

GREAT SOUTHERN BANCORP INC
Form 10-Q
May 10, 2013

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

FORM 10-Q

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

For the Quarterly Period ended March 31, 2013

Commission File Number 0-18082

GREAT SOUTHERN BANCORP, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation
or organization)

43-1524856
(IRS Employer Identification Number)

1451 E. Battlefield, Springfield, Missouri
(Address of principal executive offices)

65804
(Zip Code)

(417) 887-4400
(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 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 definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

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

(Do not check if a smaller
reporting company)

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

The number of shares outstanding of each of the registrant's classes of common stock: 13,619,159 shares of common stock, par value \$.01, outstanding at May 8, 2013.

PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands, except number of shares)

	MARCH 31, 2013 (Unaudited)	DECEMBER 31, 2012
ASSETS		
Cash	\$88,319	\$107,949
Interest-bearing deposits in other financial institutions	392,954	295,855
Federal funds sold	—	337
Cash and cash equivalents	481,273	404,141
Available-for-sale securities	814,716	807,010
Held-to-maturity securities (fair value \$1,080 – March 2013; \$1,084 - December 2012)	920	920
Mortgage loans held for sale	27,764	26,829
Loans receivable, net of allowance for loan losses of \$40,548 - March 2013; \$40,649 - December 2012	2,335,209	2,319,638
FDIC indemnification asset	98,106	117,263
Interest receivable	12,432	12,755
Prepaid expenses and other assets	83,831	79,560
Foreclosed assets held for sale, net	65,258	68,874
Premises and equipment, net	101,934	102,286
Goodwill and other intangible assets	5,504	5,811
Investment in Federal Home Loan Bank stock	10,090	10,095
Total Assets	\$4,037,037	\$3,955,182
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	\$3,219,764	\$3,153,193
Federal Home Loan Bank advances	126,401	126,730
Securities sold under reverse repurchase agreements with customers	191,702	179,644
Short-term borrowings	663	772
Structured repurchase agreements	53,026	53,039
Subordinated debentures issued to capital trusts	30,929	30,929
Accrued interest payable	1,265	1,322
Advances from borrowers for taxes and insurance	3,687	2,154
Accounts payable and accrued expenses	15,485	12,128
Current and deferred income tax liability	18,222	25,397
Total Liabilities	3,661,144	3,585,308
Stockholders' Equity:		
Capital stock		
Serial preferred stock – \$.01 par value; authorized 1,000,000 shares; issued and outstanding March 2013 and December 2012 - 57,943 shares, \$1,000 liquidation amount	57,943	57,943

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Common stock, \$.01 par value; authorized 20,000,000 shares; issued and outstanding March 2013 – 13,612,846 shares; December 2012 - 13,596,335 shares	136	136
Additional paid-in capital	18,597	18,394
Retained earnings	282,762	276,751
Accumulated other comprehensive gain	16,455	16,650
Total Stockholders' Equity	375,893	369,874
Total Liabilities and Stockholders' Equity	\$4,037,037	\$3,955,182
See Notes to Consolidated Financial Statements		

GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	THREE MONTHS ENDED	
	MARCH 31,	
	2013	2012
	(Unaudited)	
INTEREST INCOME		
Loans	\$ 42,778	\$ 37,897
Investment securities and other	4,578	6,780
TOTAL INTEREST INCOME	47,356	44,677
INTEREST EXPENSE		
Deposits	3,527	5,784
Federal Home Loan Bank advances	974	1,274
Short-term borrowings and repurchase agreements	583	687
Subordinated debentures issued to capital trusts	140	159
TOTAL INTEREST EXPENSE	5,224	7,904
NET INTEREST INCOME	42,132	36,773
PROVISION FOR LOAN LOSSES	8,225	10,077
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	33,907	26,696
NON-INTEREST INCOME		
Commissions	328	274
Service charges and ATM fees	4,427	4,492
Net realized gains on sales of loans	1,429	1,150
Net realized gains on sales of available-for-sale securities	34	28
Late charges and fees on loans	300	173
Gain on derivative interest rate products	61	96
Accretion (amortization) of income/expense related to business acquisitions	(5,868)	(1,748)
Other income	2,213	1,622
TOTAL NON-INTEREST INCOME	2,924	6,087
NON-INTEREST EXPENSE		
Salaries and employee benefits	13,222	12,537
Net occupancy and equipment expense	5,135	4,702
Postage	793	808
Insurance	1,165	1,097
Advertising	475	335
Office supplies and printing	307	380
Telephone	687	713
Legal, audit and other professional fees	802	860
Expense on foreclosed assets	1,055	439
Partnership tax credit	1,385	1,165
Other operating expenses	1,916	1,948
TOTAL NON-INTEREST EXPENSE	26,942	24,984
	9,889	7,799

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

PROVISION FOR INCOME TAXES		1,495		661
NET INCOME FROM CONTINUING OPERATIONS		8,394		7,138
DISCONTINUED OPERATIONS				
Income from discontinued operations, net of income taxes		—		359
NET INCOME		8,394		7,497
Preferred stock dividends			145	144
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$	8,249	\$	7,353

	THREE MONTHS ENDED MARCH 31,			
	2013		2012	
BASIC EARNINGS PER COMMON SHARE	\$	0.61	\$	0.54
DILUTED EARNINGS PER COMMON SHARE	\$	0.60	\$	0.54
BASIC EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS	\$	0.61	\$	0.52
DILUTED EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS	\$	0.60	\$	0.52
DIVIDENDS DECLARED PER COMMON SHARE	\$	0.18	\$	0.18
See Notes to Consolidated Financial Statements				

GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (In thousands)

	THREE MONTHS ENDED MARCH		
	2013	31, 2012	
Net Income	\$8,394	\$7,497	
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of \$(72) and \$939, for 2013 and 2012, respectively	(135	) 1,744
Non-credit component of unrealized gain (loss) on available-for-sale debt securities for which a portion of an other-than-temporary impairment has been recognized, net of taxes (credit) of \$(21) and \$(34), for 2013 and 2012, respectively	(38) (64)
Less: reclassification adjustment for gains included in net income, net of taxes (credit) of \$(12) and \$(10) for 2013 and 2012, respectively	(22) (18)
Comprehensive Income	\$8,199	\$9,159	

See Notes to Consolidated Financial Statements

GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	THREE MONTHS ENDED MARCH	
	31,	
	2013	2012
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 8,394	\$ 7,497
Proceeds from sales of loans held for sale	49,412	59,587
Originations of loans held for sale	(57,070)	(50,684)
Items not requiring (providing) cash:		
Depreciation	1,954	1,596
Amortization of other assets	1,692	1,461
Compensation expense for stock option grants	110	111
Provision for loan losses	8,225	10,077
Net gains on loan sales	(1,429)	(1,150)
Net gains on sale or impairment of available-for-sale investment securities	(34)	(28)
Net (gains) losses on sale of premises and equipment	(18)	189
(Gain) loss on sale of foreclosed assets	497	(1,013)
Amortization of deferred income, premiums, discounts and fair value adjustments	9,762	(3,591)
Gain on derivative interest rate products	(61)	(96)
Deferred income taxes	(6,660)	(195)
Changes in:		
Interest receivable	323	1,020
Prepaid expenses and other assets	5,493	18,237
Accounts payable and accrued expenses	1,118	216
Income taxes refundable/payable	(410)	1,146
Net cash provided by operating activities	21,298	44,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(22,203)	(16,929)
Purchase of loans	—	(12,107)
Purchase of premises and equipment	(2,746)	(10,519)
Proceeds from sale of premises and equipment	1,162	8
Proceeds from sale of foreclosed assets	9,034	9,352
Capitalized costs on foreclosed assets	(76)	(101)
Proceeds from sales of available-for-sale investment securities	—	1,224
Proceeds from called investment securities	3,660	5,810
Principal reductions on mortgage-backed securities	45,098	30,355
Purchase of available-for-sale securities	(58,703)	(34,826)
Redemption of Federal Home Loan Bank stock	5	123
Net cash used in investing activities	(24,769)	(27,610)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in certificates of deposit	(71,677)	32,332
Net increase in checking and savings deposits	138,769	82,483
Repayments of Federal Home Loan Bank advances	(108)	(32,573)
Net increase (decrease) in short-term borrowings and structured repo	11,949	(17,281)

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Advances from borrowers for taxes and insurance	1,533	888
Dividends paid	(168)	(2,799)
Stock options exercised	305	341
Net cash provided by financing activities	80,603	63,391
INCREASE IN CASH AND CASH EQUIVALENTS	77,132	80,161
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	404,141	380,249
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 481,273	\$ 460,410
See Notes to Consolidated Financial Statements		

GREAT SOUTHERN BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Great Southern Bancorp, Inc. (the "Company" or "Great Southern") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The financial statements presented herein reflect all adjustments which are, in the opinion of management, necessary to fairly present the financial condition, results of operations and cash flows of the Company for the periods presented. Those adjustments consist only of normal recurring adjustments. Operating results for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the full year. The consolidated statement of financial condition of the Company as of December 31, 2012, has been derived from the audited consolidated statement of financial condition of the Company as of that date. Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on net income.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for 2012 filed with the Securities and Exchange Commission.

NOTE 2: NATURE OF OPERATIONS AND OPERATING SEGMENTS

Great Southern Bancorp, Inc. ("GSBC" or the "Company") operates as a one-bank holding company. GSBC's business primarily consists of the operations of Great Southern Bank (the "Bank"), which provides a full range of financial services to customers primarily located in Missouri, Iowa, Kansas, Minnesota, Nebraska and Arkansas. The Company and the Bank are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The Company's banking operation is its only reportable segment. The banking operation is principally engaged in the business of originating residential and commercial real estate loans, construction loans, commercial business loans and consumer loans and funding these loans through attracting deposits from the general public, accepting brokered deposits and borrowing from the Federal Home Loan Bank and others. The operating results of this segment are regularly reviewed by management to make decisions about resource allocations and to assess performance. Selected information is not presented separately for the Company's reportable segment, as there is no material difference between that information and the corresponding information in the consolidated financial statements.

Effective November 30, 2012, Great Southern Bank sold its Great Southern Travel and Great Southern Insurance divisions. The 2012 operations of the two divisions have been restated to include all revenues and expenses in discontinued operations.

NOTE 3: RECENT ACCOUNTING PRONOUNCEMENTS

In July 2012, the FASB issued ASU No. 2012-02 to amend FASB ASC Topic 350, Intangibles – Goodwill and Other. The Update clarifies the process of performing an impairment test for indefinite-lived intangible assets by simplifying how an entity tests those assets for impairment and improves consistency in impairment testing guidance

among long-lived asset categories. The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

In October 2012, the FASB issued ASU No. 2012-06 to amend FASB ASC Topic 805, Business Combinations. The Update addresses the diversity in practice when subsequently measuring an indemnification asset recognized in a government-assisted (Federal Deposit Insurance Corporation or National Credit Union Administration) acquisition of a financial institution that includes a loss-sharing agreement (indemnification agreement). When a reporting entity recognizes an indemnification asset as a result of a government-assisted acquisition of a financial institution and subsequently a change in the cash flows expected to be collected on the indemnification asset occurs (as a result of a change in cash flows expected to be collected on the assets subject to indemnification), the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change

in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets). The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

In January 2013, the FASB issued ASU No. 2013-01 to amend FASB ASC Topic 210, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The Update applies to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging and holder of financial instruments that are either offset in accordance with section 210-20-45 or 815-10-45 or subject to a master netting arrangement. The Update clarifies implementation issues related to the issuance of ASU 2011-11. The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

In February 2013, the FASB issued ASU No. 2013-02 to amend FASB ASC Topic 220, Reporting Items Reclassified Out of Accumulated Other Comprehensive Income. The objective of this update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this Update require an entity to disaggregate the total change of each component of other comprehensive income (e.g., unrealized gains or losses on available-for-sale investment securities) and separately present reclassification adjustments and current period other comprehensive income. The Update does not change the current requirements for reporting of net income or other comprehensive income. The Update was effective for the Company January 1, 2013, and did not have a material impact on the Company's financial position or results of operations.

NOTE 4: STOCKHOLDERS' EQUITY

Previously, the Company's stockholders approved the Company's reincorporation to the State of Maryland. Under Maryland law, there is no concept of "Treasury Shares." Instead, shares purchased by the Company constitute authorized but unissued shares under Maryland law. Accounting principles generally accepted in the United States of America state that accounting for treasury stock shall conform to state law. The cost of shares purchased by the Company has been allocated to Common Stock and Retained Earnings balances.

NOTE 5: EARNINGS PER SHARE

	Three Months Ended March 31,	
	2013	2012
	(In Thousands, Except Per Share Data)	
Basic:		
Average shares outstanding	13,605	13,491
Net income available to common shareholders	\$8,249	\$7,353
Per share amount	\$0.61	\$0.54
Income from continuing operations available to common shareholders	\$8,249	\$6,993
Per share amount	\$0.61	\$0.52
Income from discontinued operations available to common shareholders	\$ 0	\$359
Per share amount	\$0.00	\$0.02
Diluted:		
Average shares outstanding	13,605	13,491
Net effect of dilutive stock options and warrants – based on the treasury stock method using average market price	46	62
Diluted shares	13,651	13,553
Net income available to common shareholders	\$8,249	\$7,353
Per share amount	\$0.60	\$0.54
Income from continuing operations available to common shareholders	\$8,249	\$6,993
Per share amount	\$0.60	\$0.52
Income from discontinued operations available to common shareholders	\$0	\$359
Per share amount	\$0.00	\$0.02

Options to purchase 479,251 and 465,067 shares of common stock were outstanding at March 31, 2013 and 2012, respectively, but were not included in the computation of diluted earnings per share for each three-month period because the options' exercise prices were greater than the average market prices of the common shares for the three months ended March 31, 2013 and 2012, respectively.

NOTE 6: INVESTMENT SECURITIES

	March 31, 2013					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Tax Equivalent Yield	
	(In Thousands)					
AVAILABLE-FOR-SALE SECURITIES:						
U.S. government agencies	\$30,000	\$16	\$—	\$30,016	1.24	%
Collateralized mortgage obligations	3,801	527	4	4,324	1.80	
Mortgage-backed securities	595,479	13,888	452	608,915	2.31	
Small Business Administration loan pools	48,623	1,587	—	50,210	1.67	

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States and political subdivisions	110,650	8,348	—	118,998	5.58	
Equity securities	847	1,406	—	2,253	—	
	\$789,400	\$25,772	\$456	\$814,716	2.68	%
HELD-TO-MATURITY SECURITIES:						
States and political subdivisions	\$920	\$160	\$—	\$1,080	7.37	%

	December 31, 2012				Tax Equivalent Yield	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value		
(In Thousands)						
AVAILABLE-FOR-SALE SECURITIES:						
U.S. government agencies	\$30,000	\$40	\$—	\$30,040	1.25	%
Collateralized mortgage obligations	3,939	576	8	4,507	1.72	
Mortgage-backed securities	582,039	14,861	814	596,086	2.42	
Small Business Administration loan pools	50,198	1,295	—	51,493	1.99	
States and political subdivisions	114,372	8,506	—	122,878	5.61	
Equity securities	847	1,159	—	2,006	—	
	\$781,395	\$26,437	\$822	\$807,010	2.80	%
HELD-TO-MATURITY SECURITIES:						
States and political subdivisions	\$920	\$164	\$—	\$1,084	7.37	%

The amortized cost and fair value of available-for-sale securities at March 31, 2013, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
(In Thousands)		
One year or less	\$110	\$110
After one through five years	205	214
After five through ten years	9,598	10,106
After ten years	179,360	188,794
Securities not due on a single maturity date	599,280	613,239
Equity securities	847	2,253
	\$789,400	\$814,716

The held-to-maturity securities at March 31, 2013, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
(In Thousands)		
After five through ten years	\$920	\$1,080

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at March 31, 2013 and December 31, 2012, respectively, was approximately \$141.5 million and \$106.6 million, which is approximately 17.4% and 13.2% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

Based on an evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these debt securities are temporary at March 31, 2013.

The following table shows the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2013 and December 31, 2012:

Description of Securities	Less than 12 Months		March 31, 2013 12 Months or More		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Losses	Value	Losses	Value	Losses
	(In Thousands)					
Collateralized mortgage obligations	\$2	\$(2)	\$409	\$(2)	\$411	\$(4)
Mortgage-backed securities	141,062	(452)	—	—	141,062	(452)
	\$141,064	\$(454)	\$409	\$(2)	\$141,473	\$(456)

Description of Securities	Less than 12 Months		December 31, 2012 12 Months or More		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Losses	Value	Losses	Value	Losses
	(In Thousands)					
Collateralized mortgage obligations	\$—	\$—	\$414	\$(8)	\$414	\$(8)
Mortgage-backed securities	106,136	(814)	—	—	106,136	(814)
	\$106,136	\$(814)	\$414	\$(8)	\$106,550	\$(822)

Gross gains of \$34,000 and \$28,000 and gross losses of \$0 and \$0 resulting from sales of available-for-sale securities were realized for the three months ended March 31, 2013 and 2012, respectively. Gains and losses on sales of securities are determined on the specific-identification method.

Other-than-temporary Impairment. Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt and equity securities.

The accounting guidance for beneficial interests in securitized financial assets provides incremental impairment guidance for a subset of the debt securities within the scope of the guidance for investments in debt and equity securities. For securities where the security is a beneficial interest in securitized financial assets, the Company uses the beneficial interests in securitized financial asset impairment model. For securities where the security is not a beneficial interest in securitized financial assets, the Company uses the debt and equity securities impairment model. The Company does not currently have securities within the scope of this guidance for beneficial interests in securitized financial assets.

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. The Company considers the length of time a security has been in an unrealized loss position, the relative amount of the unrealized loss compared to the carrying value of the

security, the type of security and other factors. If certain criteria are met, the Company performs additional review and evaluation using observable market values or various inputs in economic models to determine if an unrealized loss is other-than-temporary. The Company uses quoted market prices for marketable equity securities and uses broker pricing quotes based on observable inputs for equity investments that are not traded on a stock exchange. For non-agency collateralized mortgage obligations, to determine if the unrealized loss is other-than-temporary, the Company projects total estimated defaults of the underlying assets (mortgages) and multiplies that calculated amount by an estimate of realizable value upon sale in the marketplace (severity) in order to determine the projected collateral loss. The Company also evaluates any current credit enhancement underlying these securities to determine the impact on cash flows. If the Company determines that a given security position will be subject to a write-down or loss, the Company records the expected credit loss as a charge to earnings.

During the three months ended March 31, 2013 and 2012, no securities were determined to have impairment that was other than temporary.

Credit Losses Recognized on Investments. Certain debt securities have experienced fair value deterioration due to credit losses, as well as due to other market factors, but are not otherwise other-than-temporarily impaired.

The following table provides information about debt securities for which only a credit loss was recognized in income and other losses are recorded in other comprehensive income.

	Accumulated Credit Losses (In Thousands)
Credit losses on debt securities held	
January 1, 2013	\$4,176
Additions related to other-than-temporary losses not previously recognized	—
Additions related to increases in credit losses on debt securities for which other-than-temporary impairment losses were previously recognized	—
Reductions due to sales	—
March 31, 2013	\$4,176

	Accumulated Credit Losses (In Thousands)
Credit losses on debt securities held	
January 1, 2012	\$3,598
Additions related to other-than-temporary losses not previously recognized	—
Additions related to increases in credit losses on debt securities for which other-than-temporary impairment losses were previously recognized	—
Reductions due to sales	—
March 31, 2012	\$3,598

Amounts Reclassified Out of Accumulated Other Comprehensive Income. Amounts reclassified from accumulated other comprehensive income and the affected line items in the statements of income during the three months ended March 31, 2013 and 2012, were as follows:

	Amounts Reclassified from Other Comprehensive Income		Affected Line Item in the Statements of Income
	2013	2012	
	(In Thousands)		
Unrealized gains on available-for-sale securities	\$34	\$28	Net realized gains on sales of available-for-sale securities (Total reclassified amount before tax)
Income taxes	(12	) (10	) Provision for income taxes
Total reclassifications out of accumulated other comprehensive income	\$22	\$18	

NOTE 7: LOANS AND ALLOWANCE FOR LOAN LOSSES

	March 31, 2013		December 31, 2012	
	(In Thousands)			
One- to four-family residential construction	\$38,953		\$29,071	
Subdivision construction	34,376		35,805	
Land development	63,278		62,559	
Commercial construction	143,043		150,515	
Owner occupied one- to four-family residential	82,399		83,859	
Non-owner occupied one- to four-family residential	144,552		145,458	
Commercial real estate	699,421		692,377	
Other residential	272,354		267,518	
Commercial business	281,065		264,631	
Industrial revenue bonds	48,768		43,762	
Consumer auto	90,959		82,610	
Consumer other	83,374		83,815	
Home equity lines of credit	54,413		54,225	
FDIC-supported loans, net of discounts (TeamBank)	70,906		77,615	
FDIC-supported loans, net of discounts (Vantus Bank)	87,141		95,483	
FDIC-supported loans, net of discounts (Sun Security Bank)	81,164		91,519	
FDIC-supported loans, net of discounts (InterBank)	248,786		259,232	
	2,524,952		2,520,054	
Undisbursed portion of loans in process	(146,105	)	(157,574)
Allowance for loan losses	(40,548	)	(40,649)
Deferred loan fees and gains, net	(3,090)	(2,193)
	\$2,335,209		\$2,319,638	
Weighted average interest rate	5.28	%	5.39	%

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Classes of loans by aging were as follows:

March 31, 2013

	30-59 Days	60-89 Days	Over 90 Days	Total Past Due		Total Loans Receivable	Total Loans > 90 Days and Still Accruing
	Past Due	Past Due		Due	Current		
	(In Thousands)						
One- to four-family residential construction	\$—	\$—	\$—	\$—	\$38,953	\$38,953	\$—
Subdivision construction	49	37	2	88	34,288	34,376	—
Land development	—	—	635	635	62,643	63,278	—
Commercial construction	—	—	—	—	143,043	143,043	—
Owner occupied one- to four-family residential	609	464	1,780	2,853	79,546	82,399	222
Non-owner occupied one- to four-family residential	379	—	1,280	1,659	142,893	144,552	—
Commercial real estate	21	7,002	9,441	16,464	682,957	699,421	—
Other residential	—	—	3,822	3,822	268,532	272,354	—
Commercial business	575	265	5,194	6,034	275,031	281,065	—
Industrial revenue bonds	—	—	2,029	2,029	46,739	48,768	—
Consumer auto	342	54	95	491	90,468	90,959	13
Consumer other	847	315	605	1,767	81,607	83,374	173
Home equity lines of credit	336	55	314	705	53,708	54,413	—
FDIC-supported loans, net of discounts (TeamBank)	867	47	9,404	10,318	60,588	70,906	—
FDIC-supported loans, net of discounts (Vantus Bank)	1,148	2,347	5,622	9,117	78,024	87,141	—
FDIC-supported loans, net of discounts (Sun Security Bank)	1,078	2,284	10,403	13,765	67,399	81,164	—
FDIC-supported loans, net of discounts (InterBank)	5,075	207	27,705	32,987	215,799	248,786	—
	11,326	13,077	78,331	102,734	2,422,218	2,524,952	408
Less FDIC-supported loans, net of discounts	8,168	4,885	53,134	66,187	421,810	487,997	—
Total	\$3,158	\$8,192	\$25,197	\$36,547	\$2,000,408	\$2,036,955	\$408

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December 31, 2012

	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due (In Thousands)	Current	Total Loans Receivable	Total Loans > 90 Days and Still Accruing
One- to four-family residential construction	\$ 178	\$—	\$—	\$ 178	\$28,893	\$29,071	\$—
Subdivision construction	478	—	3	481	35,324	35,805	—
Land development	—	—	2,471	2,471	60,088	62,559	—
Commercial construction	—	—	—	—	150,515	150,515	—
Owner occupied one- to four-family residential	3,305	263	2,352	5,920	77,939	83,859	237
Non-owner occupied one- to four-family residential	2,600	—	1,905	4,505	140,953	145,458	—
Commercial real estate	1,346	726	8,324	10,396	681,981	692,377	—
Other residential	3,741	—	—	3,741	263,777	267,518	—
Commercial business	2,094	153	4,139	6,386	258,245	264,631	—
Industrial revenue bonds	—	—	2,110	2,110	41,652	43,762	—
Consumer auto	690	73	120	883	81,727	82,610	26
Consumer other	1,522	242	834	2,598	81,217	83,815	449
Home equity lines of credit	185	146	220	551	53,674	54,225	—
FDIC-supported loans, net of discounts (TeamBank)	1,608	2,077	8,020	11,705	65,910	77,615	173
FDIC-supported loans, net of discounts (Vantus Bank)	1,545	669	5,641	7,855	87,628	95,483	—
FDIC-supported loans, net of discounts (Sun Security Bank)	1,539	384	21,342	23,265	68,254	91,519	1,274
FDIC-supported loans, net of discounts (InterBank)	10,212	4,662	33,928	48,802	210,430	259,232	347
	31,043	9,395	91,409	131,847	2,388,207	2,520,054	2,506
Less FDIC-supported loans, net of discounts	14,904	7,792	68,931	91,627	432,222	523,849	1,794
Total	\$ 16,139	\$ 1,603	\$ 22,478	\$ 40,220	\$ 1,955,985	\$ 1,996,205	\$ 712

Nonaccruing loans (excluding FDIC-supported loans, net of discount) are summarized as follows:

	March 31, 2013	December 31, 2012
	(In Thousands)	
One- to four-family residential construction	\$—	\$—
Subdivision construction	2	3
Land development	635	2,471
Commercial construction	—	—
Owner occupied one- to four-family residential	1,558	2,115
Non-owner occupied one- to four-family residential	1,280	1,905
Commercial real estate	9,441	8,324
Other residential	3,822	—
Commercial business	7,223	6,249
Consumer auto	82	94
Consumer other	432	385
Home equity lines of credit	314	220
Total	\$24,789	\$21,766

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2013 and 2012, respectively. Also presented are the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of March 31, 2013:

	One- to Four- Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
	(In Thousands)						
Allowance for loan losses							
Balance January 1, 2013	\$6,822	\$4,327	\$ 17,441	\$ 3,938	\$ 5,096	\$3,025	\$40,649
Provision charged to expense	(337)	2,031	3,590	1,240	1,735	(34)	8,225
Losses charged off	(919)	(1,895)	(4,343)	(53)	(1,018)	(917)	(9,145)
Recoveries	9	19	124	5	25	637	819
Balance March 31, 2013	\$5,575	\$4,482	\$ 16,812	\$ 5,130	\$ 5,838	\$2,711	\$40,548
Balance January 1, 2012	\$11,424	\$3,088	\$ 18,390	\$ 2,982	\$ 2,974	\$2,374	\$41,232
Provision charged to expense	(1,703)	933	6,124	4,609	567	(453)	10,077

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Losses charged off	(360)	—	(4,410)	(4,460)	(542)	(234)	(10,006)
Recoveries	52	2	5	24	60	86	229
Balance March 31, 2012	\$9,413	\$4,023	\$ 20,109	\$ 3,155	\$ 3,059	\$1,773	\$41,532
Ending balance:							
Individually evaluated for impairment	\$1,860	\$1,585	\$ 3,924	\$ 955	\$ 3,101	\$164	\$11,589
Collectively evaluated for impairment	\$3,709	\$2,897	\$ 12,872	\$ 4,174	\$ 2,730	\$2,547	\$28,929
Loans acquired and accounted for under ASC 310-30	\$6	\$—	\$ 16	\$ 1	\$ 7	\$—	\$30
Loans Individually evaluated for impairment	\$11,808	\$16,607	\$ 46,543	\$ 11,006	\$ 10,334	\$1,028	\$97,326
Collectively evaluated for impairment	\$288,472	\$255,747	\$ 701,646	\$ 195,315	\$ 270,731	\$227,718	\$1,939,629
Loans acquired and accounted for under ASC 310-30	\$266,218	\$50,754	\$ 116,175	\$ 9,465	\$ 11,515	\$33,870	\$487,997

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2012:

	One- to Four- Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
(In Thousands)							
Allowance for loan losses							
Individually evaluated for impairment	\$2,288	\$ 1,089	\$ 4,990	\$ 96	\$ 2,778	\$156	\$11,397
Collectively evaluated for impairment	\$4,532	\$ 3,239	\$ 12,443	\$ 3,842	\$ 2,315	\$2,864	\$29,235
Loans acquired and accounted for under ASC 310-30	\$1	\$ —	\$ 9	\$ —	\$ 4	\$3	\$17
Loans							
Individually evaluated for impairment	\$14,691	\$ 16,405	\$ 48,476	\$ 12,009	\$ 10,064	\$980	\$102,625
Collectively evaluated for impairment	\$279,502	\$ 251,113	\$ 687,663	\$ 201,065	\$ 254,567	\$219,670	\$1,893,580
Loans acquired and accounted for under ASC 310-30	\$278,889	\$ 53,280	\$ 129,128	\$ 7,997	\$ 14,939	\$39,616	\$523,849

The portfolio segments used in the preceding two tables correspond to the loan classes used in all other tables in Note 7 as follows:

- The one-to four-family residential and construction segment includes the one- to four-family residential construction, subdivision construction, owner occupied one- to four-family residential and non-owner occupied one- to four-family residential classes
 - The other residential segment corresponds to the other residential class
- The commercial real estate segment includes the commercial real estate and industrial revenue bonds classes
 - The commercial construction segment includes the land development and commercial construction classes
 - The commercial business segment corresponds to the commercial business class
- The consumer segment includes the consumer auto, consumer other and home equity lines of credit classes

Impaired loans are summarized as follows:

At or for the Three Months Ended March 31, 2013

	Recorded Balance	Unpaid Principal Balance	Specific Allowance (In Thousands)	Average Investment in Impaired Loans	Interest Income Recognized
One- to four-family residential construction	\$—	\$—	\$—	\$—	\$—
Subdivision construction	2,379	2,383	605	2,470	30
Land development	11,006	11,403	955	11,009	126
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	4,548	4,745	363	4,958	53
Non-owner occupied one- to four-family residential	4,881	5,289	892	5,841	61
Commercial real estate	46,543	47,709	3,924	46,227	376
Other residential	16,607	16,607	1,585	18,404	104
Commercial business	7,630	9,115	3,101	7,419	59
Industrial revenue bonds	2,704	2,784	—	2,704	—
Consumer auto	112	136	18	132	2
Consumer other	587	640	87	676	11
Home equity lines of credit	329	343	59	337	8
Total	\$97,326	\$101,154	\$11,589	\$100,177	\$830

	At or for the Year Ended December 31, 2012				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance (In Thousands)	Average Investment in Impaired Loans	Interest Income Recognized
One- to four-family residential construction	\$410	\$410	\$239	\$679	\$22
Subdivision construction	2,577	2,580	688	8,399	143
Land development	12,009	13,204	96	12,614	656
Commercial construction	—	—	—	383	—
Owner occupied one- to four-family residential	5,627	6,037	550	5,174	295
Non-owner occupied one- to four-family residential	6,077	6,290	811	10,045	330
Commercial real estate	48,476	49,779	4,990	45,181	2,176
Other residential	16,405	16,405	1,089	16,951	836
Commercial business	7,279	8,615	2,778	4,851	329
Industrial revenue bonds	2,785	2,865	—	3,034	5
Consumer auto	143	170	22	157	17
Consumer other	602	682	89	654	65
Home equity lines of credit	235	248	45	162	15
Total	\$102,625	\$107,285	\$11,397	\$108,284	\$4,889

At March 31, 2013, \$39.4 million of impaired loans had specific valuation allowances totaling \$11.6 million. At December 31, 2012, \$43.4 million of impaired loans had specific valuation allowances totaling \$11.4 million.

Included in certain loan categories in the impaired loans are troubled debt restructurings that were classified as impaired. Troubled debt restructurings are loans that are modified by granting concessions to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. The types of concessions made are factored into the estimation of the allowance for loan losses for troubled debt restructurings primarily using a discounted cash flows or collateral adequacy approach.

The following table presents newly restructured loans during the three months ended March 31, 2013 by type of modification:

	Interest Only	Term	Combination	Total Modification
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(In Thousands)

Mortgage loans on real estate:

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Residential one- to four-family	\$—	\$337	\$—	\$337
Other residential	—	1,874	—	1,874
Consumer	—	165	—	165
	\$—	\$2,376	\$—	\$2,376

At March 31, 2013, the Company had \$45.7 million of loans that were modified in troubled debt restructurings and impaired, as follows: \$1.8 million of construction loans, \$18.0 million of single family and multi-family residential mortgage loans, \$23.7 million of commercial real estate loans, \$1.9 million of commercial business loans and \$331,000 of consumer loans. Of the total troubled debt restructurings at March 31, 2013, \$42.1 million were accruing interest and \$11.3 million were classified as substandard and \$1.0 million were classified as doubtful using the Company's internal grading system, which is described below. The Company had troubled debt restructurings which were modified in the previous 12 months and subsequently defaulted during the quarter ended March 31, 2013 of approximately \$1.1 million, including three commercial real estate loans totaling \$912,000, two non-owner occupied residential mortgage loans totaling \$193,000, and one commercial business loan totaling \$13,000. In addition, the Company had troubled debt restructurings which were modified in the previous 12 months, which subsequently defaulted and were transferred to foreclosed assets during the quarter ended March 31, 2013, of approximately \$1.1 million, including one commercial real estate loan of \$1.5 million, \$1.0 million of which was charged-off, and two non-owner occupied residential mortgage loans totaling approximately \$155,000. When loans modified as troubled debt restructuring have subsequent payment defaults, the defaults are factored into the determination of the allowance for loan losses to ensure specific valuation allowances reflect amounts considered uncollectible. At December 31, 2012, the Company had \$2.8 million of construction loans, \$7.1 million of residential mortgage loans, \$26.9 million of commercial real estate loans, \$7.9 million of other residential loans, \$1.9 million of commercial business loans and \$167,000 of consumer loans that were modified in troubled debt restructurings and impaired. Of the total troubled debt restructurings at December 31, 2012, \$40.5 million were accruing interest and \$14.6 million were classified as substandard and \$1.0 million were classified as doubtful using the Company's internal grading system.

During the three months ended March 31, 2013, borrowers with loans designated as troubled debt restructurings totaling \$387,000, made up of residential mortgage loans, met the criteria for placement back on accrual status. This criteria is a minimum of six months of payment performance under existing or modified terms.

The Company reviews the credit quality of its loan portfolio using an internal grading system that classifies loans as "Satisfactory," "Watch," "Special Mention," "Substandard" and "Doubtful." Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if certain deficiencies are not corrected. Doubtful loans are those having all the weaknesses inherent to those classified Substandard with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Special mention loans possess potential weaknesses that deserve management's close attention but do not expose the Bank to a degree of risk that warrants substandard classification. Loans classified as watch are being monitored because of indications of potential weaknesses or deficiencies that may require future classification as special mention or substandard. Loans not meeting any of the criteria previously described are considered satisfactory. The FDIC-covered loans are evaluated using this internal grading system. These loans are accounted for in pools and are currently substantially covered through loss sharing agreements with the FDIC. Minimal adverse classification in the loan pools was identified as of March 31, 2013 and December 31, 2012, respectively. See Note 8 for further discussion of the acquired loan pools and loss sharing agreements. The loan grading system is presented by loan class below:

	March 31, 2013					Total
	Satisfactory (In Thousands)	Watch	Special Mention	Substandard	Doubtful	
One- to four-family residential						
construction	\$38,953	\$—	\$—	\$—	\$—	\$38,953
Subdivision construction	29,585	3,215	—	1,576	—	34,376
Land development	50,433	3,395	—	9,450	—	63,278

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Commercial construction	143,043	—	—	—	—	143,043
Owner occupied one- to four- family residential	79,602	502	—	2,295	—	82,399
Non-owner occupied one- to four- family residential	136,021	4,223	—	4,308	—	144,552
Commercial real estate	636,611	33,818	—	28,992	—	699,421
Other residential	254,311	11,192	—	6,851	—	272,354
Commercial business	272,616	3,529	—	3,920	1,000	281,065
Industrial revenue bonds	46,064	675	—	2,029	—	48,768
Consumer auto	90,856	—	—	103	—	90,959
Consumer other	82,910	—	—	464	—	83,374
Home equity lines of credit	52,008	—	2,076	329	—	54,413
FDIC-supported loans, net of discounts (TeamBank)	70,872	—	—	34	—	70,906
FDIC-supported loans, net of discounts (Vantus Bank)	86,937	—	—	204	—	87,141
FDIC-supported loans, net of discounts (Sun Security Bank)	80,538	—	—	626	—	81,164
FDIC-supported loans, net of discounts (InterBank)	248,786	—	—	—	—	248,786
Total	\$2,400,146	\$60,549	\$2,076	\$61,181	\$1,000	\$2,524,952

	December 31, 2012					
	Satisfactory (In Thousands)	Watch	Special Mention	Substandard	Doubtful	Total
One- to four-family residential construction	\$28,662	\$—	\$—	\$ 409	\$—	\$29,071
Subdivision construction	31,156	2,993	—	1,656	—	35,805
Land development	47,388	3,887	—	11,284	—	62,559
Commercial construction	150,515	—	—	—	—	150,515
Owner occupied one- to four-family residential	79,411	792	—	3,656	—	83,859
Non-owner occupied one- to four-family residential	132,073	7,884	—	5,501	—	145,458
Commercial real estate	619,387	42,753	—	30,237	—	692,377
Other residential	252,238	6,793	—	8,487	—	267,518
Commercial business	253,165	4,286	—	6,180	1,000	264,631
Industrial revenue bonds	40,977	675	—	2,110	—	43,762
Consumer auto	82,467	—	—	143	—	82,610
Consumer other	83,250	—	—	565	—	83,815
Home equity lines of credit	52,076	—	1,913	236	—	54,225
FDIC-supported loans, net of discounts (TeamBank)	77,568	—	—	47	—	77,615
FDIC-supported loans, net of discounts (Vantus Bank)	95,281	—	—	202	—	95,483
FDIC-supported loans, net of discounts (Sun Security Bank)	91,519	—	—	—	—	91,519
FDIC-supported loans, net of discounts (InterBank)	259,210	—	—	22	—	259,232
Total	\$2,376,343	\$70,063	\$1,913	\$ 70,735	\$1,000	\$2,520,054

NOTE 8: LOSS SHARING AGREEMENTS AND FDIC INDEMNIFICATION ASSETS

On March 20, 2009, Great Southern Bank entered into a purchase and assumption agreement with loss share with the Federal Deposit Insurance Corporation (FDIC) to assume all of the deposits (excluding brokered deposits) and acquire certain assets of TeamBank, N.A., a full service commercial bank headquartered in Paola, Kansas.

The loans, commitments and foreclosed assets purchased in the TeamBank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the Bank shares in the losses on assets covered under the agreement (referred to as covered assets). On losses up to \$115.0 million, the FDIC agreed to reimburse the Bank for 80% of the losses. On losses exceeding \$115.0 million, the FDIC agreed to reimburse the Bank for 95% of the losses. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to

90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by the Bank. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during the three months ended March 31, 2013 and 2012 was \$107,000 and \$427,000, respectively.

On September 4, 2009, Great Southern Bank entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and acquire certain assets of Vantus Bank, a full service thrift headquartered in Sioux City, Iowa.

The loans, commitments and foreclosed assets purchased in the Vantus Bank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the Bank shares in the losses on assets covered under the agreement (referred to as covered assets). On losses up to \$102.0 million, the FDIC agreed to reimburse the Bank for 80% of the losses. On losses exceeding \$102.0 million, the FDIC agreed to reimburse the Bank for 95% of the losses. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by the Bank. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during the three months ended March 31, 2013 and 2012 was \$47,000 and \$158,000, respectively.

On October 7, 2011, Great Southern Bank entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and acquire certain assets of Sun Security Bank, a full service bank headquartered in Ellington, Missouri.

The loans and foreclosed assets purchased in the Sun Security Bank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the FDIC agreed to cover 80% of the losses on the loans (excluding approximately \$4 million of consumer loans) and foreclosed assets purchased subject to certain limitations. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during the three months ended March 31, 2013 and 2012 was \$344,000 and \$282,000, respectively.

On April 27, 2012, Great Southern Bank entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and acquire certain assets of Inter Savings Bank, FSB ("InterBank"), a full service bank headquartered in Maple Grove, Minnesota.

The loans and foreclosed assets purchased in the InterBank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the FDIC agreed to cover 80% of the losses on the loans (excluding approximately \$60,000 of consumer loans) and foreclosed assets purchased subject to

certain limitations. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The Company's estimates of its cash flows to be collected regarding the InterBank assets has not materially changed. A premium was recorded in conjunction with the fair value of the acquired loans and the amount amortized to yield during the three months ended March 31, 2013 was \$169,000.

Fair Value and Expected Cash Flows. At the time of these acquisitions, the Company determined the fair value of the loan portfolios based on several assumptions. Factors considered in the valuations were projected cash flows for the loans, type of loan and related collateral, classification status, fixed or variable interest rate, term of loan, current discount rates and whether or not the loan was amortizing. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. Management also estimated the amount of credit losses that were expected to be realized for the loan portfolios. The discounted cash flow approach was used to value each pool of loans. For non-performing loans, fair value was estimated by calculating the present value of the recoverable cash flows using a discount rate based on comparable corporate bond rates. This valuation of the acquired loans is a significant component leading to the valuation of the loss sharing assets recorded.

The amount of the estimated cash flows expected to be received from the acquired loan pools in excess of the fair values recorded for the loan pools is referred to as the accretable yield. The accretable yield is recognized as interest income over the estimated lives of the loans. The Company continues to evaluate the fair value of the loans including cash flows expected to be collected. Increases in the Company's cash flow expectations are recognized as increases to the accretable yield while decreases are recognized as impairments through the allowance for loan losses. During the three months ended March 31, 2013, increases in expected cash flows related to the acquired loan portfolios resulted in adjustments of \$9.4 million to the accretable yield to be spread over the estimated remaining lives of the loans on a level-yield basis. During the three months ended March 31, 2012, similar such adjustments totaling \$1.2 million were made to the accretable yield. The current year increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements. During the three months ended March 31, 2013, this resulted in a corresponding adjustment of \$7.5 million to the indemnification assets to be amortized on a level-yield basis over the remainder of the loss sharing agreements or the remaining expected lives of the loan pools, whichever is shorter.

Because these adjustments will be recognized over the remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The remaining accretable yield adjustment that will affect interest income is \$23.6 million and the remaining adjustment to the indemnification assets that will affect non-interest income (expense) is \$(18.4) million. Of the remaining adjustments, we expect to recognize \$12.3 million of interest income and \$(10.8) million of non-interest income (expense) in the remainder of 2013. Additional adjustments may be recorded in future periods from the FDIC-assisted acquisitions, as the Company continues to estimate expected cash flows from the acquired loan pools.

The impact of adjustments on the Company's financial results is shown below:

	Three Months Ended	
	March 31, 2013	March 31, 2012
	(In Thousands, Except Per Share Data and Basis Points Data)	
Impact on net interest income/ net interest margin (in basis points)	\$ 10,433	118 bps
Non-interest income	(8,335)	\$ 6,163 72 bps
Net impact to pre-tax income	\$ 2,098	\$ (4,531)
Net impact net of taxes	\$ 1,364	\$ 1,632
Impact to diluted earnings per common share	\$ 0.10	\$ 1,061
		\$ 0.08

The loss sharing asset is measured separately from the loan portfolio because it is not contractually embedded in the loans and is not transferable with the loans should the Bank choose to dispose of them. Fair value was estimated using projected cash flows available for loss sharing based on the credit adjustments estimated for each loan pool (as discussed above) and the loss sharing percentages outlined in the Purchase and Assumption Agreement with the FDIC. These cash flows were discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursement from the FDIC. The loss sharing asset is also separately measured from the related foreclosed real estate.

The loss sharing agreement on the InterBank transaction includes a clawback provision whereby if credit loss performance is better than certain pre-established thresholds, then a portion of the monetary benefit is shared with the FDIC. The pre-established threshold for credit losses is \$115.7 million for this transaction. The monetary benefit required to be paid to the FDIC under the clawback provision, if any, will occur shortly after the termination of the loss sharing agreement, which in the case of InterBank is 10 years from the acquisition date.

At March 31, 2013, the Bank's internal estimate of credit performance is expected to be better than the threshold set by the FDIC in the loss sharing agreement. Therefore, a separate clawback liability totaling \$1.6 million was recorded as of March 31, 2013. As changes in the fair values of the loans and foreclosed assets are determined due to changes in expected cash flows, changes in the amount of the clawback liability will occur.

TeamBank FDIC Indemnification Asset. The following tables present the balances of the FDIC indemnification asset related to the TeamBank transaction at March 31, 2013 and December 31, 2012. Gross loan balances (due from the borrower) were reduced approximately \$358.9 million since the transaction date because of \$224.7 million of repayments from borrowers, \$59.5 million in transfers to foreclosed assets and \$74.8 million in charge-offs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	March 31, 2013			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$77,245		\$6,002	
Non-credit premium/(discount), net of activity since acquisition date	(27)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(4,484)	—	
Original estimated fair value of assets, net of activity since acquisition date	(70,906	)	(5,638)
Expected loss remaining	1,828		364	
Assumed loss sharing recovery percentage	81	%	80	%
Estimated loss sharing value	1,482		292	
Indemnification asset to be amortized resulting from change in expected losses	3,158		—	
Accretable discount on FDIC indemnification asset	(178)	—	
FDIC indemnification asset	\$4,462		\$292	

	December 31, 2012			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$86,657		\$9,056	
Non-credit premium/(discount), net of activity since acquisition date	(134)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(5,120)	—	
Original estimated fair value of assets, net of activity since acquisition date	(77,615	)	(7,669)
Expected loss remaining	3,788		1,387	
Assumed loss sharing recovery percentage	81	%	82	%
Estimated loss sharing value	3,051		1,141	
Indemnification asset to be amortized resulting from				

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change in expected losses	4,036	—
Accretable discount on FDIC indemnification asset	(332)) —
FDIC indemnification asset	\$6,755	\$1,141

Vantus Bank Indemnification Asset. The following tables present the balances of the FDIC indemnification asset related to the Vantus Bank transaction at March 31, 2013 and December 31, 2012. Gross loan balances (due from the borrower) were reduced approximately \$239.2 million since the transaction date because of \$194.9 million of repayments from borrowers, \$15.4 million in transfers to foreclosed assets and \$28.8 million in charge-offs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	March 31, 2013			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$92,384		\$4,227	
Non-credit premium/(discount), net of activity since acquisition date	(57)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(3,887)	—	
Original estimated fair value of assets, net of activity since acquisition date	(87,141	)	(3,024)
Expected loss remaining	1,299		1,203	
Assumed loss sharing recovery percentage	76	%	80	%
Estimated loss sharing value	993		962	
Indemnification asset to be amortized resulting from change in expected losses	3,100		—	
Accretable discount on FDIC indemnification asset	(178)	—	
FDIC indemnification asset	\$3,915		\$962	

	December 31, 2012			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$103,910		\$4,383	
Non-credit premium/(discount), net of activity since acquisition date	(104)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(5,429)	—	
Original estimated fair value of assets, net of activity since acquisition date	(95,483	)	(3,214)
Expected loss remaining	2,894		1,169	
Assumed loss sharing recovery percentage	78	%	80	%

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Estimated loss sharing value	2,270	935
Indemnification asset to be amortized resulting from change in expected losses	4,343	—
Accretable discount on FDIC indemnification asset	(240) —
FDIC indemnification asset	\$6,373	\$935

Sun Security Bank Indemnification Asset. The following tables present the balances of the FDIC indemnification asset related to the Sun Security Bank transaction at March 31, 2013 and December 31, 2012. Gross loan balances (due from the borrower) were reduced approximately \$129.0 million since the transaction date because of \$79.9 million of repayments by the borrower, \$21.8 million in transfers to foreclosed assets and \$27.2 million of charge-offs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	March 31, 2013			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 105,489		\$ 10,051	
Non-credit premium/(discount), net of activity since acquisition date	(735)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(3,538)	—	
Original estimated fair value of assets, net of activity since acquisition date	(81,164	)	(5,729)
Expected loss remaining	20,052		4,322	
Assumed loss sharing recovery percentage	75	%	80	%
Estimated loss sharing value	15,044		3,440	
Indemnification asset to be amortized resulting from change in expected losses	2,830		—	
Accretable discount on FDIC indemnification asset	(2,482	)	(561)
FDIC indemnification asset	\$ 15,392		\$ 2,879	

	December 31, 2012			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 126,933		\$ 10,980	
Non-credit premium/(discount), net of activity since acquisition date	(1,079)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(4,182)	—	
Original estimated fair value of assets, net of activity since acquisition date	(91,519	)	(6,227)
Expected loss remaining	30,153		4,753	
Assumed loss sharing recovery percentage	76	%	80	%
Estimated loss sharing value	23,017		3,785	
Indemnification asset to be amortized resulting from change in expected losses	3,345		—	

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Accretable discount on FDIC indemnification asset	(2,867)	(561)
FDIC indemnification asset	\$23,495		\$3,224	

InterBank Indemnification Asset. The following table presents the balances of the FDIC indemnification asset related to the InterBank transaction at March 31, 2013. Gross loan balances (due from the borrower) were reduced approximately \$54.4 million since the transaction date because of \$38.7 million of repayments by the borrower, \$2.1 million in transfers to foreclosed assets and \$13.6 million of charge-offs to customer loan balances. Based upon the collectability analyses performed during the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	March 31, 2013			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$338,908		\$3,534	
Non-credit premium/(discount), net of activity since acquisition date	2,372		—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(11,659)	—	
Original estimated fair value of assets, net of activity since acquisition date	(248,786	)	(3,054)
Expected loss remaining	80,835		480	
Assumed loss sharing recovery percentage	81	%	80	%
Estimated loss sharing value	65,614		384	
FDIC loss share clawback	1,362		—	
Indemnification asset to be amortized resulting from change in expected losses	9,327		—	
Accretable discount on FDIC indemnification asset	(6,391	)	(93)
FDIC indemnification asset	\$69,912		\$291	

	December 31, 2012			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$356,844		\$2,001	
Non-credit premium/(discount), net of activity since acquisition date	2,541		—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(9,897)	—	
Original estimated fair value of assets, net of activity since acquisition date	(259,232	)	(1,620)
Expected loss remaining	90,256		381	
Assumed loss sharing recovery percentage	81	%	80	%
Estimated loss sharing value	73,151		304	

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FDIC loss share clawback	1,000	—	
Indemnification asset to be amortized resulting from change in expected losses	7,871	—	
Accretable discount on FDIC indemnification asset	(6,893	)	(93)
FDIC indemnification asset	\$75,129	\$211	

Changes in the accretable yield for acquired loan pools were as follows for the three months ended March 31, 2013 and 2012:

	TeamBank	Vantus Bank (In Thousands)	Sun Security Bank	InterBank
Balance, January 1, 2012	\$ 14,662	\$ 21,967	\$ 12,769	\$—
Accretion	(4,470)	(5,215)	(2,452)	—
Reclassification from nonaccretable difference(1)	4,322	2,950	—	—
Balance, March 31, 2012	\$ 14,514	\$ 19,702	\$ 10,317	\$—
Balance January 1, 2013	\$ 12,128	\$ 13,538	\$ 11,259	\$ 42,574
Accretion	(3,681)	(3,297)	(4,188)	(7,029)
Reclassification from nonaccretable difference(1)	2,892	1,281	2,944	4,719
Balance, March 31, 2013	\$ 11,339	\$ 11,522	\$ 10,015	\$ 40,264

(1) Represents increases in estimated cash flows expected to be received from the acquired loan pools, primarily due to lower estimated credit losses. The numbers also include changes in expected accretion of the loan pools for TeamBank, Vantus Bank, Sun Security Bank and InterBank for the three months ended March 31, 2013, totaling \$776,000, \$765,000, \$1.2 million and \$(273,000), respectively, and the three months ended March 31, 2012, totaling \$400,000, \$750,000, \$0 and \$0, respectively.

NOTE 9: FORECLOSED ASSETS HELD FOR SALE

Major classifications of foreclosed assets were as follows:

	March 31, 2013	December 31, 2012
	(In Thousands)	
One-to four-family construction	\$ 324	\$ 627
Subdivision construction	15,723	17,147
Land development	15,432	14,058
Commercial construction	3,765	6,511
One-to four-family residential	1,418	1,200
Other residential	7,232	7,232
Commercial real estate	3,168	2,738
Commercial business	126	160
Consumer	625	471
	47,813	50,144
FDIC-supported foreclosed assets, net of discounts	17,445	18,730
	\$ 65,258	\$ 68,874

Expenses applicable to foreclosed assets included the following:

	Three Months Ended March 31,	
	2013	2012
	(In Thousands)	
Net gain on sales of foreclosed assets	\$(27	) \$(531
Valuation write-downs	442	269
Operating expenses, net of rental income	640	701
	\$1,055	\$439

NOTE 10: DEPOSITS

	March 31,	December 31,
	2013	2012
	(In Thousands)	
Time Deposits:		
0.00% - 0.99%	\$670,285	\$666,573
1.00% - 1.99%	355,182	426,589
2.00% - 2.99%	88,062	90,539
3.00% - 3.99%	12,282	13,240
4.00% - 4.99%	4,127	5,190
5.00% and above	1,811	1,816
Total time deposits (0.97% - 1.00%)	1,131,749	1,203,947
Non-interest-bearing demand deposits	413,564	385,778
Interest-bearing demand and savings deposits (0.26% - 0.33%)	1,674,451	1,563,468
Total Deposits	\$3,219,764	\$3,153,193

NOTE 11: INCOME TAXES

Reconciliations of the Company's effective tax rates to the statutory corporate tax rates were as follows:

	Three Months Ended March 31,	
	2013	2012
	(In Thousands)	
Tax at statutory rate	35.0	% 35.0
Nontaxable interest and dividends	(4.3	) (6.6
Tax credits	(17.3	) (17.4
State taxes	1.4	0.8
Other	0.3	(1.6
	15.1	% 10.2

NOTE 12: FAIR VALUE MEASUREMENT

ASC Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Quoted prices in active markets for identical assets or liabilities (Level 1): Inputs that are quoted unadjusted prices in active markets for identical assets that the Company has the ability to access at the measurement date. An active market for the asset is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Other observable inputs (Level 2): Inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity including quoted prices for similar assets, quoted prices for securities in inactive markets and inputs derived principally from or corroborated by observable market data by correlation or other means.
- Significant unobservable inputs (Level 3): Inputs that reflect assumptions of a source independent of the reporting entity or the reporting entity's own assumptions that are supported by little or no market activity or observable inputs.

Financial instruments are broken down as follows by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, due to an event or circumstance, were required to be remeasured at fair value after initial recognition in the financial statements at some time during the reporting period.

Recurring Measurements

	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
(In Thousands)				
March 31, 2013				
U.S. government agencies	\$30,016	\$—	\$30,016	\$—
Collateralized mortgage obligations	4,324	—	4,324	—
Mortgage-backed securities	608,915	—	608,915	—
Small Business Administration loan pools	50,210	—	50,210	—
States and political subdivisions	118,998	—	118,998	—
Equity securities	2,253	—	2,253	—
Mortgage servicing rights	252	—	—	252
Interest rate swap asset	1,928	—	—	1,928

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Interest rate swap liability	(1,915)	—	—	(1,915)	
December 31, 2012							
U.S. government agencies	\$30,040		\$—		\$30,040	\$—	
Collateralized mortgage obligations	4,507		—		4,507	—	
Mortgage-backed securities	596,086		—		596,086	—	
Small Business Administration loan pools	51,493		—		51,493	—	
States and political subdivisions	122,878		—		122,878	—	
Equity securities	2,006		—		2,006	—	
Mortgage servicing rights	152		—		—	152	
Interest rate swap asset	2,112		—		—	2,112	
Interest rate swap liability	(2,160)	—		—	(2,160)

The following is a description of inputs and valuation methodologies used for assets recorded at fair value on a recurring basis and recognized in the accompanying statements of financial condition at March 31, 2013 and December 31, 2012, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended March 31, 2013.

Securities Available for Sale. Investment securities available for sale are recorded at fair value on a recurring basis. The fair values used by the Company are obtained from an independent pricing service, which represent either quoted market prices for the identical asset or fair values determined by pricing models, or other model-based valuation techniques, that consider observable market data, such as interest rate volatilities, LIBOR yield curve, credit spreads and prices from market makers and live trading systems. Recurring Level 2 securities include U.S. government agency securities, mortgage-backed securities, collateralized mortgage obligations, Small Business Administration (SBA) loan pools, state and municipal bonds and equity securities. Inputs used for valuing Level 2 securities include observable data that may include dealer quotes, benchmark yields, market spreads, live trading levels and market consensus prepayment speeds, among other things. Additional inputs include indicative values derived from the independent pricing service's proprietary computerized models. There were no Recurring Level 3 securities at March 31, 2013 or December 31, 2012.

Mortgage Servicing Rights. Mortgage servicing rights do not trade in an active, open market with readily observable prices. Accordingly, fair value is estimated using discounted cash flow models. Due to the nature of the valuation inputs, mortgage servicing rights are classified within Level 3 of the hierarchy.

Interest Rate Swaps. Interest rate swaps are recorded at fair value on a recurring basis. The fair values used by the Company are obtained from an independent valuation service, and are based on prevailing observable market data, such as the LIBOR swap curves and Overnight Index Swap "OIS" curves, and derived from proprietary models based on well recognized financial principles and reasonable estimates about future market conditions (which may include assumptions and estimates that are not readily observable in the marketplace). Included in the fair values are credit valuation adjustments which represent the consideration of credit risk (credit standing) of the counterparties to the transaction and the effect of any credit enhancements related to the transaction. Certain inputs to the credit valuation models may be based on assumptions and best estimates that are not readily observable in the marketplace.

The Company considers transfers between the levels of the hierarchy to be recognized at the end of related reporting periods. From December 31, 2012 to March 31, 2013, no assets for which fair value is measured on a recurring basis transferred between any levels of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheet using significant unobservable (Level 3) inputs.

	Mortgage Servicing Rights	
	2013	2012
	(In Thousands)	
Balance, January 1	\$152	\$292
Additions	138	14
Amortization	(38)	(70)
Balance, March 31	\$252	\$236

	Interest Rate Swap Asset	
	2013	2012
	(In Thousands)	
Balance, January 1	\$2,112	\$111
Change in fair value through earnings	(184	) 379
Balance, March 31	\$1,928	\$490

	Interest Rate Swap Liability	
	2013	2012
	(In Thousands)	
Balance, January 1	\$2,160	\$121
Change in fair value through earnings	(245	) 282
Balance, March 31	\$1,915	\$403

Nonrecurring Measurements

The following tables present the fair value measurements of assets measured at fair value during the periods presented on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2013 and December 31, 2012:

	Fair value	Fair Value Measurements Using		
		Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
(In Thousands)				
March 31, 2013				
Impaired loans				
One- to four-family residential construction	\$—	\$—	\$—	\$—
Subdivision construction	181	—	—	181
Land development	3,016	—	—	3,016
Owner occupied one- to four-family residential	260	—	—	260
Non-owner occupied one- to four-family residential	903	—	—	903
Commercial real estate	9,552	—	—	9,552
Other residential	1,874	—	—	1,874
Commercial business	2,442	—	—	2,442
Consumer auto	49	—	—	49
Consumer other	288	—	—	288
Home equity lines of credit	77	—	—	77
Total impaired loans	\$18,642	\$—	\$—	\$18,642
Foreclosed assets held for sale	\$446	\$—	\$—	\$446
December 31, 2012				
Impaired loans				
One- to four-family residential construction	\$171	\$—	\$—	\$171
Subdivision construction	1,482	—	—	1,482
Land development	1,463	—	—	1,463
Owner occupied one- to four-family residential	2,638	—	—	2,638
Non-owner occupied one- to four-family residential	2,392	—	—	2,392
Commercial real estate	21,764	—	—	21,764
Other residential	4,162	—	—	4,162
Commercial business	2,186	—	—	2,186
Consumer auto	51	—	—	51
Consumer other	286	—	—	286
Home equity lines of credit	44	—	—	44
Total impaired loans	\$36,639	\$—	\$—	\$36,639

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Foreclosed assets held for sale	\$11,360	\$—	\$—	\$11,360
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The following is a description of valuation methodologies used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial condition, as well as the general classification of such assets pursuant to the valuation hierarchy.

Loans Held for Sale. Mortgage loans held for sale are recorded at the lower of carrying value or fair value. The fair value of mortgage loans held for sale is based on what secondary markets are currently offering for portfolios with similar characteristics. As such, the Company classifies mortgage loans held for sale as Nonrecurring Level 2. Write-downs to fair value typically do not occur as the Company generally enters into commitments to sell individual mortgage loans at the time the loan is originated to reduce market risk. The Company typically does not have commercial loans held for sale. At March 31, 2013 and December 31, 2012, the aggregate fair value of mortgage loans held for sale exceeded their cost. Accordingly, no mortgage loans held for sale were marked down and reported at fair value.

Impaired Loans. A loan is considered to be impaired when it is probable that all of the principal and interest due may not be collected according to its contractual terms. Generally, when a loan is considered impaired, the amount of reserve required under FASB ASC 310, Receivables, is measured based on the fair value of the underlying collateral. The Company makes such measurements on all material loans deemed impaired using the fair value of the collateral for collateral dependent loans. The fair value of collateral used by the Company is determined by obtaining an observable market price or by obtaining an appraised value from an independent, licensed or certified appraiser, using observable market data. This data includes information such as selling price of similar properties and capitalization rates of similar properties sold within the market, expected future cash flows or earnings of the subject property based on current market expectations, and other relevant factors. All appraised values are adjusted for market-related trends based on the Company's experience in sales and other appraisals of similar property types as well as estimated selling costs. Each quarter management reviews all collateral dependent impaired loans on a loan-by-loan basis to determine whether updated appraisals are necessary based on loan performance, collateral type and guarantor support. At times, the Company measures the fair value of collateral dependent impaired loans using appraisals with dates prior to one year from the date of review. These appraisals are discounted by applying current, observable market data about similar property types such as sales contracts, estimations of value by individuals familiar with the market, other appraisals, sales or collateral assessments based on current market activity until updated appraisals are obtained. Depending on the length of time since an appraisal was performed and the data provided through our reviews, these appraisals are typically discounted 10-40%. The policy described above is the same for all types of collateral dependent impaired loans.

The Company records impaired loans as Nonrecurring Level 3. If a loan's fair value as estimated by the Company is less than its carrying value, the Company either records a charge-off of the portion of the loan that exceeds the fair value or establishes a reserve within the allowance for loan losses specific to the loan. Loans for which such charge-offs or reserves were recorded during the three months ended March 31, 2013 or the year ended December 31, 2012, are shown in the table above (net of reserves).

Foreclosed Assets Held for Sale. Foreclosed assets held for sale are initially recorded at fair value less estimated cost to sell at the date of foreclosure. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. Foreclosed assets held for sale are classified as Level 3. The foreclosed assets represented in the table above have been re-measured during the three months ended March 31, 2013 or the year ended December 31, 2012, subsequent to their initial transfer to foreclosed assets.

The following disclosure relates to financial assets for which it is not practicable for the Company to estimate the fair value at March 31, 2013 and December 31, 2012.

FDIC Indemnification Asset: As part of the Purchase and Assumption Agreements, the Bank and the FDIC entered into loss sharing agreements. These agreements cover realized losses on loans and foreclosed real estate, subject to

certain limitations which are more fully described in Note 8.

Under the TeamBank agreement, the FDIC agreed to reimburse the Bank for 80% of the first \$115 million in realized losses and 95% for realized losses that exceed \$115 million. The indemnification asset was originally recorded at fair value on the acquisition date (March 20, 2009) and at March 31, 2013 and December 31, 2012, the carrying value was \$4.8 million and \$7.9 million, respectively.

Under the Vantus Bank agreement, the FDIC agreed to reimburse the Bank for 80% of the first \$102 million in realized losses and 95% for realized losses that exceed \$102 million. The indemnification asset was originally recorded at fair value on the acquisition date (September 4, 2009) and at March 31, 2013 and December 31, 2012, the carrying value of the FDIC indemnification asset was \$4.9 million and \$7.3 million, respectively.

Under the Sun Security Bank agreement, the FDIC agreed to reimburse the Bank for 80% of realized losses. The indemnification asset was originally recorded at fair value on the acquisition date (October 7, 2011) and at March 31, 2013 and December 31, 2012, the carrying value of the FDIC indemnification asset was \$18.3 million and \$26.8 million, respectively.

Under the InterBank agreement, the FDIC agreed to reimburse the Bank for 80% of realized losses. The indemnification asset was originally recorded at fair value on the acquisition date (April 27, 2012) and at March 31, 2013 and December 31, 2012, the carrying value of the FDIC indemnification asset was \$70.2 million and \$75.3 million, respectively.

From the dates of acquisition, each of the four agreements extend ten years for 1-4 family real estate loans and five years for other loans. The loss sharing assets are measured separately from the loan portfolios because they are not contractually embedded in the loans and are not transferable with the loans should the Bank choose to dispose of them. Fair values on the acquisition dates were estimated using projected cash flows available for loss sharing based on the credit adjustments estimated for each loan pool and the loss sharing percentages. These cash flows were discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursements from the FDIC. The loss sharing assets are also separately measured from the related foreclosed real estate. Although the assets are contractual receivables from the FDIC, they do not have effective interest rates. The Bank will collect the assets over the next several years. The amount ultimately collected will depend on the timing and amount of collections and charge-offs on the acquired assets covered by the loss sharing agreements. While the assets were recorded at their estimated fair values on the acquisition dates, it is not practicable to complete fair value analyses on a quarterly or annual basis. Estimating the fair value of the FDIC indemnification asset would involve preparing fair value analyses of the entire portfolios of loans and foreclosed assets covered by the loss sharing agreements from all four acquisitions on a quarterly or annual basis.

Fair Value of Financial Instruments

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying statements of financial condition at amounts other than fair value:

Cash and Cash Equivalents and Federal Home Loan Bank Stock. The carrying amount approximates fair value.

Loans and Interest Receivable. The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics are aggregated for purposes of the calculations. The carrying amount of accrued interest receivable approximates its fair value.

Deposits and Accrued Interest Payable. The fair value of demand deposits and savings accounts is the amount payable on demand at the reporting date, i.e., their carrying amounts. The fair value of fixed maturity certificates of deposit is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

Federal Home Loan Bank Advances. Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing advances.

Short-Term Borrowings. The carrying amount approximates fair value.

Subordinated Debentures Issued to Capital Trusts. The subordinated debentures have floating rates that reset quarterly. The carrying amount of these debentures approximates their fair value.

Structured Repurchase Agreements. Structured repurchase agreements are collateralized borrowings from a counterparty . In addition to the principal amount owed, the counterparty also determines an amount that would be owed by either party in the event the agreement is terminated prior to maturity by the Company. The fair values of the structured repurchase agreements are estimated based on the amount the Company would be required to pay to terminate the agreement at the reporting date.

Commitments to Originate Loans, Letters of Credit and Lines of Credit. The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

The following table presents estimated fair values of the Company's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which method involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	March 31, 2013			December 31, 2012		
	Carrying Amount	Fair Value	Hierarchy Level	Carrying Amount	Fair Value	Hierarchy Level
Financial assets						
Cash and cash equivalents	\$481,273	\$481,273	1	\$404,141	\$404,141	1
Held-to-maturity securities	920	1,080	2	920	1,084	2
Mortgage loans held for sale	27,764	27,764	2	26,829	26,829	2
Loans, net of allowance for loan losses	2,335,209	2,334,398	3	2,319,638	2,326,051	3
Accrued interest receivable	12,432	12,432	3	12,755	12,755	3
Investment in FHLB stock	10,090	10,090	3	10,095	10,095	3
Financial liabilities						
Deposits	3,219,764	3,227,827	3	3,153,193	3,162,288	3
FHLB advances	126,401	131,039	3	126,730	131,280	3
Short-term borrowings	192,365	192,365	3	180,416	180,416	3
Structured repurchase agreements	53,026	58,384	3	53,039	58,901	3
Subordinated debentures	30,929	30,929	3	30,929	30,929	3
Accrued interest payable	1,265	1,265	3	1,322	1,322	3
Unrecognized financial instruments (net of contractual value)						
Commitments to originate loans	—	—	3	—	—	3
Letters of credit	64	64	3	84	84	3
Lines of credit	—	—	3	—	—	3

NOTE 13: DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its assets and liabilities. In the normal course of business, the Company may use derivative financial instruments (primarily interest rate swaps) from time to time to assist in its interest rate risk management. However, the Company's existing interest rate derivatives result from a service provided to certain qualifying loan customers and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Statements of Financial Condition:

	Location in Consolidated Statements of Financial Condition	March 31, 2013	Fair Value December 31, 2012
(In Thousands)			
Asset Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Prepaid expenses and other assets	\$ 1,928	\$ 2,112
Total derivatives not designated as hedging instruments		\$ 1,928	\$ 2,112
Liability Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Accrued expenses and other liabilities	\$ 1,915	\$ 2,160
Total derivatives not designated as hedging instruments		\$ 1,915	\$ 2,160

Nondesignated Hedges

None of the Company's derivatives are designated in qualifying hedging relationships. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain loan customers, which the Company began offering during the fourth quarter of 2011. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. As of March 31, 2013, the Company had 20 interest rate swaps totaling \$91.8 million with commercial customers, and 20 interest rate swaps with the same notional amount with third parties related to this program. As of December 31, 2012, the Company had 16 interest rate swaps totaling \$81.7 million with commercial customers, and 16 interest rate swaps with the same notional amount with third parties related to this program. During the three months ended March 31, 2013 and 2012, the Company recognized a net gain of \$61,000 and \$96,000, respectively, in noninterest income related to changes in the fair value of these swaps.

Agreements with Derivative Counterparties

The Company has agreements with its derivative counterparties containing certain provisions that must be met. If the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. If the Bank fails to maintain its status as a well capitalized institution, then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements. Similarly, the Company could be required to settle its obligations under certain of its agreements if certain regulatory events occurred, such as the issuance of a formal directive, or if the Company's credit rating is downgraded below a specified level.

As of March 31, 2013, the termination value of derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk, related to these agreements was \$1.9 million. The Company has minimum collateral posting thresholds with its derivative counterparties. At March 31, 2013, the Company's activity with its derivative counterparties had met the level in which the minimum collateral posting thresholds take effect and the Company had posted \$3.1 million of collateral to satisfy the agreement. If the Company had breached any of these provisions at March 31, 2013, it could have been required to settle its obligations under the agreements at the termination value.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking Statements

When used in this Quarterly Report on Form 10-Q and in other filings by the Company with the Securities and Exchange Commission (the "SEC"), in the Company's press releases or other public or shareholder communications, and in oral statements made with the approval of an authorized executive officer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "intends" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among other things, (i) expected cost savings, synergies and other benefits from the Company's merger and acquisition activities, might not be realized within the anticipated time frames or at all, and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected; (ii) changes in economic conditions, either nationally or in the Company's market areas; (iii) fluctuations in interest rates; (iv) the risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; (v) the possibility of other-than-temporary impairments of securities held in the Company's securities portfolio; (vi) the Company's ability to access cost-effective funding; (vii) fluctuations in real estate values and both residential and commercial real estate market conditions; (viii) demand for loans and deposits in the Company's market areas; (ix) legislative or regulatory changes that adversely affect the Company's business, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations, and the overdraft protection regulations and customers' responses thereto; (x) monetary and fiscal policies of the Federal Reserve Board and the U.S. Government and other governmental initiatives affecting the financial services industry; (xi) results of examinations of the Company and the Bank by their regulators, including the possibility that the regulators may, among other things, require the Company to increase its allowance for loan losses or to write-down assets; (xii) the uncertainties arising from the Company's participation in the Small Business Lending Fund program, including uncertainties concerning the potential future redemption by us of the U.S. Treasury's preferred stock investment under the program, including the timing of, regulatory approvals for, and conditions placed upon, any such redemption; (xiii) costs and effects of litigation, including settlements and judgments; and (xiv) competition. The Company wishes to advise readers that the factors listed above and other risks described from time to time in the Company's filings with the SEC could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The Company does not undertake-and specifically declines any obligation-to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Critical Accounting Policies, Judgments and Estimates

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States and general practices within the financial services industry. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Allowance for Loan Losses and Valuation of Foreclosed Assets

The Company believes that the determination of the allowance for loan losses involves a higher degree of judgment and complexity than its other significant accounting policies. The allowance for loan losses is calculated with the objective of maintaining an allowance level believed by management to be sufficient to absorb estimated loan losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the loan portfolio and other relevant factors. However, this evaluation is inherently subjective as it requires material estimates of, among others, expected default probabilities, loss once loans default, expected commitment usage, the amounts and timing of expected future cash flows on impaired loans, value of collateral, estimated losses, and general amounts for historical loss experience.

The process also considers economic conditions, uncertainties in estimating losses and inherent risks in the loan portfolio. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from management estimates, additional provisions for loan losses may be required which would adversely impact earnings. In addition, the Bank's regulators could require additional provisions for loan losses as part of their examination process.

Additional discussion of the allowance for loan losses is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, under the section titled "Item 1. Business - Allowances for Losses on Loans and Foreclosed Assets." Inherent in this process is the evaluation of individual significant credit relationships. From time to time certain credit relationships may deteriorate due to payment performance, cash flow of the borrower, value of collateral, or other factors. In these instances, management may have to revise its loss estimates and assumptions for these specific credits due to changing circumstances. In some cases, additional losses may be realized; in other instances, the factors that led to the deterioration may improve or the credit may be refinanced elsewhere and allocated allowances may be released from the particular credit. For the periods included in the financial statements contained in this report, management's overall methodology for evaluating the allowance for loan losses has not changed significantly.

In addition, the Company considers that the determination of the valuations of foreclosed assets held for sale involves a high degree of judgment and complexity. The carrying value of foreclosed assets reflects management's best estimate of the amount to be realized from the sales of the assets. While the estimate is generally based on a valuation by an independent appraiser or recent sales of similar properties, the amount that the Company realizes from the sales of the assets could differ materially from the carrying value reflected in the financial statements, resulting in losses that could adversely impact earnings in future periods.

Carrying Value of FDIC-covered Loans and Indemnification Asset

The Company considers that the determination of the carrying value of loans acquired in the FDIC-assisted transactions and the carrying value of the related FDIC indemnification assets involve a high degree of judgment and complexity. The carrying value of the acquired loans and the FDIC indemnification assets reflect management's best ongoing estimates of the amounts to be realized on each of these assets. The Company determined initial fair value accounting estimates of the assumed assets and liabilities in accordance with FASB ASC 805, Business Combinations. However, the amount that the Company realizes on these assets could differ materially from the carrying value reflected in its financial statements, based upon the timing of collections on the acquired loans in future periods. Because of the loss sharing agreements with the FDIC on these assets, the Company should not incur any significant losses. To the extent the actual values realized for the acquired loans are different from the estimates, the indemnification asset will generally be impacted in an offsetting manner due to the loss sharing support from the FDIC. Subsequent to the initial valuation, the Company continues to monitor identified loan pools and related loss sharing assets for changes in estimated cash flows projected for the loan pools, anticipated credit losses and changes in the accretable yield. Analysis of these variables requires significant estimates and a high degree of judgment. See Note 8 "Loss Sharing Agreements and FDIC Indemnification Assets" included in Item 1 for additional information regarding the TeamBank, Vantus Bank, Sun Security Bank and InterBank FDIC-assisted transactions.

Goodwill and Intangible Assets

Goodwill and intangibles assets that have indefinite useful lives are subject to an impairment test at least annually and more frequently if circumstances indicate their value may not be recoverable. Goodwill is tested for impairment using a process that estimates the fair value of each of the Company's reporting units compared with its carrying value. The Company defines reporting units as a level below each of its operating segments for which there is discrete financial information that is regularly reviewed. As of March 31, 2013, the Company has one reporting unit to which goodwill has been allocated – the Bank. If the fair value of a reporting unit exceeds its carrying value, then no impairment is recorded. If the carrying value amount exceeds the fair value of a reporting unit, further testing is completed comparing the implied fair value of the reporting unit's goodwill to its carrying value to measure the amount of impairment. Intangible assets that are not amortized will be tested for impairment at least annually by comparing the fair values of those assets to their carrying values. At March 31, 2013, goodwill consisted of \$379,000 at the Bank

reporting unit. Other identifiable intangible assets that are subject to amortization are amortized on a straight-line basis over periods ranging from three to seven years. At March 31, 2013, the amortizable intangible assets consisted of core deposit intangibles of \$5.1 million. These amortizable intangible assets are reviewed for impairment if circumstances indicate their value may not be recoverable based on a comparison of fair value.

While the Company believes no impairment existed at March 31, 2013, different conditions or assumptions used to measure fair value of reporting units, or changes in cash flows or profitability, if significantly negative or unfavorable, could have a material adverse effect on the outcome of the Company's impairment evaluation in the future.

Current Economic Conditions

Current economic conditions present financial institutions with unprecedented circumstances and challenges which, in some cases, have resulted in large declines in the fair value of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans. The Company's financial statements are prepared using values and information currently available to the Company.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses, or capital that could negatively impact the Company's ability to meet regulatory capital requirements and maintain sufficient liquidity.

Recent economic conditions have impacted the markets in which we operate. Throughout our market areas, the economic downturn beginning in 2008 negatively affected consumer confidence and elevated unemployment levels. Recently there have been signs of increasing optimism and economic activity. Unemployment levels across our market areas have decreased. The Missouri unemployment rate declined during the year ended December 31, 2012 from 8.2% at December 31, 2011 to 6.5% at December 31, 2012, and was below the national average of 7.6% at December 31, 2012. The Iowa and Kansas unemployment rates also declined during the year ended December 31, 2012 from 6.1% and 6.8% at December 31, 2011, respectively, to 5.6% and 6.3% at December 31, 2012, respectively. The St. Louis market area continues to carry the highest level of unemployment among our market areas, with unemployment rates at 7.0%, and 8.9% at December 31, 2012 and 2011, respectively, but is still below national levels. Job creation in the St. Louis market, while positive, remains sluggish. The unemployment rate for the Springfield market area was below the national average, at 5.4% at December 31, 2012. Average prices for existing home sales in the Midwest, which includes our market areas, increased 5.8% in 2012 over 2011 according to the National Association of Realtors. Building permits have increased across our market areas while foreclosure filings have plunged to their lowest level since April 2007 according to CNNMoney. These improvements are anticipated to continue throughout 2013. Commercial real estate markets also improved substantially in the Company's markets. Vacancy rates continued to fall with a notable improvement in sales, absorption and rents. According to real estate services firm, CoStar Group, retail, office and industrial types of commercial real estate properties had vacancy rates that averaged 7.32%, 11.84% and 9.19%, respectively, in the Company's primary markets for 2012. These vacancy rates in the Company's primary markets remain slightly elevated from averages of 7.1%, 10.5% and 7.3%, respectively, for 2008, prior to the economic downturn but have shown continued improvement over the past two years. National averages were 6.9%, 12.5% and 8.9%, respectively, for 2012, still elevated from 6.5%, 11.7% and 8.8% for 2008, according to the CoStar Group. Increased vacancy rates for commercial real estate properties correlate to fewer commercial land development sales because of the risk involved in developing these types of properties when completed properties have vacancies. Loan types specifically impacted in the Company's loan portfolio over the past 5 years include residential and commercial land development, segments of the commercial real estate portfolio and condominium development in the St. Louis, Central Missouri and Branson market areas. Overall lending activity has increased somewhat but is still below historic levels.

General

The profitability of the Company and, more specifically, the profitability of its primary subsidiary, Great Southern Bank (the "Bank"), depends primarily on its net interest income, as well as provisions for loan losses and the level of non-interest income and non-interest expense. Net interest income is the difference between the interest income the Bank earns on its loan and investment portfolios, and the interest it pays on interest-bearing liabilities, which consists

mainly of interest paid on deposits and borrowings. Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rates earned or paid on these balances. When interest-earning assets approximate or exceed interest-bearing liabilities, any positive interest rate spread will generate net interest income.

In the three months ended March 31, 2013, Great Southern's total assets increased \$81.9 million, or 2.1%, from \$3.96 billion at December 31, 2012, to \$4.04 billion at March 31, 2013. Full details of the current period changes in total assets are provided in the "Comparison of Financial Condition at March 31, 2013 and December 31, 2012" section of this Quarterly Report on Form 10-Q.

Loans. In the three months ended March 31, 2013, net loans increased \$15.6 million, or 0.7%, from \$2.32 billion at December 31, 2012, to \$2.34 billion at March 31, 2013. Partially offsetting the increases in loans were decreases of \$35.9 million in the FDIC-covered loan portfolios. Excluding covered loans and mortgage loans held for sale, total loans increased \$52.2 million, primarily due to increases in commercial real estate, commercial business, consumer and multi-family residential loans, partially offset by a decrease in one-to four-family residential loans. As loan demand is affected by a variety of factors, including general economic conditions, and because of the competition we face and our focus on pricing discipline and credit quality, we cannot be assured that our loan growth will match or exceed the level of increases achieved in prior years. Based upon the current lending environment and economic conditions, the Company does not expect to grow the overall loan portfolio significantly at this time. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels.

While our policy allows us to lend up to 95% of the appraised value on single-family properties and up to 90% on two- to four-family residential properties, originations of loans with loan-to-value ratios at those levels are minimal. When they are made at those levels, private mortgage insurance is typically required for loan amounts above the 80% level or our analyses determined minimal risk to be involved and therefore these loans are not considered to have more risk to us than other residential loans. We consider these lending practices to be consistent with or more conservative than what we believe to be the norm for banks our size. At March 31, 2013 and December 31, 2012, an estimated 0.1% and 0.2%, respectively, of total owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination. At March 31, 2013 and December 31, 2012, an estimated 0.7% and 0.8%, respectively, of total non-owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination.

At March 31, 2013 troubled debt restructurings totaled \$45.7 million, or 1.9% of total loans, down \$1.1 million from \$46.8 million, or 2.0% of total loans, at December 31, 2012. This elevated level of troubled debt restructurings is primarily due to the continuing effects of the recent economic downturn and the resulting increased number of borrowers experiencing financial difficulty. Concessions granted to borrowers experiencing financial difficulties may include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. While the types of concessions made have not changed as a result of the economic recession, the number of concessions granted has increased as reflected in the increase in troubled debt restructurings. During the three months ended March 31, 2013, one loan totaling \$1.9 million was restructured into multiple new loans. During the year ended December 31, 2012, eleven loans totaling \$38.0 million were each restructured into multiple new loans. For further information on troubled debt restructurings, see Note 7 of the Notes to Consolidated Financial Statements contained in this report.

The loss sharing agreements with the FDIC are subject to limitations on the types of losses covered and the length of time losses are covered, and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC, including requirements regarding servicing and other loan administration matters. The loss sharing agreements extend for ten years for single family real estate loans and for five years for other loans. At March 31, 2013, approximately six years remain on the loss sharing agreement for single family real estate loans acquired from TeamBank and the remaining loans have an estimated average life of two to eleven years. At March 31, 2013, approximately seven years remain on the loss sharing agreement for single family real estate loans acquired from Vantus Bank and the remaining loans have an estimated average life of two to thirteen years. At March 31, 2013, approximately eight and one half years remain on the loss sharing agreement for single family real estate loans acquired from Sun Security Bank and the remaining loans have an estimated average life of four to eleven years. At March 31, 2013, approximately nine years remain on the loss sharing agreement for single family real estate loans acquired from InterBank and the remaining loans have an estimated average life of six to fourteen years. At March 31, 2013, approximately one year remains on the loss sharing agreement for non-single family loans acquired from TeamBank and the remaining loans are have an estimated average life of one to five years. At March 31, 2013, approximately one and one half years remain on the loss sharing agreement for non-single family loans acquired from Vantus Bank and the remaining loans have an estimated average life of two to five years. At March 31, 2013, approximately three and one half years remain on the loss sharing agreement for non-single family loans acquired from Sun Security Bank and the remaining loans have an estimated average life of one to two years. At March 31, 2013, approximately four years remain on the loss sharing agreement for non-single family loans acquired from InterBank and the remaining loans have an estimated average life of three to four years. While the expected repayments for certain of the acquired loans extend beyond the terms of the loss sharing agreements, the Bank has identified and will continue to identify problem loans and will make every effort to resolve them within the time limits of the agreements. The Company may sell any loans remaining at the end of the loss sharing agreement subject to the approval of the FDIC. Acquired loans are currently included in the analysis and estimation of the allowance for loan losses. However, when the loss sharing agreements end, the allowance for loan losses related to any acquired loans

retained in the portfolio may need to increase. The loss sharing agreements and their related limitations are described in detail in Note 8 of the Notes to Consolidated Financial Statements in this report.

The level of non-performing loans and foreclosed assets affects our net interest income and net income. We generally do not accrue interest income on these loans and do not recognize interest income until the loans are repaid or interest payments have been made for a period of time sufficient to provide evidence of performance on the loans. Generally, the higher the level of non-performing assets, the greater the negative impact on interest income and net income.

Available-for-sale Securities. In the three months ended March 31, 2013, Great Southern's available-for-sale securities increased \$7.7 million, or 1.0%, from \$807.0 million at December 31, 2012, to \$814.7 million at March 31, 2013. The increase was primarily due to purchases of mortgage-backed securities for pledging needs, which increased \$12.8 million, or 2.2%, partially offset by calls, maturities and sales of state and political subdivision bonds, which decreased \$3.9 million, or 3.2%.

Cash and Cash Equivalents. Great Southern had cash and cash equivalents of \$481.3 million at March 31, 2013, an increase of \$77.1 million, or 19.1%, from \$404.1 million at December 31, 2012. The increase in cash and cash equivalents during the period was due to an increase in total deposits, primarily due to seasonal deposits of specific Bank customers.

Deposits. The Company attracts deposit accounts through its retail branch network, correspondent banking and corporate services areas, and brokered deposits. The Company then utilizes these deposit funds, along with Federal Home Loan Bank (FHLBank) advances and other borrowings, to meet loan demand or otherwise fund its activities. In the three months ended March 31, 2013, total deposit balances increased \$66.6 million, or 2.1%. Transaction accounts increased \$138.8 million, while retail certificates of deposit decreased \$54.2 million, and total brokered deposits (excluding CDARS accounts) remained unchanged. Great Southern Bank customer deposits totaling \$91.1 million and \$109.1 million, at March 31, 2013 and December 31, 2012, respectively, were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC considers these customer accounts to be brokered deposits due to the fees paid in the CDARS program. The Company did not actively try to grow CDARS customer deposits during the current period and decreased interest rates offered on these deposits during the three months ended March 31, 2013.

Our deposit balances may fluctuate from time to time depending on customer preferences and our relative need for funding. The transition in deposit types from time deposits to transaction deposits benefits our net interest margin by generally reducing our cost of funds. We do not consider our retail certificates of deposit to be guaranteed long-term funding because customers can withdraw their funds at any time with minimal interest penalty. When loan demand begins trending upward, we can increase rates paid on deposits to increase deposit balances and may again utilize brokered deposits to provide necessary funding. Because the Federal Funds rate is already very low, there may be a negative impact on the Company's net interest income due to the Company's inability to lower its funding costs significantly in the current low interest rate environment, although interest rates on assets may decline further. The level of competition for deposits in our markets is high. While it is our goal to gain checking account and retail certificate of deposit market share in our branch footprint, we cannot be assured of this in future periods. In addition, while we have been generally lowering our deposit rates over the past several quarters, increasing rates paid on deposits can help to attract deposits if needed; however, this could negatively impact the Company's net interest margin.

Our ability to fund growth in future periods may also depend on our ability to continue to access brokered deposits and FHLBank advances. In times when our loan demand has outpaced our generation of new deposits, we have utilized brokered deposits and FHLBank advances to fund these loans. These funding sources have been attractive to us because we can create variable rate funding, if desired, which more closely matches the variable rate nature of much of our loan portfolio. While we do not currently anticipate that our ability to access these sources will be reduced or eliminated in future periods, if this should happen, the limitation on our ability to fund additional loans could have a material adverse effect on our business, financial condition and results of operations.

Net Interest Income and Interest Rate Risk Management. Our net interest income may be affected positively or negatively by interest rate changes in the market. A large portion of our loan portfolio is tied to the "prime rate" and adjusts immediately when this rate adjusts (subject to the effect of loan interest rate floors, which are discussed below). We monitor our sensitivity to interest rate changes on an ongoing basis (see "Item 3. Quantitative and Qualitative Disclosures About Market Risk"). In addition, our net interest income may be impacted by changes in the cash flows expected to be received from acquired loan pools. As described in Note 8 of the Notes to the Consolidated Financial Statements in this report, the Company's evaluation of cash flows expected to be received from acquired loan pools is on-going and increases in cash flow expectations are recognized as increases in accretable yield through interest income. Decreases in cash flow expectations are recognized as impairments through the allowance for loan losses.

The current level and shape of the interest rate yield curve poses challenges for interest rate risk management. The FRB last changed interest rates on December 16, 2008. Great Southern has a significant portfolio of loans which are tied to a "prime rate" of interest. Many of these loans are tied to some national index of "prime," while others are

indexed to "Great Southern prime." The Company has elected to leave its "Great Southern prime rate" of interest at 5.00%. This does not affect a large number of customers, as a majority of the loans indexed to "Great Southern prime" are already at interest rate floors which are provided for in individual loan documents. But for the interest rate floors, a rate cut by the FRB generally would have an anticipated immediate negative impact on the Company's net interest income due to the large total balance of loans which generally adjust immediately as the Federal Funds rate adjusts. Loans at their floor rates are subject to the risk that borrowers will seek to refinance elsewhere at the lower market rate, however. Because the Federal Funds rate is already very low, there may also be a negative impact on the Company's net interest income due to the Company's inability to lower its funding costs significantly in the current environment, although interest rates on assets may decline further. Conversely, interest rate increases would normally result in increased interest rates on our prime-based loans. The interest rate floors in effect may limit the immediate increase in interest rates on these loans, until such time as rates rise above the floors. However, the Company may have to increase rates paid on deposits to maintain deposit balances and pay higher rates on borrowings. The impact of the low rate environment on our net interest margin in future periods is expected to be fairly neutral. As our time deposits mature in future periods, we expect to be able to continue to reduce rates somewhat as they renew. However, any margin gained by these rate reductions is likely to be offset by reduced yields from our investment securities as payments are made on our mortgage-backed securities and the proceeds are reinvested at lower rates. Similarly, interest rates on adjustable rate loans may reset lower according to their contractual terms and new loans may be originated at lower market rates. For further discussion of the processes used to manage our exposure to interest rate risk, see Item 3. "Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes."

The negative impact of declining loan interest rates has been mitigated by the positive effects of the Company's loans that have interest rate floors. At March 31, 2013, the Company had a portfolio (excluding loans acquired in FDIC-assisted transactions) of prime-based loans totaling approximately \$554 million with rates that change immediately with changes to the prime rate of interest. Of this total, \$511 million also had interest rate floors. These floors were at varying rates, with \$19 million of these loans having floor rates of 7.0% or greater and another \$343 million of these loans having floor rates between 5.0% and 7.0%. In addition, \$149 million of these loans have floor rates between 3.25% and 5.0%. At March 31, 2013, all of these loans were at their floor rates. The loan yield for the total loan portfolio was approximately 203 basis points higher than the national "prime rate of interest" at March 31, 2013, partly because of these interest rate floors. While interest rate floors have had an overall positive effect on the Company's results during this period, they do subject the Company to the risk that borrowers will elect to refinance their loans with other lenders. To the extent economic conditions improve, the likelihood that borrowers will seek to refinance their loans increases.

Non-Interest Income and Operating Expenses. The Company's profitability is also affected by the level of its non-interest income and operating expenses. Non-interest income consists primarily of service charges and ATM fees, accretion income (net of amortization) related to the FDIC-assisted acquisitions, late charges and prepayment fees on loans, gains on sales of loans and available-for-sale investments and other general operating income. In 2013 and 2012, increases in the cash flows expected to be collected from the FDIC-covered loan portfolios resulted in amortization (expense) recorded relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Non-interest income may also be affected by the Company's interest rate hedging activities, if the Company chooses to implement hedges. Operating expenses consist primarily of salaries and employee benefits, occupancy-related expenses, expenses related to foreclosed assets, postage, FDIC deposit insurance, advertising and public relations, telephone, professional fees, office expenses and other general operating expenses. Details of the current period changes in non-interest income and non-interest expense are provided in the "Results of Operations and Comparison for the Three months Ended March 31, 2013 and 2012" section of this Quarterly Report on Form 10-Q.

Effect of Federal Laws and Regulations

General. Federal legislation and regulation significantly affect the banking operations of the Company and the Bank, and have increased competition among commercial banks, savings institutions, mortgage banking enterprises and other financial institutions. In particular, the capital requirements and operations of regulated depository institutions such as the Company and the Bank have been and will be subject to changes in applicable statutes and regulations from time to time, which changes could, under certain circumstances, adversely affect the Company or the Bank.

Legislation Impacting the Financial Services Industry. On July 21, 2010, sweeping financial regulatory reform legislation entitled the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act implements far-reaching changes across the financial regulatory landscape, including provisions that, among other things, centralize responsibility for consumer financial protection by creating a new agency, the Consumer Financial Protection Bureau, with broad rulemaking authority for a wide range of consumer protection laws that apply to all banks, require new capital rules and apply to bank holding companies the same leverage and risk-based capital requirements that apply to insured depository institutions, change the assessment base for federal deposit insurance, repeal the federal prohibitions on the payment of interest on demand deposits, amend the account balance limit for federal deposit insurance protection, and increase the authority of the Federal Reserve Board to examine the Company and its non-bank subsidiaries.

Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on the Company and the financial services industry more generally. Provisions in the legislation that affect deposit insurance assessments, and payment of interest on demand deposits could increase the costs associated with deposits. Provisions in the legislation that require revisions to the capital requirements of the Company and the Bank could require the Company and the Bank to seek additional sources of capital in the future.

A provision of the Dodd-Frank Act, commonly referred to as the “Durbin Amendment,” directed the FRB to analyze the debit card payments system and fix the interchange rates based upon their estimate of actual costs. The FRB has established the interchange rate for all debit transactions for issuers with over \$10 billion in assets, effective October 1, 2011, at \$0.21 per transaction. An additional five basis points of the transaction amount and an additional \$0.01 may be collected by the issuer for fraud prevention and recovery, provided the issuer performs certain actions. Although the Bank is currently exempt from the provisions of the rule on the basis of asset size, there is some uncertainty about the long-term impact there will be on the interchange rates for issuers below the \$10 billion level of assets.

New Proposed Capital Rules. The federal banking agencies have proposed rules that would substantially amend the regulatory risk-based capital rules applicable to the Bank and the Company. The proposed rules would implement the “Basel III” regulatory capital reforms and changes required by the Dodd-Frank Act. “Basel III” refers to various documents released by the Basel Committee on Banking Supervision. As published, the proposed rules contemplated a general effective date of January 1, 2013, and, for certain provisions, various phase-in periods and later effective dates. However, the federal banking agencies have announced that the proposed rules will not be effective on January 1, 2013. The agencies have not adopted final rules or published any modifications to the proposed rules. The proposed rules as published are summarized below. It is not possible to predict when or in what form final regulations may be adopted.

The proposed rules include new minimum capital ratios, to be phased in until fully effective on January 1, 2015, and would refine the definitions of what constitutes “capital” for purposes of calculating those ratios. The proposed new minimum capital ratios would be: (i) a new common equity Tier 1 capital ratio of 4.5%; (ii) a Tier 1 capital ratio of 6% (increased from 4%); (iii) a total capital ratio of 8% (unchanged from current rules); and (iv) a Tier 1 leverage ratio of 4%. The proposed rules would also establish a “capital conservation buffer” requirement of 2.5% above each of the new regulatory minimum capital ratios to be phased in starting on January 1, 2016 and fully effective on January 1, 2019. An institution would be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if any of its capital levels fell below the capital conservation buffer amount.

The federal banking agencies also proposed revisions, effective January 1, 2015, to the prompt corrective action framework, which is designed to place restrictions on insured depository institutions if their capital levels show signs of weakness. Under the prompt corrective action requirements, insured depository institutions would be required to meet the following in order to qualify as “well capitalized:” (i) a common equity Tier 1 risk-based capital ratio of 6.5%; (ii) a Tier 1 risk-based capital ratio of 8% (increased from 6%); (iii) a total risk-based capital ratio of 10% (unchanged from current rules); and (iv) a Tier 1 leverage ratio of 5% (unchanged from the current rules).

The Basel III also contains provisions on liquidity include complex criteria establishing a liquidity coverage ratio (“LCR”) and net stable funding ratio (“NSFR”). The purpose of the LCR is to ensure that a bank maintains adequate unencumbered, high quality liquid assets to meet its liquidity needs for 30 days under a severe liquidity stress scenario. The purpose of the NSFR is to promote more medium and long-term funding of assets and activities, using a one-year horizon. The federal banking agencies have not published proposed regulations on these provisions of Basel III.

Business Initiatives

Several initiatives have been completed or are underway related to the Company’s banking center network. In March 2013, a new banking center in Downtown Springfield opened, which replaced a leased facility two blocks away. Great Southern operated from this new location at 331 South Ave. in the 1960’s through the 1980’s. Construction has begun to build a full-service banking center in a commercial district in Omaha, Neb. In addition to the banking center, a commercial lending team will be housed in this facility. The facility is expected to be open in fall 2013. The Company currently operates three banking centers in the Omaha metropolitan area – two in Bellevue and one in Fort Calhoun. In Maple Grove, Minn., the Company recently purchased property for a new banking center site. Expected to open in late 2013, the new banking center will replace the leased banking center at 13601 80th Cir. N., which is a short distance away. The Company also purchased a commercial building and lot in Ava, Mo., which will replace the current bank-owned property at 101 N. Jefferson less than a mile away. This location is also expected to open in the fall 2013.

In January 2013, the Company introduced Mobile Check Deposit, a smartphone application-based service enabling customers to conveniently deposit a paper check to their checking account by utilizing a smartphone camera. A new and more interactive Company web site, www.GreatSouthernBank.com, was launched at the end of April 2013.

With strong capital and liquidity levels, the Company is well-positioned to lend. Key commercial lenders have been hired in Des Moines, Omaha and Kansas City with quality loan production expected to increase in these markets.

The Company is also actively seeking to hire a commercial lender in the Minneapolis-St. Paul area.

Great Southern Bancorp, Inc. will hold its 24th Annual Meeting of Shareholders at 10:00 a.m. CDT on Wednesday, May 15, 2013, at the Great Southern Operations Center, 218 S. Glenstone, Springfield, Mo. Holders of Great Southern Bancorp, Inc. common stock at the close of business on the record date, March 1, 2013, can vote at the annual meeting, either in person or by proxy. Material to be presented at the Annual Meeting will be available on the Company's website, www.GreatSouthernBank.com, prior to the start of the meeting.

The common stock of Great Southern Bancorp, Inc., is listed on the Nasdaq Global Select Market under the symbol "GSBC". The last reported sale price of GSBC common stock in the quarter ended March 31, 2013, was \$24.39.

Headquartered in Springfield, Mo., Great Southern offers a broad range of banking, investment, insurance and travel services to customers and clients. The Company operates 107 banking centers and more than 200 ATMs in Missouri, Arkansas, Iowa, Kansas, Minnesota and Nebraska.

Comparison of Financial Condition at March 31, 2013 and December 31, 2012

During the three months ended March 31, 2013, the Company increased total assets by \$81.9 million to \$4.04 billion. Most of the increase was attributable to increases in cash and cash equivalents, loans receivable and available-for-sale-securities, partially offset by decreases in the FDIC indemnification asset. Net loans increased \$15.6 million from December 31, 2012, to \$2.34 billion at March 31, 2013. Excluding covered loans and mortgage loans held for sale, total loans increased \$52.2 million from December 31, 2012, to March 31, 2013, primarily in the areas of commercial real estate loans, commercial business loans, consumer loans and other residential loans, partially offset by a decrease in one-to four-family residential loans. Offsetting these increases were decreases in net loans acquired through FDIC-assisted transactions of \$35.9 million, or 6.8%. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels given the current credit and economic environments.

Cash and cash equivalents increased \$77.1 million as compared to December 31, 2012, as the Company had excess liquidity resulting from increases in deposits, primarily due to seasonal deposits of specific Bank customers.

The Company's available-for-sale securities increased \$7.7 million compared to December 31, 2012. The increase was primarily due to purchases of mortgage-backed securities for pledging needs, partially offset by calls, maturities and sales of state and political subdivision bonds.

The FDIC indemnification asset decreased \$19.2 million from December 31, 2012, due primarily to the billing and collection of realized losses from the FDIC as well as estimated improved cash flows to be collected from the loan obligors, resulting in reductions in payments expected to be received from the FDIC. The expected cash flows are further discussed in Note 8 of the Notes to Consolidated Financial Statements.

Total liabilities increased \$75.8 million from \$3.58 billion at December 31, 2012 to \$3.66 billion at March 31, 2013. The increase was primarily attributable to increases in deposits and securities sold under reverse re-purchase agreements with customers, partially offset by a decrease in current and deferred income taxes. Total deposits increased \$66.6 million from December 31, 2012. Transaction account balances increased \$138.8 million to \$2.09 billion at March 31, 2013, up from \$1.95 billion at December 31, 2012, while retail certificates of deposit decreased \$54.2 million to \$1.03 billion at March 31, 2013, down from \$1.08 billion at December 31, 2012. Since the second quarter of 2010, the Company's transaction account balances have trended upward while retail certificates of deposit (excluding acquired deposits) have trended downward because of customer preference to have immediate access to funds during the current low interest rate environment, when excluding the effect of the deposits added from the 2011 and 2012 FDIC-assisted acquisitions. Total brokered deposits (excluding CDARS customer account balances) were \$10.0 million at March 31, 2013, unchanged from December 31, 2012. In addition, at March 31, 2013 and December 31, 2012, Great Southern Bank customer deposits totaling \$91.1 million and \$109.1 million, respectively, were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC counts these deposits as brokered, but these are deposit accounts that we generate with customers in our local markets. The Company did not actively try to grow CDARS customer

deposits during the current period and decreased interest rates offered on these deposits during the three months ended March 31, 2013.

Securities sold under reverse repurchase agreements with customers increased \$12.1 million from December 31, 2012, as these balances fluctuate over time.

Total stockholders' equity increased \$6.0 million from \$369.9 million at December 31, 2012 to \$375.9 million at March 31, 2013. The Company recorded net income of \$8.4 million for the three months ended March 31, 2013, and common and preferred dividends declared were \$2.6 million. In addition, total stockholders' equity increased \$305,000 due to stock option exercises.

Results of Operations and Comparison for the Three Months Ended March 31, 2013 and 2012

General

Net income was \$8.4 million for the three months ended March 31, 2013 compared to net income of \$7.5 million for the three months ended March 31, 2012. This increase of \$897,000, or 12.0%, was primarily due to an increase in net interest income of \$5.3 million, or 14.6%, and a decrease in provision for loan losses of \$1.9 million, or 18.4%, partially offset by a decrease in non-interest income of \$3.2 million, or 52.0%, an increase in non-interest expense of \$2.0 million, or 7.8%, and an increase in provision for income taxes of \$834,000, or 126.2%. Net income available to common shareholders was \$8.2 million and \$7.4 million for the three months ended March 31, 2013 and 2012, respectively.

Total Interest Income

Total interest income increased \$2.7 million, or 6.0%, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase was due to a \$4.9 million increase in interest income on loans, partially offset by a \$2.2 million decrease in interest income on investments and other interest-earning assets. Interest income on loans increased primarily due to an increase in average loan balances, and also an increase in the additional expected cash flows to be received from the FDIC-acquired loan pools and the resulting adjustment to accretable yield which were previously discussed in Note 8 of the Notes to Consolidated Financial Statements. Interest income from investment securities and other interest-earning assets decreased during the three months ended March 31, 2013 primarily due to lower average rates of interest and lower average balances. The lower average investment yields were primarily a result of lower yields on mortgage-backed securities as interest rates reset downward. Prepayments on the mortgages underlying these securities resulted in amortization of premiums which also reduced yields.

Interest Income – Loans

During the three months ended March 31, 2013 compared to the three months ended March 31, 2012, interest income on loans increased due to higher average balances and higher average interest rates. Interest income increased \$3.4 million as the result of higher average loan balances, which increased from \$2.19 billion during the quarter ended March 31, 2012, to \$2.39 billion during the quarter ended March 31, 2013. The higher average balances were primarily due to the loans acquired in the InterBank FDIC-assisted transaction.

Interest income increased \$1.5 million as a result of higher average interest rates on loans. The average yield on loans increased from 6.96% during the three months ended March 31, 2012, to 7.25% during the three months ended March 31, 2013. This increase was due to a higher amount of accretion income in the current year period compared to the prior year period resulting from the increases in expected cash flows to be received from the FDIC-acquired loan pools as previously discussed in Note 8 of the Notes to Consolidated Financial Statements. On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. This cash flows estimate has increased, based on the payment histories and reduced loss expectations of the loan pools, resulting in a total of \$138.0 million of adjustments to be spread on a level-yield basis over the remaining expected lives of the loan pools. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets have also been reduced, resulting in a total of \$117.3 million of adjustments to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected life of the loan pools, whichever is shorter. For the quarters ended March 31, 2013 and 2012, the adjustments increased interest income by \$10.4 million and \$6.2 million, respectively, and decreased non-interest income by \$8.3 million and \$4.5 million, respectively. The

net impact to pre-tax income was \$2.1 million and \$1.7 million, respectively, for the quarters ended March 31, 2013 and 2012. Because the adjustments will be recognized over the estimated remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. As of March 31, 2013, the remaining accretable yield adjustment that will affect interest income is \$23.6 million and the remaining adjustment to the indemnification assets that will affect non-interest income (expense) is \$(18.4) million. Of the remaining adjustments, we expect to recognize \$12.3 million of interest income and \$(10.8) million of non-interest income (expense) in the remainder of 2013. Additional adjustments may be recorded in future periods from the FDIC-assisted transactions, as the Company continues to estimate expected cash flows from the acquired loan pools. Apart from the yield accretion, the average yield on loans was 5.48% for the three months ended March 31, 2013, down from 5.83% for the three months ended March 31, 2012, as a result of normal amortization of higher-rate loans and new loans that were made at current lower market rates.

Interest Income – Investments and Other Interest-earning Assets

Interest income on investments and other interest-earning assets decreased in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. Interest income decreased \$1.7 million due to a decrease in average interest rates from 2.14% during the three months ended March 31, 2012, to 1.55% during the three months ended March 31, 2013. Interest income decreased \$551,000 as a result of a decrease in average balances from \$1.26 billion during the three months ended March 31, 2012, to \$1.20 billion during the three months ended March 31, 2013. Average balances of securities decreased due primarily to the normal monthly payments received on the portfolio of mortgage-backed securities and the sale of securities during 2012, while average interest-earning deposits increased slightly.

The Company's interest-earning deposits and non-interest-earning cash equivalents currently earn very low or no yield and therefore negatively impact the Company's net interest margin. At March 31, 2013, the Company had cash and cash equivalents of \$481.3 million compared to \$404.1 million at December 31, 2012. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense decreased \$2.7 million, or 33.9%, during the three months ended March 31, 2013, when compared with the three months ended March 31, 2012, due to a decrease in interest expense on deposits of \$2.3 million, or 39.0%, a decrease in interest expense on FHLBank advances of \$300,000, or 23.6%, a decrease in interest expense on short-term and structured repo borrowings of \$104,000, or 15.1%, and a decrease in interest expense on subordinated debentures issued to capital trusts of \$19,000, or 12.0%.

Interest Expense – Deposits

Interest expense on demand deposits decreased \$1.4 million due to a decrease in average rates from 0.67% during the three months ended March 31, 2012, to 0.29% during the three months ended March 31, 2013. The average interest rates decreased due to lower overall market rates of interest since March 31, 2012 and because the Company continued to pay lower rates in line with the market during the three months ended March 31, 2013 when compared to the same period in 2012. Market rates of interest on checking and money market accounts have decreased since late 2007 when the FRB began reducing short-term interest rates. Interest expense on demand deposits increased \$509,000 due to an increase in average balances from \$1.24 billion during the three months ended March 31, 2012, to \$1.63 billion during the three months ended March 31, 2013. The increase in average balances of demand deposits was primarily a result of the InterBank acquisition in April of 2012 and customer preference to transition from time deposits to demand deposits.

Interest expense on time deposits decreased \$1.0 million as a result of a decrease in average rates of interest from 1.15% during the three months ended March 31, 2012, to 0.81% during the three months ended March 31, 2013 due to a reduction in market rates of interest. A large portion of the Company's certificate of deposit portfolio matures within one year and therefore reprices fairly quickly; this is consistent with the portfolio over the past several years. Interest expense on time deposits decreased \$360,000 due to a decrease in average balances of time deposits from \$1.30 billion during the three months ended March 31, 2012, to \$1.17 billion during the three months ended March 31, 2013. As previously mentioned, the decrease in average balances of time deposits was due to customer preference to transition from time deposits to demand deposits. Also contributing to the decrease was the decrease in CDARS deposits of \$187.4 million compared to March 31, 2012.

Interest Expense – FHLBank Advances, Short-term Borrowings and Structured Repo Borrowings and Subordinated Debentures Issued to Capital Trusts

During the three months ended March 31, 2013 compared to the three months ended March 31, 2012, interest expense on FHLBank advances decreased due to lower average balances, partially offset by higher average rates. Interest expense on FHLBank advances decreased \$402,000 due to a decrease in average balances from \$179 million during the three months ended March 31, 2012, to \$127 million during the three months ended March 31, 2013. This decrease was primarily due to repayments of maturing advances. Partially offsetting this decrease was an increase in interest expense on FHLBank advances of \$102,000 due to an increase in average interest rates from 2.86% in the three months ended March 31, 2012, to 3.12% in the three months ended March 31, 2013. Most of the remaining advances are fixed-rate and are subject to penalty if paid off prior to maturity.

Interest expense on short-term and structured repo borrowings decreased \$81,000 due to a decrease in average rates on short-term borrowings from 1.03% in the three months ended March 31, 2012, to 0.91% in the three months ended March 31, 2013. Interest expense on short-term and structured repo borrowings decreased \$23,000 due to a decrease in average balances from \$269 million during the three months ended March 31, 2012, to \$260 million during the

three months ended March 31, 2013. The decrease in balances of short-term borrowings was primarily due to decreases in average securities sold under repurchase agreements with the Company's deposit customers which tend to fluctuate.

Interest expense on subordinated debentures issued to capital trusts decreased \$19,000 due to a decrease in average rates from 2.07% in the three months ended March 31, 2012, to 1.84% in the three months ended March 31, 2013. These debentures are not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at an average rate of three-month LIBOR plus 1.57%, adjusting quarterly.

Net Interest Income

Net interest income for the three months ended March 31, 2013 increased \$5.3 million to \$42.1 million compared to \$36.8 million for the three months ended March 31, 2012. Net interest margin was 4.76% in the three months ended March 31, 2013, compared to 4.29% in the three months ended March 31, 2012, an increase of 47 basis points, or 11.0%. In both three-month periods, the Company's margin was positively impacted primarily by the increases in expected cash flows to be received from the FDIC-acquired loan pools and the resulting increase to accretable yield which were previously discussed in Note 8 of the Notes to Consolidated Financial Statements. The positive impact of these changes on the three months ended March 31, 2013 and 2012 were increases in interest income of \$10.4 million and \$6.2 million, respectively, and increases in net interest margin of 118 basis points and 72 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin increased one basis point during the three months ended March 31, 2013, primarily due to increases in the average balance of loans, partially offset by decreases in the rates paid on deposits. During 2012 and 2013, lower-rate transaction deposits increased as customers added to existing accounts or new customer accounts were opened, while higher-rate brokered deposits decreased and retail time deposits renewed at lower rates of interest. The Company has also experienced decreases in yields on loans and investments, excluding the yield accretion income discussed above, when compared to the year-ago quarter. Existing loans continue to repay, and in many cases new loans originated are at rates which are lower than the rates on those repaying loans and may be lower than existing portfolio rates.

The Company's overall interest rate spread increased 53 basis points, or 12.8%, from 4.16% during the three months ended March 31, 2012, to 4.69% during the three months ended March 31, 2013. The gross change was due to a 14 basis point increase in the weighted average yield on interest-earning assets and a 39 basis point decrease in the weighted average rate paid on interest-bearing liabilities. In comparing the two periods, the yield on loans increased 29 basis points while the yield on investment securities and other interest-earning assets decreased 59 basis points. The rate paid on deposits decreased 40 basis points, the rate paid on subordinated debentures issued to capital trusts decreased 23 basis points, the rate paid on short-term borrowings decreased 12 basis points, and the rate paid on FHLBank advances increased 25 basis points.

For additional information on net interest income components, refer to the "Average Balances, Interest Rates and Yields" table in this Quarterly Report on Form 10-Q.

Provision for Loan Losses and Allowance for Loan Losses

Management records a provision for loan losses in an amount it believes sufficient to result in an allowance for loan losses that will cover current net charge-offs as well as risks believed to be inherent in the loan portfolio of the Bank. The amount of provision charged against current income is based on several factors, including, but not limited to, past loss experience, current portfolio mix, actual and potential losses identified in the loan portfolio, economic conditions, and internal as well as external reviews. Based on the Company's current assessment of these factors and their expected impact on the loan portfolio, management believes that provision expenses and net charge-offs in 2013 will likely be less than those in 2012 with decreases more pronounced in the second half of the year. As noted previously, the levels of non-performing assets, potential problem loans, loan loss provisions and net charge-offs fluctuate from period to period and are difficult to predict.

Weak economic conditions, higher inflation or interest rates, or other factors may lead to increased losses in the portfolio and/or requirements for an increase in loan loss provision expense. Management long ago established various controls in an attempt to limit future losses, such as a watch list of possible problem loans, documented loan administration policies and a loan review staff to review the quality and anticipated collectability of the portfolio. Additional procedures provide for frequent management review of the loan portfolio based on loan size, loan type, delinquencies, ongoing correspondence with borrowers and problem loan work-outs. Management determines which loans are potentially uncollectible, or represent a greater risk of loss, and makes additional provisions to expense, if necessary, to maintain the allowance at a satisfactory level.

The provision for loan losses decreased \$1.9 million, from \$10.1 million during the three months ended March 31, 2012, to \$8.2 million during the three months ended March 31, 2013. At March 31, 2013, the allowance for loan losses was \$40.5 million, a decrease of \$101,000 from December 31, 2012. Net charge-offs were \$8.3 million in the three months ended March 31, 2013, compared to \$9.8 million in the three months ended March 31, 2012. Excluding those related to loans covered by loss sharing agreements, net charge-offs were \$6.1 million, with three relationships making up \$4.2 million of the net charge-off total for the quarter ended March 31, 2013. General market conditions, and more specifically, real estate absorption rates and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs. As loans and properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the value of these assets with corresponding charge-offs as appropriate.

Loans acquired in the 2009, 2011 and 2012 FDIC-assisted transactions are covered by loss sharing agreements between the FDIC and Great Southern Bank which afford Great Southern Bank at least 80% protection from losses in the acquired portfolio of loans. The FDIC loss sharing agreements are subject to limitations on the types of losses

covered and the length of time losses are covered and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC. These limitations are described in detail in Note 8 of the Notes to Consolidated Financial Statements. The acquired loans were grouped into pools based on common characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to those used to determine the risk of loss for the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. For the three months ended March 31, 2013, \$2.2 million of the net charge-off total was related to loans covered by the loss sharing agreements with the FDIC. Under these agreements, the FDIC will reimburse the Bank for 80% of the losses, so the Bank expects reimbursement of \$1.8 million of this charge-off and has recorded income of this amount. In addition, at March 31, 2013, an allowance for loan losses was established for different loan pools exhibiting risk of loss totaling \$30,000. Because of the loss sharing agreements, only 20% of the anticipated loss would be ultimately borne by the Bank.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans covered by the FDIC loss sharing agreements, was 2.15% and 2.21% at March 31, 2013 and December 31, 2012, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at March 31, 2013, based on recent reviews of the Company's loan portfolio and current economic conditions. If economic conditions remain weak or deteriorate further, it is possible that additional loan loss provisions would be required, thereby adversely affecting future results of operations and financial condition.

Non-performing Assets

Former TeamBank, Vantus Bank, Sun Security Bank and InterBank non-performing assets, including foreclosed assets, are not included in the totals and in the discussion of non-performing loans, potential problem loans and foreclosed assets below due to the respective loss sharing agreements with the FDIC, which cover at least 80% of principal losses that may be incurred in these portfolios. In addition, FDIC-supported TeamBank, Vantus Bank, Sun Security Bank and InterBank assets were initially recorded at their estimated fair values as of their acquisition dates of March 20, 2009, September 4, 2009, October 7, 2011, and April 27, 2012, respectively. The overall performance of the FDIC-covered loan pools has been better than original expectations as of the acquisition dates.

As a result of changes in balances and composition of the loan portfolio, changes in economic and market conditions that occur from time to time, and other factors specific to a borrower's circumstances, the level of non-performing assets will fluctuate. Non-performing assets, excluding FDIC-covered non-performing assets, at March 31, 2013, were \$73.0 million, an increase of \$388,000 from \$72.6 million at December 31, 2012. Non-performing assets, excluding FDIC-covered assets, as a percentage of total assets were 1.81% at March 31, 2013, compared to 1.84% at December 31, 2012.

Compared to December 31, 2012, non-performing loans increased \$2.7 million to \$25.2 million and foreclosed assets decreased \$2.3 million to \$47.8 million. Commercial real estate loans comprised \$9.4 million, or 37.5%, of the total \$25.2 million of non-performing loans at March 31, 2013, an increase of \$1.1 million from December 31, 2012. Non-performing other commercial loans increased \$1.0 million in the three months ended March 31, 2013, and were \$7.2 million, or 28.7%, of the total non-performing loans at March 31, 2013. Non-performing other residential loans comprised \$3.8 million, or 15.2%, of the total non-performing loans at March 31, 2013, an increase from \$0 at December 31, 2012. Non-performing one-to four-family residential loans decreased \$1.3 million in the three months ended March 31, 2013, and were \$3.1 million, or 12.1%, of the total non-performing loans at March 31, 2013.

Non-performing Loans. Activity in the non-performing loans category during the three months ended March 31, 2013 was as follows:

	Beginning Balance, January 1	Additions to Non-Performing	Removed from Non- Performing	Transfers to Potential Problem Loans (In Thousands)	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, March 31
One- to four-family construction Subdivision construction	\$—	\$ —	\$ —	\$—	\$ —	\$ —	\$—	\$—
Land development	2	—	—	—	—	—	—	2
Commercial construction	2,471	258	—	—	(2,087)	—	(7)	635
One- to four-family residential	—	—	—	—	—	—	—	—
Other residential	4,409	238	—	(387)	(502)	(597)	(101)	3,060
Commercial real estate	—	3,822	—	—	—	—	—	3,822
	8,324	3,276	—	—	(468)	(1,437)	(254)	9,441
	6,248	1,565	—	—	(107)	(348)	(135)	7,223

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Commercial business									
Consumer	1,024	450	(288)	—	(17)	(55)	(100)	1,014	
Total	\$22,478	\$ 9,609	\$ (288)	\$(387)	\$ (3,181)	\$ (2,437)	\$(597)	\$25,197	

At March 31, 2013, the commercial real estate category included 13 loans, six of which were added during the quarter. The largest relationship in this category is comprised of four loans totaling \$7.6 million, or 80.2%, of the total category, and is collateralized by three hotel buildings. Two of these loans totaling \$5.7 million, were classified as non-performing in a previous quarter. The other commercial category included nine loans, three of which were added during the quarter. The largest relationship in this category, part of which was added during the previous quarter and part of which was added during the current quarter, was \$4.1 million, or 56.5% of the total category, and is collateralized by property in the Branson, Mo., area. The other residential category included one loan which was added during the quarter. That loan was \$3.8 million, and is collateralized by condominiums in the Branson, Mo., area. The one- to four-family residential category included 29 loans, three of which were added during the quarter.

Potential Problem Loans. Compared to December 31, 2012, potential problem loans decreased \$10.3 million, or 20.8%. This decrease was due to \$5.5 million in loans removed from potential problem loans due to improvements in the credits, \$3.6 million in loans transferred to foreclosed assets, \$3.2 million in charge-offs, \$2.3 million in loans transferred to non-performing and \$1.6 million in payments on potential problem loans, partially offset by the addition of \$5.9 million of loans to potential problem loans. Potential problem loans are loans which management has identified through routine internal review procedures as having possible credit problems that may cause the borrowers difficulty in complying with the current repayment terms. These loans are not reflected in non-performing assets, but are considered in determining the adequacy of the allowance for loan losses. Activity in the potential problem loans category during the three months ended March 31, 2013, was as follows:

	Beginning Balance, January 1	Additions to Potential Problem	Removed from Potential Problem	Transfers to Non-Performing	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, March 31
(In Thousands)								
One- to four-family construction	\$—	\$—	\$—	\$ —	\$—	\$ —	\$—	\$—
Subdivision construction	1,652	—	(76)	—	—	—	(4)	1,572
Land development	8,814	—	—	—	—	—	—	8,814
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	5,386	387	(959)	—	(105)	(244)	(699)	3,766
Other residential	8,487	851	(4,414)	—	—	(1,895)	—	3,029
Commercial real estate	21,913	3,807	—	(780)	(3,500)	(1,013)	(877)	19,550
Commercial business	3,042	855	—	(1,472)	—	(83)	(5)	2,337
Consumer	129	—	(56)	(5)	—	—	(15)	53
Total	\$49,423	\$5,900	\$(5,505)	\$ (2,257)	\$(3,605)	\$(3,235)	\$(1,600)	\$39,121

At March 31, 2013, the commercial real estate category of potential problem loans included 13 loans. The largest relationship in this category, which was added during a prior quarter, had a balance of \$5.0 million, or 25.6% of the total category. The relationship was collateralized by properties located in southwest Missouri. The second largest relationship in this category, a portion of which was added during the current quarter, had a balance of \$5.0 million, or 25.5% and was collateralized by hotel buildings. The land development category included seven loans, none of which were added during the current quarter. The largest relationship in this category, which was added during the previous quarter, totaled \$6.0 million, or 67.9% of the total category, and was collateralized by property located in the Branson, Mo. area. The one- to four-family residential category included 33 loans, two of which were added during the current quarter. The largest relationship in this category, which was added during the quarter ended March 31, 2012, and included 13 loans, totaled \$1.1 million, or 28.7% of the total category, and was collateralized by over 30 separate properties located in southwest Missouri. The other residential category included three loans, one of which was added during the current quarter. The largest relationship in this category, which was added during a previous quarter, totaled \$1.5 million, or 48.2% of the total category, and was collateralized by properties located in the Branson, Mo.,

area.

Foreclosed Assets. Of the total \$65.3 million of foreclosed assets at March 31, 2013, \$17.4 million represents the fair value of foreclosed assets acquired in the FDIC-assisted transactions in 2009, 2011 and 2012. These acquired foreclosed assets are subject to the loss sharing agreements with the FDIC and, therefore, are not included in the following table and discussion of foreclosed assets. Foreclosed assets have increased since the economic recession began in 2008. During the three months ended March 31, 2013, economic growth was slow and the markets for land development and subdivision construction properties did not experience a recovery. Because of this, we experienced continued higher levels of additions to foreclosed assets during the three months ended March 31, 2013. Because sales of foreclosed properties exceeded additions, total foreclosed assets decreased. Activity in foreclosed assets during the three months ended March 31, 2013 was as follows:

	Beginning Balance, January 1	Additions	ORE Sales	Capitalized Costs	ORE Write- Downs	Ending Balance, March 31
	(In Thousands)					
One- to four-family construction	\$627	\$—	\$(303)	) \$—	\$—	\$324
Subdivision construction	17,147	—	(1,263)	) 31	(192)	) 15,723
Land development	14,058	2,087	(758)	) 45	—	15,432
Commercial construction	6,511	—	(2,746)	) —	—	3,765
One- to four-family residential	1,200	607	(361)	) —	(28)	) 1,418
Other residential	7,232	—	—	) —	—	7,232
Commercial real estate	2,738	3,968	(3,538)	) —	—	3,168
Commercial business	160	—	(34)	) —	—	126
Consumer	471	628	(474)	) —	—	625
Total	\$50,144	\$7,290	\$(9,477)	) \$76	\$(220)	) \$47,813

At March 31, 2013, the subdivision construction category of foreclosed assets included 40 properties, the largest of which was located in the St. Louis, Mo. metropolitan area and had a balance of \$3.4 million, or 21.9% of the total category. Of the total dollar amount in the subdivision construction category, 14.6% and 13.7% is located in Branson, Mo., and Springfield, Mo., respectively. The land development category of foreclosed assets included 24 properties, the largest of which was located in northwest Arkansas and had a balance of \$2.3 million, or 14.8% of the total category. Of the total dollar amount in the land development category, 52.7% and 34.8% was located in northwest Arkansas and in the Branson, Mo., area, respectively, including the largest property previously mentioned. The other residential category of foreclosed assets included 19 properties, 16 of which were all part of the same condominium community, which was located in Branson, Mo. and had a balance of \$2.7 million, or 38.0% of the total category. Of the total dollar amount in the other residential category, 76.7% was located in the Branson, Mo., area, including the largest property previously mentioned.

Non-interest Income

For the three months ended March 31, 2013, non-interest income decreased \$3.2 million to \$2.9 million when compared to the three months ended March 31, 2012, primarily as a result of the following items:

Amortization of indemnification asset: There was a larger decrease to non-interest income from amortization related to business acquisitions compared to the prior year quarter. The net amortization, an amount which reduces non-interest income, increased \$4.1 million in the three months ended March 31, 2013, compared to the three months ended March 31, 2012. As previously described in Note 8 of the Notes to the Consolidated Financial Statements, due to the increase in cash flows expected to be collected from the FDIC-covered loan portfolios, \$8.3 million of amortization (decrease in non-interest income) was recorded in the quarter ended March 31, 2013. This amortization (decrease in non-interest income) amount was up \$3.8 million from the \$4.5 million that was recorded in the quarter ended March 31, 2012, relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC. Offsetting this, the Bank had additional income from the accretion of the discount on the indemnification assets related to the FDIC-assisted acquisition involving InterBank, which was completed in April 2012. Income from the accretion of the discount related to all of the acquisitions was \$1.1 million for the three months ended March 31, 2013, compared to \$2.7 million for the three months ended March 31, 2012. In addition, as noted in the "Provision for Loans Losses and Allowance for Loan Losses" section above, the Bank recorded a loan loss provision of \$2.2 million related to FDIC-covered loans during the quarter ended March 31, 2013. Under the loss sharing agreements, the FDIC will reimburse the Bank for 80% of the losses, so the Bank has recorded income of approximately \$1.8 million for that expected reimbursement.

Other income: Other income increased \$591,000 compared to the prior year. The Bank received a payment of approximately \$480,000 from MasterCard due to increased volume of debit card usage. Depending on usage levels, the Bank could receive future payments from MasterCard. In addition, the Bank sold a parcel of real estate that had been previously acquired as a possible branch location at a gain of approximately \$730,000. In the three months ended March 31, 2012, the Bank sold or utilized several state tax credits that resulted in a gain of \$885,000 with no similar gain in the three months ended March 31, 2013.

Gains on sales of single-family loans: Gains on sales of single-family loans increased \$279,000 compared to the prior year period. This was due to an increase in originations of fixed-rate loans due to lower fixed rates, which were then sold in the secondary market.

Non-interest Expense

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For the three months ended March 31, 2013, non-interest expense increased \$1.9 million to \$26.9 million, when compared to the three months ended March 31, 2012. The increase was primarily due to the following items:

InterBank FDIC-assisted acquisition: Non-interest expense increased \$673,000 for the three months ended March 31, 2013, when compared to the three months ended March 31, 2012, due to operating costs related to the operations acquired in the FDIC-assisted acquisition involving the former InterBank on April 27, 2012. This amount included salaries and benefits of \$212,000 and occupancy and equipment expense of \$274,000.

Salaries and employee benefits: Salaries and employee benefits increased \$685,000 compared to the prior year period. As noted above, \$212,000 of the increase is due to the salaries related to the former InterBank banking centers. The remaining increase is due to continued internal growth of the Company, an increased number of employees, and salary increases for existing employees.

Foreclosure-related expenses: Expenses on foreclosed assets increased \$616,000 for the three months ended March 31, 2013, when compared to the three months ended March 31, 2012, due primarily to an increase in write-downs of carrying values of foreclosed assets and losses on sales of foreclosed assets.

Net occupancy expense: Net occupancy expense increased \$433,000 compared to the prior year quarter. As noted above, \$167,000 of the increase is due to the expenses related to the former InterBank locations and \$51,000 of the increase is due to additional occupancy expense related to the Olathe, Kan., and West Republic Road, Springfield, Mo., banking centers, which were new locations that replaced existing locations during 2012.

Partnership tax credit: The partnership tax credit expense increased \$220,000 from the prior year period. The Company has invested in certain federal low-income housing tax credits and federal new market tax credits. These credits are typically purchased at 70-90% of the amount of the credit and are generally utilized to offset taxes payable over ten-year and seven-year periods, respectively. During the three months ended March 31, 2013, tax credits used to reduce the Company's tax expense totaled \$1.9 million, up \$275,000 from \$1.6 million for the three months ended March 31, 2012. These tax credits resulted in corresponding amortization expense of \$1.4 million during the three months ended March 31, 2013, up \$220,000 from \$1.2 million for the three months ended March 31, 2012. The net result of these transactions was an increase to non-interest expense and a decrease to income tax expense, which positively impacted the Company's effective tax rate, but negatively impacted the Company's non-interest expense and efficiency ratio.

The Company's efficiency ratio for the three months ended March 31, 2013, was 59.80% compared to 59.26% for the same period in 2012. The increase in the ratio in the period was primarily due to the increases in non-interest expense described above. The Company's ratio of non-interest expense to average assets decreased from 2.79% for the three months ended March 31, 2012, to 2.69% for the three months ended March 31, 2013. Average assets for the three months ended March 31, 2013 increased \$149.8 million, or 3.9%, from the three months ended March 31, 2012.

Provision for Income Taxes

For the three months ended March 31, 2013, the Company's effective tax rate was 15.1%, which was lower than the statutory federal tax rate of 35%, due primarily to the effects of the tax credits discussed above and to tax-exempt investments and tax-exempt loans which reduced the Company's effective tax rate. In future periods, the Company expects its effective tax rate typically will be approximately 12%-18% of pre-tax net income, assuming it continues to maintain or increase its use of investment tax credits. The Company's effective tax rate may fluctuate as it is impacted by the level and timing of the Company's utilization of tax credits, the level of tax-exempt investments and loans and the overall level of pre-tax income.

Average Balances, Interest Rates and Yields

The following tables present, for the periods indicated, the total dollar amounts of interest income from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Average balances of loans receivable include the average balances of non-accrual loans for each period. Interest income on loans includes the amortization of net loan fees, which were deferred in accordance with accounting standards. Fees included in interest income were \$827,000 and \$782,000 for the three months ended March 31, 2013 and 2012, respectively. Tax-exempt income was not calculated on a tax equivalent basis. The table does not reflect any effect of income taxes.

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	March 31, 2013(2) Yield/ Rate	Three Months Ended March 31, 2013			Three Months Ended March 31, 2012		
		Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
		(Dollars in thousands)					
Interest-earning assets:							
Loans receivable:							
One- to	4.92						
four-family residential	%	\$ 502,080	\$ 9,543	7.71 %	\$ 361,024	\$ 6,260	6.97 %
Other residential	4.90	318,489	6,225	7.93	280,733	4,449	6.37
Commercial real estate	5.05	784,490	13,168	6.81	783,164	13,450	6.91
Construction	4.82	207,786	4,408	8.60	258,213	4,810	7.49
Commercial business	5.13	239,231	3,536	6.00	220,708	3,537	6.45
Other loans	6.28	282,032	5,025	7.23	220,392	4,425	8.07
Industrial revenue bonds (1)	5.65	59,618	873	5.94	66,370	966	5.86
Total loans receivable	5.28	2,393,726	42,778	7.25	2,190,604	37,897	6.96
Investment securities (1)	2.68	821,354	4,482	2.21	900,765	6,648	2.97
Other interest-earning assets	0.14	374,012	96	0.10	356,886	132	0.15
Total interest-earning assets	4.15	3,589,092	47,356	5.35	3,448,255	44,677	5.21
Non-interest-earning assets:							
Cash and cash equivalents		87,401			77,487		
Other non-earning assets		323,698			324,691		
Total assets		\$ 4,000,191			\$ 3,850,433		
Interest-bearing liabilities:							
Interest-bearing demand and savings	0.26	\$ 1,632,245	1,183	0.29	\$ 1,241,670	2,069	0.67
Time deposits	0.78	1,167,947	2,344	0.81	1,302,867	3,715	1.15
Total deposits	0.47	2,800,192	3,527	0.51	2,544,537	5,784	0.91
Short-term borrowings and structured							
repurchase agreements	0.97	259,998	583	0.91	268,603	687	1.03
Subordinated debentures issued to capital trusts	1.87	30,929	140	1.84	30,929	159	2.07
FHLB advances	3.08	126,596	974	3.12	178,844	1,274	2.86
Total interest-bearing liabilities	0.63	3,217,715	5,224	0.66	3,022,913	7,904	1.05

Non-interest-bearing liabilities:

Demand deposits	385,458	490,364
Other liabilities	20,964	5,551
Total liabilities	3,624,137	3,518,828
Stockholders' equity	376,054	331,605
Total liabilities and stockholders' equity	\$ 4,000,191	\$ 3,850,433

Net interest income:

Interest rate spread	3.52%	\$ 42,132	4.69%	\$ 36,773	4.16%
Net interest margin*			4.76%		4.29%
Average interest-earning assets to average					

interest-bearing liabilities 111.5% 114.1%

* Defined as the Company's net interest income divided by total interest-earning assets.

- (1) Of the total average balances of investment securities, average tax-exempt investment securities were \$81.3 million and \$105.8 million for the three months ended March 31, 2013 and 2012, respectively. In addition, average tax-exempt loans and industrial revenue bonds were \$39.8 million and \$43.1 million for the three months ended March 31, 2013 and 2012, respectively. Interest income on tax-exempt assets included in this table was \$1.3 million and \$1.7 million for the three months ended March 31, 2013 and 2012, respectively. Interest income net of disallowed interest expense related to tax-exempt assets was \$1.2 million and \$1.6 million for the three months ended March 31, 2013 and 2012, respectively.
- (2) The yield/rate on loans at March 31, 2013 does not include the impact of the accretible yield (income) on loans acquired in the FDIC-assisted transactions. See "Net Interest Income" for a discussion of the effect on results of operations for the three months ended March 31, 2013.

Rate/Volume Analysis

The following tables present the dollar amounts of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities for the periods shown. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in rate (i.e., changes in rate multiplied by old volume) and (ii) changes in volume (i.e., changes in volume multiplied by old rate). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to volume and rate. Tax-exempt income was not calculated on a tax equivalent basis.

	Three Months Ended March 31, 2013 vs. 2012		
	Increase (Decrease) Due to		Total Increase (Decrease)
	Rate	Volume	
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable	\$ 1,513	\$ 3,368	\$ 4,881
Investment securities	(1,609)	(557)	(2,166)
Other interest-earning assets	(42)	6	(36)
Total interest-earning assets	(138)	2,817	2,679
Interest-bearing liabilities:			
Demand deposits	(1,395)	509	(886)
Time deposits	(1,011)	(360)	(1,371)
Total deposits	(2,406)	149	(2,257)
Short-term borrowings and structured repo	(81)	(23)	(104)
Subordinated debentures issued to capital trust	(19)	—	(19)
FHLBank advances	102	(402)	(300)
Total interest-bearing liabilities	(2,404)	(276)	(2,680)
Net interest income	\$ 2,266	\$ 3,093	\$ 5,359

Liquidity

Liquidity is a measure of the Company's ability to generate sufficient cash to meet present and future financial obligations in a timely manner through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. These obligations include the credit needs of customers, funding deposit withdrawals, and the day-to-day operations of the Company. Liquid assets include cash, interest-bearing deposits with financial institutions and certain investment securities and loans. The Company manages its ability to generate liquidity primarily through liability funding in such a way that it believes it maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customers' credit needs. At March 31, 2013, the Company had commitments of approximately \$80.9 million to fund loan originations, \$278.3 million of unused lines of credit and unadvanced loans, and \$25.5 million of outstanding letters of credit.

The Company's primary sources of funds are customer deposits, FHLBank advances, other borrowings, loan repayments, unpledged securities, proceeds from sales of loans and available-for-sale securities and funds provided

from operations. The Company utilizes particular sources of funds based on the comparative costs and availability at the time. The Company has from time to time chosen not to pay rates on deposits as high as the rates paid by certain of its competitors and, when believed to be appropriate, supplements deposits with less expensive alternative sources of funds.

At March 31, 2013, the Company had these available secured lines and on-balance sheet liquidity:

Federal Home Loan Bank line	\$401.6 million
Federal Reserve Bank line	\$401.0 million
Cash and cash equivalents	\$481.3 million
Unpledged securities	\$73.1 million

Statements of Cash Flows. During the three months ended March 31, 2013 and 2012, respectively, the Company had positive cash flows from operating activities and financing activities. Cash flows from investing activities were negative for the three months ended March 31, 2013 and 2012, respectively.

Cash flows from operating activities for the periods covered by the Statements of Cash Flows have been primarily related to changes in accrued and deferred assets, credits and other liabilities, the provision for loan losses, depreciation, impairments of investment securities, gains on sales of investment securities and the amortization of deferred loan origination fees and discounts (premiums) on loans and investments, all of which are non-cash or non-operating adjustments to operating cash flows. Net income adjusted for non-cash and non-operating items and the origination and sale of loans held for sale were the primary source of cash flows from operating activities. Operating activities provided cash flows of \$21.3 million and \$44.4 million during the three months ended March 31, 2013 and 2012, respectively.

During the three months ended March 31, 2013 and 2012, respectively, investing activities used cash of \$24.8 and \$27.6 million primarily due to the net increase in loans and investment securities for the period.

Changes in cash flows from financing activities during the periods covered by the Statements of Cash Flows are due to changes in deposits after interest credited, changes in FHLBank advances, changes in short-term borrowings, and changes in structured repurchase agreements, as well as dividend payments to stockholders. Financing activities provided cash of \$80.6 million and \$63.4 million during the three months ended March 31, 2013 and 2012, respectively. Financing activities in the future are expected to primarily include changes in deposits, changes in FHLBank advances, changes in short-term borrowings and dividend payments to stockholders.

Capital Resources

Management continuously reviews the capital position of the Company and the Bank to ensure compliance with minimum regulatory requirements, as well as to explore ways to increase capital either by retained earnings or other means.

At March 31, 2013, the Company's total stockholders' equity was \$375.9 million, or 9.3% of total assets. At March 31, 2013, common stockholders' equity was \$318.0 million, or 7.9% of total assets, equivalent to a book value of \$23.36 per common share. Total stockholders' equity at December 31, 2012, was \$369.9 million, or 9.4%, of total assets. At December 31, 2012, common stockholders' equity was \$311.9 million, or 7.9% of total assets, equivalent to a book value of \$22.94 per common share.

At March 31, 2013, the Company's tangible common equity to total assets ratio was 7.7%, unchanged from December 31, 2012. The Company's tangible common equity to total risk-weighted assets ratio was 12.8% at March 31, 2013, compared to 12.7% at December 31, 2012.

Banks are required to maintain minimum risk-based capital ratios. These ratios compare capital, as defined by the risk-based regulations, to assets adjusted for their relative risk as defined by the regulations. Guidelines require banks to have a minimum Tier 1 risk-based capital ratio, as defined, of 4.00%, a minimum total risk-based capital ratio of 8.00%, and a minimum 4.00% Tier 1 leverage ratio. To be considered "well capitalized," banks must have a minimum Tier 1 risk-based capital ratio, as defined, of 6.00%, a minimum total risk-based capital ratio of 10.00%, and a minimum Tier 1 leverage ratio of 5.00%. On March 31, 2013, the Bank's Tier 1 risk-based capital ratio was 14.8%, total risk-based capital ratio was 16.0% and the Tier 1 leverage ratio was 9.0%. As of March 31, 2013, the Bank was "well capitalized" as defined by the Federal banking agencies' capital-related regulations. The Federal Reserve Board has established capital regulations for bank holding companies that generally parallel the capital regulations for banks. On March 31, 2013, the Company's Tier 1 risk-based capital ratio was 15.7%, total risk-based capital ratio was 17.0% and the Tier 1 leverage ratio was 9.0%. As of March 31, 2013, the Company was "well capitalized" under the capital ratios described above.

On August 18, 2011, the Company entered into a Small Business Lending Fund-Securities Purchase Agreement ("Purchase Agreement") with the Secretary of the Treasury, pursuant to which the Company sold 57,943 shares of the Company's Senior Non-Cumulative Perpetual Preferred Stock, Series A (the "SBLF Preferred Stock") to the Secretary of the Treasury for a purchase price of \$57,943,000. The SBLF Preferred Stock was issued pursuant to Treasury's SBLF program, a \$30 billion fund established under the Small Business Jobs Act of 2010 that was created to encourage lending to small businesses by providing Tier 1 capital to qualified community banks and holding companies with assets of less than \$10 billion. As required by the Purchase Agreement, the proceeds from the sale of the SBLF Preferred Stock were used to redeem the 58,000 shares of preferred stock, previously issued to the Treasury pursuant to the TARP Capital Purchase Program (the "CPP"), at a redemption price of \$58.0 million plus the accrued dividends owed on the preferred shares.

The SBLF Preferred Stock qualifies as Tier 1 capital. The holder of the SBLF Preferred Stock is entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1. The dividend rate, as a percentage of the liquidation amount, can fluctuate between one percent (1%) and five percent (5%) per annum on a quarterly basis during the first 10 quarters during which the SBLF Preferred Stock is outstanding, based upon changes in the level of "Qualified Small Business Lending" or "QSBL" (as defined in the Purchase Agreement) by the Bank over the adjusted baseline level calculated under the terms of the SBLF Preferred Stock (\$201,374,000). The dividend rate for the first quarter of 2013 was 1.0%. Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate for the second quarter of 2013 is expected to be approximately 1.0%. For the tenth calendar quarter through four and one half years after issuance, the dividend rate will be fixed at between one percent (1%) and

seven percent (7%) based upon the level of qualifying loans. After four and one half years from issuance, the dividend rate will increase to 9% (including a quarterly lending incentive fee of 0.5%).

The SBLF Preferred Stock is non-voting, except in limited circumstances. In the event that the Company misses five dividend payments, whether or not consecutive, the holder of the SBLF Preferred Stock will have the right, but not the obligation, to appoint a representative as an observer on the Company's Board of Directors. In the event that the Company misses six dividend payments, whether or not consecutive, and if the then outstanding aggregate liquidation amount of the SBLF Preferred Stock is at least \$25,000,000, then the holder of the SBLF Preferred Stock will have the right to designate two directors to the Board of Directors of the Company.

The SBLF Preferred Stock may be redeemed at any time at the Company's option, at a redemption price of 100% of the liquidation amount plus accrued but unpaid dividends to the date of redemption for the current period, subject to the approval of its federal banking regulator.

Dividends. During the three months ended March 31, 2013, the Company declared a common stock cash dividend of \$0.18 per share, or 30.0% of net income per diluted common share for that three month period. During the three months ended March 31, 2012, the Company declared a common stock cash dividend of \$0.18 per share, or 33.3% of net income per diluted common share for that three month period, and paid a common stock cash dividend of \$0.18 per share (which was declared in December 2011). The Board of Directors meets regularly to consider the level and the timing of dividend payments. The dividend declared but unpaid as of March 31, 2013, was paid to stockholders on April 12, 2013. In addition, the Company paid preferred dividends as described below.

The terms of the SBLF Preferred Stock impose limits on the ability of the Company to pay dividends and repurchase shares of common stock. Under the terms of the SBLF Preferred Stock, no repurchases may be effected, and no dividends may be declared or paid on preferred shares ranking pari passu with the SBLF Preferred Stock, junior preferred shares, or other junior securities (including the common stock) during the current quarter and for the next three quarters following the failure to declare and pay dividends on the SBLF Preferred Stock, except that, in any such quarter in which the dividend is paid, dividend payments on shares ranking pari passu may be paid to the extent necessary to avoid any resulting material covenant breach.

Under the terms of the SBLF Preferred Stock, the Company may only declare and pay a dividend on the common stock or other stock junior to the SBLF Preferred Stock, or repurchase shares of any such class or series of stock, if, after payment of such dividend, or after giving effect to such repurchase, (i) the dollar amount of the Company's Tier 1 Capital would be at least equal to the "Tier 1 Dividend Threshold" and (ii) full dividends on all outstanding shares of SBLF Preferred Stock for the most recently completed dividend period have been or are contemporaneously declared and paid. As of March 31, 2013, we satisfied this condition.

The "Tier 1 Dividend Threshold" means 90% of \$272,747,865, which is the Company's consolidated Tier 1 capital as of June 30, 2011, less the \$58 million in TARP preferred stock then-outstanding and repaid on August 18, 2011, plus the \$57,943,000 in SBLF Preferred Stock issued and minus the net loan charge-offs by the Bank since August 18, 2011. The Tier 1 Dividend Threshold is subject to reduction, beginning on the first day of the eleventh dividend period following the date of issuance of the SBLF Preferred Stock, by \$5,794,300 (ten percent of the aggregate liquidation amount of the SBLF Preferred Stock initially issued, without regard to any subsequent partial redemptions) for each one percent increase in qualified small business lending from the adjusted baseline level under the terms of the SBLF preferred stock (i.e., \$201,374,000) to the ninth dividend period.

Common Stock Repurchases and Issuances. The Company has been in various buy-back programs since May 1990. Our ability to repurchase common stock is currently restricted under the terms of the SBLF preferred stock as noted above, under "-Dividends" and was previously generally precluded due to our participation in the CPP beginning in December 2008. During the three months ended March 31, 2013 and 2012, respectively, the Company did not repurchase any shares of its common stock. During the three months ended March 31, 2013, the Company issued 16,511 shares of stock at an average price of \$18.45 per share to cover stock option exercises. During the three months ended March 31, 2012, the Company issued 19,017 shares of stock at an average price of \$17.97 per share to cover stock option exercises.

Management has historically utilized stock buy-back programs from time to time as long as management believed that repurchasing the stock would contribute to the overall growth of shareholder value. The number of shares of stock that will be repurchased at any particular time and the prices that will be paid are subject to many factors, several of which

are outside of the control of the Company. The primary factors, however, are the number of shares available in the market from sellers at any given time, the price of the stock within the market as determined by the market and the projected impact on the Company's earnings per share and capital.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset and Liability Management and Market Risk

A principal operating objective of the Company is to produce stable earnings by achieving a favorable interest rate spread that can be sustained during fluctuations in prevailing interest rates. The Company has sought to reduce its exposure to adverse changes in interest rates by attempting to achieve a closer match between the periods in which its interest-bearing liabilities and interest-earning assets can be expected to reprice through the origination of adjustable-rate mortgages and loans with shorter terms to maturity and the purchase of other shorter term interest-earning assets.

Our Risk When Interest Rates Change

The rates of interest we earn on assets and pay on liabilities generally are established contractually for a period of time. Market interest rates change over time. Accordingly, our results of operations, like those of other financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of our assets and liabilities. The risk associated with changes in interest rates and our ability to adapt to these changes is known as interest rate risk and is our most significant market risk.

How We Measure the Risk to Us Associated with Interest Rate Changes

In an attempt to manage our exposure to changes in interest rates and comply with applicable regulations, we monitor Great Southern's interest rate risk. In monitoring interest rate risk we regularly analyze and manage assets and liabilities based on their anticipated payment streams and interest rates, the timing of their maturities and their sensitivity to actual or potential changes in market interest rates.

The ability to maximize net interest income is largely dependent upon the achievement of a positive interest rate spread that can be sustained despite fluctuations in prevailing interest rates. Interest rate sensitivity is a measure of the difference between amounts of interest-earning assets and interest-bearing liabilities which either reprice or mature within a given period of time. The difference, or the interest rate repricing "gap," provides an indication of the extent to which an institution's interest rate spread will be affected by changes in interest rates. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities repricing during the same period, and is considered negative when the amount of interest-rate sensitive liabilities exceeds the amount of interest-rate sensitive assets during the same period. Generally, during a period of rising interest rates, a negative gap within shorter repricing periods would adversely affect net interest income, while a positive gap within shorter repricing periods would result in an increase in net interest income. During a period of falling interest rates, the opposite would be true. As of March 31, 2013, Great Southern's internal interest rate risk models indicate a one-year interest rate sensitivity gap that is neutral. Generally, a rate increase by the FRB would be expected to have an immediate negative impact on Great Southern's net interest income. As the Federal Funds rate is now very low, the Company's interest rate floors have been reached on most of its "prime rate" loans. In addition, Great Southern has elected to leave its "Great Southern Prime Rate" at 5.00% for those loans that are indexed to "Great Southern Prime" rather than "Wall Street Journal Prime." At March 31, 2013, there were \$334 million of loans indexed to "Great Southern Prime". While these interest rate floors and prime rate adjustments have helped keep the rate on our loan portfolio higher in this very low interest rate environment, they will also reduce the positive effect to our loan rates when market interest rates, specifically the "prime rate," begin to increase. The interest rate on these loans will not increase until the loan floors are reached and the "Wall Street Journal Prime" interest rate exceeds 5.00%. If rates remain generally unchanged in the short-term, we expect that our cost of funds will continue to decrease somewhat as we continue to redeem some of our wholesale funds. In addition, a significant portion of our retail certificates of deposit mature in the next few months and we expect that they will be replaced with new certificates of deposit at somewhat

lower interest rates.

Interest rate risk exposure estimates (the sensitivity gap) are not exact measures of an institution's actual interest rate risk. They are only indicators of interest rate risk exposure produced in a simplified modeling environment designed to allow management to gauge the Bank's sensitivity to changes in interest rates. They do not necessarily indicate the impact of general interest rate movements on the Bank's net interest income because the repricing of certain categories of assets and liabilities is subject to competitive and other factors beyond the Bank's control. As a result, certain assets and liabilities indicated as maturing or otherwise repricing within a stated period may in fact mature or reprice at different times and in different amounts and cause a change, which potentially could be material, in the Bank's interest rate risk.

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In order to minimize the potential for adverse effects of material and prolonged increases and decreases in interest rates on Great Southern's results of operations, Great Southern has adopted asset and liability management policies to better match the maturities and repricing terms of Great Southern's interest-earning assets and interest-bearing liabilities. Management recommends and the Board of Directors sets the asset and liability policies of Great Southern which are implemented by the asset and liability committee. The asset and liability committee is chaired by the Chief Financial Officer and is comprised of members of Great Southern's senior management. The purpose of the asset and liability committee is to communicate, coordinate and control asset/liability management consistent with Great Southern's business plan and board-approved policies. The asset and liability committee establishes and monitors the volume and mix of assets and funding sources taking into account relative costs and spreads, interest rate sensitivity and liquidity needs. The objectives are to manage assets and funding sources to produce results that are consistent with liquidity, capital adequacy, growth, risk and profitability goals. The asset and liability committee meets on a monthly basis to review, among other things, economic conditions and interest rate outlook, current and projected liquidity needs and capital positions and anticipated changes in the volume and mix of assets and liabilities. At each meeting, the asset and liability committee recommends appropriate strategy changes based on this review. The Chief Financial Officer or his designee is responsible for reviewing and reporting on the effects of the policy implementations and strategies to the Board of Directors at their monthly meetings.

In order to manage its assets and liabilities and achieve the desired liquidity, credit quality, interest rate risk, profitability and capital targets, Great Southern has focused its strategies on originating adjustable rate loans, and managing its deposits and borrowings to establish stable relationships with both retail customers and wholesale funding sources.

At times, depending on the level of general interest rates, the relationship between long- and short-term interest rates, market conditions and competitive factors, we may determine to increase our interest rate risk position somewhat in order to maintain or increase our net interest margin.

The asset and liability committee regularly reviews interest rate risk by forecasting the impact of alternative interest rate environments on net interest income and market value of portfolio equity, which is defined as the net present value of an institution's existing assets, liabilities and off-balance sheet instruments, and evaluating such impacts against the maximum potential changes in net interest income and market value of portfolio equity that are authorized by the Board of Directors of Great Southern.

In the normal course of business, the Company may use derivative financial instruments (primarily interest rate swaps) from time to time to assist in its interest rate risk management. Prior to December 31, 2009, the Company used interest-rate swap derivatives, primarily as an asset/liability management strategy, in order to hedge against the effects of changes in the fair value of its liabilities for fixed rate brokered certificates of deposit caused by changes in market interest rates. The swap agreements generally provided for the Company to pay a variable rate of interest based on a spread to the one-month or three-month London Interbank Offering Rate (LIBOR) and to receive a fixed rate of interest equal to that of the hedged instrument. Under the swap agreements the Company paid or received interest monthly, quarterly, semiannually or at maturity. In the fourth quarter of 2011, the Company began executing interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. Because the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. These interest rate derivatives result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. The Company manages a matched book with respect to its

derivative instruments in order to minimize its net risk exposure resulting from such transactions. For further information on derivatives and hedging activities, see Note 13 of the Notes to Consolidated Financial Statements contained in this report.

ITEM 4. CONTROLS AND PROCEDURES

We maintain a system of disclosure controls and procedures (as defined in Rule 13(a)-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) that is designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate. An evaluation of our disclosure controls and procedures was carried out as of March 31, 2013, under the supervision and with the participation of our principal executive officer, principal financial officer and several other members of our senior management. Our principal executive officer and principal financial officer concluded that, as of March 31, 2013, our disclosure controls and procedures were effective in ensuring that the information we are required to disclose in the reports we file or submit under the Act is (i) accumulated and communicated to our management (including the principal executive officer and principal financial officer) to allow timely decisions regarding required disclosure, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting (as defined in Rule 13(a)-15(f) under the Act) that occurred during the quarter ended March 31, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We do not expect that our internal control over financial reporting will prevent all errors and all fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns in controls or procedures can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any control procedure also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control procedure, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, the Company and its subsidiaries are subject to pending and threatened legal actions, some of which seek substantial relief or damages. While the ultimate outcome of such legal proceedings cannot be predicted with certainty, after reviewing pending and threatened litigation with counsel, management believes at this time that, except as noted below, the outcome of such litigation will not have a material adverse effect on the Company's business, financial condition or results of operations.

On November 22, 2010, a suit was filed against the Bank in Missouri state court in Springfield by a customer alleging that the fees associated with the Bank's automated overdraft program in connection with its debit card and ATM cards constitute unlawful interest in violation of Missouri's usury laws. The suit seeks class-action status for Bank customers who have paid overdraft fees on their checking accounts. The Court denied a motion to dismiss filed by the Bank and litigation is ongoing. At this stage of the litigation, it is not possible for management of the Bank to determine the probability of a material adverse outcome or reasonably estimate the amount of any potential loss.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On November 15, 2006, the Company's Board of Directors authorized management to repurchase up to 700,000 shares of the Company's outstanding common stock, under a program of open market purchases or privately negotiated transactions. The plan does not have an expiration date. Prior to our redemption of the CPP Preferred Stock, we were generally precluded from purchasing shares of the Company's stock without the Treasury's consent. Our participation in the SBLF program does not preclude us from purchasing shares of the Company's stock, provided that after giving effect to such purchase, (i) the dollar amount of the Company's Tier 1 capital would be at

least equal to the “Tier 1 Dividend Threshold” under the terms of the SBLF Preferred Stock and (ii) full dividends on all outstanding shares of SBLF Preferred Stock for the most recently completed dividend period have been or are contemporaneously declared and paid, as described under “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources.”

As indicated below, no shares were purchased during the three months ended March 31, 2013.

	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plan	Maximum Number of Shares that May Yet Be Purchased Under the Plan(1)
January 1, 2013 – January 31, 2013	---	\$ ----	---	396,562
February 1, 2013 – February 28, 2013	---	\$ ----	---	396,562
March 1, 2013 – March 31, 2013	---	\$ ----	---	396,562
	---	\$ ----	---	

(1) Amount represents the number of shares available to be repurchased under the November 2006 plan as of the last calendar day of the month shown.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None.

Item 6. Exhibits and Financial Statement Schedules

- a) Exhibits
See Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREAT SOUTHERN BANCORP, INC.

Date: May 10, 2013

/s/ Joseph W. Turner
Joseph W. Turner
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2013

/s/ Rex A. Copeland
Rex A. Copeland
Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
(2)	Plan of acquisition, reorganization, arrangement, liquidation, or succession
(i)	The Purchase and Assumption Agreement, dated as of March 20, 2009, among Federal Deposit Insurance Corporation, Receiver of TeamBank, N.A., Paola, Kansas, Federal Deposit Insurance Corporation and Great Southern Bank, previously filed with the Commission (File no. 000-18082) as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on March 26, 2011 is incorporated herein by reference as Exhibit 2.1(i).
(ii)	The Purchase and Assumption Agreement, dated as of September 4, 2009, among Federal Deposit Insurance Corporation, Receiver of Vantus Bank, Sioux City, Iowa, Federal Deposit Insurance Corporation and Great Southern Bank, previously filed with the Commission (File no. 000-18082) as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on September 11, 2011 is incorporated herein by reference as Exhibit 2.1(ii).
(iii)	The Purchase and Assumption Agreement, dated as of October 7, 2011, among Federal Deposit Insurance Corporation, Receiver of Sun Security Bank, Ellington, Missouri, Federal Deposit Insurance Corporation and Great Southern Bank, previously filed with the Commission (File no. 000-18082) as Exhibit 2.1(iii) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 is incorporated herein by reference as Exhibit 2(iii).
(iv)	The Purchase and Assumption Agreement, dated as of April 27, 2012, among Federal Deposit Insurance Corporation, Receiver of Inter Savings Bank, FSB, Maple Grove, Minnesota, Federal Deposit Insurance Corporation and Great Southern Bank, previously filed with the Commission (File no. 000-18082) as Exhibit 2.1(iv) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 is incorporated herein by reference as Exhibit 2(iv)
(3)	Articles of incorporation and Bylaws
(i)	The Registrant's Charter previously filed with the Commission as Appendix D to the Registrant's Definitive Proxy Statement on Schedule 14A filed on September 30,

2004 (File No. 000-18082), is incorporated herein by reference as Exhibit 3.1.

- (iA) The Articles Supplementary to the Registrant's Charter setting forth the terms of the Registrant's Senior Non-Cumulative Perpetual Preferred Stock, Series A, previously filed with the Commission (File no. 000-18082) as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 18, 2011, are incorporated herein by reference as Exhibit 3(i).
- (ii) The Registrant's Bylaws, previously filed with the Commission (File no. 000-18082) as Exhibit 3(ii) to the Registrant's Current Report on Form 8-K filed on October 23, 2007, is incorporated herein by reference as Exhibit 3.2.

(4) Instruments defining the rights of security holders, including indentures

The Company hereby agrees to furnish the SEC upon request, copies of the instruments defining the rights of the holders of each issue of the Registrant's long-term debt.

(10) Material contracts

The Registrant's 1997 Stock Option and Incentive Plan previously filed with the Commission (File no. 000-18082) as Annex A to the Registrant's Definitive Proxy Statement on Schedule 14A filed on September 18, 1997 is incorporated herein by reference as Exhibit 10.1.

The Registrant's 2003 Stock Option and Incentive Plan previously filed with the Commission (File No. 000-18082) as Annex A to the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 14, 2003, is incorporated herein by reference as Exhibit 10.2.

The employment agreement dated September 18, 2002 between the Registrant and William V. Turner previously filed with the Commission (File no. 000-18082) as Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, is incorporated herein by reference as Exhibit 10.3.

The employment agreement dated September 18, 2002 between the Registrant and Joseph W. Turner previously filed with the Commission (File no. 000-18082) as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, is incorporated herein by reference as Exhibit 10.4.

The form of incentive stock option agreement under the Registrant's 2003 Stock Option and Incentive Plan previously filed with the Commission as Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File no. 000-18082) filed on February 24, 2005 is incorporated herein by reference as Exhibit 10.5.

The form of non-qualified stock option agreement under the Registrant's 2003 Stock Option and Incentive Plan previously filed with the Commission as Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File no. 000-18082) filed on February 24, 2005 is incorporated herein by reference as Exhibit 10.6.

A description of the current salary and bonus arrangements for 2012 for the Registrant's named executive officers previously filed with the Commission as Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is incorporated herein by reference as Exhibit 10.7.

A description of the current fee arrangements for the Registrant's directors previously filed with the Commission as Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is incorporated herein by reference as Exhibit 10.8.

Small Business Lending Fund – Securities Purchase Agreement, dated August 18, 2011, between the Registrant and the Secretary of the United States Department of the Treasury, previously filed with the Commission as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 18, 2011, is incorporated herein by reference as Exhibit 10.9.

(11) Statement re computation of per share earnings

Included in Note 5 to the Consolidated Financial Statements.

(15) Letter re unaudited interim financial information

Inapplicable.

(18) Letter re change in accounting principles

Inapplicable.

- (19) Report furnished to securityholders.
Inapplicable.
- (22) Published report regarding matters submitted to vote of security holders
Inapplicable.
- (23) Consents of experts and counsel
Inapplicable.
- (24) Power of attorney
None.
- (31.1) Rule 13a-14(a) Certification of Chief Executive Officer
Attached as Exhibit 31.1
- (31.2) Rule 13a-14(a) Certification of Treasurer
Attached as Exhibit 31.2
- (32) Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
Attached as Exhibit 32.
- (99) Additional Exhibits
None.
- (101) Attached as Exhibit 101 are the following financial statements from the Great Southern Bancorp, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, formatted in Extensive Business Reporting Language (XBRL): (i) consolidated statements of financial condition, (ii) consolidated statements of income, (iii) consolidated statements of cash flows and (iv) the notes to consolidated financial statements.