

GREAT SOUTHERN BANCORP INC
Form 10-Q
May 10, 2012

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, 2012

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)

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: 13,499,498 shares of common stock, par value \$.01, outstanding at May 8, 2012.

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, 2012 (Unaudited)	DECEMBER 31, 2011
ASSETS		
Cash	\$ 85,229	\$ 87,911
Interest-bearing deposits in other financial institutions	374,844	248,569
Federal funds sold	337	43,769
Cash and cash equivalents	460,410	380,249
Available-for-sale securities	874,273	875,411
Held-to-maturity securities (fair value \$2,043 – March 2012; \$2,101 - December 2011)	1,865	1,865
Mortgage loans held for sale	19,121	28,920
Loans receivable, net of allowance for loan losses of \$41,532 – March 2012; \$41,232 - December 2011	2,119,054	2,124,161
FDIC indemnification asset	84,087	108,004
Interest receivable	12,828	13,848
Prepaid expenses and other assets	106,007	85,175
Foreclosed assets held for sale, net	69,244	67,621
Premises and equipment, net	92,918	84,192
Goodwill and other intangible assets	6,633	6,929
Investment in Federal Home Loan Bank stock	11,965	12,088
Current and deferred income tax asset	--	1,549
Total Assets	\$ 3,858,405	\$ 3,790,012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	\$ 3,078,066	\$ 2,963,539
Federal Home Loan Bank advances	147,102	184,437
Securities sold under reverse repurchase agreements with customers	199,594	216,737
Short-term borrowings	522	660
Structured repurchase agreements	53,077	53,090
Subordinated debentures issued to capital trusts	30,929	30,929
Accrued interest payable	2,014	2,277
Advances from borrowers for taxes and insurance	2,460	1,572
Accounts payable and accrued expenses	12,721	12,184
Current and deferred income tax liability	297	--
Total Liabilities	3,526,782	3,465,425
Stockholders' Equity:		
Capital stock		

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Serial preferred stock – SBLF, \$.01 par value; authorized 1,000,000 shares; issued and outstanding March 2012 and December 2011 - 57,943	57,943	57,943
Common stock, \$.01 par value; authorized 20,000,000 shares; issued and outstanding March 2012 – 13,498,873 shares; December 2011 - 13,479,856 shares	134	134
Additional paid-in capital	17,391	17,183
Retained earnings	242,080	236,914
Accumulated other comprehensive gain	14,075	12,413
Total Stockholders' Equity	331,623	324,587
Total Liabilities and Stockholders' Equity	\$ 3,858,405	\$ 3,790,012
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,	
	2012	2011
	(Unaudited)	
INTEREST INCOME		
Loans	\$ 37,897	\$ 42,084
Investment securities and other	6,780	6,956
TOTAL INTEREST INCOME	44,677	49,040
INTEREST EXPENSE		
Deposits	5,784	7,486
Federal Home Loan Bank advances	1,274	1,297
Short-term borrowings and repurchase agreements	687	756
Subordinated debentures issued to capital trusts	159	140
TOTAL INTEREST EXPENSE	7,904	9,679
NET INTEREST INCOME	36,773	39,361
PROVISION FOR LOAN LOSSES	10,077	8,200
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	26,696	31,161
NON-INTEREST INCOME		
Commissions	2,626	2,437
Service charges and ATM fees	4,492	4,063
Net realized gains on sales of loans	1,150	907
Net realized gains on sales and impairments of available-for-sale securities	28	--
Late charges and fees on loans	173	122
Net change in interest rate swap fair value	96	--
Accretion (amortization) of income related to business acquisitions	(1,748)	(9,754)
Other income	1,648	453
TOTAL NON-INTEREST INCOME	8,465	(1,772)
NON-INTEREST EXPENSE		
Salaries and employee benefits	13,879	11,573
Net occupancy and equipment expense	4,959	3,690
Postage	827	755
Insurance	1,123	1,446
Advertising	369	275
Office supplies and printing	397	278
Telephone	767	625
Legal, audit and other professional fees	869	762
Expense on foreclosed assets	439	429
Other operating expenses	3,180	1,776
TOTAL NON-INTEREST EXPENSE	26,809	21,609
INCOME BEFORE INCOME TAXES	8,352	7,780
PROVISION FOR INCOME TAXES	855	1,887

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NET INCOME		7,497		5,893
Preferred stock dividends and discount accretion		144		845
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$	7,353	\$	5,048
BASIC EARNINGS PER COMMON SHARE	\$	0.54	\$	0.38
DILUTED EARNINGS PER COMMON SHARE	\$	0.54	\$	0.36
DIVIDENDS DECLARED PER COMMON SHARE	\$	.18	\$	.18

See Notes to Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2012	2011
Net Income	\$7,497	\$5,893
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of \$939 and \$(949), for 2012 and 2011, respectively	1,744	(1,763)
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 \$(34) and \$47, for 2012 and 2011, respectively	(64)	87
Less reclassification adjustment for losses included in net income, net of taxes (credit) of \$(10) and \$0 for 2012 and 2011, respectively	(18)	--
Comprehensive Income	\$9,159	\$4,217

See Notes to Consolidated Financial Statements

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

	THREE MONTHS ENDED MARCH	
	31,	
	2012	2011
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 7,497	\$ 5,893
Proceeds from sales of loans held for sale	59,587	52,100
Originations of loans held for sale	(50,684)	(36,831)
Items not requiring (providing) cash:		
Depreciation	1,596	1,206
Amortization of other assets	1,461	561
Compensation expense for stock option grants	111	119
Provision for loan losses	10,077	8,200
Net gains on loan sales	(1,150)	(907)
Net gains on sale or impairment of available-for-sale investment securities	(28)	--
Net losses on sale of premises and equipment	189	168
(Gain) loss on sale of foreclosed assets	(1,013)	266
Amortization (accretion) of deferred income, premiums, discounts and fair value adjustments	(3,591)	9,510
(Gain) loss on derivative interest rate products	(96)	--
Deferred income taxes	(195)	(4,245)
Changes in:		
Interest receivable	1,020	961
Prepaid expenses and other assets	18,237	4,988
Accounts payable and accrued expenses	216	(1,207)
Income taxes refundable/payable	1,146	4,947
Net cash provided by operating activities	44,380	45,729
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(16,929)	(27,545)
Purchase of loans	(12,107)	--
Purchase of additional business units	--	(2)
Purchase of premises and equipment	(10,519)	(3,537)
Proceeds from sale of premises and equipment	8	86
Proceeds from sale of foreclosed assets	9,352	4,635
Capitalized costs on foreclosed assets	(101)	(164)
Proceeds from sales of available-for-sale investment securities	1,224	--
Proceeds from maturing held-to-maturity investment securities	--	1,202
Proceeds from called investment securities	5,810	6,645
Principal reductions on mortgage-backed securities	30,355	32,999
Purchase of available-for-sale securities	(34,826)	(112,823)
Redemption of Federal Home Loan Bank stock	123	48
Net cash used in investing activities	(27,610)	(98,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in certificates of deposit	32,332	19,967
Net increase in checking and savings deposits	82,483	60,188

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Repayments of Federal Home Loan Bank advances	(32,573)	(1,059)
Net increase (decrease) in short-term borrowings and structured repo	(17,281)	8,922
Advances from borrowers for taxes and insurance	888	177
Dividends paid	(2,799)	(3,146)
Stock options exercised	341	4
Net cash provided by financing activities	63,391	85,053
INCREASE IN CASH AND CASH EQUIVALENTS	80,161	32,326
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	380,249	429,971
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 460,410	462,297
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, 2012 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, 2011, has been derived from the audited consolidated statement of financial condition of the Company as of that date. Certain prior periods 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 2011 filed with the Securities and Exchange Commission.

NOTE 2: OPERATING SEGMENTS

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 deposits attracted from the general public and correspondent account relationships, brokered deposits and borrowings from the Federal Home Loan Bank ("FHLBank") and others. The operating results of this segment are regularly reviewed by management to make decisions about resource allocations and to assess performance.

Revenue from segments below the reportable segment threshold is attributable to three operating segments of the Company. These segments include insurance services, travel services and investment services. 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.

NOTE 3: RECENT ACCOUNTING PRONOUNCEMENTS

In December 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-12 to amend FASB ASC Topic 220, Comprehensive Income. The Update defers the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income in ASU No. 2011-05. The Update was effective for the Company January 1, 2012, and did not have a material impact on the Company's financial position or results of operations.

In September 2011, the FASB issued ASU No. 2011-08 to amend FASB ASC Topic 350, Intangibles – Goodwill and Other: Testing Goodwill for Impairment. The purpose of the Update is to simplify how entities test goodwill for impairment. The amendments allows entities the option of considering qualitative factors to determine whether it is

more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this consideration are then used to determine whether the two-step goodwill impairment test described in Topic 350 must be performed. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The Update was effective for the Company January 1, 2012. While early adoption was permitted, the Company did not choose to do so. The adoption of this Update did not have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued ASU No. 2011-05 to amend FASB ASC Topic 220, Comprehensive Income: Presentation of Comprehensive Income. The purpose of the Update is to improve the comparability, consistency and transparency of financial reporting related to other comprehensive income. It eliminates the option to present the

components of other comprehensive income as part of the statement of stockholders' equity. Instead, the components of other comprehensive income must either be presented with net income in a single continuous statement of comprehensive income or as a separate but consecutive statement following the statement of income. The Update was effective for the Company January 1, 2012, on a retrospective basis for interim and annual reporting periods. The new required disclosures are included in the Consolidated Statements of Comprehensive Income, which follow the Consolidated Statements of Income.

In May 2011, the FASB issued ASU No. 2011-04 to amend FASB ASC Topic 820, Fair Value Measurement: Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs. The Update amends the GAAP requirements for measuring fair value and for disclosures about fair value measurements to improve consistency between GAAP and IFRSs by changing some of the wording used to describe the requirements, clarifying the intended application of certain requirements and changing certain principles. The Update was effective for the Company January 1, 2012, on a prospective basis for interim and annual reporting periods, and did not have a material impact on the Company's financial position or results of operations.

In April 2011, the FASB issued ASU No. 2011-03 to amend FASB ASC Topic 860, Transfers and Servicing. ASC 860 outlines when the transfer of financial assets under a repurchase agreement may or may not be accounted for as a sale. Whether the transferring entity maintains effective control over the transferred financial assets provides the basis for such a determination. The previous requirement that the transferor must have the ability to repurchase or redeem the financial assets before the maturity of the agreement is removed from the assessment of effective control by this Update. The Update was effective for the Company January 1, 2012, on a prospective basis for interim and annual reporting periods, 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,	
	2012	2011
	(In Thousands, Except Per Share Data)	
Basic:		
Average shares outstanding	13,491	13,454
Net income available to common shareholders	\$7,353	\$5,048
Per share amount	\$0.54	\$0.38
Diluted:		
Average shares outstanding	13,491	13,454

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Net effect of dilutive stock options and warrants – based on the treasury stock method using average market price	62	569
Diluted shares	13,553	14,023
Net income available to common shareholders	\$7,353	\$5,048
Per share amount	\$0.54	\$0.36

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Options to purchase 465,067 and 498,535 shares of common stock were outstanding at March 31, 2012 and 2011, respectively, but were not included in the computation of diluted earnings per share for each period because the options' exercise prices were greater than the average market prices of the common shares for the three months ended March 31, 2012 and 2011, respectively.

NOTE 6: INVESTMENT SECURITIES

	Amortized Cost	Gross Unrealized Gains	March 31, 2012		Fair Value	Tax Equivalent Yield	
			Gross Unrealized Losses (In Thousands)				
AVAILABLE-FOR-SALE SECURITIES:							
U.S. government agencies	\$20,000	\$21	\$—		\$20,021	1.12	%
Collateralized mortgage obligations	5,187	230	332		5,085	5.24	
Mortgage-backed securities	633,867	14,314	277		647,904	3.01	
Small Business Administration loan pools	53,618	1,221	—		54,839	1.78	
States and political subdivisions	138,668	5,995	858		143,805	5.69	
Corporate bonds	49	246	—		295	47.36	
Equity securities	1,230	1,094	—		2,324	—	
	\$852,619	\$23,121	\$1,467		\$874,273	3.34	%
HELD-TO-MATURITY SECURITIES:							
States and political subdivisions	\$1,865	\$178	\$—		\$2,043	4.40	%
	Amortized Cost	Gross Unrealized Gains	December 31, 2011		Fair Value	Tax Equivalent Yield	
			Gross Unrealized Losses (In Thousands)				
AVAILABLE-FOR-SALE SECURITIES:							
U.S. government agencies	\$20,000	\$60	\$—		\$20,060	1.12	%
Collateralized mortgage obligations	5,220	—	380		4,840	5.53	
Mortgage-backed securities	628,729	13,728	802		641,655	3.12	
Small Business Administration loan pools	55,422	1,070	—		56,492	1.68	
States and political subdivisions	145,663	5,478	903		150,238	5.72	
Corporate bonds	50	245	—		295	39.65	
Equity securities	1,230	601	—		1,831	—	
	\$856,314	\$21,182	\$2,085		\$875,411	3.44	%
HELD-TO-MATURITY SECURITIES:							
States and political subdivisions	\$1,865	\$236	\$—		\$2,101	4.39	%

The amortized cost and fair value of available-for-sale securities at March 31, 2012, 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 (In Thousands)	Fair Value
One year or less	\$1,209	\$1,208
After one through five years	1,445	1,465
After five through ten years	12,151	12,545
After ten years	197,530	203,742
Securities not due on a single maturity date	639,054	652,989
Equity securities	1,230	2,324
	\$852,619	\$874,273

The held-to-maturity securities at March 31, 2012, 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 (In Thousands)	Fair Value
One year or less	\$840	\$840
After five through ten years	1,025	1,203
	\$1,865	\$2,043

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, 2012 and December 31, 2011, respectively, was approximately \$150.1 million and \$172.6 million, which is approximately 17.1% and 19.7% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

Based on 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, 2012.

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, 2012 and December 31, 2011:

Description of Securities	March 31, 2012					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
Collateralized mortgage obligations	\$—	\$—	\$1,094	\$(332)	\$1,094	\$(332)
Mortgage-backed securities	74,622	(163)	46,839	(114)	121,461	(277)
States and political subdivisions	23,345	(313)	4,205	(545)	27,550	(858)
	\$97,967	\$(476)	\$52,138	\$(991)	\$150,105	\$(1,467)

Description of Securities	December 31, 2011					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
Collateralized mortgage obligations	\$3,760	\$(110)	\$1,460	\$(270)	\$5,220	\$(380)
Mortgage-backed securities	61,720	(365)	91,824	(437)	153,544	(802)
States and political subdivisions	6,436	(44)	7,381	(859)	13,817	(903)
	\$71,916	\$(519)	\$100,665	\$(1,566)	\$172,581	\$(2,085)

Gross gains of \$28,000 and \$0 and gross losses of \$0 and \$0 resulting from sales of available-for-sale securities were realized for the three months ended March 31, 2012 and 2011, 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 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, 2012 and 2011, 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.

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, 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

	Accumulated Credit Losses (In Thousands)
Credit losses on debt securities held	
January 1, 2011	\$2,983
Additions related to other-than-temporary losses not previously recognized	—
Reductions due to sales	—
March 31, 2011	\$2,983

NOTE 7: LOANS AND ALLOWANCE FOR LOAN LOSSES

	March 31, 2012		December 31, 2011	
	(In Thousands)			
One- to four-family residential construction	\$23,958		\$23,976	
Subdivision construction	54,550		61,140	
Land development	69,707		68,771	
Commercial construction	117,341		119,589	
Owner occupied one- to four-family residential	92,636		91,994	
Non-owner occupied one- to four-family residential	146,482		145,781	
Commercial real estate	655,402		639,857	
Other residential	270,831		243,742	
Commercial business	221,926		236,384	
Industrial revenue bonds	58,972		59,750	
Consumer auto	62,266		59,368	
Consumer other	79,330		77,540	
Home equity lines of credit	46,362		47,114	
FDIC-supported loans, net of discounts (TeamBank)	110,799		128,875	
FDIC-supported loans, net of discounts (Vantus Bank)	114,104		123,036	
FDIC-supported loans, net of discounts (Sun Security Bank)	128,157		144,626	
	2,252,823		2,271,543	
Undisbursed portion of loans in process	(89,483	)	(103,424)
Allowance for loan losses	(41,532	)	(41,232)
Deferred loan fees and gains, net	(2,754	)	(2,726)
	\$2,119,054		\$2,124,161	
Weighted average interest rate	5.81	%	5.86	%

Classes of loans by aging were as follows:

	March 31, 2012						Total Loans > 90 Days and Still Accruing
	30-59 Days	60-89 Days	Over 90	Total Past		Total Loans	
	Past Due	Past Due	Days	Due	Current	Receivable	
				(In Thousands)			
One- to four-family residential construction	\$—	\$—	\$3,231	\$3,231	\$20,727	\$23,958	\$—
Subdivision construction	197	95	4,844	5,136	49,414	54,550	197
Land development	127	—	1,634	1,761	67,946	69,707	—
Commercial construction	—	—	1,062	1,062	116,279	117,341	—
Owner occupied one- to four-family residential	1,209	866	2,478	4,553	88,083	92,636	323
Non-owner occupied one- to four-family residential	—	41	1,212	1,253	145,229	146,482	—
Commercial real estate	2,641	1,300	6,244	10,185	645,217	655,402	—
Other residential	638	—	—	638	270,193	270,831	—
Commercial business	110	—	735	845	221,081	221,926	—
Industrial revenue bonds	—	—	2,110	2,110	56,862	58,972	—
Consumer auto	261	27	159	447	61,819	62,266	11
Consumer other	653	597	508	1,758	77,572	79,330	158
Home equity lines of credit	—	—	142	142	46,220	46,362	—
FDIC-supported loans, net of discounts (TeamBank)	279	79	22,019	22,377	88,422	110,799	—
FDIC-supported loans, net of discounts (Vantus Bank)	574	1,209	8,097	9,880	104,224	114,104	—
FDIC-supported loans, net of discounts (Sun Security Bank)	2,807	893	112	3,812	124,345	128,157	—
	9,496	5,107	54,587	69,190	2,183,633	2,252,823	689
Less FDIC-supported loans, net of discounts	3,660	2,181	30,228	36,069	316,991	353,060	—
Total	\$5,836	\$2,926	\$24,359	\$33,121	\$1,866,642	\$1,899,763	\$689

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December 31, 2011

	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	\$2,082	\$342	\$186	\$2,610	\$21,366	\$23,976	\$—
Subdivision construction	4,014	388	6,661	11,063	50,077	61,140	—
Land development	—	4	2,655	2,659	66,112	68,771	—
Commercial construction	—	—	—	—	119,589	119,589	—
Owner occupied one- to four-family residential	833	—	3,888	4,721	87,273	91,994	40
Non-owner occupied one- to four-family residential	117	—	3,425	3,542	142,239	145,781	—
Commercial real estate	6,323	535	6,204	13,062	626,795	639,857	—
Other residential	—	—	—	—	243,742	243,742	—
Commercial business	426	10	1,362	1,798	234,586	236,384	—
Industrial revenue bonds	—	—	2,110	2,110	57,640	59,750	—
Consumer auto	455	56	117	628	58,740	59,368	10
Consumer other	1,508	641	715	2,864	74,676	77,540	356
Home equity lines of credit	45	29	174	248	46,866	47,114	—
FDIC-supported loans, net of discounts (TeamBank)	2,422	862	19,215	22,499	106,376	128,875	—
FDIC-supported loans, net of discounts (Vantus Bank)	562	57	5,999	6,618	116,418	123,036	5
FDIC-supported loans, net of discounts (Sun Security Bank)	5,628	6,851	40,299	52,778	91,848	144,626	150
	24,415	9,775	93,010	127,200	2,144,343	2,271,543	561
Less FDIC-supported loans, net of discounts	8,612	7,770	65,513	81,895	314,642	396,537	155
Total	\$15,803	\$2,005	\$27,497	\$45,305	\$1,829,701	\$1,875,006	\$406

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

March 31, December 31,

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	2012	2011
	(In Thousands)	
One- to four-family residential construction	\$3,231	\$186
Subdivision construction	4,647	6,661
Land development	1,634	2,655
Commercial construction	1,062	—
Owner occupied one- to four-family residential	2,155	3,848
Non-owner occupied one- to four-family residential	1,212	3,425
Commercial real estate	6,244	6,204
Other residential	—	—
Commercial business	735	1,362
Industrial revenue bonds	2,110	2,110
Consumer auto	148	107
Consumer other	350	359
Home equity lines of credit	142	174
 Total	 23,670	 27,091

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2012 and 2011, 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, 2012 and 2011:

	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, 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
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
Balance January 1, 2011	\$11,483	\$3,866	\$14,336	\$5,852	\$3,281	\$2,669	\$41,487
Provision charged to expense	3,238	893	3,212	797	(30)	90	8,200
Losses charged off	(3,201)	(962)	(1,743)	(1,418)	(792)	(890)	(9,006)
Recoveries	26	1	2	4	551	569	1,153
Balance March 31, 2011	\$11,546	\$3,798	\$15,807	\$5,235	\$3,010	\$2,438	\$41,834
Ending balance: Individually evaluated for impairment	\$3,168	\$1,182	\$4,796	\$968	\$795	\$37	\$10,946
Collectively evaluated for impairment	\$6,233	\$2,841	\$15,288	\$2,187	\$2,258	\$1,734	\$30,541
Loans acquired and accounted for under ASC 310-30	\$12	\$—	\$25	\$—	\$6	\$2	\$45

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Loans Individually evaluated for impairment	\$43,259	\$39,160	\$103,419	\$21,951	\$10,134	\$993	\$218,916
Collectively evaluated for impairment	\$274,367	\$231,672	\$610,954	\$165,097	\$211,792	\$186,965	\$1,680,847
Loans acquired and accounted for under ASC 310-30	\$118,416	\$28,546	\$143,232	\$8,256	\$21,913	\$32,696	\$353,059

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, 2011:

	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	\$4,989	\$89	\$3,584	\$594	\$736	\$38	\$10,030
Collectively evaluated for impairment	\$6,435	\$2,999	\$14,806	\$2,358	\$2,238	\$2,336	\$31,172
Loans acquired and accounted for under ASC 310-30	\$—	\$—	\$—	\$30	\$—	\$—	\$30
Loans Individually evaluated for impairment	\$39,519	\$20,802	\$99,254	\$27,592	\$10,720	\$839	\$198,726
Collectively evaluated for impairment	\$283,371	\$222,940	\$600,353	\$160,768	\$225,665	\$183,183	\$1,676,280
Loans acquired and accounted for under ASC 310-30	\$109,909	\$25,877	\$157,805	\$40,215	\$28,784	\$33,947	\$396,537

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 and construction 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:

	March 31, 2012				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
	(In Thousands)				
One- to four-family residential construction	\$936	\$985	\$2	\$915	\$11
Subdivision construction	15,837	20,350	1,287	17,281	180
Land development	9,193	9,292	968	7,826	92
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	4,866	5,492	615	5,224	47
Non-owner occupied one- to four-family residential	10,486	11,028	1,264	10,595	161
Commercial real estate	50,632	55,346	4,674	51,344	536
Other residential	12,080	12,080	1,182	12,086	118
Commercial business	4,155	5,184	795	4,748	76
Industrial revenue bonds	3,508	3,588	122	2,576	—
Consumer auto	189	210	2	176	4
Consumer other	575	764	23	619	22
Home equity lines of credit	153	165	12	163	3
Total	\$112,610	\$124,484	\$10,946	\$113,553	\$1,250

	December 31, 2011				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance (In Thousands)	Average Investment in Impaired Loans	Interest Income Recognized
One- to four-family residential construction	\$873	\$917	\$12	\$1,939	\$39
Subdivision construction	12,999	14,730	2,953	10,154	282
Land development	7,150	7,317	594	9,983	379
Commercial construction	—	—	—	308	—
Owner occupied one- to four-family residential	5,481	6,105	776	4,748	76
Non-owner occupied one- to four-family residential	11,259	11,768	1,249	9,658	425
Commercial real estate	49,961	55,233	3,562	34,403	1,616
Other residential	12,102	12,102	89	9,475	454
Commercial business	4,679	5,483	736	4,173	125
Industrial revenue bonds	2,110	2,190	22	2,137	—
Consumer auto	147	168	3	192	6
Consumer other	579	680	22	544	10
Home equity lines of credit	174	184	12	227	1
Total	\$107,514	\$116,877	\$10,030	\$87,941	\$3,413

At March 31, 2012 and December 31, 2011, all impaired loans had specific valuation allowances.

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.

At March 31, 2012, the Company had \$8.4 million of construction loans, \$18.6 million of single family and multi-family residential mortgage loans, \$32.0 million of commercial real estate loans, \$3.0 million of commercial business loans and \$146,000 of consumer loans that were modified in troubled debt restructurings and impaired. Of the total troubled debt restructurings, \$50.5 million were accruing interest at March 31, 2012. During the previous 12 months, three non-owner occupied residential mortgage loans totaling \$165,000 and two commercial real estate loans totaling \$1.6 million were modified as troubled debt restructurings and had payment defaults subsequent to the modifications. When loans modified as troubled debt restructuring have subsequent payment defaults, the defaults are factored in to the determination of the allowance for loan losses to ensure specific valuation allowances reflect amounts considered uncollectible. At December 31, 2011, the Company had \$9.0 million of construction loans, \$17.0 million of residential mortgage loans, \$31.3 million of commercial real estate loans, \$671,000 of commercial business loans and \$156,000 of consumer loans that were modified in troubled debt restructurings and impaired. Of the total troubled debt restructurings, \$53.7 million were accruing interest at December 31, 2011.

The Company reviews the credit quality of its loan portfolio using an internal grading system that classifies loans as “Satisfactory,” “Watch,” “Special Mention” and “Substandard.” Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if certain deficiencies are not corrected. 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. However, since these loans are accounted for in pools and are currently substantially covered through loss sharing agreements with the FDIC, all of the loan pools were considered satisfactory at March 31, 2012 and December 31, 2011, 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:

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	March 31, 2012				Total
	Satisfactory	Watch	Special Mention (In Thousands)	Substandard	
One- to four-family residential construction	\$22,691	\$1,267	\$—	\$—	\$23,958
Subdivision construction	35,066	5,409	—	14,075	54,550
Land development	47,756	13,377	245	8,329	69,707
Commercial construction	117,341	—	—	—	117,341
Owner occupied one- to four-family residential	87,767	902	—	3,967	92,636
Non-owner occupied one- to four-family residential	128,844	6,054	247	11,337	146,482
Commercial real estate	559,424	56,059	13,368	26,551	655,402
Other residential	231,671	26,875	—	12,285	270,831
Commercial business	211,792	5,268	628	4,238	221,926
Industrial revenue bonds	51,530	3,934	—	3,508	58,972
Consumer auto	62,079	1	—	186	62,266
Consumer other	78,678	20	97	535	79,330
Home equity lines of credit	46,209	—	—	153	46,362
FDIC-supported loans, net of discounts (TeamBank)	110,799	—	—	—	110,799
FDIC-supported loans, net of discounts (Vantus Bank)	114,104	—	—	—	114,104
FDIC-supported loans, net of discounts (Sun Security Bank)	128,157	—	—	—	128,157
Total	\$2,033,908	\$119,166	\$14,585	\$85,164	\$2,252,823

	December 31, 2011				Total
	Satisfactory	Watch	Special Mention (In Thousands)	Substandard	
One- to four-family residential construction	\$21,436	\$2,354	\$—	\$186	\$23,976
Subdivision construction	45,754	2,701	—	12,685	61,140
Land development	41,179	20,902	245	6,445	68,771
Commercial construction	119,589	—	—	—	119,589
Owner occupied one- to four-family residential	86,725	1,018	—	4,251	91,994
Non-owner occupied one- to four-family residential	129,458	5,232	249	10,842	145,781
Commercial real estate	542,712	51,757	13,384	32,004	639,857
Other residential	222,940	13,262	—	7,540	243,742
Commercial business	225,664	5,403	638	4,679	236,384
Industrial revenue bonds	57,640	—	—	2,110	59,750

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Consumer auto	59,237	—	—	131	59,368
Consumer other	77,006	—	—	534	77,540
Home equity lines of credit	46,940	—	—	174	47,114
FDIC-supported loans, net of discounts (TeamBank)	128,875	—	—	—	128,875
FDIC-supported loans, net of discounts (Vantus Bank)	123,036	—	—	—	123,036
FDIC-supported loans, net of discounts (Sun Security Bank)	144,626	—	—	—	144,626
Total	\$2,072,817	\$102,629	\$14,516	\$81,581	\$2,271,543

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. A detailed discussion of this transaction is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, under the section titled "Item 8. Financial Statements and Supplementary Information."

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 which affords the Bank at least 80% protection against losses. Under the loss sharing agreement, the Bank will share in the losses on assets covered under the agreement (referred to as covered assets). On losses up to \$115.0 million, the FDIC has agreed to reimburse the Bank for 80% of the losses. On losses exceeding \$115.0 million, the FDIC has 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, 2012 and 2011 was \$427,000 and \$748,000, 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. A detailed discussion of this transaction is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, under the section titled "Item 8. Financial Statements and Supplementary Information."

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 which affords the Bank at least 80% protection against losses. Under the loss sharing agreement, the Bank will share in the losses on assets covered under the agreement (referred to as covered assets). On losses up to \$102.0 million, the FDIC has agreed to reimburse the Bank for 80% of the losses. On losses exceeding \$102.0 million, the FDIC has 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, 2012 and 2011 was \$158,000 and \$276,000, 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. A detailed discussion of this transaction is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, under the section titled "Item 8. Financial Statements and Supplementary Information."

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 has 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. The Bank recorded the fair value of the acquired loans at their estimated fair value on the acquisition date. The Company's estimates of its cash flows to be collected regarding the Sun Security assets has not materially changed. 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, 2012 was \$282,000.

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, 2012, increases in expected cash flows related to the TeamBank and Vantus Bank acquired loan portfolios resulted in adjustments of \$1.2 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, 2011, similar such adjustments totaling \$3.4 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, 2012, this resulted in a corresponding adjustment of \$920,000 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. The impact of adjustments on the Company's financial results is shown below:

	Three Months Ended			
	March 31, 2012		March 31, 2011	
	(In Thousands, Except Per Share Data and Basis Points Data)			
Impact on net interest income/ net interest margin (in basis points)	\$ 6,163	72 bps	\$ 12,667	162 bps
Non-interest income	(4,531)		(11,262)	
Net impact to pre-tax income	\$ 1,632		\$ 1,405	
Net impact net of taxes	\$ 1,061		\$ 913	
Impact to diluted earnings per common share	\$ 0.08		\$ 0.07	

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 \$13.2 million and the remaining adjustment to the indemnification assets that will affect non-interest income (expense) is \$(11.1) million. Of the remaining adjustments, we expect to recognize \$7.9 million of interest income and \$(6.7) million of non-interest income (expense) in the remainder of 2012. Additional adjustments may be recorded in future periods as the Company continues to estimate expected cash flows from the acquired loan pools.

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.

TeamBank FDIC Indemnification Asset. The following tables present the balances of the FDIC indemnification asset related to the TeamBank transaction at March 31, 2012 and December 31, 2011. Gross loan balances (due from the borrower) were reduced approximately \$301.5 million since the transaction date because of \$177.2 million of repayments from borrowers, \$50.4 million in transfers to foreclosed assets and \$73.9 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, 2012			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 134,297		\$ 18,143	
Non-credit premium/(discount), net of activity since acquisition date	(936)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(4,361)	—	
Original estimated fair value of assets, net of activity since acquisition date	(110,799	)	(12,643)
Expected loss remaining	18,201		5,500	
Assumed loss sharing recovery percentage	80	%	80	%
Estimated loss sharing value	14,609		4,404	
Indemnification asset to be amortized resulting from change in expected losses	4,048		—	
Accretable discount on FDIC indemnification asset	(2,133)	—	
FDIC indemnification asset	\$ 16,524		\$ 4,404	

	December 31, 2011			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 164,284		\$ 16,225	
Non-credit premium/(discount), net of activity since acquisition date	(1,363)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(6,093)	—	
Original estimated fair value of assets, net of activity since				

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acquisition date	(128,875)	(10,342)
Expected loss remaining	27,953		5,883	
Assumed loss sharing recovery percentage	80	%	80	%
Estimated loss sharing value	22,404		4,712	
Indemnification asset to be amortized resulting from change in expected losses	5,726		—	
Accretable discount on FDIC indemnification asset	(2,719)	—	
FDIC indemnification asset	\$25,411		\$4,712	

Vantus Bank Indemnification Asset. The following tables present the balances of the FDIC indemnification asset related to the Vantus Bank transaction at March 31, 2012 and December 31, 2011. Gross loan balances (due from the borrower) were reduced approximately \$195.6 million since the transaction date because of \$158.2 million of repayments from borrowers, \$12.2 million in transfers to foreclosed assets and \$25.2 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, 2012			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 135,970		\$ 5,151	
Non-credit premium/(discount), net of activity since acquisition date	(345)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(8,851)	—	
Original estimated fair value of assets, net of activity since acquisition date	(114,104	)	(3,956)
Expected loss remaining	12,670		1,195	
Assumed loss sharing recovery percentage	80	%	80	%
Estimated loss sharing value	10,136		956	
Indemnification asset to be amortized resulting from change in expected losses	7,080		—	
Accretable discount on FDIC indemnification asset	(1,601)	—	
FDIC indemnification asset	\$ 15,615		\$ 956	

	December 31, 2011			
	Loans		Foreclosed Assets	
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 149,215		\$ 3,410	
Non-credit premium/(discount), net of activity since acquisition date	(503)	—	
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(11,267)	—	
Original estimated fair value of assets, net of activity since acquisition date	(123,036	)	(2,069)
Expected loss remaining	14,409		1,341	
Assumed loss sharing recovery percentage	80	%	80	%
Estimated loss sharing value	11,526		1,073	
Indemnification asset to be amortized resulting from				

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change in expected losses	9,014	—
Accretable discount on FDIC indemnification asset	(1,946)) —
FDIC indemnification asset	\$ 18,594	\$ 1,073

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, 2012 and December 31, 2011. At March 31, 2012, the Company concluded that the assumptions utilized to determine the preliminary fair value of loans, foreclosed assets and the FDIC indemnification asset had not materially changed. Expected cash flows and the present value of future cash flows related to these assets also did not materially change since the analysis performed at acquisition

on October 7, 2011. Gross loan balances (due from the borrower) were reduced approximately \$49.1 million since the transaction date because of \$34.6 million of repayments by the borrower, \$6.1 million in transfers to foreclosed assets and \$8.4 million of charge-downs to customer loan balances.

	March 31, 2012			
	Loans	Foreclosed Assets		
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$ 191,398	\$ 12,429		
Non-credit premium/(discount), net of activity since acquisition date	(2,379) —		
Original estimated fair value of assets, net of activity since acquisition date	(128,157	) (7,184)	
Expected loss remaining	60,862	5,245		
Assumed loss sharing recovery percentage	79	% 80		%
Estimated loss sharing value	47,868	4,196		
Accretable discount on FDIC indemnification asset	(4,716	) (761)	
FDIC indemnification asset	\$43,152	\$3,435		

	December 31, 2011			
	Loans	Foreclosed Assets		
	(In Thousands)			
Initial basis for loss sharing determination, net of activity since acquisition date	\$217,549	\$20,964		
Non-credit premium/(discount), net of activity since acquisition date	(2,658) —		
Original estimated fair value of assets, net of activity since acquisition date	(144,626	) (8,338)	
Expected loss remaining	70,265	12,626		
Assumed loss sharing recovery percentage	79	% 80		%
Estimated loss sharing value	55,382	10,101		
Accretable discount on FDIC indemnification asset	(5,457	) (1,811)	
FDIC indemnification asset	\$49,925	\$8,290		

Changes in the accretable yield for acquired loan pools were as follows for the three months ended March 31, 2012 and 2011:

	TeamBank	Vantus Bank (In Thousands)	Sun Security Bank
Balance, January 1, 2011	\$ 36,765	\$ 35,796	\$ —
Accretion	(10,669)	(8,146)	—
Reclassification from nonaccretable difference(1)	1,191	4,232	—
Balance, March 31, 2011	\$ 27,287	\$ 31,882	\$ —
Balance January 1, 2012	\$ 14,662	\$ 21,967	\$ 12,769
Accretion	(4,470)	(5,215	