Great Southern Bancorp, Inc.

2007 Annual Report For Shareholders

dimensions in banking

annual meeting

The 19th Annual Meeting of Shareholders will be held at 10:00 a.m. on Wednesday, May 14, 2008, at the Great Southern Operations Center, 218 S. Glenstone, Springfield, Missouri.

corporate profile

Great Southern Bancorp, Inc. ("GSBC" or the "Company") is the holding company for Great Southern Bank (the "Bank"), which converted from a mutual to a stock company in December 1989. In June 1998, the Bank converted from a federal savings bank charter to a Missouri chartered trust company.

Great Southern was founded in 1923 with a $5,000 investment, four employees and 936 members, and has grown to over $2.4 billion in assets, with more than 775 employees and in excess of 177,000 customers.

The Bank is headquartered in Springfield, Mo. and operates 39 banking centers in 16 counties throughout Missouri, and loan production offices in St. Louis, Mo., Columbia, Mo., Overland Park, Kan. and Rogers, Ark.

A community-oriented company, GSBC offers a full range of banking, lending, investment, insurance and travel services.

corporate mission

The Company's mission is to build winning relationships with our customers, associates, shareholders and communities. We carry out our mission through our core values of teamwork, mutual respect, doing what's right and uncompromising ethical standards.

We are deeply committed to our relationships with our four constituencies.

We build winning relationships with our customers and help them make their lives better and easier with our products and services.

We build winning relationships with our associates, who have chosen our company to share their skills and talents and who deserve the opportunity to reach their full potential.

We build winning relationships with our shareholders, who have entrusted us with their wealth and financial future, and with our communities, upon which our company's strength, prosperity and future rest.

stock information

The Company's Common Stock is listed on The NASDAQ Global Select Market under the symbol "GSBC".

As of December 31, 2007, there were 13,400,197 total shares outstanding and approximately 2,650 shareholders of record.

The last sale price of the Company's Common Stock on December 31, 2007 was $21.96.

HIGH/LOW STOCK PRICE	Year Ended December 31, 2007		Year Ended December 31, 2006	
	High	Low	High	Low
First Quarter	$30.40	$27.30	$30.04	$27.15
Second Quarter	30.09	25.96	31.00	25.05
Third Quarter	28.00	23.67	30.65	26.10
Fourth Quarter	26.45	21.10	32.14	26.58

DIVIDEND DECLARATIONS	Year Ended December 31, 2007	Year Ended December 31, 2006
First Quarter	$.160	$.140
Second Quarter	.170	.150
Third Quarter	.170	.150
Fourth Quarter	.180	.160

general information

CORPORATE HEADQUARTERS

1451 E. Battlefield
Springfield, MO 65804
1 (800) 749-7113

MAILING ADDRESS

P.O. Box 9009, Springfield, MO 65808

DIVIDEND REINVESTMENT

For details on the automatic reinvestment of dividends in common stock of the Company call:
1 (800) 725-6651 or write:

Great Southern Bancorp, Inc.
Shareholder Relations
P.O. Box 9009
Springfield, MO 65808

FORM 10-K

The Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained from the Company's Web site at www.greatsouthernbank.com or without charge by request to:

Rex Copeland
Treasurer
Great Southern Bancorp, Inc.
P.O. Box 9009, Springfield, MO 65808

INVESTOR RELATIONS

Teresa Chasteen-Calhoun
or Kelly Polonus
Great Southern Bank
P.O. Box 9009, Springfield, MO 65808

AUDITORS

BKD, LLP
Hammons Tower
P.O. Box 1190
Springfield, MO 65801

LEGAL COUNSEL

Silver, Freedman & Taff, L.L.P.
3299 K St., NW, Suite 100
Washington, DC 20007

Carnahan, Evans, Cantwell & Brown
P.O. Box 10009
Springfield, MO 65808

TRANSFER AGENT AND REGISTRAR

Registrar & Transfer Company
10 Commerce Drive
Cranford, NJ 07016

contents

2 **to our shareholders**
We are committed to our long-term growth strategy and have an intense focus on areas that can make the greatest impact.

8 **hi-def service**
To customers, the result is akin to holding a prism in the sun, presenting a colorful and multi-faceted discovery of our full-spectrum involvement in serving them at every turn.

14 **expanding coordinates**
Our relationships drive the ongoing expansion of services. New services deepen relationships and attract new customers. Together, they drive our expansion into new territories and service coordinates.

20 **full-spectrum involvement**
Staying fully engaged in the unique cultures and well-being of each community we serve allows us to see opportunities where others see problems.

24 **peripheral vision**
We are committed to providing a fair and challenging workplace that respects and empowers the individual, and encourages professional growth through training, feedback and career pathing.

28 **directors and officers**
Meet the Directors of Great Southern Bancorp, Inc., the Bank's Executive Officers and Great Southern's Leadership Team.

on the cover

How do 3-D glasses work? Most human beings come equipped with two eyes and an absolutely amazing binocular vision system that lets us easily tell with good accuracy how far away an object is.The binocular vision system relies on the fact that our two eyes are spread about 2 inches (5cm) apart. Therefore, each eye sees the world from a slightly different perspective, and your brain has the ability to correlate them instantly.

In a movie theater, the reason you wear 3-D glasses is to feed different images into your eyes. The flat, two-dimensional screen actually displays two images, and the glasses cause one of the images to enter one eye and the other to enter the other eye. The result is the perception of a third dimension: depth.

– Taken in part from Howstuffworks.com

to our shareholders

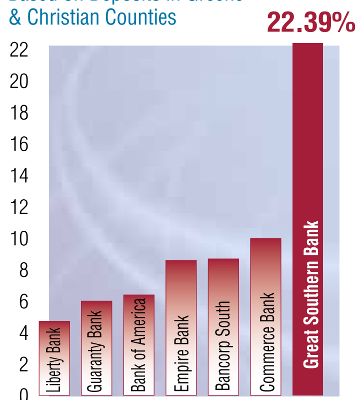
Joseph W. Turner
President and Chief Executive Officer

William V. Turner
Chairman of the Board

We are pleased to present our 2007 “Dimensions in Banking” Annual Report. This year’s report gives you the opportunity to view Great Southern from a multi-dimensional level – in how we serve our customers, how we create an enriching environment for our associates, how we partner with our communities, and how we create shareholder value. After 85 years of being in the financial services business, we know that you cannot form winning relationships by having a “one-size-fits-all” mentality. This perspective has guided our success through the years especially in how we serve our customers - the reason we exist. We recognize there are many aspects to consider in building long-lasting relationships. First, we must understand that our customers’ needs are unique and ever-changing. To make life better and easier for our customers, we need to bring the full power of our Company to them. With that power, we can bring banking, investment, insurance, and travel services when, where and how our customers prefer. We also must have a relentless focus on providing a superior customer experience and help them solve life’s everyday challenges and problems. Technology has enabled our Company to make banking easier and more convenient, but we will never lose sight that the foundation of a meaningful banking relationship is the connection and inherent trust between people. And, as we do a good job of serving our customers, our shareholders will ultimately benefit as our Company’s value grows over the long-term.

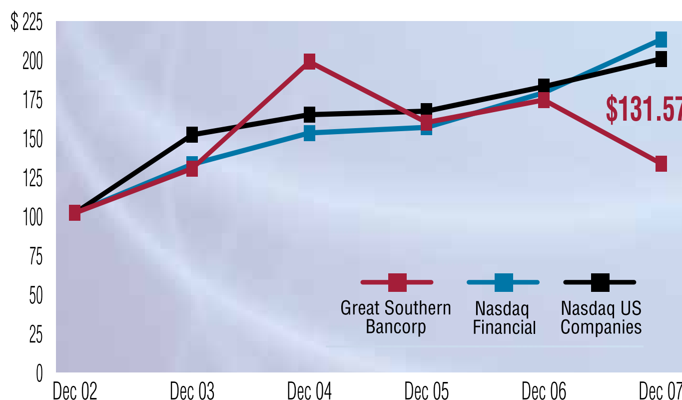
As you look through this report, you’ll see that many positive things happened in our Company in 2007, even with the expected and unexpected events that transpired in the banking industry and the general economy. We knew that 2007 would be a challenging year in the banking sector, but few in the industry or on Wall Street predicted how tumultuous and turbulent the year would become. Continued negative reports related to the subprime credit crisis and subsequent credit crunch, liquidity pressures, rapid interest rate changes, increases in delinquent and non-performing loans, and a generally deteriorating economy have

Market Share*
Based on Deposits in Greene & Christian Counties

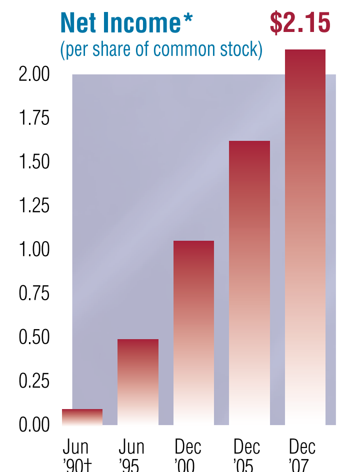


* Data Source: FDIC Website
Data as of: June 30, 2007.

Five Year Cumulative Total Return**



** The graph above compares the cumulative total stockholder return on GSBC Common Stock to the cumulative total returns of the Nasdaq U.S. Stock Index and the Nasdaq Financial Stocks Index for the period from December 31, 2002 through December 31, 2007. The graph assumes that $100 was invested in GSBC Common Stock on December 31, 2002 and that all dividends were reinvested.



† Figure stated is as if the Company was publicly traded for all of the fiscal year 1990 (conversion was in Dec. 1989).

all worked together to cause the financial services sector to quickly fall out of favor with the investing community. Investor concerns related to rising loan defaults in subprime lending and other areas related to real estate led to significant decreases in the market valuations of the vast majority of major U.S. banks. It is important to note that Great Southern does not originate or hold subprime loans. However, we do, as a lending institution, have some exposure to housing markets which have weakened in some of our areas of operation. In 2007, the total return - the change in stock price plus dividends - of the S&P Bank Composite Index fell 30%, a historic decrease. Great Southern's total return in 2007 decreased 24%, also a disappointing performance.

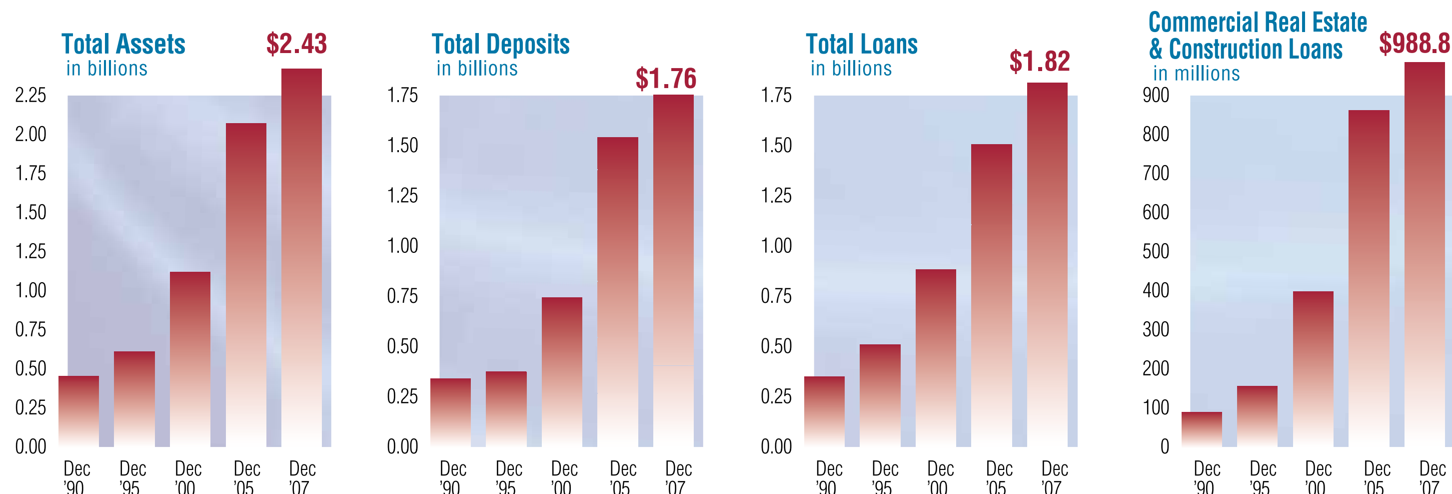
Despite the disappointment in our stock price, our Company had a number of strong performance areas in 2007 with net income just under our record-setting 2006 net income results. Earnings for the twelve months ended Dec. 31, 2007, were $2.15 per diluted share ($29.3 million). Total assets grew 8.5% to $2.43 billion. The Company's return on average assets was 1.25%; return on average equity was 15.78%; the efficiency ratio was 51.26%; and the net interest margin was 3.24%.

Stockholders' equity increased $14.3 million from year-end 2006 to $189.9 million (7.8% of total assets) with an equivalent book value of $14.17 per share. The Company's capital position continued to be classified as well-capitalized with risk-based capital ratios at higher levels than in 2006 and ratios in line with our peer group. In 2007, the Company repurchased 342,377 shares of stock at an average price of $25.57.

In 2007, net loans increased $141.1 million or 8.5% from 2006. As expected, loan growth slowed somewhat compared to growth rates in the last five-year period. We experienced gains in all loan categories with the exception of the commercial real estate category, which had a modest decline. Our loan production offices (LPO) continue to grow and provide the intended geographic diversity in our loan portfolio. In the last five years, the Company opened LPOs in the Kansas City and St. Louis metro areas, in the Northwest Arkansas region, and in Columbia, Mo., covering the Central Missouri region. These areas now make up a much larger percentage of our loan portfolio than in years past. The Greater Springfield and Branson markets continue to have the largest loan balance concentrations at 42% of the total loan portfolio, and the LPOs have an aggregate concentration of 34%. Of the remaining portfolio balances, 12% of loan balances are located in other Missouri and Kansas regions outside of the Company's footprint, and another 12% reside in other states.

During 2007, non-performing assets increased $30.9 million to $55.9 million, or 2.30% of total assets. The increase was due primarily to general market conditions, and more specifically, housing supply, absorption rates, and unique circumstances related to individual borrowers and projects. We discuss non-performing assets in detail in the "Management's Discussion and Analysis" section of our Annual Report.

In a very competitive marketplace, total deposit balances (excluding brokered and national certificates of deposit) increased $110 million, or 12%, from Dec. 31, 2006. Interest-bearing demand and savings account average balances grew by 14% and time deposits rose by 9% over 2006. Demand deposits fell nearly 10% primarily due to declining balances in our Correspondent Banking division as more banks have taken advantage of electronic settlement.



*All per share amounts have been adjusted to reflect stock splits. The Company converted to a calendar year in December 1998; therefore prior years' net income numbers will reflect a June 30 fiscal year end.

to our shareholders

Our travel, insurance and investment divisions posted an 8% increase in revenue from 2006. The insurance and investment divisions saw increased net income in 2007 versus 2006. The travel division's first quarter 2007 acquisition of The Travel Company in St. Louis contributed significantly to the increase in revenue. The travel division's net income declined primarily due to expenses associated with the acquisition.

In 2007, we began executing a corporate-wide strategic initiative - "Great to Greater." This plan serves as a roadmap to achieve various Company goals, including loan and deposit growth, delivery channel expansion, efficiency targets and workplace enhancement strategies. In light of this initiative, the Company expanded its ability to reach and serve more customers in 2007. As mentioned previously, our travel company acquired a St. Louis-based travel agency, marking Great Southern Travel's first physical presence in St. Louis. This well-established agency is located in close proximity to our LPO in Creve Coeur, Mo., furthering our brand recognition in the market. In keeping with our strategy to open two banking centers a year, the Company opened its 38th banking center located on West Republic Road in Springfield, a fast-growing area of the city. In the first quarter of 2008, we opened the third banking center in Branson, Mo., a growing region that Great Southern has served for decades.

Also, to promote deposit generation, Corporate Services representatives have been placed in the Missouri LPOs to develop new and expand existing relationships. Representatives meet with existing commercial clients, as well as new prospects, and work to develop the relationship by providing depository solutions. The Company's Deposit Direct product has been heavily utilized in this effort as it breaks down geographic barriers and allows clients to make non-cash deposits to their bank account from the convenience of their computer desktop.

In the third quarter, the Company launched a new and improved Web site which included a new comprehensive investor relations site. The launch of this new site was a historical company milestone as a new retail online channel was made available to open depository accounts. This new channel allows us to broaden our marketing reach significantly in the Internet space and compete for deposits on a larger scale.

We have always fared well when stacked up against local and national peers, and 2007 was no exception. According to an *American Banker* ranking, Great Southern ranked 75th on efficiency ratio among the largest 500 U. S. bank holding companies for the third quarter 2007. On a regional level, the *Kansas City Star* ranked Great Southern 25th on its "Star 50" list, which ranks the performance of publicly traded companies whose headquarters are located in Missouri and Kansas. Locally, we continued to distance ourselves from the rest of the pack in market share in our home base of operations - Greene and Christian counties. We increased deposit market share from 21.90% in 2006 to 22.39% in 2007, based on June 30, 2007, FDIC data. The closest competitor had market share of 9.95%.

In addition, for the fifth consecutive year, Great Southern was named "Best Bank" in the *Springfield News-Leader's* Best of the Ozarks readers' poll. Readers also voted Great Southern as the Best Company to Work For, Best Mortgage Company, Best Travel Agency, and Best Investment Services/Brokerage.

As the area's leading financial institution, we understand the importance of giving back to the communities we serve. Our Company can only be as strong as the communities we serve and we view our community support as much more than a corporate obligation. It is simply the right thing to do. In 2007, we invested well over $300,000 in charitable contributions and sponsorships. Hundreds of volunteer hours were also generously given by our associates.

Looking ahead, we anticipate that 2008 will be another challenging year. We are in the middle of a difficult credit cycle, and a certain amount of negative sentiment is expected. However, there is optimism that the industry will fare well once we are through this cycle. It will be a tough ride, but most banks will weather the storm and be ready for the recovery period. Unlike other previous credit cycles, the banking industry as a whole entered this difficult operating environment well-capitalized

Readers of the *Springfield News-Leader* named Great Southern Best Bank, Best Company to Work For, Best Mortgage Company, Best Travel Agency and Best Investment Services/Brokerage firm in the 2007 "Best of the Ozarks" poll.

following years of record earnings.

No one can speculate with any certainty of when this downturn will end, but we can say with certainty that we will continue to operate our Company with the same sound business principles and practices that have made us successful for the past 85 years. As always, we will maintain our focus on a strong capital position and prudent and appropriate credit and risk practices. We are always mindful, in good and difficult times, that we have the opportunity to enhance and expand our business, one customer at a time.

In 2008, based on the current market conditions, we anticipate that loan and deposit growth will be relatively moderate for the year. We anticipate that some of our loan customers could face difficult times ahead, especially those in housing-related industries. In these circumstances, we will work diligently with our customers and devise an action plan to work through whatever credit issue is at hand. As a result of the Federal Reserve's interest rate cuts in the first quarter of 2008, we believe that our net interest income will likely show improvement during the year as compared to 2007. We discuss the effects of the current interest rate environment on our net interest income and margin in detail in the "Management's Discussion and Analysis" section of our Annual Report.

In 2008, we will continue executing our "Great to Greater" strategic initiative. We are committed to our long-term growth strategy and have an intense focus on areas that can make the greatest impact. We'll focus on further integrating our entire Company so that our customers can access any line of business with ease and simplicity. We'll work to differentiate ourselves even more from the competition by enhancing the customer experience through unparalleled responsive and quality service. We'll also make sure we are working as smart and efficiently as possible as we review our internal processes and procedures. In addition, new initiatives are being developed to improve our work culture, ensuring that we retain and hire talented and knowledgeable associates, the key to our success.

In 2008, the Company will make its first retail banking entry into the St. Louis market with the opening of a new banking center in Creve Coeur, Mo. Construction is expected to begin in the second quarter. A second location in the Kansas City metropolitan area is also under review and a site is likely to be announced during the year. In addition, a LPO in a new metropolitan market is currently under consideration.

We anticipate developing our retail online channel even further, motivated by what our younger generation of customers expect and demand. To make banking with Great Southern even more convenient, a Mobile Banking product will be launched so that customers can keep track of their banking from the convenience of their cell phone.

As you can see, 2008 will be challenging, yet exciting! Our confidence in how we will fare in 2008 and beyond is grounded in our

SELECTED CONSOLIDATED FINANCIAL DATA

	December 31,				
	2007	2006	2005	2004	2003
Summary Statement of Condition Information:	(Dollars in thousands)				
Assets	$2,431,732	$2,240,308	$2,081,155	$1,851,214	$1,544,052
Loans receivable, net	1,820,111	1,674,618	1,514,170	1,334,508	1,146,571
Allowance for loan losses	25,459	26,258	24,549	23,489	20,844
Available-for-sale securities	425,028	344,192	369,316	355,104	259,600
Held-to-maturity securities	1,420	1,470	1,510	1,545	1,570
Foreclosed assets held for sale, net	20,399	4,768	595	2,035	9,034
Deposits	1,763,146	1,703,804	1,550,253	1,298,723	1,138,625
Total borrowings	461,517	325,900	355,052	401,625	276,584
Stockholders' equity (retained earnings substantially restricted)	189,871	175,578	152,802	140,837	121,679
Average loans receivable	1,774,253	1,653,162	1,458,438	1,263,281	1,106,714
Average total assets	2,340,443	2,179,192	1,987,166	1,704,703	1,437,869
Average deposits	1,784,060	1,646,370	1,442,964	1,223,895	1,057,798
Average stockholders' equity	185,725	165,794	150,029	130,600	113,822
Number of deposit accounts	95,908	91,470	85,853	76,769	74,822
Number of full service offices	38	37	35	31	29

The tables on pages 5, 6, and 7 set forth selected consolidated financial information and other financial data of the Company. The selected balance sheet and statement of income data, insofar as they relate to the years ended December 31, 2007, 2006, 2005, 2004 and 2003, are derived from our consolidated financial statements, which have been audited by BKD, LLP. The amounts for 2004 and 2003 are restated amounts. See Item 6, "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Information" in the Company's Annual Report on Form 10-K. Results for past periods are not necessarily indicative of results that may be expected for any future period. All share and per share amounts have been adjusted for the two-for-one stock split in the form of a stock dividend declared in May 2004.

to our shareholders

belief in our team of associates and their ability to get the job done for our customers. We are humbled to work alongside this talented group of people. They come to work every day motivated to make life better and easier for our customers, and to show the communities we serve that we are an active, vibrant and community-minded company. Our associates demonstrate day-after-day that the "Great to Greater" initiative is more than just a strategic roadmap in their mind. They have shown us that they believe it's an attitude. They ask themselves "What can I do today to take our Company from "Great to Greater?" We thank each and every associate for their hard work and their ability to see and understand the many dimensions we must consider when serving our customers, communities, shareholders and each other.

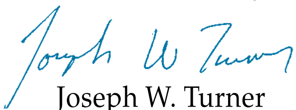
We would also like to thank our customers, for they are the reason we exist. We know they place their trust in us expecting us to provide the solutions they need with the convenience, security and peace-of-mind they desire.

And finally, we thank our shareholders for your investment and show of confidence in our Company. We appreciate your continued long-term support. Our enduring commitment to provide a superior long-term return on your investment, and to keep your interests in mind as we make daily decisions will never falter.

As always, we welcome your thoughts and suggestions. We hope you enjoy looking through the pages of this Annual Report and learning about the many dimensions of Great Southern.

Sincerely,

William V. Turner



Joseph W. Turner

SELECTED CONSOLIDATED FINANCIAL DATA

	For the Year Ended December 31,				
	2007	2006	2005	2004	2003
Summary Income Statement Information:	(Dollars in thousands)				
Interest income:					
Loans	$142,719	$133,094	$98,129	$74,162	$66,739
Investment securities and other	21,152	16,987	16,366	12,897	9,440
	163,871	150,081	114,495	87,059	76,179
Interest expense:					
Deposits	76,232	65,733	42,269	28,952	25,147
Federal Home Loan Bank advances	6,964	8,138	7,873	6,091	5,400
Short-term borrowings	7,356	5,648	4,969	1,580	588
Subordinated debentures issued to capital trust	1,914	1,335	986	610	594
	92,466	80,854	56,097	37,233	31,729
Net interest income	71,405	69,227	58,398	49,826	44,450
Provision for loan losses	5,475	5,450	4,025	4,800	4,800
Net interest income after provision for loan losses	65,930	63,777	54,373	45,026	39,650
Noninterest income:					
Commissions	9,933	9,166	8,726	7,793	5,859
Service charges and ATM fees	15,153	14,611	13,309	12,726	11,214
Net realized gains on sales of loans	1,037	944	983	992	2,187
Net realized gains (losses) on sales of available-for-sale securities	13	(1)	85	(373)	795
Realized impairment of available-for-sale securities	(1,140)	---	(734)	---	---
Late charges and fees on loans	962	1,567	1,430	872	771
Change in interest rate swap fair value net of change in hedged deposit fair value	1,632	1,498	---	---	---
Change in interest rate swap fair value	---	---	(6,600)	1,136	(3,089)
Interest rate swap net settlements	---	---	3,408	8,881	7,352
Other income	1,781	1,847	952	1,282	1,165
	29,371	29,632	21,559	33,309	26,254
Noninterest expense:					
Salaries and employee benefits	30,161	28,285	25,355	22,007	18,739
Net occupancy expense	7,927	7,645	7,589	7,247	6,335
Postage	2,230	2,178	1,954	1,784	1,691
Insurance	1,473	876	883	761	683
Advertising	1,446	1,201	1,025	794	735
Office supplies and printing	879	931	903	811	855
Telephone	1,363	1,387	1,068	903	797
Legal, audit and other professional fees	1,247	1,127	1,410	1,309	1,078
Expense on foreclosed assets	608	119	268	485	1,939
Write-off of trust preferred securities issuance costs	---	783	---	---	---
Other operating expenses	4,325	4,275	3,743	3,160	2,901
	51,659	48,807	44,198	39,261	35,753
Income before income taxes	43,642	44,602	31,734	39,074	30,151
Provision for income taxes	14,343	13,859	9,063	12,675	9,856
Net income	$ 29,299	$ 30,743	$ 22,671	$ 26,399	$20,295

SELECTED CONSOLIDATED FINANCIAL DATA

	At or For the Year Ended December 31,				
	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share data)				
Per Common Share Data:					
Basic earnings per common share	$2.16	$ 2.24	$1.65	$1.93	$1.48
Diluted earnings per common share	2.15	2.22	1.63	1.89	1.46
Cash dividends declared	0.68	0.60	0.52	0.44	0.36
Book value	14.17	12.84	11.13	10.28	8.88
Average shares outstanding	13,566	13,697	13,713	13,702	13,707
Year-end actual shares outstanding	13,400	13,677	13,723	13,699	13,703
Year-end fully diluted shares outstanding	13,654	13,825	13,922	13,995	13,887
Earnings Performance Ratios:					
Return on average assets(1)	1.25%	1.41%	1.14%	1.55%	1.41%
Return on average stockholders' equity(2)	15.78	18.54	15.11	20.21	17.83
Non-interest income to average total assets	1.25	1.36	1.08	1.95	1.83
Non-interest expense to average total assets	2.18	2.23	2.21	2.27	2.35
Average interest rate spread(3)	2.71	2.83	2.73	2.81	2.98
Year-end interest rate spread	3.00	2.95	3.05	2.63	2.88
Net interest margin(4)	3.24	3.39	3.13	3.10	3.27
Efficiency ratio(5)	51.26	49.37	55.28	47.23	50.57
Net overhead ratio(6)	0.95	0.88	1.14	0.35	0.66
Common dividend pay-out ratio	31.63	27.03	31.90	23.28	24.32
Asset Quality Ratios:					
Allowance for loan losses/year-end loans	1.38%	1.54%	1.59%	1.73%	1.78%
Non-performing assets/year-end loans and foreclosed assets	2.99	1.46	1.09	0.48	1.40
Allowance for loan losses/non-performing loans	71.77	129.71	151.44	524.43	282.02
Net charge-offs/average loans	0.35	0.23	0.20	0.17	0.47
Gross non-performing assets/year-end assets	2.30	1.12	0.81	0.35	1.06
Non-performing loans/year-end loans	1.92	1.19	1.05	0.33	0.63
Balance Sheet Ratios:					
Loans to deposits	103.23%	98.29%	97.67%	102.76%	100.70%
Average interest-earning assets as a percentage of average interest-bearing liabilities	112.71	114.26	113.05	112.56	112.30
Capital Ratios:					
Average stockholders' equity to average assets	7.9%	7.6%	7.6%	7.7%	7.9%
Year-end tangible stockholders' equity to assets	7.7	7.8	7.2	7.6	7.9
Great Southern Bank:					
Tier 1 risk-based capital ratio	10.4	10.2	10.1	10.7	11.0
Total risk-based capital ratio	11.7	11.5	11.3	11.9	12.3
Tier 1 leverage ratio	9.0	8.9	8.3	8.5	9.0
Ratio of Earnings to Fixed Charges:(7)					
Including deposit interest	1.47x	1.57x	2.05x	1.95x	2.18x
Excluding deposit interest	3.69x	3.29x	5.72x	5.58x	6.45x

(1) Net income divided by average total assets.

(2) Net income divided by average stockholders' equity.

(3) Yield on average interest-earning assets less rate on average interest-bearing liabilities.

(4) Net interest income divided by average interest-earning assets.

(5) Non-interest expense divided by the sum of net interest income plus non-interest income.

(6) Non-interest expense less non-interest income divided by average total assets.

(7) In computing the ratio of earnings to fixed charges: (a) earnings have been based on income before income taxes and fixed charges, and (b) fixed charges consist of interest and amortization of debt discount and expense including amounts capitalized and the estimated interest portion of rents.

hi-def service

An informal, after-hours "Sunset Mixer" with all the goodies, including a grand prize vacation drawing, formally introduced our new mortgage lending director Bart Evans to area realtor friends.

Helping our customers get the most for their money, our Health Savings accounts allow them to set aside savings tax-free for routine medical expenses.

Eighty-five years ago, the concept of providing good customer service was fairly black and white. You did something folks needed, they relied on you, you appreciated their business and they appreciated you. Maintaining a good business relationship was simply a matter of friendship, mutual trust and common courtesy.

As our company celebrates its 85th year, we think our founders would be proud of where Great Southern stands today. Though we've grown from a staff of five to nearly 800 associates today, they'd recognize that we still keep a sharp focus on those core values in everything we do. And they'd be amazed at the innovative ways we've developed to better serve and enhance the lives of our neighbors and customers.

Exploring new dimensions in our banking relationships continues to reveal a kaleidoscope of opportunities to grow and expand our relevance to customers at multiple levels, and drives ongoing product and service development as a virtual culture within our company.

Internal programs like our "Great to Greater" strategic initiative help associates realize our company's full potential as it relates to each of their customers, encouraging and rewarding personal initiative, innovative thinking and the spread of over-the-top client service across our various business lines.

To our customers, the result is akin to holding a prism in the sun, presenting a colorful and multi-faceted discovery of Great Southern's full-spectrum involvement in serving them at every turn.

As savings rates fell and the investment market began to look uncertain for customers last summer, Great Southern Banking Center associates helped many of them find the extra investment security they were looking for in tax-advantaged annuities, along with the expert assistance of the Great Southern Financial Services team. Similarly, our

A Quinceañera, a celebration for Hispanic girls turning 15, is a big event and often lavish. Our special account helps the family to save in advance.

Health Savings Account added yet another dimension to family financial planning, presenting a tax-advantaged, federally-approved savings plan option especially designed to pay for current and future medical expenses.

Familiarity with our customers' needs led to the development of an innovative product for our growing Hispanic market as well. Like La Cuenta Sin Fronteras – our culturally-aware "No Borders" checking product that allows fee-free cash transfers to relatives outside the country – our new Quinceañera Account recognizes the cultural importance of a girl's coming of age, at 15. A dedicated and easy-to-understand passbook savings plan, La Cuenta Quinceañera encourages financial planning for a bright future, and also serves as an ambassador, building trust in the integrity of the U.S. banking system, and of their relationship with Great Southern in particular. Bilingual associates, ATMs, lending officers and 24-hour

When Great Southern first opened its doors in 1923, we saw new technologies changing communications: the first presidential address to be broadcast on radio, the world's first portable radio, and the development of the loudspeaker.

Today, Great Southern customers access their money, get insurance quotes, and make travel arrangements from their phones and computers, and we're keeping up with changes as fast as they come.

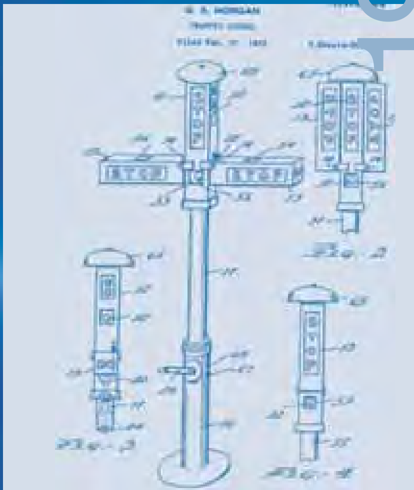
1923

today

hi-def service

The largest bank seniors club in the region with more than 16,000 active members, Summit Club celebrated its 21st year with free concert tickets for members and their guests at the annual club birthday party, plus $25 gift cards for BOTH on guest member sign-ups.

1923



today

In 1923, just nine years after Henry Ford's assembly line began, Garret Morgan patented the first traffic light signal, streamlining traffic flow and reducing gridlock at intersections.

Today, auto dealers in out-market areas can offer their customers Great Southern financing with our innovative Dealer Track online system, streamlining the loan application process.

phone bank services underscore our commitment. We know what it takes to build lasting customer relationships. We want to. And we mean it.

While our successes in relationship banking have helped us develop new customers, new service lines and expand into new territories, our primary focus remains laser sharp on taking care of the customers we have. It's a competitive business, and simply maintaining our leadership as a preferred provider demands constant attention and adjustment. As things change, so does our prism of services. At one time, staffing live tellers at midnight was both an over-the-top convenience and highly marketable competitive advantage. As 24-hour ATMs changed that, so did we. Today, we still offer longer lobby and drive-thru hours than our competitors in most every community we serve. But no midnight tellers. Instead, we offer the

High-style dining spots like the new Kai Restaurant are helping drive Springfield's downtown resurgence.

Just down the road from our original storefront on historic Walnut Street, Six23 Condos is Springfield's first downtown residence project to be built from the ground up.

area's largest single-bank ATM network.

Competition drives us. But to really understand Great Southern's competitive strength, you have to keep the focus on relationships. We didn't drop the Christmas Club account from our menu because everyone else did. We simply gave our customers something better and they stopped needing it. Conversely, our "Skip Pay" offer on consumer loan payments at Christmastime has become a welcome annual tradition at Great Southern. Last year's mailing invitation generated a whopping 15% recipient participation, and a nice boost in fee income for the bank. Whether our competitors offer something similar is not the point. Our customers like it. So do we.

Another direct mail campaign puts the focus on deposit acquisition. "Net Gain" targets households based on a sophisticated methodology that assigns prospects to one of five financial personality profiles based on their financial disciplines, proximity to our existing banking centers and likelihood to be motivated by certain features and offers. Mail drops in March, May and September each targeted approximately 85,000 residences, averaging 85% new prospects and 15% existing customers. The campaign generated approximately 3250 new checking, money market, CD, savings and IRA accounts, totaling nearly $26 million in balances. Along with helping us meet new customers, Net Gain's primary function is to help fund loans being generated by our commercial lending and loan production offices.

Great Southern partnerships in Springfield's downtown renaissance include historic renovation projects like the Wilshire on Jefferson and South Pier on South Avenue; ground-up starts like Six23 Condos and Walnut Alley Townhomes on Walnut; and new business start-ups like the Kai Restaurant on Campbell. A project in the historic community of Galloway on Springfield's south side will bring the first LEED (Leadership in Energy and Environmental Design) certified multi-family development to southern Missouri. The Dwellings at Galloway Village are designed as energy-tight envelopes, using sustainable materials and innovative design techniques to offer efficient and environmentally-friendly living.

For homebuyers and realtors, a new mortgage lending department initiative puts convenience in high-definition with the strategic placement of full-time loan officers at banking centers in Joplin, Branson, Ozark and West Republic Rd. in Springfield, at our loan production offices, and for some realtors, even on-site at their own headquarters.

For Great Southern travelers, high-definition service is the delightful discovery of highly qualified and specialized help at every turn, right now, all at one place. There are cruise specialists. Group travel experts. Plus business and VIP travel counselors working alongside other specialists dedicated just for honeymooners and luxury travelers. Our Athletic division works exclusively on assisting college and university clients with complicated and time-sensitive team travel arrangements, and we're proud of our designation

Steve Mayfield puts realtor service in high-definition for Murney Associates in Springfield, manning a full-time residential lending desk at the company's headquarters on Primrose.

The basic principles of integrity, prudence, reliability and loyalty to customers have distinguished Great Southern mortgage lending service for generations of new home buyers.

as the official travel agency of the Mizzou Tigers.

We now even have specialists in missionary travel, a highly-focused service providing special fares and arrangements for those traveling to distant, out-of-the-way destinations for extended periods of time. If having such a specialty surprises you, the results will too. Missionary travel now accounts for about 10% of our overall corporate/business travel picture.

A major initiative to update and expand our website presence was realized with the mid-year roll-out of "Opening Act," introducing customers to not only our new look, but an array of sophisticated new tools -- including the ability to open and fully fund new accounts online. A complementary E-statement campaign touted the extra security and convenience of electing to receive monthly bank statements online instead of by mail, reducing internal postage and processing costs while simultaneously offering enhanced account research, tracking, accounting and free Bill Pay features. The new site further defines our role as "the most convenient bank around," and like a Great Southern Banking Center, serves to "pull it all together" for our customers in one convenient stop, including direct links to specialists in our insurance, travel and financial services divisions.

Importantly, our advanced site also opens the horizon to a world of fresh opportunities in target marketing, client development and new client acquisition for Great Southern. A Consumer Lending initiative dubbed "Dealer Track" projects our indirect lending expertise into targeted growth markets like St. Louis, offering area auto, boat, motorcycle and RV dealerships immediate online assistance with on-the-spot consumer financing, an increasingly vital hands-on sales tool for them in today's competitive new and used vehicle markets.

On another front, Great Southern Insurance's new online quoting service provides interested prospects with three different insurance quotes customized to their queries in virtual real-time at greatsouthern.miquote.com, along with click-to-submit convenience for direct personal assistance with plan enrollment. A unique "Next Day Coverage" option even offers complete online application with no medical exam required, and instant policy downloads with approval based upon answers to a few online health questions. It doesn't matter where you live or who you are. As an experienced independent broker, we can compete with anyone, and add a healthy dose of Great Southern personal service and attention to the equation as well.

Coming up on the immediate horizon is "Mobile Banking," a new service still in development that will soon bring Great Southern's full online banking interface to cell phones.

With successive major ice storms in January beginning to look like an annual event, Great Southern Insurance's well-practiced response team quickly took advantage of our new Republic Road location to station an on-the-spot Travelers Storm Team claims office for hard-hit area neighbors.

Wake up to true banking convenience. With Opening Act, customers can open and fund new accounts online, anywhere, anytime.

hi-def service

The message IS the medium. Home page sponsorship presence on e-news sites like those of the *Springfield Business Journal*, the *Lee's Summit Journal*, the Springfield Chamber of Commerce and The Mizzou Tigers help steer prospects to our own informative new world at greatsouthernbank.com.

expanding coordinates

Grand Opening ceremonies at our newest Springfield location on West Republic Road in mid-July included a radio "road show," a parking lot cookout and neighborly special offers ... and generated more than a million dollars in new deposit business by month's end.

Our new banking center in north Branson on the Shepherd of the Hills Expressway keeps Great Southern always "on the way" for customers, with four convenient locations now serving the Branson/Table Rock Lake area.

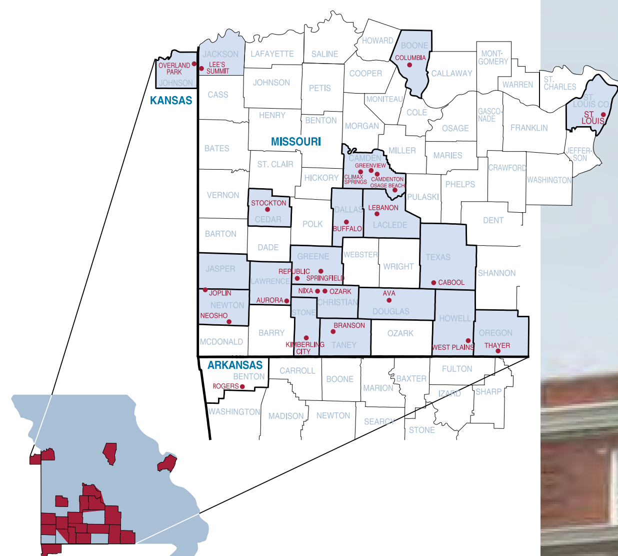
In common usage, dimension (Latin, "measure out") is a set of parameters describing size in terms of length, width and depth, and sometimes mass or speed. In mathematics, these parameters are used to develop a system of coordinates in space that can describe both an object's size and relative position. And when mass and speed are applied, its impact.

Dimension is also a good way to describe Great Southern. Our focus on building customer relationships drives the ongoing expansion of services. New services deepen relationships and attract new customers. Together, they drive our physical expansion into new territories and service coordinates.

On home turf, the bank continued a branch expansion program that actually began in the the mid-seventies and has survived the influence of a long industry trend toward consolidation and brick & mortar downsizing.

In terms of sheer physical presence, Great Southern took over the leadership position in southern Missouri bank locations in 1995, with 24 branches. Since then, the margin has grown, and with the addition of a new location on West Republic Road in Springfield, Great Southern celebrated the opening of its 38th full-service banking center last summer. Our 39th is Grand Opening on Hwy. 248 in Branson even as you read this report, in April 2008, and within the next year, the Company expects to make its first retail banking entry in the St. Louis market with the completion of a banking center at the intersection of Olive and Questover in Creve Coeur.

On the success of our Fall 2006 debut in the Kansas City market with the opening of a banking and travel center in Lee's Summit, site planning for a second location in the Kansas City metropolitan area is well underway, and other metro market entries are currently under careful scrutiny. Given our experience and depth in product offerings, it's easy to



Spreading well beyond our southwest Missouri origins, Great Southern continues to expand its footprint in banking, commercial loans and travel services.

St. Louis' historic City Hospital begins its new legacy as an architectural masterpiece in luxury townhome living, with 14-foot ceilings and a broad vista over the city's downtown renaissance. Developer Chris Goodson and partners are overseeing the project with the assistance of Great Southern Vice President Kevin Baker.

Developers Chris and Kerri Elder (right) keep Audubon Drive on the fast track with careful master planning and the attentive support of Vice President Jill Bolding at our Rogers LPO. The gated community of high-style French Country townhomes is located near Lake Maumelle, just north of Little Rock.

The historic Olivia Building in Joplin is being renovated under the watchful eye of noted architect Austin Allen, whose other National Registry projects in Joplin include the St. Peter the Apostle Catholic Church, the City Hall building and the nearby Elk's Club Lodge.

imagine prospective new markets as "easy pickins" for Great Southern, but their unique competitive environments play an important and sobering role in the decision. Our "metro market model" on territorial expansion also takes into account proximity, population growth, demographic trends and traffic patterns, and the advance placement of satellite loan production offices (LPOs) has helped us scout retail banking opportunities in these new markets with some measure of certainty and added confidence.

The establishment of dedicated LPOs in Kansas City (2003), Rogers, Ark. (2003), St. Louis (2005) and Columbia (2006) also serves a long-term strategic plan designed to spread and diversify the Company's loan portfolio.

Commercial loan production efforts at our Branson banking center on Hensley recorded over $94 million in new commercial and residential loan volume for the year, with outstanding loan balances of $152 million.

Significant development partnerships in the Branson Lakes Area include Riverbend Place, a higher-end residential and condo project on Lake Taneycomo overlooking Branson Landing; Majestic at Table Rock, a similar high-end waterfront condo development on Table Rock Lake near the Chateau on the Lake resort; Fieldstone Villas at Branson Creek; and land development funding for Hollister Point, a multi-million dollar retail project spreading across 112 acres at the new Hollister Interchange on Hwy. 65.

Within an hour's drive of our headquarters, Branson is hardly new territory for us, we've been there since 1974. But its burgeoning growth in tourism and leisure & retirement living in recent years has put it on the radar screens of new competitors far and wide, so that right in our own backyard, the competition is still tough. But as we've discovered in our own new market ventures miles away from home, capability levels the playing field. And performance counts most of all.

Progressive, proactive and responsive loan service has helped our LPOs introduce themselves and compete successfully in unfamiliar markets, and highly visible area partnerships like the new Belton Marketplace south of Kansas City, renovation of the historic City Hospital in downtown St. Louis and the new Northwest Arkansas

From the ground up, Great Southern partners with developers to finance projects using a variety of tax credit and public finance programs, which has helped the community of Belton, on the outskirts of Kansas City, realize the dream of its own big-city shopping mecca with the recent completion of Belton Marketplace.

When we opened our first office in the Seville Hotel in 1923, downtown was THE place to be.

Today, Great Southern Community Development and historic building renovation partnerships are making downtown "the place to be" again in the state's four largest cities.

1923

children's clinic in Rogers, Ark. are making the Great Southern name a familiar and welcome sight.

These partnerships also served to expand our coordinates and have introduced us to other opportunities both within and outside our on-site service areas. A client relationship in Rogers has taken Great Southern project signs and branding to the Audubon townhome development in Maumelle, Ark. on the outskirts of Little Rock, while a Springfield client referral led us to the 100,000 sq. ft. 1717 Marketplace development in Joplin.

expanding coordinates

Great Southern provided land development funding for Branson Creek's Fieldstone Bluffs and Fieldstone Villas. Branson Creek amenities include two professional golf courses, a marina on Table Rock Lake and a choice of five unique neighborhoods, including Fieldstone Villas – with the look and feel of a Tuscan village.

today 1923

In October 1923, when Walt Disney founded the Disney Company, Great Southern was barely six months old. Today, our founders would be surprised to learn that we have a travel division. Much less that it's become Disney's #1 travel agency in the four-state region, and now ranks among the top 50 travel agencies in the nation.

Disney cartoonist Stacia Martin has become a popular attraction at annual "Disney Day" celebrations in Springfield and Lee's Summit.

Exploring the new dimensions in banking these distant relationships reveal, our Corporate Services team now fields full-time client service representatives at our LPOs in Columbia, Kansas City and St. Louis to offer commercial loan customers and new prospects there a broad array of other corporate and small business bank services on the deposit side. Like "Desktop Business Banking," packaging online business banking and desktop check depositing conveniences with sophisticated money management tools including Zero Balance, Cash Reserve Sweep and High Yield Money Market accounts. Combined with Great Southern's trademark on-site personal attention, the expansion of our business service capability in these new markets opens the horizon to a world of new prospect and business development opportunities.

A significant investment in transportation infrastructure at Missouri's Lake of the Ozarks playground has helped drive a resurgence in development activity to serve the growing recreational and vacation-home traffic pouring in from the state's two largest cities. Our ongoing participation in major new projects like the The Hamptons underlines the Company's long commitment to the region's economic growth.

The acquisition of one of St. Louis' largest travel agencies marked Great Southern Travel's entry last year into the state's largest metro market. The Bank plans to follow suit this year.

Great Southern Travel joined the bank's exploration of the mid-Missouri market with the locally-notable acquisition of Columbia's respected Global Travel in 2005, and last summer, made its debut in the St. Louis market in equally grand style with the acquisition of The Travel Company, one of St. Louis' largest travel agencies.

Outside the more obvious benefits of spreading our name around, a much more significant projection of identity is taking place in brand development: The scope and quality of Great Southern service. Our travel division has achieved national prominence as an "agency to watch" among the industry's fastest-growing, and enjoys an equally stellar reputation with its global vendors. Our agency garnered Worry Free Vacations' annual IRIS Award in 2007, a highly-respected industry accolade recognizing innovative product development and client service, and Ensemble Travel, a consortium of more than 200 U.S. and Canadian travel agencies working together to pool buying power, named Great Southern Travel among North America's Top 10 producers for the year.

In short, we're not just the new name in town. We're the best.

Associate teams from various departments take turns each week at McGregor Elementary stuffing backpacks with take-home food for students of low-income families.

Leadership First Friday participants enjoy a box lunch at the Operations Center each month while reviewing a top business book.

The Great Southern logo signifies the merging of different suns into one more intensified, unified body. The power of our company comes from the synergies of many into one, bringing an enhanced brightness to our customers, shareholders, and our communities. Where many competitors see community as simply a market, Great Southern understands the radiance we shine on community will reflect back upon our own success – we can only be as strong as the communities we serve. Our spectrum involvement gives us the ability to see many things others don't. By being a light in the community, we can better seize on opportunities to strengthen our markets, thereby strengthening our Company. That awareness underscores our commitment in having the only locally based Community Development Department in southwest Missouri.

Last fall, Great Southern partnered with Mark Holmes, a nationally acclaimed consultant and motivational speaker, to help create Leadership First Fridays. This initiative, co-sponsored by the *Springfield Business Journal*, brings together business and community leaders monthly to learn about topical issues to build leadership capacity in our region.

Our Company continues to be a leader for our communities in providing loans and investments to create affordable housing. We made a significant investment in the Kansas City Equity Fund, which partners with affordable housing developers in the Kansas City area by investing in low-income housing tax credits. In Springfield, we partnered with the Urban Neighborhoods Alliance and Freddie Mac to create the "Teacher on the Block" program. This program encourages teachers in high poverty rate (Title I) schools to live in their surrounding neighborhoods by offering special mortgages and grants to purchase a home. Students benefit by having one more positive role

The spacious and centrally-located Operations Center parking lot is an ideal staging ground for Convoy of Hope disaster drills.

Vintage race cars rolled into Springfield last June during the Hemmings Branson Road Rally. Drivers and navigators raced through the Ozarks' back roads to raise money for Autism Awareness, with a welcome pit stop at our Operations Center.

model in their neighborhood, and teachers better understand the issues and environment of their students. Great Southern also successfully sponsored a $500,000 AHP grant through the Federal Home Loan Bank Board of Des Moines for the Springfield Victory Mission. The grant will be utilized for the Victory Square residential center to help remodel and improve the center that will house 60 formerly homeless or at-risk for homelessness residents.

The spectrum also shines on our communities through the philanthropic efforts of the Company. Great Southern provided more than $300,000 in grants and sponsorships throughout our markets in 2007. We participated in important capital campaigns for the Ozarks Food Harvest, the Boys and Girls Clubs, and the Ozarks Regional YMCA. We provided a grant to Portland Elementary in Springfield for the "Food for Thought" program, which provides backpacks of food to take home on week-ends for low-income students. We also provided a grant to Drury University to assist them in making a safer campus environment for students to learn. Our markets are strengthened by the good works of many non-profit partners, and we try and help intensify their outreach by our charitable efforts. We not only help by the checks we write, we can also help by the hands we provide. Through our Caring and Sharing program, associates are provided paid time off to volunteer for community activities. Great Southern associates also serve on boards, volunteer on their own time, and provide financial expertise for many non-profits throughout our region.

Our community involvement reaches other dimensions as well. Our markets have been vulnerable to many natural disasters in the past few years. To help with community preparedness, we worked with Convoy of Hope to host a disaster response drill at our Operations Center in Springfield. Convoy was able to utilize the exercise to make sure they had volunteers properly trained for the distribution of critical supplies in a time of crisis. Great Southern also provided weather radios to encourage public involvement in the mock relief effort.

The Great Southern team also worked with the Community Blood Center of the Ozarks in their efforts to expand their needed services into a larger facility. By reaching out to other banking partners, we assembled a consortium of eight local banks to provide very competitive loan terms to assist the organization in procuring a new facility and making it affordable. By sharing the loan, the lending group was able to provide more attractive terms than any could have done individually. The community benefited by the cooperation, as will patients in need of the precious resources that CBCO provides.

Our spectrum reaches smaller communities where we have a presence, too. Our Community Development Director worked closely

It would be hard to find a more sports-minded community than Great Southern's hometown. Partnering with the wildly popular Springfield Cardinals, we've sponsored fun between-inning contests, promotions and special events like the "Deal or No Deal" game, a Hawaii trip giveaway from Travel, and the Texas League All Star Game.

with other banks and local government in creating the DREAM Capital Corporation in Neosho, Mo. This community development corporation will provide much-needed capital for businesses to start or expand in the redeveloping downtown area. Besides providing technical assistance, Great Southern also has committed to invest in the $250,000 loan fund.

Our array of light shines on other areas of the community as well. Athletics and recreation have always been a hallmark of community vibrancy. Great Southern has a tradition of support and involvement in those activities that enhance our quality of life in our markets. Our key sponsorship of the Springfield Cardinals, a double-A affiliate of the St. Louis Cardinals, enters into a fourth season. We remain a major sponsor and banking partner of the Cardinals, and this year will provide major support in bringing the Texas League All-Star game to Springfield.

Our spectrum reaches out to education partners as well. Our long-standing partnership with Missouri State University will deepen with the late 2008 opening of JQH Arena,

full-spectrum involvement

A long-time supporter of Missouri State athletics, our name gets plenty of exposure with these potential future customers. Encouraging even younger savers, our MSU Kids Club includes a premium Presidential Dollars Collector Set, with the first three coins in place.

Great Southern Travel started off with a roar in Columbia, becoming the official travel agency of the Mizzou Tigers and arranging a group trip for fans traveling with the Tigers to the Cotton Bowl.

named in honor of John Q. Hammons, a nationally-renowned hotel developer and alumnus of the school. Great Southern has committed to purchase the new arena's state-of-the-art video scoreboard, which will proudly display our company name and logo, and enhance our brand for many years to come.

The spectrum involvement of Great Southern in our communities allows us to see opportunities where others see problems. Our resources and talent radiate into the community to help strengthen our markets, and in turn that light is reflected back into the performance and success of our company. Our logo depicts four suns merging into one. The intensity of the focused energy shines brightly on the communities where we work, play, and most importantly, call home.

1932

The first organized baseball league, The Southwest League, got its start in 1887 in our hometown of Springfield. In 1932, the St. Louis Cardinals purchased a minor league team and moved them here, winning the first of several Western Association titles that year. They played at White City Field on Boonville Avenue until the team was moved in 1946.

today

Returning to Springfield in 2005, the newly formed Springfield Cardinals have already set league attendance records and we're proud to be a founding sponsor of this favorite community pastime.

Proud to walk the walk, enthusiastic associates raised $12,500 last year to benefit Relay for Life.

More than 80 associates participated in United Way's Day of Caring, forming and deploying teams to man worthy projects across the community. A team composed of managers and assistant managers from each of our 38 banking centers tackled an all-day painting project at the Family Violence Center, while another group cleaned up the Council of Churches building.

Building long-lasting relationships with our associates is fundamental to our business. We fully appreciate that our associates lead very busy and active lives, and working at Great Southern is but one role they play. Deciding where to work is a major decision and one that can impact nearly all aspects of a person's life. That's why every effort is made to make our associates' experience at Great Southern a rewarding and satisfying one.

We see firsthand the impact we can make on our associates' lives even outside of work. We have the opportunity to share in the exciting experience of helping an associate purchase their first home through our employee discount loan program. Or, we see the smile of an associate who graduates with a degree thanks to our educational assistance program. We hear the squeal of an associate's child as they go to their first Springfield Cardinals baseball game by attending a Great Southern family outing at the ballpark. We also see the sincere gratitude of an associate who has been helped in a crisis, like a tragic fire, through our associate-funded assistance fund. While these experiences form a deep and invaluable connection with associates, the deepest connection must be formed in the workplace.

Today, creating an engaging and satisfying workplace is crucial to attract and retain the best associates in the financial services business. The ever-increasing competition for quality employees and the emerging labor pool shrinkage demands it.

How do we go about creating such a workplace at Great Southern? It starts with a vision, along with a strong resolve and belief to make the vision a reality.

On every Great Southern associate's desk or workstation is a plastic six-sided "Mission" cube. Each side of the cube displays an important message about the many facets of Great Southern's cultural environment - how we work and grow together as a team; how we serve and treat our customers; how we support our communities; and how we must keep the interests of our shareholders in mind in everything

TEAM GS

"Team GS" keeps the Great Southern name prominent at a wide variety of community causes and events year-round. Members of the Team GS cycling club racked up more than 400 miles each in the National MS Society 'MS 150', Breast Cancer Foundation 'Cycle for Life', and the Tour de Cox.

we do. The Company's mission to build winning relationships with our customers, associates, shareholders and communities is boldly displayed on the cube as well as our core values of doing what's right, teamwork, mutual respect and uncompromising ethical standards.

One side of the "Mission" cube addresses our commitment to all Great Southern associates. We are committed to providing a fair and challenging workplace with competitive compensation and benefits. We want to provide a workplace that respects and empowers the individual, and encourages professional growth through training, feedback and career pathing. And, finally, we understand the importance of recognizing and rewarding outstanding performance. We believe these are the tenants to

1923

In May 1923, the U.S. Attorney General declared it legal for women to wear trousers anywhere.

today

Today at Great Southern, "Casual Day" takes on added significance as an expression of community service. Associates contributing their time and money to worthy causes choose days to "dress down" in Great Southern logo shirts and jeans as a show of company pride.

creating an engaging and rewarding work environment.

While these messages are displayed on an inanimate object, these beliefs are firmly held by management and are a part of every day life at Great Southern. A sign of our progress was being voted once again in 2007 as the "Best Place to Work" by readers of the *Springfield News-Leader* in its annual poll.

What Great Southern associates bring to the workplace every day – their skills, talents and dedication – is not taken for granted. We continuously reinforce that each associate's role is critical to the success of our Company. We also engage associates to know how the entire Company operates as a whole, and how their position fits into the overall operation and affects performance. Through "Great to Greater", the Company's five-year strategic initiative, associates learn where the Company is going and how we're going to get there. Each associate is reminded to ask themselves "What role do I play?" again reinforcing that all 775 associates have a crucial role. All 775 associates moving together with the same directives and beliefs is a powerful force.

As part of "Great to Greater" moving forward, a focus will be on developing our mid-level managers' leadership and communication skills. Studies show that employees most often stay or leave their employer based on the type of relationship they have with their immediate supervisor. With a Company our size, mid-level managers are the vital link in personally connecting with all associates. This link is two-way: they communicate and ensure compliance with management directives from the top down and receive input and suggestions from front-line associates. Also, getting all mid-level managers in the same room routinely

The "Students Go to Work" program invites classes from area elementary schools to the Operations Center for an inside look at the banking business. Associate "teachers" break the group into rotating classes to provide one-on-one, hands-on training in teller functions, lending services and back office processing duties.

Recognizing the outstanding support he received during his active duty tour, Customer Service Supervisor and Missouri National Guard Staff Sergeant Ezekiel Jump (right) joined Steve Vanderhoof of the Guard's Employer Support committee in presenting the Patriot Award to supervisor Vicki Adams - Operations.

helps build relationships and improves communication across the organization.

In conjunction with developing mid-level managers, the Company will introduce enhanced and measurable service standards to the Great Southern team. With the Company's rapid growth and expansion, it is necessary to ensure that we are consistently delivering a quality customer experience that meets or exceeds customers' (external and internal) expectations. Company-wide service standards will be implemented in every division and department throughout the Company.

At Great Southern, we want all associates to reach their full potential as an employee, but also as a person. Training and development are essential ingredients to continued growth. The Company's expert Training division offers comprehensive training programs that help associates develop professionally and personally. Associates can choose from a wide range of classes that address technical, interpersonal and practical skills development. Courses about time management, organizational skills and life goal-setting skills are but a few courses that assist in personal development, which ultimately helps them be better employees.

Associates are also given the opportunity to grow through volunteer opportunities. Whether it's working at a United Way Day of Caring event, serving on a non-profit organization board or volunteering at a local school, Great Southern strongly encourages associates to be good community citizens and get involved. Besides simply being the right thing to do, it gives associates the chance to enhance leadership skills, earn personal recognition, expand relationships and make a difference in someone's life. The skills they enhance through volunteerism are also a great benefit to our organization.

Sometimes it's the "little" things that happen in the workplace that can make coming to work more satisfying and fun! Quarterly service anniversary luncheons were in full force in 2007. Associates who celebrated their service anniversary during a respective quarter were invited to have lunch with President Joe Turner and hear a fun and motivating presentation. In addition, attending the "Great to Greater" kick-off picnic, outings to local sporting events and the annual holiday party were all events that helped tie associates and the Company closer together. Periodically receiving surprise treats to celebrate holidays or simply as a thank you helped to create a fun and connected atmosphere. Daily graphics and messages on associates' computer desktops, a brainchild of a dedicated associate with creative technical expertise, was also added in 2007 and created quite a buzz in the Company and proved to be a new effective communication channel.

As you can see, Great Southern does make creating an engaging work environment a priority, whether it's through enterprise-wide initiatives or through more personal connections. Our people are the key to our company's success, and while sounding almost cliché, this statement will never lose its significance. In an age where most financial products and services are nearly commoditized, a fundamental differentiator between our Company and competitors boils down to the team of associates we have assembled and the level of quality they provide.

Directors of Great Southern Bancorp, Inc. and Great Southern Bank

Back row

Joseph W. Turner
President and
Chief Executive Officer

Larry D. Frazier
Board Member
Retired – Hollister, MO

William E. Barclay
Board Member
Retired – Springfield, MO

Thomas J. Carlson
Board Member
Partner, Carlson Gardner, Inc.
Mayor of Springfield, MO

Front row

Julie T. Brown
Board Member
Shareholder, Carnahan, Evans,
Cantwell & Brown, P.C.

William V. Turner
Chairman of the Board

Earl A. Steinert, Jr.
Board Member
Co-owner, EAS Investment
Enterprises, Inc./CPA

Executive Officers of Great Southern Bank

Left to Right

Steve Mitchem
Senior Vice President and
Chief Lending Officer

Rex Copeland
Senior Vice President and Chief
Financial Officer/Treasurer

Joe Turner
President and
Chief Executive Officer

Bill Turner
Chairman of the Board

Lin Thomason
Vice President and Director of
Information Services

Doug Marrs
Vice President and Director of
Operations/Secretary

Great Southern Leadership Team

Left to right

Kelly Polonus
Director of Corporate Communications

Kris Conley
Managing Director of Travel

Bryan Tiede
Director of Risk Management

Teresa Chasteen-Calhoun
Director of Marketing

Doug Marrs
Director of Operations/Secretary

Byron Robison
Insurance Agency Manager

Lin Thomason
Director of Information Services

Steve Mitchem
Chief Lending Officer

Brian Fogle
Director of Community Development

Barby Pohl
Director of Retail Banking

Debbie Flowers
Director of Credit Risk Management

Matt Snyder
Director of Human Resources

Rex Copeland
Chief Financial Officer/Treasurer

Shannon Thomason
Director of Internal Audit and Compliance Officer

Tammy Baurichter
Controller

Joe Turner
President and Chief Executive Officer

Celebrating

our 85th year

exploring new dimensions in banking.

Great Southern Bancorp, Inc.

2007 Annual Report For Shareholders

dimensions in banking

annual meeting

The 19th Annual Meeting of Shareholders will be held at 10:00 a.m. on Wednesday, May 14, 2008, at the Great Southern Operations Center, 218 S. Glenstone, Springfield, Missouri.

corporate profile

Great Southern Bancorp, Inc. ("GSBC" or the "Company") is the holding company for Great Southern Bank (the "Bank"), which converted from a mutual to a stock company in December 1989. In June 1998, the Bank converted from a federal savings bank charter to a Missouri chartered trust company.

Great Southern was founded in 1923 with a $5,000 investment, four employees and 936 members, and has grown to over $2.4 billion in assets, with more than 775 employees and in excess of 177,000 customers.

The Bank is headquartered in Springfield, Mo. and operates 39 banking centers in 16 counties throughout Missouri, and loan production offices in St. Louis, Mo., Columbia, Mo., Overland Park, Kan. and Rogers, Ark.

A community-oriented company, GSBC offers a full range of banking, lending, investment, insurance and travel services.

corporate mission

The Company's mission is to build winning relationships with our customers, associates, shareholders and communities. We carry out our mission through our core values of teamwork, mutual respect, doing what's right and uncompromising ethical standards.

We are deeply committed to our relationships with our four constituencies.

We build winning relationships with our customers and help them make their lives better and easier with our products and services.

We build winning relationships with our associates, who have chosen our company to share their skills and talents and who deserve the opportunity to reach their full potential.

We build winning relationships with our shareholders, who have entrusted us with their wealth and financial future, and with our communities, upon which our company's strength, prosperity and future rest.

stock information

The Company's Common Stock is listed on The NASDAQ Global Select Market under the symbol "GSBC".

As of December 31, 2007, there were 13,400,197 total shares outstanding and approximately 2,650 shareholders of record.

The last sale price of the Company's Common Stock on December 31, 2007 was $21.96.

HIGH/LOW STOCK PRICE	Year Ended December 31, 2007		Year Ended December 31, 2006	
	High	Low	High	Low
First Quarter	$30.40	$27.30	$30.04	$27.15
Second Quarter	30.09	25.96	31.00	25.05
Third Quarter	28.00	23.67	30.65	26.10
Fourth Quarter	26.45	21.10	32.14	26.58

DIVIDEND DECLARATIONS	Year Ended December 31, 2007	Year Ended December 31, 2006
First Quarter	$.160	$.140
Second Quarter	.170	.150
Third Quarter	.170	.150
Fourth Quarter	.180	.160

general information

CORPORATE HEADQUARTERS

1451 E. Battlefield
Springfield, MO 65804
1 (800) 749-7113

MAILING ADDRESS

P.O. Box 9009, Springfield, MO 65808

DIVIDEND REINVESTMENT

For details on the automatic reinvestment of dividends in common stock of the Company call:
1 (800) 725-6651 or write:

Great Southern Bancorp, Inc.
Shareholder Relations
P.O. Box 9009
Springfield, MO 65808

FORM 10-K

The Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained from the Company's Web site at www.greatsouthernbank.com or without charge by request to:

Rex Copeland
Treasurer
Great Southern Bancorp, Inc.
P.O. Box 9009, Springfield, MO 65808

INVESTOR RELATIONS

Teresa Chasteen-Calhoun
or Kelly Polonus
Great Southern Bank
P.O. Box 9009, Springfield, MO 65808

AUDITORS

BKD, LLP
Hammons Tower
P.O. Box 1190
Springfield, MO 65801

LEGAL COUNSEL

Silver, Freedman & Taff, L.L.P.
3299 K St., NW, Suite 100
Washington, DC 20007

Carnahan, Evans, Cantwell & Brown
P.O. Box 10009
Springfield, MO 65808

TRANSFER AGENT AND REGISTRAR

Registrar & Transfer Company
10 Commerce Drive
Cranford, NJ 07016

Great Southern Bancorp, Inc.
2007 Financial Information

Contents

2 Letter to Our Shareholders.

5 Selected Consolidated Financial Data.

9 Management's Discussion and Analysis of Financial Condition and Results of Operation.

44 Report of Independent Registered Public Accounting Firm.

45 Consolidated Statements of Financial Condition.

47 Consolidated Statements of Income.

48 Consolidated Statements of Stockholders' Equity.

50 Consolidated Statements of Cash Flows.

53 Notes to Consolidated Financial Statements.

to our shareholders

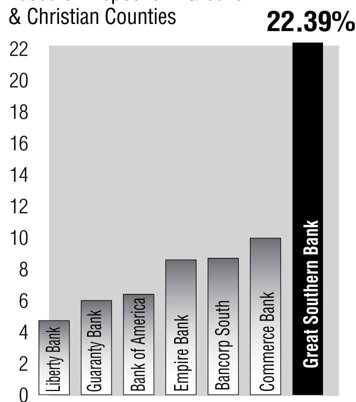
Joseph W. Turner
President and Chief Executive Officer

William V. Turner
Chairman of the Board

We are pleased to present our 2007 “Dimensions in Banking” Annual Report. This year’s report gives you the opportunity to view Great Southern from a multi-dimensional level – in how we serve our customers, how we create an enriching environment for our associates, how we partner with our communities, and how we create shareholder value. After 85 years of being in the financial services business, we know that you cannot form winning relationships by having a “one-size-fits-all” mentality. This perspective has guided our success through the years especially in how we serve our customers - the reason we exist. We recognize there are many aspects to consider in building long-lasting relationships. First, we must understand that our customers’ needs are unique and ever-changing. To make life better and easier for our customers, we need to bring the full power of our Company to them. With that power, we can bring banking, investment, insurance, and travel services when, where and how our customers prefer. We also must have a relentless focus on providing a superior customer experience and help them solve life’s everyday challenges and problems. Technology has enabled our Company to make banking easier and more convenient, but we will never lose sight that the foundation of a meaningful banking relationship is the connection and inherent trust between people. And, as we do a good job of serving our customers, our shareholders will ultimately benefit as our Company’s value grows over the long-term.

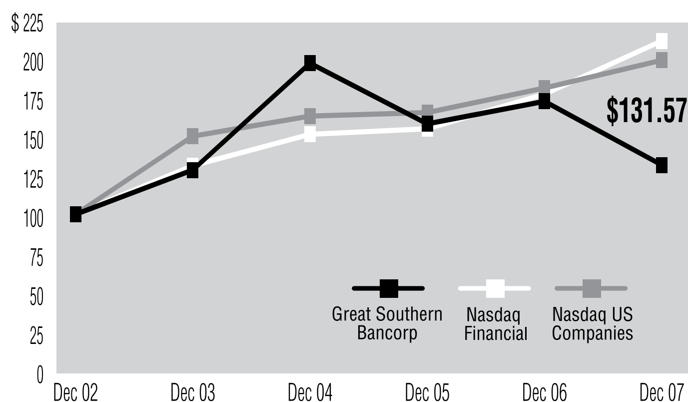
As you look through this report, you’ll see that many positive things happened in our Company in 2007, even with the expected and unexpected events that transpired in the banking industry and the general economy. We knew that 2007 would be a challenging year in the banking sector, but few in the industry or on Wall Street predicted how tumultuous and turbulent the year would become. Continued negative reports related to the subprime credit crisis and subsequent credit crunch, liquidity pressures, rapid interest rate changes, increases in delinquent and non-performing loans, and a generally deteriorating economy have

Market Share*
Based on Deposits in Greene & Christian Counties



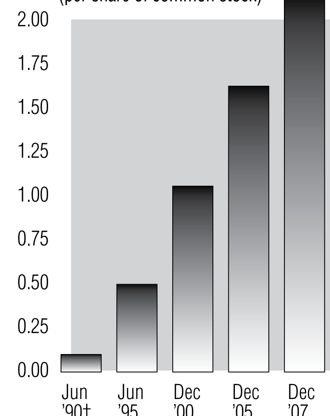
* Data Source: FDIC Website
Data as of: June 30, 2007.

Five Year Cumulative Total Return**



** The graph above compares the cumulative total stockholder return on GSBC Common Stock to the cumulative total returns of the Nasdaq U.S. Stock Index and the Nasdaq Financial Stocks Index for the period from December 31, 2002 through December 31, 2007. The graph assumes that $100 was invested in GSBC Common Stock on December 31, 2002 and that all dividends were reinvested.

Net Income* **$2.15**
(per share of common stock)



† Figure stated is as if the Company was publicly traded for all of the fiscal year 1990 (conversion was in Dec. 1989).

all worked together to cause the financial services sector to quickly fall out of favor with the investing community. Investor concerns related to rising loan defaults in subprime lending and other areas related to real estate led to significant decreases in the market valuations of the vast majority of major U.S. banks. It is important to note that Great Southern does not originate or hold subprime loans. However, we do, as a lending institution, have some exposure to housing markets which have weakened in some of our areas of operation. In 2007, the total return - the change in stock price plus dividends - of the S&P Bank Composite Index fell 30%, a historic decrease. Great Southern's total return in 2007 decreased 24%, also a disappointing performance.

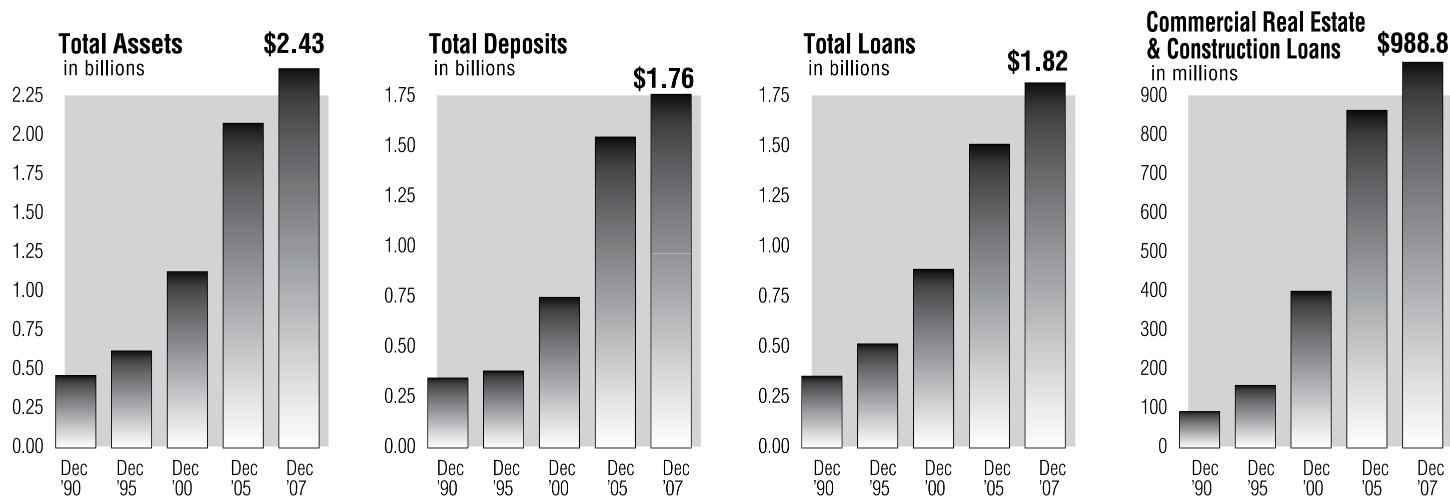
Despite the disappointment in our stock price, our Company had a number of strong performance areas in 2007 with net income just under our record-setting 2006 net income results. Earnings for the twelve months ended Dec. 31, 2007, were $2.15 per diluted share ($29.3 million). Total assets grew 8.5% to $2.43 billion. The Company's return on average assets was 1.25%; return on average equity was 15.78%; the efficiency ratio was 51.26%; and the net interest margin was 3.24%.

Stockholders' equity increased $14.3 million from year-end 2006 to $189.9 million (7.8% of total assets) with an equivalent book value of $14.17 per share. The Company's capital position continued to be classified as well-capitalized with risk-based capital ratios at higher levels than in 2006 and ratios in line with our peer group. In 2007, the Company repurchased 342,377 shares of stock at an average price of $25.57.

In 2007, net loans increased $141.1 million or 8.5% from 2006. As expected, loan growth slowed somewhat compared to growth rates in the last five-year period. We experienced gains in all loan categories with the exception of the commercial real estate category, which had a modest decline. Our loan production offices (LPO) continue to grow and provide the intended geographic diversity in our loan portfolio. In the last five years, the Company opened LPOs in the Kansas City and St. Louis metro areas, in the Northwest Arkansas region, and in Columbia, Mo., covering the Central Missouri region. These areas now make up a much larger percentage of our loan portfolio than in years past. The Greater Springfield and Branson markets continue to have the largest loan balance concentrations at 42% of the total loan portfolio, and the LPOs have an aggregate concentration of 34%. Of the remaining portfolio balances, 12% of loan balances are located in other Missouri and Kansas regions outside of the Company's footprint, and another 12% reside in other states.

During 2007, non-performing assets increased $30.9 million to $55.9 million, or 2.30% of total assets. The increase was due primarily to general market conditions, and more specifically, housing supply, absorption rates, and unique circumstances related to individual borrowers and projects. We discuss non-performing assets in detail in the "Management's Discussion and Analysis" section of our Annual Report.

In a very competitive marketplace, total deposit balances (excluding brokered and national certificates of deposit) increased $110 million, or 12%, from Dec. 31, 2006. Interest-bearing demand and savings account average balances grew by 14% and time deposits rose by 9% over 2006. Demand deposits fell nearly 10% primarily due to declining balances in our Correspondent Banking division as more banks have taken advantage of electronic settlement.



*All per share amounts have been adjusted to reflect stock splits. The Company converted to a calendar year in December 1998; therefore prior years' net income numbers will reflect a June 30 fiscal year end.

to our shareholders

Our travel, insurance and investment divisions posted an 8% increase in revenue from 2006. The insurance and investment divisions saw increased net income in 2007 versus 2006. The travel division's first quarter 2007 acquisition of The Travel Company in St. Louis contributed significantly to the increase in revenue. The travel division's net income declined primarily due to expenses associated with the acquisition.

In 2007, we began executing a corporate-wide strategic initiative - "Great to Greater." This plan serves as a roadmap to achieve various Company goals, including loan and deposit growth, delivery channel expansion, efficiency targets and workplace enhancement strategies. In light of this initiative, the Company expanded its ability to reach and serve more customers in 2007. As mentioned previously, our travel company acquired a St. Louis-based travel agency, marking Great Southern Travel's first physical presence in St. Louis. This well-established agency is located in close proximity to our LPO in Creve Coeur, Mo., furthering our brand recognition in the market. In keeping with our strategy to open two banking centers a year, the Company opened its 38th banking center located on West Republic Road in Springfield, a fast-growing area of the city. In the first quarter of 2008, we opened the third banking center in Branson, Mo., a growing region that Great Southern has served for decades.

Also, to promote deposit generation, Corporate Services representatives have been placed in the Missouri LPOs to develop new and expand existing relationships. Representatives meet with existing commercial clients, as well as new prospects, and work to develop the relationship by providing depository solutions. The Company's Deposit Direct product has been heavily utilized in this effort as it breaks down geographic barriers and allows clients to make non-cash deposits to their bank account from the convenience of their computer desktop.

In the third quarter, the Company launched a new and improved Web site which included a new comprehensive investor relations site. The launch of this new site was a historical company milestone as a new retail online channel was made available to open depository accounts. This new channel allows us to broaden our marketing reach significantly in the Internet space and compete for deposits on a larger scale.

We have always fared well when stacked up against local and national peers, and 2007 was no exception. According to an *American Banker* ranking, Great Southern ranked 75th on efficiency ratio among the largest 500 U. S. bank holding companies for the third quarter 2007. On a regional level, the *Kansas City Star* ranked Great Southern 25th on its "Star 50" list, which ranks the performance of publicly traded companies whose headquarters are located in Missouri and Kansas. Locally, we continued to distance ourselves from the rest of the pack in market share in our home base of operations - Greene and Christian counties. We increased deposit market share from 21.90% in 2006 to 22.39% in 2007, based on June 30, 2007, FDIC data. The closest competitor had market share of 9.95%.

In addition, for the fifth consecutive year, Great Southern was named "Best Bank" in the *Springfield News-Leader's* Best of the Ozarks readers' poll. Readers also voted Great Southern as the Best Company to Work For, Best Mortgage Company, Best Travel Agency, and Best Investment Services/Brokerage.

As the area's leading financial institution, we understand the importance of giving back to the communities we serve. Our Company can only be as strong as the communities we serve and we view our community support as much more than a corporate obligation. It is simply the right thing to do. In 2007, we invested well over $300,000 in charitable contributions and sponsorships. Hundreds of volunteer hours were also generously given by our associates.

Looking ahead, we anticipate that 2008 will be another challenging year. We are in the middle of a difficult credit cycle, and a certain amount of negative sentiment is expected. However, there is optimism that the industry will fare well once we are through this cycle. It will be a tough ride, but most banks will weather the storm and be ready for the recovery period. Unlike other previous credit cycles, the banking industry as a whole entered this difficult operating environment well-capitalized

Readers of the *Springfield News-Leader* named Great Southern Best Bank, Best Company to Work For, Best Mortgage Company, Best Travel Agency and Best Investment Services/Brokerage firm in the 2007 "Best of the Ozarks" poll.

following years of record earnings.

No one can speculate with any certainty of when this downturn will end, but we can say with certainty that we will continue to operate our Company with the same sound business principles and practices that have made us successful for the past 85 years. As always, we will maintain our focus on a strong capital position and prudent and appropriate credit and risk practices. We are always mindful, in good and difficult times, that we have the opportunity to enhance and expand our business, one customer at a time.

In 2008, based on the current market conditions, we anticipate that loan and deposit growth will be relatively moderate for the year. We anticipate that some of our loan customers could face difficult times ahead, especially those in housing-related industries. In these circumstances, we will work diligently with our customers and devise an action plan to work through whatever credit issue is at hand. As a result of the Federal Reserve's interest rate cuts in the first quarter of 2008, we believe that our net interest income will likely show improvement during the year as compared to 2007. We discuss the effects of the current interest rate environment on our net interest income and margin in detail in the "Management's Discussion and Analysis" section of our Annual Report.

In 2008, we will continue executing our "Great to Greater" strategic initiative. We are committed to our long-term growth strategy and have an intense focus on areas that can make the greatest impact. We'll focus on further integrating our entire Company so that our customers can access any line of business with ease and simplicity. We'll work to differentiate ourselves even more from the competition by enhancing the customer experience through unparalleled responsive and quality service. We'll also make sure we are working as smart and efficiently as possible as we review our internal processes and procedures. In addition, new initiatives are being developed to improve our work culture, ensuring that we retain and hire talented and knowledgeable associates, the key to our success.

In 2008, the Company will make its first retail banking entry into the St. Louis market with the opening of a new banking center in Creve Coeur, Mo. Construction is expected to begin in the second quarter. A second location in the Kansas City metropolitan area is also under review and a site is likely to be announced during the year. In addition, a LPO in a new metropolitan market is currently under consideration.

We anticipate developing our retail online channel even further, motivated by what our younger generation of customers expect and demand. To make banking with Great Southern even more convenient, a Mobile Banking product will be launched so that customers can keep track of their banking from the convenience of their cell phone.

As you can see, 2008 will be challenging, yet exciting! Our confidence in how we will fare in 2008 and beyond is grounded in our

SELECTED CONSOLIDATED FINANCIAL DATA

	December 31,				
	2007	2006	2005	2004	2003
Summary Statement of Condition Information:	(Dollars in thousands)				
Assets	$2,431,732	$2,240,308	$2,081,155	$1,851,214	$1,544,052
Loans receivable, net	1,820,111	1,674,618	1,514,170	1,334,508	1,146,571
Allowance for loan losses	25,459	26,258	24,549	23,489	20,844
Available-for-sale securities	425,028	344,192	369,316	355,104	259,600
Held-to-maturity securities	1,420	1,470	1,510	1,545	1,570
Foreclosed assets held for sale, net	20,399	4,768	595	2,035	9,034
Deposits	1,763,146	1,703,804	1,550,253	1,298,723	1,138,625
Total borrowings	461,517	325,900	355,052	401,625	276,584
Stockholders' equity (retained earnings substantially restricted)	189,871	175,578	152,802	140,837	121,679
Average loans receivable	1,774,253	1,653,162	1,458,438	1,263,281	1,106,714
Average total assets	2,340,443	2,179,192	1,987,166	1,704,703	1,437,869
Average deposits	1,784,060	1,646,370	1,442,964	1,223,895	1,057,798
Average stockholders' equity	185,725	165,794	150,029	130,600	113,822
Number of deposit accounts	95,908	91,470	85,853	76,769	74,822
Number of full service offices	38	37	35	31	29

The tables on pages 5, 6, and 7 set forth selected consolidated financial information and other financial data of the Company. The selected balance sheet and statement of income data, insofar as they relate to the years ended December 31, 2007, 2006, 2005, 2004 and 2003, are derived from our consolidated financial statements, which have been audited by BKD, LLP. The amounts for 2004 and 2003 are restated amounts. See Item 6, "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Information" in the Company's Annual Report on Form 10-K. Results for past periods are not necessarily indicative of results that may be expected for any future period. All share and per share amounts have been adjusted for the two-for-one stock split in the form of a stock dividend declared in May 2004.

to our shareholders

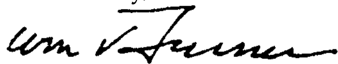
belief in our team of associates and their ability to get the job done for our customers. We are humbled to work alongside this talented group of people. They come to work every day motivated to make life better and easier for our customers, and to show the communities we serve that we are an active, vibrant and community-minded company. Our associates demonstrate day-after-day that the "Great to Greater" initiative is more than just a strategic roadmap in their mind. They have shown us that they believe it's an attitude. They ask themselves "What can I do today to take our Company from "Great to Greater?" We thank each and every associate for their hard work and their ability to see and understand the many dimensions we must consider when serving our customers, communities, shareholders and each other.

We would also like to thank our customers, for they are the reason we exist. We know they place their trust in us expecting us to provide the solutions they need with the convenience, security and peace-of-mind they desire.

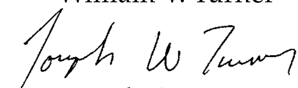
And finally, we thank our shareholders for your investment and show of confidence in our Company. We appreciate your continued long-term support. Our enduring commitment to provide a superior long-term return on your investment, and to keep your interests in mind as we make daily decisions will never falter.

As always, we welcome your thoughts and suggestions. We hope you enjoy looking through the pages of this Annual Report and learning about the many dimensions of Great Southern.

Sincerely,



William V. Turner



Joseph W. Turner

SELECTED CONSOLIDATED FINANCIAL DATA

	For the Year Ended December 31,				
	2007	**2006**	**2005**	**2004**	**2003**
Summary Income Statement Information:	(Dollars in thousands)				
Interest income:					
Loans	$142,719	$133,094	$98,129	$74,162	$66,739
Investment securities and other	21,152	16,987	16,366	12,897	9,440
	163,871	150,081	114,495	87,059	76,179
Interest expense:					
Deposits	76,232	65,733	42,269	28,952	25,147
Federal Home Loan Bank advances	6,964	8,138	7,873	6,091	5,400
Short-term borrowings	7,356	5,648	4,969	1,580	588
Subordinated debentures issued to capital trust	1,914	1,335	986	610	594
	92,466	80,854	56,097	37,233	31,729
Net interest income	71,405	69,227	58,398	49,826	44,450
Provision for loan losses	5,475	5,450	4,025	4,800	4,800
Net interest income after provision for loan losses	65,930	63,777	54,373	45,026	39,650
Noninterest income:					
Commissions	9,933	9,166	8,726	7,793	5,859
Service charges and ATM fees	15,153	14,611	13,309	12,726	11,214
Net realized gains on sales of loans	1,037	944	983	992	2,187
Net realized gains (losses) on sales of available-for-sale securities	13	(1)	85	(373)	795
Realized impairment of available-for-sale securities	(1,140)	---	(734)	---	---
Late charges and fees on loans	962	1,567	1,430	872	771
Change in interest rate swap fair value net of change in hedged deposit fair value	1,632	1,498	---	---	---
Change in interest rate swap fair value	---	---	(6,600)	1,136	(3,089)
Interest rate swap net settlements	---	---	3,408	8,881	7,352
Other income	1,781	1,847	952	1,282	1,165
	29,371	29,632	21,559	33,309	26,254
Noninterest expense:					
Salaries and employee benefits	30,161	28,285	25,355	22,007	18,739
Net occupancy expense	7,927	7,645	7,589	7,247	6,335
Postage	2,230	2,178	1,954	1,784	1,691
Insurance	1,473	876	883	761	683
Advertising	1,446	1,201	1,025	794	735
Office supplies and printing	879	931	903	811	855
Telephone	1,363	1,387	1,068	903	797
Legal, audit and other professional fees	1,247	1,127	1,410	1,309	1,078
Expense on foreclosed assets	608	119	268	485	1,939
Write-off of trust preferred securities issuance costs	---	783	---	---	---
Other operating expenses	4,325	4,275	3,743	3,160	2,901
	51,659	48,807	44,198	39,261	35,753
Income before income taxes	43,642	44,602	31,734	39,074	30,151
Provision for income taxes	14,343	13,859	9,063	12,675	9,856
Net income	$ 29,299	$ 30,743	$ 22,671	$ 26,399	$20,295

SELECTED CONSOLIDATED FINANCIAL DATA

	At or For the Year Ended December 31,				
	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share data)				
Per Common Share Data:					
Basic earnings per common share	$2.16	$ 2.24	$1.65	$1.93	$1.48
Diluted earnings per common share	2.15	2.22	1.63	1.89	1.46
Cash dividends declared	0.68	0.60	0.52	0.44	0.36
Book value	14.17	12.84	11.13	10.28	8.88
Average shares outstanding	13,566	13,697	13,713	13,702	13,707
Year-end actual shares outstanding	13,400	13,677	13,723	13,699	13,703
Year-end fully diluted shares outstanding	13,654	13,825	13,922	13,995	13,887
Earnings Performance Ratios:					
Return on average assets[(1)]	1.25%	1.41%	1.14%	1.55%	1.41%
Return on average stockholders' equity[(2)]	15.78	18.54	15.11	20.21	17.83
Non-interest income to average total assets	1.25	1.36	1.08	1.95	1.83
Non-interest expense to average total assets	2.18	2.23	2.21	2.27	2.35
Average interest rate spread[(3)]	2.71	2.83	2.73	2.81	2.98
Year-end interest rate spread	3.00	2.95	3.05	2.63	2.88
Net interest margin[(4)]	3.24	3.39	3.13	3.10	3.27
Efficiency ratio[(5)]	51.26	49.37	55.28	47.23	50.57
Net overhead ratio[(6)]	0.95	0.88	1.14	0.35	0.66
Common dividend pay-out ratio	31.63	27.03	31.90	23.28	24.32
Asset Quality Ratios:					
Allowance for loan losses/year-end loans	1.38%	1.54%	1.59%	1.73%	1.78%
Non-performing assets/year-end loans and foreclosed assets	2.99	1.46	1.09	0.48	1.40
Allowance for loan losses/non-performing loans	71.77	129.71	151.44	524.43	282.02
Net charge-offs/average loans	0.35	0.23	0.20	0.17	0.47
Gross non-performing assets/year-end assets	2.30	1.12	0.81	0.35	1.06
Non-performing loans/year-end loans	1.92	1.19	1.05	0.33	0.63
Balance Sheet Ratios:					
Loans to deposits	103.23%	98.29%	97.67%	102.76%	100.70%
Average interest-earning assets as a percentage of average interest-bearing liabilities	112.71	114.26	113.05	112.56	112.30
Capital Ratios:					
Average stockholders' equity to average assets	7.9%	7.6%	7.6%	7.7%	7.9%
Year-end tangible stockholders' equity to assets	7.7	7.8	7.2	7.6	7.9
Great Southern Bank:					
Tier 1 risk-based capital ratio	10.4	10.2	10.1	10.7	11.0
Total risk-based capital ratio	11.7	11.5	11.3	11.9	12.3
Tier 1 leverage ratio	9.0	8.9	8.3	8.5	9.0
Ratio of Earnings to Fixed Charges:[(7)]					
Including deposit interest	1.47x	1.57x	2.05x	1.95x	2.18x
Excluding deposit interest	3.69x	3.29x	5.72x	5.58x	6.45x

(1) Net income divided by average total assets.

(2) Net income divided by average stockholders' equity.

(3) Yield on average interest-earning assets less rate on average interest-bearing liabilities.

(4) Net interest income divided by average interest-earning assets.

(5) Non-interest expense divided by the sum of net interest income plus non-interest income.

(6) Non-interest expense less non-interest income divided by average total assets.

(7) In computing the ratio of earnings to fixed charges: (a) earnings have been based on income before income taxes and fixed charges, and (b) fixed charges consist of interest and amortization of debt discount and expense including amounts capitalized and the estimated interest portion of rents.

RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

On January 23, 2006, the Company announced that it would restate certain of its historical financial statements for the quarters ended March 31, 2005, June 30, 2005, and September 30, 2005, and years ended December 31, 2004, 2003, 2002, and 2001. The restatement of this financial information relates to the correction of prior accounting errors relating to certain interest rate swaps associated with brokered certificates of deposit (CDs).

The Company has entered into interest rate swap agreements to hedge the interest rate risk inherent in certain of its CDs. From the inception of the hedging program in 2000, the Company has applied a method of fair value hedge accounting under Statement of Financial Accounting Standards (SFAS) 133 to account for the CD swap transactions that allowed the Company to assume the effectiveness of such transactions (the so-called "short-cut" method). The Company concluded that the CD swap transactions did not qualify for this method in prior periods because the method to pay the related CD broker placement fee was determined, in retrospect, to have caused the swap to not have a fair value of zero at inception (which is required under SFAS 133 to qualify for the "short-cut" method). Although the impact of applying the alternative "long-haul" method of documentation using SFAS 133 and the results under the "short-cut" method are believed to result in no significant difference in the hedge effectiveness of the majority of these swaps, and management believes these interest rate swaps have been effective as economic hedges, hedge accounting under SFAS 133 is not allowed for the affected periods because the proper hedge documentation was not in place at the inception of the hedge.

The Company is charged a fee in connection with its acquisition of brokered CDs. For those CDs that were part of the Company's accounting restatement for interest rate swaps in 2005, this fee was not paid separately by the Company to the CD broker, but rather was built in as part of the overall rate on the interest rate swap. In connection with the restatement, the Company determined that this broker fee should be accounted for separately as a prepaid fee at the origination of the brokered CD and amortized into interest expense over the maturity period of the brokered CD. If the Company calls the brokered CD (at par) prior to maturity, the remaining unamortized broker fee is expensed at that time. The remaining unamortized prepaid broker fees related to these brokered CDs (that were subject to the restatement) at December 31, 2007 and 2006, were $3.5 million and $4.7 million, respectively. After December 31, 2005, and for any brokered CDs that do not have a corresponding interest rate swap, the broker fee may be paid separately by the Company to the CD broker, in which case the fee would be amortized into interest expense over the maturity period of the brokered CD. In any instances where the fee was not paid separately by the Company to the CD broker, but rather was built in as part of the overall rate on the interest rate swap, the Company must include this in its assessment of the transaction's qualification for hedge accounting.

As a result, the financial statements for all affected periods through December 31, 2005, reflect a cumulative charge of approximately $3.4 million (net of income taxes) to account for the interest rate swaps referred to above as if hedge accounting was never applicable to them. In addition, the fiscal year 2005 financial statements include a charge of approximately $5.1 million (net of income taxes), to reflect the same treatment.

Fair value hedge accounting allows a company to record the change in fair value of the hedged item (in this case, brokered CDs) as an adjustment to income by offsetting the fair value adjustment on the related interest rate swap. Eliminating the application of fair value hedge accounting reverses the fair value adjustments that were made to the brokered CDs. Therefore, while the interest rate swap is recorded on the balance sheet at its fair value, the related hedged items, the brokered CDs, are required to be carried at par. Additionally, the net cash settlement payments received during each of the above periods for these interest rate swaps were reclassified from interest expense on brokered CDs to noninterest income.

The effects of the change in accounting for certain interest rate swaps on the consolidated balance sheet as of, and income statement for the periods indicated previously, are detailed in the Company's December 31, 2005 Annual Report on Form 10-K.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward-looking Statements

When used in this Annual Report and in future 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, changes in economic conditions in the Company's market area, changes in policies by regulatory agencies, fluctuations in interest rates, 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, the Company's ability to access cost-effective funding, fluctuations in real estate values and both residential and commercial real estate market conditions, demand for loans and deposits in the Company's market area and competition, that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company wishes to advise readers that the factors listed above 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.

The Company considers 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, including, 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 that would adversely impact earnings in future periods.

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, 2007, under the section titled "Item 1. Business - Allowances for Losses on Loans and Foreclosed Assets." Judgments and assumptions used by management in the past have resulted in an overall allowance for loan losses that has been sufficient to absorb estimated loan losses. 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 these financial statements, 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 in the near term from the carrying value reflected in these financial statements, resulting in losses that could adversely impact earnings in future periods.

General

The profitability of the Company and, more specifically, the profitability of its primary subsidiary, Great Southern Bank, depends primarily on its net interest income. Net interest income is the difference between the interest income it earns on its loans and investment portfolio, 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 year ended December 31, 2007, the Company's net loans increased $141.4 million, or 8.5%. As loan demand is affected by a variety of factors, including general economic conditions, and because of the competition we face, we cannot be assured that our loan growth will match or exceed the level of increases achieved in prior years. If economic conditions do not deteriorate, we believe that we are well positioned to continue to originate a substantial amount of loans in our Southwest Missouri market as well as our loan production markets of St. Louis, Kansas City, Central Missouri and Northwest Arkansas. In addition, we may consider other markets in which to establish loan production offices. In the year ended December 31, 2007, the disbursed portion of residential and commercial construction loan balances increased $59 million. Based upon the current lending environment and economic conditions, growth in our loan portfolio may be limited in 2008 to an amount that could be below our average of 11% over the last five years.

In addition, the level of non-performing loans and foreclosed assets may affect our net interest income and net income. While the Company has not historically had an overall high level of charge-offs on non-performing loans, the Company does not accrue interest income on these loans and does not recognize interest income until the loan is repaid or interest payments have been made for a period of time sufficient to provide evidence of performance on the loan. Generally, the higher the level of non-performing assets, the greater the negative impact on interest income and net income.

Loan growth continued in our Loan Production Offices (LPO). Many of these loans originated by our LPOs are construction loans where the customer has yet to draw the full line. In the year ended December 31, 2007, the Overland Park, Kansas LPO originated loans totaling $77.7 million with outstanding loan balances of $184.5 million at December 31, 2007. In the year ended December 31, 2007, the Rogers, Arkansas LPO originated loans totaling $130.8 million with outstanding loan balances of $173.7 million at December 31, 2007. In the year ended December 31, 2007, the St. Louis LPO originated loans totaling $160.4 million with outstanding loan balances of $251.5 million at December 31, 2007. The Columbia LPO, which began operating in March 2006 and serves the Columbia, Jefferson City, and Lake of the Ozarks, Mo., region, originated $47.9 million of loans with outstanding loan balances of $58.5 million at December 31, 2007.

The Company attracts deposit accounts through the Bank's retail branch network, correspondent banking and corporate services areas, and brokered deposits. The Company then utilizes these deposit funds, along with FHLBank advances and other borrowings, to meet loan demand. In the year ended December 31, 2007, total deposit balances increased $59.3 million. Of this total increase, interest-bearing transaction accounts increased $101.0 million and retail certificates of deposit increased $25.2 million. Partially offsetting the increases in these deposit categories, non-interest-bearing checking accounts decreased $39.0 million. As the generation of increased net interest income is critical to the growth of Great Southern's earnings, the continued ability to attract deposits or generate other funding sources is very important to successful loan growth. There is a high level of competition for deposits in our markets. While it is our goal to gain checking account and certificate of deposit market share in our branch footprint, we cannot be assured of this in future periods. During the year ended December 31, 2007, our interest-bearing checking account balances have continued to increase; however, our non-interest-bearing checking account balances have decreased in this same time period. Non-interest-bearing checking accounts have decreased primarily as a result of lower balances being kept in correspondent bank customers' accounts. These lower balances are due to the effects of the correspondent customers clearing checks through other avenues using electronic presentment, thus requiring lower compensating balances. If this decrease in non-interest-bearing checking account balances continues, it could negatively impact our net interest income. In the year ended December 31, 2007, brokered deposit balances decreased $33.6 million. As these balances matured, we elected to replace these funds with the retail deposits noted here and supplemented this with additional FHLBank advances.

Our ability to fund growth in future periods may also be dependent 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 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 would adversely affect our business, financial condition and results of operations.

Our net interest income may be affected positively or negatively by market interest rate changes. A large portion of our loan portfolio is tied to the "prime" rate and adjusts immediately when this rate adjusts. We also have a large portion of our liabilities that will reprice with changes to the federal funds rate or the three-month LIBOR rate. We monitor our sensitivity to interest rate changes

on an ongoing basis (see “Quantitative and Qualitative Disclosures About Market Risk"). While we currently believe that neither increases nor decreases in market interest rates will materially adversely impact our net interest income, circumstances could change which may alter that outlook.

Ongoing changes in the level and shape of the interest rate yield curve pose challenges for interest rate risk management. Beginning in the second half of 2004 and through September 30, 2006, the Board of Governors of the Federal Reserve System (the "FRB") increased short-term interest rates through steady increases to the Federal Funds rate. Other short-term rates, such as LIBOR and short-term U.S. Treasury rates, increased in conjunction with these increases by the FRB. By September 30, 2006, the FRB had raised the Federal Funds rates by 4.25% (from 1.00% in June 2004) and other short-term rates rose by corresponding amounts. However, there was not a parallel shift in the yield curve; intermediate and long-term interest rates did not increase at a corresponding pace. This caused the shape of the interest rate yield curve to become much flatter, which creates different issues for interest rate risk management. On September 18, 2007, the FRB decreased the Federal Funds rate by 50 basis points and many market interest rates began to fall in the following weeks. In the months following September 2007, the FRB has reduced the Federal Funds rate by an additional 175 basis points. The Federal Funds rate now stands at 3.00%. In addition, during 2006 and 2007, Great Southern's net interest margin was negatively affected by certain characteristics of some of its loans, deposit mix, loan and deposit pricing by competitors, and timing of interest rate increases by the FRB as compared to interest rate changes in the financial markets. For the years ended December 31, 2007 and 2006, interest income was reduced $1.6 million and $695,000, respectively, due to the reversal of accrued interest on loans which were added to non-performing status during 2007 and 2006. This reduced net interest income and net interest margin. Also, for the year ended December 31, 2007, the average balance of investment securities increased by approximately $44 million due to the purchase of securities to pledge against increased public funds deposits and customer repurchase agreements. While we earned a positive spread on these securities, it was much smaller than our overall net interest spread, having the effect of increasing net interest income but decreasing net interest margin.

Generally, the flattening interest rate yield curve hurt Great Southern's ability to reinvest proceeds from loan and investment repayments at higher rates. In 2006 and the first nine months of 2007, the Company's cost of funds increased faster than its yield on loans and investments. This trend moderated beginning in the third quarter of 2007 as market interest rates started moving lower and the FRB cut the Federal Funds rate beginning in September 2007 by a total of 225 basis points to date. Prior to this downward trend, Great Southern had increased rates on checking, money market and retail certificate accounts in order to remain competitive, while not leading the market. With the decreases in the Federal Funds rate, Great Southern has lowered rates paid on deposits while trying to remain competitive in the market. Great Southern's deposit mix has also led to a relatively increased cost of funds. The Company has significant balances in high-dollar money market and premium NOW accounts, the owners of which are very rate sensitive and compare these products to other bank and non-bank products available by competing financial services companies. Another factor that negatively impacted net interest income in the latter portion of 2007, was the increase in LIBOR interest rates compared to Federal Funds rates in the last half of 2007 as a result of credit and liquidity concerns in financial markets. These LIBOR interest rates were elevated approximately 30-70 basis points compared to historical averages versus the stated Federal Funds rate. The Company has interest rate swaps and other borrowings that are indexed to LIBOR, thereby causing increased funding costs. These higher LIBOR interest rates began to decline to more normal levels during the first two weeks of January 2008. Additionally, recent FRB interest rate cuts have impacted net interest income. Generally, a rate cut by the FRB would have an anticipated immediate negative impact on net interest income due to the large total balance of loans that are tied to the "prime rate of interest" which generally adjust immediately as Fed Funds adjust. This negative impact is expected to be offset over the following 60- to 120-day period, and subsequently is expected to have a positive impact, as the Company's interest rates on deposits, borrowings and interest rate swaps should also reduce as a result of changes in interest rates by the FRB, assuming normal credit, liquidity and competitive loan and deposit pricing pressures.

In 2006 and the first half of 2007, margin compression also occurred in the Company's investment securities portfolio. The Company added securities in previous years to pledge as collateral to secure public funds deposits and customer reverse repurchase agreements. The interest rates paid to these customers increased consistent with short-term market interest rate increases, while the overall yield on the investment portfolio did not increase as rapidly. In previous years, the Company earned a greater spread on these securities due to the very low rate environment and the then-steeper interest rate yield curve compared to 2006 and 2007. As borrowing costs increased, the spread earned on these securities decreased. The Company has also repositioned some of its investment portfolio over time to shorten the time frame its securities will reprice. Margin compression related to the Company's investment securities portfolio improved in the last half of 2007 as yields on securities continue to increase and the FRB lowered the Federal Funds rate. In 2007, the overall yield on the investment portfolio (including other interest-earning assets) increased and was 5.49% at December 31, 2007 compared to 5.03% at December 31, 2006.

At December 31, 2007, the Company also had a portfolio of prime-based loans totaling approximately $1.22 billion with rates that change immediately with changes to the prime rate of interest. Of this total, $760 million represented loans which had interest rate floors. These floors were at varying rates, with $328 million of these loans having floor rates of 7.0% or greater and another $343 million of these loans having floor rates between 5.5% and 7.0%. During 2003 and 2004, the Company's loan portfolio

had loans with rate floors that were much lower. However, since market interest rates were also much lower at that time, these loan rate floors went into effect and established a loan rate which was higher than the contractual rate would have otherwise been. This contributed to a loan yield for the entire portfolio which was approximately 139 and 55 basis points higher than the "prime rate of interest" at December 31, 2003 and 2004, respectively. As interest rates rose in the second half of 2004 and throughout 2005 and 2006, these interest rate floors were exceeded and the loans reverted back to their normal contractual interest rate terms. At December 31, 2005, the loan yield for the portfolio was approximately 8 basis points higher than the "prime rate of interest," resulting in lower interest rate margins. At December 31, 2006, the loan portfolio yield was approximately 5 basis points lower than the "prime rate of interest." During the latter portion of 2007 and into 2008, as the "prime rate of interest" has gone down, the Company's loan portfolio again had loans with rate floors that went into effect and established a loan rate which was higher than the contractual rate would have otherwise been. This contributed to a loan yield for the entire portfolio which was approximately 33 basis points higher than the "prime rate of interest" at December 31, 2007. Through March 15, 2008, the "prime rate of interest" has decreased an additional 125 basis points since December 31, 2007.

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, commissions earned by our travel, insurance and investment divisions, late charges and prepayment fees on loans, gains on sales of loans and available-for-sale investments and other general operating income. Non-interest income is also affected by the Company's hedging activities. Operating expenses consist primarily of salaries and employee benefits, occupancy-related expenses, postage, insurance, advertising and public relations, telephone, professional fees, office expenses and other general operating expenses.

In the year ended December 31, 2007 compared to the year ended December 31, 2006, non-interest income decreased slightly due primarily to the impairment write-down in value of one available-for-sale Freddie Mac preferred stock security. This write-down totaled $1.1 million. In November and December 2007, the value of this security declined sharply due to the credit and capital concerns faced by many financial services companies, including government-sponsored enterprises Freddie Mac and Fannie Mae. Excluding this securities loss, non-interest income increased primarily as a result of higher commission revenues from our travel, insurance and investment divisions and deposit account charges, partially offset by lower fees on loans. This increase in commission revenues was primarily in the travel division as a result of the acquisition of a St. Louis travel agency in the first quarter of 2007 and internal growth. Fees from service charges and overdrafts will likely increase modestly in 2008 compared to 2007 as we expect that retail checking accounts will grow at a modest pace in 2008. We expect to continue to add checking balances; however, much of this growth is expected to come from additional corporate banking relationships which will not generate as much fee income as smaller individual checking accounts. The level of commission revenue in our travel division in 2008 is likely to remain consistent with 2007 levels; however, given current general economic conditions, substantial shocks could occur in the financial markets or the travel industry that could reduce travel by businesses and individuals in 2008. Currently the Company does not have any plans to acquire additional travel agencies. Increasing non-interest income in 2006 was the early repayment of five unrelated loans that triggered significant prepayment fees. Non-interest income increased $1.6 million in the year ended December 31, 2007, and increased $1.5 million in the year ended December 31, 2006, as a result of the change in the fair value of certain interest rate swaps and the related change in fair value of hedged deposits.

In the year ended December 31, 2007 compared to the year ended December 31, 2006, operating expenses increased primarily due to the continued growth of the Company. The primary increases were in the categories of salaries and benefits expense, insurance, and expenses on foreclosed assets, with smaller increases and decreases in some of the other expense categories such as occupancy and equipment expense, postage, advertising and others. During the fourth quarter of 2006, Great Southern completed its acquisition of a travel agency in Columbia, Mo., and opened banking centers in Lee's Summit, Mo. and Ozark, Mo. In March 2007, Great Southern acquired a travel agency in St. Louis, Mo., and in June 2007, opened a banking center in Springfield, Mo. We anticipate that increases will occur again in 2008, at a moderate level, with regard to employee costs and occupancy expenses as we continue to add new banking centers to serve new and existing customers. We anticipate that expense increases in 2008 will be fairly consistent with the expense increases recorded in 2007. In addition, due to the increases in levels of foreclosed assets, foreclosure-related expenses in 2007 were higher than in 2006.

In 2007, the Federal Deposit Insurance Corporation (FDIC) began to once again assess insurance premiums on insured institutions. Under the new pricing system, institutions in all risk categories, even the best rated, are charged an FDIC premium. Great Southern received a deposit insurance credit as a result of premiums previously paid. The Company's credit offset assessed premiums for the first half of 2007, but premiums were owed by the Company in the latter half of 2007. For the year ended December 31, 2007, the Company incurred additional insurance expense of $568,000. The Company expects a similar quarterly expense of $300,000 in future quarters, with additional expense based upon deposit growth.

The operations of the Bank, and banking institutions in general, are significantly influenced by general economic conditions and related monetary and fiscal policies of regulatory agencies. Deposit flows and the cost of deposits and borrowings are influenced by interest rates on competing investments and general market rates of interest. Lending activities are affected by the demand for financing real estate and other types of loans, which in turn are affected by the interest rates at which such financing may be offered and other factors affecting loan demand and the availability of funds.

Effect of Federal Laws and Regulations

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.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* . This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure related to the use of fair value measures in financial statements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, and does not expand the use of fair value measures in financial statements, but standardizes its definition and guidance in generally accepted accounting principles. SFAS No. 157 emphasizes that fair value is a market-based measurement based on an exchange transaction between market participants in which an entity sells an asset or transfers a liability. SFAS No. 157 also establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. The Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. SFAS No. 157 is effective for the Company on January 1, 2008 and is not expected to have a material effect on the Company's financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 provides companies with the option to report selected financial assets and liabilities at fair value. Under the option, any changes in fair value would be included in earnings. This Statement seeks to reduce both complexity in accounting and volatility in earnings caused by differences in the existing accounting rules. Existing accounting principles use different measurement attributes for different assets and liabilities, which can lead to earnings volatility. SFAS No. 159 helps to mitigate this type of accounting-induced volatility by enabling companies to achieve a more consistent accounting for changes in the fair value of related assets and liabilities without having to apply complex hedge accounting provisions. Under this Statement, entities may measure at fair value financial assets and liabilities selected on a contract-by-contract basis. They would be required to display those values separately from those measured under different attributes on the face of the statement of financial condition. Furthermore, companies must provide additional information that would help investors and other users of financial statements to more easily understand the effect on earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 is effective for the Company on January 1, 2008 and is not expected to have a material effect on the Company's financial position or results of operations.

In January 2007, the FASB issued an exposure draft – *Disclosures about Derivative Instruments and Hedging Activities* . This exposure draft would amend and expand the disclosure requirements in SFAS No. 133, *Accounting for Derivatives Instruments and Hedging Activities* . The FASB issued this proposed Statement to address concerns that the existing disclosure requirements for derivative instruments and related hedged items do not provide adequate information on the effect that derivative activities have on an entity's overall consolidated financial condition or results of operations. Specific disclosure requirements are outlined in the proposed Statement. At this time, the FASB continues its deliberations regarding this exposure draft and has not adopted the final Statement. The Company continues to monitor the exposure draft to determine the impact, if any, on the consolidated financial condition or results of operations of the Company.

In November 2007, the Securities and Exchange Commission Staff issued Staff Accounting Bulletin ("SAB") No. 109, *Written Loan Commitments Recorded at Fair Value Through Earnings* . This SAB supersedes the guidance previously issued in SAB No. 105, *Application of Accounting Principles to Loan Commitments* . SAB No. 109 expresses the current view of the staff that the expected net future cash flows related to the associated servicing of the loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. SAB No. 109 is effective for the Company on January 1, 2008 and is not expected to have a material effect on the Company's financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised), *Business Combinations*. SFAS No. 141(revised) retains the fundamental requirements in Statement 141 that the acquisition method of accounting be used for business combinations, but broadens the scope of Statement 141 and contains improvements to the application of this method. The Statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. Costs incurred to effect the acquisition are to be recognized separately from the acquisition. Assets and liabilities arising from contractual contingencies must be measured at fair value as of the acquisition date. Contingent onsideration must also be measured at fair value as of the acquisition date. SFAS No. 141 (revised) applies to business combinations occurring after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an Amendment of ARB No. 51* . SFAS No. 160 requires that a noncontrolling interest in a subsidiary be accounted for as equity in the consolidated statement of financial position and that net income include the amounts for both the parent and the noncontrolling interest, with a separate amount presented in the income statement for the noncontrolling interest share of net income. SFAS No. 160 also expands the disclosure requirements and provides guidance on how to account for changes in the ownership interest of a subsidiary. SFAS No. 160 is effective for the Company on January 1, 2009 and is not expected to have a material effect on the Company's financial position or results of operations.

In January 2008, the FASB issued Statement 133 Implementation Issue No. E23 – *Issues Involving the Application of the Shortcut Method Under Paragraph 68* . This Implementation Issue amends the accounting and reporting requirements of paragraph 68 of Statement 133 (the shortcut method) to address certain practice issues. It addresses a limited number of issues that have caused implementation difficulties in the application of paragraph 68 of Statement 133. The objective is to improve financial reporting related to the shortcut method to increase comparability in financial statements. This pronouncement is effective for hedging relationships designated on or after January 1, 2008 and is not expected to have a material effect on the Company's financial position or results of operations.

Comparison of Financial Condition at December 31, 2007 and December 31, 2006

During the year ended December 31, 2007, the Company increased total assets by $191.4 million to $2.43 billion. Net loans increased by $141.4 million. The main loan areas experiencing increases were commercial and residential construction, commercial business, consumer and residential mortgage loans. The Company's strategy continues to be focused on growing the loan portfolio, while maintaining credit risk and interest rate risk at appropriate levels. For many years, the Company has developed a niche in commercial real estate and construction lending in Southwest Missouri. Great Southern's strategy is to continue to build on this competency in Southwest Missouri and in other geographic areas through the Company's loan production offices. Available-for-sale investment securities increased by $80.8 million, primarily due to increased balances of U. S. Government Agency securities which were used for pledging to public fund deposit accounts. While there is no specifically stated goal, the available-for-sale securities portfolio has in recent years been approximately 15% to 20% of total assets. The available-for-sale securities portfolio was 17.5% and 15.4% of total assets at December 31, 2007 and 2006, respectively. Cash and cash equivalents decreased $52.6 million, primarily due to smaller cash letter settlements between the Company and other banks at December 31, 2007. Foreclosed assets increased $15.6 million, primarily due to the foreclosure of several loan relationships throughout 2007. See "Non-performing Assets" for additional information on foreclosed assets.

Total liabilities increased $177.1 million from December 31, 2006 to $2.24 billion at December 31, 2007. Deposits increased $59.3 million, FHLBank advances increased $34.7 million and short-term borrowings increased $95.8 million. The increase in short-term borrowings was the result of increases in securities sold under repurchase agreements with Bank customers ($23 million), increases in overnight borrowings ($23 million) and a term borrowing from the FRB ($50 million). FHLBank advances increased from $179.2 million at December 31, 2006, to $213.9 million at December 31, 2007. The level of FHLBank advances will fluctuate depending on growth in the Company's loan portfolio and other funding needs and sources of the Company. Retail certificates of deposit increased $25.2 million, to $421.9 million. Total brokered deposits were $674.6 million at December 31, 2007, down from $708.2 million at December 31, 2006. Interest-bearing checking balances increased $101.0 million in the year ended December 31, 2007, to $491.1 million. Non-interest-bearing checking balances decreased $39.0 million in the year ended December 31, 2007, to $166.2 million. Checking account balances totaled $657.4 million at December 31, 2007, up from $595.3 million at December 31, 2006. Subordinated debentures issued to capital trust increased $5.2 million as a result of the Company's decision to add a new issue of trust preferred securities in 2007.

Stockholders' equity increased $14.3 million from $175.6 million at December 31, 2006 to $189.9 million at December 31, 2007. Net income for fiscal year 2007 was $29.3 million and accumulated other comprehensive income increased $1.3 million, partially offset by dividends declared of $9.2 million and net repurchases of the Company's common stock of $7.1 million. In 2007, the Company repurchased 342,377 shares of its common stock at an average price of $25.57 per share and reissued 65,609 shares of Company stock at an average price of $17.62 per share to cover stock option exercises.

Management intends to continue to repurchase stock from time to time as long as management believes that repurchasing the stock contributes to the overall growth of shareholder value. The timing of repurchases, number of shares of stock that will be repurchased and the price that will be paid is the result of many factors, several of which are outside 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.

Results of Operations and Comparison for the Years Ended December 31, 2007 and 2006

General

Including the effects of the Company's hedge accounting entries recorded in 2007 and 2006, net income decreased $1.4 million, or 4.7%, during the year ended December 31, 2007, compared to the year ended December 31, 2006. This decrease was primarily due to an increase in non-interest expense of $2.9 million, or 5.8%, an increase in provision for income taxes of $484,000, or 3.5%, and a decrease in non-interest income of $261,000, or 0.9%, partially offset by an increase in net interest income of $2.2 million, or 3.1%.

Excluding the effects of the Company's hedge accounting entries recorded in 2007 and 2006, net income decreased $1.7 million, or 5.7%, during the year ended December 31, 2007, compared to the year ended December 31, 2006. This decrease was primarily due to an increase in non-interest expense of $2.9 million, or 5.8%, an increase in provision for income taxes of $328,000, or 2.4%, and a decrease in non-interest income of $103,000, or 0.4%, partially offset by an increase in net interest income of $1.6 million, or 2.2%. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

The information presented in the table below and elsewhere in this report excluding hedge accounting entries recorded (for the 2007 and 2006 periods) is not prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The tables below and elsewhere in this report excluding hedge accounting entries recorded (for the 2007 and 2006 periods) contain reconciliations of this information to the reported information prepared in accordance with GAAP. The Company believes that this non-GAAP financial information is useful in its internal management financial analyses and may also be useful to investors because the Company believes that the exclusion of these items from the specified components of net income better reflect the Company's underlying operating results during the periods indicated for the reasons described above. The amortization of the deposit broker fee and the net change in fair value of interest rate swaps and related deposits may be volatile. For example, if market interest rates decrease significantly, the interest rate swap counterparties may wish to terminate the swaps prior to their stated maturities. If a swap is terminated, it is likely that the Company would redeem the related deposit account at face value. If the deposit account is redeemed, any unamortized broker fee associated with the deposit account must be written off to interest expense. In addition, if the interest rate swap is terminated, there may be an income or expense impact related to the fair values of the swap and related deposit which were previously recorded in the Company's financial statements. The effect on net income, net interest income, net interest margin and non-interest income could be significant in any given reporting period.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31,			
	2007		2006	
	Dollars	Earnings Per Diluted Share	Dollars	Earnings Per Diluted Share
Reported Earnings	**$ 29,299**	**$ 2.15**	**$ 30,743**	**$ 2.22**
Amortization of deposit broker origination fees (net of taxes)	762	.05	1,155	.08
Net change in fair value of interest rate swaps and related deposits (net of taxes)	(1,102)	(.08)	(1,204)	(.08)
Earnings excluding impact of hedge accounting entries	$ 28,959	$ 2.12	$ 30,694	$ 2.22

Total Interest Income

Total interest income increased $13.8 million, or 9.2%, during the year ended December 31, 2007 compared to the year ended December 31, 2006. The increase was due to a $9.6 million, or 7.2%, increase in interest income on loans and a $4.2 million, or 24.5%, increase in interest income on investments and other interest-earning assets. Interest income for both loans and investment securities and other interest-earning assets increased due to higher average balances. Interest income for investment securities and other interest-earning assets also increased due to higher average rates of interest while loans experienced average rates of interest that were effectively unchanged.

Interest Income - Loans

During the year ended December 31, 2007 compared to December 31, 2006, interest income on loans increased primarily due to higher average balances. Interest income increased $9.7 million as the result of higher average loan balances from $1.65 billion during the year ended December 31, 2006 to $1.77 billion during the year ended December 31, 2007. The higher average balance resulted principally from the Bank's increased commercial and residential construction lending, commercial business lending and consumer lending. The Bank's commercial real estate and multi-family residential average loan balances experienced small decreases, while one- to four-family residential average loan balances increased slightly during 2007.

Interest income on loans decreased $116,000 as the result of a slight reduction in average interest rates. The average yield on loans decreased from 8.05% during the year ended December 31, 2006, to 8.04% during the year ended December 31, 2007. Average loan rates were generally similar in 2007 and 2006, as a result of market rates of interest, primarily the "prime rate" of interest. During the first half of 2006, market interest rates increased, with the "prime rate" of interest increasing 1.00% by the end of June 2006. A large portion of the Bank's loan portfolio adjusts with changes to the "prime rate" of interest. The Company has a portfolio of prime-based loans which have interest rate floors. Prior to 2005, many of these loan rate floors were in effect and established a loan rate which was higher than the contractual rate would have otherwise been. During 2005 and 2006, as market interest rates rose, many of these interest rate floors were exceeded and the loans reverted back to their normal contractual interest rate terms. In the year ended December 31, 2006, the average yield on loans was 8.05% versus an average prime rate for the period of 7.96%, or a difference of 9 basis points. In the year ended December 31, 2007, the average yield on loans was 8.04% versus an average prime rate for the period of 8.05%, or a difference of a negative 1 basis point.

For the years ended December 31, 2007, and 2006, interest income was reduced $1.6 million and $695,000, respectively, due to the reversal of accrued interest on loans that were added to non-performing status during the period. Partially offsetting this, the Company collected interest that was previously charged off in the amount of $227,000 and $189,000 in the years ended December 31, 2007 and 2006, respectively. See "Net Interest Income" for additional information on the impact of this interest activity.

Additionally, recent FRB interest rate cuts subsequent to December 31, 2007, have impacted interest income and net interest income. Generally, a rate cut by the FRB would have an anticipated immediate negative impact on interest income and net interest income due to the large total balance of loans which generally adjust immediately as Fed Funds adjust. This negative impact is expected to be offset over the following 60- to 120-day period, and subsequently is expected to have a positive impact, as the Company's interest rates on deposits, borrowings and interest rate swaps should also reduce as a result of changes in interest rates by the FRB, assuming normal credit, liquidity and competitive loan and deposit pricing pressures.

Interest Income - Investments and Other Interest-earning Deposits

Interest income on investments and other interest-earning assets increased as a result of higher average rates of interest during the year ended December 31, 2007, when compared to the year ended December 31, 2006. Interest income increased by $2.1 million as a result of an increase in average interest rates from 4.39% during the year ended December 31, 2006, to 4.91% during the year ended December 31, 2007. In 2006, as principal balances on mortgage-backed securities were paid down through prepayments and normal amortization, the Company replaced a portion of these securities with variable-rate mortgage-backed securities (primarily one-year and hybrid ARMs) which had a lower yield at the time of purchase relative to the fixed-rate securities remaining in the portfolio. As these securities reached interest rate reset dates in 2007, their rates increased along with market interest rate increases. Approximately $50-55 million will have interest rate resets at some time in 2008, with the currently projected weighted average coupon rate decreasing approximately .34% based on market interest rates at December 31, 2007. In addition, approximately $25-30 million will have initial interest rate resets at some time in 2009. The actual amount of securities that will reprice and the actual interest rate changes on these securities is subject to the level of prepayments on these securities and the changes that actually occur in market interest rates (primarily treasury rates and LIBOR rates). The Company has total variable-rate mortgage-backed securities of approximately $109 million at December 31, 2007. In addition, the Company also increased its portfolio of tax-exempt securities issued by states and municipalities over the past two years from $46 million at December 31, 2005 to $63 million at December 31, 2007. These securities generally have coupon yields that are comparable to treasury market interest rates; however, the tax-equivalent yield is higher. Interest income increased $2.0 million as a result of an increase in average balances from $387 million during the year

ended December 31, 2006, to $431 million during the year ended December 31, 2007. This increase was primarily in available-for-sale agency securities, where securities were needed for liquidity and pledging to deposit accounts under customer repurchase agreements and public fund deposits. Many of these agency securities are callable at the option of the issuer, so it is likely that, as market interest rates have declined, agency security balances will be reduced in 2008.

Total Interest Expense

Including the effects of the Company's accounting change in 2005 for certain interest rate swaps, total interest expense increased $11.6 million, or 14.4%, during the year ended December 31, 2007, when compared with the year ended December 31, 2006, primarily due to an increase in interest expense on deposits of $10.5 million, or 16.0%, an increase in interest expense on short-term borrowings of $1.7 million, or 30.2%, and an increase in interest expense on subordinated debentures issued to capital trust of $579,000, or 43.4%, partially offset by a decrease in interest expense on FHLBank advances of $1.2 million, or 14.4%.

Excluding the effects of the Company's hedge accounting entries recorded in 2007 and 2006 for certain interest rate swaps, economically, total interest expense increased $12.2 million, or 15.4%, during the year ended December 31, 2007, when compared with the year ended December 31, 2006, primarily due to an increase in interest expense on deposits of $11.1 million, or 17.4%, an increase in interest expense on short-term borrowings of $1.7 million, or 30.2%, and an increase in interest expense on subordinated debentures issued to capital trust of $579,000, or 43.4%, partially offset by a decrease in interest expense on FHLBank advances of $1.2 million, or 14.4%. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

Interest Expense - Deposits

Including the effects of the Company's hedge accounting entries recorded in 2007 and 2006, interest on demand deposits increased $1.5 million due to an increase in average rates from 3.01% during the year ended December 31, 2006, to 3.34% during the year ended December 31, 2007. Average interest rates increased due to higher overall market rates of interest in 2006 and the first nine months of 2007. Market rates of interest on checking and money market accounts began to increase prior to 2007 as the FRB raised short-term interest rates. Interest on demand deposits increased $1.9 million due to an increase in average balances. The Company's interest-bearing checking balances have grown in the past several years through increased relationships with correspondent, corporate and retail customers. Average interest-bearing demand balances were $481 million, $421 million and $382 million in 2007, 2006 and 2005, respectively. Average non-interest bearing demand balances were $171 million, $189 million and $170 million in 2007, 2006 and 2005, respectively.

Interest expense on deposits increased $2.1 million as a result of an increase in average rates of interest on time deposits from 5.12% during the year ended December 31, 2006, to 5.32% during the year ended December 31, 2007, and increased $5.1 million due to an increase in average balances of time deposits from $1.036 billion during the year ended December 31, 2006, to $1.132 billion during the year ended December 31, 2007. The average interest rates increased due to higher overall market rates of interest throughout 2006 and into 2007. As certificates of deposit matured in 2006 and the first half of 2007, they were generally replaced with certificates bearing a higher rate of interest. Market rates of interest on new certificates began to increase in the latter half of 2004 through the first half of 2007 as the FRB raised short-term interest rates. In 2006, the Company increased its balances of brokered certificates of deposit to fund a portion of its loan growth. Brokered certificates of deposit balances decreased $33.6 million in 2007, to $674.6 million. Retail certificates of deposit increased $25.2 million in 2007, to $421.9 million. In addition, the Company's interest rate swaps repriced higher in 2006 and 2007 in conjunction with the increases in market interest rates, specifically LIBOR. LIBOR interest rates increased compared to Federal Funds rates in the last half of 2007 as a result of credit and liquidity concerns in financial markets. These LIBOR interest rates were elevated approximately 30-70 basis points compared to historical averages versus the stated Federal Funds rate. The Company has interest rate swaps and other borrowings that are indexed to LIBOR, thereby causing increased funding costs. These higher LIBOR interest rates have declined significantly during January and February 2008.

The effects of the Company's hedge accounting entries recorded in 2007 and 2006 did not impact interest on demand deposits.

Excluding the effects of the Company's hedge accounting entries recorded in 2007 and 2006, economically, interest expense on deposits increased $2.8 million as a result of an increase in average rates of interest on time deposits from 4.95% during the year ended December 31, 2006, to 5.21% during the year ended December 31, 2007, and increased $4.9 million due to an increase in average balances of time deposits from $1.036 billion during the year ended December 31, 2006, to $1.132 billion during the year ended December 31, 2007. The average interest rates increased due to higher overall market rates of interest throughout 2006 and into 2007. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

Interest Expense - FHLBank Advances, Short-term Borrowings and Subordinated Debentures Issued to Capital Trust

Interest expense on FHLBank advances decreased $1.7 million due to a decrease in average balances on FHLBank advances from $180 million in the year ended December 31, 2006, to $145 million in the year ended December 31, 2007. The reason for this decrease was the Company elected to utilize other forms of alternative funding during 2007. Partially offsetting this decrease, FHLBank advances experienced an increase in average interest rates from 4.51% during the year ended December 31, 2006, to 4.81% during the year ended December 31, 2007, resulting in increased interest expense of $514,000.

Interest expense on short-term borrowings increased $1.8 million due to an increase in average balances on short-term borrowings from $130 million during the year ended December 31, 2006, to $171 million during the year ended December 31, 2007. Partially offsetting this increase, average interest rates decreased from 4.36% in the year ended December 31, 2006, to 4.30% in the year ended December 31, 2007, resulting in decreased interest expense of $75,000. The increase in balances of short-term borrowings was primarily due to increases in securities sold under repurchase agreements with Great Southern's corporate customers and increased short-term borrowings in the latter portion of 2007 to take advantage of declining Federal Funds rates. Market rates of interest on short-term borrowings increased beginning in the middle of 2004 through early 2007 as the FRB raised short-term interest rates. The FRB began to lower short-term interest rates in the latter portion of 2007 and has continued to lower these rates in the first two months of 2008.

Interest expense on subordinated debentures issued to capital trust increased $646,000 due to increases in average balances from $18.7 million in the year ended December 31, 2006, to $28.2 million in the year ended December 31, 2007. The average rate of interest on these subordinated debentures decreased slightly in 2007 as these liabilities pay a variable rate of interest that is indexed to LIBOR. In November 2006, the Company redeemed its trust preferred debentures which were issued in 2001 and replaced them with new trust preferred debentures. These new debentures are not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at a rate of three-month LIBOR plus 1.60%, adjusting quarterly. In July 2007, the Company issued additional trust preferred debentures. These new debentures are also not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at a rate of three-month LIBOR plus 1.40%, adjusting quarterly.

Net Interest Income

Including the impact of the accounting entries recorded for certain interest rate swaps, net interest income for the year ended December 31, 2007 increased $2.2 million to $71.4 million compared to $69.2 million for the year ended December 31, 2006. Net interest margin was 3.24% in the year ended December 31, 2007, compared to 3.39% in 2006, a decrease of 15 basis points. This margin decrease was caused by several factors. For the years ended December 31, 2007, and 2006, interest income was reduced $1.6 million and $695,000, respectively, due to the reversal of accrued interest on loans that were added to non-performing status during the period. Partially offsetting this, the Company collected interest that was previously charged off in the amount of $227,000 and $189,000 in the years ended December 31, 2007 and 2006, respectively. Another factor that negatively impacted net interest income and net interest margin in 2007, was the increase in the spread between LIBOR interest rates compared to Federal Funds rates in the last half of 2007 as a result of credit and liquidity concerns in financial markets. These LIBOR interest rates were elevated approximately 30-70 basis points compared to historical averages versus the stated Federal Funds rate. The Company has interest rate swaps and other borrowings that are indexed to LIBOR, thereby causing increased funding costs. These relative higher LIBOR interest rates have declined to more normal levels in 2008. Additionally, recent FRB interest rate cuts have impacted net interest income. Generally, a rate cut by the FRB would have an anticipated immediate negative impact on net interest income due to the large total balance of loans which generally adjust immediately as Fed Funds adjust. This negative impact is expected to be offset over the following 60 to 120-day period, and subsequently is expected to have a positive impact, as the Company's interest rates on deposits, borrowings and interest rate swaps should also reduce as a result of changes in interest rates by the FRB, assuming normal credit, liquidity and competitive loan and deposit pricing pressures.

The Company's overall interest rate spread decreased 12 basis points, or 4.2%, from 2.83% during the year ended December 31, 2006, to 2.71% during the year ended December 31, 2007. The decrease was due to a 19 basis point increase in the weighted average rate paid on interest-bearing liabilities, partially offset by a 7 basis point increase in the weighted average yield on interest-earning assets. The Company's overall net interest margin decreased 15 basis points, or 4.4%, from 3.39% for the year ended December 31, 2006, to 3.24% for the year ended December 31, 2007. In comparing the two years, the yield on loans decreased 1 basis point while the yield on investment securities and other interest-earning assets increased 52 basis points. The rate paid on deposits increased 22 basis points, the rate paid on FHLBank advances increased 30 basis points, the rate paid on short-term borrowings decreased 6 basis points, and the rate paid on subordinated debentures issued to capital trust decreased 34 basis points. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

For the year ended December 31, 2007, compared to 2006, the average balance of investment securities increased by approximately $44 million due to the purchase of securities in early 2007 to pledge against increased public fund deposits and customer repurchase agreements. While the Company earned a positive spread on these securities, it was much smaller than the Company's overall net interest spread, having the effect of increasing net interest income but decreasing net interest margin.

Excluding the impact of the accounting entries recorded for certain interest rate swaps, economically, net interest income for the year ended December 31, 2007 increased $1.6 million to $72.6 million compared to $71.0 million for the year ended December 31, 2006. Net interest margin excluding the effects of the accounting change was 3.29% in the year ended December 31, 2007, compared to 3.48% in the year ended December 31, 2006. The Company's overall interest rate spread decreased 16 basis points, or 5.5%, from 2.93% during the year ended December 31, 2006, to 2.77% during the year ended December 31, 2007. The decrease was due to a 23 basis point increase in the weighted average rate paid on interest-bearing liabilities, partially offset by a 7 basis point increase in the weighted average yield on interest-earning assets. The Company's overall net interest margin decreased 19 basis points, or 5.5%, from 3.48% for the year ended December 31, 2006, to 3.29% for the year ended December 31, 2007. In comparing the two years, the yield on loans decreased 1 basis point while the yield on investment securities and other interest-earning assets increased 52 basis points. The rate paid on deposits increased 26 basis points, the rate paid on FHLBank advances increased 30 basis points, the rate paid on short-term borrowings decreased 6 basis points, and the rate paid on subordinated debentures issued to capital trust decreased 34 basis points.

The prime rate of interest averaged 8.05% during the year ended December 31, 2007 compared to an average of 7.96% during the year ended December 31, 2006. The prime rate began to increase in the second half of 2004 and throughout 2005 and 2006 as the FRB began to raise short-term interest rates, and stood at 8.25% at December 31, 2006. In the last three months of 2007, the FRB began to decrease short-term interest rates. At December 31, 2007, the prime rate stood at 7.25%. Over half of the Bank's loans were tied to prime at December 31, 2007. The Company continues to utilize interest rate swaps and FHLBank advances that reprice frequently to manage overall interest rate risk. See "Quantitative and Qualitative Disclosures About Market Risk" for additional information on the Company's interest rate risk management.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31,			
	2007		2006	
	$	%	$	%
Reported Net Interest Income/Margin	**$ 71,405**	**3.24 %**	**$ 69,227**	**3.39 %**
Amortization of deposit broker origination fees	1,172	.05	1,777	.09
Net interest income/margin excluding impact of hedge accounting entries	$ 72,577	3.29%	$ 71,004	3.48%

For additional information on net interest income components, refer to "Average Balances, Interest Rates and Yields" table in this Annual Report on Form 10-K. This table is prepared including the impact of the accounting changes for interest rate swaps.

Provision for Loan Losses and Allowance for Loan Losses

The provision for loan losses was $5.5 million and $5.5 million during the years ended December 31, 2007 and December 31, 2006, respectively. The allowance for loan losses decreased $0.8 million, or 3.0%, to $25.5 million at December 31, 2007 compared to $26.3 million at December 31, 2006. Net charge-offs were $6.3 million in 2007 versus $3.7 million in 2006. The increases in charge-offs and foreclosed assets were due to general market conditions, and more specifically, housing supply, absorption rates and unique circumstances related to individual borrowers and projects. As properties were transferred into foreclosed assets, evaluations were made of the value of these assets with corresponding charge-offs as appropriate.

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, regular reviews by internal staff and regulatory examinations.

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 has 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 collectibility of the portfolio. 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 Bank's allowance for loan losses as a percentage of total loans was 1.38% and 1.54% at December 31, 2007 and 2006, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at this time, based on recent internal and external reviews of the Company's loan portfolio and current economic conditions. Potential problem loans are included in management's consideration when determining the adequacy of the provision and allowance for loan losses.

Non-performing Assets

As a result of continued growth in the loan portfolio, changes in portfolio mix, 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 at December 31, 2007, were $55.9 million, up $30.9 million from December 31, 2006. Non-performing assets as a percentage of total assets were 2.30% at December 31, 2007. Compared to December 31, 2006, non-performing loans increased $15.3 million to $35.5 million while foreclosed assets increased $15.6 million to $20.4 million. Commercial real estate, commercial and residential construction and business loans comprised $33.2 million, or 94%, of the total $35.5 million of non-performing loans at December 31, 2007. Commercial real estate, construction and business loans historically comprise the majority of non-performing loans.

Net charge-offs for the year ended December 31, 2007, were $6.3 million as compared to $3.7 million for the year ended December 31, 2006. The increases in charge-offs and foreclosed assets were due to general economic and market conditions, and more specifically, housing supply, absorption rates and unique circumstances related to individual borrowers and projects. As properties were transferred into foreclosed assets, evaluations were made of the value of these assets with corresponding charge-offs as appropriate. The Company's allowance for loan losses was $25.5 million and $26.3 million at December 31, 2007 and 2006, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at this time, based on recent internal and external reviews of the Company's loan portfolio and current economic conditions. Potential problem loans are included in management's consideration when determining the adequacy of the provision and allowance for loan losses.

Non-performing Loans. Compared to December 31, 2006, non-performing loans increased $15.3 million to $35.5 million. Non-performing loan increases and decreases are described below.

Increases in non-performing loans in 2007 included:

-- A $10.3 million loan relationship, which is primarily secured by a condominium and retail historic rehabilitation development in St. Louis, Mo. This was originally included as a $9.4 million relationship and has increased due to costs to complete construction. The project was completed during the first quarter of 2008 and the Company has begun marketing efforts to lease the condominium and retail spaces. The Company expects to receive Federal and State tax credits later in 2008, which should reduce the balance of this relationship to approximately $5.0 million. The Company has obtained a recent appraisal that substantiates the value of the project. Because of the tax credits involved, the Company expects to foreclose on this property at some point in the future and hold this property for several years. The Company expects to remove this relationship from loans and hold it as a depreciating asset once the tax credit process is completed. Current projections by the Company indicate that a positive return on the investment is expected once the space is leased.

-- A $1.3 million loan relationship, which is secured by a restaurant building in northwest Arkansas. The Company has begun foreclosure on this property.

-- A $2.4 million loan relationship, which was described in the March 31, 2007, Quarterly Report on Form 10-Q. During the six months ended December 31, 2007, the original $5.4 million relationship was reduced to $2.4 million through the foreclosure and subsequent sale of the real estate collateral. At the time of the foreclosure on these real estate assets, there was no charge-off against the allowance for loan losses. The remaining $2.4 million is secured by the borrower's ownership interest in a business. The borrower is pursuing options to pay off this loan.

-- A $5.7 million loan relationship, which is primarily secured by two office and retail historic rehabilitation developments. At the time this relationship was transferred to the Non-performing Loans category the Company recorded a write-down of $240,000. Both of the projects are completed and the space in both cases is partially leased. The projects are located in southeast Missouri and southwest Missouri, respectively. The borrower is marketing the properties for sale; however, the Company has begun foreclosure proceedings in the event that the borrower is not successful in selling the properties.

-- A $1.9 million loan relationship, which is secured by partially-developed subdivision lots in northwest Arkansas. The Company has begun foreclosure proceedings.

At December 31, 2007, eight significant loan relationships accounted for $27.7 million of the total non-performing loan balance of $35.5 million. In addition to the five relationships noted above, three other loan relationships were previously included in Non-performing Loans and remained there at December 31, 2007. These relationships were described in the December 31, 2006, Annual Report on Form 10-K, and in previous Quarterly Reports on Form 10-Q. One of these relationships, a $3.3 million loan on a nursing home in the State of Missouri, was paid off in the first quarter of 2008 upon the sale of the facility. The Company had previously recorded a charge to the allowance for loan losses regarding this relationship and recovered approximately $500,000 to the allowance upon receipt of the loan payoff. The other two unrelated relationships totaled $1.0 million and $1.7 million, respectively. Both of these relationships are secured primarily by single-family houses and residential subdivision lots. The $1.0 million relationship has been foreclosed upon and transferred to foreclosed assets at a book value of $700,000 after a charge-off to the allowance for loan losses of $320,000. The Company is in process of foreclosing on the $1.7 million relationship and is currently determining what, if any, charge-off to the allowance for loan losses is needed regarding this relationship.

Two other significant relationships were both added to the Non-performing Loans category and subsequently transferred to foreclosed assets during the year ended December 31, 2007:

-- A $4.6 million loan relationship, described in the June 30, 2007, Quarterly Report on Form 10-Q, which is secured by two residential developments in the Kansas City, Mo., metropolitan area. At the time of the transfer to foreclosed assets, the asset was reduced to $4.3 million through a charge-off to the allowance for loan losses.

-- A $1.5 million loan relationship, which was described in the June 30, 2007, Quarterly Report on Form 10-Q. During the quarter ended September 30, 2007, the loans in this relationship were transferred to foreclosed assets. At the time of the transfer, this relationship was reduced by $538,000 through a charge-off against the allowance for loan losses.

One other significant relationship was included in the Non-performing Loans category at December 31, 2006, and subsequently transferred to foreclosed assets during the year ended December 31, 2007. This relationship involved a motel located in the State of Illinois. At December 31, 2007, this relationship was included in foreclosed assets at $2.6 million. This motel was sold in the first quarter 2008 with no additional loss incurred by the Company.

Foreclosed Assets. Of the total $20.4 million of foreclosed assets at December 31, 2007, foreclosed real estate totaled $20.0 million and repossessed automobiles, boats and other personal property totaled $410,000. Foreclosed assets increased $15.6 million during the year ended December 31, 2007, from $4.8 million at December 31, 2006, to $20.4 million at December 31, 2007. During the year ended December 31, 2007, foreclosed assets increased primarily due to the addition of five significant relationships to the foreclosed assets category and the addition of several smaller relationships that involve houses that are completed and for sale or under construction, as well as developed subdivision lots, partially offset by the sale of similar houses and subdivision lots. These five significant relationships remain in foreclosed assets at December 31, 2007, and are described below.

At December 31, 2007, five separate relationships totaled $13.1 million, or 65%, of the total foreclosed assets balance. These five relationships include:

-- A $2.6 million relationship, which involves a motel in the State of Illinois. As discussed above, the motel was sold in the first quarter 2008 at no additional loss to the Company.

-- A $3.1 million relationship, which involves residential developments in Northwest Arkansas. One of the developments has some completed houses and additional lots. The second development is comprised of completed duplexes and triplexes. A few sales of single-family houses have occurred and the remaining properties are being marketed for sale.

-- A $4.3 million loan relationship, which involves two residential developments in the Kansas City, Mo., metropolitan area. These two subdivisions are primarily comprised of developed lots with some additional undeveloped ground. The Company is marketing these projects and has seen some recent interest by prospective purchasers.

-- A $1.8 million relationship, which involves a residence and commercial building in the Lake of the Ozarks, Mo., area. The Company is marketing these properties for sale.

-- A $1.3 million relationship, which involves residential developments, primarily residential lots in three different subdivisions and undeveloped ground, in the Branson, Mo., area. The Company has been in contact with various developers to determine interest in the projects.

Potential Problem Loans. Potential problem loans increased $16.7 million during the year ended December 31, 2007 from $13.6 million at December 31, 2006 to $30.3 million at December 31, 2007. 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 current repayment terms. These loans are not reflected in non-performing assets.

During the year ended December 31, 2007, potential problem loans increased primarily due to the addition of six unrelated relationships totaling $20.0 million to the Potential Problem Loans category. Four of these relationships involve residential construction and development loans. Two relationships are in Springfield, Mo., and total $1.7 million and $3.0 million, respectively; one relationship near Little Rock, Ark. totals $4.8 million; and one relationship in the St. Louis area totals $4.3 million. This St. Louis area relationship was foreclosed in the first quarter 2008. The Company recorded a loan charge-off of $1.0 million at the time of transfer to foreclosed assets based upon updated valuations of the assets. The Company is pursuing collection efforts against the guarantors on this credit. The fifth relationship consists of a condominium development in Kansas City totaling $3.2 million. Some sales have occurred during 2007, with the outstanding balance decreasing $1.9 million in 2007. The sixth relationship consists of a retail center, improved commercial land and other collateral in the states of Georgia and Texas totaling $2.9 million. During the first quarter of 2008, performance on the relationship improved and the Company obtained additional collateral.

At December 31, 2007, two other large unrelated relationships were included in the Potential Problem Loan category. Both of these relationships were included in the potential problem loan category at December 31, 2006. The first relationship totaled $3.3 million at December 31, 2006, and was reduced to $1.4 million at December 31, 2007, through the sale of houses and townhomes. The relationship is secured primarily by a retail center, developed and undeveloped residential subdivisions, and single-family houses being constructed for resale in the Springfield, Missouri, area. The second relationship totaled $2.7 million and is secured primarily by a motel in the State of Florida. The motel is operating but payment performance has been slow at times. At December 31, 2007, these eight significant relationships described above accounted for $24.1 million of the potential problem loan total.

Subsequent Event Regarding Potential Problem Loans. One of the Bank's largest lending relationships is a loan to an Arkansas-based bank holding company (ABHC). In addition, the Bank has made other loans to three of ABHC's stockholders (two of which are directors and/or executive officers of the holding company and the bank), at least partially secured by ABHC's stock. ABHC, through its subsidiary bank (ABank), is primarily a commercial real estate lender with an emphasis on land development and residential construction lending. In addition to the Arkansas lending franchise, ABank also has significant lending activities in the Mountain West and Southwest regions of the United States. The lending relationship with ABHC began in 1997, and is secured by a first lien against 100% of the stock of ABank. The loans to the stockholders are secured by each stockholder's stock in ABHC, as well as other collateral. At December 31, 2007, the outstanding balance on the loan to ABHC was $30.0 million. The loan was current as of that date, and ABank's capital exceeded the amount of the loan, but the borrower was in default on certain of its financial covenants. During the past several months, markets for land development and new housing nationally, and particularly in Arkansas and portions of the Southwest, have seen a downturn. ABank began to experience the effects of this downturn through increased delinquencies and somewhat higher levels of non-performing loans in 2007. As a result, ABank's regulators restricted certain of ABank's operations and required increased reserves and capital. Subsequent to December 31, 2007, ABank reported that non-performing loans and foreclosed assets increased dramatically and significant additional reserves were being taken, reducing ABank's capital even further.

As a result, during the March 31, 2008 quarter, Great Southern has classified ABHC's loan as substandard and included it in "potential problem loans." Based upon ABank's most recent call report (as amended), ABank's capital has been reduced but is still at a level that appears to provide adequate collateral for Great Southern's loan. Thus, Great Southern has not made a specific allocation of its allowance for loan losses to the ABHC credit. Since the beginning of this year, Great Southern has obtained additional, unrelated collateral to help secure a portion of the outstanding balance of the loans to the individual stockholders, and a $3.3 million payment was made reducing one of the loans. To date, however, there is still a portion that is not covered by additional collateral. Therefore, $9.4 million of the loans to individual stockholders have been classified as substandard and are now included in "potential problem loans" and $6.4 million of these loans are now considered non-performing. A specific allocation in the Bank's allowance for loan losses has been set up for a portion of the non-performing and a portion of the substandard loans to the individual stockholders.

Based on the information currently available, the Company believes that its allowance for loan losses is adequate. The ability of ABHC to ultimately resolve its issues and pay the Bank's loan off is subject to a number of factors, including the land development and housing markets in its market areas, the strength of its borrowers, the ability of ABHC and ABank to restructure their balance sheets and increase capital and the ability of ABHC and ABank to timely comply with the requirements of their federal bank regulators. The federal bank regulators have extensive enforcement authority over ABHC and ABank, giving them the ability to take actions which could negatively impact our lending position without prior notice to us. In addition, if ABHC and ABank are not successful in their efforts, the loan may be required to be charged off in whole or in part, significantly reducing future income. ABHC and ABank are actively pursuing various alternatives to work out their credit problems, increase capital ratios and strengthen their balance sheets. Great Southern is monitoring these activities closely, but does not control the process.

Non-interest Income

Including the effects of the Company's hedge accounting entries recorded in 2007 and 2006 for certain interest rate swaps, non-interest income for the year ended December 31, 2007 was $29.4 million compared with $29.6 million for the year ended December 31, 2006. The $261,000, or 0.9%, decrease in non-interest income was primarily the result of the impairment write-down in value of one available-for-sale Freddie Mac preferred stock security. This write-down totaled $1.1 million. This security has an interest rate that resets to a market index every 24 months and currently yields a tax-equivalent interest rate of about 8.5-9.0%. The security has had unrealized gains and losses from time to time. These unrealized gains and losses were recorded directly to equity in prior periods, so this other-than-temporary write-down did not affect total equity. Throughout the first ten months of 2007, as expected, the fair value of the security increased as market interest rates fell. However, in November and December 2007 the value of this security declined sharply due to the credit and capital concerns faced by many financial services companies, including government-sponsored enterprises Freddie Mac and Fannie Mae. Freddie Mac and Fannie Mae have recently issued new perpetual preferred stock at higher yields than this security and that has also driven the value down for many of the previously issued preferred stocks. The Company has the ability to continue to hold this security in its portfolio for the foreseeable future and believes that the fair value of this security may recover from the current level in future periods, if and when credit and capital concerns subside for these government-sponsored enterprises.

Other items of non-interest income in 2007 increased $879,000 compared to 2006, primarily as a result of higher revenue from commissions and deposit account charges, partially offset by lower fees on loans. For the year ended December 31, 2007, service charges on deposit accounts and ATM fees increased $542,000, or 3.7%, compared to 2006 due to the increase in deposit accounts. During 2007, commission income from the Company's travel, insurance and investment divisions increased $767,000, or 8.4%, compared to the same period in 2006. This increase was primarily in the travel division as a result of the acquisition of a St. Louis travel agency in the first quarter of 2007 and internal growth. Total late charges and fees on loans decreased $605,000 in the year ended December 31, 2007, compared to the same period in 2006 due primarily to the early repayment of five unrelated loans that triggered total prepayment fees of $532,000 in the year ended December 31, 2006. Although the Company does receive prepayment fees from time to time, it is difficult to forecast when and in what amounts these fees will be collected. Non-interest income increased $1.6 million in the year ended December 31, 2007, and increased $1.5 million in the year ended December 31, 2006, as a result of the change in the fair value of certain interest rate swaps and the related change in fair value of hedged deposits. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005. Other income in 2007 and 2006 includes the net benefits realized on federal historic tax credits utilized by the Company in both 2007 and 2006. The Company expects to utilize federal historic tax credits in the future; however, the timing and amount of these credits will vary depending upon availability of the credits and ability of the Company to utilize the credits.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31, 2007		
	As Reported	Effect of Hedge Accounting Entries Recorded	Excluding Hedge Accounting Entries Recorded
Non-interest income --			
Net change in fair value of interest rate swaps and related deposits	**$ 29,371**	$ 1,695	$ 27,676

	Year Ended December 31, 2006		
	As Reported	Effect of Hedge Accounting Entries Recorded	Excluding Hedge Accounting Entries Recorded
Non-interest income --			
Net change in fair value of interest rate swaps and related deposits	**$ 29,632**	$ 1,853	$ 27,779

Non-Interest Expense

Total non-interest expense increased $2.9 million, or 5.8%, from $48.8 million in the year ended December 31, 2006, compared to $51.7 million in the year ended December 31, 2007. The increase was primarily due to: (i) an increase of $1.9 million, or 6.6%, in salaries and employee benefits; (ii) an increase of $597,000, or 68.2%, in insurance expense, primarily FDIC deposit insurance; (iii) an increase of $489,000, or 410%, in expense on foreclosed assets and (iv) smaller increases and decreases in other non-interest expense areas, such as occupancy and equipment expense, postage, advertising, telephone, legal and professional fees, and bank charges and fees related to additional correspondent relationships. The Company's efficiency ratio for the year ended December 31, 2007, was 51.26% compared to 49.37% in 2006. These efficiency ratios include the impact of the hedge accounting entries for certain interest rate swaps. Excluding the effects of these entries, the efficiency ratio for the full year 2007 was 51.53% compared to 49.41% in 2006. The Company's ratio of non-interest expense to average assets decreased from 2.23% for the year ended December 31, 2006, to 2.18% for the year ended December 31, 2007. As discussed in the Company's 2006 Annual Report on Form 10-K, changes were made to the Company's retirement plans in 2006. These changes resulted in a decrease of $315,000 in expenses in the year ended December 31, 2007, compared to 2006.

In 2007, the Federal Deposit Insurance Corporation (FDIC) began to once again assess insurance premiums on insured institutions. Under the new pricing system, institutions in all risk categories, even the best rated, are charged an FDIC premium. Great Southern received a deposit insurance credit as a result of premiums previously paid. The Company's credit offset assessed premiums for the first half of 2007, but premiums were owed by the Company in the latter half of 2007. The Company incurred additional insurance expense of $568,000 related to this in 2007, and the Company expects expense of approximately $300,000 per quarter in subsequent quarters, with additional expense based upon deposit growth.

Due to the increases in levels of foreclosed assets, foreclosure-related expenses in 2007 were higher than 2006 by approximately $489,000 (net of income received on foreclosed assets). As previously disclosed in the Company's filings for the fourth quarter and full year 2006, these periods included an expense item of $783,000 ($501,000 after tax), which was a non-cash write-off of unamortized issuance costs related to the redemption of the 9.0% Cumulative Trust Preferred Securities of Great Southern Capital Trust I.

The Company's increase in non-interest expense in 2007 compared to 2006 also related to the continued growth of the Company. During the fourth quarter of 2006, Great Southern completed its acquisition of a travel agency in Columbia, Mo., and opened banking centers in Lee's Summit, Mo. and Ozark, Mo. In March 2007, Great Southern acquired a travel agency in St. Louis, Mo., and in June 2007, opened a banking center in Springfield, Mo. As a result, in the year ended December 31, 2007, compared to the year ended December 31, 2006, non-interest expenses increased $1.9 million related to the ongoing operations of these entities.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31,					
	2007			2006		
	Non-Interest Expense	Revenue Dollars*	%	Non-Interest Expense	Revenue Dollars*	%
Efficiency Ratio	**$ 51,659**	**$ 100,776**	**51.26%**	**$ 48,807**	**$ 98,859**	**49.37%**
Amortization of deposit broker origination fees	---	1,172	(.61)	---	1,777	(.88)
Net change in fair value of interest rate swaps and related deposits	---	(1,695)	.88	---	(1,853)	.92
Efficiency ratio excluding impact of hedge accounting entries	$ 51,659	$ 100,253	51.53%	$ 48,807	$ 98,783	49.41%

*Net interest income plus non-interest income.

Provision for Income Taxes

Provision for income taxes as a percentage of pre-tax income increased from 31.1% for the year ended December 31, 2006, to 32.9% for the year ended December 31, 2007. The lower effective tax rate (as compared to the statutory federal tax rate of 35.0%) was primarily due to higher balances and rates of tax-exempt investment securities and loans, federal tax credits and deductions for stock options exercised by certain employees. For future periods, the Company expects the effective tax rate to be in the range of 32-33% of pre-tax net income.

Average Balances, Interest Rates and Yields

The following table presents, for the periods indicated, the total dollar amount 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 interest received on non-accrual loans on a cash basis. 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 $3.2 million, $2.8 million and $2.0 million for 2007, 2006 and 2005, respectively. Tax-exempt income was not calculated on a tax equivalent basis. The table does not reflect any effect of income taxes.

	December 31, 2007	Year Ended December 31, 2007			Year Ended December 31, 2006			Year Ended December 31, 2005		
	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
					(Dollars in thousands)					
Interest-earning assets:										
Loans receivable:										
One- to four-family residential	7.02%	$ 180,797	$ 12,714	7.03%	$ 177,040	$ 12,031	6.80%	$ 177,572	$ 10,133	5.71%
Other residential	7.76	81,568	6,914	8.48	86,251	7,078	8.21	118,384	8,655	7.31
Commercial real estate	7.69	456,377	37,614	8.24	464,710	37,958	8.17	475,325	32,205	6.78
Construction	7.62	673,576	55,993	8.31	586,343	49,792	8.49	391,613	27,125	6.93
Commercial business	7.30	171,902	14,160	8.24	111,742	9,587	8.58	105,426	7,140	6.77
Other loans	8.07	153,421	11,480	7.48	142,877	10,560	7.39	136,772	9,565	6.99
Industrial revenue bonds(1)	7.19	56,612	3,844	6.79	84,199	6,088	7.23	53,346	3,306	6.20
Total loans receivable	7.58	1,774,253	142,719	8.04	1,653,162	133,094	8.05	1,458,438	98,129	6.73
Investment securities and other interest-earning assets(1)	5.49	430,874	21,152	4.91	387,110	16,987	4.39	409,691	16,366	3.99
Total interest-earning assets	7.18	2,205,127	163,871	7.43	2,040,272	150,081	7.36	1,868,129	114,495	6.12
Noninterest-earning assets:										
Cash and cash equivalents		84,668			98,210			92,402		
Other non-earning assets		50,648			40,710			26,635		
Total assets		$ 2,340,443			$ 2,179,192			$ 1,987,166		
Interest-bearing liabilities:										
Interest-bearing demand and savings	2.75	$ 480,756	16,043	3.34	$ 421,201	12,678	3.01	$ 381,840	8,093	2.12
Time deposits	4.83	1,131,825	60,189	5.32	1,035,685	53,055	5.12	890,925	34,176	3.84
Total deposits	4.18	1,612,581	76,232	4.73	1,456,886	65,733	4.51	1,272,765	42,269	3.32
Short-term borrowings	3.75	170,946	7,356	4.30	129,523	5,648	4.36	157,747	4,969	3.15
Subordinated debentures issued	6.53	28,223	1,914	6.78	18,739	1,335	7.12	18,306	986	5.39
FHLB advances	4.22	144,773	6,964	4.81	180,414	8,138	4.51	203,719	7,873	3.86
Total interest-bearing liabilities	4.18	1,956,523	92,466	4.72	1,785,562	80,854	4.53	1,652,537	56,097	3.39
Noninterest-bearing liabilities:										
Demand deposits		171,479			189,484			170,199		
Other liabilities		26,716			38,352			14,401		
Total liabilities		2,154,718			2,013,398			1,837,137		
Stockholders' equity		185,725			165,794			150,029		
Total liabilities and stockholders' equity		$ 2,340,443			$ 2,179,192			$ 1,987,166		
Net interest income:										
Interest rate spread	3.00%		$ 71,405	2.71%		$ 69,227	2.83%		$ 58,398	2.73%
Net interest margin*				3.24%			3.39%			3.13%
Average interest-earning assets to average interest-bearing liabilities		112.7%			114.3%			113.1%		

* 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 $69,687,000, $63,125,000 and $57,697,000 for 2007, 2006 and 2005, respectively. In addition, average tax-exempt industrial revenue bonds were $30,583,000, $25,766,000 and $18,395,000 in 2007, 2006 and 2005, respectively. Interest income on tax-exempt assets included in this table was $4,449,000, $4,022,000 and $3,577,000 for 2007, 2006 and 2005, respectively. Interest income net of disallowed interest expense related to tax-exempt assets was $3,176,000, $2,820,000 and $2,900,000 for 2007, 2006 and 2005, respectively.

Rate/Volume Analysis

The following table presents the dollar amount 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.

	Year Ended December 31, 2007 vs. December 31, 2006			Year Ended December 31, 2006 vs. December 31, 2005		
	Increase (Decrease) Due to		Total Increase (Decrease)	Increase (Decrease) Due to		Total Increase (Decrease)
	Rate	Volume		Rate	Volume	
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable	$ (116)	$ 9,741	$ 9,625	$ 20,822	$ 14,143	$ 34,965
Investment securities and other interest-earning assets	2,133	2,032	4,165	1,410	(789)	621
Total interest-earning assets	2,017	11,773	13,790	22,232	13,354	35,586
Interest-bearing liabilities:						
Demand deposits	1,462	1,903	3,365	3,682	903	4,585
Time deposits	2,076	5,058	7,134	12,718	6,161	18,879
Total deposits	3,538	6,961	10,499	16,400	7,064	23,464
Short-term borrowings	(75)	1,783	1,708	1,270	(591)	679
Subordinated debentures issued to capital trust	(67)	646	579	325	24	349
FHLBank advances	514	(1,688)	(1,174)	1,227	(962)	265
Total interest-bearing liabilities	3,910	7,702	11,612	19,222	5,535	24,757
Net interest income	$ (1,893)	$ 4,071	$ 2,178	$ 3,010	$ 7,819	$ 10,829

Results of Operations and Comparison for the Years Ended December 31, 2006 and 2005

General

Including the effects of the Company's hedge accounting entries recorded in 2006 and accounting change for interest rate swaps in 2005, net income increased $8.1 million, or 35.6%, during the year ended December 31, 2006, compared to the year ended December 31, 2005. This increase was primarily due to an increase in net interest income of $10.8 million, or 18.5%, and an increase in non-interest income of $8.1 million, or 37.4%, partially offset by an increase in non-interest expense of $4.6 million, or 10.4%, an increase in provision for income taxes of $4.8 million, or 52.9%, and an increase in provision for loan losses of $1.4 million, or 35.4%.

Excluding the effects of the Company's hedge accounting entries recorded in 2006 and accounting change for interest rate swaps in 2005, net income increased $3.0 million, or 10.7%, during the year ended December 31, 2006, compared to the year ended December 31, 2005. This increase was primarily due to an increase in net interest income of $8.0 million, or 12.7%, and an increase in non-interest income of $3.0 million, or 12.2%, partially offset by an increase in non-interest expense of $4.6 million, or 10.4%, an increase in provision for income taxes of $2.0 million, or 17.3%, and an increase in provision for loan losses of $1.4 million, or 35.4%. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31,			
	2006		2005	
	Dollars	Earnings Per Diluted Share	Dollars	Earnings Per Diluted Share
Reported Earnings	**$ 30,743**	**$ 2.22**	**$ 22,671**	**$ 1.63**
Amortization of deposit broker origination fees (net of taxes)	1,155	.08	776	.05
Net change in fair value of interest rate swaps and related deposits (net of taxes)	(1,204)	(.08)	4,290	.31
Earnings excluding impact of hedge accounting entries (2006)/ accounting change for interest rate swaps (2005)	$ 30,694	$ 2.22	$ 27,737	$ 1.99

Total Interest Income

Total interest income increased $35.6 million, or 31.1%, during the year ended December 31, 2006 compared to the year ended December 31, 2005. The increase was due to a $35.0 million, or 35.6%, increase in interest income on loans and a $621,000, or 3.8%, increase in interest income on investments and other interest-earning assets. Interest income for both loans and investment securities and other interest-earning assets increased due to higher average rates of interest. Interest income for loans also increased due to higher average balances while investment securities and other interest-earning assets experienced lower average balances.

Interest Income - Loans

During the year ended December 31, 2006 compared to December 31, 2005, interest income on loans increased due to higher average balances and higher average interest rates. Interest income increased $14.1 million as the result of higher average loan balances from $1.46 billion during the year ended December 31, 2005 to $1.65 billion during the year ended December 31, 2006. The higher average balance resulted principally from the Bank's increased commercial and residential construction lending, commercial business lending, consumer lending and financing of industrial revenue bonds. The Bank's commercial real estate and one- to four-family residential loan balances experienced little change, while multi-family residential loan balances decreased during 2006.

Interest income on loans increased $20.8 million as the result of higher average interest rates. The average yield on loans increased from 6.73% during the year ended December 31, 2005, to 8.05% during the year ended December 31, 2006. Loan rates were generally lower in 2005 than in 2006, as a result of market rates of interest, primarily the "prime rate" of interest. During 2005 and through the first half of 2006, market interest rates increased substantially, with the "prime rate" of interest increasing 2.00% during 2005 and another 1.00% in 2006. A large portion of the Bank's loan portfolio adjusts with changes to the "prime rate" of interest. The Company has a portfolio of prime-based loans which have interest rate floors. Prior to 2005, many of these loan rate floors were in effect and established a loan rate which was higher than the contractual rate would have otherwise been. During 2005 and 2006, as market interest rates rose, many of these interest rate floors were exceeded and the loans reverted back to their normal contractual interest rate terms. In the year ended December 31, 2006, the average yield on loans was 8.05% versus an average prime rate for the period of 7.96%, or a difference of 9 basis points. In the year ended December 31, 2005, the average yield on loans was 6.73% versus an average prime rate for the period of 6.19%, or a difference of 54 basis points.

Interest Income - Investments and Other Interest-earning Deposits

Interest income on investments and other interest-earning assets increased mainly as a result of higher average rates of interest during the year ended December 31, 2006, when compared to the year ended December 31, 2005. Interest income increased by $1.4 million as a result of an increase in average interest rates from 3.99% during the year ended December 31, 2005, to 4.39% during the year ended December 31, 2006. In 2005 and 2006, as principal balances on mortgage-backed securities were paid down through prepayments and normal amortization, the Company replaced a large portion of these securities with variable-rate mortgage-backed securities (primarily one-year and hybrid ARMs) which had a lower yield at the time of purchase relative to the fixed-rate securities remaining in the portfolio. As these securities reach interest rate reset dates, their rates should increase along with market interest rate increases. Approximately $55-60 million will have interest rate resets at some time in 2007, with the currently projected weighted average coupon rate increasing approximately 1.25%. The actual amount of securities that will reprice and the actual interest rate changes on these securities is subject to the level of prepayments on these securities and the changes that actually occur in market interest rates (primarily treasury rates and LIBOR rates). The Company has total variable-rate mortgage-backed securities of approximately $121 million at December 31, 2006. In addition, the Company increased its portfolio of tax-exempt securities issued by states and municipalities, from $34 million at December 31, 2004 to $52 million at December 31, 2006. These securities generally have coupon yields that are comparable to the variable-rate mortgage-backed securities that the Company purchased; however, the tax-equivalent yield is higher. Interest income decreased $789,000 as a result of a decrease in average balances from $410 million during the year ended December 31, 2005, to $387 million during the year ended December 31, 2006. This decrease was primarily in available-for-sale securities, where securities in excess of those needed for liquidity and pledging to deposit accounts under repurchase agreements were not replaced.

Total Interest Expense

Including the effects of the Company's accounting change in 2005 for certain interest rate swaps, total interest expense increased $24.8 million, or 44.1%, during the year ended December 31, 2006, when compared with the year ended December 31, 2005, primarily due to an increase in interest expense on deposits of $23.5 million, or 55.5%, an increase in interest expense on FHLBank advances of $265,000, or 3.4%, an increase in interest expense on short-term borrowings of $679,000, or 13.7%, and an increase in interest expense on subordinated debentures issued to capital trust of $349,000, or 35.4%.

Excluding the effects of the Company's hedge accounting entries recorded in 2006 and accounting change in 2005 for certain interest rate swaps, economically, total interest expense increased $27.6 million, or 53.6%, during the year ended December 31, 2006, when compared with the year ended December 31, 2005, primarily due to an increase in interest expense on deposits of $26.3 million, or 69.8%, an increase in interest expense on FHLBank advances of $265,000, or 3.4%, an increase in interest expense on short-term borrowings of $679,000, or 13.7%, and an increase in interest expense on subordinated debentures issued to capital trust of $349,000, or 35.4%. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

Interest Expense - Deposits

Including the effects of the Company's hedge accounting entries recorded in 2006 and accounting change in 2005 for certain interest rate swaps, interest on demand deposits increased $3.7 million due to an increase in average rates from 2.12% during the year ended December 31, 2005, to 3.01% during the year ended December 31, 2006. The average interest rates increased due to higher overall market rates of interest in 2006. Market rates of interest on checking and money market accounts began to increase in the latter half of 2004 and throughout 2005 and 2006 as the FRB raised short-term interest rates. The Company's interest-bearing checking balances have grown in the past several years through increased relationships with correspondent, corporate and retail customers. Average interest-bearing demand balances were $421 million, $382 million and $382 million in 2006, 2005 and 2004, respectively. Average non-interest bearing demand balances were $189 million, $170 million and $138 million in 2006, 2005 and 2004, respectively.

Interest expense on deposits increased $12.7 million as a result of an increase in average rates of interest on time deposits from 3.84% during the year ended December 31, 2005, to 5.12% during the year ended December 31, 2006, and increased $6.2 million due to an increase in average balances of time deposits from $891 million during the year ended December 31, 2005, to $1.036 billion during the year ended December 31, 2006. The average interest rates increased due to higher overall market rates of interest throughout 2006. As certificates of deposit matured in 2006, they were generally replaced with certificates bearing a higher rate of interest. Market rates of interest on new certificates began to increase in the latter half of 2004 and throughout 2005 and 2006 as the FRB started raising short-term interest rates. In 2005 and 2006, the Company increased its balances of brokered certificates of deposit to fund a portion of its loan growth. In addition, the Company's interest rate swaps repriced to higher rates in conjunction with the increases in market interest rates, specifically LIBOR.

The effects of the Company's hedge accounting entries recorded in 2006 and accounting change for interest rate swaps in 2005 did not impact interest on demand deposits.

Excluding the effects of the Company's hedge accounting entries recorded in 2006 and accounting change in 2005 for certain interest rate swaps, economically, interest expense on deposits increased $16.3 million as a result of an increase in average rates of interest on time deposits from 3.32% during the year ended December 31, 2005, to 4.95% during the year ended December 31, 2006, and increased $5.4 million due to an increase in average balances of time deposits from $891 million during the year ended December 31, 2005, to $1.036 billion during the year ended December 31, 2006. The average interest rates increased due to higher overall market rates of interest throughout 2006. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

Interest Expense - FHLBank Advances, Short-term Borrowings and Subordinated Debentures Issued to Capital Trust

Interest expense on FHLBank advances increased $1.2 million due to an increase in average interest rates from 3.86% during the year ended December 31, 2005, to 4.51% during the year ended December 31, 2006. Partially offsetting this increase, average balances on FHLBank advances decreased from $204 million in the year ended December 31, 2005, to $180 million in the year ended December 31, 2006, resulting in decreased interest expense of $962,000. The Company elected to utilize other forms of alternative funding (primarily brokered CDs) during 2006.

Interest expense on short-term borrowings increased $1.3 million due to an increase in average interest rates from 3.15% in the year ended December 31, 2005, to 4.36% in the year ended December 31, 2006. Partially offsetting this increase, average balances on short-term borrowings decreased from $158 million during the year ended December 31, 2005, to $130 million during the year ended December 31, 2006, resulting in decreased interest expense of $591,000. The decrease in balances of short-term borrowings was primarily due to decreases in securities sold under repurchase agreements with Great Southern's corporate customers. The average interest rates increased due to higher overall market rates of interest in 2006. Market rates of interest on short-term borrowings have increased since the middle of 2004 as the Federal Reserve Board began raising short-term interest rates.

Interest expense on subordinated debentures issued to capital trust increased primarily due to increases in average rates from 5.39% in the year ended December 31, 2005, to 7.12% in the year ended December 31, 2006. The average rate on these subordinated debentures increased significantly in 2006 as these liabilities were subject to an interest rate swap that requires the Company to pay a variable rate of interest that is indexed to LIBOR. In November 2006, the Company redeemed its trust preferred debentures which were issued in 2001 and replaced them with new trust preferred debentures. These new debentures are not subject to an interest rate swap; however, they are variable-rate debentures and bear interest at a rate of three-month LIBOR plus 1.60%, adjusting quarterly.

Net Interest Income

Including the effects of the Company's hedge accounting entries recorded in 2006 and accounting change in 2005 for certain interest rate swaps, the Company's overall interest rate spread increased 10 basis points, or 3.7%, from 2.73% during the year ended December 31, 2005, to 2.83% during the year ended December 31, 2006. The increase was due to a 124 basis point increase in the weighted average yield on interest-earning assets, partially offset by a 114 basis point increase in the weighted average rate paid on interest-bearing liabilities. The Company's overall net interest margin increased 26 basis points, or 8.3%, from 3.13% for the year ended December 31, 2005, to 3.39% for the year ended December 31, 2006. In comparing the two years, the yield on loans increased 132 basis points while the yield on investment securities and other interest-earning assets increased 40 basis points. The rate paid on deposits increased 119 basis points, the rate paid on FHLBank advances increased 65 basis points, the rate paid on short-term borrowings increased 121 basis points, and the rate paid on subordinated debentures issued to capital trust increased 173 basis points. See "Selected Consolidated Financial Data - Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

The prime rate of interest averaged 7.96% during the year ended December 31, 2006 compared to an average of 6.19% during the year ended December 31, 2005. The prime rate began to increase in the second half of 2004 and throughout 2005 and 2006 as the FRB began to raise short-term interest rates, and stood at 8.25% at December 31, 2006. Over half of the Bank's loans were tied to prime at December 31, 2006.

Interest rates paid on deposits, FHLBank advances and other borrowings increased significantly in 2006 compared to 2005. Interest costs on these liabilities increased in the latter half of 2004 and all of 2005 and 2006 as a result of rising short-term market interest rates, primarily increases by the FRB and increases in LIBOR. The Company continues to utilize interest rate swaps and FHLBank advances that reprice frequently to manage overall interest rate risk. See "Quantitative and Qualitative Disclosures About Market Risk" for additional information on the Company's interest rate risk management.

Excluding the effects of the Company's hedge accounting entries recorded in 2006 and accounting change in 2005 for certain interest rate swaps, economically, the Company's overall interest rate spread decreased 8 basis points, or 2.7%, from 3.01% during the year ended December 31, 2005, to 2.93% during the year ended December 31, 2006. The decrease was due to a 132 basis point increase in the weighted average rate paid on interest-bearing liabilities, partially offset by a 124 basis point increase in the weighted average yield on interest-earning assets. The Company's overall net interest margin increased 11 basis points, or 3.3%, from 3.37% for the year ended December 31, 2005, to 3.48% for the year ended December 31, 2006. In comparing the two years, the yield on loans increased 132 basis points while the yield on investment securities and other interest-earning assets increased 40 basis points. The rate paid on deposits increased 143 basis points, the rate paid on FHLBank advances increased 65 basis points, the rate paid on short-term borrowings increased 121 basis points, and the rate paid on subordinated debentures issued to capital trust increased 173 basis points.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31,			
	2006		2005	
Reported Net Interest Margin	**$ 69,227**	**3.39 %**	**$ 58,398**	**3.13 %**
Amortization of deposit broker origination fees	1,777	.09	1,194	.06
Interest rate swap net settlements	---	---	3,408	.18
Net interest margin excluding impact of hedge accounting entries	$ 71,004	3.48 %	$ 63,000	3.37 %

For additional information on net interest income components, refer to "Average Balances, Interest Rates and Yields" table in this Annual Report on Form 10-K. This table is prepared including the impact of the accounting changes for interest rate swaps.

Provision for Loan Losses and Allowance for Loan Losses

The provision for loan losses was $5.5 million and $4.0 million during the years ended December 31, 2006 and December 31, 2005, respectively. The allowance for loan losses increased $1.7 million, or 7.0%, to $26.3 million at December 31, 2006 compared to $24.5 million at December 31, 2005. Net charge-offs were $3.7 million in 2006 versus $3.0 million in 2005.

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, regular reviews by internal staff and regulatory examinations.

Weak economic conditions, higher inflation or interest rates, or other factors may lead to increased losses in the portfolio. Management has 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 collectibility of the portfolio. 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 Bank's allowance for loan losses as a percentage of total loans was 1.54% and 1.59% at December 31, 2006 and 2005, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at this time, based on current economic conditions. If economic conditions deteriorate significantly, it is possible that additional assets would be classified as non-performing, and accordingly, an additional provision for losses would be required, thereby adversely affecting future results of operations and financial condition.

Non-performing Assets

As a result of continued growth in the loan portfolio, changes in portfolio mix, 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 at December 31, 2006, were $25.0 million, up $8.2 million from December 31, 2005. Non-performing assets as

a percentage of total assets were 1.12% at December 31, 2006. Compared to December 31, 2005, non-performing loans increased $4.0 million to $20.2 million while foreclosed assets increased $4.2 million to $4.8 million. Commercial real estate, construction and business loans comprised $18.7 million, or 92%, of the total $20.2 million of non-performing loans at December 31, 2006. Commercial real estate, construction and business loans historically comprise the majority of non-performing loans.

Non-performing Loans. Compared to December 31, 2005, non-performing loans increased $4.0 million to $20.2 million. Non-performing loans increased primarily as a result of the addition of two unrelated loan relationships to the non-performing category since December 31, 2005. In addition, two other relationships that were included in the non-performing loans category at December 31, 2005, were increased due to the transfer of additional loan balances from the potential problem loans category during 2006. These increases were partially offset by the reduction of several loan relationships that were included in the non-performing category at December 31, 2005. At December 31, 2006, the six significant relationships remaining in the non-performing category described below accounted for $16.0 million of the non-performing loan total.

The two relationships that were added to the non-performing category during 2006 included a $3.1 million relationship and a $1.0 million relationship. The $3.1 million relationship was placed in the non-performing loans category during the quarter ended March 31, 2006. At December 31, 2005, this relationship was included in the Potential Problem Loans category and was described there in the December 31, 2005, Annual Report on Form 10-K. This relationship is primarily secured by a motel located in the State of Illinois. The motel is operating and is currently offered for sale. The borrower is currently making partial payments monthly to the Bank. In addition, the Small Business Administration has a significant loan, which is subordinated to the Bank's position, on this same collateral. The $1.0 million loan relationship was placed in the non-performing loans category during the quarter ended June 30, 2006. This relationship is primarily secured by subdivision lots, houses under construction and commercial real estate lots in the Lake of the Ozarks, Missouri, area.

The two relationships that were increased in the non-performing category during 2006 included a $5.2 million relationship and a $5.1 million relationship. The $5.2 million relationship was included in non-performing loans as $3.7 million at December 31, 2005; $1.5 million was added to the non-performing loans category from the potential problem loans category during the three months ended June 30, 2006. The $3.7 million portion of this relationship is secured by a nursing home in Missouri that has had cash flow problems. The additional $1.5 million is secured by a second nursing home in the Springfield, Missouri, area. This second nursing home has performed satisfactorily; however, due to the performance issues of the other property, the entire relationship has now been categorized as non-performing. The $5.1 million relationship was discussed in the December 31, 2005 Annual Report on Form 10-K, where $1.5 million was included in the non-performing loans category and $6.2 million was included in the potential problem loans category. This relationship is secured by commercial real estate, vacant land, developed and undeveloped residential subdivisions, houses under construction and houses used as rental property. The Company determined that the transfer of the potential problem loans portion of the relationship to the non-performing loans category was warranted due to continued deterioration of payment performance. During the three months ended March 31, 2006, the Company recorded a charge-off of $283,000 on this relationship. In addition, during 2006, the borrower sold some of the commercial real estate, houses and subdivision lots. The proceeds of these sales were used to reduce loan balances.

Two additional unrelated credit relationships were included in non-performing loan totals at December 31, 2005, and remain non-performing loans at December 31, 2006. The first relationship totaled $686,000 at December 31, 2006 and is secured primarily by a mobile home park in the Kansas City, Missouri, metropolitan area and other commercial real estate collateral. During the three months ended December 31, 2006, the Company recorded a charge-off of $190,000 on this relationship. The second relationship totaled $888,000 at December 31, 2006, and is secured primarily by commercial and residential real estate collateral in Missouri. At December 31, 2005, this relationship totaled $2.0 million and was also secured by an automobile dealership. During 2006, the borrower sold the automobile dealership. This sale reduced the relationship balance by approximately $1.0 million.

Four other unrelated relationships that were included in non-performing assets at December 31, 2005, were repaid during 2006. These four relationships were: a $640,000 relationship secured by several single-family houses that were completed or under construction in Northwest Arkansas; a $993,000 relationship secured by the receivables, inventory, equipment and other business assets of a home building materials company in Springfield, Missouri; a $1.5 million relationship secured by commercial real estate and equipment of two restaurants; and a $649,000 relationship secured by a motel near Branson, Missouri and additional commercial real estate collateral.

Two other significant unrelated relationships were both added to, and removed from, the non-performing category during 2006. A $3.1 million loan relationship was placed in the non-performing loans category during the quarter ended September 30, 2006. This relationship was primarily secured by a townhome/apartment development in the Kansas City, Mo., area. During the quarter ended December 31, 2006, this relationship was transferred to foreclosed assets. Subsequent to December 31, 2006, the Company entered into a contract to sell this property for the carrying value of the foreclosed asset, with a closing scheduled in March 2007. A $1.8 million loan relationship was also placed in the non-performing loans category during the quarter ended September 30, 2006. This relationship was primarily secured by a motel in Branson, Mo. Prior to December 31, 2006, this loan was refinanced at another institution and the principal balance was repaid.

Foreclosed Assets. Of the total $4.8 million of foreclosed assets at December 31, 2006, foreclosed real estate totaled $4.5 million and repossessed automobiles, boats and other personal property totaled $271,000. At December 31, 2006, the Company's only significant foreclosed real estate asset was the $3.1 million property discussed above.

Potential Problem Loans. Potential problem loans decreased $4.8 million during the year ended December 31, 2006 from $18.4 million at December 31, 2005 to $13.6 million at December 31, 2006. 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 current repayment terms. These loans are not reflected in non-performing assets. During the year ended December 31, 2006, potential problem loans decreased primarily due to the transfer to the non-performing loan category portions of four unrelated loan relationships, partially offset by the addition of two significant unrelated loan relationships and other smaller unrelated relationships. At December 31, 2006, three large unrelated relationships made up a large portion of the potential problem loan category. The first relationship totaled $3.3 million and is secured primarily by a retail center, developed and undeveloped residential subdivisions, and single-family houses being constructed for resale in the Springfield, Missouri, area. The second relationship totaled $2.7 million and is secured primarily by a motel in the State of Florida. The motel is operating but payment performance has been slow at times. The third relationship totaled $1.0 million (with an additional $5.1 million included in Non-performing Loans) and is secured primarily by vacant land, developed and undeveloped residential subdivisions, and single-family houses used as rental property in the Branson, Missouri, area. At December 31, 2006, these three significant relationships described above accounted for $7.0 million of the potential problem loan total.

Non-interest Income

Including the effects of the Company's hedge accounting entries recorded in 2006 and restatement in 2005 for certain interest rate swaps, non-interest income for the year ended December 31, 2006 was $29.6 million compared with $21.5 million for the year ended December 31, 2005. The $8.1 million increase in non-interest income is primarily attributable to the effects of the accounting change for interest rate swaps on the prior period results. Non-interest income decreased $6.6 million in the year ended December 31, 2005, and increased $1.9 million in the year ended December 31, 2006, as a result of the change in the fair value of certain interest rate swaps. In addition, non-interest income for 2005 was also impacted by the reclassification of the net interest settlements on these swaps from net interest income to non-interest income. While this had no effect on total net income, non-interest income was increased by $3.4 million in the year ended December 31, 2005. There was no reclassification of net interest settlements in the year ended December 31, 2006.

Full year 2006 income from commissions from the Company's travel, insurance and investment divisions increased $440,000, or 5.0%, compared to the year ended December 31, 2005. In January 2006, the Company completed its acquisition of a travel company in Lee's Summit, Missouri. During the quarter ended September 30, 2006, the Company completed its acquisition of a second travel company in Columbia, Missouri. The operations of these travel companies are now included in the operating results of the Company. The decrease in revenues in the investment division in the 2006 period is primarily related to lower sales of annuity products. Service charges on deposit accounts and ATM fees increased $1.3 million, or 9.8%, compared to the year ended December 31, 2005. In 2006 the Company increased some of its per-item charges on certain account activities. In addition, a portion of the fee increase is attributed to growth in accounts to which charges may apply. Other income increased $451,000 in 2006 compared to 2005 due to the net benefit realized on federal historic tax credits utilized by the Company in 2006. The Company expects to utilize federal historic tax credits in the future; however, the timing and amount of these credits will vary depending upon availability of the credits and ability of the Company to utilize the credits.

One additional item that decreased non-interest income in the year ended December 31, 2005 was the impairment write-down in value of one available-for-sale government preferred stock agency security. This write-down totaled $734,000 in 2005. This security has a dividend rate that resets to a market index every 24 months. The security has had an unrealized loss that was recorded directly to equity prior to December 31, 2005, so the write-down did not affect total equity. During 2006, the fair value of the security has recovered some of the decline in value. This unrealized gain is being recorded directly to equity. The Company has the ability to continue to hold this security in its portfolio for the foreseeable future and believes that the fair value of this security may recover further in future periods, particularly as the next dividend rate reset date approaches.

Excluding the effects of the Company's hedge accounting entries recorded in 2006 and restatement for interest rate swaps in 2005, economically, total non-interest income increased $3.0 million in the year ended December 31, 2006 when compared to the year ended December 31, 2005. The increases and decreases are the same as those stated above except that the interest rate swap net settlements would have been included in interest expense and the change in fair value of the interest rate swaps would have been recorded as an increase or decrease to the related brokered certificates of deposit. See "Selected Consolidated Financial Data

- Restatement of Previously Issued Consolidated Financial Statements" for a discussion of the current and previously reported financial statements due to the Company's accounting change for certain interest rate swaps in 2005.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31, 2006		
	As Reported	Effect of Hedge Accounting Entries Recorded	Excluding Hedge Accounting Entries Recorded
Non-interest income --			
Net change in fair value of interest rate swaps and related deposits	**$ 29,632**	$ 1,853	$ 27,779

	Year Ended December 31, 2005		
	As Reported	Effect of Hedge Accounting Entries Recorded	Excluding Hedge Accounting Entries Recorded
Non-interest income --			
Net change in fair value of interest rate swaps and related deposits	**$ 21,559**	$ (3,192)	$ 24,751

Non-Interest Expense

Total non-interest expense increased $4.6 million, or 10.4%, from $44.2 million in the year ended December 31, 2005, compared to $48.8 million in the year ended December 31, 2006. The increase was primarily due to: (i) an increase of $2.9 million, or 11.6%, in salaries and employee benefits and (ii) smaller increases and decreases in other non-interest expense areas, such as occupancy and equipment expense, postage, advertising, insurance, telephone, legal and professional fees, and bank charges and fees related to additional correspondent relationships. The Company's efficiency ratio for the year ended December 31, 2006, was 49.37% compared to 55.28% in 2005. These efficiency ratios include the impact of the accounting change for certain interest rate swaps. Excluding the effects of accounting for interest rate swaps, the efficiency ratio for the full year 2006 was 49.41% compared to 50.37% in 2005. The Company's ratio of non-interest expense to average assets has remained very constant over these recent periods at approximately 2.20%.

In addition to the expenses discussed above, during the three months ended December 31, 2006, the Company redeemed the 9.0% Cumulative Trust Preferred Securities of Great Southern Capital Trust I. As a result of the redemption of the Trust I Securities, and as previously reported, approximately $783,000 ($510,000 after tax) of related unamortized issuance costs was written off as a noncash expense in the fourth quarter of 2006.

The Company's increase in non-interest expense in 2006 compared to 2005 related to the continued growth of the Company. During the latter half of 2005, Great Southern completed its acquisition of three bank branches in central Missouri, acquired a Columbia, Mo.-based travel agency, and opened a banking center in Republic, Mo. In the first half of 2006, Great Southern acquired a travel agency in Lee's Summit, Mo., and established a new loan production office in Columbia, Mo. In September 2006, Great Southern opened new banking centers in Lee's Summit, Mo. and Ozark, Mo. As a result, in the year ended December 31, 2006, compared to the year ended December 31, 2005, non-interest expenses increased $1.8 million related to the ongoing operations of these new offices. In addition to these acquisitions and new offices, the Company expanded the loan production offices in St. Louis and Rogers, Ark., and added lending and lending support personnel in the Springfield market.

Consistent with many other employers, the cost of health insurance premiums and other benefits for the Company continues to rise and added $546,000 in expenses in 2006 compared to 2005. Effective July 1, 2006, the Company reduced the benefits which may be earned by current employees in future periods under the Company's multi-employer defined benefit pension plan. In addition, employees hired after June 30, 2006, will not accrue any benefits under this plan. During the quarter ended December 31, 2006, the Company received an updated expense projection for its pension plan (which was modified by the Company effective July 1, 2006). This update indicated that benefit accruals for the 2006-2007 plan year have decreased. The Company recorded a corresponding reduction to expense of $222,000 in the fourth quarter of 2006. The Company expects that expenses related to the pension plan will

continue to be lower in 2007 than they were in 2006. The Company also made changes to other benefits in 2006. These changes resulted in non-recurring net decreases to accrued expenses of $147,000 in the three months ended December 31, 2006. The savings achieved by taking these steps may be offset by other expenses associated with this plan, including, without limitation, additional Company contributions that may be necessary from time to time to ensure the plan is adequately funded and by a planned increase in the matching portion of the Company's 401(k) plan for all eligible participants.

As a result of the adoption of FAS 123(R) effective January 1, 2006, during the year ended December 31, 2006, the Company also recorded expenses of $480,000, or $.03 per diluted share, related to the cost of stock options previously granted by the Company. No corresponding expense was recorded in 2005.

Non-GAAP Reconciliation
(Dollars in thousands)

	Year Ended December 31,					
	2006			2005		
	Non-Interest Expense	Revenue Dollars*	%	Non-Interest Expense	Revenue Dollars*	%
Efficiency Ratio	**$ 48,807**	**$ 98,859**	**49.37 %**	**$ 44,198**	**$ 79,957**	**55.28 %**
Amortization of deposit broker origination fees	---	1,777	(.88)	---	1,194	(.75)
Net change in fair value of interest rate swaps and related deposits	---	(1,853)	.92	---	6,600	(4.16)
Efficiency ratio excluding impact of hedge accounting entries	$ 48,807	$ 98,783	49.41 %	$ 44,198	$ 87,751	50.37 %

*Net interest income plus non-interest income.

Provision for Income Taxes

Provision for income taxes as a percentage of pre-tax income increased from 28.6% for the year ended December 31, 2005, to 31.1% for the year ended December 31, 2006. The lower effective tax rate (as compared to the statutory federal tax rate of 35.0%) was primarily due to higher balances and rates of tax-exempt investment securities and loans, federal tax credits and deductions for stock options exercised by certain employees. For future periods, the Company expects the effective tax rate to be in the range of 30-32% of pre-tax net income.

Liquidity and Capital Resources

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. As a result of the Company's management of the ability to generate liquidity primarily through liability funding, management believes that the Company maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customers' credit needs. At December 31, 2007, the Company had commitments of approximately $31.7 million to fund loan originations, $362.2 million of unused lines of credit and unadvanced loans, and $20.4 million of outstanding letters of credit.

The following table summarizes the Company's fixed and determinable contractual obligations by payment date as of December 31, 2007. Additional information regarding these contractual obligations is discussed further in Notes 6, 7, 8, 10 and 13 of the Notes to Consolidated Financial Statements.

	Payments Due In:			
	One Year or Less	Over One to Five Years	Over Five Years	Total
	(Dollars in thousands)			
Deposits without a stated maturity	$ 657,366	$ ---	$ ---	$ 657,366
Time and brokered certificates of deposit	736,376	165,474	194,678	1,096,528
Federal Home Loan Bank advances	93,395	34,972	85,500	213,867
Short-term borrowings	216,721	---	---	216,721
Subordinated debentures	---	---	30,929	30,929
Operating leases	889	1,660	15	2,564
Dividends declared but not paid	2,412	---	---	2,412
	1,707,159	202,106	311,122	2,220,387
Interest rate swap fair value adjustment	9,252	---	---	9,252
	$1,716,411	$202,106	$311,122	$2,229,639

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.

The Company's stockholders' equity was $189.9 million, or 7.8% of total assets of $2.43 billion at December 31, 2007, compared to equity of $175.6 million, or 7.8% of total assets of $2.24 billion at December 31, 2006.

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. On December 31, 2007, the Bank's Tier 1 risk-based capital ratio was 10.43%, total risk-based capital ratio was 11.67% and the Tier 1 leverage ratio was 8.98%. As of December 31, 2007, the Bank was "well capitalized" as defined by the Federal banking agencies' capital-related regulations. The FRB has established capital regulations for bank holding companies that generally parallel the capital regulations for banks. On December 31, 2007, the Company's Tier 1 risk-based capital ratio was 10.62%, total risk-based capital ratio was 11.86% and the Tier 1 leverage ratio was 9.13%. As of December 31, 2007, the Company was "well capitalized" under the capital ratios described above.

At December 31, 2007, the held-to-maturity investment portfolio included no gross unrealized losses and $88,000 of gross unrealized gains.

The Company's primary sources of funds are certificates of deposit, FHLBank advances, other borrowings, loan repayments, 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.

Statements of Cash Flows. During the years ended December 31, 2007, 2006 and 2005, the Company had positive cash flows from operating activities and positive cash flows from financing activities. The Company experienced negative cash flows from investing activities during each of these same time periods.

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, 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 sources of cash flows from operating activities. Operating activities provided cash flows of $28.0 million, $47.1 million and $35.4 million during the years ended December 31, 2007, 2006 and 2005, respectively.

During the years ended December 31, 2007, 2006 and 2005, investing activities used cash of $253.6 million, $143.1 million and $173.0 million, primarily due to the net increase of loans and the net purchases of investment securities in each 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 and changes in short-term borrowings, as well as the purchases of Company stock and dividend payments to stockholders. Financing activities provided cash flows of $173.0 million, $111.4 million and $162.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Financing activities in the future are expected to primarily include changes in deposits, changes in FHLBank advances, changes in short-term borrowings, purchases of Company stock and dividend payments to stockholders.

Dividends. During the year ended December 31, 2007, the Company declared dividends of $0.68 per share (31.6% of net income per share) and paid dividends of $0.66 per share (30.7% of net income per share). During the year ended December 31, 2006, the Company declared dividends of $0.60 per share (27.0% of net income per share) and paid dividends of $0.58 per share (26.1% of net income per share). The Board of Directors meets regularly to consider the level and the timing of dividend payments. The dividend declared but unpaid as of December 31, 2007, was paid to shareholders on January 16, 2008.

Common Stock Repurchases. The Company has been in various buy-back programs since May 1990. During the year ended December 31, 2007, the Company repurchased 342,377 shares of its common stock at an average price of $25.57 per share and reissued 65,609 shares of Company stock at an average price of $17.62 per share to cover stock option exercises. During the year ended December 31, 2006, the Company repurchased 135,028 shares of its common stock at an average price of $27.56 per share and reissued 89,192 shares of Company stock at an average price of $14.25 per share to cover stock option exercises.

Management intends to continue its stock buy-back programs from time to time as long as repurchasing the stock contributes to the overall growth of shareholder value. The number of shares of stock that will be repurchased and the price that will be paid is the result of 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 and the price of the stock within the market as determined by the market.

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. Since the Company uses laddered brokered deposits and FHLBank advances to fund a portion of its loan growth, the Company's assets tend to reprice more quickly than its liabilities.

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 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 December 31, 2007, Great Southern's internal interest rate risk models indicate a one-year interest rate sensitivity gap that is slightly positive. Generally, a rate cut by the FRB would be expected to have an immediate negative impact on Great Southern’s net interest income due to the large total balances of loans which adjust to the “prime interest rate” daily. The Company believes that this negative impact would be negated over the subsequent 60- to 120-day period as the Company’s interest rates on deposits, borrowings and interest rate swaps should also reduce proportionately to the changes by the FRB, assuming normal credit, liquidity and competitive pricing pressures.

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.

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.

The Company enters into interest-rate swap derivatives, primarily as an asset/liability management strategy, in order to hedge the change in the fair value from recorded fixed rate liabilities (long term fixed rate CDs). The terms of the swaps are carefully matched to the terms of the underlying hedged item and when the relationship is properly documented as a hedge and proven to be effective, it is designated as a fair value hedge. The fair market value of derivative financial instruments is based on the present value of future expected cash flows from those instruments discounted at market forward rates and are recognized in the statement of financial condition in the prepaid expenses and other assets or accounts payable and accrued expenses caption. Effective changes in the fair market value of the hedged item due to changes in the benchmark interest rate are similarly recognized in the statement of

financial condition in the prepaid expenses and other assets or accounts payable and accrued expenses caption. Effective gains/losses are reported in interest expense and $805,000 of ineffectiveness was recorded in income in the non-interest income caption for the year ended December 31, 2007. Gains and losses on early termination of the designated fair value derivative financial instruments are deferred and amortized as an adjustment to the yield on the related liability over the shorter of the remaining contract life or the maturity of the related asset or liability. If the related liability is sold or otherwise liquidated, the fair market value of the derivative financial instrument is recorded on the balance sheet as an asset or a liability (in prepaid expenses and other assets or accounts payable and accrued expenses) with the resultant gains and losses recognized in non-interest income.

The Company has entered into interest rate swap agreements with the objective of economically hedging 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 provide 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 is to pay or receive interest monthly, quarterly, semiannually or at maturity.

At December 31, 2007, the notional amount of interest rate swaps outstanding was approximately $419.2 million. Of this amount, $225.7 million consisted of swaps in a net settlement receivable position and $193.5 million consisted of swaps in a net settlement payable position. At December 31, 2006, the notional amount of interest rate swaps outstanding was approximately $541.0 million. Of this amount, $125.0 million consisted of swaps in a net settlement receivable position and $416.0 million consisted of swaps in a net settlement payable position. The maturities of interest rate swaps outstanding at December 31, 2007 and 2006, in terms of notional amounts and their average pay and receive rates is discussed further in Note 14 of the Notes to Consolidated Financial Statements.

The following tables illustrate the expected maturities and repricing, respectively, of the Bank's financial instruments at December 31, 2007. These schedules do not reflect the effects of possible prepayments or enforcement of due-on-sale clauses. The tables are based on information prepared in accordance with generally accepted accounting principles.

Maturities

	December 31,							
	2008	2009	2010	2011	2012	Thereafter	Total	2007 Fair Value
				(Dollars in thousands)				
Financial Assets:								
Interest bearing deposits	$ 973	---	---	---	---	---	$ 973	$ 973
Weighted average rate	3.18%	---	---	---	---	---	3.18%	
Available-for-sale equity securities	---	---	---	---	---	$ 12,639	$ 12,639	$ 12,639
Weighted average rate	---	---	---	---	---	7.41%	7.41%	
Available-for-sale debt securities(1)	---	$ 3,119	$ 5,505	$ 14,981	$ 8,765	$ 380,019	$ 412,389	$ 412,389
Weighted average rate	---	3.98%	4.00%	4.22%	5.03%	5.56%	5.46%	
Held-to-maturity securities	---	---	---	---	---	$ 1,420	$ 1,420	$ 1,508
Weighted average rate	---	---	---	---	---	7.48%	7.48%	
Adjustable rate loans	$ 691,834	$ 204,383	$ 159,154	$ 77,435	$ 41,740	$ 240,387	$ 1,414,933	$ 1,415,732
Weighted average rate	7.58%	7.60%	7.39%	7.66%	7.34%	7.17%	7.49%	
Fixed rate loans	$ 87,245	$ 30,644	$ 75,820	$ 28,239	$ 45,277	$ 166,116	$ 433,341	$ 445,034
Weighted average rate	6.18%	8.29%	8.12%	9.03%	8.25%	8.00%	7.77%	
Federal Home Loan Bank stock	---	---	---	---	---	$ 13,557	$ 13,557	$ 13,557
Weighted average rate	---	---	---	---	---	4.25%	4.25%	
Total financial assets	$ 780,052	$ 238,146	$ 240,479	$ 120,655	$ 95,782	$ 814,138	$ 2,289,252	
Financial Liabilities:								
Time deposits	$ 736,376	$ 87,130	$ 29,845	$ 33,335	$ 15,164	$ 194,678	$ 1,096,528	$ 1,104,887
Weighted average rate	4.73%	4.97%	4.56%	5.04%	5.03%	4.99%	4.83%	
Interest-bearing demand	$ 491,135	---	---	---	---	---	$ 491,135	$ 491,135
Weighted average rate	2.75%	---	---	---	---	---	2.75%	
Non-interest-bearing demand	$ 166,231	---	---	---	---	---	$ 166,231	$ 166,231
Weighted average rate	---	---	---	---	---	---	---	
Federal Home Loan Bank	$ 93,395	$ 24,821	$ 4,978	$ 2,239	$ 2,934	$ 85,500	$ 213,867	$ 214,498
Weighted average rate	4.29%	5.10%	5.69%	6.29%	6.04%	3.70%	4.22%	
Short-term borrowings	$ 216,721	---	---	---	---	---	$ 216,721	$ 216,721
Weighted average rate	3.75%	---	---	---	---	---	3.75%	
Subordinated debentures	---	---	---	---	---	$ 30,929	$ 30,929	$ 30,929
Weighted average rate	---	---	---	---	---	6.53%	6.53%	
Total financial liabilities	$ 1,703,858	$ 111,951	$ 34,823	$ 35,574	$ 18,098	$ 311,107	$ 2,215,411	

(1) Available-for-sale debt securities include approximately $222 million of mortgage-backed securities and collateralized mortgage obligations which pay interest and principal monthly to the Company. Of this total, $109 million represents securities that have variable rates of interest after a fixed interest period. These securities will experience rate changes at varying times over the next ten years, with $80 million experiencing rate changes in the next two years. This table does not show the effect of these monthly repayments of principal or rate changes.

Repricing

	December 31,							
	2008	2009	2010	2011	2012	Thereafter	Total	2007 Fair Value
				(Dollars in thousands)				
Financial Assets:								
Interest bearing deposits	$ 973	---	---	---	---	---	$ 973	$ 973
Weighted average rate	3.18%	---	---	---	---	---	3.18%	
Available-for-sale equity securities	---	$ 4,555	$ 1,500	---	$ 1,813	$ 4,771	$ 12,639	$ 12,639
Weighted average rate	---	8.66%	8.24%	---	8.53%	5.63%	7.41%	
Available-for-sale debt securities(1)	$ 190,728	$ 3,119	$ 5,506	$ 14,981	$ 8,765	$ 189,290	$ 412,389	$ 412,389
Weighted average rate	5.53%	3.98%	4.00%	4.22%	5.03%	5.60%	5.46%	
Held-to-maturity securities	---	---	---	---	---	$ 1,420	$ 1,420	$ 1,508
Weighted average rate	---	---	---	---	---	7.48%	7.48%	
Adjustable rate loans	$ 1,346,832	$ 17,252	$ 41,780	$ 6,459	$ 2,480	$ 130	$ 1,414,933	$ 1,415,732
Weighted average rate	7.50%	6.39%	7.66%	7.70%	8.07%	8.25%	7.49%	
Fixed rate loans	$ 87,245	$ 30,644	$ 75,820	$ 28,239	$ 45,277	$ 166,116	$ 433,341	$ 445,034
Weighted average rate	6.18%	8.29%	8.12%	9.03%	8.25%	8.00%	7.77%	
Federal Home Loan Bank stock	$ 13,557	---	---	---	---	---	$ 13,557	$ 13,557
Weighted average rate	4.25%	---	---	---	---	---	4.25%	
Total financial assets	$ 1,639,335	$ 55,570	$ 124,606	$ 49,679	$ 58,335	$ 361,727	$ 2,289,252	
Financial Liabilities:								
Time deposits(3)	$ 1,046,199	$ 36,656	$ 6,002	$ 2,293	$ 2,915	$ 2,463	$ 1,096,528	$ 1,104,887
Weighted average rate	4.82%	4.90%	5.00%	5.22%	5.25%	4.73%	4.83%	
Interest-bearing demand	$ 491,135	---	---	---	---	---	$ 491,135	$ 491,135
Weighted average rate	2.75%	---	---	---	---	---	2.75%	
Non-interest-bearing demand(2)	---	---	---	---	---	$ 166,231	$ 166,231	$ 166,231
Weighted average rate	---	---	---	---	---	---	---	
Federal Home Loan Bank advances	$ 205,574	$ 642	$ 1,978	$ 2,239	$ 2,934	$ 500	$ 213,867	$ 214,498
Weighted average rate	4.14%	5.96%	5.69%	6.29%	6.04%	5.66%	4.22%	
Short-term borrowings	$ 216,721	---	---	---	---	---	$ 216,721	$ 216,721
Weighted average rate	3.75%	---	---	---	---	---	3.75%	
Subordinated debentures	$ 30,929	---	---	---	---	---	$ 30,929	$ 30,929
Weighted average rate	6.53%	---	---	---	---	---	6.53%	
Total financial liabilities	$ 1,990,558	$ 37,298	$ 7,980	$ 4,532	$ 5,849	$ 169,194	$ 2,215,411	
Periodic repricing GAP	$ (351,223)	$ 18,272	$ 116,626	$ 45,147	$ 52,486	$ 192,533	$ 73,841	
Cumulative repricing GAP	$ (351,223)	$ (332,951)	$ (216,325)	$ (171,178)	$ (118,692)	$ 73,841		

---

(1) Available-for-sale debt securities include approximately $222 million of mortgage-backed securities and collateralized mortgage obligations which pay interest and principal monthly to the Company. Of this total, $109 million represents securities that have variable rates of interest after a fixed interest period. These securities will experience rate changes at varying times over the next ten years, with $80 million experiencing rate changes in the next two years. This table does not show the effect of these monthly repayments of principal or rate changes.

(2) Non-interest-bearing demand is included in this table in the column labeled "Thereafter" since there is no interest rate related to these liabilities and therefore there is nothing to reprice.

(3) Time deposits include the effects of the Company's interest rate swaps on brokered certificates of deposit. These derivatives qualify for hedge accounting treatment.

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Great Southern
Bancorp, Inc.

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
Great Southern Bancorp, Inc.
Springfield, Missouri

We have audited the accompanying consolidated statements of financial condition of Great Southern Bancorp, Inc. as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Great Southern Bancorp, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Great Southern Bancorp, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and our report dated March 17, 2008, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

BKD, LLP

Springfield, Missouri
March 17, 2008

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Great Southern Bancorp, Inc.

Consolidated Statements of Financial Condition
December 31, 2007 and 2006
(In Thousands, Except Per Share Data)

Assets

	2007	2006
Cash	$ 79,552	$ 132,100
Interest-bearing deposits in other financial institutions	973	1,050
Cash and cash equivalents	80,525	133,150
Available-for-sale securities	425,028	344,192
Held-to-maturity securities	1,420	1,470
Mortgage loans held for sale	6,717	2,574
Loans receivable, net of allowance for loan losses of $25,459 and $26,258 at December 31, 2007 and 2006, respectively	1,813,394	1,672,044
Interest receivable	15,441	13,587
Prepaid expenses and other assets	14,904	15,554
Foreclosed assets held for sale, net	20,399	4,768
Premises and equipment, net	28,033	26,417
Goodwill and other intangible assets	1,909	1,395
Federal Home Loan Bank stock	13,557	10,479
Refundable income taxes	1,701	2,306
Deferred income taxes	8,704	12,372
Total assets	$ 2,431,732	$ 2,240,308

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2007	2006
Liabilities		
Deposits	$ 1,763,146	$ 1,703,804
Federal Home Loan Bank advances	213,867	179,170
Short-term borrowings	216,721	120,956
Subordinated debentures issued to capital trust	30,929	25,774
Accrued interest payable	6,149	5,810
Advances from borrowers for taxes and insurance	378	388
Accounts payable and accrued expenses	10,671	28,828
Total liabilities	2,241,861	2,064,730
Commitments and Contingencies	—	—
Stockholders' Equity		
Capital stock		
Serial preferred stock, $.01 par value; authorized 1,000,000 shares	—	—
Common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding 2007 – 13,400,197 shares, 2006 – 13,676,965 shares	134	137
Additional paid-in capital	19,342	18,481
Retained earnings	170,933	158,780
Accumulated other comprehensive loss		
Unrealized loss on available-for-sale securities, net of income taxes of $(290) and $(980) at December 31, 2007 and 2006, respectively	(538)	(1,820)
Total stockholders' equity	189,871	175,578
Total liabilities and stockholders' equity	$ 2,431,732	$ 2,240,308

Great Southern Bancorp, Inc.

Consolidated Statements of Income

Years Ended December 31, 2007, 2006 and 2005

(In Thousands, Except Per Share Data)

	2007	2006	2005
Interest Income			
Loans	$ 142,719	$ 133,094	$ 98,129
Investment securities and other	21,152	16,987	16,366
	163,871	150,081	114,495
Interest Expense			
Deposits	76,232	65,733	42,269
Federal Home Loan Bank advances	6,964	8,138	7,873
Short-term borrowings	7,356	5,648	4,969
Subordinated debentures issued to capital trust	1,914	1,335	986
	92,466	80,854	56,097
Net Interest Income	71,405	69,227	58,398
Provision for Loan Losses	5,475	5,450	4,025
Net Interest Income After Provision for Loan Losses	65,930	63,777	54,373
Noninterest Income			
Commissions	9,933	9,166	8,726
Service charges and ATM fees	15,153	14,611	13,309
Net gains on loan sales	1,037	944	983
Net realized gains (losses) on sales of available-for-sale securities	13	(1)	85
Realized impairment of available-for-sale securities	(1,140)	—	(734)
Late charges and fees on loans	962	1,567	1,430
Change in interest rate swap fair value net of change in hedged deposit fair value	1,632	1,498	—
Change in interest rate swap fair value	—	—	(6,600)
Interest rate swap net settlements	—	—	3,408
Other income	1,781	1,847	952
	29,371	29,632	21,559
Noninterest Expense			
Salaries and employee benefits	30,161	28,285	25,355
Net occupancy expense	7,927	7,645	7,589
Postage	2,230	2,178	1,954
Insurance	1,473	876	883
Advertising	1,446	1,201	1,025
Office supplies and printing	879	931	903
Telephone	1,363	1,387	1,068
Legal, audit and other professional fees	1,247	1,127	1,410
Expense on foreclosed assets	608	119	268
Write-off of trust preferred securities issuance costs	—	783	—
Other operating expenses	4,325	4,275	3,743
	51,659	48,807	44,198
Income Before Income Taxes	43,642	44,602	31,734
Provision for Income Taxes	14,343	13,859	9,063
Net Income	$ 29,299	$ 30,743	$ 22,671
Earnings Per Common Share			
Basic	$ 2.16	$ 2.24	$ 1.65
Diluted	$ 2.15	$ 2.22	$ 1.63

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2007, 2006 and 2005

(In Thousands, Except Per Share Data)

	Income	Common Stock	Additional Paid-in Capital
Balance, December 31, 2004	$ —	$ 137	$ 17,816
Net income	22,671	—	—
Stock issued under Stock Option Plan	—	—	(35)
Dividends declared, $.52 per share	—	—	—
Change in unrealized loss on available-for-sale securities, net of income tax benefit of $(1,697)	(3,151)	—	—
Company stock purchased	—	—	—
Reclassification of treasury stock per Maryland law	—	—	—
Comprehensive income	$ 19,520		
Balance, December 31, 2005	$ —	137	17,781
Net income	30,743	—	—
Stock issued under Stock Option Plan	—	—	700
Dividends declared, $.60 per share	—	—	—
Change in unrealized gain on available-for-sale securities, net of income taxes of $1,194	2,217	—	—
Company stock purchased	—	—	—
Reclassification of treasury stock per Maryland law	—	—	—
Comprehensive income	$ 32,960		
Balance, December 31, 2006	$ —	137	18,481
Net income	29,299	—	—
Stock issued under Stock Option Plan	—	—	861
Dividends declared, $.68 per share	—	—	—
Change in unrealized loss on available-for-sale securities, net of income tax benefit of $690	1,282	—	—
Company stock purchased	—	—	—
Reclassification of treasury stock per Maryland law	—	(3)	—
Balance, December 31, 2007	$ 30,581	$ 134	$ 19,342

See Notes to Consolidated Financial Statements

Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
$ 123,770	$ (886)	$ 0	$ 140,837
22,671	—	—	22,671
—	—	711	676
(7,132)	—	—	(7,132)
—	(3,151)	—	(3,151)
—	—	(1,099)	(1,099)
(388)	—	388	—
138,921	(4,037)	—	152,802
30,743	—	—	30,743
—	—	1,052	1,752
(8,214)	—	—	(8,214)
—	2,217	—	2,217
—	—	(3,722)	(3,722)
(2,670)	—	2,670	—
158,780	(1,820)	—	175,578
29,299	—	—	29,299
—	—	812	1,673
(9,205)	—	—	(9,205)
—	1,282	—	1,282
—	—	(8,756)	(8,756)
(7,941)	—	7,944	—
$ 170,933	$ (538)	$ 0	$ 189,871

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2007, 2006 and 2005

(In Thousands)

	2007	2006	2005
Operating Activities			
Net income	$ 29,299	$ 30,743	$ 22,671
Proceeds from sales of loans held for sale	77,234	71,964	50,130
Originations of loans held for sale	(73,035)	(68,076)	(46,458)
Items not requiring (providing) cash			
Depreciation	2,706	2,932	3,406
Amortization	374	380	402
Write-off of trust preferred securities issuance costs	—	783	—
Provision for loan losses	5,475	5,450	4,025
Net gains on loan sales	(1,037)	(944)	(983)
Net realized (gains) losses and impairment on available-for-sale securities	1,127	(1)	649
Gain on sale of premises and equipment	(48)	(167)	(30)
Gain on sale of foreclosed assets	(209)	(184)	(272)
Amortization of deferred income, premiums and discounts	(3,918)	(1,849)	(217)
Change in interest rate swap fair value net of change in hedged deposit fair value	(1,713)	(1,908)	—
Deferred income taxes	2,978	(365)	(7,356)
Changes in			
Interest receivable	(1,854)	(2,746)	(2,741)
Prepaid expenses and other assets	468	108	(78)
Accounts payable and accrued expenses	(10,453)	14,036	11,002
Income taxes refundable/payable	605	(3,012)	1,210
Net cash provided by operating activities	27,999	47,144	35,360

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2007, 2006 and 2005

(In Thousands)

	2007	2006	2005
Investing Activities			
Net change in loans	$ (168,183)	$ (127,762)	$ (100,357)
Purchase of loans	(4,649)	(47,508)	(77,929)
Proceeds from sale of student loans	3,052	2,314	4,022
Purchase of bank branches, net of cash acquired	—	—	22,605
Purchase of additional business units	(730)	(143)	(169)
Purchase of premises and equipment	(4,080)	(4,094)	(7,168)
Proceeds from sale of premises and equipment	106	2,177	781
Proceeds from sale of foreclosed assets	3,290	2,861	4,139
Capitalized costs on foreclosed assets	(156)	—	—
Proceeds from maturities, calls and repayments of held-to-maturity securities	50	40	35
Proceeds from sale of available-for-sale securities	4,415	26,679	48,203
Proceeds from maturities, calls and repayments of available-for-sale securities	482,153	295,188	95,027
Purchase of available-for-sale securities	(565,819)	(294,218)	(164,735)
(Purchase) redemption of Federal Home Loan Bank stock	(3,078)	1,378	2,581
Net cash used in investing activities	(253,629)	(143,088)	(172,965)

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2007, 2006 and 2005

(In Thousands)

	2007	2006	2005
Financing Activities			
Net increase (decrease) in certificates of deposit	$ (8,400)	$ 144,203	$ 152,483
Net increase in checking and savings accounts	62,017	6,038	63,044
Proceeds from Federal Home Loan Bank advances	1,568,000	952,200	4,322,000
Repayments of Federal Home Loan Bank advances	(1,533,303)	(976,465)	(4,350,051)
Net increase (decrease) in short-term borrowings	95,765	(12,602)	(18,033)
Proceeds from issuance of trust preferred debentures	5,000	25,000	—
Repayment of trust preferred debentures	—	(17,250)	—
Advances to borrowers for taxes and insurance	(10)	155	(39)
Company stock purchased	(8,756)	(3,722)	(1,099)
Dividends paid	(8,981)	(7,947)	(6,855)
Stock options exercised	1,673	1,752	676
Net cash provided by financing activities	173,005	111,362	162,126
Increase (Decrease) in Cash and Cash Equivalents	(52,625)	15,418	24,521
Cash and Cash Equivalents, Beginning of Year	133,150	117,732	93,211
Cash and Cash Equivalents, End of Year	$ 80,525	$ 133,150	$ 117,732

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

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 business of Great Southern Bank (the "Bank"), which provides a full range of financial services as well as travel, insurance and investment services through the Bank's other wholly owned subsidiaries to customers primarily in southwest and central Missouri. In addition, the Company serves the loan needs of customers through its loan origination offices in St. Louis, Kansas City, and Columbia, Missouri, and Rogers, Arkansas. Outside of Missouri, the states with the largest concentrations of loans by the Company are Arkansas and Kansas. 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. 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.

Use of Estimates

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowance for loan losses and the valuation of foreclosed assets held for sale, management obtains independent appraisals for significant properties.

Principles of Consolidation

The consolidated financial statements include the accounts of Great Southern Bancorp, Inc., its wholly owned subsidiary, the Bank, and the Bank's wholly owned subsidiaries, Great Southern Real Estate Development Corporation, GSB One LLC (including its wholly owned subsidiary, GSB Two LLC), Great Southern Financial Corporation, Great Southern Community Development Corporation, GS, LLC and GSSC, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain prior periods' amounts have been reclassified to conform to the 2007 financial statements presentation. These reclassifications had no effect on net income.

Federal Home Loan Bank Stock

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in common stock is based on a predetermined formula.

Securities

Available-for-sale securities, which include any security for which the Company has no immediate plan to sell but which may be sold in the future, are carried at fair value. Unrealized gains and losses are recorded, net of related income tax effects, in other comprehensive income.

Held-to-maturity securities, which include any security for which the Company has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific-identification method.

Mortgage Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Write-downs to fair value are recognized as a charge to earnings at the time the decline in value occurs. Nonbinding forward commitments to sell individual mortgage loans are generally obtained to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to investors. Fees received from borrowers to guarantee the funding of mortgage loans held for sale and fees paid to investors to ensure the ultimate sale of such mortgage loans are recognized as income or expense when the loans are sold or when it becomes evident that the commitment will not be used.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses, any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term. Generally, loans are placed on nonaccrual status at 90 days past due and interest is considered a loss, unless the loan is well secured and in the process of collection.

Discounts and premiums on purchased loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify consumer and one-to-four family residential loans for impairment disclosures.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. 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. Revenue and expenses from operations and changes in the valuation allowance are included in net expense on foreclosed assets.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized using the straight-line and accelerated methods over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter.

Goodwill and Intangible Assets

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Intangible assets are being amortized on the straight-line basis over periods ranging from three to seven years. Such assets are periodically evaluated as to the recoverability of their carrying value.

A summary of goodwill and intangible assets is as follows:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Goodwill – Branch acquisitions	$ 379	$ 379
Goodwill – Travel agency acquisitions	875	395
Deposit intangibles	401	488
Noncompete agreements	254	133
	$ 1,909	$ 1,395

Loan Servicing and Origination Fee Income

Loan servicing income represents fees earned for servicing real estate mortgage loans owned by various investors. The fees are generally calculated on the outstanding principal balances of the loans serviced and are recorded as income when earned. Loan origination fees, net of direct loan origination costs, are recognized as income using the level-yield method over the contractual life of the loan.

Stockholders' Equity

At the 2004 Annual Meeting of Stockholders, the Company's stockholders approved the Company's reincorporation to the State of Maryland. This reincorporation was completed in June 2004. 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 Company's consolidated statements of financial condition reflects this change. The cost of shares purchased by the Company has been allocated to common stock and retained earnings balances.

Earnings Per Share

Basic earnings per share is computed based on the weighted average number of shares outstanding during each year. Diluted earnings per share is computed using the weighted average common shares and all potential dilutive common shares outstanding during the period.

Earnings per share (EPS) were computed as follows:

	2007	2006	2005
	(In Thousands, Except Per Share Data)		
Net income	$ 29,299	$ 30,743	$ 22,671
Average common shares outstanding	13,566	13,697	13,713
Average common share stock options outstanding	88	128	209
Average diluted common shares	13,654	13,825	13,922
Earnings per common share – basic	$ 2.16	$ 2.24	$ 1.65
Earnings per common share – diluted	$ 2.15	$ 2.22	$ 1.63

Options to purchase 386,015, 318,695 and 116,213 shares of common stock were outstanding during the years ended December 31, 2007, 2006 and 2005, respectively, but were not included in the computation of diluted earnings per share for that year because the options' exercise price was greater than the average market price of the common shares.

Stock Option Plans

The Company has stock-based employee compensation plans, which are described more fully in *Note 18*. On January 1, 2006, the Company adopted SFAS No. 123(R), *Share Based Payment*. SFAS No. 123(R) specifies the accounting for share-based payment transactions in which an entity receives employee services in exchange for (a) equity instruments of the entity or (b) liabilities that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of such equity instruments. SFAS No. 123(R) requires an entity to recognize as compensation expense within the income statement the grant-date fair value of stock options and other equity-based compensation granted to employees. As a result, compensation cost related to share-based payment transactions is now recognized in the Company's consolidated financial statements using the modified prospective transition method provided for in the standard. For the years ended December 31, 2007 and 2006, share-based compensation expense totaling $518,000 and $480,000,

respectively, has been included in salaries and employee benefits expense in the consolidated statements of income.

Prior to the adoption of SFAS No. 123(R), the Company accounted for stock compensation using the intrinsic value method permitted by APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. For 2005, no stock-based employee compensation cost is reflected in the consolidated statements of income, as all options granted had an exercise price at least equal to the market value of the underlying common stock on the grant date. The following table illustrates the effect on net income and earnings per share for the year ended December 31, 2005, if the Company had applied the fair value provisions of SFAS 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation in those years.

	Year Ended December 31, 2005 (In Thousands, Except Per Share Amounts)
Net income, as reported	$ 22,671
Less	
Total stock-based employee compensation cost determined under the fair value based method, net of income taxes	(1,771)
Pro forma net income	$ 20,900
Earnings per share	
Basic – as reported	$ 1.65
Basic – pro forma	$ 1.52
Diluted – as reported	$ 1.63
Diluted – pro forma	$ 1.50

On December 31, 2005, the Board of Directors of the Company approved the accelerated vesting of certain outstanding out-of-the-money unvested options (Options) to purchase shares of the Company's common stock held by the Company's officers and employees. Options to purchase 183,935 shares which would otherwise have vested from time to time over the next five years became immediately exercisable as a result of this action. The accelerated Options had a weighted average exercise price of $31.49. The closing market price on December 30, 2005, was $27.61. The Company also placed a restriction on the sale or other transfer of shares (including pledging the shares as collateral) acquired through the exercise of the accelerated Options prior to the original vesting date. With the acceleration of these Options, the compensation expense, net of taxes, that was recognized in the Company's income statements for 2006 and 2007 was reduced by approximately $267,000 for each year. The Company estimates that, with the acceleration of these

Options, the compensation expense, net of taxes, that will be recognized in its income statement for 2007, 2008, 2009 and 2010, will be reduced by approximately $267,000, $267,000, $238,000 and $103,000, respectively. The accelerated Options represent approximately 41% of the unvested Company options and 27% of the total of all outstanding Company options.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2007 and 2006, cash equivalents consisted of interest-bearing deposits in other financial institutions. At December 31, 2007, nearly all of the interest-bearing deposits were uninsured, with all of these balances held at the Federal Home Loan Bank.

Income Taxes

Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

Interest Rate Swaps

The Company enters into interest-rate swap derivatives, primarily as an asset/liability management strategy, in order to hedge the change in the fair value from recorded fixed rate liabilities (long-term fixed rate CDs). The terms of the swaps are carefully matched to the terms of the underlying hedged item and when the relationship is properly documented as a hedge and proven to be effective, it is designated as a fair value hedge. The fair market value of derivative financial instruments is based on the present value of future expected cash flows from those instruments discounted at market forward rates and are recognized in the statement of financial condition in the prepaid expenses and other assets or accounts payable and accrued expenses caption. Effective changes in the fair market value of the hedged item due to changes in the benchmark interest rate are similarly recognized in the statement of financial condition in the prepaid expenses and other assets or accounts payable and accrued expenses caption. Effective gains/losses are reported in interest expense and any ineffectiveness is recorded in income in the noninterest income caption. Gains and losses on early termination of the designated fair value derivative financial instruments are deferred and amortized as an adjustment to the yield on the related liability over the shorter of the remaining contract life or the maturity of the related asset or liability. If the related liability is sold or otherwise liquidated, the fair market value of the derivative financial instrument is recorded on the balance sheet as an asset or a liability (in prepaid expenses and other assets or accounts payable and accrued expenses) with the resultant gains and losses recognized in noninterest income.

Restriction on Cash and Due From Banks

The Bank is required to maintain reserve funds in cash and/or on deposit with the Federal Reserve Bank. The reserve required at December 31, 2007 and 2006, respectively, was $32,463,000 and $34,440,000.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure related to the use of fair value measures in financial statements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, and does not expand the use of fair value measures in financial statements, but standardizes its definition and guidance in generally accepted accounting principles. SFAS No. 157 emphasizes that fair value is a market-based measurement based on an exchange transaction between market participants in which an entity sells an asset or transfers a liability. SFAS No. 157 also establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. The Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. SFAS No. 157 is effective for the Company on January 1, 2008, and is not expected to have a material effect on the Company's financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 provides companies with the option to report selected financial assets and liabilities at fair value. Under the option, any changes in fair value would be included in earnings. This Statement seeks to reduce both complexity in accounting and volatility in earnings caused by differences in the existing accounting rules. Existing accounting principles use different measurement attributes for different assets and liabilities, which can lead to earnings volatility. SFAS No. 159 helps to mitigate this type of accounting-induced volatility by enabling companies to achieve a more consistent accounting for changes in the fair value of related assets and liabilities without having to apply complex hedge accounting provisions. Under this Statement, entities may measure at fair value financial assets and liabilities selected on a contract-by-contract basis. They would be required to display those values separately from those measured under different attributes on the face of the statement of financial condition. Furthermore, companies must provide additional information that would help investors and other users of financial statements to more easily understand the effect on earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 is effective for the Company on January 1, 2008 and is not expected to have a material effect on the Company's financial position or results of operations.

In January 2007, the FASB issued an exposure draft – *Disclosures about Derivative Instruments and Hedging Activities*. This exposure draft would amend and expand the disclosure requirements in SFAS No. 133, *Accounting for Derivatives Instruments and Hedging Activities*. The FASB issued this proposed Statement to address concerns that the existing disclosure requirements for derivative instruments and related hedged items do not provide adequate information on the effect that derivative activities have on an entity's overall consolidated financial condition or results of operations. Specific disclosure requirements are outlined in the proposed Statement. At this time, the FASB continues its deliberations regarding this exposure draft and has not adopted the final Statement. The Company continues to monitor the exposure draft to determine the impact, if any, on the consolidated financial condition or results of operations of the Company.

In November 2007, the Securities and Exchange Commission Staff issued Staff Accounting Bulletin (SAB) No. 109, *Written Loan Commitments Recorded at Fair Value Through Earnings*. This SAB supersedes the guidance previously issued in SAB No. 105, *Application of Accounting Principles to Loan Commitments*. SAB No. 109 expresses the current view of the staff that the expected net future cash flows related to the associated servicing of the loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. SAB No. 109 is effective for the Company on January 1, 2008, and is not expected to have a material effect on the Company's financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised), *Business Combinations*. SFAS No. 141 (revised) retains the fundamental requirements in Statement 141 that the acquisition method of accounting be used for business combinations, but broadens the scope of Statement 141 and contains improvements to the application of this method. The Statement requires an acquirer to recognize the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. Costs incurred to effect the acquisition are to be recognized separately from the acquisition. Assets and liabilities arising from contractual contingencies must be measured at fair value as of the acquisition date. Contingent consideration must also be measured at fair value as of the acquisition date. SFAS No. 141 (revised) applies to business combinations occurring after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an Amendment of ARB No. 51*. SFAS No. 160 requires that a noncontrolling interest in a subsidiary be accounted for as equity in the consolidated statement of financial position and that net income include the amounts for both the parent and the noncontrolling interest, with a separate amount presented in the income statement for the noncontrolling interest share of net income. SFAS No. 160 also expands the disclosure requirements and provides guidance on how to account for changes in the ownership interest of a subsidiary. SFAS No. 160 is effective for the Company on January 1, 2009, and is not expected to have a material effect on the Company's financial position or results of operations.

In January 2008, the FASB issued Statement 133 Implementation Issue No. E23 – *Issues Involving the Application of the Shortcut Method Under Paragraph 68*. This Implementation Issue amends the accounting and reporting requirements of paragraph 68 of Statement 133 (the shortcut method) to address certain practice issues. It addresses a limited number of issues that have caused implementation difficulties in the application of paragraph 68 of Statement 133. The objective is to improve financial reporting related to the shortcut method to increase comparability in financial statements. This pronouncement is effective for hedging relationships designated on or after January 1, 2008, and is not expected to have a material effect on the Company's financial position or results of operations.

Note 2: Investments in Debt and Equity Securities

The amortized cost and approximate fair values of securities classified as available-for-sale were as follows:

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(In Thousands)			
U.S. government agencies	$ 126,117	$ 53	$ 375	$ 125,795
Collateralized mortgage obligations	39,769	214	654	39,329
Mortgage-backed securities	183,023	1,030	916	183,137
States and political subdivisions	62,572	533	453	62,652
Corporate bonds	1,501	—	25	1,476
Equity securities	12,874	4	239	12,639
	$ 425,856	$ 1,834	$ 2,662	$ 425,028

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(In Thousands)			
U.S. government agencies	$ 59,494	$ —	$ 798	$ 58,696
Collateralized mortgage obligations	30,536	1	453	30,084
Mortgage-backed securities	191,282	221	3,027	188,476
States and political subdivisions	51,128	870	31	51,967
Corporate bonds	3,355	101	—	3,456
Equity securities	11,196	317	—	11,513
	$ 346,991	$ 1,510	$ 4,309	$ 344,192

The amortized cost and fair value of available-for-sale securities at December 31, 2007, 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	Approximate Fair Value
	(In Thousands)	
One year or less	$ —	$ —
After one through five years	17,989	17,922
After five through ten years	107,074	107,084
After ten years	65,127	64,917
Securities not due on a single maturity date	222,792	222,466
Equity securities	12,874	12,639
	$ 425,856	$ 425,028

The amortized cost and approximate fair values of securities classified as held-to-maturity were as follows:

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(In Thousands)			
States and political subdivisions	$ 1,420	$ 88	$ 0	$ 1,508

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(In Thousands)			
States and political subdivisions	$ 1,470	$ 99	$ 0	$ 1,569

The held-to-maturity securities at December 31, 2007, 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	Approximate Fair Value
	(In Thousands)	
After one through five years	$ —	$ —
After five through ten years	—	—
After ten years	1,420	1,508
	$ 1,420	$ 1,508

The amortized cost and approximate fair values of securities pledged as collateral was as follows at December 31, 2007 and 2006:

	2007		2006	
	Amortized Cost	Approximate Fair Value	Amortized Cost	Approximate Fair Value
	(In Thousands)			
Public deposits	$ 194,889	$ 194,401	$ 173,218	$ 172,556
Collateralized borrowing accounts	163,989	163,941	136,859	134,402
Federal Home Loan Bank advances	47,038	46,998	221	218
Interest rate swaps and treasury, tax and loan accounts	4,779	4,770	9,879	9,784
	$ 410,695	$ 410,110	$ 320,177	$ 316,960

Certain investments in debt and marketable equity securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at December 31, 2007 and 2006, respectively, was approximately $204,056,000 and $204,757,000 which is approximately 47.9% and 59.2% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively. The declines in debt securities primarily resulted from increases in market interest rates in 2006, partially offset by decreases in market interest rates in the latter part of 2007.

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.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified. During 2007, the Company determined that the impairment of one security with an original cost of $5.7 million had become other than temporary. Consequently, the Company recorded a $1.1 million charge to income.

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 December 31, 2007 and 2006:

	2007					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
U.S. government agencies	$ 43,418	$ (80)	$ 13,524	$ (295)	$ 56,942	$ (375)
Mortgage-backed securities	22,498	(100)	62,817	(816)	85,315	(916)
Collateralized mortgage obligations	11,705	(154)	18,238	(500)	29,943	(654)
State and political subdivisions	23,398	(421)	2,216	(32)	25,614	(453)
Corporate bonds	1,476	(25)	—	—	1,476	(25)
Equity securities	4,766	(239)	—	—	4,766	(239)
	$ 107,261	$ (1,019)	$ 96,795	$ (1,643)	$ 204,056	$ (2,662)

	2006					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
U.S. government agencies	$ —	$ —	$ 23,455	$ (798)	$ 23,455	$ (798)
Mortgage-backed securities	17,772	(48)	130,509	(2,979)	148,281	(3,027)
Collateralized mortgage obligations	—	—	28,246	(453)	28,246	(453)
State and political subdivisions	1,685	(3)	3,090	(28)	4,775	(31)
	$ 19,457	$ (51)	$ 185,300	$ (4,258)	$ 204,757	$ (4,309)

Note 3: Other Comprehensive Income (Loss)

	2007	2006	2005
		(In Thousands)	
Unrealized gain (loss) on available-for-sale securities, net of income taxes of $296 for December 31, 2007; $1,194 for December 31, 2006; $(1,924) for December 31, 2005	$ 549	$ 2,217	$ (3,573)
Less reclassification adjustment for gain (loss) included in net income, net of income taxes of $(394) for December 31, 2007; $0 for December 31, 2006; $(227) for December 31, 2005	(733)	—	(422)
Change in unrealized gain (loss) on available-for-sale securities, net of income taxes	$ 1,282	$ 2,217	$ (3,151)

Note 4: Loans and Allowance for Loan Losses

Categories of loans at December 31, 2007 and 2006, included:

	2007	2006
	(In Thousands)	
One-to-four family residential mortgage loans	$ 185,253	$ 174,056
Other residential mortgage loans	87,177	73,366
Commercial real estate loans	471,573	482,574
Other commercial loans	207,059	149,593
Industrial revenue bonds	61,224	46,472
Construction loans	919,059	859,650
Installment, education and other loans	154,015	136,620
Prepaid dealer premium	10,759	8,190
Discounts on loans purchased	(6)	(7)
Undisbursed portion of loans in process	(254,562)	(229,794)
Allowance for loan losses	(25,459)	(26,258)
Deferred loan fees and gains, net	(2,698)	(2,418)
	$ 1,813,394	$ 1,672,044

Transactions in the allowance for loan losses were as follows:

	2007	2006	2005
		(In Thousands)	
Balance, beginning of year	$ 26,258	$ 24,549	$ 23,489
Provision charged to expense	5,475	5,450	4,025
Loans charged off, net of recoveries of $2,595 for 2007, $2,500 for 2006 and $2,291 for 2005	(6,274)	(3,741)	(2,965)
Balance, end of year	$ 25,459	$ 26,258	$ 24,549

The weighted average interest rate on loans receivable at December 31, 2007 and 2006, was 7.58% and 8.20%, respectively.

Loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of loans serviced for others were $66,013,000 and $70,686,000 at December 31, 2007 and 2006, respectively. In addition, available lines of credit on these loans were $25,815,000 and $28,057,000 at December 31, 2007 and 2006, respectively.

Gross impaired loans totaled approximately $35,475,000 and $20,243,000 at December 31, 2007 and 2006, respectively. An allowance for loan losses of $2,583,000 and $3,328,000 relates to these impaired loans at December 31, 2007 and 2006, respectively. There were $25,241,000 of impaired loans at December 31, 2007, and $478,000 of impaired loans at December 31, 2006, without a related allowance for loan losses assigned.

Interest of approximately $1,097,000, $722,000 and $415,000 was received on average impaired loans of approximately $31,757,000, $22,630,000 and $11,932,000 for the years ended December 31, 2007, 2006 and 2005, respectively. Interest of approximately $2,659,000, $1,954,000 and $834,000 would have been recognized on an accrual basis during the years ended December 31, 2007, 2006 and 2005, respectively.

At December 31, 2007 and 2006, accruing loans delinquent 90 days or more totaled approximately $196,000 and $441,000, respectively. Nonaccruing loans at December 31, 2007 and 2006, were approximately $35,279,000 and $19,802,000, respectively.

Certain of the Bank's real estate loans are pledged as collateral for borrowings as set forth in *Notes 7* and *9*.

Certain directors and executive officers of the Company and the Bank are customers of and had transactions with the Bank in the ordinary course of business. Except for the interest rates on loans secured by personal residences, in the opinion of management, all loans included in such transactions were made on substantially the same terms as those prevailing at the time for comparable transactions with unrelated parties. Generally, residential first mortgage loans and home equity lines of credit to all employees and directors have been granted at interest rates equal to the Bank's cost of funds, subject to annual adjustments in the case of residential first mortgage loans and monthly adjustments in the case of home equity lines of credit. At December 31, 2007 and 2006, loans outstanding to these directors and executive officers are summarized as follows:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Balance, beginning of year	$ 20,205	$ 19,783
New loans	24,114	18,835
Payments	(15,440)	(18,413)
Balance, end of year	$ 28,879	$ 20,205

Note 5: Premises and Equipment

Major classifications of premises and equipment, stated at cost, were as follows:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Land	$ 8,475	$ 8,057
Buildings and improvements	20,788	18,485
Furniture, fixtures and equipment	22,719	21,355
	51,982	47,897
Less accumulated depreciation	23,949	21,480
	$ 28,033	$ 26,417

Note 6: Deposits

Deposits are summarized as follows:

	Weighted Average Interest Rate	December 31, 2007	December 31, 2006
		(In Thousands, Except Interest Rates)	
Noninterest-bearing accounts	—	$ 166,231	$ 205,191
Interest-bearing checking and savings accounts	2.75% - 3.03%	491,135	390,158
		657,366	595,349
Certificate accounts	0% - 1.99%	598	—
	2% - 2.99%	22,850	1,457
	3% - 3.99%	93,717	155,213
	4% - 4.99%	470,718	358,428
	5% - 5.99%	497,877	567,767
	6% - 6.99%	10,394	21,694
	7% and above	374	369
		1,096,528	1,104,928
Interest rate swap fair value adjustment		9,252	3,527
		$ 1,763,146	$ 1,703,804

The weighted average interest rate on certificates of deposit was 4.83% and 5.19% at December 31, 2007 and 2006, respectively.

The aggregate amount of certificates of deposit originated by the Bank in denominations greater than $100,000 was approximately $160,288,000 and $144,053,000 at December 31, 2007 and 2006, respectively. The Bank utilizes brokered deposits as an additional funding source. The aggregate amount of brokered deposits, which are primarily in denominations of $100,000 or more, was approximately $674,609,000 and $708,210,000 at December 31, 2007 and 2006, respectively.

At December 31, 2007, scheduled maturities of certificates of deposit were as follows (in thousands):

2008	$ 736,376
2009	87,130
2010	29,845
2011	33,335
2012	15,164
Thereafter	194,678
	$ 1,096,528

A summary of interest expense on deposits is as follows:

	2007	2006	2005
	(In Thousands)		
Checking and savings accounts	$ 16,043	$ 12,679	$ 8,093
Certificate accounts	60,295	53,145	34,228
Early withdrawal penalties	(106)	(91)	(52)
	$ 76,232	$ 65,733	$ 42,269

Note 7: Advances From Federal Home Loan Bank

Advances from the Federal Home Loan Bank consisted of the following:

	December 31, 2007		December 31, 2006	
Due In	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
	(In Thousands, Except Interest Rates)			
2007	$ —	—%	$ 90,302	5.41%
2008	93,395	4.29	3,395	6.29
2009	24,821	5.10	24,822	5.34
2010	4,978	5.69	29,978	4.91
2011	2,239	6.29	2,239	6.29
2012	2,934	6.04	2,934	6.04
2013 and thereafter	85,500	3.70	25,500	3.85
	$ 213,867	4.22	$ 179,170	5.13

Included in the Bank's FHLB advances is a $30,000,000 advance with a maturity date of March 29, 2017. The interest rate on this advance is 4.07%. The advance has a call provision that

allows the Federal Home Loan Bank of Des Moines to call the advance quarterly beginning March 31, 2008.

Included in the Bank's FHLB advances is a $25,000,000 advance with a maturity date of December 7, 2016. The interest rate on this advance is 3.81%. The advance has a call provision that allows the Federal Home Loan Bank of Des Moines to call the advance quarterly.

Included in the Bank's FHLB advances is a $30,000,000 advance with a maturity date of November 24, 2017. The interest rate on this advance is 3.20%. The advance has a call provision that allows the Federal Home Loan Bank of Des Moines to call the advance quarterly beginning November 24, 2008.

The Bank has pledged FHLB stock, investment securities and first mortgage loans free of pledges, liens and encumbrances as collateral for outstanding advances. Investment securities with approximate carrying values of $46,998,000 and $218,000, respectively, were specifically pledged as collateral for advances at December 31, 2007 and 2006. Loans with carrying values of approximately $475,046,000 and $489,006,000 were pledged as collateral for outstanding advances at December 31, 2007 and 2006, respectively.

Note 8: Short-Term Borrowings

Short-term borrowings are summarized as follows:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Federal Reserve Term Auction Facility (see *Note 9*)	$ 50,000	$ —
Overnight borrowings	23,000	—
Securities sold under reverse repurchase agreements	143,721	120,956
	$ 216,721	$ 120,956

The Bank enters into sales of securities under agreements to repurchase (reverse repurchase agreements). Reverse repurchase agreements are treated as financings, and the obligations to repurchase securities sold are reflected as a liability in the statements of financial condition. The dollar amount of securities underlying the agreements remains in the asset accounts. Securities underlying the agreements are being held by the Bank during the agreement period. All agreements are written on a one-month or less term.

Short-term borrowings had weighted average interest rates of 3.75% and 4.45% at December 31, 2007 and 2006, respectively. Short-term borrowings averaged approximately $170,946,000 and $129,523,000 for the years ended December 31, 2007 and 2006, respectively. The maximum amounts outstanding at any month end were $216,721,000 and $186,688,000, respectively, during those same periods.

Note 9: Federal Reserve Bank Borrowings

The Bank has a potentially available $169,195,000 line of credit under a borrowing arrangement with the Federal Reserve Bank at December 31, 2007. The line is secured primarily by commercial loans.

In December 2007, the Federal Reserve established a temporary Term Auction Facility (TAF). Under the TAF program, the Federal Reserve auctions term funds to depository institutions against the collateral that can be used to secure loans at the discount window. All depository institutions that are judged to be in generally sound financial condition by their local Reserve Bank and that are eligible to borrow under the primary credit discount window program are eligible to participate in TAF auctions. All advances must be fully collateralized. Each TAF auction is for a fixed amount and a fixed maturity date, with the rate determined by the auction process. At December 31, 2007, the Company had an outstanding balance of $50,000,000 under the TAF program. This advance matures January 31, 2008. The interest rate on this advance is 4.67%.

Note 10: Subordinated Debentures Issued to Capital Trust

Great Southern Capital Trust I (Trust I), a Delaware statutory trust, issued 1,725,000 shares of unsecured 9.00% Cumulative Trust Preferred Securities at $10 per share in an underwritten public offering. The gross proceeds of the offering were used to purchase 9.00% Junior Subordinated Debentures from the Company totaling $17,784,000. The Company's proceeds from the issuance of the Subordinated Debentures to Trust I, net of underwriting fees and offering expenses, were $16.3 million. The Subordinated Debentures were scheduled to mature in 2031; the Company elected to redeem the debentures (and as a result the Trust I securities) in November 2006. As a result of the redemption of the Trust I securities, approximately $510,000 (after tax) of related unamortized issuance costs were written off as a noncash expense in 2006. The Company entered into an interest rate swap agreement to effectively convert this fixed rate debt to variable rates of interest. The variable rate was three-month LIBOR plus 202 basis points, adjusting quarterly. The interest rate swap was terminated in November 2006 at no cost to the Company.

In November 2006, Great Southern Capital Trust II (Trust II), a statutory trust formed by the Company for the purpose of issuing the securities, issued a $25,000,000 aggregate liquidation amount of floating rate Cumulative Trust Preferred Securities. The Trust II securities bear a floating distribution rate equal to 90-day LIBOR plus 1.60%. The Trust II securities are redeemable at the Company's option beginning in February 2012, and if not sooner redeemed, mature on February 1, 2037. The Trust II securities were sold in a private transaction exempt from registration under the Securities Act of 1933, as amended. The gross proceeds of the offering were used to purchase Junior Subordinated Debentures from the Company totaling $25,774,000. The initial interest rate on the Trust II debentures and the rate at December 31, 2006, was 6.98%. The interest rate was 6.51% at December 31, 2007.

In July 2007, Great Southern Capital Trust III (Trust III), a statutory trust formed by the Company for the purpose of issuing the securities, issued a $5,000,000 aggregate liquidation amount of floating rate Cumulative Trust Preferred Securities. The Trust III securities bear a floating distribution rate equal to 90-day LIBOR plus 1.40%. The Trust III securities are redeemable at the Company's option beginning October 2012, and if not sooner redeemed, mature on October 1, 2037. The Trust III securities were sold in a private transaction exempt from registration under the Securities Act of 1933, as amended. The gross proceeds of the offering were used to purchase Junior Subordinated Debentures from the Company totaling $5,155,000. The initial interest rate on the Trust III debentures was 6.76%. The interest rate was 6.63% at December 31, 2007.

Subordinated debentures issued to capital trust are summarized as follows:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Subordinated Debentures	$ 30,929	$ 25,774

Note 11: Income Taxes

The Company files a consolidated federal income tax return. As of December 31, 2007 and 2006, retained earnings included approximately $17,500,000 for which no deferred income tax liability had been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only for tax years prior to 1988. If the Bank were to liquidate, the entire amount would have to be recaptured and would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was approximately $6,475,000 at December 31, 2007 and 2006.

The provision for income taxes included these components:

	2007	2006	2005
		(In Thousands)	
Taxes currently payable	$ 11,365	$ 14,224	$ 16,419
Deferred income taxes	2,978	(365)	(7,356)
Income tax expense	$ 14,343	$ 13,859	$ 9,063

The tax effects of temporary differences related to deferred taxes shown on the statements of financial condition were:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Deferred tax assets		
Allowance for loan losses	$ 8,911	$ 9,190
Accrued expenses	429	427
Partnership tax credits	—	291
Excess of cost over fair value of net assets acquired	176	178
Book depreciation in excess of tax depreciation	—	78
Unrealized loss and realized impairment on available-for-sale securities	946	1,237
Fair value of interest rate swaps	593	3,420
Write-down of foreclosed assets	95	95
Other	10	43
	11,160	14,959
Deferred tax liabilities		
Tax depreciation in excess of book depreciation	(114)	—
FHLB stock dividends	(227)	(280)
Bank franchise tax refund	(28)	(76)
Partnership tax credits	(151)	—
Prepaid expenses	(518)	(433)
Deferred broker fees on CDs	(1,226)	(1,637)
Other	(192)	(161)
	(2,456)	(2,587)
Net deferred tax asset	$ 8,704	$ 12,372

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

	2007	2006	2005
Tax at statutory rate	35.0%	35.0%	35.0%
Nontaxable interest and dividends	(2.5)	(2.2)	(3.2)
Tax credits	—	(.9)	(1.4)
Other	.4	(.8)	(1.8)
	32.9%	31.1%	28.6%

Note 12: Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents and Federal Home Loan Bank Stock

The carrying amount approximates fair value.

Securities

Fair values for securities equal quoted market prices, if available. If quoted market prices are not available, fair value is estimated based on quoted market prices of similar securities.

Mortgage Loans Held for Sale

Fair value is estimated using the quoted market prices of similar loans originated.

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 Trust

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

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.

Interest Rate Swaps

Fair values of interest rate swaps are estimated based on the present value of future expected cash flows from those instruments discounted at market forward rates.

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.

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial assets				
Cash and cash equivalents	$ 80,525	$ 80,525	$ 133,150	$ 133,150
Available-for-sale securities	425,028	425,028	344,192	344,192
Held-to-maturity securities	1,420	1,508	1,470	1,569
Mortgage loans held for sale	6,717	6,717	2,574	2,574
Loans, net of allowance for loan losses	1,813,394	1,825,886	1,672,044	1,669,592
Accrued interest receivable	15,441	15,441	13,587	13,587
Investment in FHLB stock	13,557	13,557	10,479	10,479
Interest rate swaps	3,293	3,293	3,444	3,444

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial liabilities				
Deposits	$ 1,763,146	$ 1,771,505	$ 1,703,804	$ 1,704,685
FHLB advances	213,867	214,498	179,170	179,117
Short-term borrowings	216,721	216,721	120,956	120,956
Subordinated debentures	30,929	30,929	25,774	25,774
Accrued interest payable	6,149	6,149	5,810	5,810
Interest rate swaps	2,202	2,202	9,773	9,773
Unrecognized financial instruments (net of contractual value)				
Commitments to originate loans	—	—	—	—
Letters of credit	69	69	101	101
Lines of credit	—	—	—	—

Note 13: Operating Leases

The Company has entered into various operating leases at several of its locations. Some of the leases have renewal options.

At December 31, 2007, future minimum lease payments were as follows (in thousands):

2008	$ 889
2009	695
2010	416
2011	283
2012	266
Thereafter	15
	$ 2,564

Rental expense was $866,000, $718,000 and $569,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

Note 14: Interest Rate Swaps

In the normal course of business, the Company uses derivative financial instruments (primarily interest rate swaps) to assist in its interest rate risk management. In accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, all derivatives are measured and reported at fair value on the Company's consolidated statement of financial condition as either an asset or a liability. For derivatives that are designated and qualify as a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings during the period of the change in the fair values.

For all hedging relationships, derivative gains and losses that are not effective in hedging the changes in fair value of the hedged item are recognized immediately in current earnings during the period of the change. Similarly, the changes in the fair value of derivatives that do not qualify for hedge accounting under SFAS 133 are also reported currently in earnings in noninterest income.

The net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. The net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income.

At the inception of the hedge and quarterly thereafter, a formal assessment is performed to determine whether changes in the fair values of the derivatives have been highly effective in offsetting the changes in the fair values of the hedged item and whether they are expected to be highly effective in the future. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking the hedge. This process includes identification of the hedging instrument, hedged item, risk being hedged and the method for assessing effectiveness and measuring ineffectiveness. In addition, on a quarterly basis, the Company assesses whether the derivative used in the hedging transaction is highly effective in offsetting changes in fair value of the hedged item and measures and records any ineffectiveness. The Company discontinues hedge accounting prospectively when it is determined that the derivative is or will no longer be effective in offsetting changes in the fair value of the hedged item, the derivative expires, is sold or terminated or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

The estimates of fair values of the Company's derivatives and related liabilities are calculated by an independent third party using proprietary valuation models. The fair values produced by these valuation models are in part theoretical and reflect assumptions which must be made in using the valuation models. Small changes in assumptions could result in significant changes in valuation. The risks inherent in the determination of the fair value of a derivative may result in income statement volatility.

The Company uses derivatives to modify the repricing characteristics of certain assets and liabilities so that changes in interest rates do not have a significant adverse effect on net interest income and cash flows and to better match the repricing profile of its interest bearing assets and liabilities. As a result of interest rate fluctuations, certain interest-sensitive assets and liabilities will gain or lose market value. In an effective fair value hedging strategy, the effect of this change in value will generally be offset by a corresponding change in value on the derivatives linked to the hedged assets and liabilities.

At December 31, 2007 and 2006, the Company's fair value hedges include interest rate swaps to convert the economic interest payments on certain brokered CDs from a fixed rate to a floating rate based on LIBOR. At December 31, 2007, these fair value hedges were considered to be highly effective and any hedge ineffectiveness was deemed not material. The notional amounts of the liabilities being hedged were \$419.2 million and \$541.0 million at December 31, 2007 and 2006, respectively. At December 31, 2007, swaps in a net settlement receivable position totaled \$225.7 million and swaps in a net settlement payable position totaled \$193.5 million. At December 31, 2006, swaps in a net settlement receivable position totaled \$125.0 million and swaps in a net settlement payable position totaled \$416.0 million. The net gains (losses) recognized in earnings

on fair value hedges were $1.6 million, $1.5 million and $(6.6) million for the years ended December 31, 2007, 2006 and 2005, respectively.

The maturities of interest rate swaps outstanding at December 31, 2007 and 2006, in terms of notional amounts and their average pay and receive rates were as follows:

	2007			2006		
	Fixed To Variable	Average Pay Rate	Average Receive Rate	Fixed To Variable	Average Pay Rate	Average Receive Rate
	(In Millions)					
Interest Rate Swaps						
Expected Maturity Date						
2007	$ —	—%	—%	$ 169.7	5.18%	4.72%
2008	109.2	4.68	5.16	17.2	5.21	4.20
2009	50.5	4.95	4.04	69.1	5.32	4.08
2010	23.8	4.90	4.01	24.2	5.31	3.65
2011	31.1	4.95	4.12	41.4	5.31	3.92
2012	12.3	4.91	4.81	12.5	5.30	4.81
2013	42.0	4.85	4.52	42.7	5.29	4.30
2014	16.3	4.90	5.09	16.3	5.31	4.55
2015	29.0	4.84	4.84	29.2	5.30	4.67
2016	24.0	5.09	4.81	34.0	5.37	5.21
2017	15.5	4.87	5.28	16.2	5.30	5.27
2019	44.3	4.90	4.88	46.3	5.29	4.90
2020	14.7	4.97	4.00	14.8	5.29	4.00
2023	6.5	5.10	5.10	7.4	5.32	5.10
	$ 419.2	4.86	4.70	$ 541.0	5.27	4.52

Note 15: Commitments and Credit Risk

Commitments to Originate Loans

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a significant portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, commercial real estate and residential real estate.

At December 31, 2007 and 2006, the Bank had outstanding commitments to originate loans and fund commercial construction aggregating approximately $30,777,000 and $5,121,000,

respectively. The commitments extend over varying periods of time with the majority being disbursed within a 30- to 180-day period.

Mortgage loans in the process of origination represent amounts that the Bank plans to fund within a normal period of 60 to 90 days, many of which are intended for sale to investors in the secondary market. Total mortgage loans in the process of origination amounted to approximately $905,000 and $862,000 at December 31, 2007 and 2006, respectively.

Letters of Credit

Standby letters of credit are irrevocable conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under nonfinancial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers. Fees for letters of credit issued after December 31, 2002, are initially recorded by the Bank as deferred revenue and are included in earnings at the termination of the respective agreements. Should the Bank be obligated to perform under the standby letters of credit the Bank may seek recourse from the customer for reimbursement of amounts paid.

The Company had total outstanding standby letters of credit amounting to approximately $20,422,000 and $25,281,000 at December 31, 2007 and 2006, respectively, with $15,447,000 and $19,897,000, respectively, of the letters of credit having terms up to three years. The remaining $4,975,000 and $5,384,000 at December 31, 2007 and 2006, respectively, consisted of an outstanding letter of credit to guarantee the payment of principal and interest on a Multifamily Housing Refunding Revenue Bond Issue.

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, commercial real estate and residential real estate. The Bank uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At December 31, 2007, the Bank had granted unused lines of credit to borrowers aggregating approximately $318,321,000 and $43,915,000 for commercial lines and open-end consumer lines, respectively. At December 31, 2006, the Bank had granted unused lines of credit to borrowers aggregating approximately $311,325,000 and $40,236,000 for commercial lines and open-end consumer lines, respectively.

Credit Risk

The Bank grants collateralized commercial, real estate and consumer loans primarily to customers in the southwest and central portions of Missouri. Although the Bank has a diversified portfolio, loans aggregating approximately $215,708,000 and $196,958,000 at December 31, 2007 and 2006, respectively, are secured by motels, restaurants, recreational facilities, other commercial properties and residential mortgages in the Branson, Missouri, area. Residential mortgages account for approximately $79,628,000 and $68,531,000 of this total at December 31, 2007 and 2006, respectively.

Note 16: Additional Cash Flow Information

	2007	2006	2005
		(In Thousands)	
Noncash Investing and Financing Activities			
Real estate acquired in settlement of loans	$24,615	$7,869	$3,422
Sale and financing of foreclosed assets	$5,759	$1,019	$825
Conversion of foreclosed assets to premises and equipment	$300	—	—
Dividends declared but not paid	$2,412	$2,188	$1,921
Additional Cash Payment Information			
Interest paid	$92,127	$79,659	$53,677
Income taxes paid	$8,044	$12,938	$14,714

Note 17: Employee Benefits

The Company participates in a multiemployer defined benefit pension plan covering all employees who have met minimum service requirements. Effective July 1, 2006, this plan was closed to new participants. Employees already in the plan will continue to accrue benefits. The Company's policy is to fund pension cost accrued. Employer contributions charged to expense for the years ended December 31, 2007, 2006 and 2005, were approximately $1.1 million, $1.5 million and $1.2 million, respectively. As a member of a multiemployer pension plan, disclosures of plan assets and liabilities for individual employers are not required or practicable.

The Company has a defined contribution retirement plan covering substantially all employees. In 2006, the Company matched 100% of the employee's contribution on the first 3% of the employee's compensation, and also matched 50% of the employee's contribution on the next 2% of the employee's compensation. Effective January 1, 2007, the Company matches 100% of the employee's contribution on the first 4% of the employee's compensation, and also matches 50% of the employee's contribution on the next 2% of the employee's compensation. Employer contributions charged to expense for the years ended December 31, 2007, 2006 and 2005, were approximately $642,000, $520,000 and $404,000, respectively.

Note 18: Stock Option Plan

The Company established the 1989 Stock Option and Incentive Plan for employees and directors of the Company and its subsidiaries. Under the plan, stock options or other awards could be granted with respect to 2,464,992 (adjusted for stock splits) shares of common stock. This plan has terminated; therefore, no new stock options or other awards may be granted under this plan. At December 31, 2007, there were 7,454 options outstanding under this plan.

The Company established the 1997 Stock Option and Incentive Plan for employees and directors of the Company and its subsidiaries. Under the plan, stock options or other awards could be granted with respect to 1,600,000 (adjusted for stock splits) shares of common stock. Upon stockholders' approval of the 2003 Stock Option and Incentive Plan, the 1997 Stock Option and Incentive Plan was frozen; therefore, no new stock options or other awards may be granted under this plan. At December 31, 2007, there were 119,474 options outstanding under this plan.

The Company established the 2003 Stock Option and Incentive Plan for employees and directors of the Company and its subsidiaries. Under the plan, stock options or other awards could be granted with respect to 1,196,448 (adjusted for stock splits) shares of common stock. At December 31, 2007, there were 543,365 options outstanding under the plan.

Stock options may be either incentive stock options or nonqualified stock options, and the option price must be at least equal to the fair value of the Company's common stock on the date of grant. Options are granted for a 10-year term and generally become exercisable in four cumulative annual installments of 25% commencing two years from the date of grant. The Stock Option Committee may accelerate a participant's right to purchase shares under the plan.

Stock awards may be granted to key officers and employees upon terms and conditions determined solely at the discretion of the Stock Option Committee.

The table below summarizes transactions under the Company's stock option plans:

	Available To Grant	Shares Under Option	Weighted Average Exercise Price
Balance, December 31, 2004	878,335	646,214	$ 19.167
Granted	(127,000)	127,000	30.796
Exercised	—	(61,572)	(10.860)
Forfeited from terminated plan(s)	—	(4,450)	(16.788)
Forfeited from current plan(s)	18,300	(18,300)	(26.326)
Balance, December 31, 2005	769,635	688,892	21.877
Granted	(94,720)	94,720	30.600
Exercised	—	(89,192)	(14.249)
Forfeited from terminated plan(s)	—	(3,150)	(16.752)
Forfeited from current plan(s)	10,913	(10,913)	(26.098)
Balance, December 31, 2006	685,828	680,357	24.048
Granted	(99,710)	99,710	25.459
Exercised	—	(65,609)	(17.618)
Forfeited from terminated plan(s)	—	(2,625)	(16.457)
Forfeited from current plan(s)	41,540	(41,540)	(29.010)
Balance, December 31, 2007	627,658	670,293	$ 24.423

The Company's stock option grants contain terms that provide for a graded vesting schedule whereby portions of the options vest in increments over the requisite service period. These options typically vest one-fourth at the end of years two, three, four and five from the grant date. As provided for under SFAS No. 123(R), the Company has elected to recognize compensation expense for options with graded vesting schedules on a straight-line basis over the requisite service period for the entire option grant. In addition, SFAS No. 123(R) requires companies to recognize compensation expense based on the estimated number of stock options for which service is expected to be rendered. Because the historical forfeitures of its share-based awards have not been material, the Company has not adjusted for forfeitures in its share-based compensation expensed under SFAS No. 123(R).

The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2007	December 31, 2006	December 31, 2005
Expected dividends per share	$0.68	$0.59	$0.52
Risk-free interest rate	4.21%	4.71%	4.03%
Expected life of options	5 years	5 years	5 years
Expected volatility	21.89%	23.19%	28.68%
Weighted average fair value of options granted during year	$5.01	$7.26	$8.38

Expected volatilities are based on the historical volatility of the Company's stock, based on the monthly closing stock price. The expected term of options granted is based on actual historical exercise behavior of all employees and directors and approximates the graded vesting period of the options. Expected dividends are based on the annualized dividends declared at the time of the option grant. The risk-free interest rate is based on the five-year treasury rate on the grant date of the options.

The following table presents the activity related to options under all plans for the year ended December 31, 2007.

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Options outstanding, January 1, 2007	680,357	$24.048	6.85
Granted	99,710	25.459	
Exercised	(65,609)	17.618	
Forfeited	(44,165)	28.264	
Options outstanding, December 31, 2007	670,293	24.423	6.69
Options exercisable, December 31, 2007	406,184	23.053	5.68

For the years ended December 31, 2007, 2006 and 2005, options granted were 99,710, 94,720 and 127,000, respectively. The total intrinsic value (amount by which the fair value of the underlying stock exceeds the exercise price of an option on exercise date) of options exercised during the years ended December 31, 2007, 2006 and 2005, was $605,000, $1.3 million and $1.3 million, respectively. Cash received from the exercise of options for the years ended December 31, 2007, 2006 and 2005, was $1.8 million, $1.3 million and $669,000, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $238,000, $715,000 and $470,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

The following table presents the activity related to nonvested options under all plans for the year ended December 31, 2007.

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested options, January 1, 2007	257,522	$26.024	$6.120
Granted	99,710	25.459	5.011
Vested this period	(68,486)	21.362	4.993
Nonvested options forfeited	(24,637)	26.215	6.316
Nonvested options, December 31, 2007	264,109	27.002	5.976

At December 31, 2007, there was $1.3 million of total unrecognized compensation cost related to nonvested options granted under the Company's plans. This compensation cost is expected to be recognized through 2012, with the majority of this expense recognized in 2008 and 2009.

The following table further summarizes information about stock options outstanding at December 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$7.688 to $9.078	24,145	2.61 years	$8.010	24,145	$8.010
$10.750 to $13.594	47,968	2.93 years	$12.578	47,968	$12.578
$18.188 to $25.000	217,165	5.33 years	$19.440	164,715	$19.660
$25.480 to $36.390	381,015	8.19 years	$29.789	169,356	$31.451
	670,293	6.69 years	$24.423	406,184	$23.053

Note 19: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnotes on loans, deposits and on commitments and credit risk.

Other significant estimates not discussed in those footnotes include valuations of foreclosed assets held for sale. 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 in the near term from the carrying value reflected in these financial statements.

Note 20: Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct and material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's and the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier I Capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier I Capital (as defined) to adjusted tangible assets (as defined). Management believes, as of December 31, 2007, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2007, the most recent notification from the Bank's regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based and Tier 1 leverage capital ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company's and the Bank's actual capital amounts and ratios are presented in the following table. No amount was deducted from capital for interest-rate risk.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In Thousands)			
As of December 31, 2007						
Total risk-based capital						
Great Southern Bancorp, Inc.	$243,777	11.9%	≥$164,465	≥8.0%	N/A	N/A
Great Southern Bank	$239,568	11.7%	≥$164,161	≥8.0%	≥$205,201	≥10.0%
Tier I risk-based capital						
Great Southern Bancorp, Inc.	$218,318	10.6%	≥$82,233	≥4.0%	N/A	N/A
Great Southern Bank	$214,109	10.4%	≥$82,080	≥4.0%	≥$123,120	≥6.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$218,318	9.1%	≥$95,603	≥4.0%	N/A	N/A
Great Southern Bank	$214,109	9.0%	≥$95,410	≥4.0%	≥$119,263	≥5.0%
As of December 31, 2006						
Total risk-based capital						
Great Southern Bancorp, Inc.	$224,680	11.9%	≥$150,979	≥8.0%	N/A	N/A
Great Southern Bank	$216,972	11.5%	≥$150,982	≥8.0%	≥$188,727	≥10.0%
Tier I risk-based capital						
Great Southern Bancorp, Inc.	$201,057	10.7%	≥$75,490	≥4.0%	N/A	N/A
Great Southern Bank	$193,348	10.2%	≥$75,491	≥4.0%	≥$113,236	≥6.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$201,057	9.2%	≥$87,462	≥4.0%	N/A	N/A
Great Southern Bank	$193,348	8.9%	≥$87,298	≥4.0%	≥$109,123	≥5.0%

The Company and the Bank are subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2007 and 2006, the Company and the Bank exceeded their minimum capital requirements. The entities may not pay dividends which would reduce capital below the minimum requirements shown above.

Note 21: Litigation Matters

In the normal course of business, the Company and its subsidiaries are subject to pending and threatened legal actions, some for which the relief or damages sought are substantial. After reviewing pending and threatened litigation with counsel, management believes at this time that the outcome of such litigation will not have a material adverse effect on the results of operations or stockholders' equity. We are not able to predict at this time whether the outcome or such actions may or may not have a material adverse effect on the results of operations in a particular future period as the timing and amount of any resolution of such actions and its relationship to the future results of operations are not known.

Note 22: Summary of Unaudited Quarterly Operating Results

Following is a summary of unaudited quarterly operating results for the years 2007, 2006 and 2005:

	2007			
	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$39,458	$41,703	$41,976	$40,733
Interest expense	22,272	23,215	24,044	22,934
Provision for loan losses	1,350	1,425	1,350	1,350
Net realized gains (losses) and impairment on available-for-sale securities	—	—	4	(1,131)
Noninterest income	6,965	7,927	7,610	6,902
Noninterest expense	11,918	12,742	13,320	13,713
Provision for income taxes	3,548	4,041	3,555	3,199
Net income	7,335	8,207	7,317	6,439
Earnings per common share – diluted	.53	.60	.54	.48

	2006			
	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$34,197	$37,228	$39,204	$39,452
Interest expense	17,565	20,105	21,339	21,845
Provision for loan losses	1,325	1,425	1,350	1,350
Net realized gains (losses) on available-for-sale securities	—	(29)	28	—
Noninterest income	7,123	7,441	7,090	7,978
Noninterest expense	11,750	12,115	12,288	12,654
Provision for income taxes	3,484	3,500	3,287	3,588
Net income	7,196	7,524	8,030	7,993
Earnings per common share – diluted	.52	.54	.58	.58

	2005 Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$25,001	$27,538	$29,924	$32,032
Interest expense	11,672	13,524	14,824	16,077
Provision for loan losses	900	975	975	1,175
Net realized gains (losses) and impairment on available-for-sale securities	(20)	(3)	89	(715)
Noninterest income	2,897	13,096	2,695	2,871
Noninterest expense	10,562	10,770	11,390	11,476
Provision for income taxes	1,381	5,071	1,585	1,026
Net income	3,383	10,294	3,845	5,149
Earnings per common share – diluted	.24	.74	.28	.37

Note 23: Condensed Parent Company Statements

The condensed balance sheets at December 31, 2007 and 2006, and statements of income and cash flows for the years ended December 31, 2007, 2006 and 2005, for the parent company, Great Southern Bancorp, Inc., were as follows:

	December 31, 2007	December 31, 2006
	(In Thousands)	
Balance Sheets		
Assets		
Cash	$ 4,335	$ 9,264
Available-for-sale securities	2,335	550
Investment in subsidiary bank	215,602	192,835
Income taxes receivable	91	79
Deferred income taxes	59	—
Premises and equipment	134	144
Prepaid expenses	18	15
Other assets	1,172	1,016
	$ 223,746	$ 203,903

	December 31, 2007	December 31, 2006
	(In Thousands)	
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$ 2,946	$ 2,533
Subordinated debentures issued to capital trust	30,929	25,774
Deferred income taxes	—	18
Common stock	134	137
Additional paid-in capital	19,342	18,481
Retained earnings	170,933	158,780
Unrealized loss on available-for-sale securities, net	(538)	(1,820)
	$ 223,746	$ 203,903

	2007	2006	2005
		(In Thousands)	
Statements of Income			
Income			
Dividends from subsidiary bank	$ 10,000	$ 10,000	$ 8,000
Interest and dividend income	8	47	96
Net realized gains on sales of available-for-sale securities	—	—	(3)
Other income	1	1	17
	10,009	10,048	8,110
Expense			
Operating expenses	1,109	1,779	523
Interest expense	1,914	1,334	986
	3,023	3,113	1,509
Income before income tax and equity in undistributed earnings of subsidiaries	6,986	6,935	6,601
Credit for income taxes	(972)	(981)	(447)
Income before equity in earnings of subsidiaries	7,958	7,916	7,048
Equity in undistributed earnings of subsidiaries	21,341	22,827	15,623
Net income	$ 29,299	$ 30,743	$ 22,671

Great Southern Bancorp, Inc.
Notes to Consolidated Financial Statements
December 31, 2007, 2006 and 2005

	2007	2006	2005
		(In Thousands)	
Statements of Cash Flows			
Operating Activities			
Net income	$ 29,299	$ 30,743	$ 22,671
Items not requiring (providing) cash			
Equity in undistributed earnings of subsidiary	(21,341)	(22,827)	(15,623)
Depreciation	10	9	23
Amortization	—	806	31
Net realized gains on sale of fixed assets	—	—	(14)
Net realized losses on sales of available-for-sale securities	—	—	3
Net realized gains on other investments	(1)	(1)	(2)
Changes in			
Prepaid expenses and other assets	(3)	(1)	(4)
Accounts receivable	—	113	173
Accounts payable and accrued expenses	189	198	(7)
Income taxes	(12)	(39)	(64)
Net cash provided by operating activities	8,141	9,001	7,187
Investing Activities			
Purchase of fixed assets	—	—	(40)
Proceeds from sale of fixed assets	—	—	29
Proceeds from sale of available-for-sale securities	—	—	873
Purchase of available-for-sale securities	(2,006)	(500)	—
Net cash provided by (used in) investing activities	(2,006)	(500)	862
Financing Activities			
Proceeds from issuance of trust preferred debentures	5,000	25,000	—
Repayment of trust preferred debentures	—	(17,250)	—
Dividends paid	(8,981)	(7,947)	(6,855)
Stock options exercised	1,673	1,752	676
Company stock purchased	(8,756)	(3,722)	(1,099)
Net cash used in financing activities	(11,064)	(2,167)	(7,278)
Increase (Decrease) in Cash	(4,929)	6,334	771
Cash, Beginning of Year	9,264	2,930	2,159
Cash, End of Year	$ 4,335	$ 9,264	$ 2,930
Additional Cash Payment Information			
Interest paid	$1,751	$1,136	$986

Directors and Executive Officers

Directors of Great Southern Bancorp, Inc. and Great Southern Bank

Back row

Joseph W. Turner
President and
Chief Executive Officer

Larry D. Frazier
Board Member
Retired – Hollister, MO

William E. Barclay
Board Member
Retired – Springfield, MO

Thomas J. Carlson
Board Member
Partner, Carlson Gardner, Inc.
Mayor of Springfield, MO

Front row

Julie T. Brown
Board Member
Shareholder, Carnahan, Evans,
Cantwell & Brown, P.C.

William V. Turner
Chairman of the Board

Earl A. Steinert, Jr.
Board Member
Co-owner, EAS Investment
Enterprises, Inc./CPA

Executive Officers of Great Southern Bank

Left to Right

Steve Mitchem
Senior Vice President and
Chief Lending Officer

Rex Copeland
Senior Vice President and Chief
Financial Officer/Treasurer

Joe Turner
President and
Chief Executive Officer

Bill Turner
Chairman of the Board

Lin Thomason
Vice President and Director of
Information Services

Doug Marrs
Vice President and Director of
Operations/Secretary

Great Southern Leadership Team

Left to right

Kelly Polonus
Director of Corporate Communications

Kris Conley
Managing Director of Travel

Bryan Tiede
Director of Risk Management

Teresa Chasteen-Calhoun
Director of Marketing

Doug Marrs
Director of Operations/Secretary

Byron Robison
Insurance Agency Manager

Lin Thomason
Director of Information Services

Steve Mitchem
Chief Lending Officer

Brian Fogle
Director of Community Development

Barby Pohl
Director of Retail Banking

Debbie Flowers
Director of Credit Risk Management

Matt Snyder
Director of Human Resources

Rex Copeland
Chief Financial Officer/Treasurer

Shannon Thomason
Director of Internal Audit and
Compliance Officer

Tammy Baurichter
Controller

Joe Turner
President and
Chief Executive Officer

Celebrating

our 85th year

exploring new dimensions in banking.