Market under the symbol “SBSI.” On August 13, 2012, the last reported sale price of our Common Stock on NASDAQ was \$21.54 per share. You are urged to obtain current market quotations for our Common Stock. Our principal executive offices are located at 1201 S. Beckham, Tyler, Texas 75701, and our telephone number at that address is (903) 531-7111.

Investing in our common stock involves risks. See “Risk Factors” on page 4.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits or other obligations of a bank or savings association, and are not insured by the federal deposit insurance corporation or any other governmental agency and may lose value.

The date of this prospectus is August 17, 2012.

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You should rely on the information contained in this Prospectus or to which we have referred you or any other information you deem relevant in making an investment decision. We have not authorized anyone to provide you with information that is different than the information contained or incorporated by reference in this prospectus. This prospectus may only be used where it is legal to sell these securities.

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INCORPORATION OF DOCUMENTS BY REFERENCE

The Securities and Exchange Commission (“SEC”) rules allow us to “incorporate” into this Prospectus information in other documents that we file with the SEC. This means that we can disclose important information to you by referring to other documents that contain that information. The information in the documents incorporated by reference is considered to be part of this Prospectus. The following documents have been filed by us with the SEC (file number 000-12247) and are hereby incorporated by reference in this Prospectus:

- Our Annual Report on Form 10-K for the year ended December 31, 2011;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012;
- Our Current Reports on Form 8-K filed on January 6, 2012, March 13, 2012, May 11, 2012, August 7, 2012 and August 10, 2012;
- The description of our Common Stock set forth in the Registration Statement on Form 8-A, dated May 12, 1998, filed with the SEC, and any amendment or report filed for the purpose of further updating such description; and
- All documents we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), after the date of this Prospectus and prior to the termination of the offering (except for information furnished to the SEC that is not deemed to be “filed” for purposes of the Exchange Act).

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies, without exhibits (unless such exhibits are specifically incorporated by reference into the information that this Prospectus incorporates), of the above documents will be delivered to any person to whom a Prospectus is delivered, without charge, upon written or oral request to the Corporation, Attention: Investor Relations, Post Office Box 8444, Tyler, Texas 75711 ((903) 531-7111).

We also maintain a website at www.southside.com at which there is additional information about our business, but the contents of that site are not incorporated by reference into, and are not otherwise a part of, this prospectus.

AVAILABLE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy materials that we have filed with the SEC at its public reference room located at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC’s Internet website at www.sec.gov.

This prospectus is part of a registration statement that we filed with the SEC. The registration statement contains more information than this prospectus regarding us and our Common Stock, including certain exhibits and schedules. You can obtain a copy of the registration statement from the SEC at the address listed above or from the SEC’s Internet site.

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SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

The Prospectus, any Prospectus supplement and the documents we incorporate by reference in this Prospectus contain forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. Certain statements of other than historical fact that are contained in this document and in written material, press releases and oral statements issued by or on behalf of Southside Bancshares, Inc., a bank holding company, may be considered to be “forward-looking statements” within the meaning of and subject to the protections of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management’s views as of any subsequent date. These statements may include words such as “expect,” “estimate,” “project,” “anticipate,” “appear,” “believe,” “could,” “should,” “may,” “intend,” “probability,” “risk,” “target,” “objective,” “plans,” “potential,” and similar expressions. Forward-looking statements are statements with respect to our beliefs, plans, expectations, objectives, goals, anticipations, assumptions, estimates, intentions and future performance, and are subject to significant known and unknown risks and uncertainties, which could cause our actual results to differ materially from the results discussed in the forward-looking statements. For example, discussions of the effect of our expansion, trends in asset quality and earnings from growth, and certain market risk disclosures are based upon information presently available to management and are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual income gains and losses could materially differ from those that have been estimated. Some of these factors are described in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, each of which are incorporated by reference in this prospectus supplement and the accompanying prospectus, under the headings “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” Other factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, the following:

- general economic conditions, either globally, nationally, in the State of Texas, or in the specific markets in which we operate, including, without limitation, the deterioration of the commercial real estate, residential real estate, construction and development, credit and liquidity markets, which could cause an adverse change in our net interest margin, or a decline in the value of our assets, which could result in realized losses;
- legislation, regulatory changes or changes in monetary or fiscal policy that adversely affect the businesses in which we are engaged, including the impact of the Dodd-Frank Act, the Federal Reserve’s actions with respect to interest rates and other regulatory responses to current economic conditions;
 - adverse changes in the status or financial condition of the Government-Sponsored Enterprises (the “GSEs”) impacting the GSEs’ guarantees or ability to pay or issue debt;
- adverse changes in the credit portfolio of other U.S. financial institutions relative to the performance of certain of our investment securities;
 - economic or other disruptions caused by acts of terrorism in the United States, Europe or other areas;
- changes in the interest rate yield curve such as flat, inverted or steep yield curves, or changes in the interest rate environment that impact interest margins and may impact prepayments on the mortgage-backed securities portfolio;
 - increases in our nonperforming assets;
 - our ability to maintain adequate liquidity to fund operations and growth;
 - the failure of our assumptions underlying allowance for loan losses and other estimates;
 - unexpected outcomes of, and the costs associated with, existing or new litigation involving us;

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- changes impacting our balance sheet and leverage strategy;
- risks related to actual U.S. agency mortgage-backed securities prepayments exceeding projected prepayment levels;
- risks related to U.S. agency mortgage-backed securities prepayments increasing due to U.S. Government programs designed to assist homeowners to refinance their mortgage that might not otherwise have qualified;
 - our ability to monitor interest rate risk;
- significant increases in competition in the banking and financial services industry;
 - changes in consumer spending, borrowing and saving habits;
 - technological changes;
 - our ability to increase market share and control expenses;
 - the effect of changes in federal or state tax laws;
 - the effect of compliance with legislation or regulatory changes;
 - the effect of changes in accounting policies and practices;
- risks of mergers and acquisitions including the related time and cost of implementing transactions and the potential failure to achieve expected gains, revenue growth or expense savings;
 - credit risks of borrowers, including any increase in those risks due to changing economic conditions; and
- risks related to loans secured by real estate, including the risk that the value and marketability of collateral could decline.

All written or oral forward-looking statements made by us or attributable to us are expressly qualified by this cautionary notice. Any forward-looking statement speaks only as of the date on which it is made. We disclaim any obligation to update any factors or to announce publicly the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

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THE CORPORATION

We were incorporated in Texas in 1982 and serve as the bank holding company for Southside Bank (the “Bank”), headquartered in Tyler, Texas. Tyler has a metropolitan area population of over 200,000 and is located approximately 90 miles east of Dallas, Texas and 90 miles west of Shreveport, Louisiana. The 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, 2012, we had total assets of \$3.4 billion, total loans of \$1.2 billion, deposits of \$2.4 billion, and shareholders’ equity of \$263 million. We had net income of \$39.1 million and \$39.1 million and fully diluted earnings per common share of \$2.27 and \$2.25 for the years ended December 31, 2011 and 2010, respectively. We have paid a cash dividend every year since 1970 (including dividends paid by Southside Bank prior to the incorporation of Southside Bancshares).

We are 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 we serve. These services include consumer and commercial loans, deposit accounts, trust services, safe deposit services and brokerage services.

Our consumer loan services include 1-4 family residential mortgage loans, home equity loans, home improvement loans, automobile loans and other installment loans. Commercial loan services include short-term working capital loans for inventory and accounts receivable, short and medium-term loans for equipment or other business capital expansion, commercial real estate loans and municipal loans. We also offer construction loans for 1-4 family residential and commercial real estate.

We offer a variety of deposit accounts with a wide range of interest rates and terms, including savings, money market, interest and noninterest bearing checking accounts and certificates of deposit (“CDs”). Our trust services include investment management, administration and advisory services, primarily for individuals and, to a lesser extent, partnerships and corporations. At December 31, 2011, our trust department managed approximately \$718.5 million of trust assets.

We and our subsidiaries are subject to comprehensive regulation, examination and supervision by the Board of Governors of the Federal Reserve System (the “Federal Reserve”), the Texas Department of Banking (the “TDB”) and the Federal Deposit Insurance Corporation (the “FDIC”) and are subject to numerous laws and regulations relating to internal controls, the extension of credit, making of loans to individuals, deposits, and all other facets of our operations.

Our administrative offices are located at 1201 S. Beckham Avenue, Tyler, Texas 75701, and our telephone number is 903-531-7111. Our website can be found at www.southside.com.

Our primary source of income is dividends received from the Bank. Dividend payments are, among other things, based on bank earnings, deposit growth and capital position in compliance with regulatory guidelines. Management presently anticipates that future increases in the capital of the Bank will be accomplished through earnings retention or capital injection, although there is no assurance of any future increases.

RISK FACTORS

An investment in our common stock is subject to risks inherent to our business. Before making an investment decision, you should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus, including the risk factors incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2011 under the section entitled “Item 1A. Risk Factors” and from our subsequent Quarterly

Reports on Form 10-Q, Current Reports on Form 8-K and other filings that we make with the SEC. We encourage you to read these risk factors in their entirety. In addition to these risks, other risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business operations and financial condition. Such risks could cause actual results to differ materially from anticipated results, which could cause the trading price of our common stock to decline, perhaps significantly, and you may lose part or all of your investment.

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UPDATED EARNINGS PER COMMON SHARE DATA

On March 29, 2012, our board of directors declared a 5% stock dividend to record holders of our common stock as of April 18, 2012, payable on May 9, 2012. As a result, the earnings per common share data previously reported in our Annual Report on Form 10-K for the year ended December 31, 2011, has been adjusted to give retroactive recognition to stock dividends. The following table sets forth our net income and earnings per common share, as adjusted, for each of the fiscal years in the five-year period ended December 31, 2011.

	2011	For the Years Ended December 31,			2007
		2010	2009	2008	
		(in thousands, except per share data)			
Net Income Attributable to Southside Bancshares, Inc.	\$39,133	\$39,103	\$44,396	\$30,696	\$16,684
Earnings Per Common Share:					
Basic	\$2.27	\$2.25	\$2.58	\$1.82	\$1.00
Diluted	\$2.27	\$2.25	\$2.56	\$1.78	\$0.97

DIVIDEND PAYMENT HISTORY

We have declared cash dividends of \$0.38 per share and paid cash dividends of \$0.38 per share during the six months ended June 30, 2012. We have declared and paid cash dividends of \$0.90 and \$0.85 per share during the fiscal years ended December 31, 2011 and 2010, respectively. Future dividends will depend on our earnings, financial condition and other factors, which our Board of Directors considers to be relevant.

We cannot assure the continuation of dividend payments. Participants should recognize and understand that we cannot assure them of a profit or protect them against a loss on the shares purchased by them under the Plan.

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DESCRIPTION OF DIVIDEND REINVESTMENT PLAN

This section of the prospectus summarizes the material terms and conditions of the Southside Bancshares, Inc. Dividend Reinvestment Plan. The following summary is qualified entirely by reference to the complete text of the terms and conditions of the Plan, which are attached to the accompanying Authorization Form and are incorporated into this prospectus by reference. We encourage you to read the Terms and Conditions of the Plan in their entirety.

Purpose - The Plan provides holders of our Common Stock who elect to participate in the Plan with a convenient and economical method of reinvesting their cash dividends to purchase additional shares of Common Stock.